

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 \$132,150,384 in direct financial benefits to the state's 1,542,647 members during the twelve months ending December 2018.

**These benefits are equivalent to \$86 per member or \$180 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 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 \$161 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.

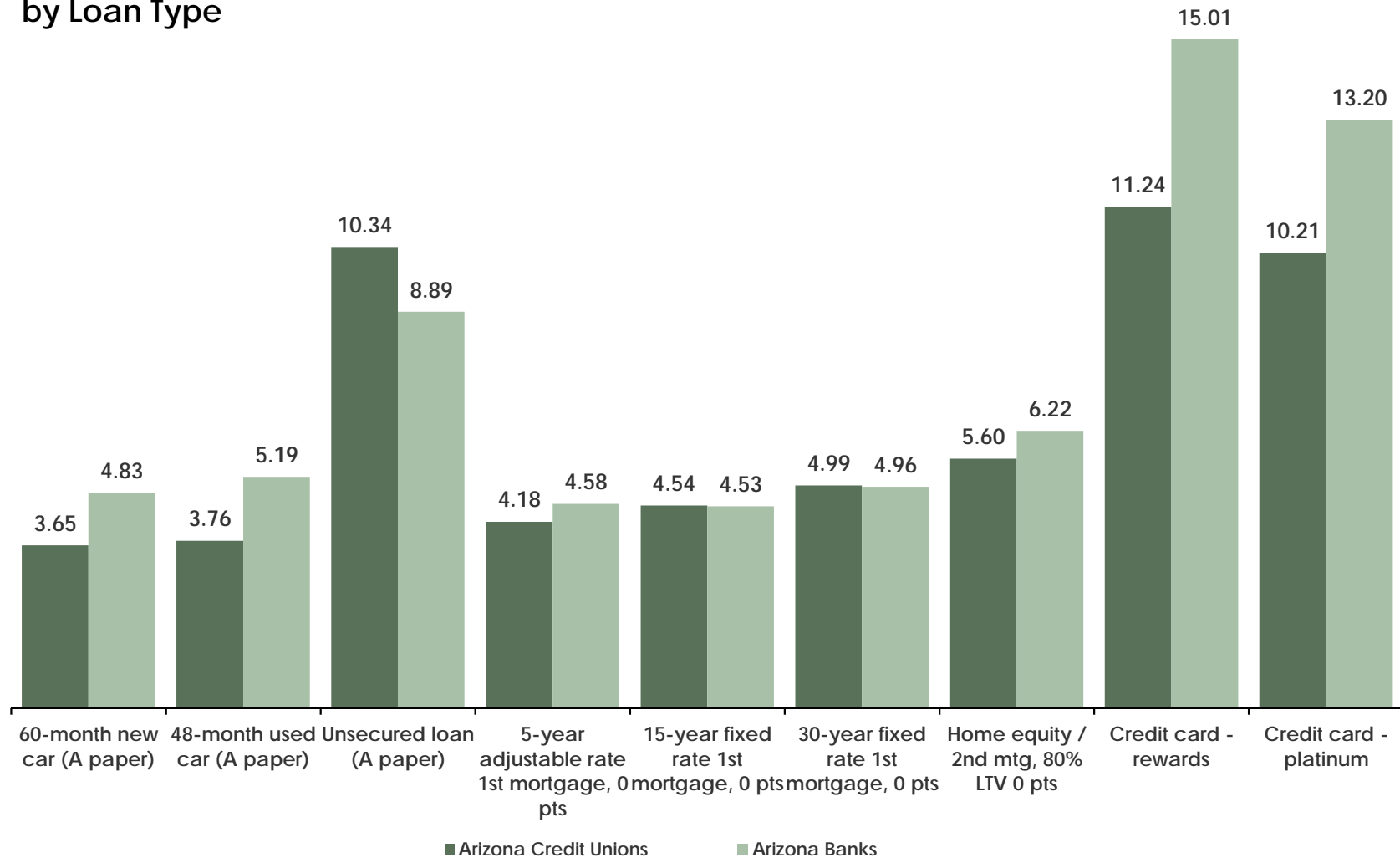
Arizona credit unions excel in providing member benefits on many loan and savings products. In particular, Arizona credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

