

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 \$172,453,840 in direct financial benefits to the state's 1,873,549 members during the twelve months ending June 2020.

These benefits are equivalent to \$92 per member or \$193 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 \$213 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.

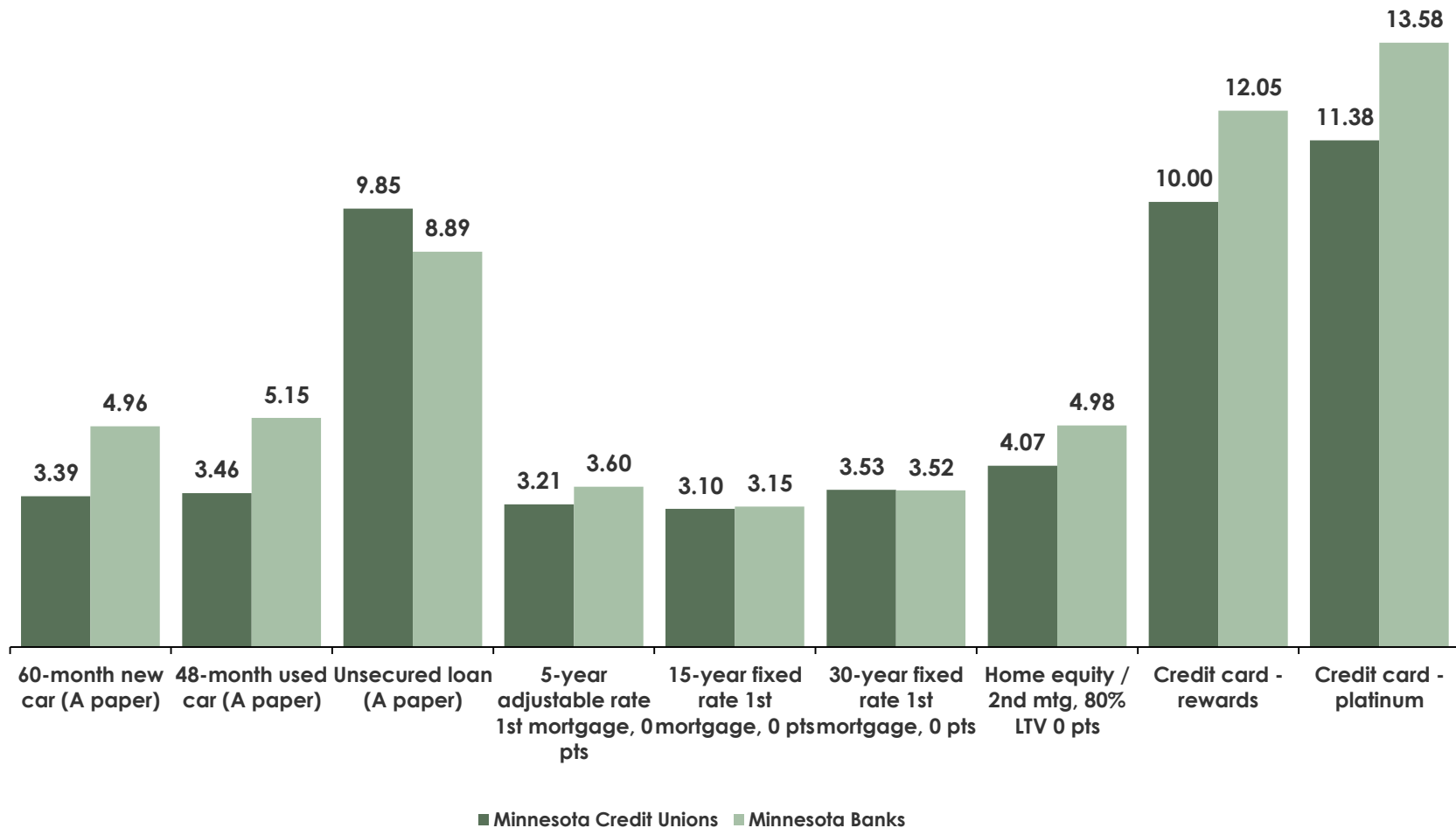
Minnesota credit unions excel in providing member benefits on many loan and savings products. In particular, Minnesota credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit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



