

CUNA Arizona
**MEMBERSHIP BENEFITS
REPORT**



Arizona

The Benefits of Membership

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

The Credit Union National Association (CUNA) estimates that Arizona credit unions provided \$142,808,375 in direct financial benefits to the state's 1,503,717 members during the twelve months ending June 2017.

These benefits are equivalent to \$95 per member or \$180 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 Arizona 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 Arizona credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Arizona credit union will save members an average \$239 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.

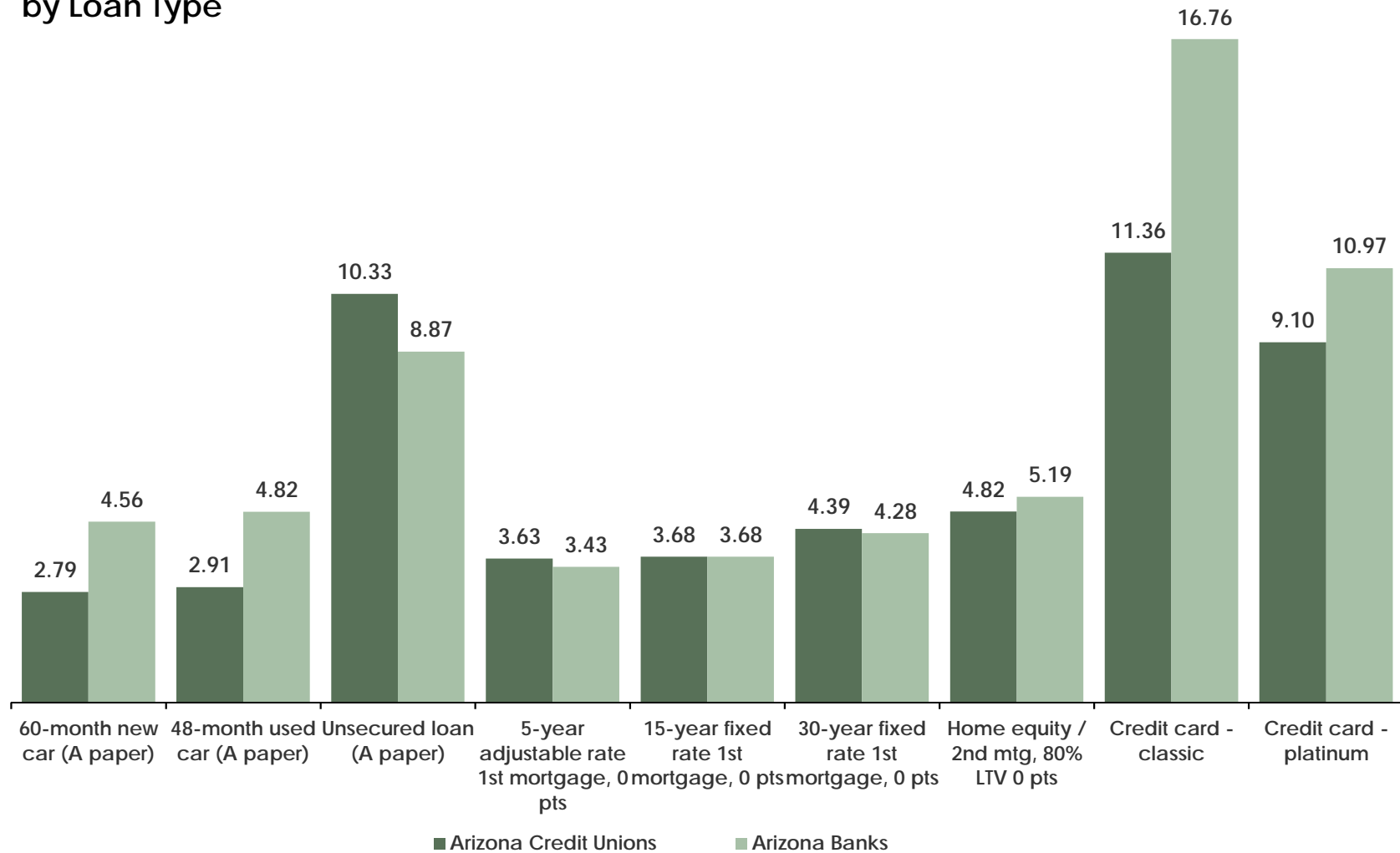
Arizona credit unions excel in providing member benefits on many loan and savings products. In particular, Arizona credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, home equity loans, credit cards loans.

