

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Georgia**

***June 2009***

*Prepared by:*

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# Georgia

## *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 Georgia credit unions provided \$138,648,013 in direct financial benefits to the state's 1,756,461 members during the twelve months ending June 2009.

**These benefits are equivalent to \$79 per member or \$150 per member household <sup>(1)</sup>.**

The per-member and per-household benefits delivered by Georgia 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 Georgia credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Georgia credit union will save members an average \$224 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.

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

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

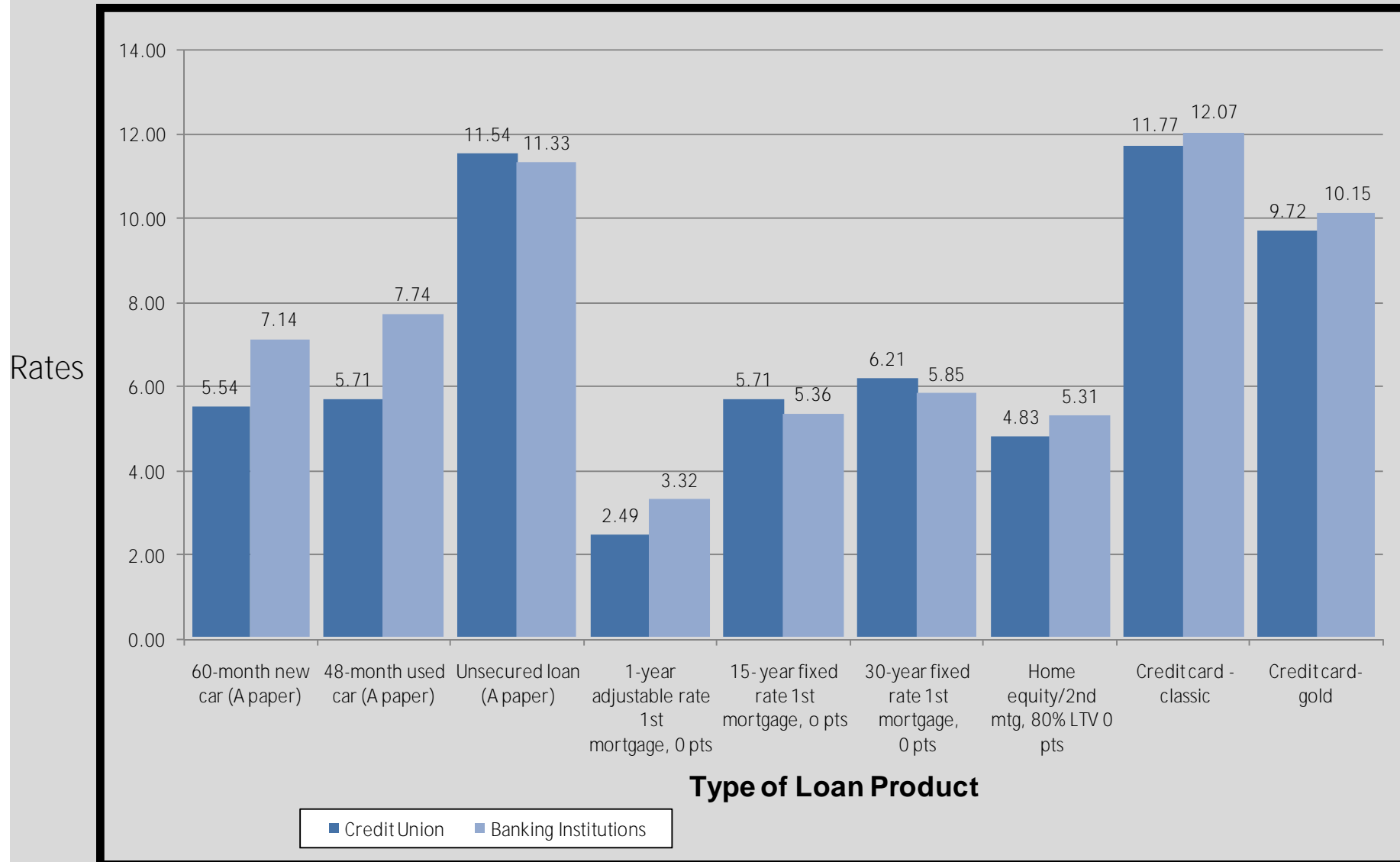


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Source: Datatrac, NCUA, and CUNA.

