

CUNA Arkansas  
**MEMBERSHIP BENEFITS  
REPORT**



## Arkansas

### 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 Arkansas credit unions provided \$31,323,016 in direct financial benefits to the state's 332,868 members during the twelve months ending June 2017.

**These benefits are equivalent to \$94 per member or \$179 per member household <sup>(1)</sup>.**

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 Arkansas 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 Arkansas credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Arkansas credit union will save members an average \$238 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.

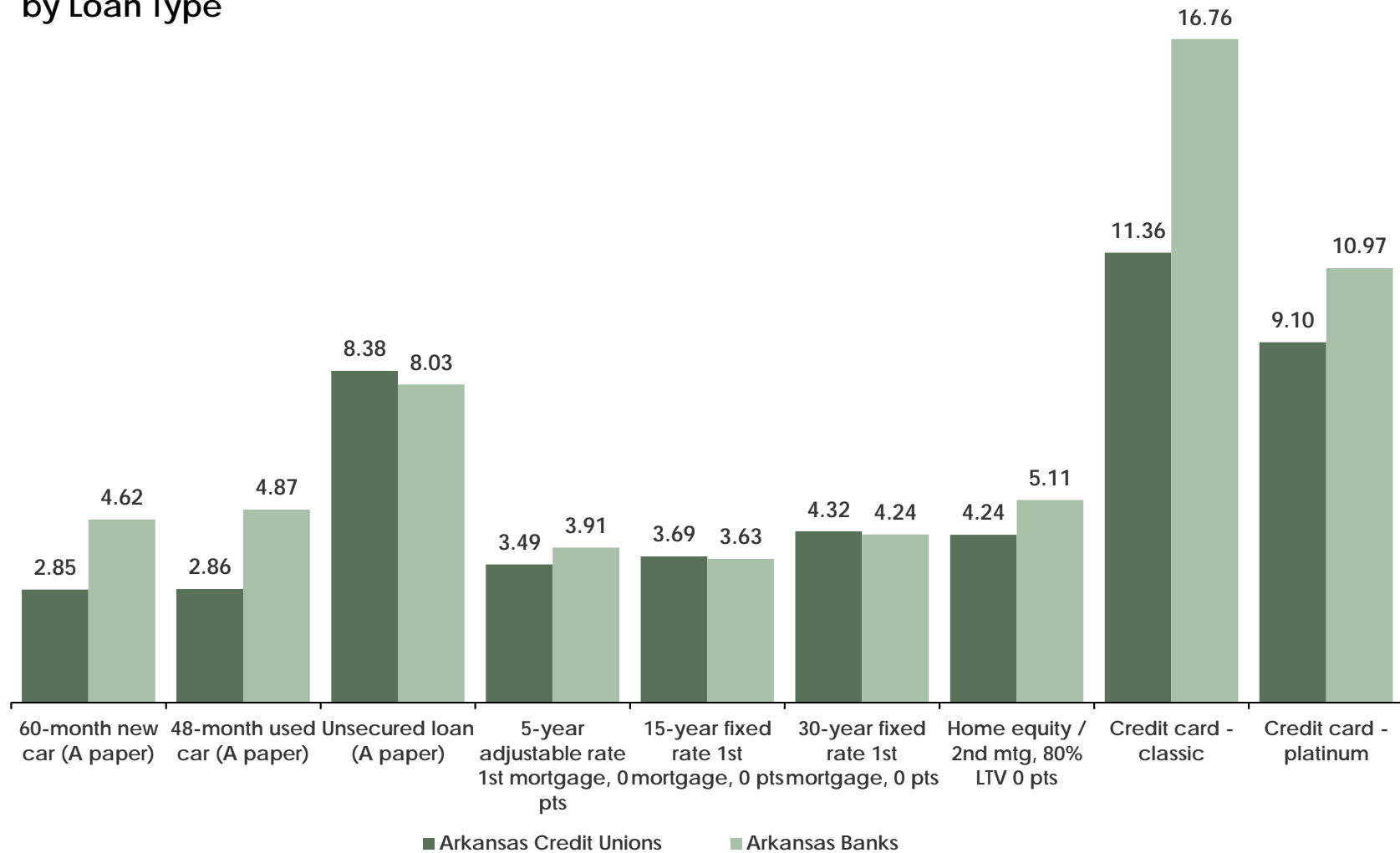
Arkansas credit unions excel in providing member benefits on many loan and savings products. In particular, Arkansas credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-adjustable rate, home equity loans, **credit cards loans**.

