

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 \$32,767,717 in direct financial benefits to the state's 328,940 members during the twelve months ending December 2018.

These benefits are equivalent to \$100 per member or \$209 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 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 \$256 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.

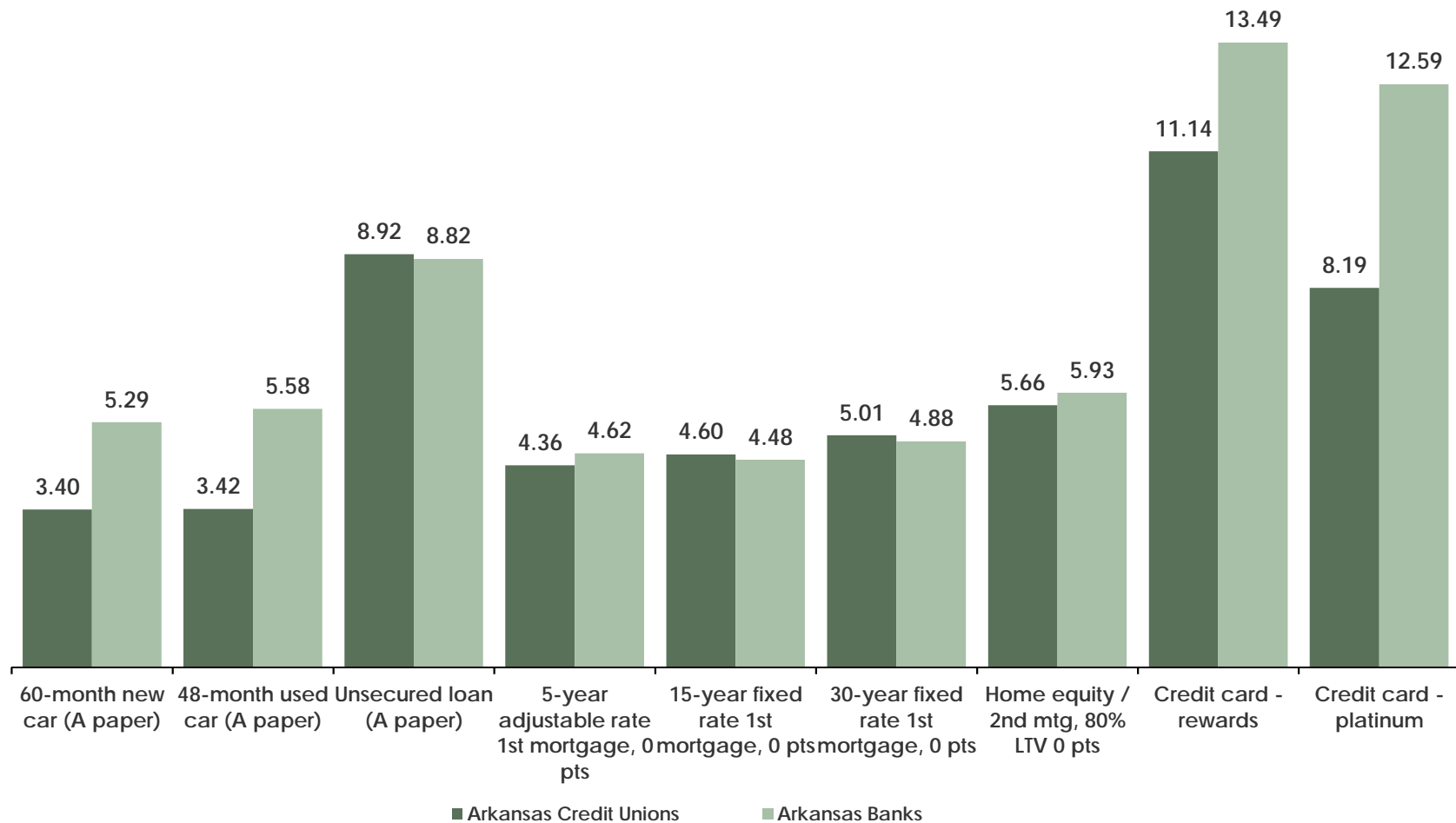
Arkansas credit unions excel in providing member benefits on many loan and savings products. In particular, Arkansas credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

