

CUNA Alabama
**MEMBERSHIP BENEFITS
REPORT**

Alabama

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 Alabama credit unions provided \$285,545,838 in direct financial benefits to the state's 2,142,968 members during the twelve months ending March 2020.

These benefits are equivalent to \$133 per member or \$280 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 Alabama 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 Alabama credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Alabama credit union will save members an average \$294 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.

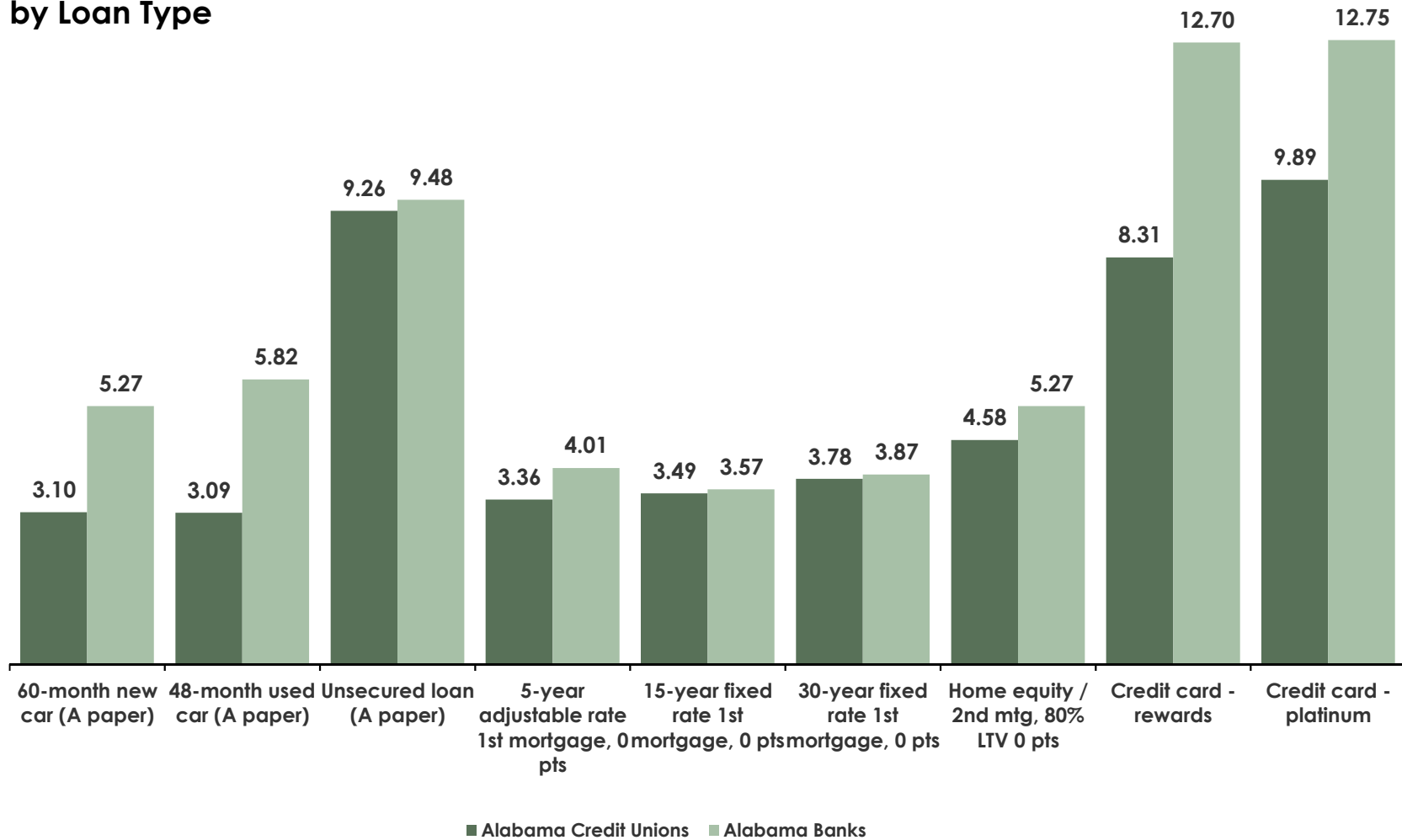
Alabama credit unions excel in providing member benefits on many loan and savings products. In particular, Alabama credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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

