

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 \$281,898,472 in direct financial benefits to the state's 2,163,375 members during the twelve months ending June 2020.

These benefits are equivalent to \$130 per member or \$274 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 \$305 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.

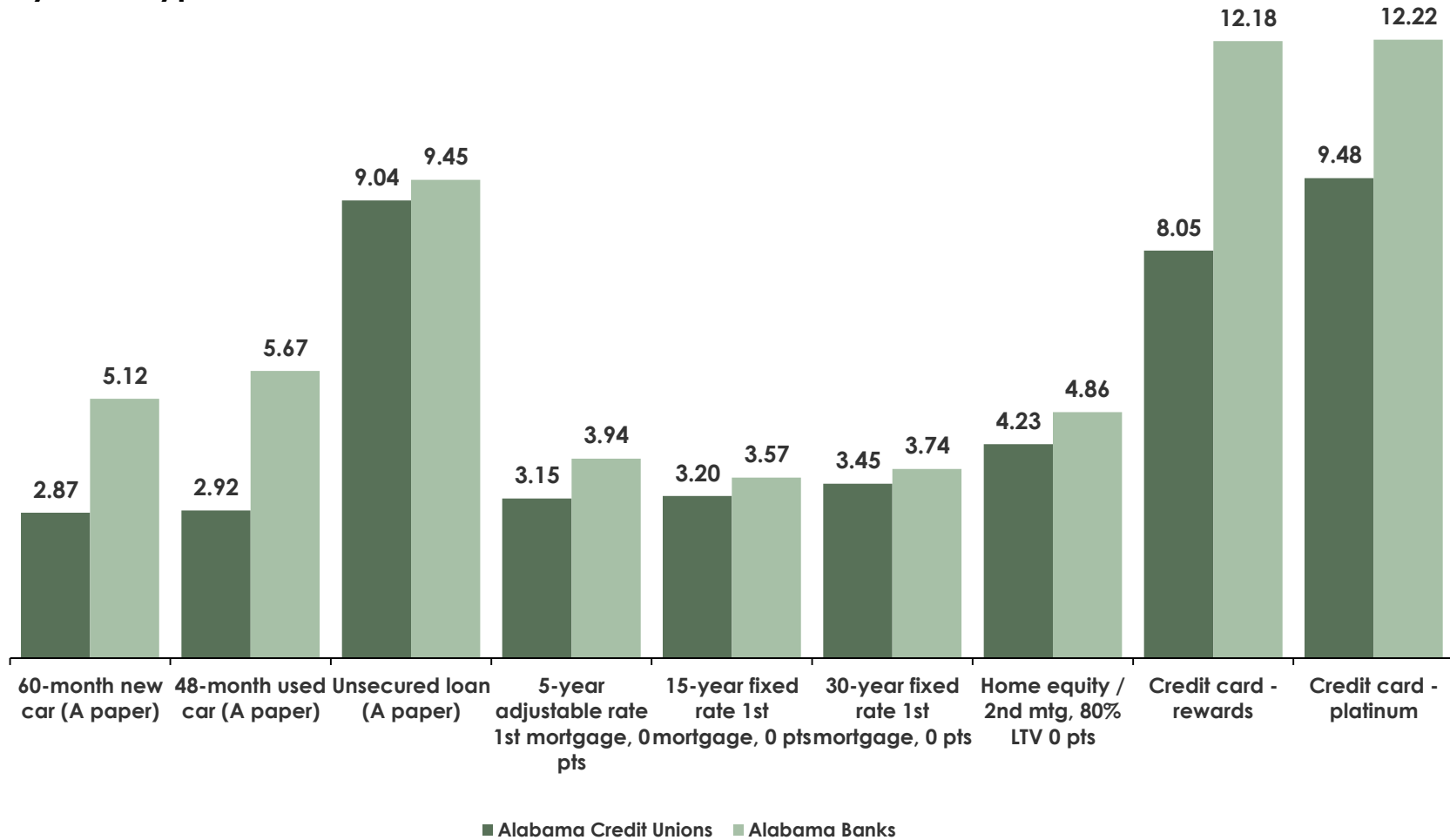
Alabama credit unions excel in providing member benefits on many loan and savings products. In particular, Alabama credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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



