

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 \$171,101,429 in direct financial benefits to the state's 1,899,911 members during the twelve months ending September 2020.

These benefits are equivalent to \$90 per member or \$189 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 \$190 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.

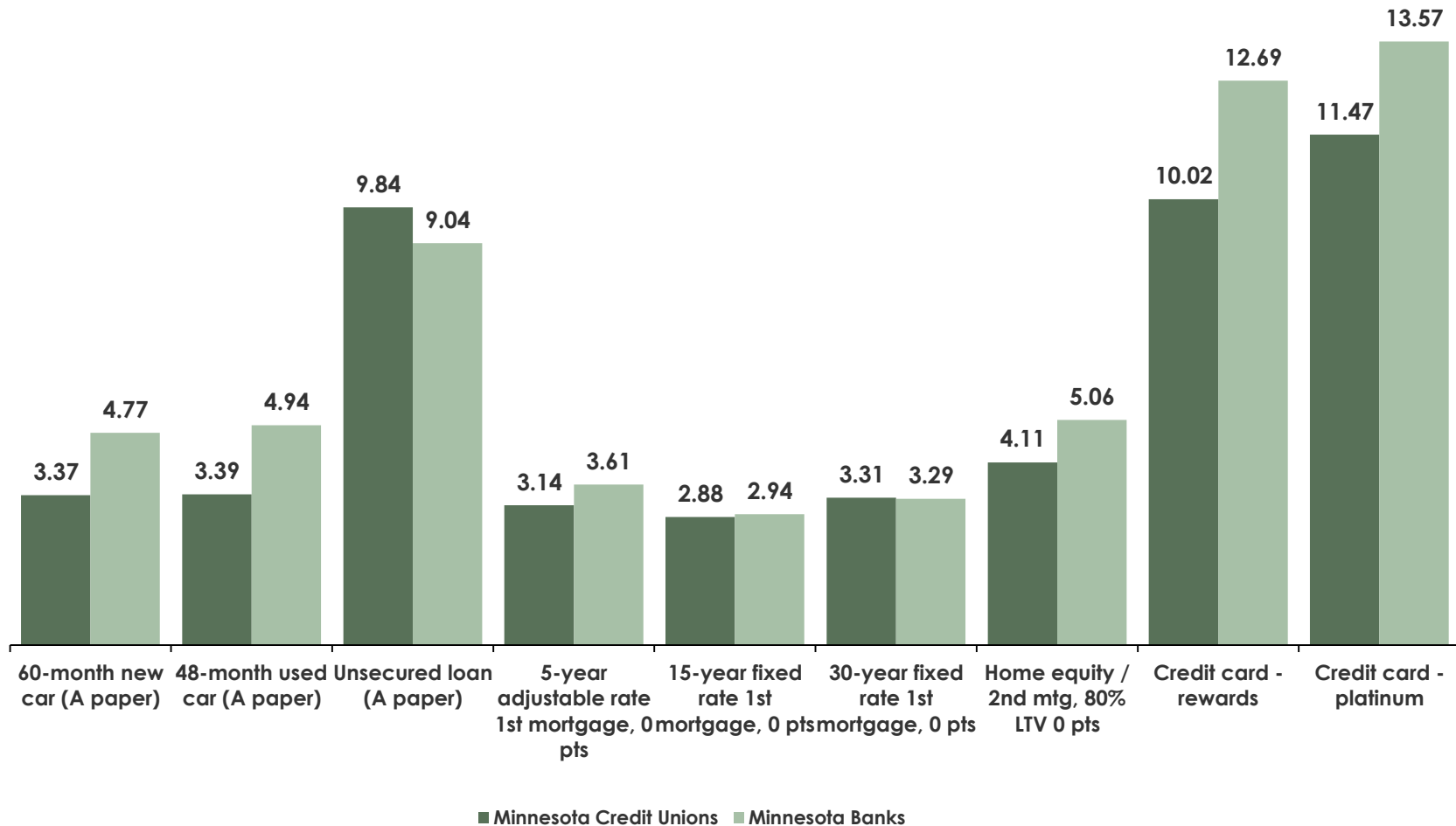
Minnesota credit unions excel in providing member benefits on many loan and savings products. In particular, Minnesota credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit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