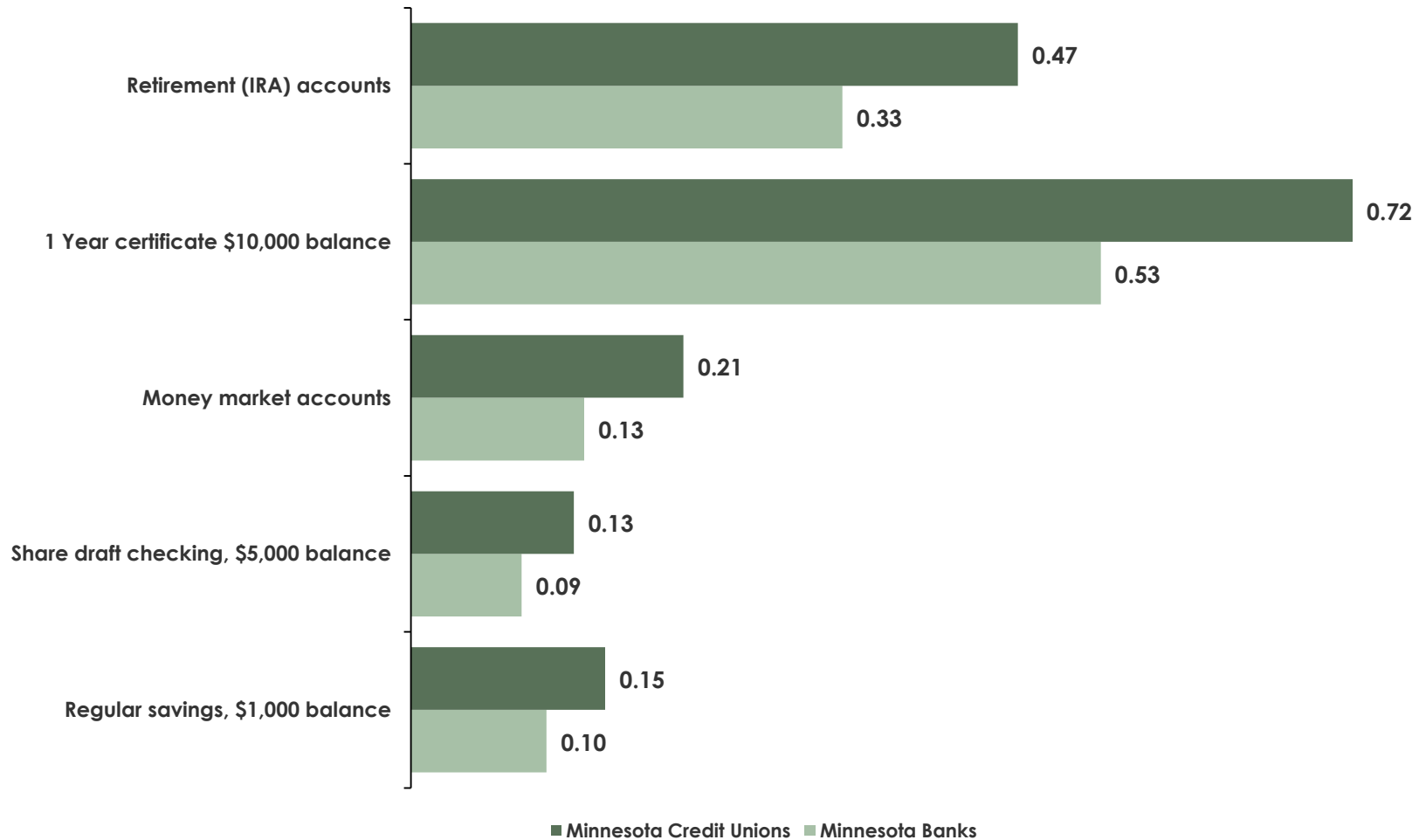
Loan Product Comparative Interest Rates (%)