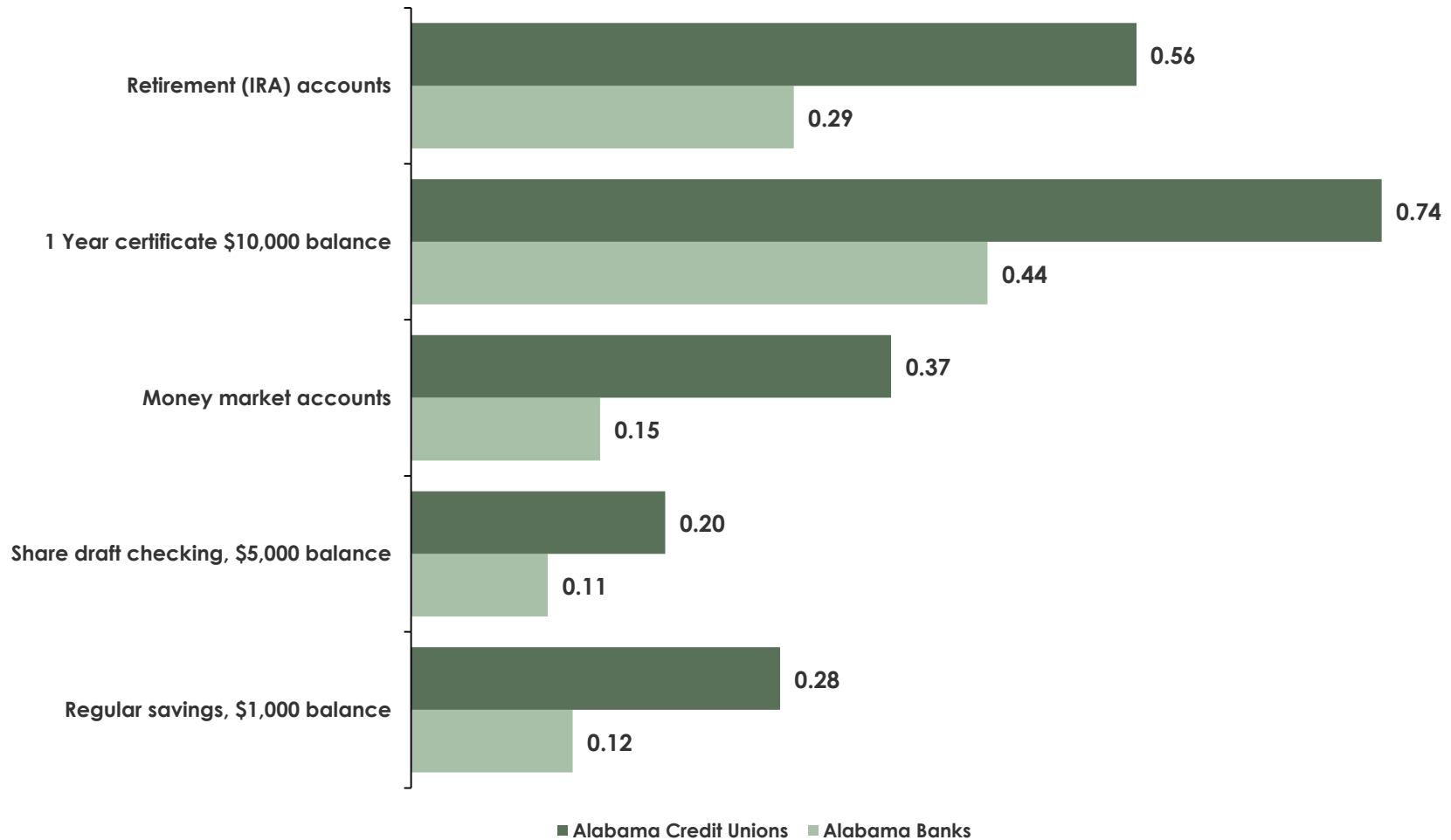
Loan Product Comparative Interest Rates (%)

