

The Benefits of Membership

Customized Analysis of Member Benefits For:

Michigan

December 2011

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Michigan

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high saving rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Michigan credit unions provided \$294,084,771 in direct financial benefits to the state's 4,440,874 members during the twelve months ending December 2011.

These benefits are equivalent to \$66 per member or \$126 per member household ⁽¹⁾.

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

The per-member and per-household benefits delivered by Michigan credit unions are substantial. But, these benefits are *averages*. Mathematically, that means the total benefits provided are divided across all members (or all member households) - even those who conduct very little financial business with Michigan credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Michigan credit union will save members an average \$99 per year in interest expense compared to what they would pay at a banking institution in the state.

Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

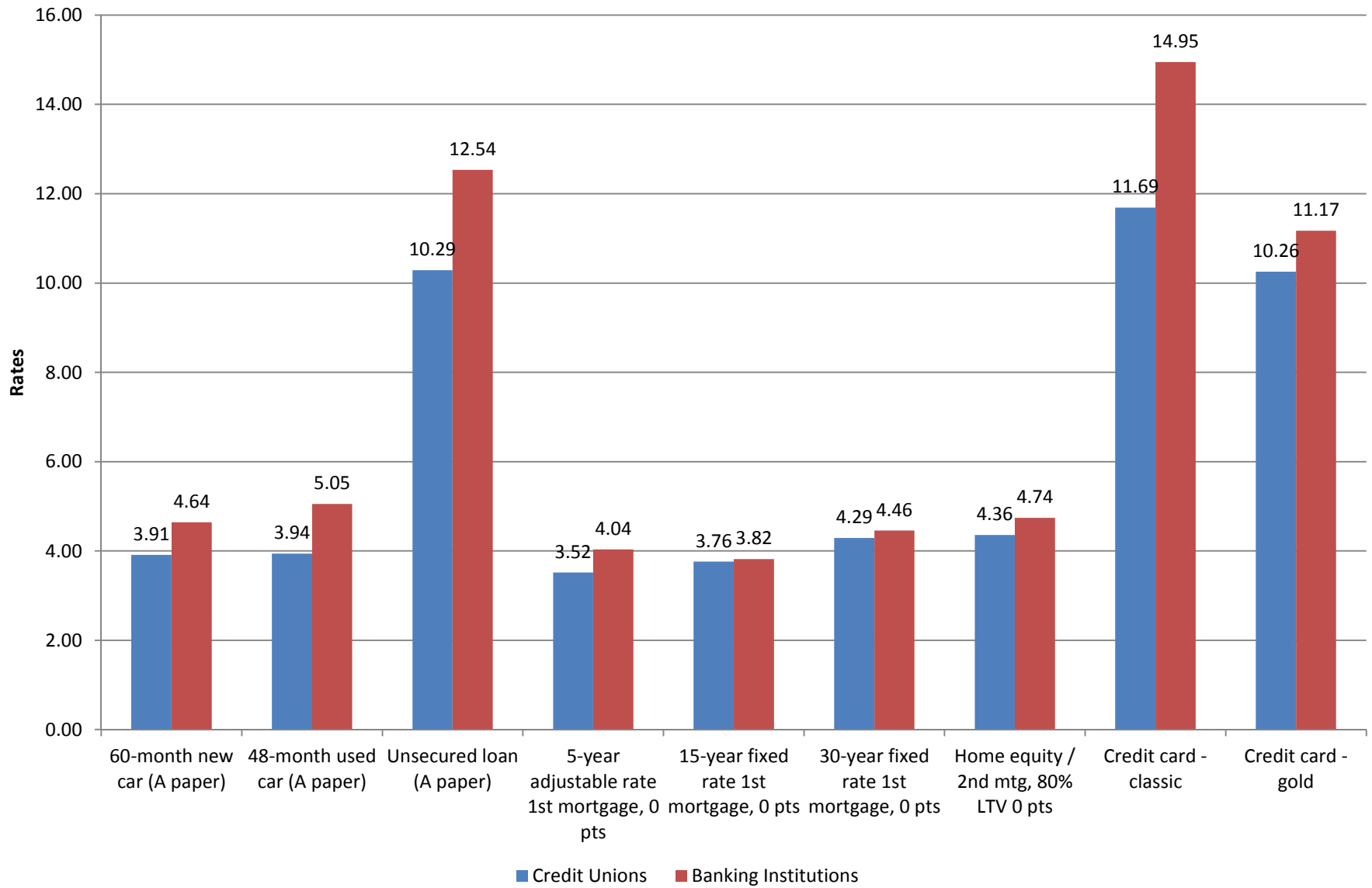
Michigan credit unions excel in providing member benefits on many loan and saving products. In particular, Michigan credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit cards loans.

