

CUNA Kentucky
**MEMBERSHIP BENEFITS
REPORT**

Kentucky

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 Kentucky credit unions provided \$81,761,316 in direct financial benefits to the state's 868,689 members during the twelve months ending December 2018.

These benefits are equivalent to \$94 per member or \$198 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 Kentucky 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 Kentucky credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Kentucky credit union will save members an average \$179 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.

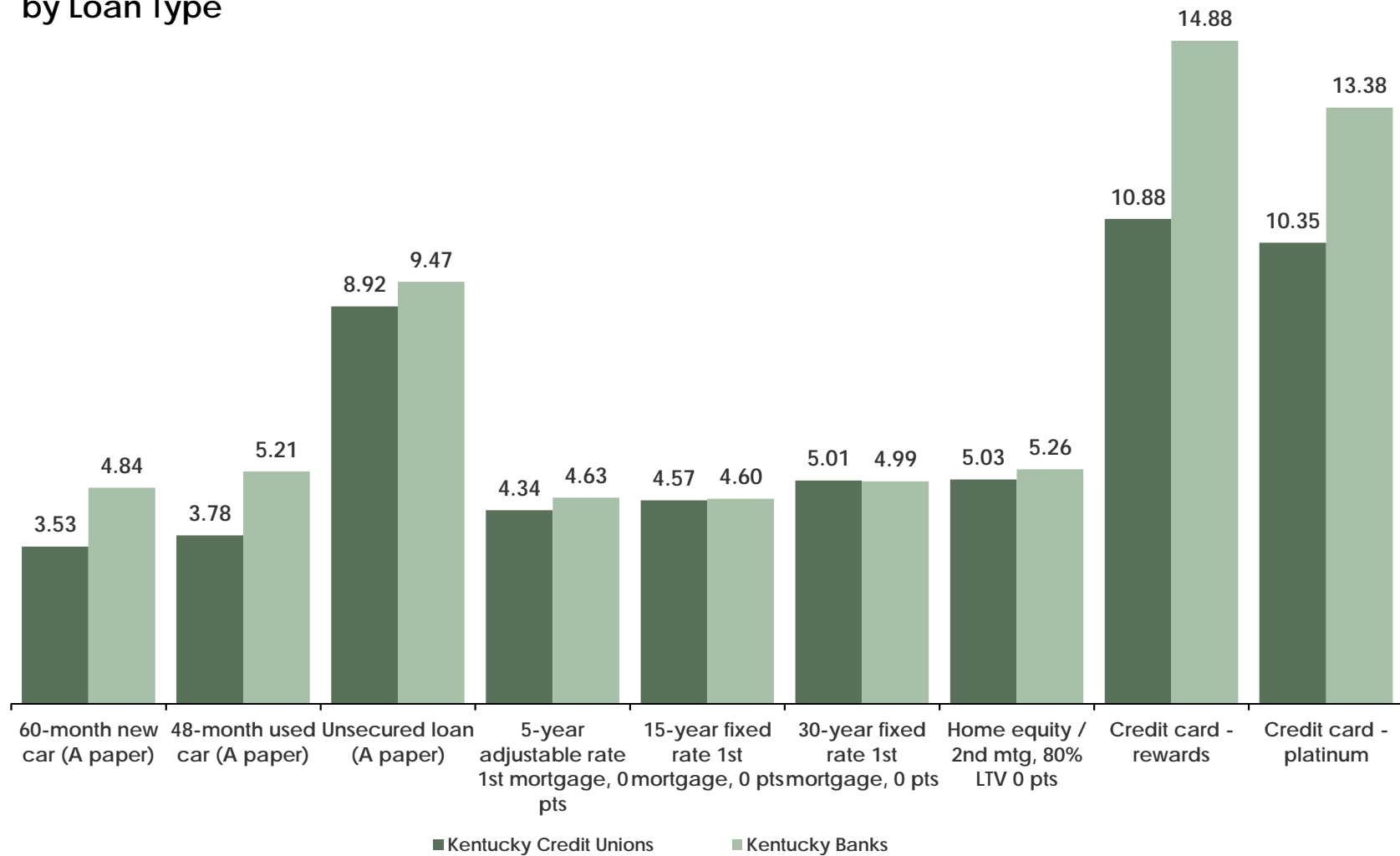
Kentucky credit unions excel in providing member benefits on many loan and savings products. In particular, Kentucky credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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