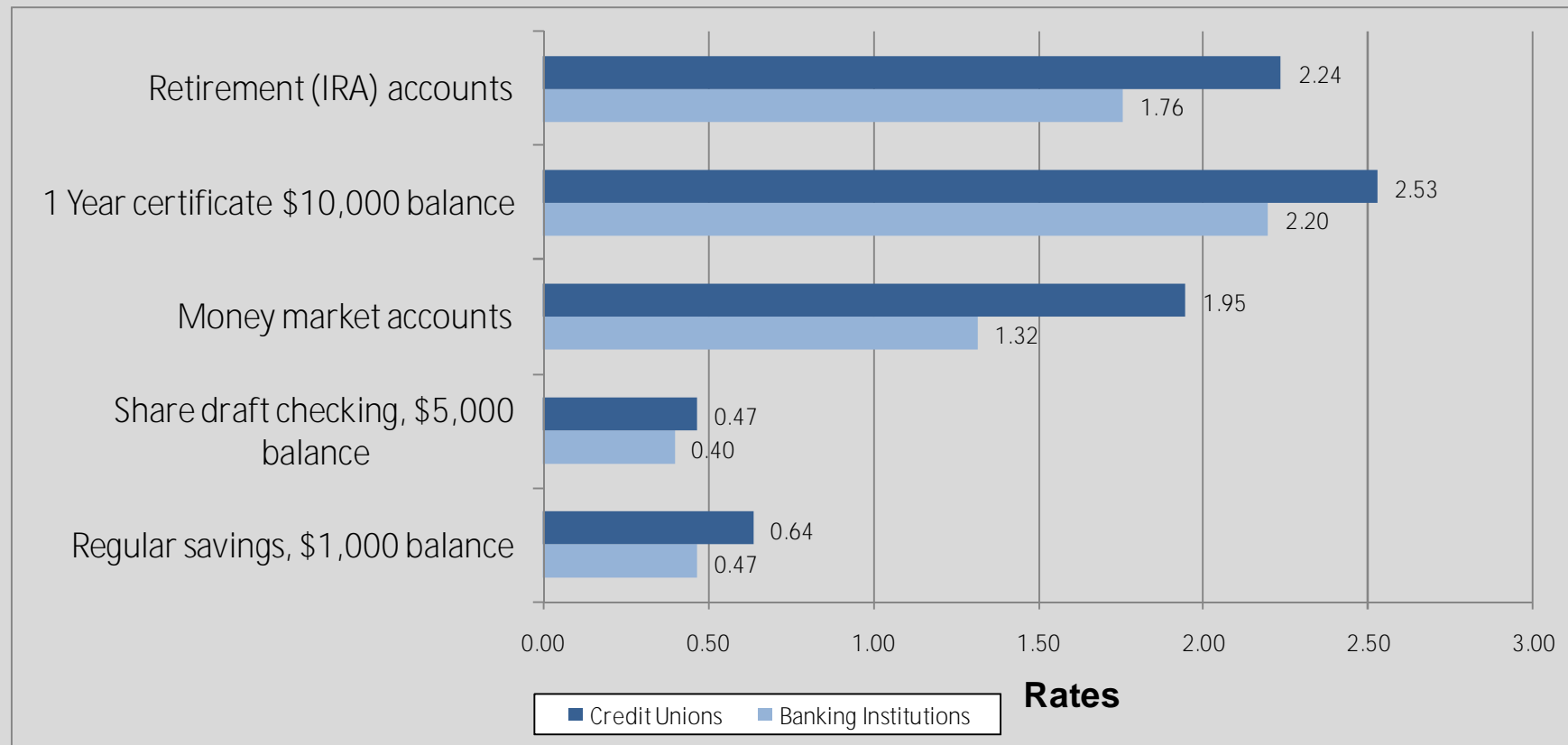
(1) Assumes 1.9 credit union members per household.