by Loan Type



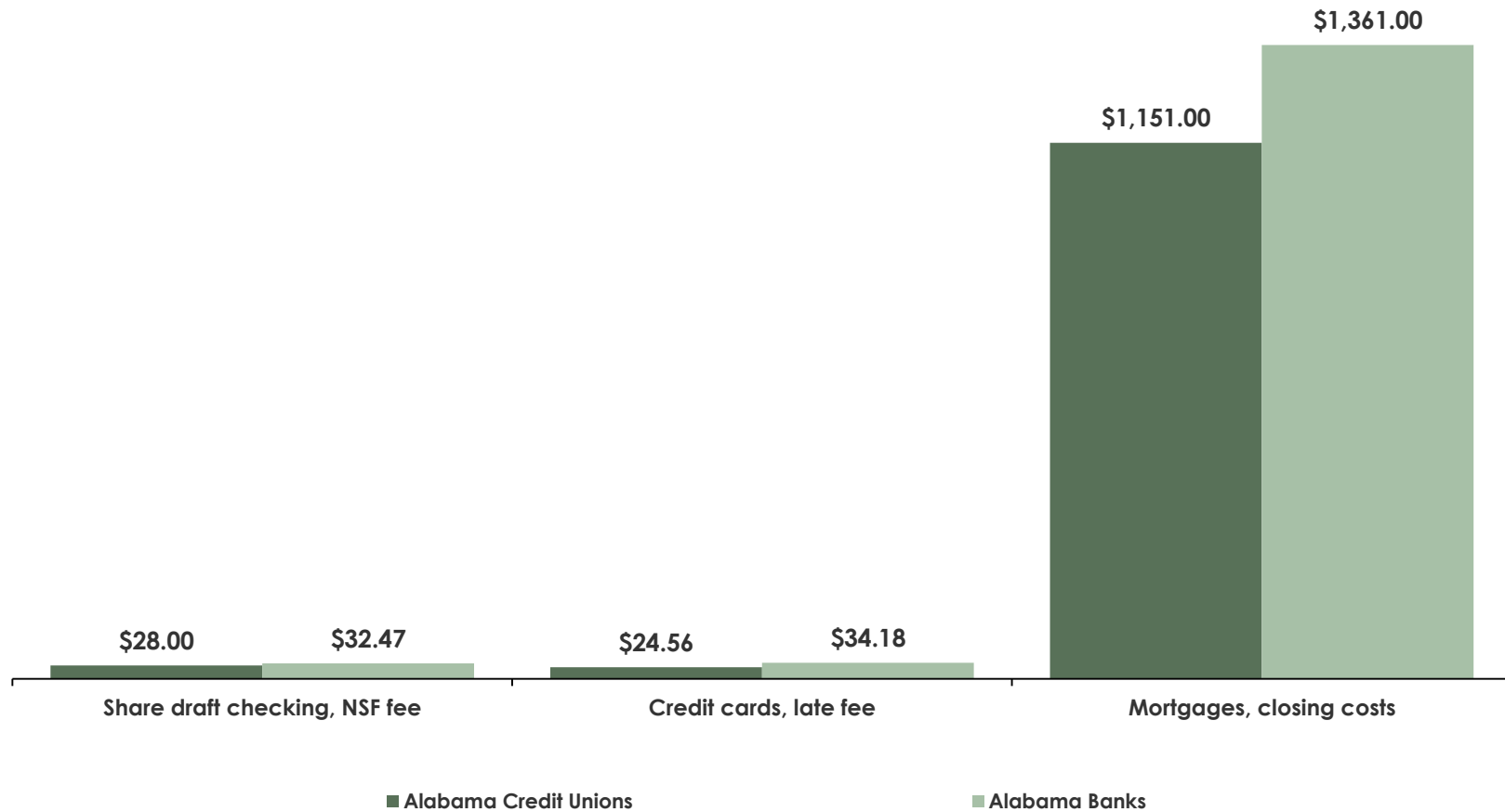
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



