

The Benefits of Membership

Customized Analysis of Member Benefits For:

BMI FCU

June 2007

Prepared by:

***Credit Union National Association
Economics and Statistics Department***



About The Membership Benefits Report

Your Membership Benefits report helps your credit union communicate the value of membership to your members. The report compares your credit union's dividend rates, loan rates, and fees to those of banking institutions in your state¹. It combines those comparisons with your credit union's call report data to develop an overall estimate of the annual financial benefits you provide to your members.

It is important to remember that the report gives your credit union a *conservative* estimate of benefits. For example, it does not consider non-financial benefits such as access to a large ATM network, financial counseling, or auto buying services. The report will communicate your credit union's value proposition to your staff, members, potential members, community leaders, and policy makers. It's also valuable in your planning sessions.

When interpreting your report, remember that any benefit above \$0 means your credit union is delivering financial benefits compared to the average banking institution in the state.

Not all credit unions will deliver lofty financial benefits. Greater financial benefits tend to be found among credit unions that offer a greater variety of services and those with lower operating expense ratios (i.e., higher economies of scale). On the other hand, higher operating expense ratios tend to be associated with other non-financial benefits, such as personalized "high-touch" service.

The report measures benefits at one distinct point in time. Operational and strategic decisions – building a new branch, expanding your field of membership, introducing a new product – will undoubtedly be reflected in your credit union's pricing decisions (and estimated benefit levels).

Finally, the report compares your rates and fees to those of banking institutions in your state. Your market could be more (or less) competitive than state averages suggest. So it's possible to have a low membership benefit and still be delivering excellent value relative to banking institutions in your market.

¹ The source for banking institution interest rate and fee data is Datatrac. Datatrac is the nation's leading rate survey firm and tracks interest rates at over 15,000 institutions nationally.

BMI FCU

The Benefits of Membership

Credit unions generally provide financial benefits to members through loan rates, higher savings rates, and fewer fees than banking institution.

The Credit Union National Association (CUNA) estimates that BMI FCU provided \$4,836,222 in direct financial benefits to its 27,618 members during the six months ending June 2007.

These benefits are equivalent to \$175 per member or \$333 per member household ⁽¹⁾.

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

Consider this:

Financing a \$25,000 new automobile for 60 months at BMI FCU will save a member \$102 per year in interest expense compared to what they would pay at a banking institution.

Further, loyal members⁽²⁾ - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

CUNA estimates that BMI FCU provided loyal high-use member households \$695 in direct financial benefits during the six month period.

BMI FCU excels in providing member benefits many loan and saving products. In particular, BMI FCU offers lower 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.