by Loan Type



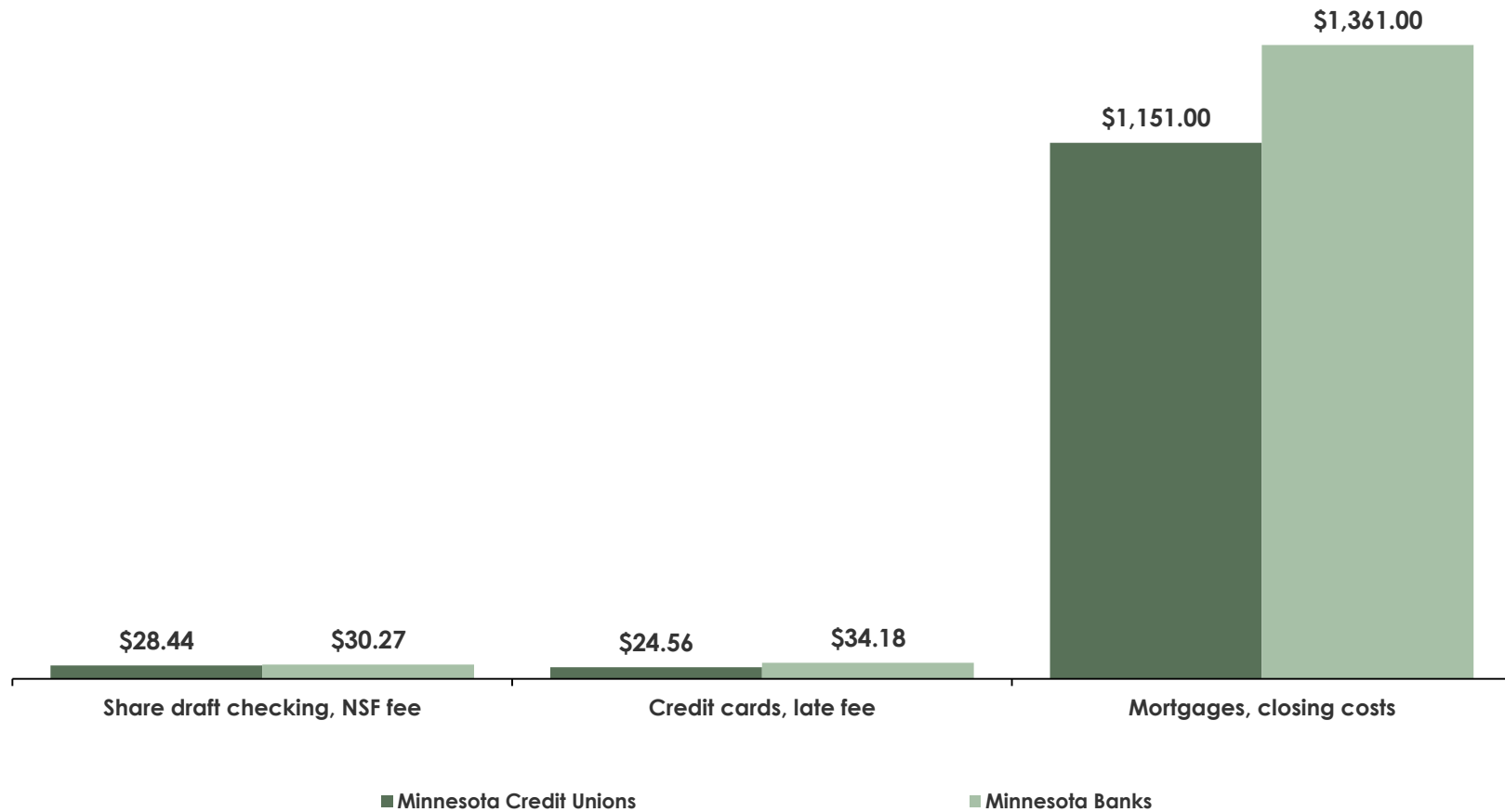
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