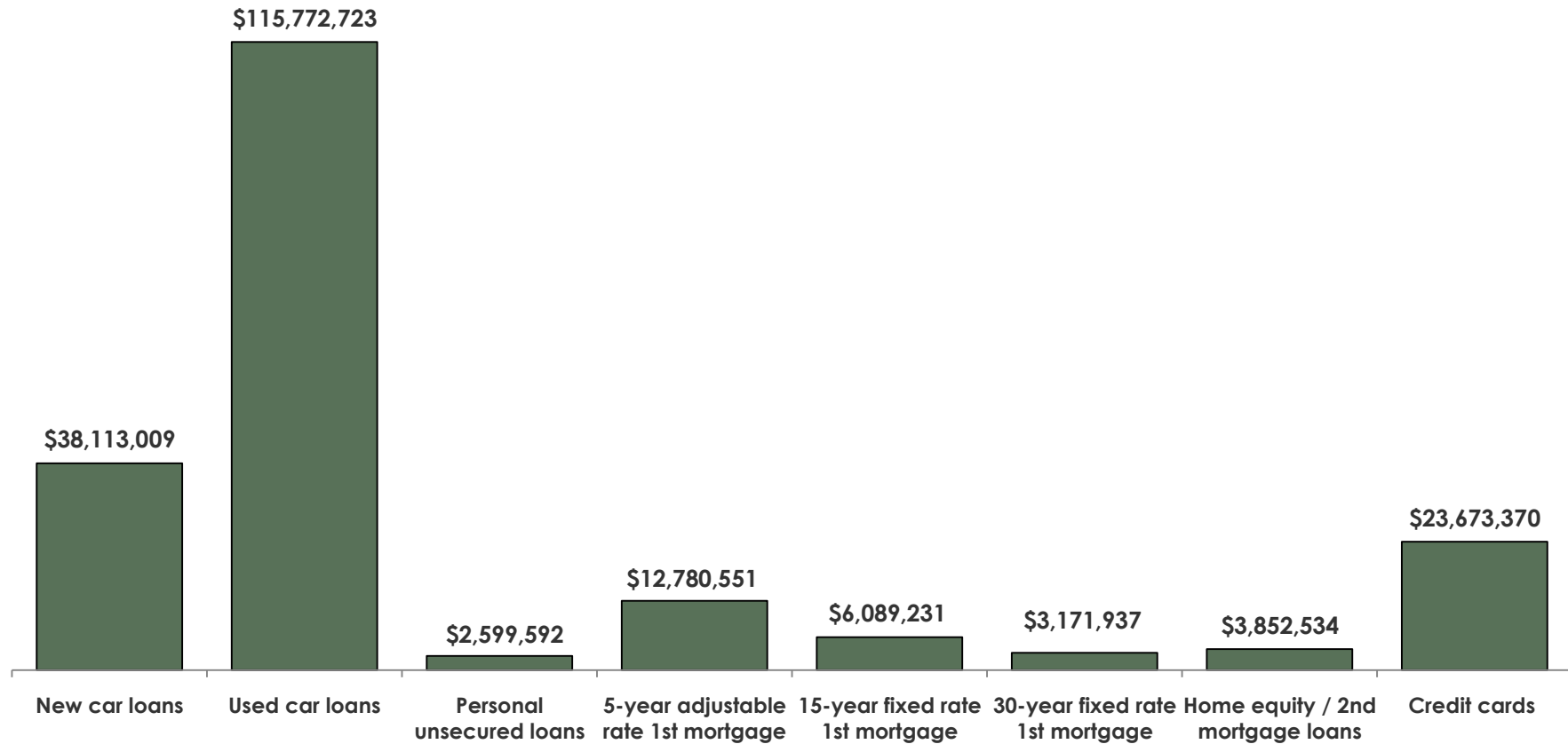
Alabama Credit Union and Banking Institution June 2020 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.87	5.12	-2.25
48-month used car (A paper)	2.92	5.67	-2.75
Unsecured loan (A paper)	9.04	9.45	-0.41
5-year adjustable rate 1st mortgage, 0 pts	3.15	3.94	-0.79
15-year fixed rate 1st mortgage, 0 pts	3.20	3.57	-0.37
30-year fixed rate 1st mortgage, 0 pts	3.45	3.74	-0.29
Home equity / 2nd mtg, 80% LTV 0 pts	4.23	4.86	-0.63
Credit card - rewards	8.05	12.18	-4.14
Credit card - platinum	9.48	12.22	-2.74
Savings Products			
Regular savings, \$1,000 balance	0.28	0.12	0.16
Share draft checking, \$5,000 balance	0.20	0.11	0.09
Money market accounts	0.37	0.15	0.22
1 Year certificate \$10,000 balance	0.74	0.44	0.30
Retirement (IRA) accounts	0.56	0.29	0.26
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