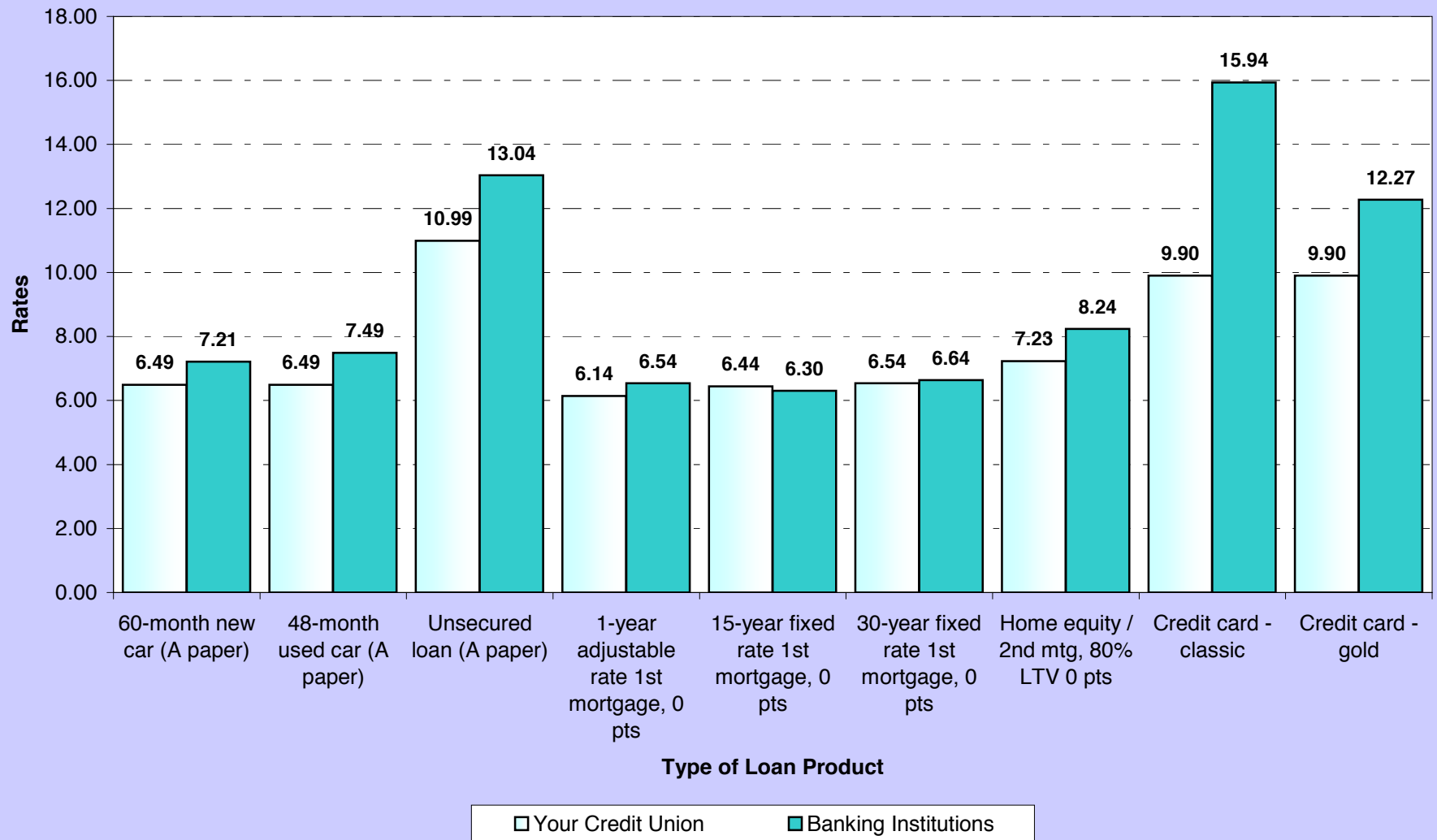
BMI FCU also pays its members higher dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