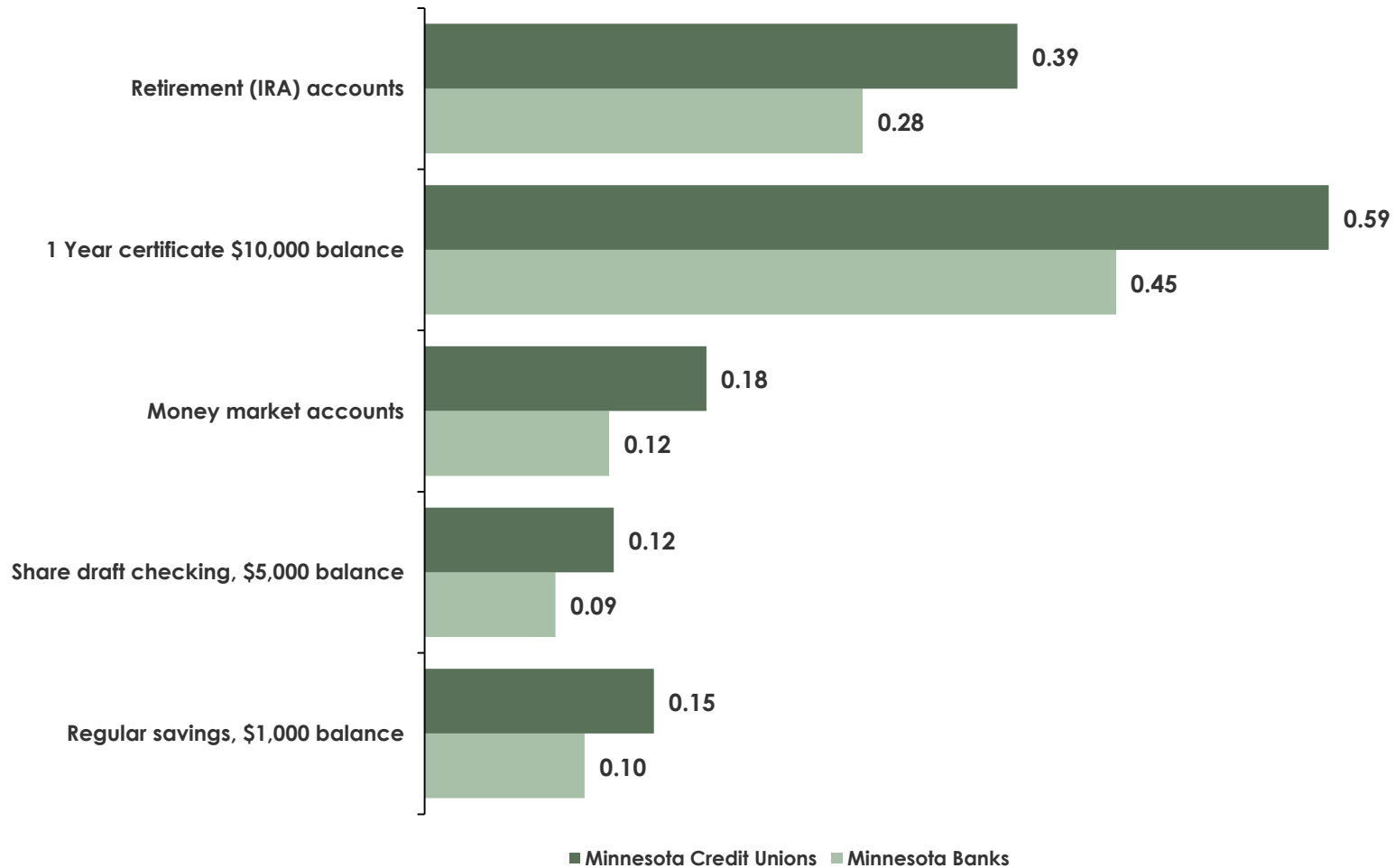
Loan Product Comparative Interest Rates (%)