Michigan credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

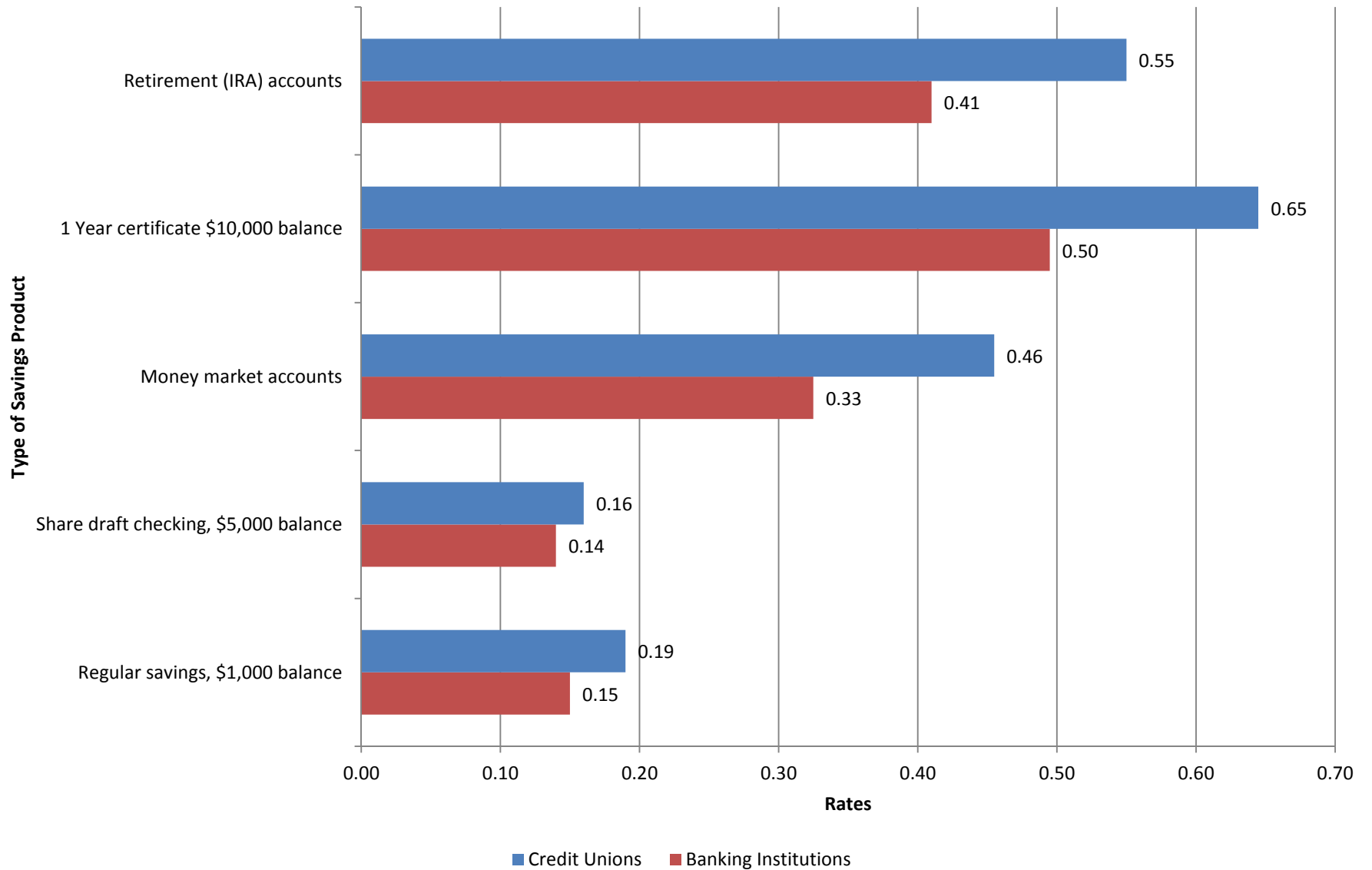


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



Recent Comparative Interest Rates for Savings Products Credit Unions vs. Banking Institutions