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



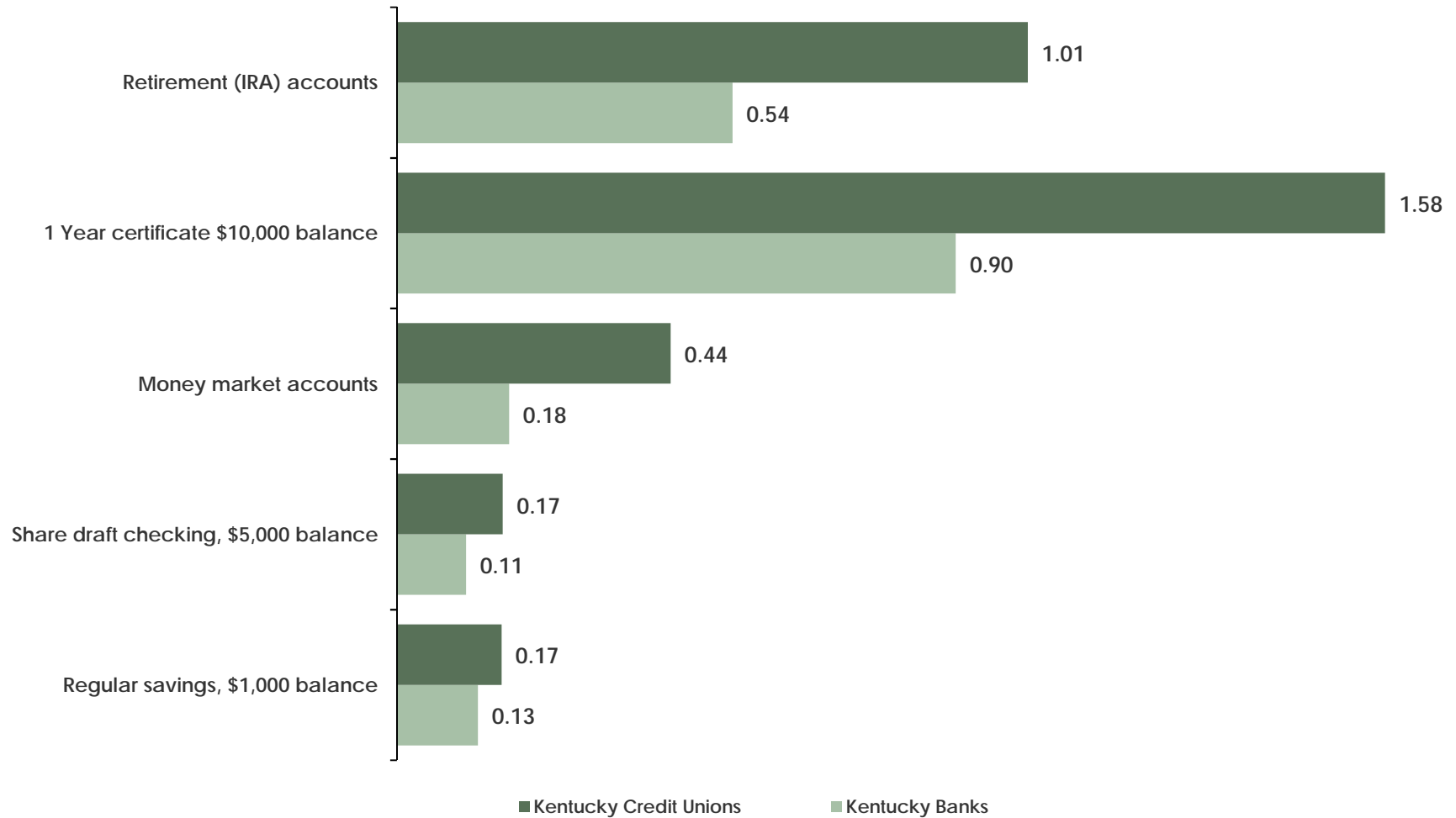
Loan Product Comparative Interest Rates (%)

