

CUNA Minnesota
**MEMBERSHIP BENEFITS
REPORT**



Minnesota

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 Minnesota credit unions provided \$130,760,707 in direct financial benefits to the state's 1,685,364 members during the twelve months ending June 2017.

These benefits are equivalent to \$78 per member or \$147 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 Minnesota 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 Minnesota credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Minnesota credit union will save members an average \$214 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.

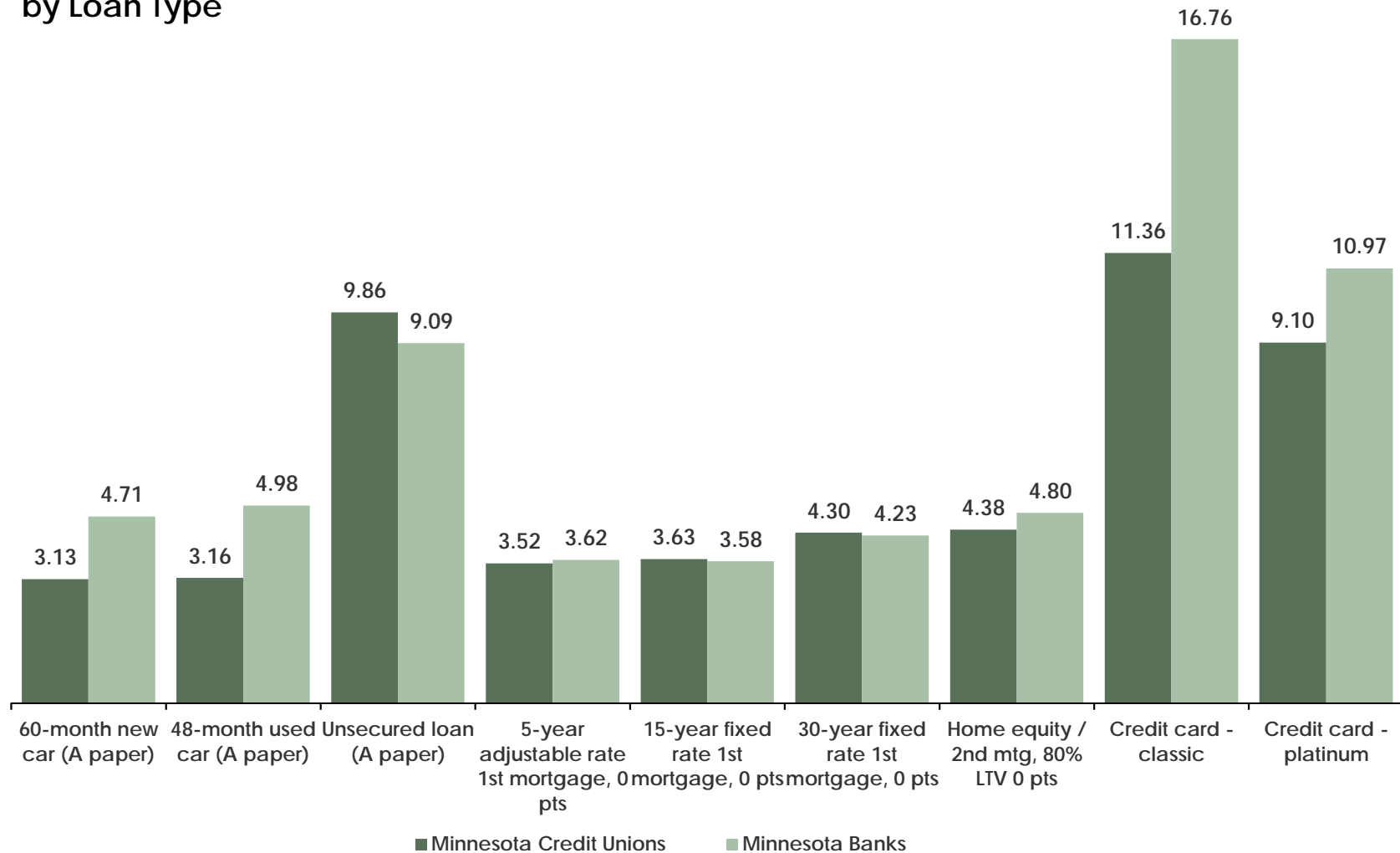
Minnesota credit unions excel in providing member benefits on many loan and savings products. In particular, Minnesota credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-adjustable rate, home equity loans, **credit cards loans**.