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



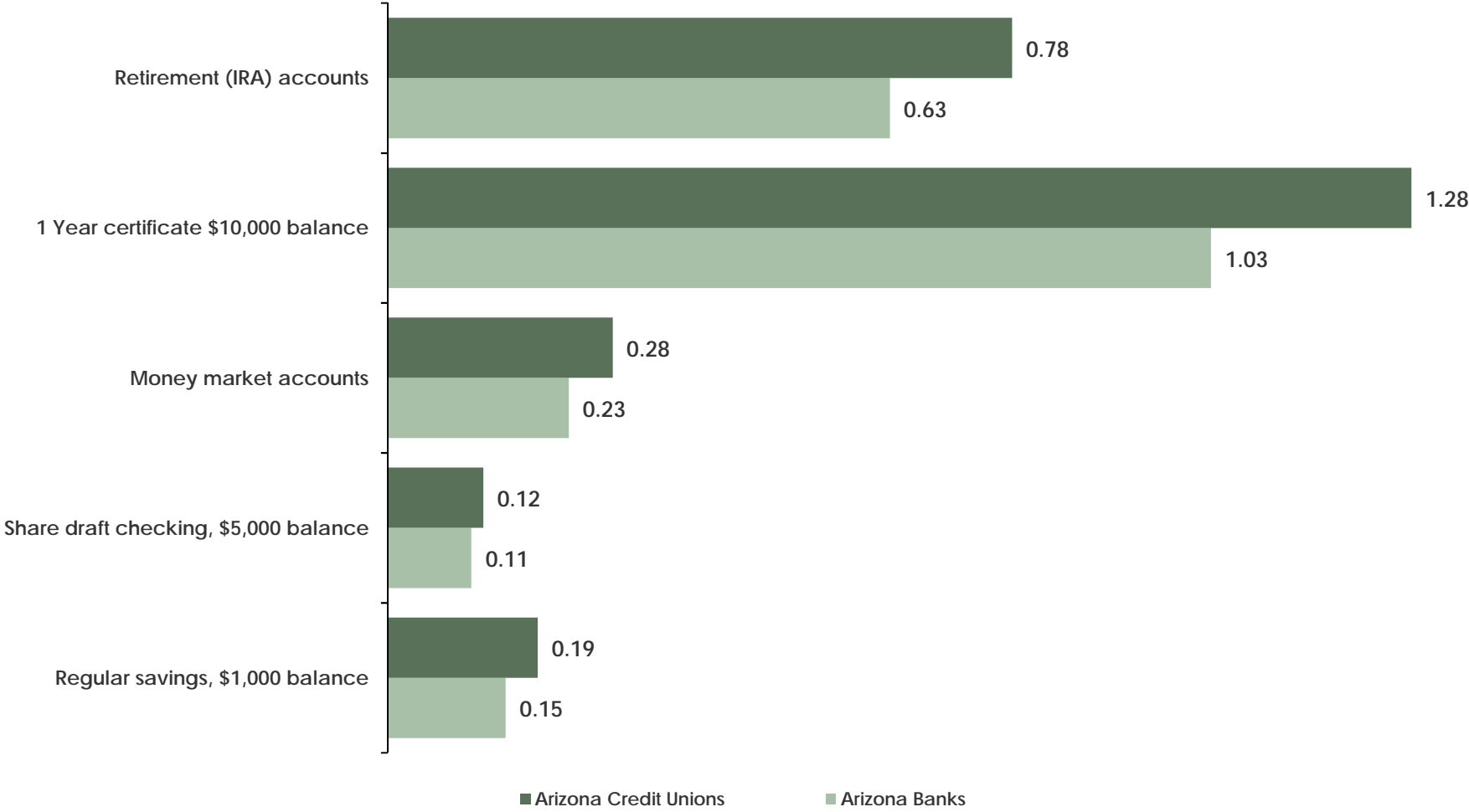
## Loan Product Comparative Interest Rates (%)