by Loan Type



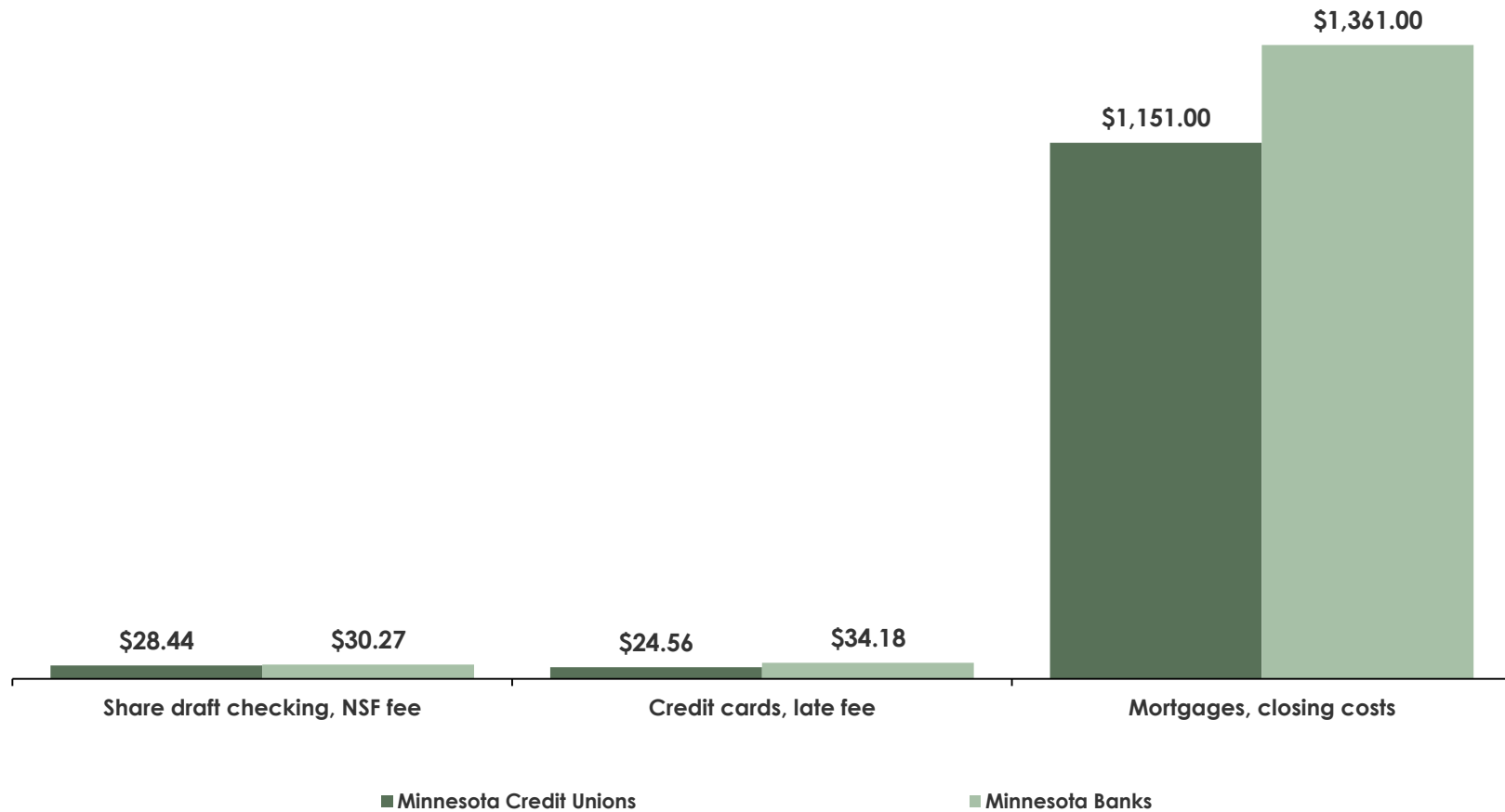
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