Selected December 2011 Fees Credit Unions vs Banking Institutions

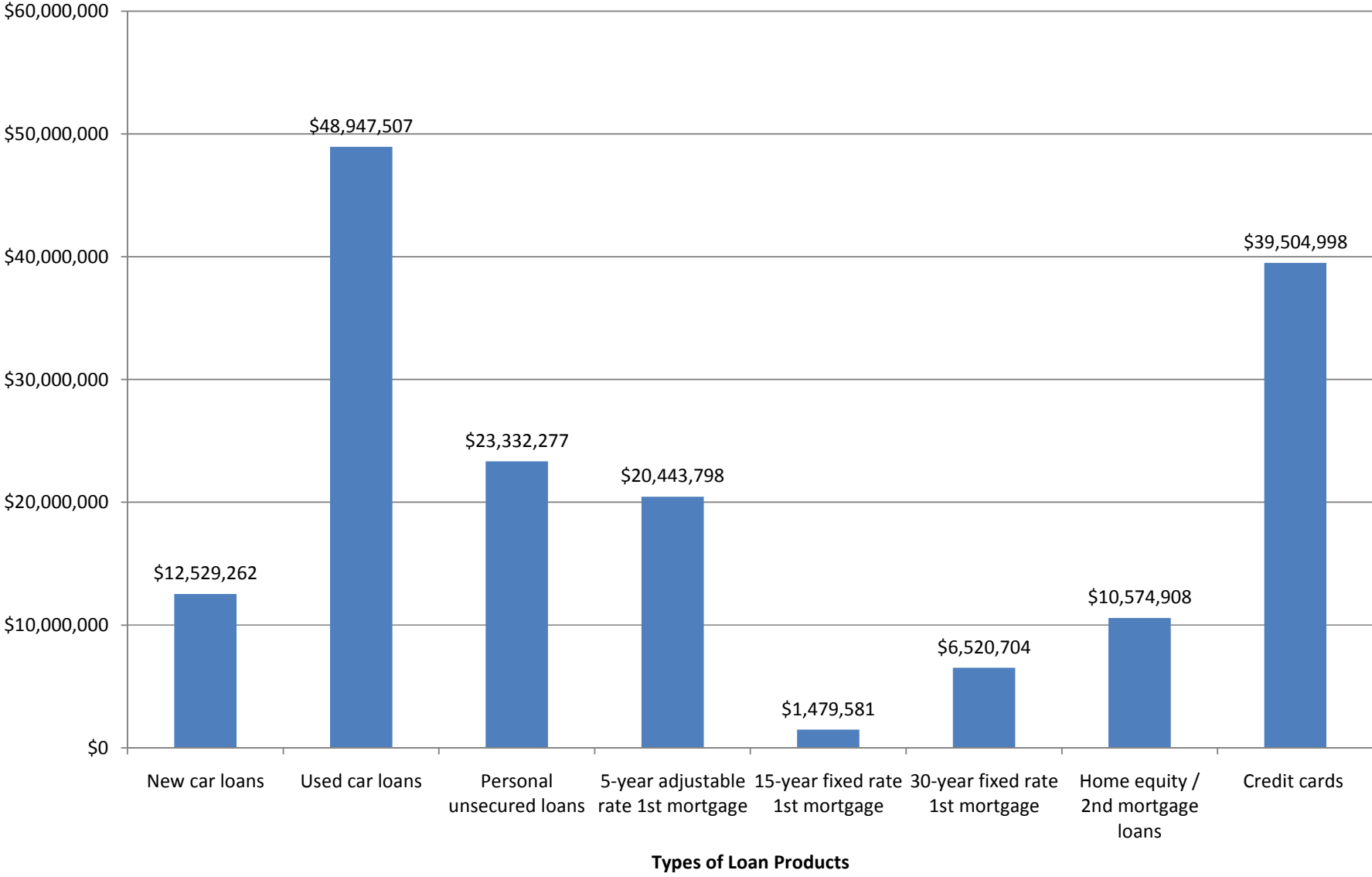


Michigan
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

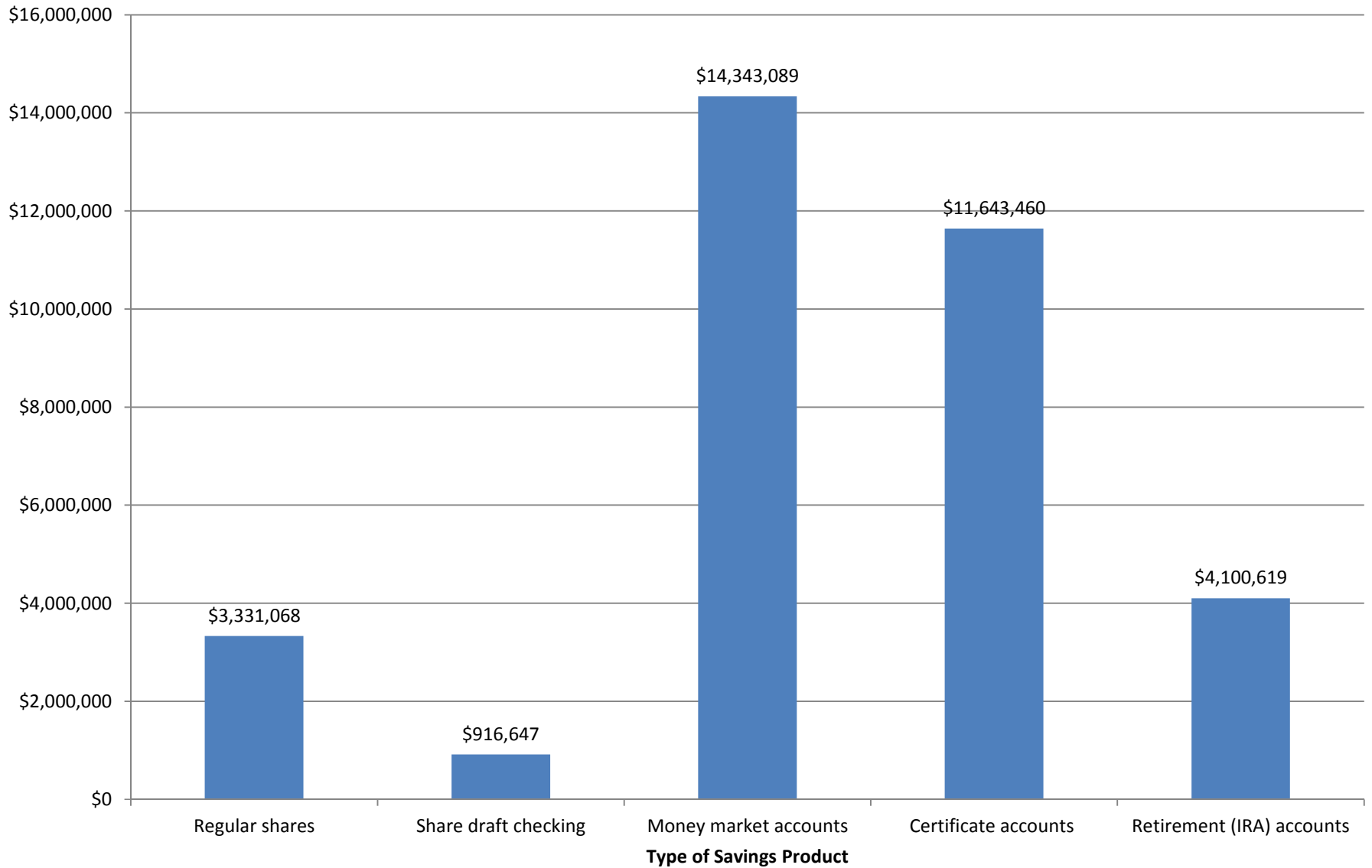
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.91	4.64	-0.73
48-month used car (A paper)	3.94	5.05	-1.11
Unsecured loan (A paper)	10.29	12.54	-2.25
5-year adjustable rate 1st mortgage, 0 pts	3.52	4.04	-0.52
15-year fixed rate 1st mortgage, 0 pts	3.76	3.82	-0.06
30-year fixed rate 1st mortgage, 0 pts	4.29	4.46	-0.17
Home equity / 2nd mtg, 80% LTV 0 pts	4.36	4.74	-0.38
Credit card - classic	11.69	14.95	-3.26
Credit card - gold	10.26	11.17	-0.92
Savings Products			
Regular savings, \$1,000 balance	0.19	0.15	0.04
Share draft checking, \$5,000 balance	0.16	0.14	0.02
Money market accounts	0.46	0.33	0.13
1 Year certificate \$10,000 balance	0.65	0.50	0.15
Retirement (IRA) accounts	0.55	0.41	0.14
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$20.00	\$35.00	-\$15.00
Mortgages, closing costs	\$2,280.00	\$2,309.00	-\$29.00