by Loan Type



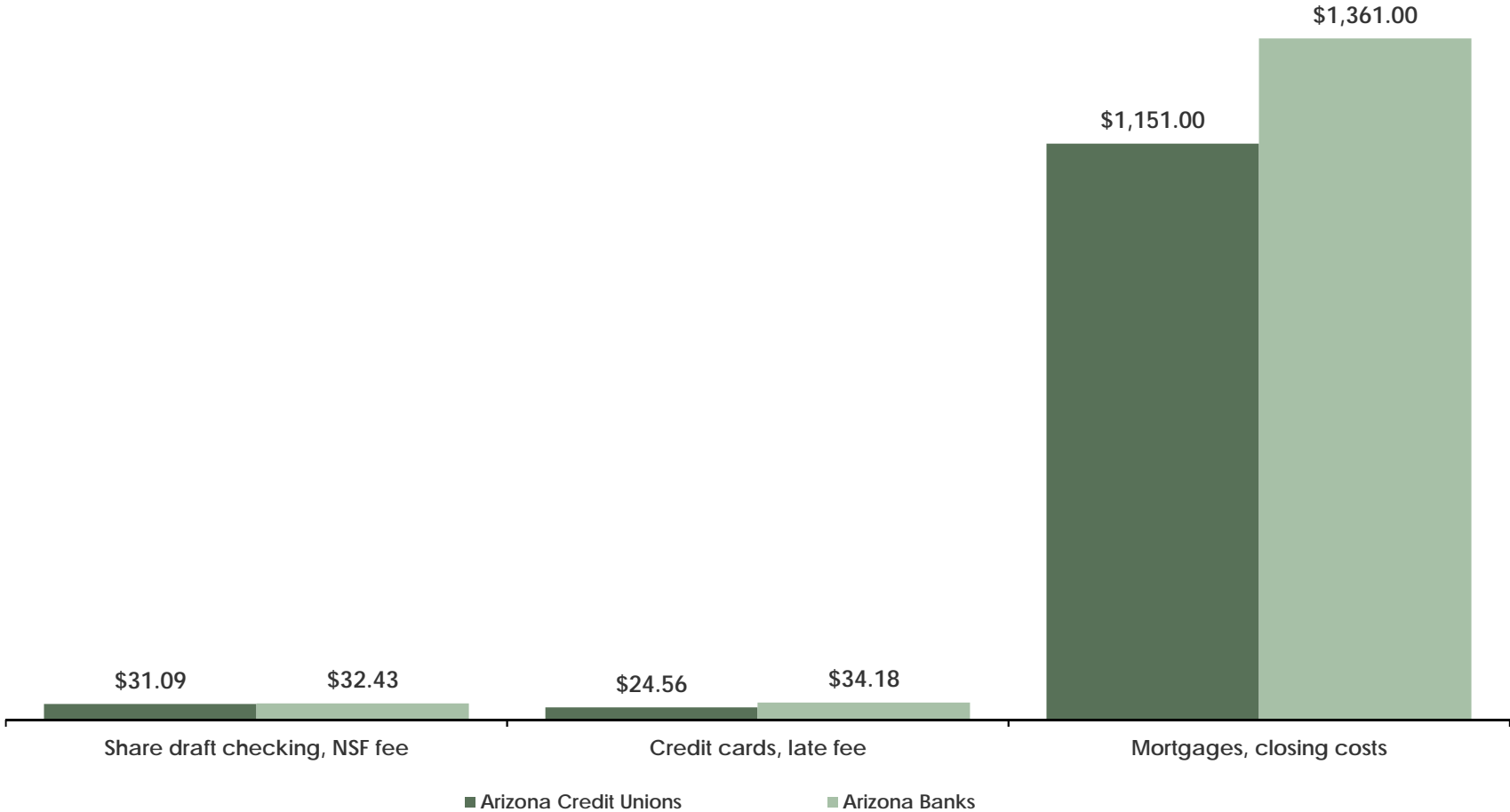
### Savings Product Comparative Interest Rates (%)