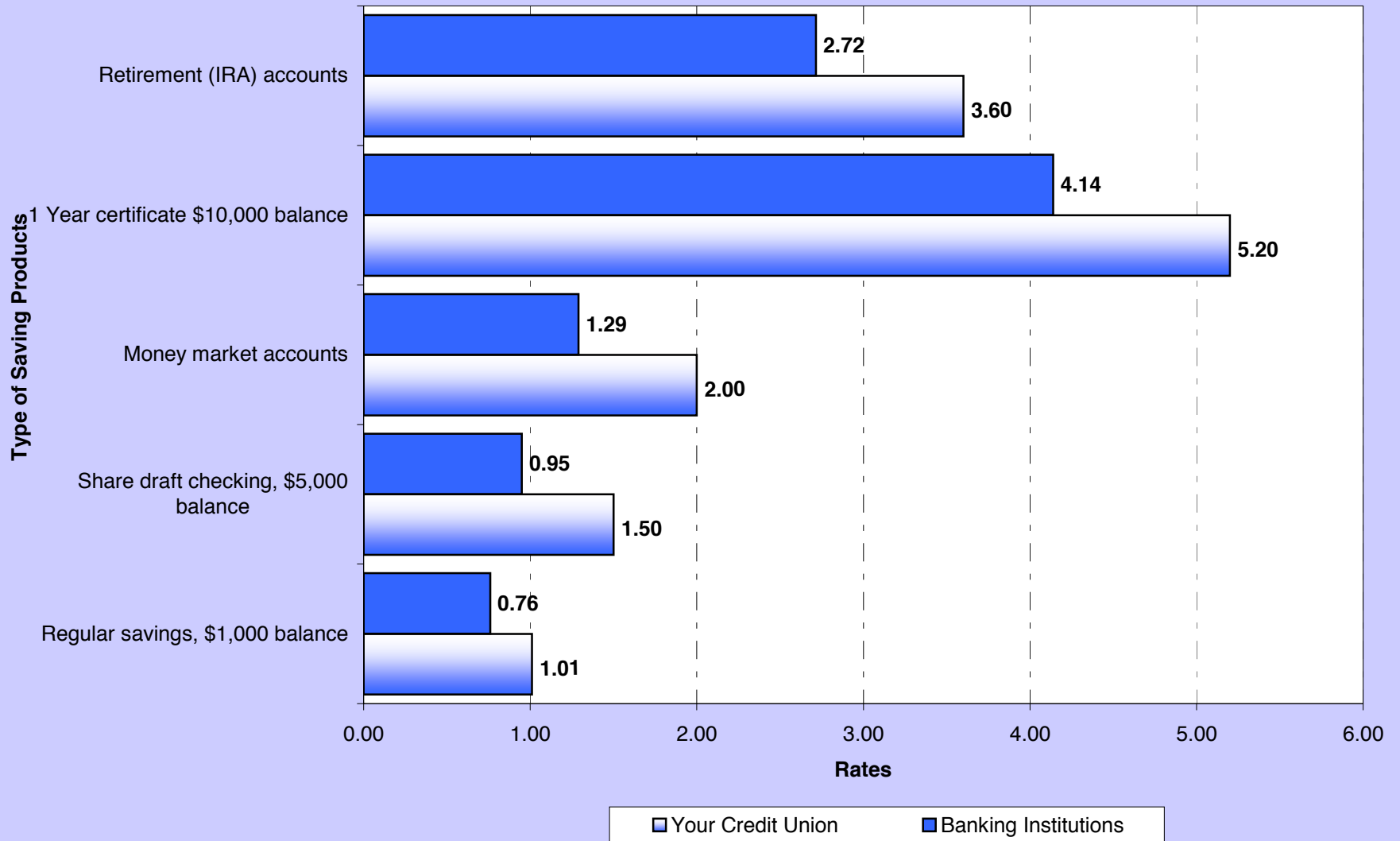
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household. (2) A "loyal member" is assumed to have a \$25,000, 60-month new auto loan, a classic credit card with an average balance of \$3,500, a \$75,000, 30-year fixed-rate mortgage, \$1,000 in an interest-bearing checking account, \$10,000 in a one-year certificate account, and \$5,000 in a money market account.