by Loan Type



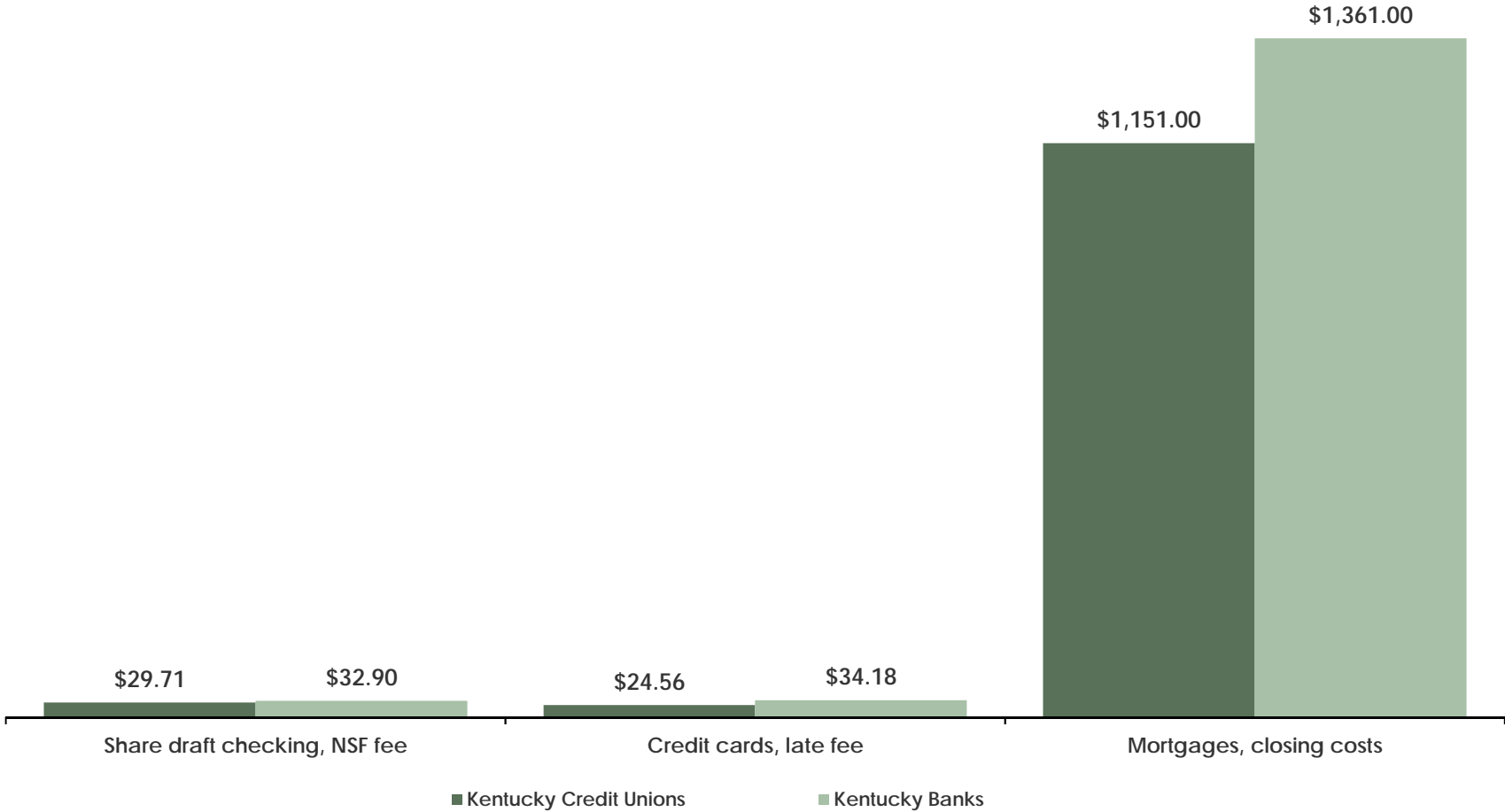
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