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



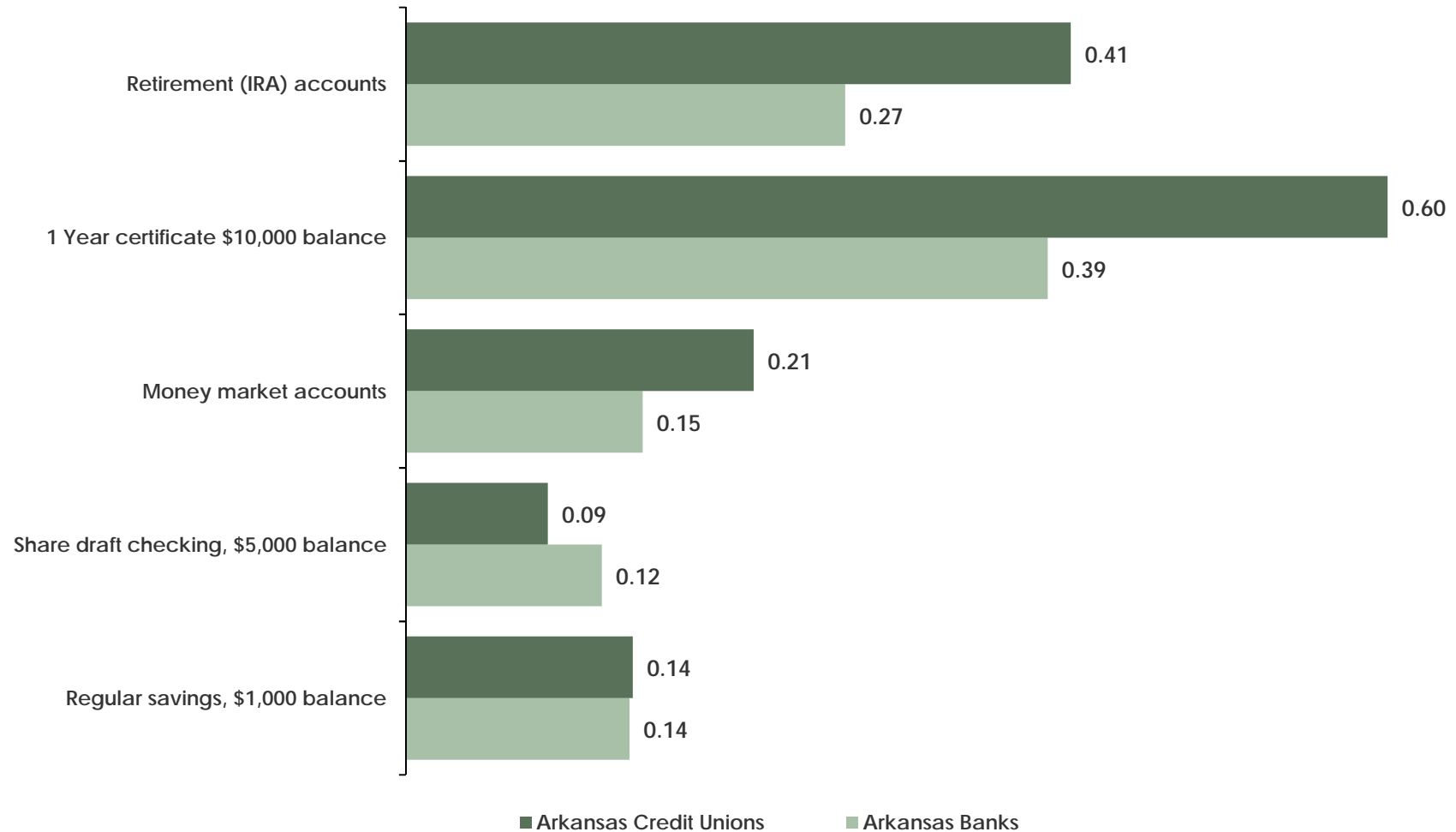
## Loan Product Comparative Interest Rates (%)