by Savings Account Type



## Comparative Fees

by Type



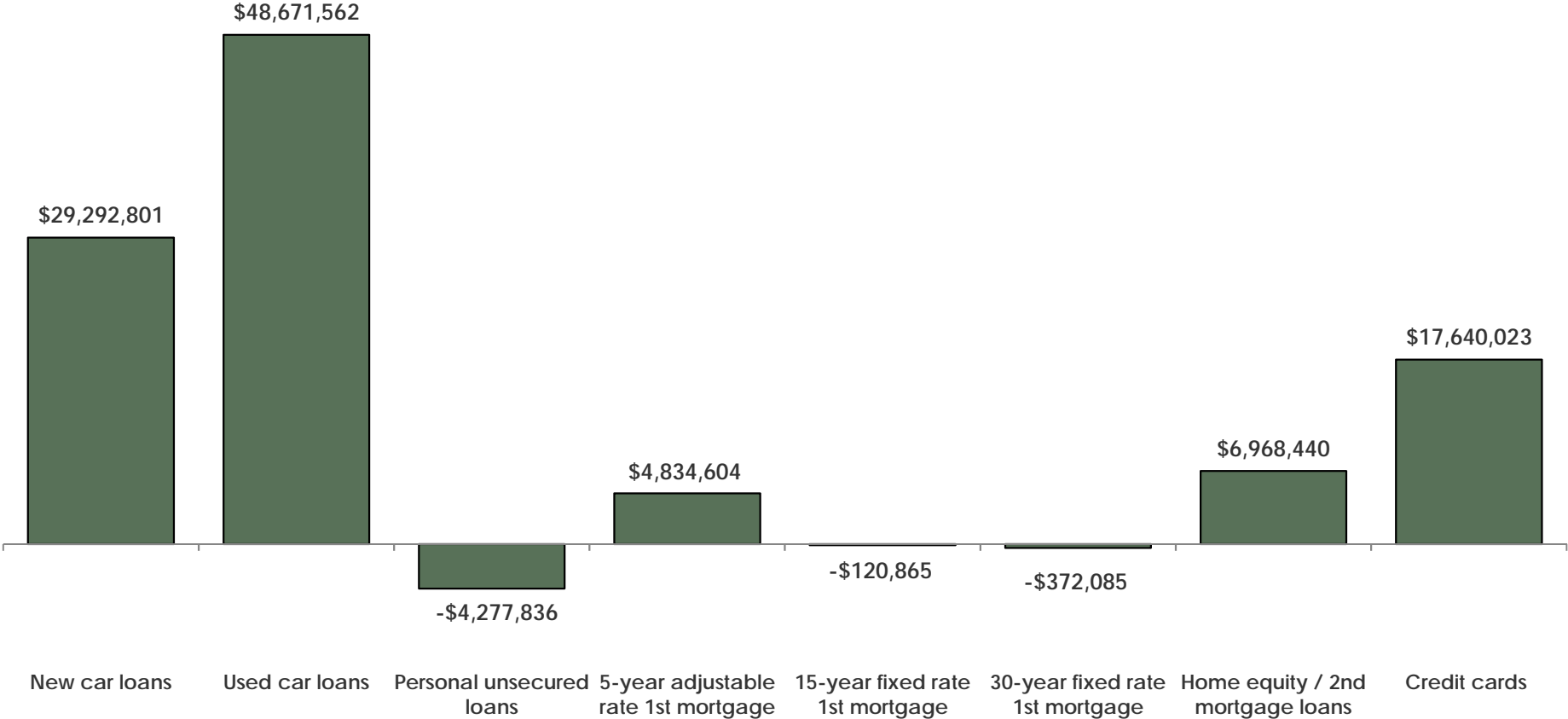
## Arizona Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.65	4.83	-1.18
48-month used car (A paper)	3.76	5.19	-1.44
Unsecured loan (A paper)	10.34	8.89	1.45
5-year adjustable rate 1st mortgage, 0 pts	4.18	4.58	-0.40
15-year fixed rate 1st mortgage, 0 pts	4.54	4.53	0.02
30-year fixed rate 1st mortgage, 0 pts	4.99	4.96	0.03
Home equity / 2nd mtg, 80% LTV 0 pts	5.60	6.22	-0.62
Credit card - rewards	11.24	15.01	-3.77
Credit card - platinum	10.21	13.20	-2.99
Savings Products			
Regular savings, \$1,000 balance	0.19	0.15	0.04
Share draft checking, \$5,000 balance	0.12	0.11	0.02
Money market accounts	0.28	0.23	0.06
1 Year certificate \$10,000 balance	1.28	1.03	0.25
Retirement (IRA) accounts	0.78	0.63	0.15
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