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



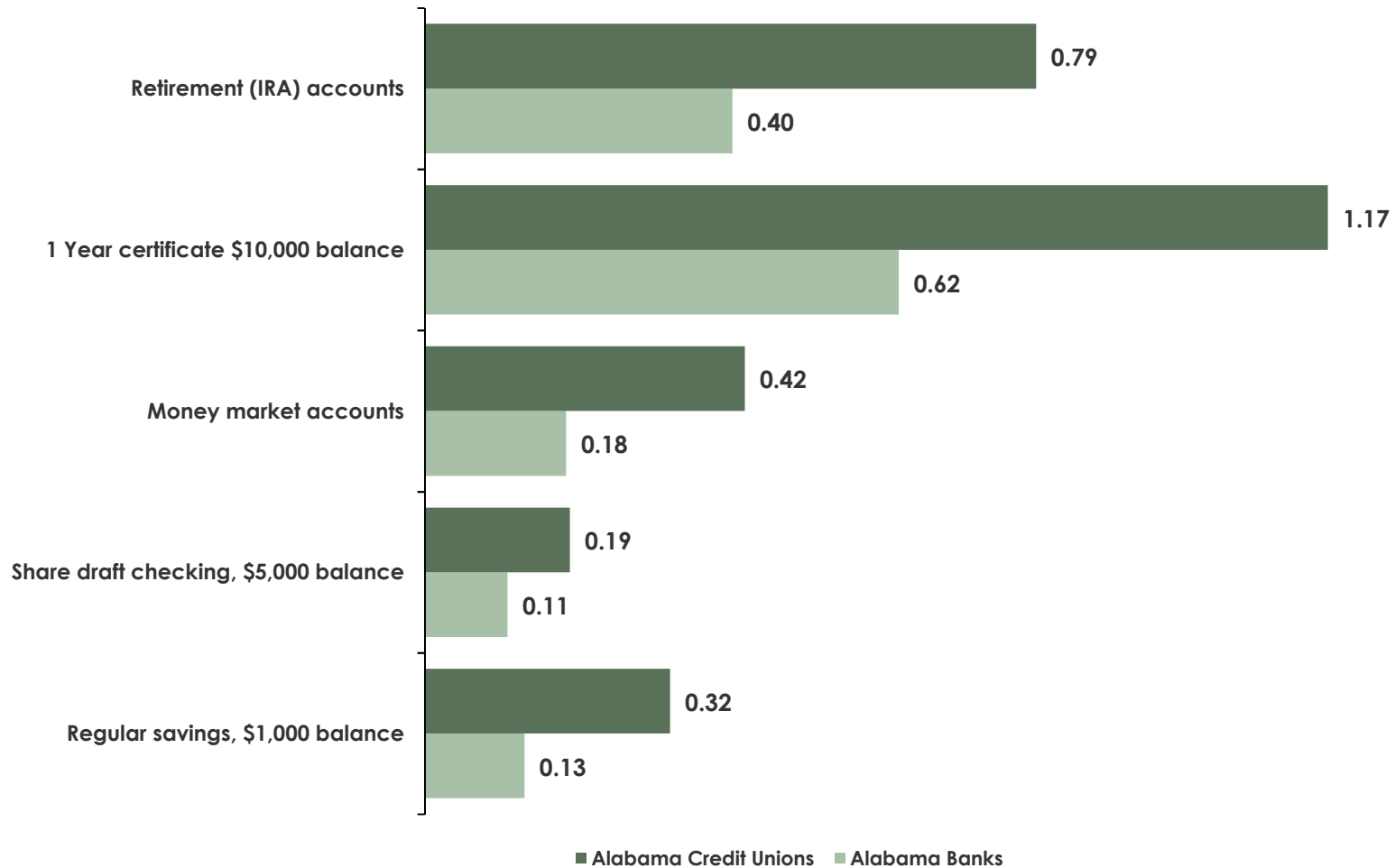
Loan Product Comparative Interest Rates (%)