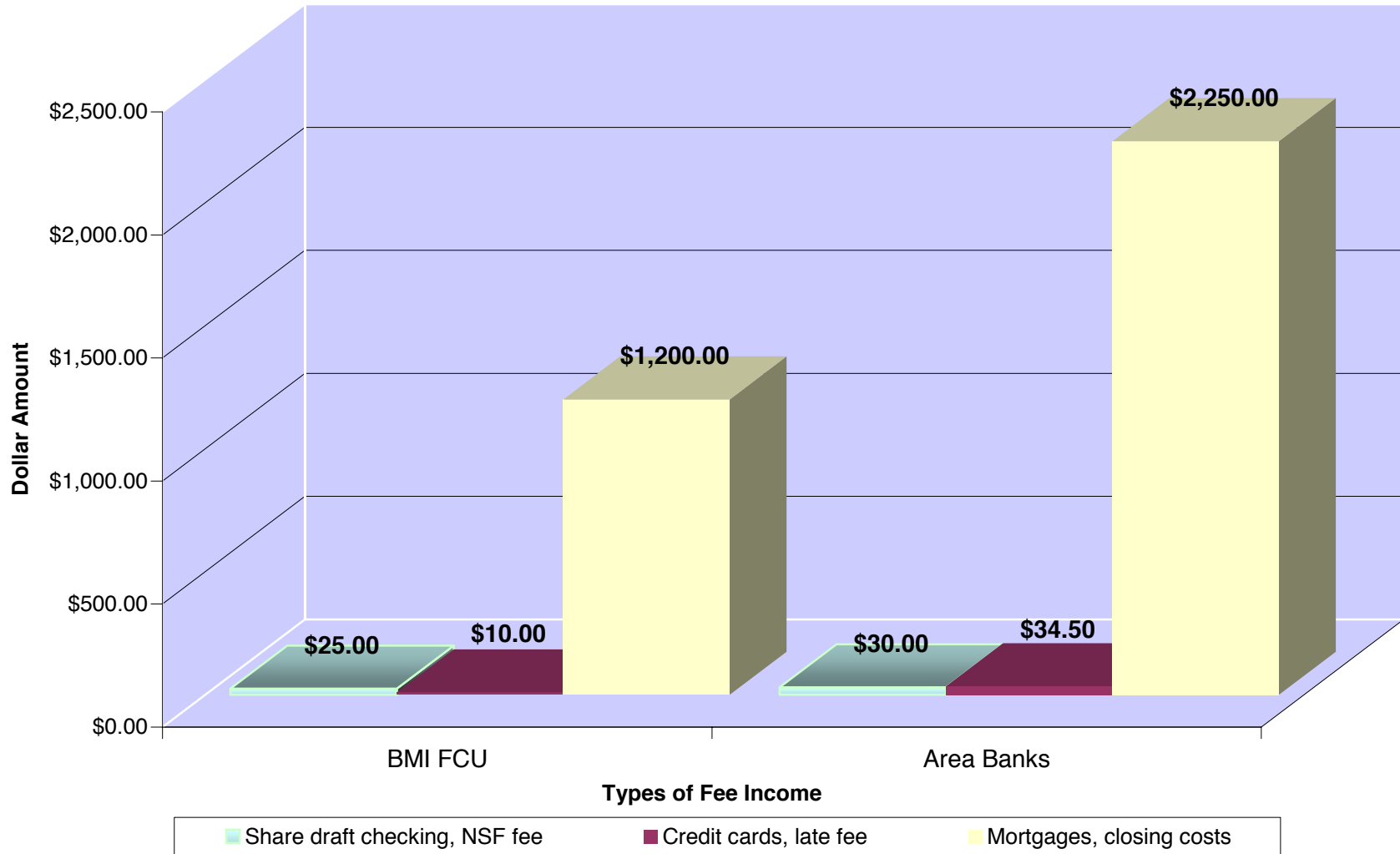
Recent Comparative Interest Rates for Loan Products Your Credit Union vs. Banking Institutions in Your State



Recent Comparative Interest Rates for Credit Union Saving Products Your Credit Union vs. Banking Institutions in Your State