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

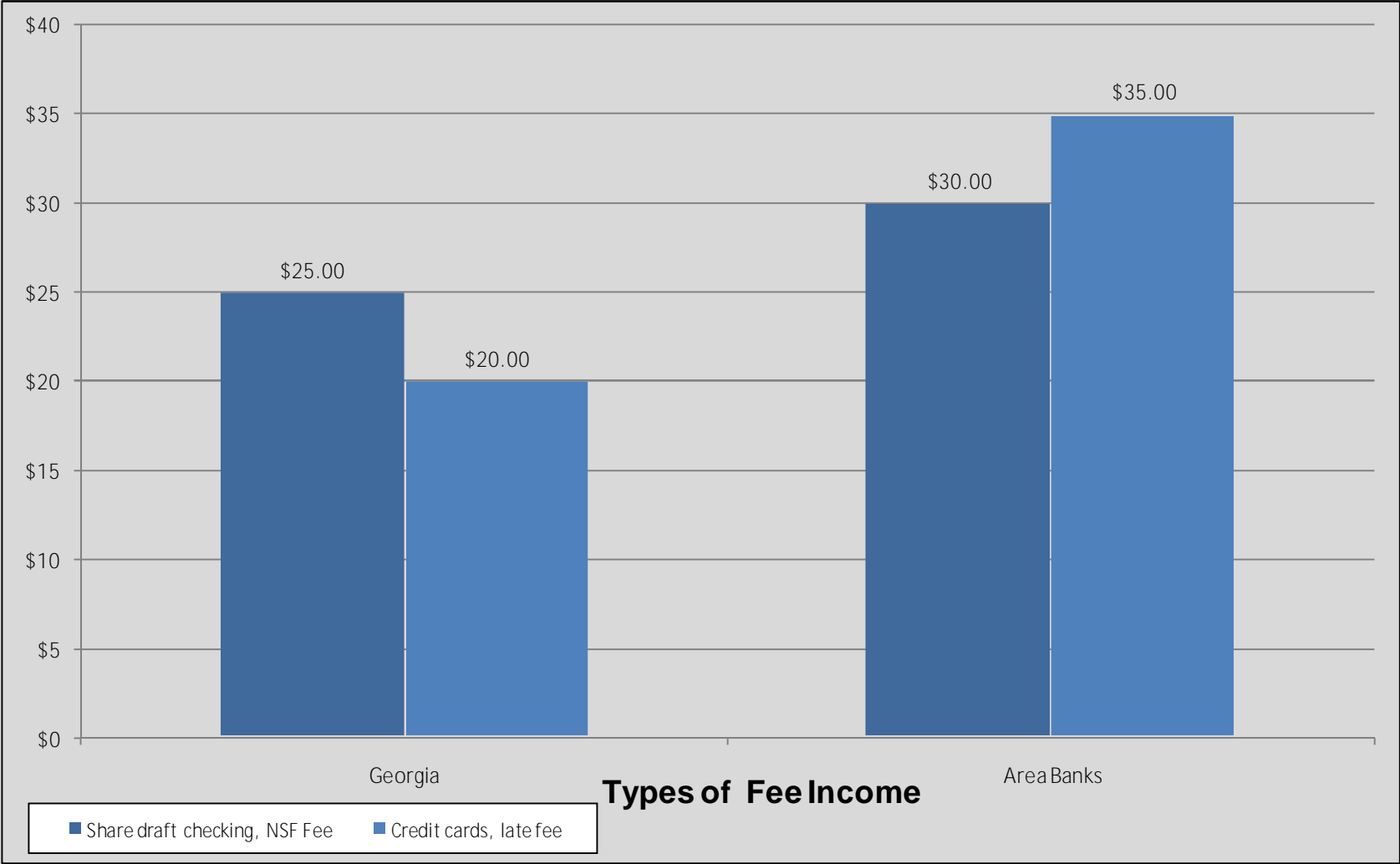


Source: NCUA, CUNA and DataTrac

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



# Selected Mid-Year 2009 Credit Union Fees Compared to Banking Institutions



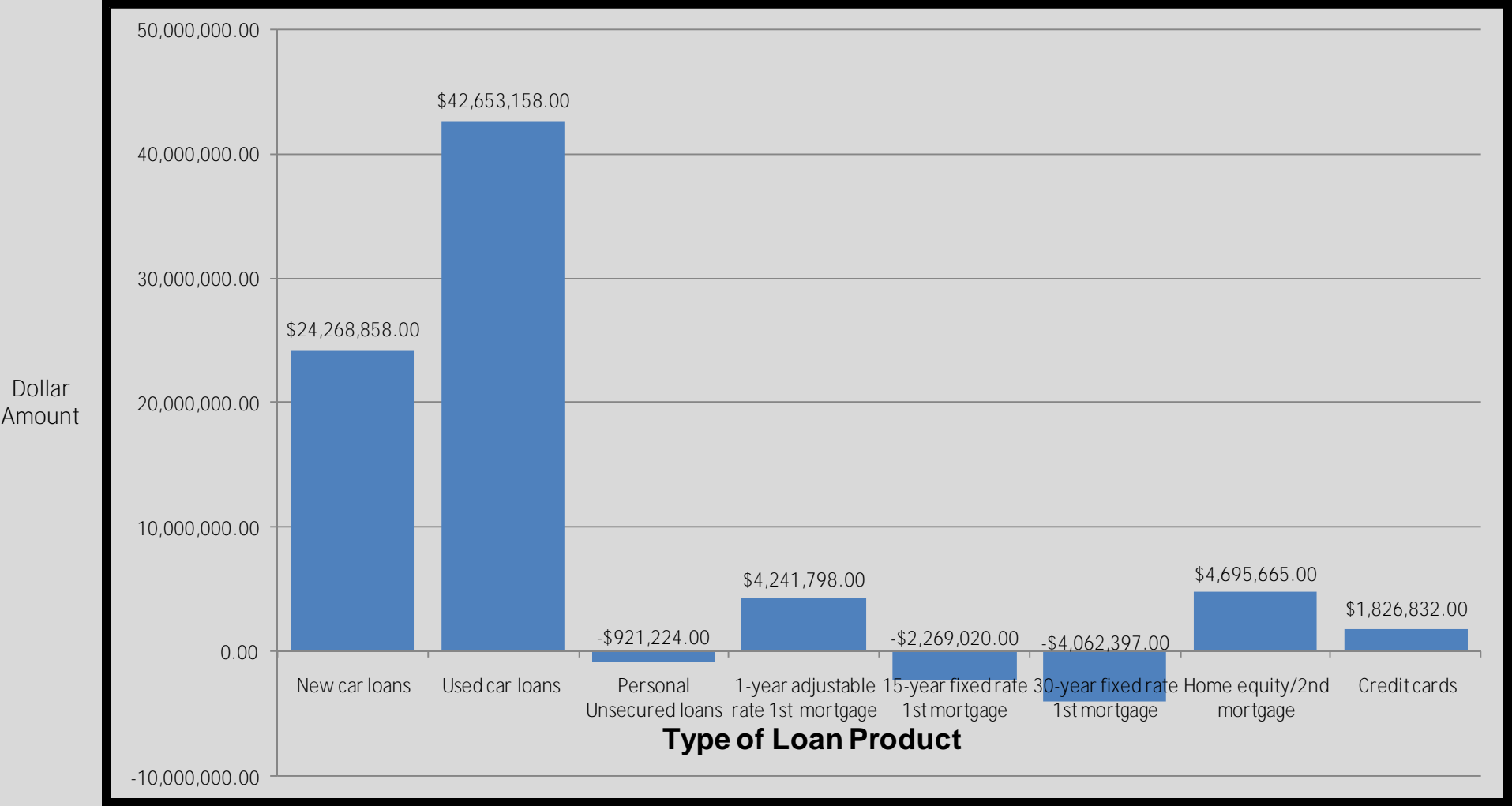
Source: NCUA, CUNA and DataTrac

**Georgia**  
**Credit Union and Banking Institution**  
**Mid-Year 2009 Average Interest Rates and Fees**

<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	5.54	7.14	-1.60
48-month used car (A paper)	5.71	7.74	-2.03
Unsecured loan (A paper)	11.54	11.33	0.21
1-year adjustable rate 1st mortgage, 0 pts	2.49	3.32	-0.83
15-year fixed rate 1st mortgage, 0 pts	5.71	5.36	0.36
30-year fixed rate 1st mortgage, 0 pts	6.21	5.85	0.36
Home equity / 2nd mtg, 80% LTV 0 pts	4.83	5.31	-0.48
Credit card - classic	11.77	12.07	-0.30
Credit card - gold	9.72	10.15	-0.43
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.64	0.47	0.17
Share draft checking, \$5,000 balance	0.47	0.40	0.07
Money market accounts	1.95	1.32	0.64
1 Year certificate \$10,000 balance	2.53	2.20	0.34
Retirement (IRA) accounts	2.24	1.76	0.49
<b>Fee Income</b>			
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