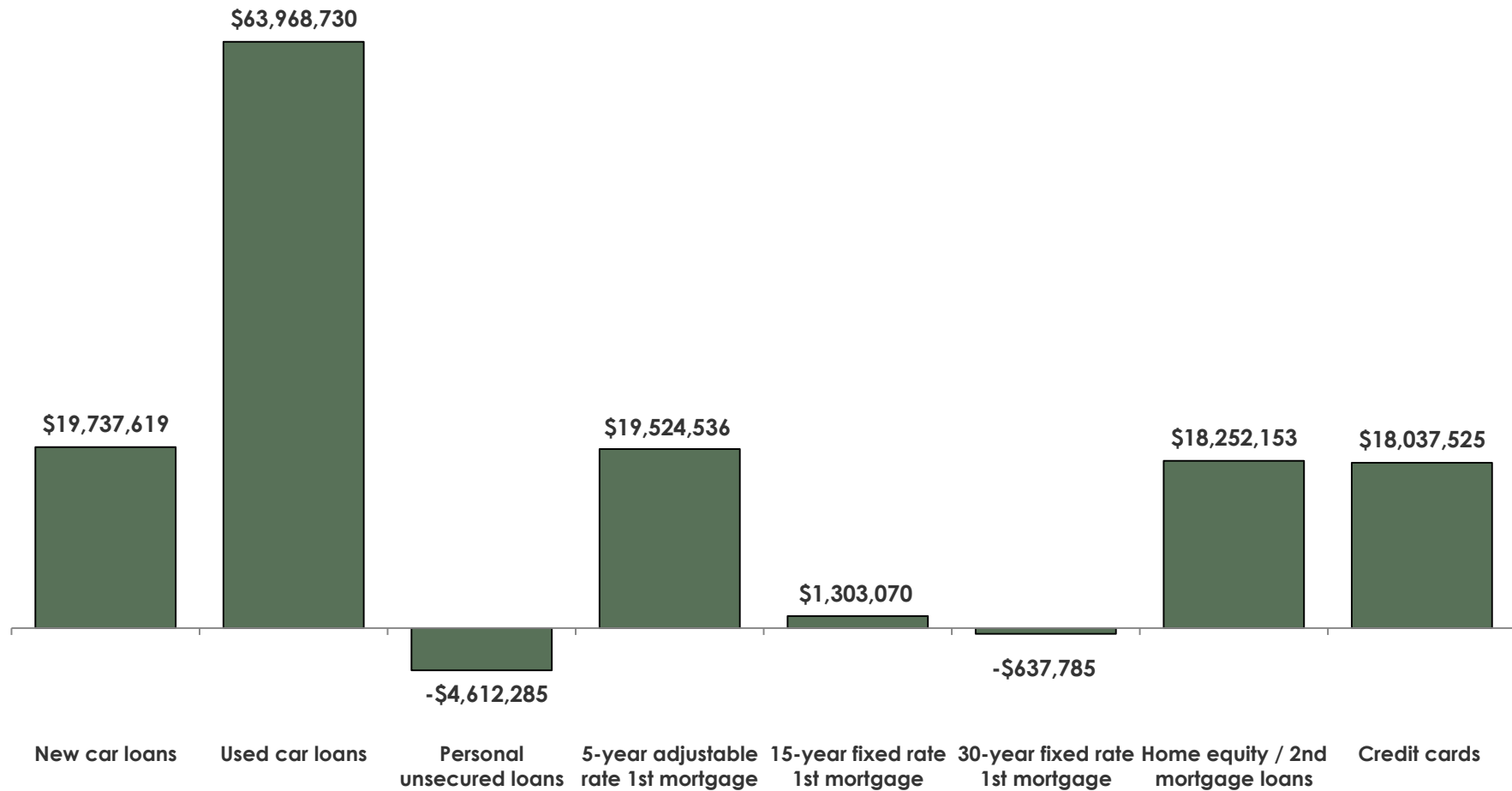
Minnesota Credit Union and Banking Institution September 2020 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.37	4.77	-1.40
48-month used car (A paper)	3.39	4.94	-1.56
Unsecured loan (A paper)	9.84	9.04	0.80
5-year adjustable rate 1st mortgage, 0 pts	3.14	3.61	-0.47
15-year fixed rate 1st mortgage, 0 pts	2.88	2.94	-0.06
30-year fixed rate 1st mortgage, 0 pts	3.31	3.29	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.11	5.06	-0.95
Credit card - rewards	10.02	12.69	-2.67
Credit card - platinum	11.47	13.57	-2.10
Savings Products			
Regular savings, \$1,000 balance	0.15	0.10	0.05
Share draft checking, \$5,000 balance	0.12	0.09	0.04
Money market accounts	0.18	0.12	0.06
1 Year certificate \$10,000 balance	0.59	0.45	0.14
Retirement (IRA) accounts	0.39	0.28	0.10
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