by Loan Type



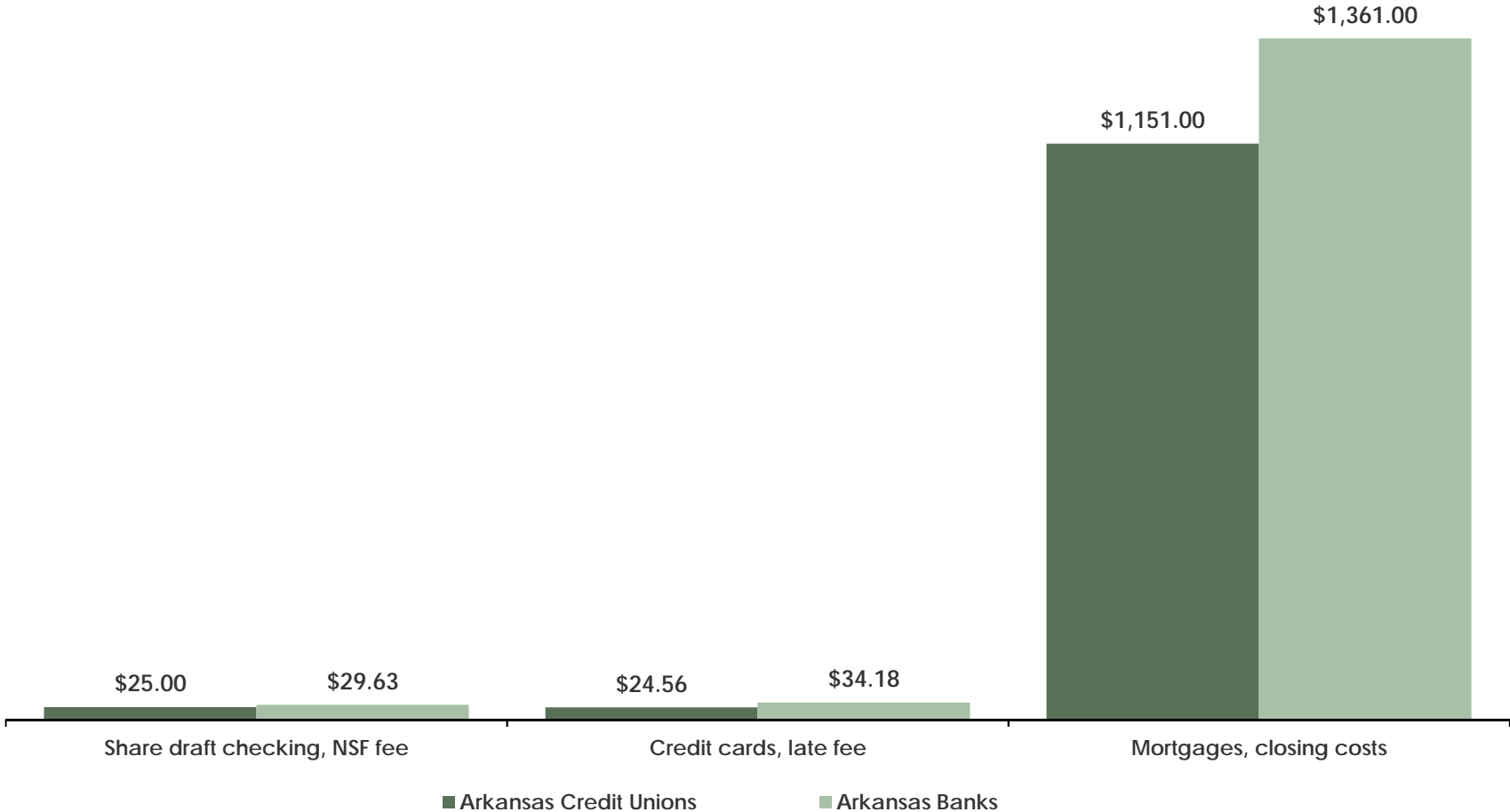
## Savings Product Comparative Interest Rates (%)