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



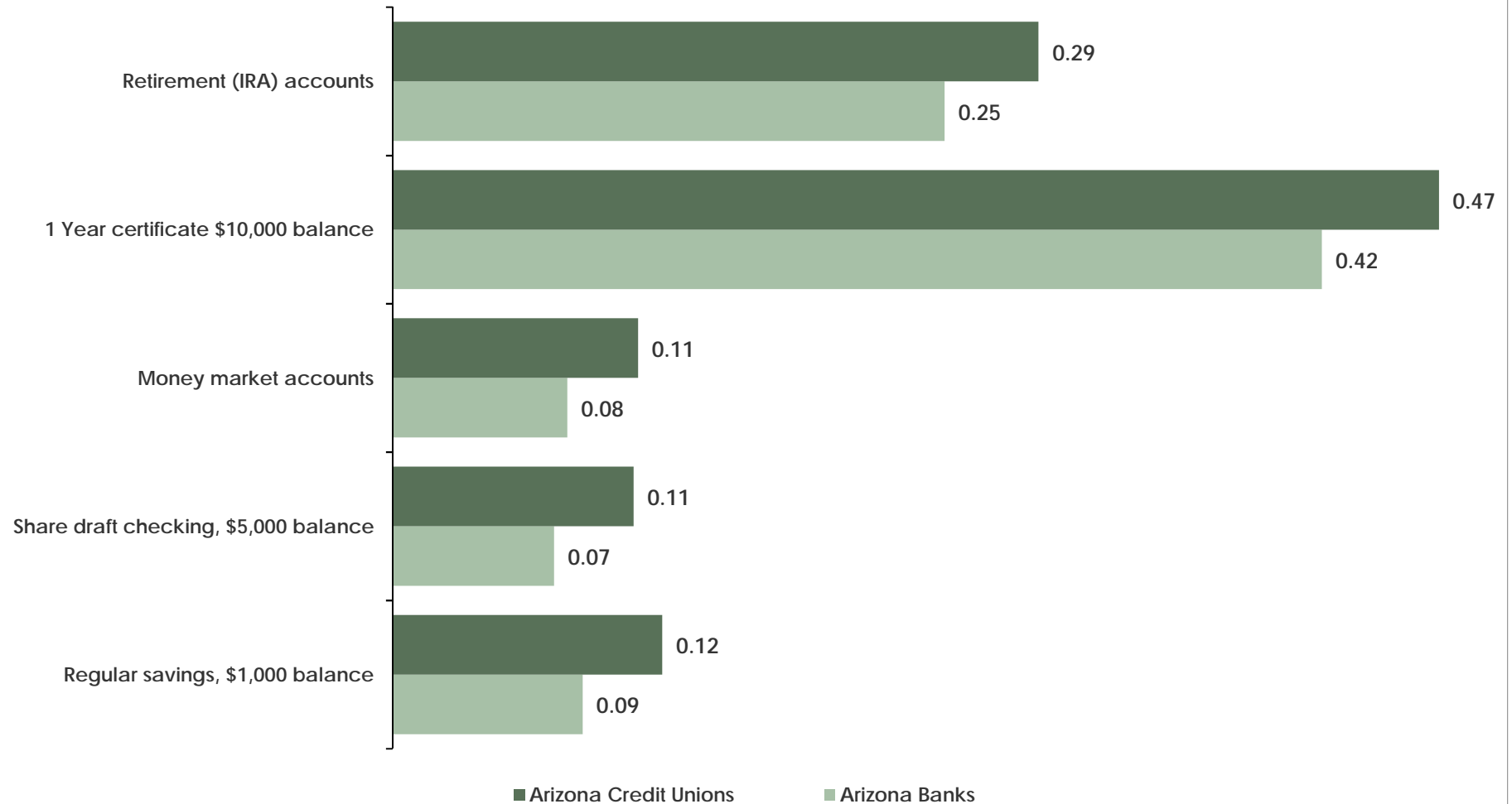
Loan Product Comparative Interest Rates (%)