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



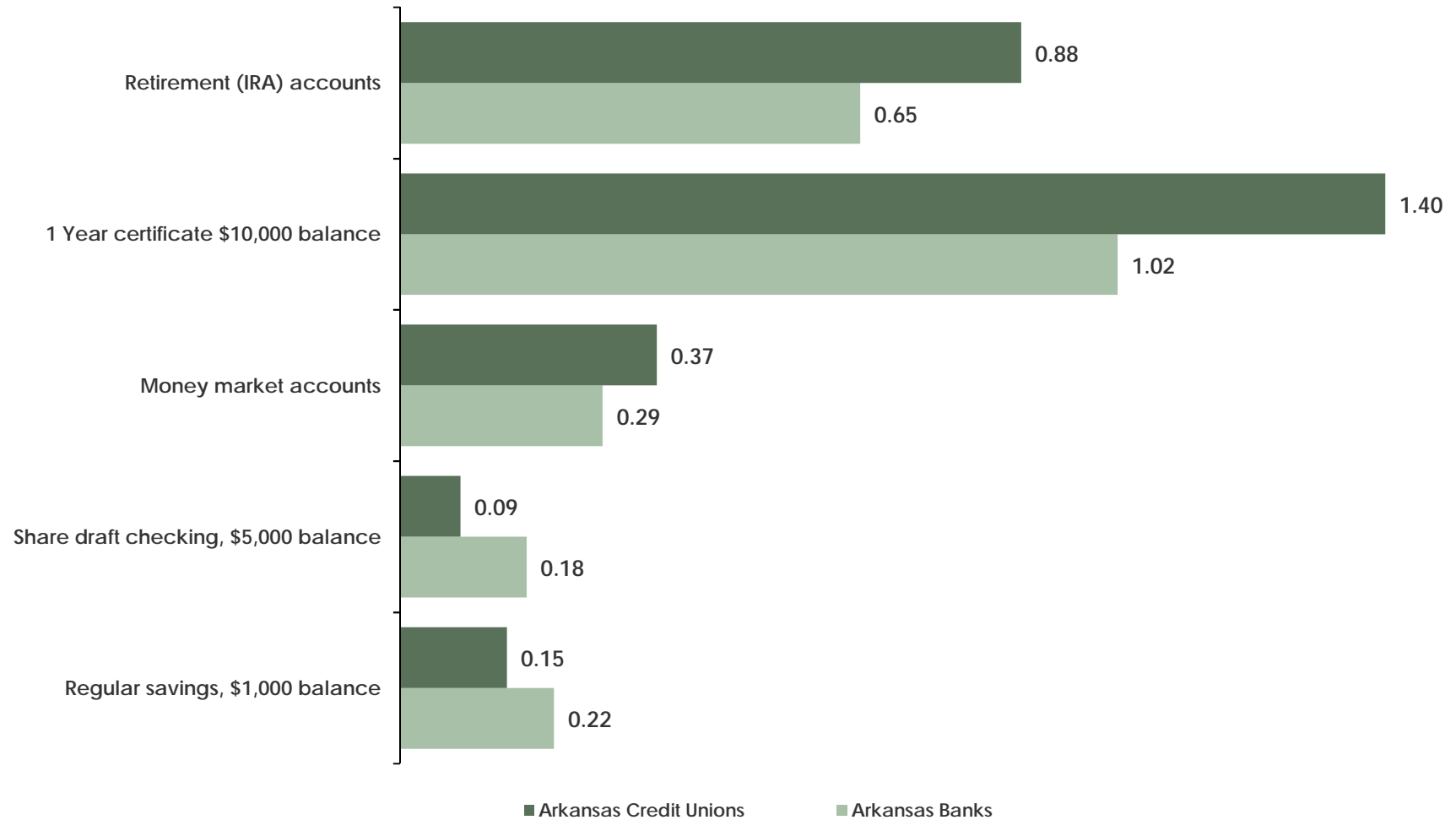
Loan Product Comparative Interest Rates (%)