### by Savings Account Type



### Comparative Fees

by Type



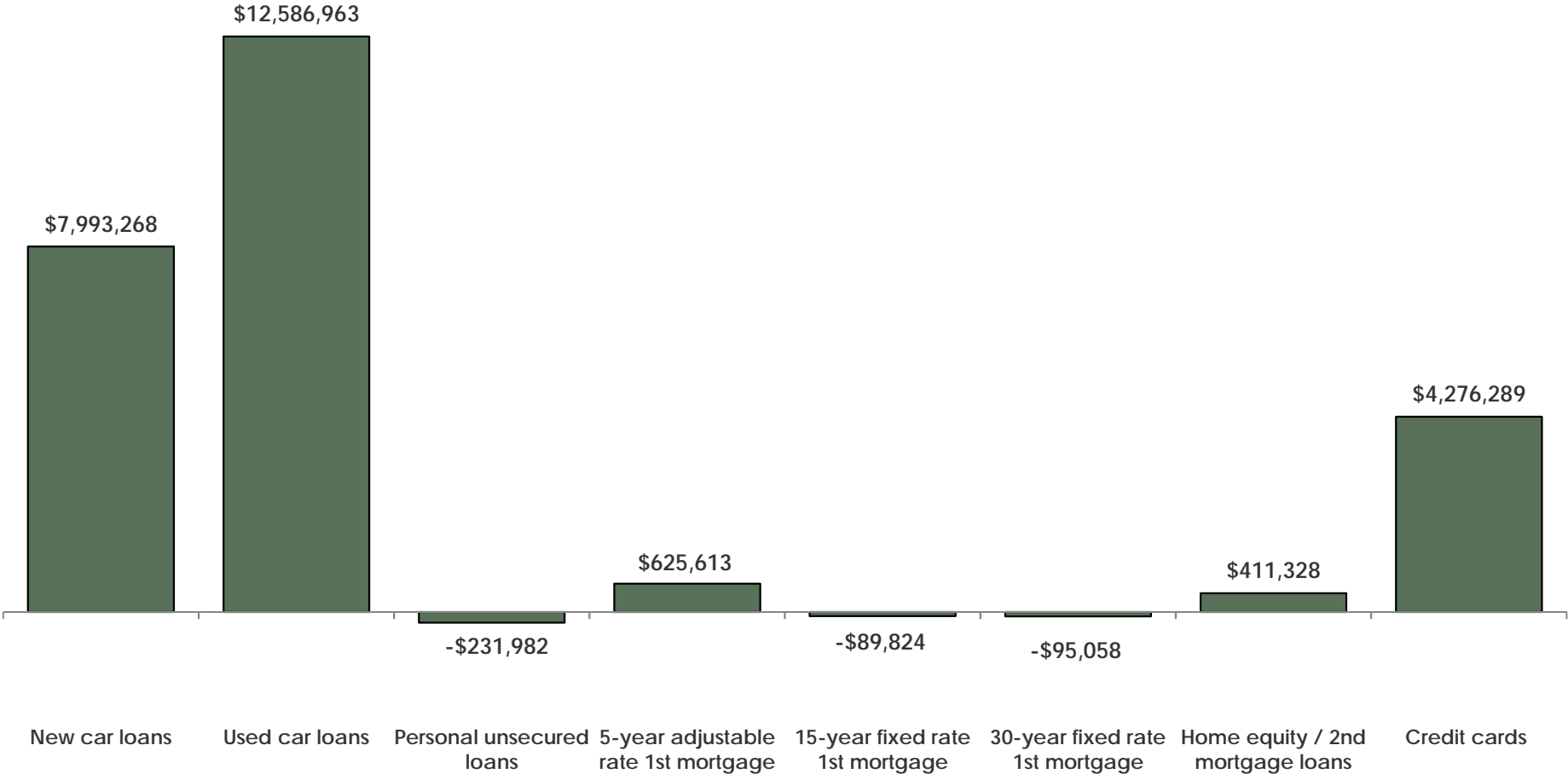
## Arkansas Credit Union and Banking Institution June 2017 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.85	4.62	-1.77
48-month used car (A paper)	2.86	4.87	-2.01
Unsecured loan (A paper)	8.38	8.03	0.35
5-year adjustable rate 1st mortgage, 0 pts	3.49	3.91	-0.42
15-year fixed rate 1st mortgage, 0 pts	3.69	3.63	0.06
30-year fixed rate 1st mortgage, 0 pts	4.32	4.24	0.08
Home equity / 2nd mtg, 80% LTV 0 pts	4.24	5.11	-0.88
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	0.14	0.14	0.00
Share draft checking, \$5,000 balance	0.09	0.12	-0.03
Money market accounts	0.21	0.15	0.07
1 Year certificate \$10,000 balance	0.60	0.39	0.21
Retirement (IRA) accounts	0.41	0.27	0.14
Fee Income			
Share draft checking, NSF fee	\$25.00	\$29.63	-\$4.63
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