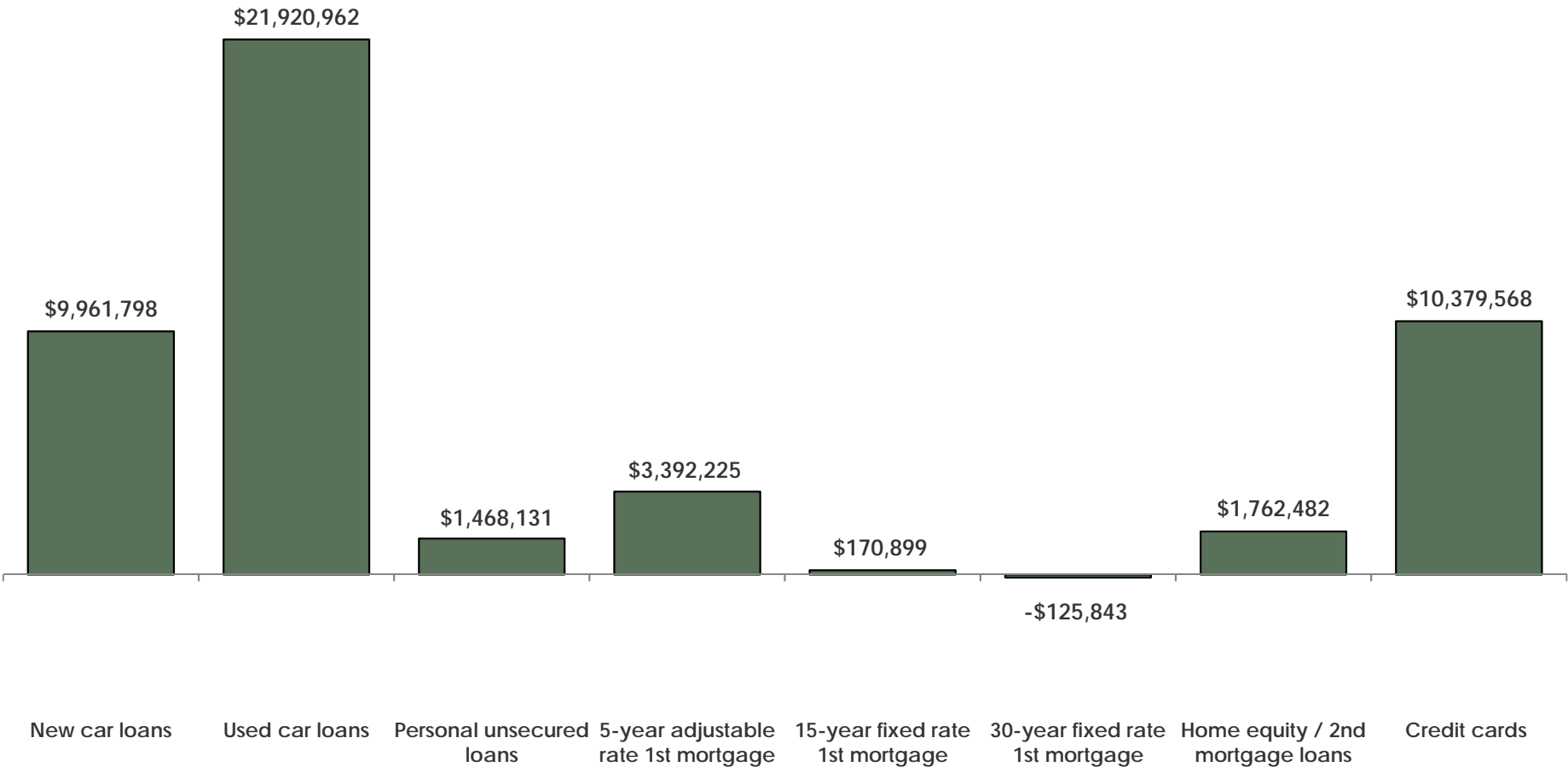
Kentucky Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.53	4.84	-1.32
48-month used car (A paper)	3.78	5.21	-1.43
Unsecured loan (A paper)	8.92	9.47	-0.55
5-year adjustable rate 1st mortgage, 0 pts	4.34	4.63	-0.29
15-year fixed rate 1st mortgage, 0 pts	4.57	4.60	-0.03
30-year fixed rate 1st mortgage, 0 pts	5.01	4.99	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	5.03	5.26	-0.23
Credit card - rewards	10.88	14.88	-4.00
Credit card - platinum	10.35	13.38	-3.03
Savings Products			
Regular savings, \$1,000 balance	0.17	0.13	0.04
Share draft checking, \$5,000 balance	0.17	0.11	0.06
Money market accounts	0.44	0.18	0.26
1 Year certificate \$10,000 balance	1.58	0.90	0.69
Retirement (IRA) accounts	1.01	0.54	0.47
Fee Income			
Share draft checking, NSF fee	\$29.71	\$32.90	-\$3.18
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