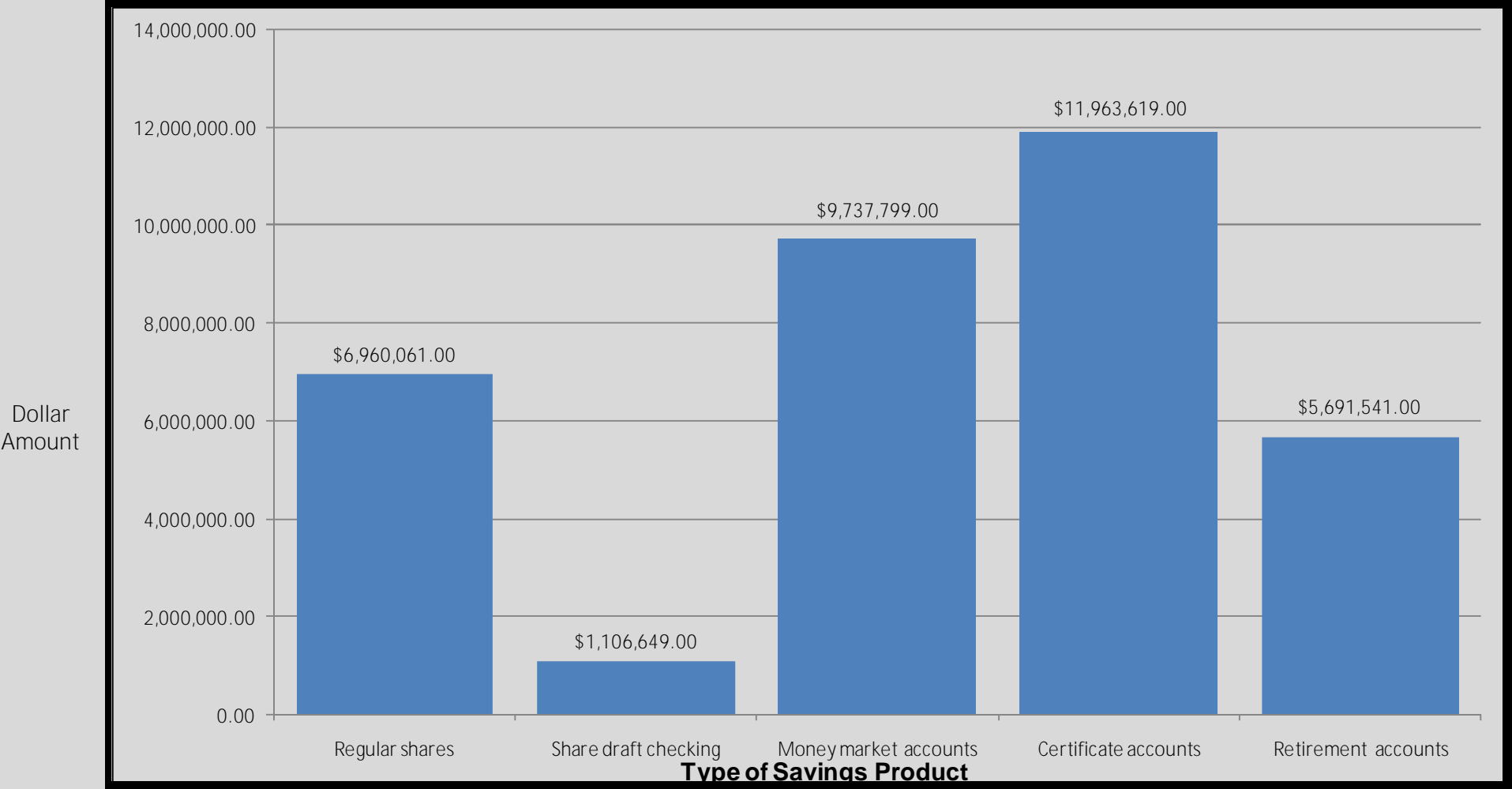
Source: Datatrac

# Estimated Credit Union Loan Rate Benefits vs. Banking Institutions



Source: NCUA, CUNA and DataTrac

# Estimated Credit Union Savings Dividend Benefits vs. Banking Institutions



Source: NCUA, CUNA and DataTrac

## Estimated Georgia Credit Unions Financial Benefits First Quarter 2009

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Georgia Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,516,803,628	-1.60	\$24,268,858
Used car loans	2,101,140,798	-2.03	\$42,653,158
Personal unsecured loans	449,377,404	0.21	-\$921,224
1-year adjustable rate 1st mortgage	511,059,991	-0.83	\$4,241,798
15-year fixed rate 1st mortgage	639,160,498	0.36	-\$2,269,020
30-year fixed rate 1st mortgage	1,128,443,633	0.36	-\$4,062,397
Home equity / 2nd mortgage loans	988,560,986	-0.48	\$4,695,665
Credit cards	555,690,391	-0.30	\$1,826,832
Interest rebates in period			\$4,376
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$70,438,046</b>
 <u>Savings</u>			
Regular shares	4,218,218,581	0.17	\$6,960,061
Share draft checking	1,580,926,728	0.07	\$1,106,649
Money market accounts	1,533,511,702	0.64	\$9,737,799
Certificate accounts	3,571,229,677	0.34	\$11,963,619
Retirement (IRA) accounts	1,173,513,707	0.49	\$5,691,541
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$35,459,670</b>
 <u>Fee Income</u>			
<b>Total CU member benefit arising from fewer/lower fees:</b>			<b>\$32,750,297</b>
 <b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>			<b>\$138,648,013</b>
 <b>Total CU member benefit / member:</b>			<b>\$79</b>
<b>Total CU member benefit / member household:</b>			<b>\$150</b>