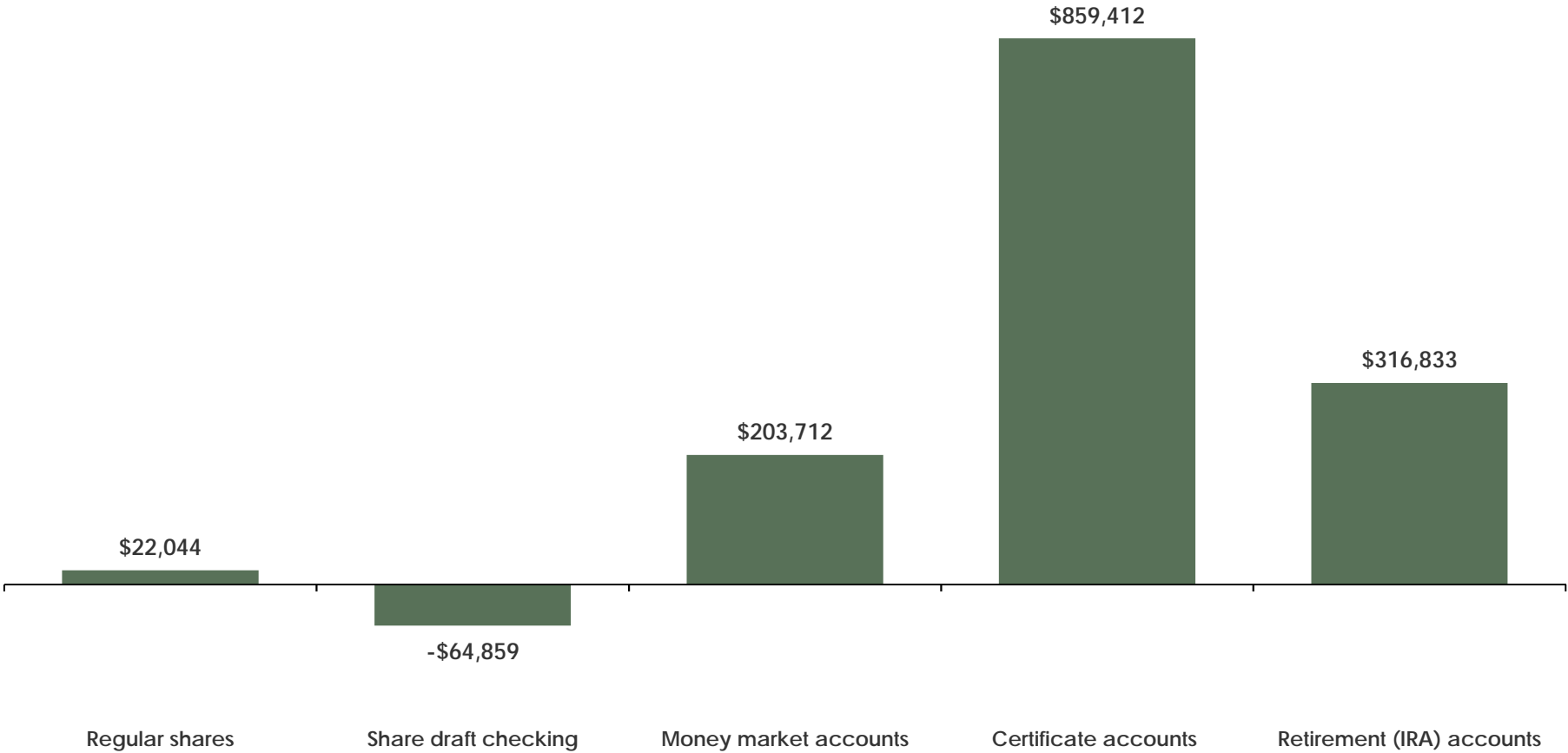
### State Credit Union's Total Loan Rate Benefits