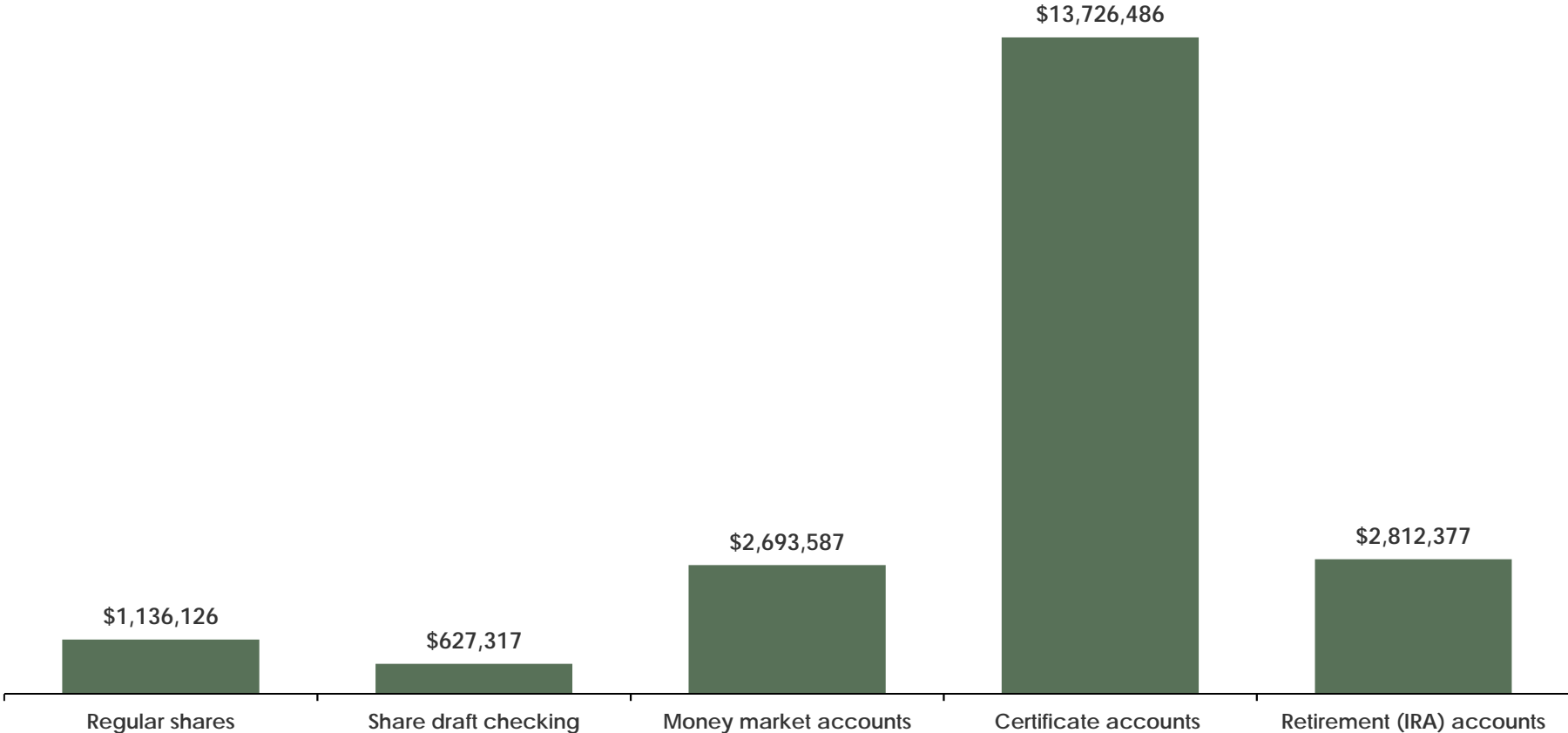
State Credit Union's Total Loan Rate Benefits