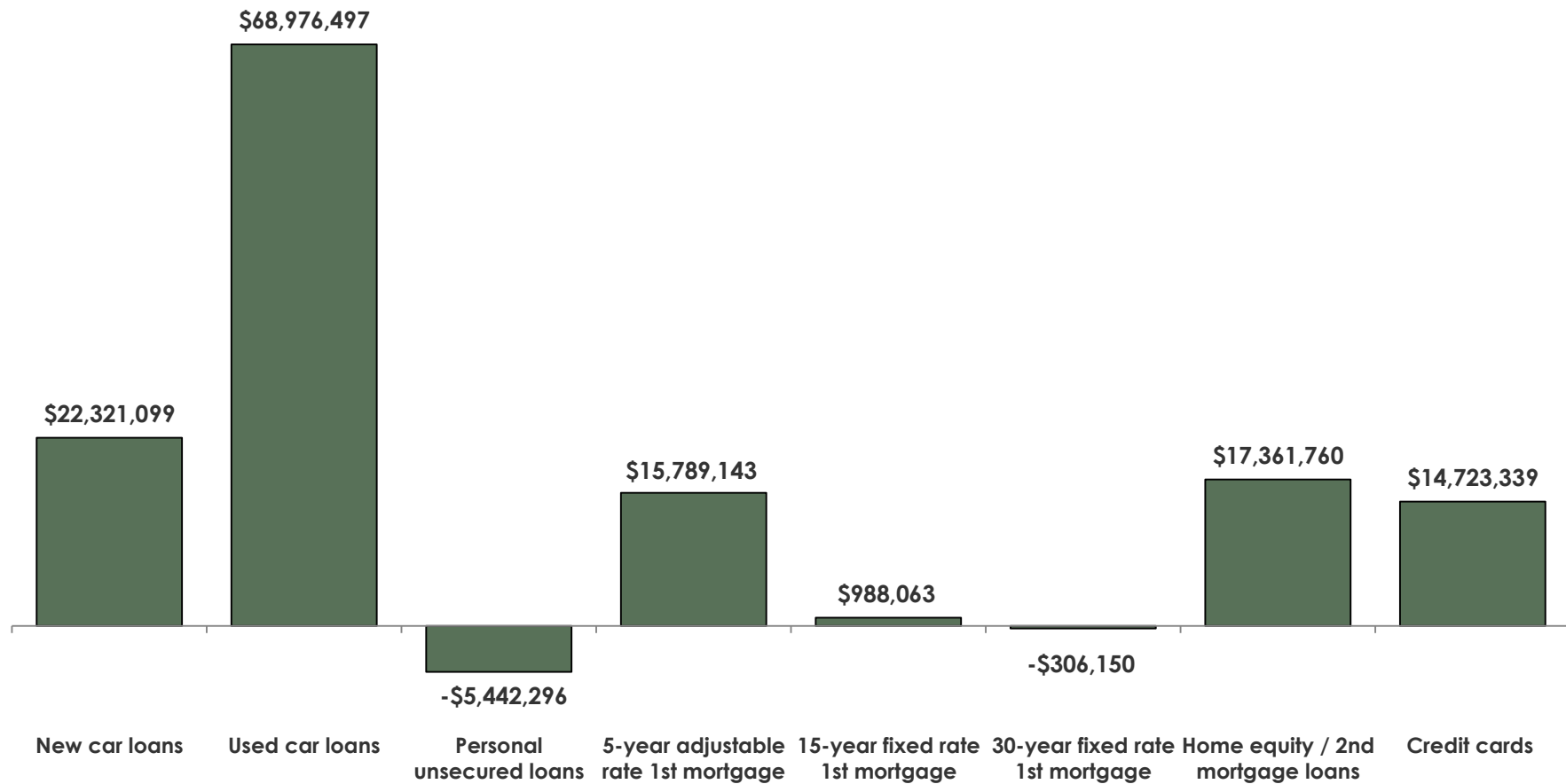
Minnesota Credit Union and Banking Institution June 2020 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.39	4.96	-1.57
48-month used car (A paper)	3.46	5.15	-1.69
Unsecured loan (A paper)	9.85	8.89	0.97
5-year adjustable rate 1st mortgage, 0 pts	3.21	3.60	-0.39
15-year fixed rate 1st mortgage, 0 pts	3.10	3.15	-0.05
30-year fixed rate 1st mortgage, 0 pts	3.53	3.52	0.01
Home equity / 2nd mtg, 80% LTV 0 pts	4.07	4.98	-0.91
Credit card - rewards	10.00	12.05	-2.05
Credit card - platinum	11.38	13.58	-2.20
Savings Products			
Regular savings, \$1,000 balance	0.15	0.10	0.05
Share draft checking, \$5,000 balance	0.13	0.09	0.04
Money market accounts	0.21	0.13	0.08
1 Year certificate \$10,000 balance	0.72	0.53	0.19
Retirement (IRA) accounts	0.47	0.33	0.13
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