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



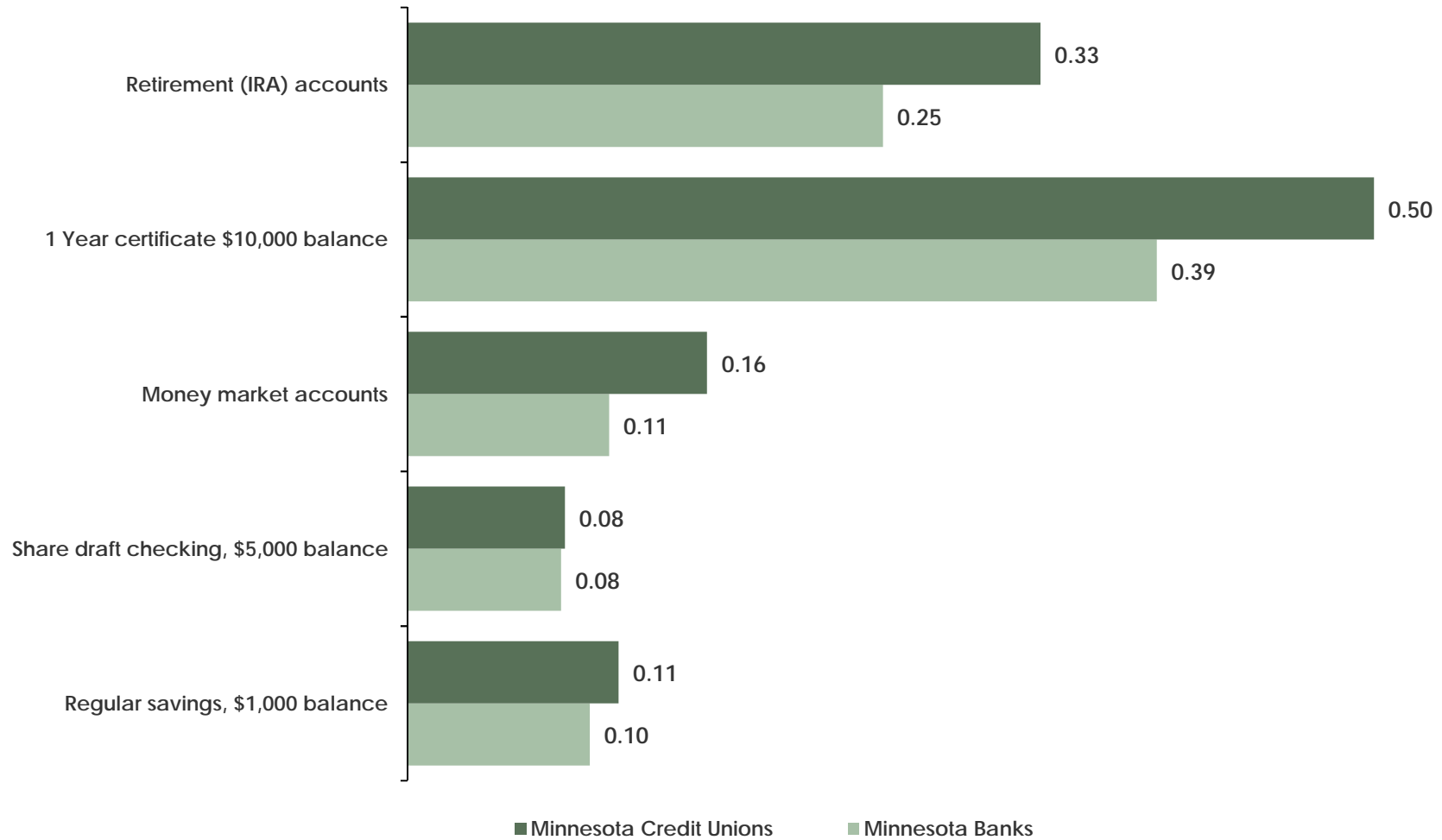
Loan Product Comparative Interest Rates (%)