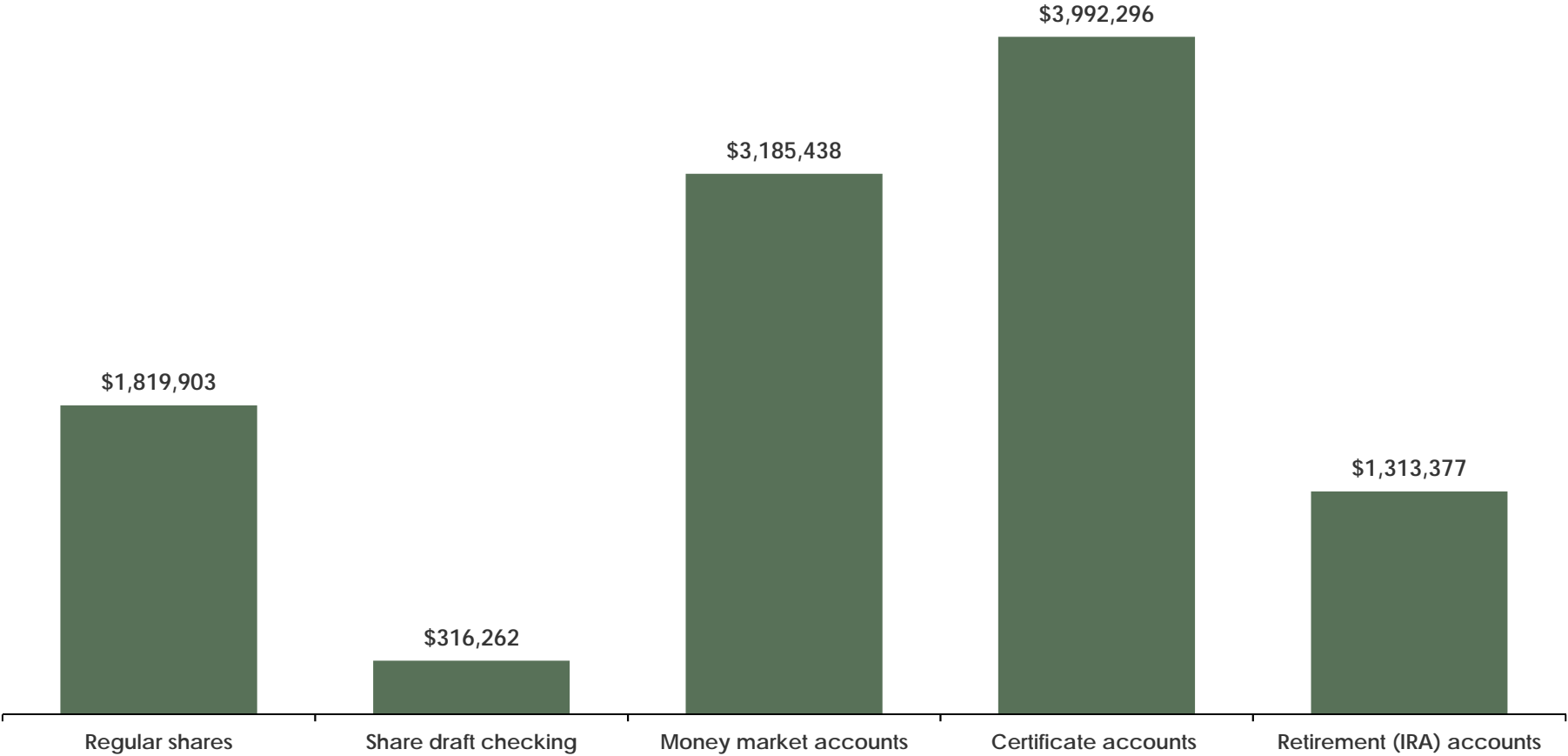
### State Credit Union's Total Loan Rate Benefits