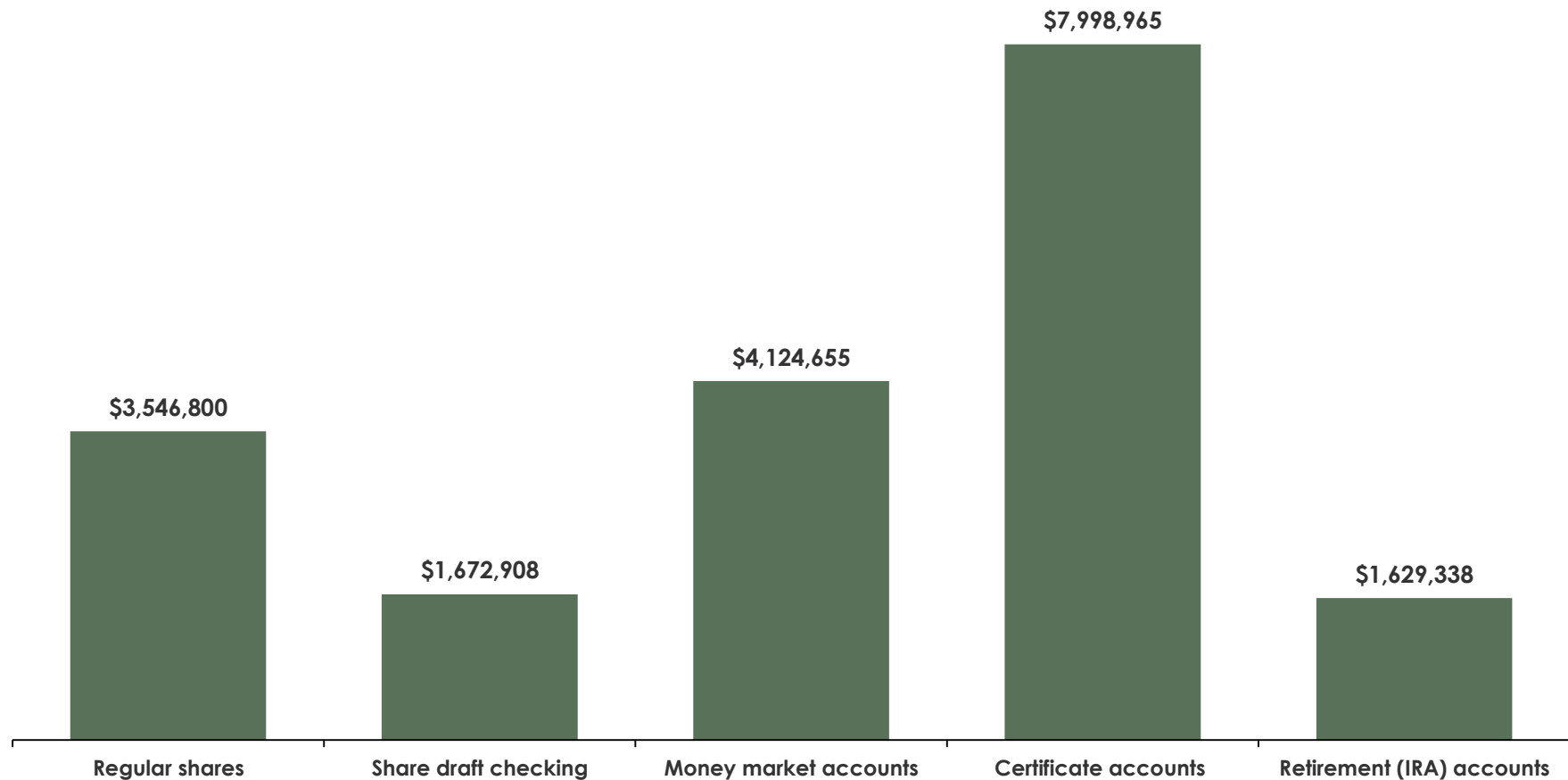
Estimated Credit Union Loan Benefits

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 Minnesota Credit Unions June 2020

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Minnesota Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,420,821,075	-1.57	\$22,321,099
Used car loans	4,083,865,995	-1.69	\$68,976,497
Personal unsecured loans	562,802,053	0.97	-\$5,442,296
5-year adjustable rate 1st mortgage	4,007,396,617	-0.39	\$15,789,143
15-year fixed rate 1st mortgage	1,976,125,086	-0.05	\$988,063
30-year fixed rate 1st mortgage	2,355,003,821	0.01	-\$306,150
Home equity / 2nd mortgage loans	1,912,088,099	-0.91	\$17,361,760
Credit cards	705,647,698	-2.05	\$14,723,339
Interest rebates			\$145,814
Total CU member benefits arising from lower interest rates on loan products:			\$134,557,268
Savings			
Regular shares	7,881,777,453	0.05	\$3,546,800
Share draft checking	4,182,270,552	0.04	\$1,672,908
Money market accounts	5,427,177,638	0.08	\$4,124,655
Certificate accounts	4,144,541,257	0.19	\$7,998,965
Retirement (IRA) accounts	1,211,403,434	0.13	\$1,629,338
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$18,972,665
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$18,923,906
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$172,453,840
Total CU member benefit / member:			\$92
Total CU member benefit / member household:			\$193