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 Kentucky Credit Unions December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Kentucky Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	755,253,847	-1.32	\$9,961,798
Used car loans	1,530,793,454	-1.43	\$21,920,962
Personal unsecured loans	266,448,533	-0.55	\$1,468,131
5-year adjustable rate 1st mortgage	1,190,254,249	-0.29	\$3,392,225
15-year fixed rate 1st mortgage	551,286,698	-0.03	\$170,899
30-year fixed rate 1st mortgage	662,331,350	0.02	-\$125,843
Home equity / 2nd mortgage loans	759,690,609	-0.23	\$1,762,482
Credit cards	276,070,692	-4.00	\$10,379,568
Interest rebates			\$20,594
Total CU member benefits arising from lower interest rates on loan products:			\$48,950,816
Savings			
Regular shares	2,989,805,918	0.04	\$1,136,126
Share draft checking	1,063,249,259	0.06	\$627,317
Money market accounts	1,039,994,920	0.26	\$2,693,587
Certificate accounts	1,995,128,782	0.69	\$13,726,486
Retirement (IRA) accounts	593,955,067	0.47	\$2,812,377
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$20,995,893
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$11,814,606
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$81,761,316
Total CU member benefit / member:			\$94
Total CU member benefit / member household:			\$198

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;

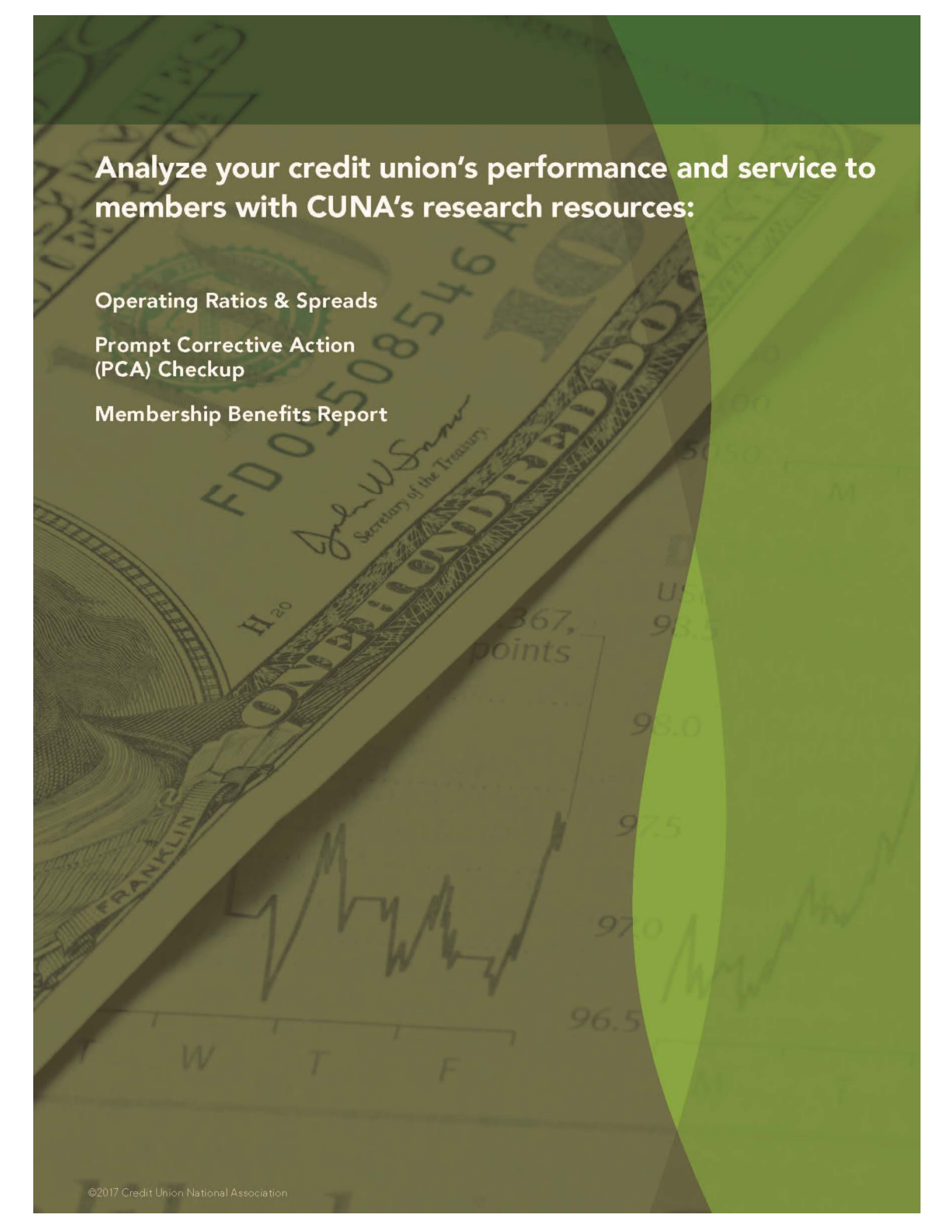
Membership Benefits Report

CUNA Economics and Statistics

Kentucky Credit Union Performance Profile