by Loan Type



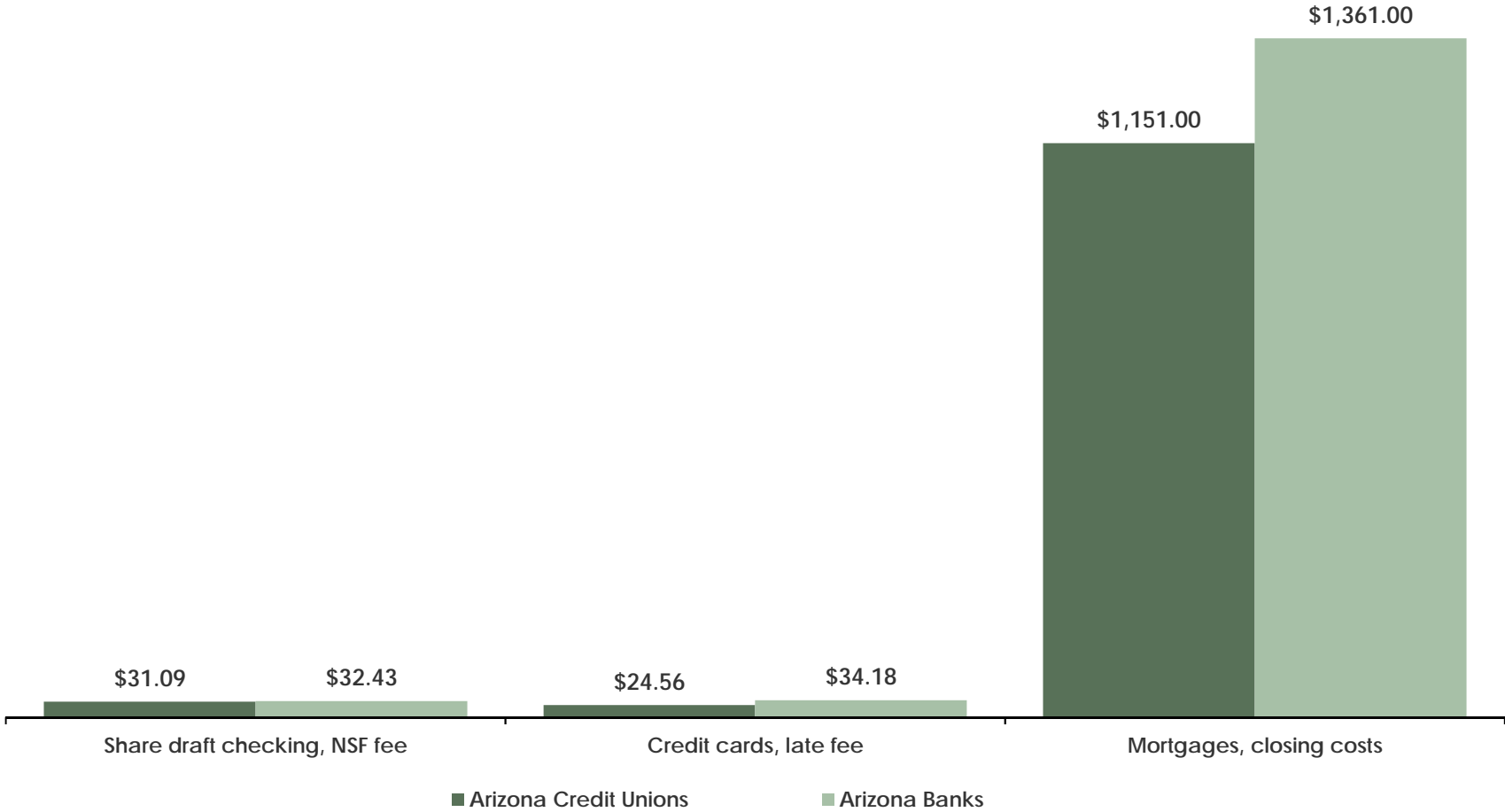
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