by Loan Type



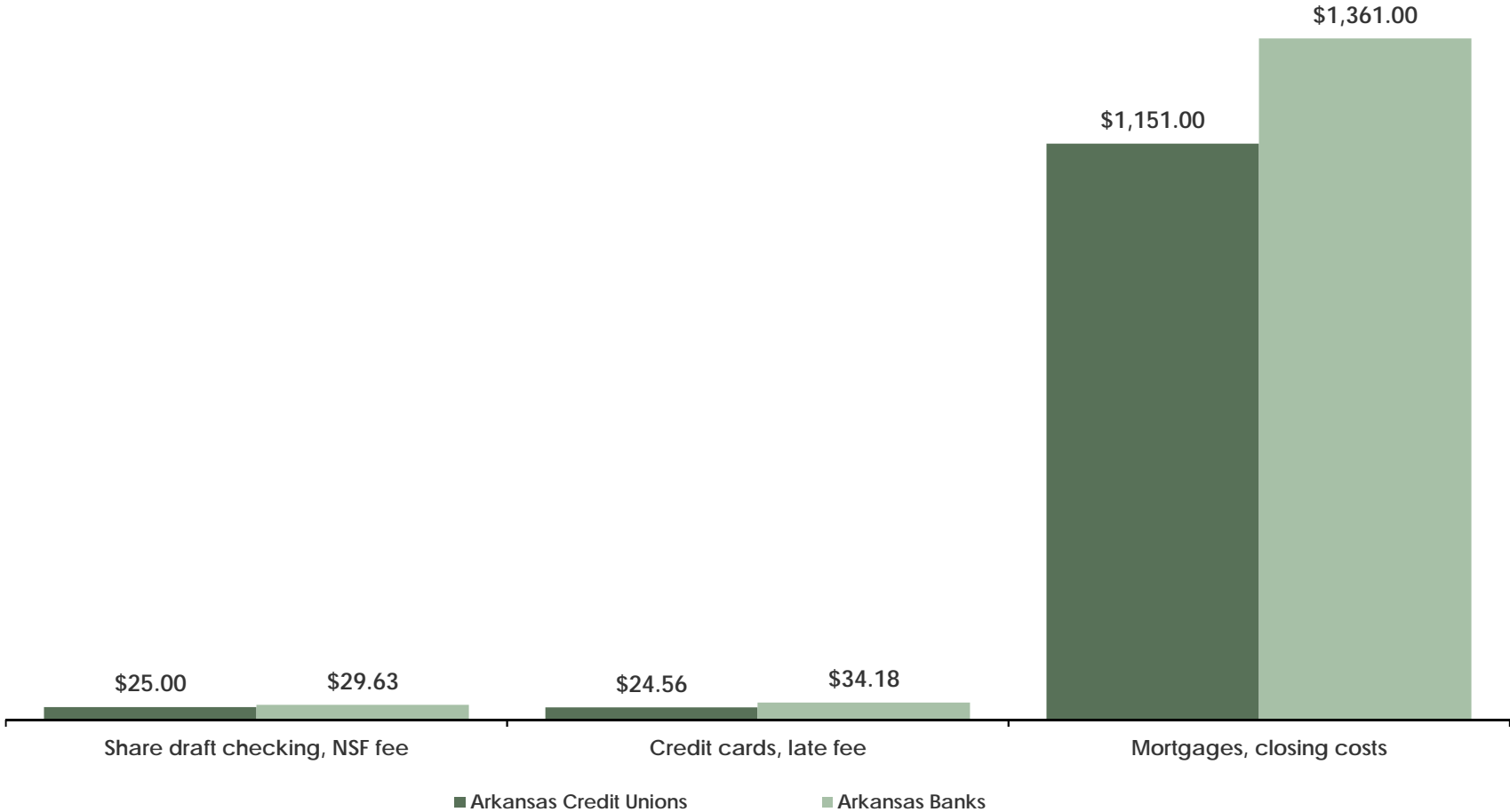
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