by Loan Type



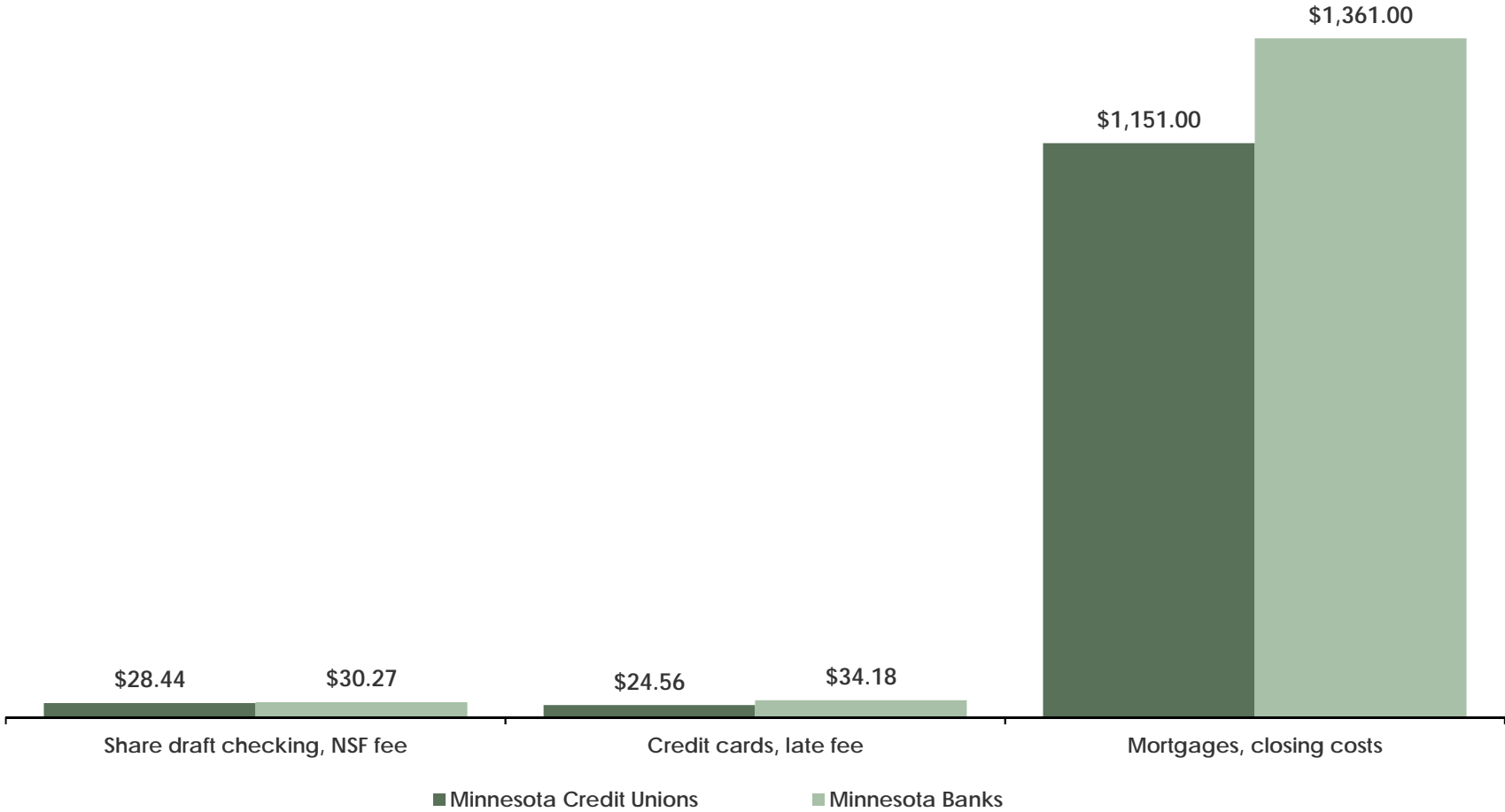
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