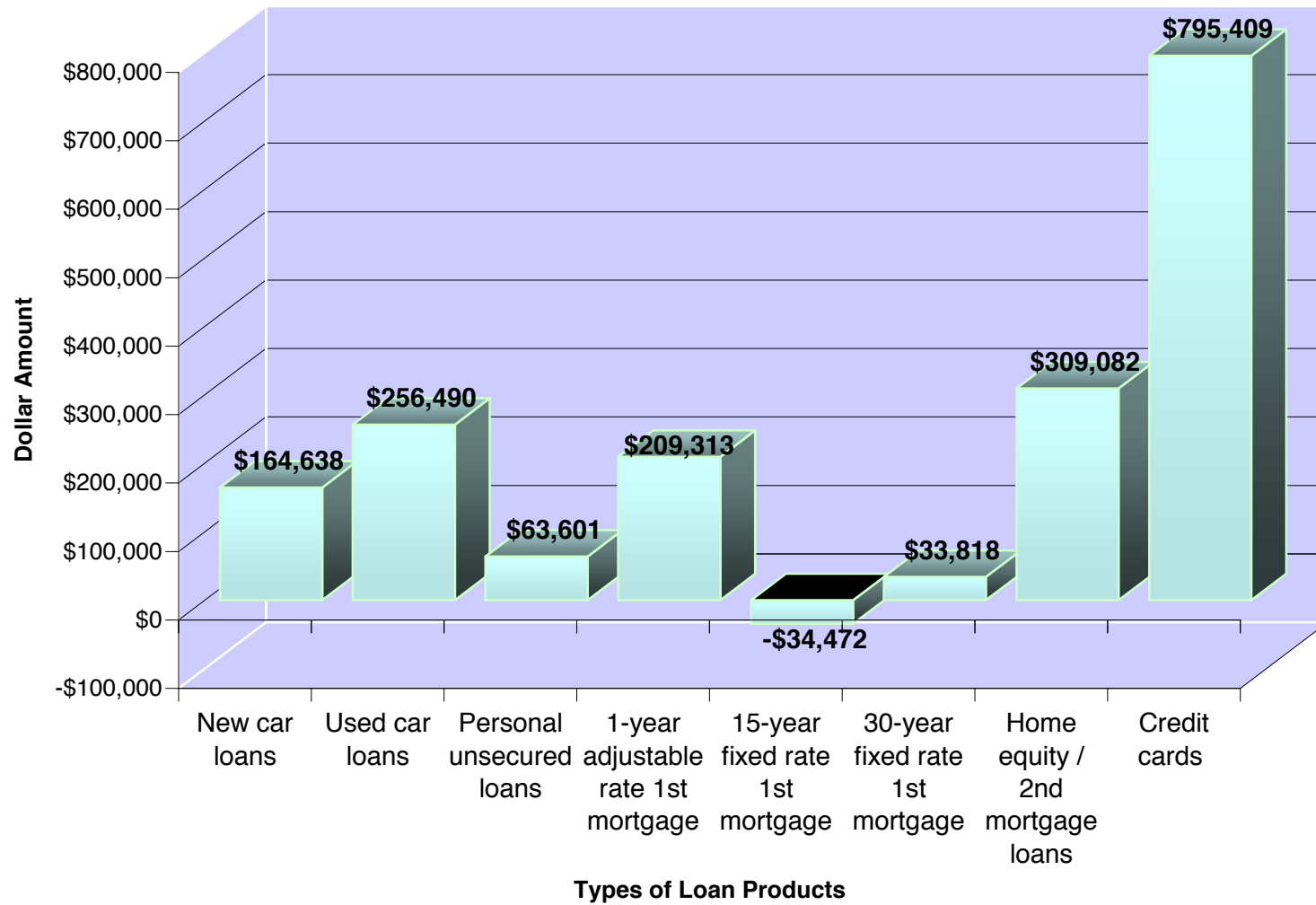
Estimated Credit Union Fee Income Your Credit Union vs. Banking Institutions in Your State