by Loan Type



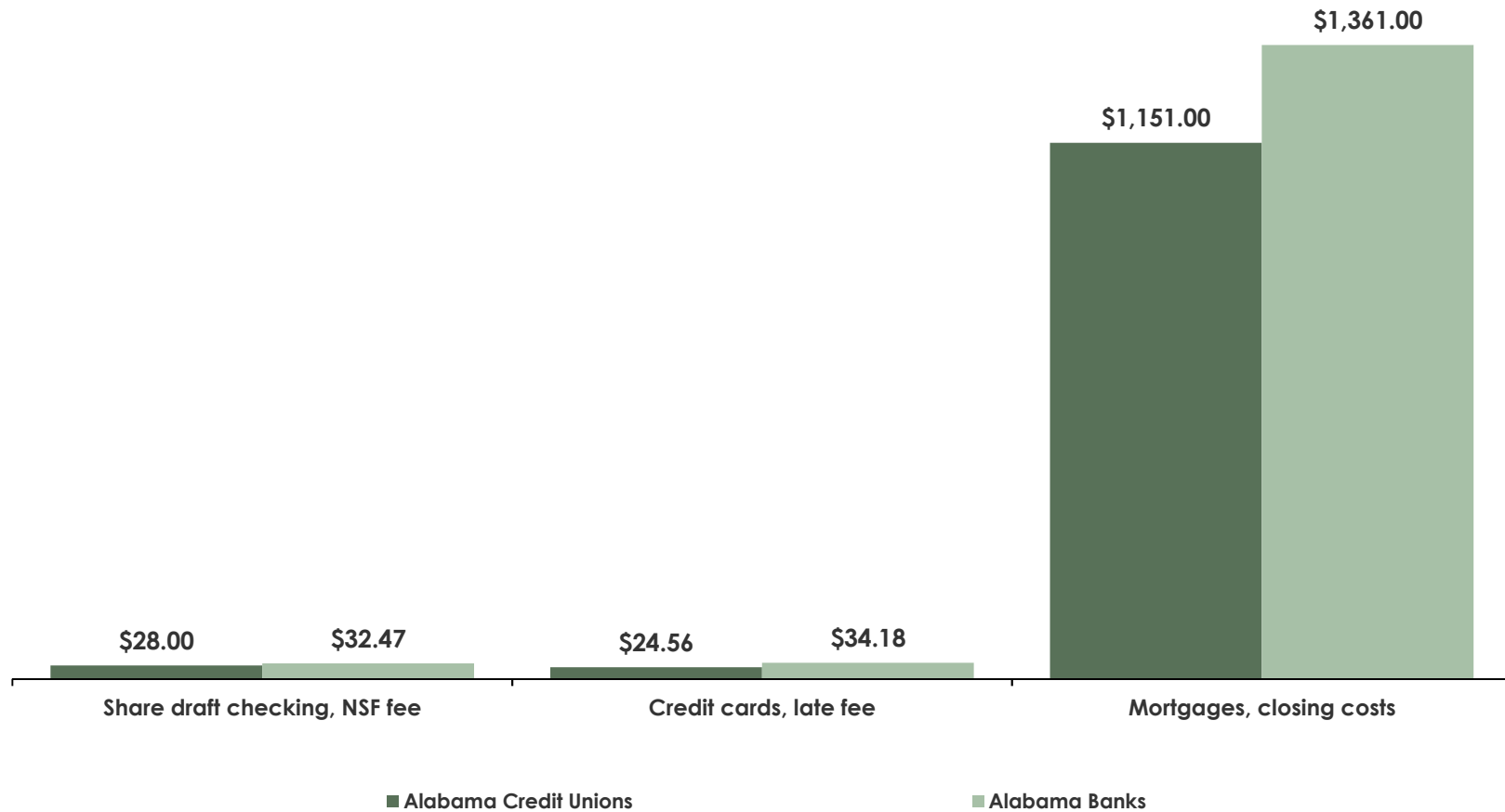
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