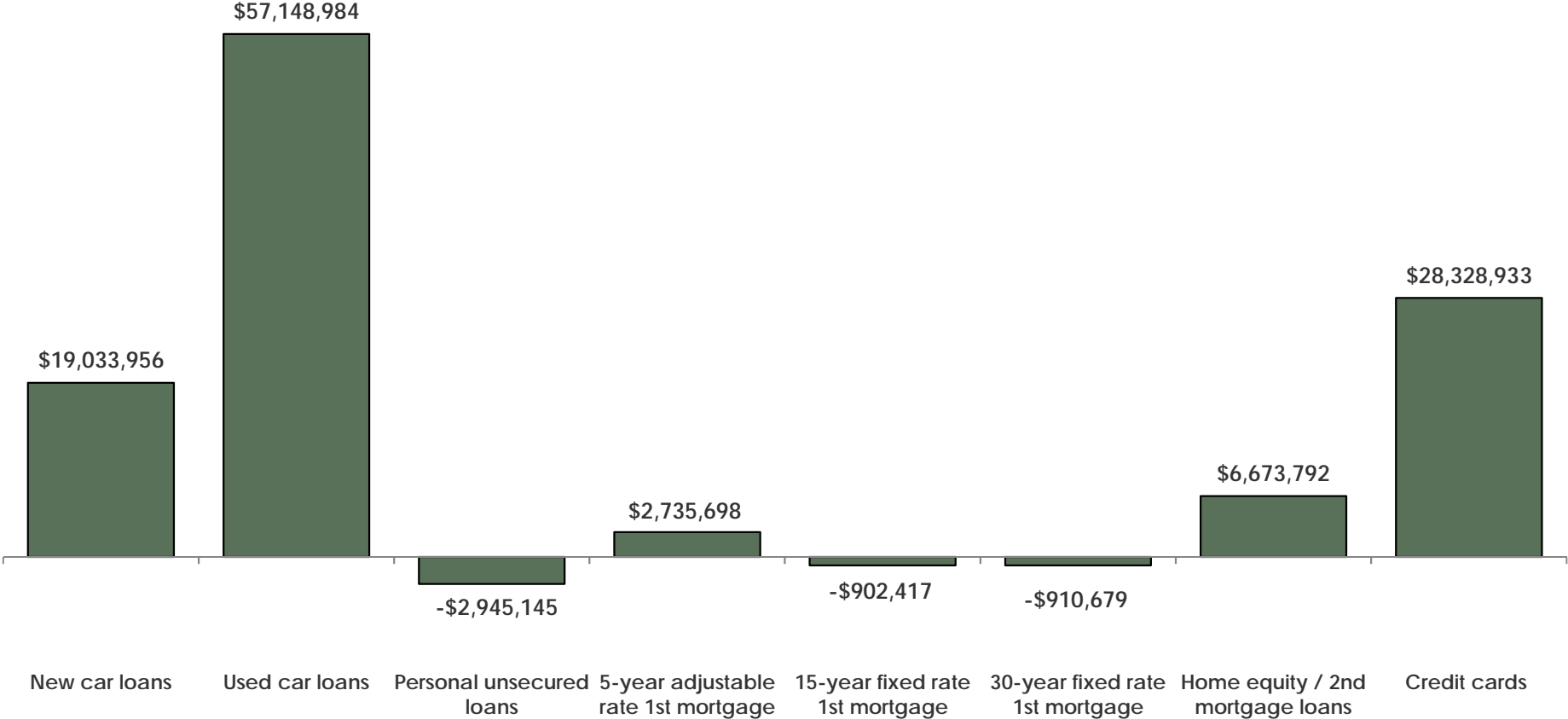
Minnesota Credit Union and Banking Institution June 2017 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.13	4.71	-1.58
48-month used car (A paper)	3.16	4.98	-1.83
Unsecured loan (A paper)	9.86	9.09	0.77
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.62	-0.09
15-year fixed rate 1st mortgage, 0 pts	3.63	3.58	0.06
30-year fixed rate 1st mortgage, 0 pts	4.30	4.23	0.07
Home equity / 2nd mtg, 80% LTV 0 pts	4.38	4.80	-0.43
Credit card - classic	11.36	16.76	-5.40
Credit card - platinum	9.10	10.97	-1.87
Savings Products			
Regular savings, \$1,000 balance	0.11	0.10	0.02
Share draft checking, \$5,000 balance	0.08	0.08	0.00
Money market accounts	0.16	0.11	0.05
1 Year certificate \$10,000 balance	0.50	0.39	0.11
Retirement (IRA) accounts	0.33	0.25	0.08
Fee Income			
Share draft checking, NSF fee	\$28.44	\$30.27	-\$1.83
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