Demographic Information	Dec 18	Dec 17
Number of branches	189	196
Total assets (\$ mil)	9,353	8,930
Total loans (\$ mil)	6,649	6,173
Total surplus funds (\$ mil)	2,261	2,314
Total savings (\$ mil)	7,912	7,590
Total members (thousands)	893	854
Growth Rates (Trailing 12 months) *		
Total assets	5.4 %	5.2 %
Total loans	8.3 %	8.5 %
Total surplus funds	-1.5 %	-3.4 %
Total savings	5.0 %	4.2 %
Total members	5.8 %	2.7 %
Earnings - Basis Pts. *		
Yield on total assets	393	369
Dividend / interest cost of assets	67	54
Fee & other income	147	145
Operating expense	328	326
Loss Provisions	53	48
Net Income (ROA) after stabilization exp	92	85
Capital Adequacy		
Net worth / assets	13.0	12.7
Asset Quality *		
Delinquencies / loans	0.6	0.7
Net chargeoffs / average loans	0.6	0.6
Total borrower-bankruptcies	48	41
Bankruptcies per 1000 members	3.4	3.2
Asset/Liability Management		
Loans / savings	84.0	81.3
Loans / assets	71.1	69.1
Long-term assets / assets	25.7	25.1
Core deposits/shares & borrowings	51.1	52.2
Productivity		
Members / potential members	3.8	3.6
Borrowers / members	54.1	54.1
Members / FTE	406	395
Average shares / members (\$)	8,859	8,888
Average loan balances (\$)	13,770	13,360
Salary & Benefits / FTE	67,047	64,740

* 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.



Analyze your credit union's performance and service to members with CUNA's research resources:

Operating Ratios & Spreads

Prompt Corrective Action
(PCA) Checkup

Membership Benefits Report