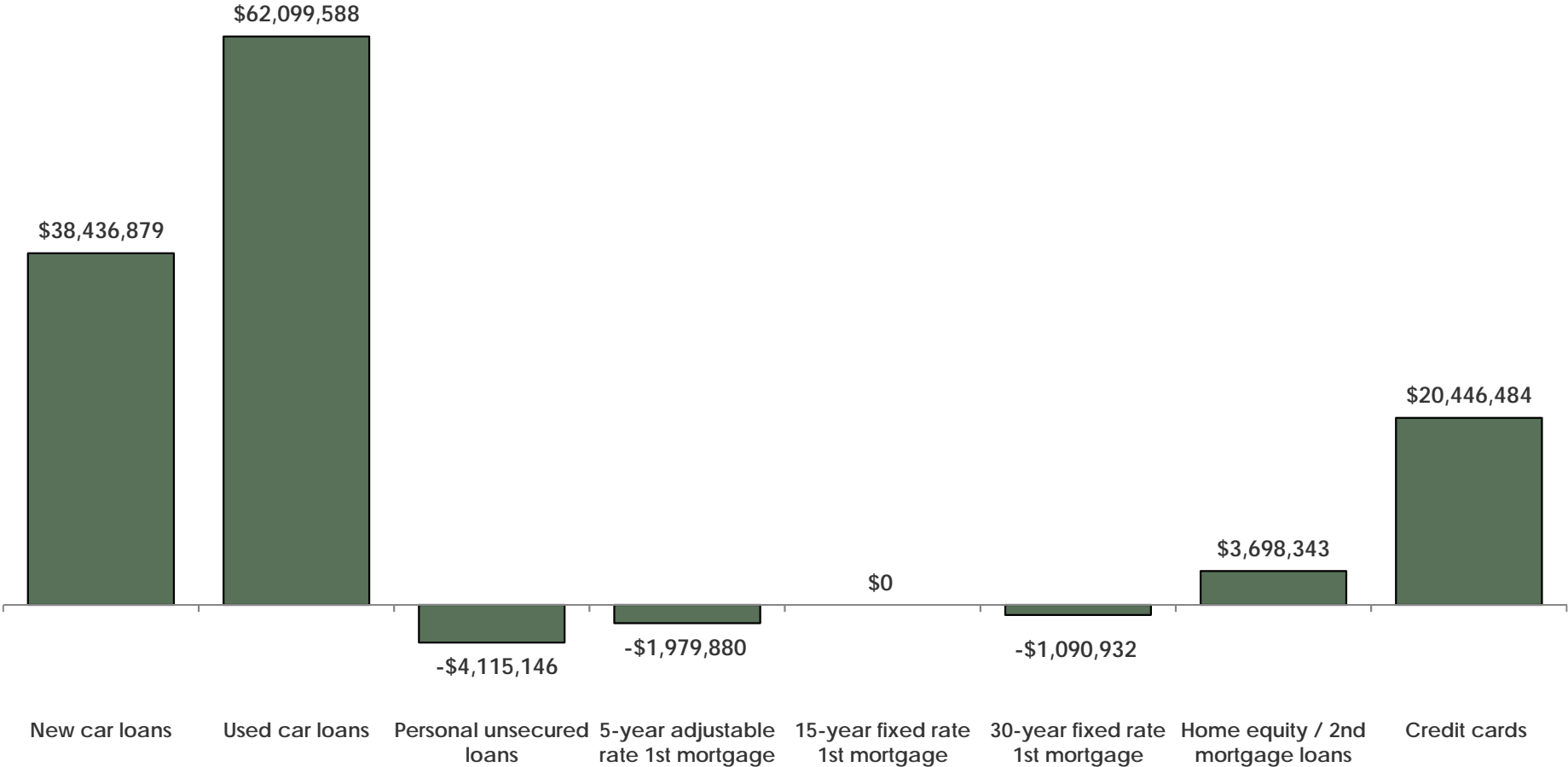
Arizona Credit Union and Banking Institution June 2017 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.79	4.56	-1.77
48-month used car (A paper)	2.91	4.82	-1.91
Unsecured loan (A paper)	10.33	8.87	1.46
5-year adjustable rate 1st mortgage, 0 pts	3.63	3.43	0.20
15-year fixed rate 1st mortgage, 0 pts	3.68	3.68	0.00
30-year fixed rate 1st mortgage, 0 pts	4.39	4.28	0.11
Home equity / 2nd mtg, 80% LTV 0 pts	4.82	5.19	-0.37
Credit card - classic	11.36	16.76	-5.40
Credit card - platinum	9.10	10.97	-1.87
Savings Products			
Regular savings, \$1,000 balance	0.12	0.09	0.04
Share draft checking, \$5,000 balance	0.11	0.07	0.04
Money market accounts	0.11	0.08	0.03
1 Year certificate \$10,000 balance	0.47	0.42	0.05
Retirement (IRA) accounts	0.29	0.25	0.04
Fee Income			
Share draft checking, NSF fee	\$31.09	\$32.43	-\$1.34
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