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2007 and year-end 2008, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

**Georgia  
Performance Profile**

<b>Demographic Information</b>	<b>Jun-09</b>	<b>Jun-08</b>
Number of branches	436	441
Total assets (\$ mil)	15,610	13,629
Total loans (\$ mil)	8,582	8,010
Total surplus funds (\$ mil)	6,328	5,039
Total savings (\$ mil)	12,921	11,494
Total members (thousands)	1,787	1,759
<b>Growth Rates (Year-to-date)</b>		
Total assets	14.7 %	8.5 %
Total loans	2.8 %	3.4 %
Total surplus funds	35.2 %	18.2 %
Total savings	11.8 %	8.8 %
Total members	2.4 %	1.7 %
<b>Earnings - Basis Pts.</b>		
Yield on total assets	470	553
Dividend/interest cost of assets	179	240
<b>Fee &amp; other income *</b>	<b>220</b>	<b>153</b>
Operating expense	327	353
Loss Provisions	74	38
<b>Net Income (ROA) *</b>	<b>80</b>	<b>76</b>
<b>Capital adequacy</b>		
Net worth / assets	11.9	13.6
<b>Asset quality</b>		
Delinquencies / loans	1.2	0.8
Net chargeoffs / average loans	0.9	0.6
Total borrower-bankruptcies	22	15
Bankruptcies per 1000 members	2.1	1.5
<b>Asset/Liability Management</b>		
Loans / savings	66.4	69.7
Loans / assets	55.0	58.8
Long-term assets / assets	25.7	25.5
Core deposits/shares & borrowings	43.3	50.8
<b>Productivity</b>		
Members/potential members	9.3	10.1
Borrowers/members	49.7	47.9
Members/FTE	419	412
Average shares/members (\$)	7,231	6,533
Average loan balances (\$)	9,665	9,501
Salary & Benefits/FTE	57,529	54,533

**\*Credit unions did not uniformly report stabilization expenses or reversals of the expense. Therefore, some income and expense ratios are not comparable to previous periods. Use extreme caution when coming to conclusions from this data.**