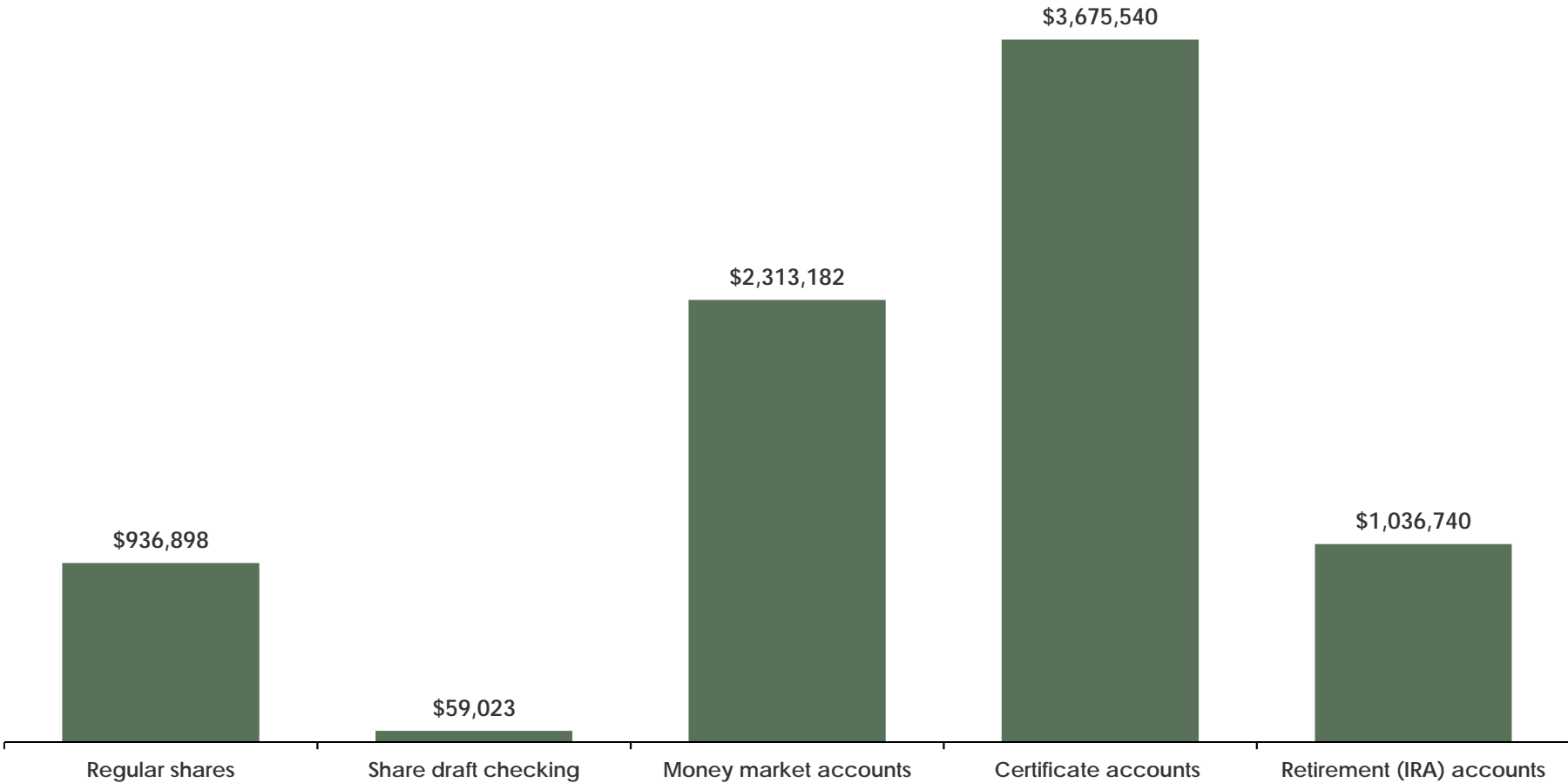
State Credit Union's Total Loan Rate Benefits