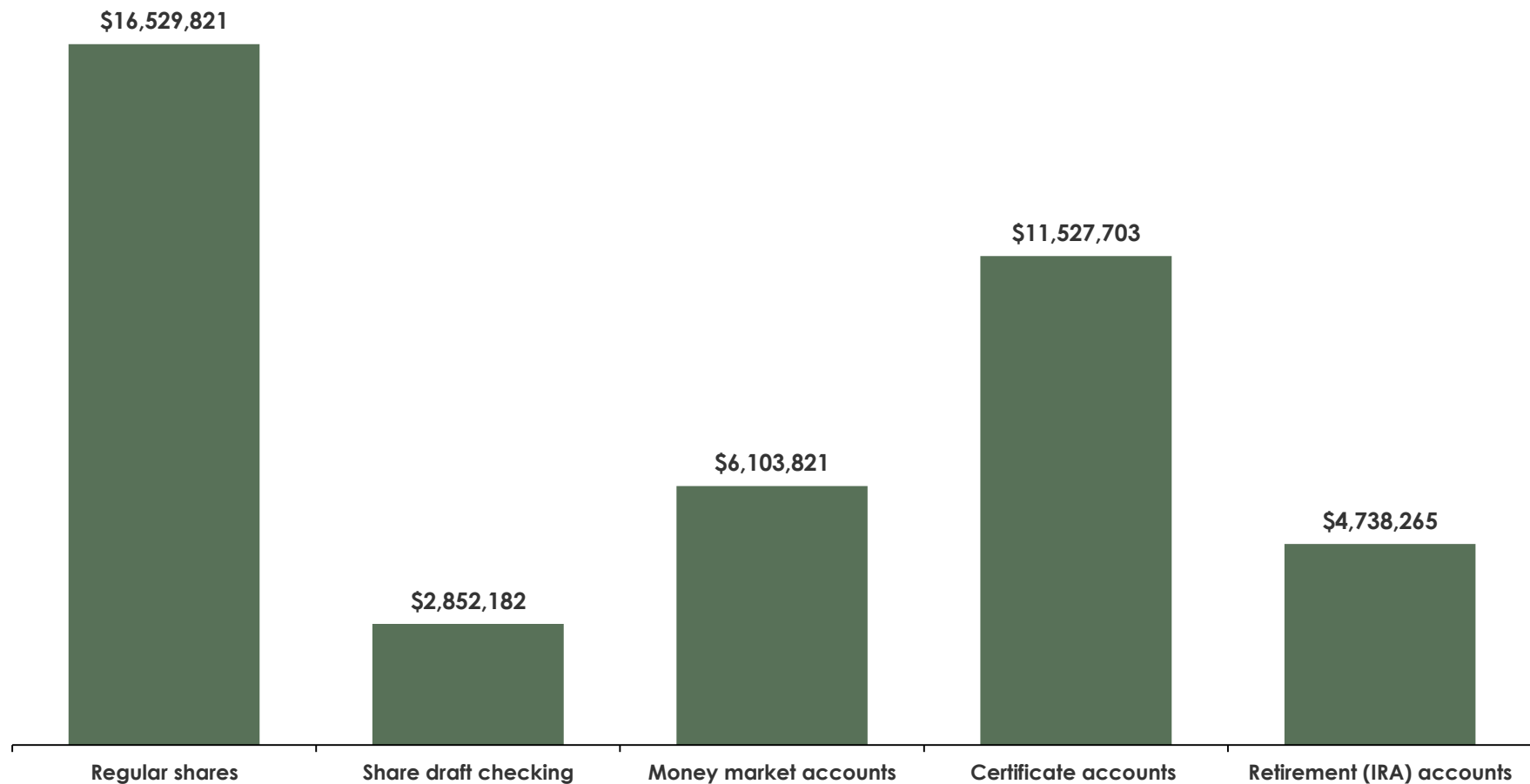
Estimated Credit Union Loan Benefits

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 June 2020

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Alabama Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,692,407,146	-2.25	\$38,113,009
Used car loans	4,205,329,557	-2.75	\$115,772,723
Personal unsecured loans	635,597,114	-0.41	\$2,599,592
5-year adjustable rate 1st mortgage	1,615,746,027	-0.79	\$12,780,551
15-year fixed rate 1st mortgage	1,663,724,284	-0.37	\$6,089,231
30-year fixed rate 1st mortgage	1,093,771,503	-0.29	\$3,171,937
Home equity / 2nd mortgage loans	607,655,262	-0.63	\$3,852,534
Credit cards	625,163,278	-4.14	\$23,673,370
Interest rebates			\$75,150
Total CU member benefits arising from lower interest rates on loan products:			\$206,128,098
Savings			
Regular shares	10,396,114,131	0.16	\$16,529,821
Share draft checking	3,169,091,096	0.09	\$2,852,182
Money market accounts	2,737,139,457	0.22	\$6,103,821
Certificate accounts	3,817,120,331	0.30	\$11,527,703
Retirement (IRA) accounts	1,805,053,463	0.26	\$4,738,265
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$41,751,793
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$34,018,581
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$281,898,472
Total CU member benefit / member:			\$130
Total CU member benefit / member household:			\$274