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 Arkansas Credit Unions June 2017

<b>Loans</b>	<b>Avg. Balance at Credit Unions (1)</b>	<b>Rate Difference vs. Arkansas Banks (%) (2)</b>	<b>Total Financial Benefit to Your Members</b>
New car loans	452,107,909	-1.77	\$7,993,268
Used car loans	626,840,791	-2.01	\$12,586,963
Personal unsecured loans	67,046,903	0.35	-\$231,982
5-year adjustable rate 1st mortgage	147,899,172	-0.42	\$625,613
15-year fixed rate 1st mortgage	144,877,412	0.06	-\$89,824
30-year fixed rate 1st mortgage	120,326,538	0.08	-\$95,058
Home equity / 2nd mortgage loans	46,848,337	-0.88	\$411,328
Credit cards	94,660,529	-5.40	\$4,276,289
Interest rebates			\$77,296
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$25,553,894</b>
<b>Savings</b>			
Regular shares	1,102,214,027	0.00	\$22,044
Share draft checking	196,542,594	-0.03	-\$64,859
Money market accounts	299,575,873	0.07	\$203,712
Certificate accounts	413,178,673	0.21	\$859,412
Retirement (IRA) accounts	229,588,948	0.14	\$316,833
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on savings products:</b>			<b>\$1,337,141</b>
<b>Fee Income</b>			
<b>Total CU member benefit arising from fewer / lower fees:</b>			<b>\$4,431,981</b>
<b>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</b>			<b>\$31,323,016</b>
<b>Total CU member benefit / member:</b>			<b>\$94</b>
<b>Total CU member benefit / member household:</b>			<b>\$179</b>

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

## Arkansas Credit Union Performance Profile

Demographic Information	Jun 17	Jun 16
Number of branches	102	105
Total assets (\$ mil)	2,930	2,815
Total loans (\$ mil)	1,919	1,788
Total surplus funds (\$ mil)	847	864
Total savings (\$ mil)	2,368	2,252
Total members (thousands)	334	333
Growth Rates (Trailing 12 months) *		
Total assets	4.2 %	4.4 %
Total loans	7.4 %	8.4 %
Total surplus funds	-1.8 %	-2.9 %
Total savings	5.3 %	2.0 %
Total members	0.6 %	1.2 %
Earnings - Basis Pts. *		
Yield on total assets	318	312
Dividend / interest cost of assets	51	50
Fee & other income	134	135
Operating expense	320	317
Loss Provisions	22	34
Net Income (ROA) after stabilization exp	59	45
Capital Adequacy		
Net worth / assets	13.1	13.1
Asset Quality *		
Delinquencies / loans	0.8	0.7
Net chargeoffs / average loans	0.4	0.4
Total borrower-bankruptcies	7	7
Bankruptcies per 1000 members	1.3	1.2
Asset/Liability Management		
Loans / savings	81.1	79.4
Loans / assets	65.5	63.5
Long-term assets / assets	22.1	21.9
Core deposits/shares & borrowings	53.7	51.1
Productivity		
Members / potential members	9.3	9.6
Borrowers / members	47.5	46.2
Members / FTE	427	431
Average shares / members (\$)	7,092	6,761
Average loan balances (\$)	12,101	11,613
Salary & Benefits / FTE	54,714	51,399

\* 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.