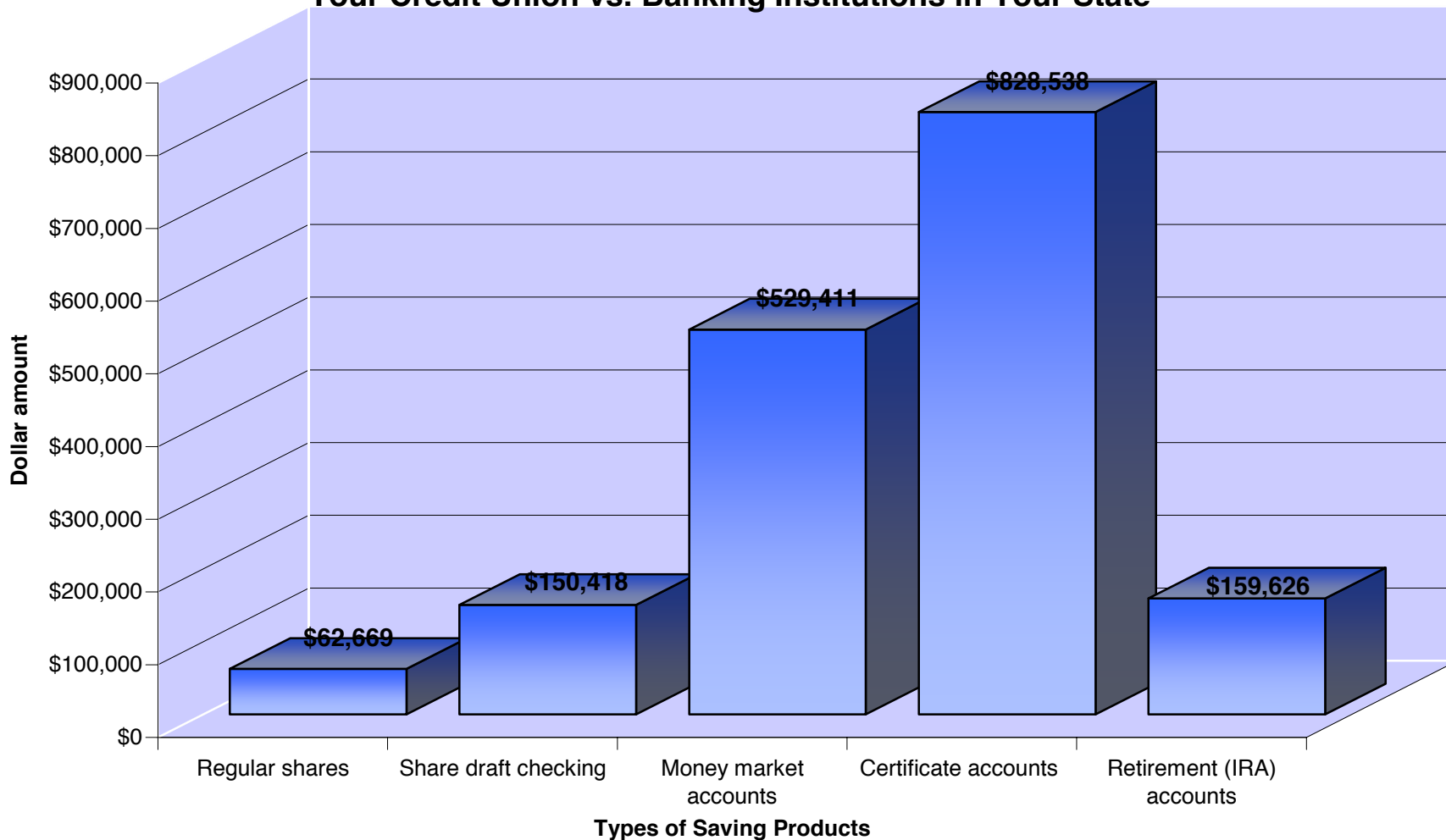
**Recent Interest Rates at BMI FCU
and
Banking Institutions in Ohio**

Loan Products	Rate at your Credit Union (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	6.49	7.21	-0.72
48-month used car (A paper)	6.49	7.49	-1.00
Unsecured loan (A paper)	10.99	13.04	-2.05
1-year adjustable rate 1st mortgage, 0 pts	6.14	6.54	-0.40
15-year fixed rate 1st mortgage, 0 pts	6.44	6.30	0.14
30-year fixed rate 1st mortgage, 0 pts	6.54	6.64	-0.10
Home equity / 2nd mtg, 80% LTV 0 pts	7.23	8.24	-1.01
Credit card - classic	9.90	15.94	-6.04
Credit card - gold	9.90	12.27	-2.37
Savings Products			
Regular savings, \$1,000 balance	1.01	0.76	0.25
Share draft checking, \$5,000 balance	1.50	0.95	0.55
Money market accounts	2.00	1.29	0.71
1 Year certificate \$10,000 balance	5.20	4.14	1.06
Retirement (IRA) accounts	3.60	2.72	0.89
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$10.00	\$34.50	-\$24.50
Mortgages, closing costs	\$1,200.00	\$2,250.00	-\$1,050.00