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2020 and June 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	Jun 20	Jun 19
Number of branches	475	466
Total assets (\$ mil)	27,167	23,628
Total loans (\$ mil)	13,927	12,988
Total surplus funds (\$ mil)	12,073	9,530
Total savings (\$ mil)	23,800	20,525
Total members (thousands)	2,234	2,103
Growth Rates (Trailing 12 months) *		
Total assets	15.0 %	5.8 %
Total loans	7.3 %	8.7 %
Total surplus funds	26.7 %	1.9 %
Total savings	16.0 %	4.7 %
Total members	6.4 %	3.5 %
Earnings - Basis Pts. *		
Yield on total assets	329	368
Dividend / interest cost of assets	75	81
Fee & other income	145	169
Operating expense	311	326
Loss Provisions	36	35
Net Income (ROA) after stabilization exp	52	95
Capital Adequacy		
Net worth / assets	11.2	12.2
Asset Quality *		
Delinquencies / loans	0.6	0.6
Net chargeoffs / average loans	0.6	0.5
Total borrower-bankruptcies	25	24
Bankruptcies per 1000 members	1.2	1.2
Asset/Liability Management		
Loans / savings	58.5	63.3
Loans / assets	51.3	55.0
Long-term assets / assets	32.8	33.7
Core deposits/shares & borrowings	61.7	60.8
Productivity		
Members / potential members	7.1	7.1
Borrowers / members	50.5	50.8
Members / FTE	404	385
Average shares / members (\$)	10,652	9,759
Average loan balances (\$)	12,352	12,162
Salary & Benefits / FTE	73,034	67,887

* 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

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