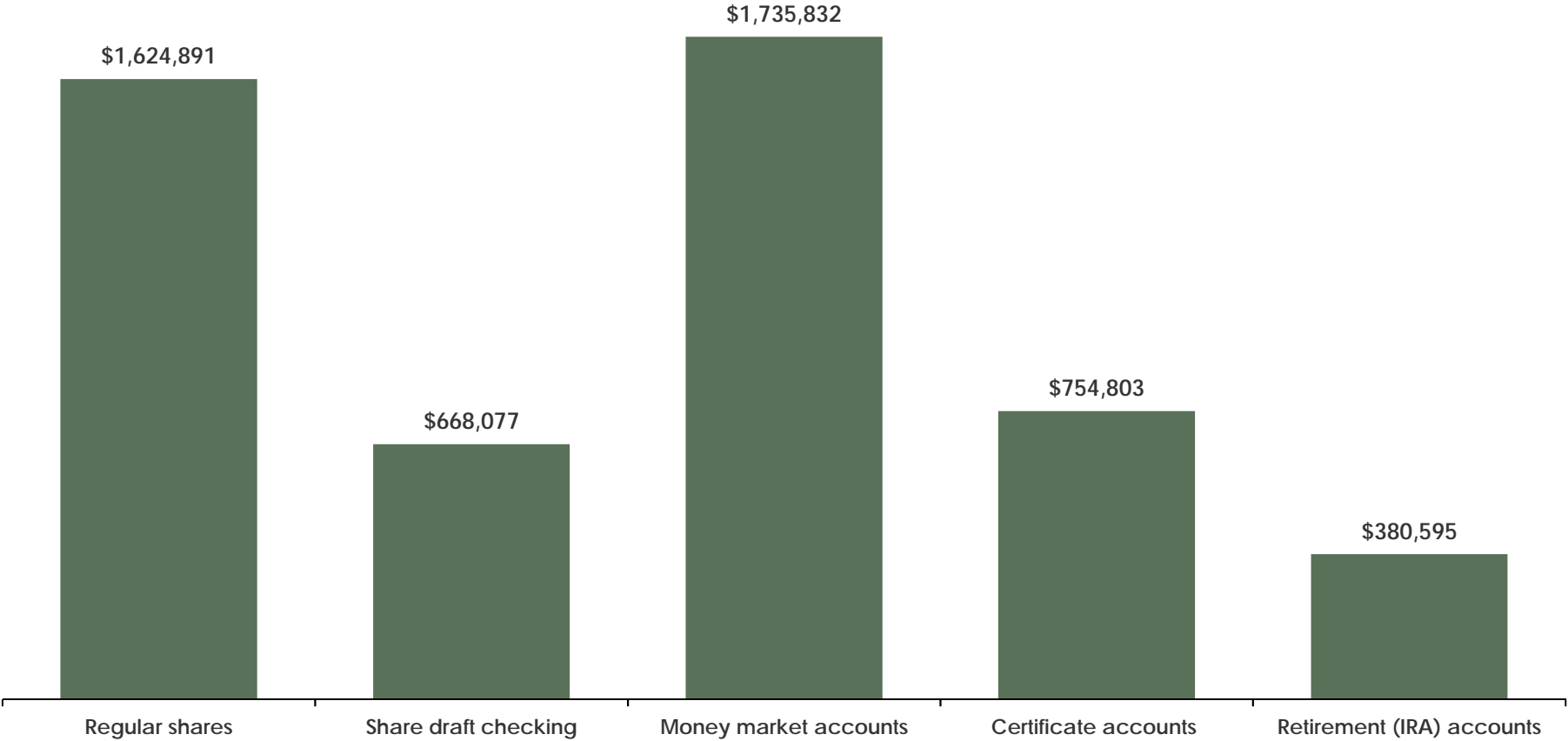
State Credit Union's Total Loan Rate Benefits