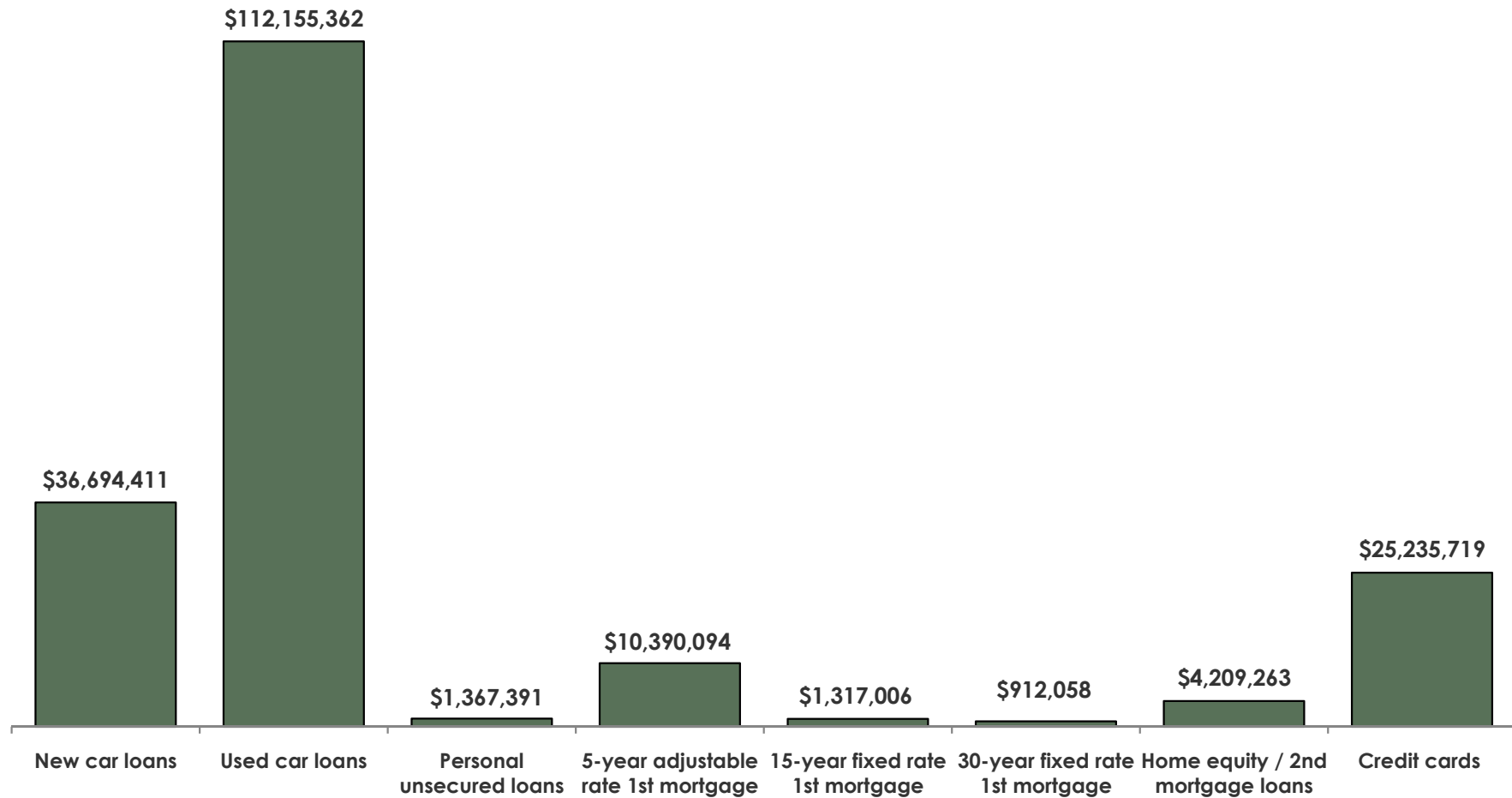
Alabama Credit Union and Banking Institution March 2020 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.10	5.27	-2.17
48-month used car (A paper)	3.09	5.82	-2.72
Unsecured loan (A paper)	9.26	9.48	-0.23
5-year adjustable rate 1st mortgage, 0 pts	3.36	4.01	-0.65
15-year fixed rate 1st mortgage, 0 pts	3.49	3.57	-0.08
30-year fixed rate 1st mortgage, 0 pts	3.78	3.87	-0.09
Home equity / 2nd mtg, 80% LTV 0 pts	4.58	5.27	-0.69
Credit card - rewards	8.31	12.70	-4.39
Credit card - platinum	9.89	12.75	-2.86
Savings Products			
Regular savings, \$1,000 balance	0.32	0.13	0.19
Share draft checking, \$5,000 balance	0.19	0.11	0.08
Money market accounts	0.42	0.18	0.23
1 Year certificate \$10,000 balance	1.17	0.62	0.56
Retirement (IRA) accounts	0.79	0.40	0.39
Fee Income			
Share draft checking, NSF fee	\$28.00	\$32.47	-\$4.47
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