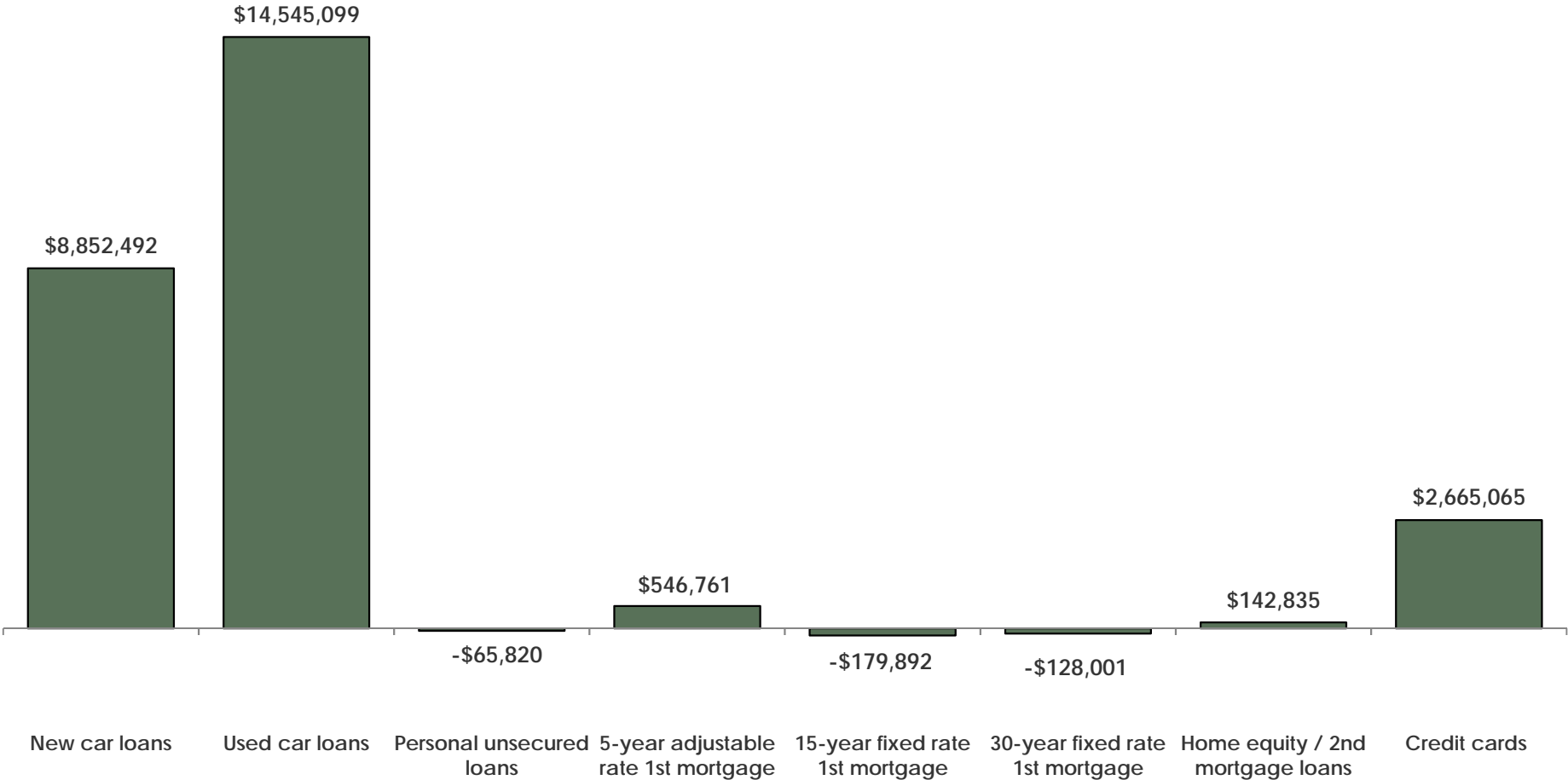
Arkansas Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.40	5.29	-1.88
48-month used car (A paper)	3.42	5.58	-2.16
Unsecured loan (A paper)	8.92	8.82	0.10
5-year adjustable rate 1st mortgage, 0 pts	4.36	4.62	-0.26
15-year fixed rate 1st mortgage, 0 pts	4.60	4.48	0.12
30-year fixed rate 1st mortgage, 0 pts	5.01	4.88	0.13
Home equity / 2nd mtg, 80% LTV 0 pts	5.66	5.93	-0.27
Credit card - rewards	11.14	13.49	-2.35
Credit card - platinum	8.19	12.59	-4.40
Savings Products			
Regular savings, \$1,000 balance	0.15	0.22	-0.07
Share draft checking, \$5,000 balance	0.09	0.18	-0.09
Money market accounts	0.37	0.29	0.08
1 Year certificate \$10,000 balance	1.40	1.02	0.38
Retirement (IRA) accounts	0.88	0.65	0.23
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