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

Minnesota Credit Union Performance Profile

Demographic Information	Jun 20	Jun 19
Number of branches	394	396
Total assets (\$ mil)	29,105	24,822
Total loans (\$ mil)	20,155	18,139
Total surplus funds (\$ mil)	7,551	5,437
Total savings (\$ mil)	25,232	21,168
Total members (thousands)	1,910	1,847
Growth Rates (Trailing 12 months) *		
Total assets	17.6 %	8.1 %
Total loans	11.4 %	10.2 %
Total surplus funds	39.8 %	1.6 %
Total savings	19.6 %	6.8 %
Total members	4.0 %	6.0 %
Earnings - Basis Pts. *		
Yield on total assets	353	386
Dividend / interest cost of assets	66	64
Fee & other income	135	128
Operating expense	306	326
Loss Provisions	42	21
Net Income (ROA) after stabilization exp	75	103
Capital Adequacy		
Net worth / assets	10.8	11.7
Asset Quality *		
Delinquencies / loans	0.4	0.4
Net chargeoffs / average loans	0.2	0.3
Total borrower-bankruptcies	11	13
Bankruptcies per 1000 members	0.6	0.7
Asset/Liability Management		
Loans / savings	79.9	85.7
Loans / assets	69.2	73.1
Long-term assets / assets	39.8	37.9
Core deposits/shares & borrowings	52.8	51.1
Productivity		
Members / potential members	2.7	3.3
Borrowers / members	61.8	63.5
Members / FTE	372	360
Average shares / members (\$)	13,211	11,460
Average loan balances (\$)	17,069	15,453
Salary & Benefits / FTE	86,267	79,807

* 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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