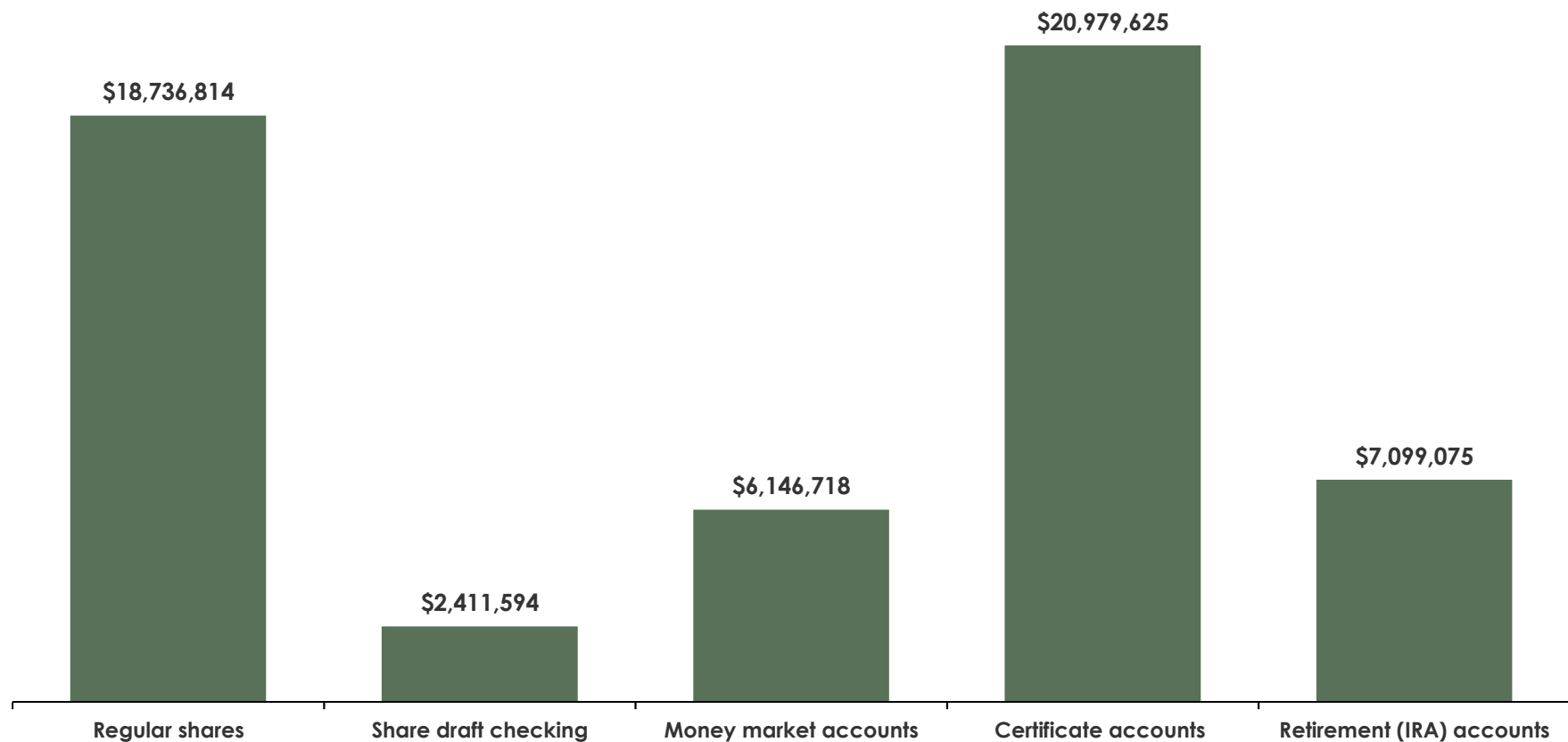
Estimated Credit Union Loan Benefits

Compared to State Banking Institutions
by Loan Type



Estimated Credit Union Savings Dividend Benefits

Compared to State Banking Institutions by Account Type



Estimated Financial Benefits for Alabama Credit Unions March 2020

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Alabama Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,692,546,649	-2.17	\$36,694,411
Used car loans	4,117,304,048	-2.72	\$112,155,362
Personal unsecured loans	607,729,471	-0.23	\$1,367,391
5-year adjustable rate 1st mortgage	1,610,867,353	-0.65	\$10,390,094
15-year fixed rate 1st mortgage	1,586,753,877	-0.08	\$1,317,006
30-year fixed rate 1st mortgage	1,036,429,083	-0.09	\$912,058
Home equity / 2nd mortgage loans	608,275,018	-0.69	\$4,209,263
Credit cards	630,380,792	-4.39	\$25,235,719
Interest rebates			\$74,864
Total CU member benefits arising from lower interest rates on loan products:			\$192,356,169
Savings			
Regular shares	9,913,658,241	0.19	\$18,736,814
Share draft checking	2,977,276,212	0.08	\$2,411,594
Money market accounts	2,649,447,279	0.23	\$6,146,718
Certificate accounts	3,766,539,428	0.56	\$20,979,625
Retirement (IRA) accounts	1,799,512,025	0.39	\$7,099,075
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$55,373,825
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$37,815,844
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$285,545,838
Total CU member benefit / member:			\$133
Total CU member benefit / member household:			\$280

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of March 2020 and March 2019, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