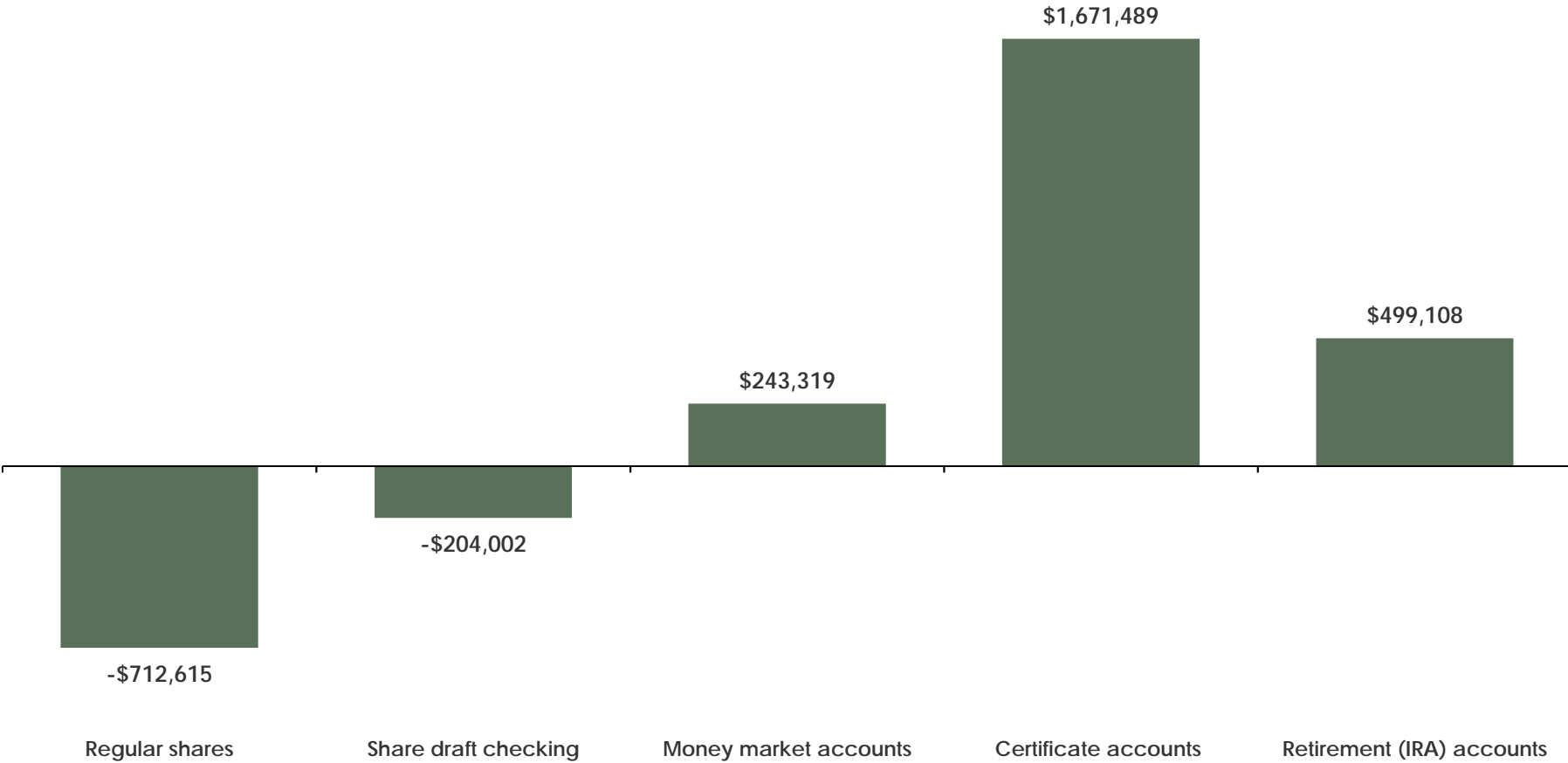
State Credit Union's Total Loan Rate Benefits