Estimated Credit Union Loan Rate Benefits Your Credit Union vs. Banking Institutions in Your State



Estimated Credit Union Savings Dividend Benefits Your Credit Union vs. Banking Institutions in Your State



Estimated BMI FCU Financial Benefits Mid-Year 2007

<u>Loans</u>	Avg. Balance at Your Credit Union (1)	Rate Difference vs. Ohio Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	22,866,360	-0.72	\$164,638
Used car loans	25,648,999	-1.00	\$256,490
Personal unsecured loans	3,102,473	-2.05	\$63,601
1-year adjustable rate 1st mortgage	52,328,135	-0.40	\$209,313
15-year fixed rate 1st mortgage	24,622,682	0.14	-\$34,472
30-year fixed rate 1st mortgage	33,818,323	-0.10	\$33,818
Home equity / 2nd mortgage loans	30,602,164	-1.01	\$309,082
Credit cards	15,527,743	-6.04	\$795,409
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$1,797,878
<u>Savings</u>			
Regular shares	25,067,599	0.25	\$62,669
Share draft checking	27,348,655	0.55	\$150,418
Money market accounts	74,564,922	0.71	\$529,411
Certificate accounts	78,163,974	1.06	\$828,538
Retirement (IRA) accounts	18,036,782	0.89	\$159,626
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$1,730,661
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$1,307,683
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$4,836,222
Total CU member benefit / member:			\$175
Total CU member benefit / member household:			\$333

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2005 and year-end 2004, according to the NCUA call report.; (2) Credit union rates provided by individual credit union, bank rates provided by Datatrac;

Certificate of Excellence

is hereby granted to:

BMI FCU

The Credit Union National Association has determined that BMI FCU provided \$4,836,222 in direct financial benefits to its 27,618 members during the six months ending in June 2007. These benefits are equivalent to approximately \$333 per member household.

BMI FCU provided loyal high-use member households \$695 in direct financial benefits.

Credit unions generally provide financial benefits to members by charging less for loans, paying more on deposits and charging fewer/lower fees compared to banking institutions.



BMI FCU
Performance Profile

Demographic Information	Jun-07	Jun-06
Number of branches	8	8
Total assets (\$ mil)	281,441,655	251,992,291
Total loans (\$ mil)	224,843,674	197,136,055
Total surplus funds (\$ mil)	45,283,186	47,550,206
Total savings (\$ mil)	236,082,953	211,591,725
Total members (thousands)	27,213	28,022
Growth Rates		
Total assets	8.0 %	4.3 %
Total loans	15.0 %	5.5 %
Total surplus funds	-21.9 %	-8.9 %
Total savings	8.8 %	3.9 %
Total members	-5.2 %	-1.2 %
Earnings - Basis Pts.		
Yield on total assets	610	558
- Dividend/interest cost of assets	303	241
+ Fee & other income	135	144
- Operating expense	348	351
- Loss Provisions	18	20
= Net Income (ROA)	76	90
Capital adequacy		
Net worth / assets	9.8	10.1
Asset quality		
Delinquencies / loans	0.6	0.5
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	36	10
Bankruptcies per 1000 members	1.3	0.4
Asset/Liability Management		
Loans / savings	95.2	93.2
Loans / assets	79.9	78.2
Long-term assets / assets	49.7	39.0
Core deposits/shares & borrowings	21.1	24.5
Productivity		
Members/potential members	54.4	56.0
Borrowers/members	61.5	59.4
Members/FTE	313	342
Average shares/members (\$)	8,675	7,551
Average loan balances (\$)	13,427	11,834
Salary & Benefits/FTE	57,580	56,320