Compared to State Banking Institutions
by Loan Type



State Credit Union's Total Savings Dividend Benefits

Compared to State Banking Institutions
by Account Type



Estimated Financial Benefits for Arizona Credit Unions June 2017

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Arizona Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,167,900,677	-1.77	\$38,436,879
Used car loans	3,258,110,576	-1.91	\$62,099,588
Personal unsecured loans	281,859,340	1.46	-\$4,115,146
5-year adjustable rate 1st mortgage	970,529,352	0.20	-\$1,979,880
15-year fixed rate 1st mortgage	692,952,284	0.00	\$0
30-year fixed rate 1st mortgage	991,756,751	0.11	-\$1,090,932
Home equity / 2nd mortgage loans	988,861,856	-0.37	\$3,698,343
Credit cards	452,606,183	-5.40	\$20,446,484
Interest rebates			\$898
Total CU member benefits arising from lower interest rates on loan products:			\$117,496,234
Savings			
Regular shares	4,513,586,336	0.04	\$1,624,891
Share draft checking	1,855,769,090	0.04	\$668,077
Money market accounts	5,424,473,614	0.03	\$1,735,832
Certificate accounts	1,424,157,311	0.05	\$754,803
Retirement (IRA) accounts	895,518,076	0.04	\$380,595
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$5,164,198
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$20,147,943
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$142,808,375
Total CU member benefit / member:			\$95
Total CU member benefit / member household:			\$180

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2017 and June 2016, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Membership Benefits Report

CUNA Economics and Statistics

Arizona Credit Union Performance Profile

Demographic Information	Jun 17	Jun 16
Number of branches	261	266
Total assets (\$ mil)	17,141	15,799
Total loans (\$ mil)	10,855	9,808
Total surplus funds (\$ mil)	5,503	5,252
Total savings (\$ mil)	14,828	13,559
Total members (thousands)	1,526	1,483
Growth Rates (Trailing 12 months) *		
Total assets	8.6 %	6.7 %
Total loans	10.7 %	9.6 %
Total surplus funds	4.8 %	2.1 %
Total savings	9.4 %	6.7 %
Total members	3.0 %	2.8 %
Earnings - Basis Pts. *		
Yield on total assets	359	353
Dividend / interest cost of assets	43	36
Fee & other income	200	201
Operating expense	392	397
Loss Provisions	34	27
Net Income (ROA) after stabilization exp	90	93
Capital Adequacy		
Net worth / assets	10.9	10.9
Asset Quality *		
Delinquencies / loans	0.5	0.4
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	32	28
Bankruptcies per 1000 members	0.9	0.8
Asset/Liability Management		
Loans / savings	73.2	72.3
Loans / assets	63.3	62.1
Long-term assets / assets	34.0	31.0
Core deposits/shares & borrowings	45.3	44.4
Productivity		
Members / potential members	2.9	2.9
Borrowers / members	52.2	51.0
Members / FTE	334	329
Average shares / members (\$)	9,716	9,140
Average loan balances (\$)	13,618	12,976
Salary & Benefits / FTE	76,919	71,626

* 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.