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 December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Arkansas Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	469,877,480	-1.88	\$8,852,492
Used car loans	672,139,533	-2.16	\$14,545,099
Personal unsecured loans	67,856,020	0.10	-\$65,820
5-year adjustable rate 1st mortgage	211,104,795	-0.26	\$546,761
15-year fixed rate 1st mortgage	151,169,495	0.12	-\$179,892
30-year fixed rate 1st mortgage	98,462,161	0.13	-\$128,001
Home equity / 2nd mortgage loans	53,098,478	-0.27	\$142,835
Credit cards	93,143,372	-2.35	\$2,665,065
Interest rebates			\$70,206
Total CU member benefits arising from lower interest rates on loan products:			\$26,448,745
Savings			
Regular shares	1,063,604,628	-0.07	-\$712,615
Share draft checking	217,023,311	-0.09	-\$204,002
Money market accounts	315,998,493	0.08	\$243,319
Certificate accounts	439,865,653	0.38	\$1,671,489
Retirement (IRA) accounts	218,428,078	0.23	\$499,108
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$1,497,299
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$4,821,672
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$32,767,717
Total CU member benefit / member:			\$100
Total CU member benefit / member household:			\$209

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

Arkansas Credit Union Performance Profile

Demographic Information	Dec 18	Dec 17
Number of branches	99	102
Total assets (\$ mil)	2,919	2,900
Total loans (\$ mil)	2,016	1,952
Total surplus funds (\$ mil)	747	791
Total savings (\$ mil)	2,381	2,325
Total members (thousands)	333	332
Growth Rates (Trailing 12 months) *		
Total assets	1.9 %	1.9 %
Total loans	4.4 %	4.3 %
Total surplus funds	-4.0 %	-2.8 %
Total savings	3.9 %	1.5 %
Total members	2.5 %	0.7 %
Earnings - Basis Pts. *		
Yield on total assets	360	328
Dividend / interest cost of assets	70	54
Fee & other income	145	137
Operating expense	322	321
Loss Provisions	36	33
Net Income (ROA) after stabilization exp	78	57
Capital Adequacy		
Net worth / assets	14.1	13.5
Asset Quality *		
Delinquencies / loans	0.8	0.9
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	14	13
Bankruptcies per 1000 members	2.2	2.2
Asset/Liability Management		
Loans / savings	84.7	84.0
Loans / assets	69.1	67.3
Long-term assets / assets	22.4	22.2
Core deposits/shares & borrowings	50.8	52.6
Productivity		
Members / potential members	9.3	9.3
Borrowers / members	48.3	46.8
Members / FTE	422	425
Average shares / members (\$)	7,150	7,009
Average loan balances (\$)	12,530	12,569
Salary & Benefits / FTE	54,930	54,204

* 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.