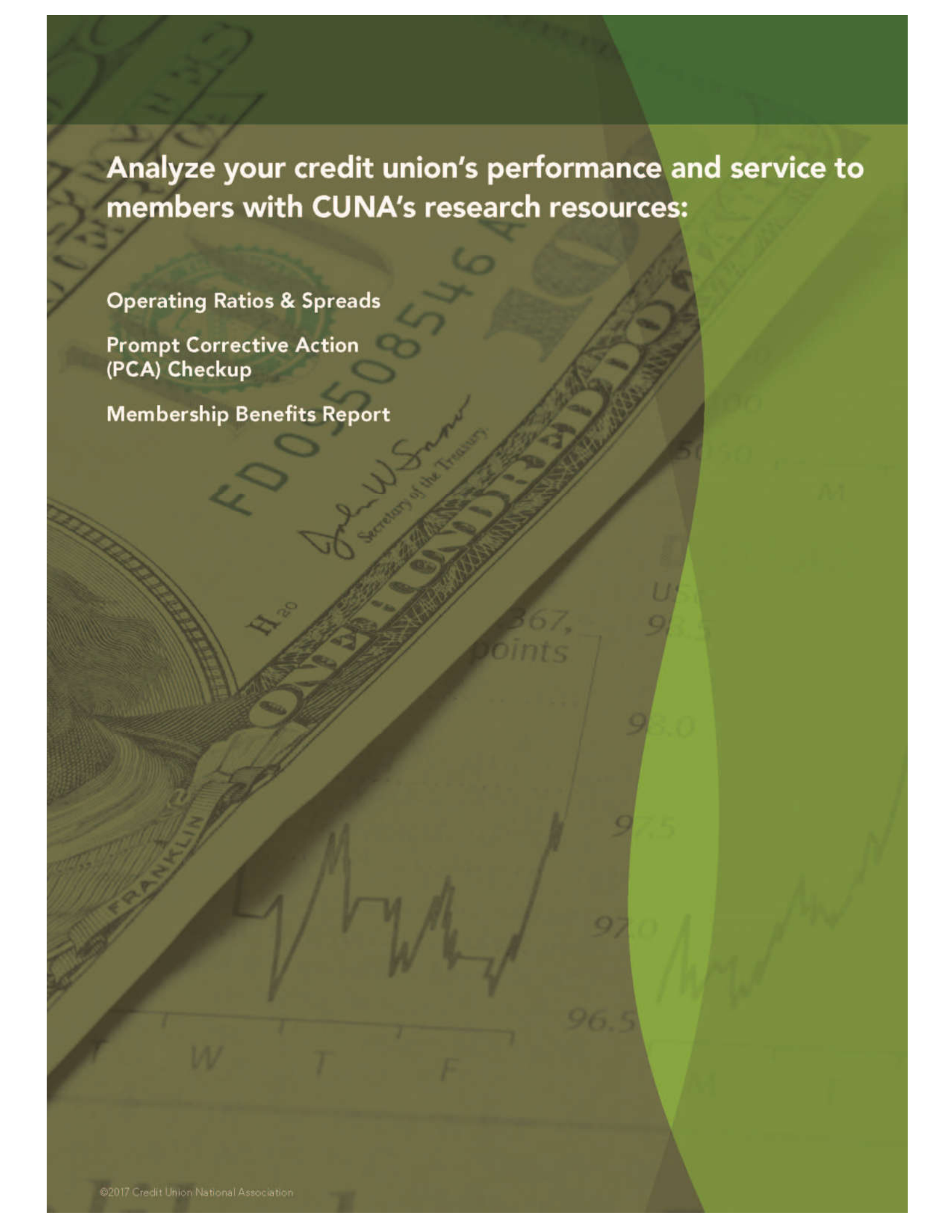
Membership Benefits Report

CUNA Economics and Statistics

Alabama Credit Union Performance Profile

Demographic Information	Mar 20	Mar 19
Number of branches	474	465
Total assets (\$ mil)	25,402	23,459
Total loans (\$ mil)	13,516	12,634
Total surplus funds (\$ mil)	10,726	9,733
Total savings (\$ mil)	22,116	20,483
Total members (thousands)	2,195	2,094
Growth Rates (Trailing 12 months) *		
Total assets	8.3 %	5.5 %
Total loans	7.0 %	10.2 %
Total surplus funds	10.2 %	-0.2 %
Total savings	8.0 %	4.8 %
Total members	4.9 %	4.6 %
Earnings - Basis Pts. *		
Yield on total assets	320	364
Dividend / interest cost of assets	80	79
Fee & other income	153	157
Operating expense	325	320
Loss Provisions	36	32
Net Income (ROA) after stabilization exp	32	89
Capital Adequacy		
Net worth / assets	11.7	12.0
Asset Quality *		
Delinquencies / loans	0.7	0.6
Net chargeoffs / average loans	0.6	0.5
Total borrower-bankruptcies	17	15
Bankruptcies per 1000 members	0.8	0.8
Asset/Liability Management		
Loans / savings	61.1	61.7
Loans / assets	53.2	53.9
Long-term assets / assets	32.9	34.2
Core deposits/shares & borrowings	59.6	61.5
Productivity		
Members / potential members	7.0	7.1
Borrowers / members	50.7	49.8
Members / FTE	394	388
Average shares / members (\$)	10,078	9,783
Average loan balances (\$)	12,153	12,121
Salary & Benefits / FTE	72,974	67,424

* 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