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 Minnesota Credit Unions June 2017

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Minnesota Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,202,397,749	-1.58	\$19,033,956
Used car loans	3,129,736,246	-1.83	\$57,148,984
Personal unsecured loans	381,990,210	0.77	-\$2,945,145
5-year adjustable rate 1st mortgage	2,910,316,668	-0.09	\$2,735,698
15-year fixed rate 1st mortgage	1,640,757,520	0.06	-\$902,417
30-year fixed rate 1st mortgage	1,230,647,487	0.07	-\$910,679
Home equity / 2nd mortgage loans	1,562,948,892	-0.43	\$6,673,792
Credit cards	627,093,159	-5.40	\$28,328,933
Interest rebates			\$150,826
Total CU member benefits arising from lower interest rates on loan products:			\$109,313,949
<i>Savings</i>			
Regular shares	6,245,987,917	0.02	\$936,898
Share draft checking	2,951,147,393	0.00	\$59,023
Money market accounts	4,535,650,513	0.05	\$2,313,182
Certificate accounts	3,252,690,118	0.11	\$3,675,540
Retirement (IRA) accounts	1,264,316,570	0.08	\$1,036,740
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$8,021,382
<i>Fee Income</i>			
Total CU member benefit arising from fewer / lower fees:			\$13,425,376
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$130,760,707
Total CU member benefit / member:			\$78
Total CU member benefit / member household:			\$147

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2017 and June 2016, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Membership Benefits Report

CUNA Economics and Statistics

Minnesota Credit Union Performance Profile

Demographic Information	Jun 17	Jun 16
Number of branches	386	385
Total assets (\$ mil)	22,011	20,566
Total loans (\$ mil)	15,007	13,454
Total surplus funds (\$ mil)	5,989	6,206
Total savings (\$ mil)	19,211	17,826
Total members (thousands)	1,712	1,664
Growth Rates (Trailing 12 months) *		
Total assets	7.3 %	6.8 %
Total loans	11.8 %	11.7 %
Total surplus funds	-3.2 %	-3.1 %
Total savings	8.0 %	6.8 %
Total members	3.2 %	3.9 %
Earnings - Basis Pts. *		
Yield on total assets	331	323
Dividend / interest cost of assets	40	41
Fee & other income	125	120
Operating expense	316	317
Loss Provisions	17	12
Net Income (ROA) after stabilization exp	84	73
Capital Adequacy		
Net worth / assets	11.1	11.0
Asset Quality *		
Delinquencies / loans	0.4	0.5
Net chargeoffs / average loans	0.3	0.2
Total borrower-bankruptcies	10	9
Bankruptcies per 1000 members	0.7	0.7
Asset/Liability Management		
Loans / savings	78.1	75.5
Loans / assets	68.2	65.4
Long-term assets / assets	38.5	36.3
Core deposits/shares & borrowings	50.7	48.3
Productivity		
Members / potential members	3.8	4.0
Borrowers / members	64.3	62.9
Members / FTE	356	361
Average shares / members (\$)	11,219	10,710
Average loan balances (\$)	13,635	12,846
Salary & Benefits / FTE	73,115	70,870

* 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.