Source: Datatrac

Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Estimated Michigan Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Michigan Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,716,337,236	-0.73	\$12,529,262
Used car loans	4,409,685,278	-1.11	\$48,947,507
Personal unsecured loans	1,036,990,077	-2.25	\$23,332,277
5-year adjustable rate 1st mortgage	3,931,499,598	-0.52	\$20,443,798
15-year fixed rate 1st mortgage	2,465,968,544	-0.06	\$1,479,581
30-year fixed rate 1st mortgage	3,951,942,091	-0.17	\$6,520,704
Home equity / 2nd mortgage loans	2,782,870,524	-0.38	\$10,574,908
Credit cards	1,477,512,786	-3.26	\$39,504,998
Interest rebates in period			\$14,160,450
Total CU member benefits arising from lower interest rates on loan products:			\$177,493,485
 <u>Savings</u>			
Regular shares	8,327,670,195	0.04	\$3,331,068
Share draft checking	4,583,235,707	0.02	\$916,647
Money market accounts	11,033,145,438	0.13	\$14,343,089
Certificate accounts	7,762,306,671	0.15	\$11,643,460
Retirement (IRA) accounts	2,929,013,501	0.14	\$4,100,619
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$34,334,883
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$82,256,403
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$294,084,771
Total CU member benefit / member:			\$66
Total CU member benefit / member household:			\$126

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2011 and September 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Michigan
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	1052	1056
Total assets (\$ mil)	41,873	39,987
Total loans (\$ mil)	23,446	23,429
Total surplus funds (\$ mil)	16,598	14,842
Total savings (\$ mil)	36,110	34,455
Total members (thousands)	4,474	4,471
Growth Rates (Trailing 12 months) *		
Total assets	4.7 %	4.6 %
Total loans	0.1 %	0.7 %
Total surplus funds	11.8 %	11.6 %
Total savings	4.8 %	5.9 %
Total members	0.0 %	0.8 %
Earnings - Basis Pts. *		
Yield on total assets	405	444
Dividend/interest cost of assets	77	108
Fee & other income	140	141
Operating expense	352	362
Loss Provisions	53	80
Net Income (ROA) after stabilization exp	62	36
Capital adequacy		
Net worth / assets	10.9	10.8
Asset quality *		
Delinquencies / loans	1.5	1.7
Net chargeoffs / average loans	1.0	1.2
Total borrower-bankruptcies	43	56
Bankruptcies per 1000 members	3.0	4.0
Asset/Liability Management		
Loans / savings	64.9	68.0
Loans / assets	56.0	58.6
Long-term assets / assets	34.1	34.6
Core deposits/shares & borrowings	37.4	35.5
Productivity		
Members/potential members	4.4	4.7
Borrowers/members	50.1	49.6
Members/FTE	378	386
Average shares/members (\$)	8,071	7,705
Average loan balances (\$)	10,450	10,559
Salary & Benefits/FTE	57,070	55,896

* Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.