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 December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Arizona Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,476,145,472	-1.18	\$29,292,801
Used car loans	3,391,746,447	-1.44	\$48,671,562
Personal unsecured loans	294,616,772	1.45	-\$4,277,836
5-year adjustable rate 1st mortgage	1,199,653,609	-0.40	\$4,834,604
15-year fixed rate 1st mortgage	755,408,031	0.02	-\$120,865
30-year fixed rate 1st mortgage	1,200,272,925	0.03	-\$372,085
Home equity / 2nd mortgage loans	1,125,757,695	-0.62	\$6,968,440
Credit cards	493,634,328	-3.77	\$17,640,023
Interest rebates			\$2,194,706
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$104,831,350</b>
<i>Savings</i>			
Regular shares	4,549,757,978	0.04	\$1,819,903
Share draft checking	2,108,411,016	0.02	\$316,262
Money market accounts	5,791,706,062	0.06	\$3,185,438
Certificate accounts	1,590,556,370	0.25	\$3,992,296
Retirement (IRA) accounts	858,416,482	0.15	\$1,313,377
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on savings products:</b>			<b>\$10,627,277</b>
<i>Fee Income</i>			
<b>Total CU member benefit arising from fewer / lower fees:</b>			<b>\$16,691,757</b>
<b>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</b>			<b>\$132,150,384</b>
<b>Total CU member benefit / member:</b>			<b>\$86</b>
<b>Total CU member benefit / member household:</b>			<b>\$180</b>

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of December 2018 and December 2017, 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	Dec 18	Dec 17
Number of branches	254	259
Total assets (\$ mil)	17,767	17,273
Total loans (\$ mil)	11,922	11,164
Total surplus funds (\$ mil)	4,996	5,291
Total savings (\$ mil)	15,350	14,796
Total members (thousands)	1,566	1,539
Growth Rates (Trailing 12 months) *		
Total assets	4.0 %	6.6 %
Total loans	8.2 %	8.3 %
Total surplus funds	-4.9 %	3.4 %
Total savings	5.0 %	5.5 %
Total members	3.1 %	2.6 %
Earnings - Basis Pts. *		
Yield on total assets	378	372
Dividend / interest cost of assets	47	46
Fee & other income	204	201
Operating expense	395	398
Loss Provisions	39	34
Net Income (ROA) after stabilization exp	102	95
Capital Adequacy		
Net worth / assets	11.9	11.3
Asset Quality *		
Delinquencies / loans	0.5	0.6
Net chargeoffs / average loans	0.6	0.5
Total borrower-bankruptcies	59	60
Bankruptcies per 1000 members	1.6	1.7
Asset/Liability Management		
Loans / savings	77.7	75.5
Loans / assets	67.1	64.6
Long-term assets / assets	34.1	32.5
Core deposits/shares & borrowings	44.3	44.7
Productivity		
Members / potential members	2.0	2.9
Borrowers / members	53.3	53.1
Members / FTE	353	340
Average shares / members (\$)	9,803	9,616
Average loan balances (\$)	14,289	13,668
Salary & Benefits / FTE	82,337	78,157

\* 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.