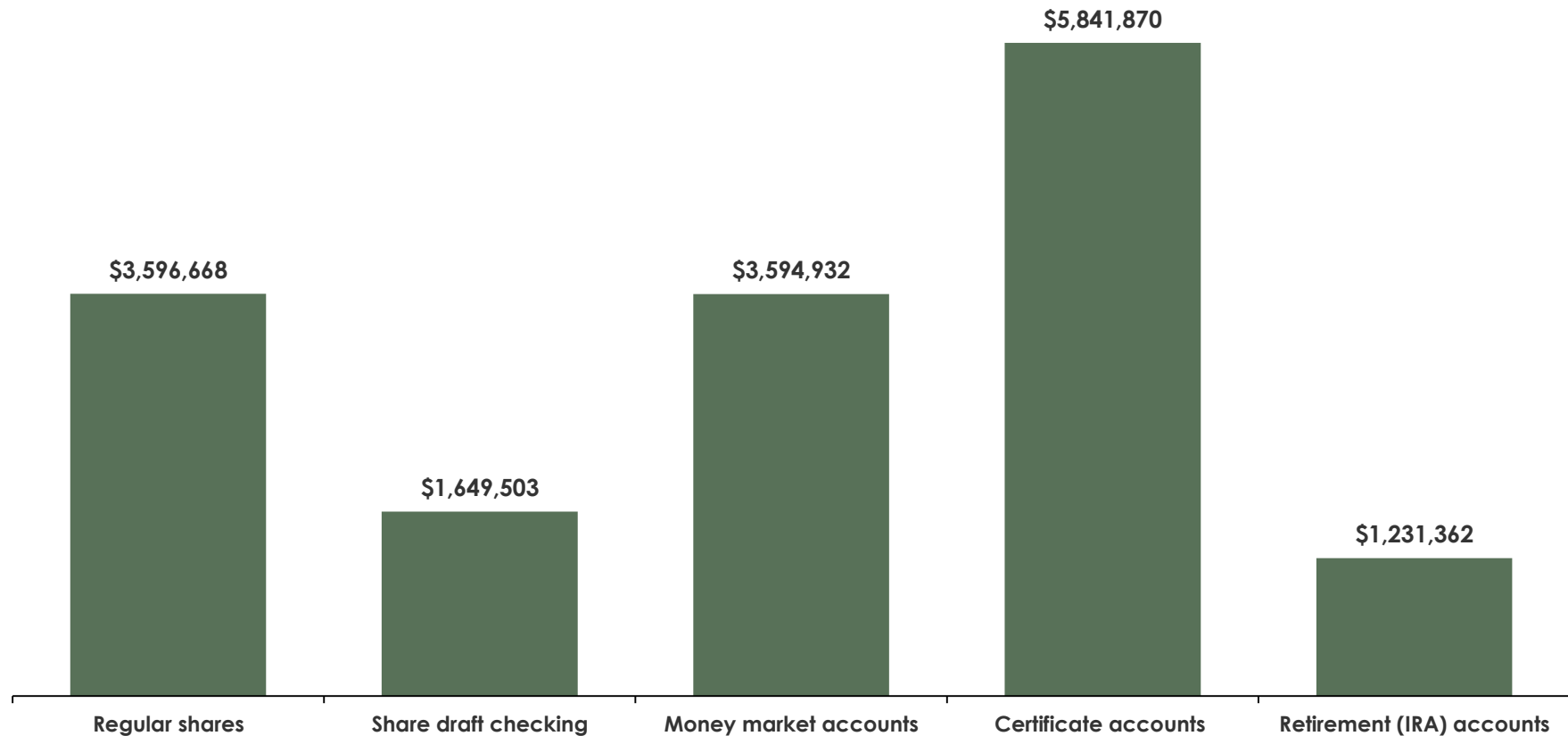
Estimated Credit Union Loan Benefits

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 September 2020

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Minnesota Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,405,813,287	-1.40	\$19,737,619
Used car loans	4,113,744,678	-1.56	\$63,968,730
Personal unsecured loans	574,381,748	0.80	-\$4,612,285
5-year adjustable rate 1st mortgage	4,171,909,379	-0.47	\$19,524,536
15-year fixed rate 1st mortgage	2,068,365,698	-0.06	\$1,303,070
30-year fixed rate 1st mortgage	2,551,140,792	0.02	-\$637,785
Home equity / 2nd mortgage loans	1,913,223,601	-0.95	\$18,252,153
Credit cards	714,216,003	-2.67	\$18,037,525
Interest rebates			\$150,500
Total CU member benefits arising from lower interest rates on loan products:			\$135,724,062
Savings			
Regular shares	7,992,595,314	0.05	\$3,596,668
Share draft checking	4,340,796,391	0.04	\$1,649,503
Money market accounts	5,706,241,435	0.06	\$3,594,932
Certificate accounts	4,233,238,848	0.14	\$5,841,870
Retirement (IRA) accounts	1,225,235,756	0.10	\$1,231,362
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$15,914,334
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$19,463,033
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$171,101,429
Total CU member benefit / member:			\$90
Total CU member benefit / member household:			\$189

Source: Datatrac, NCUA, and CUNA

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

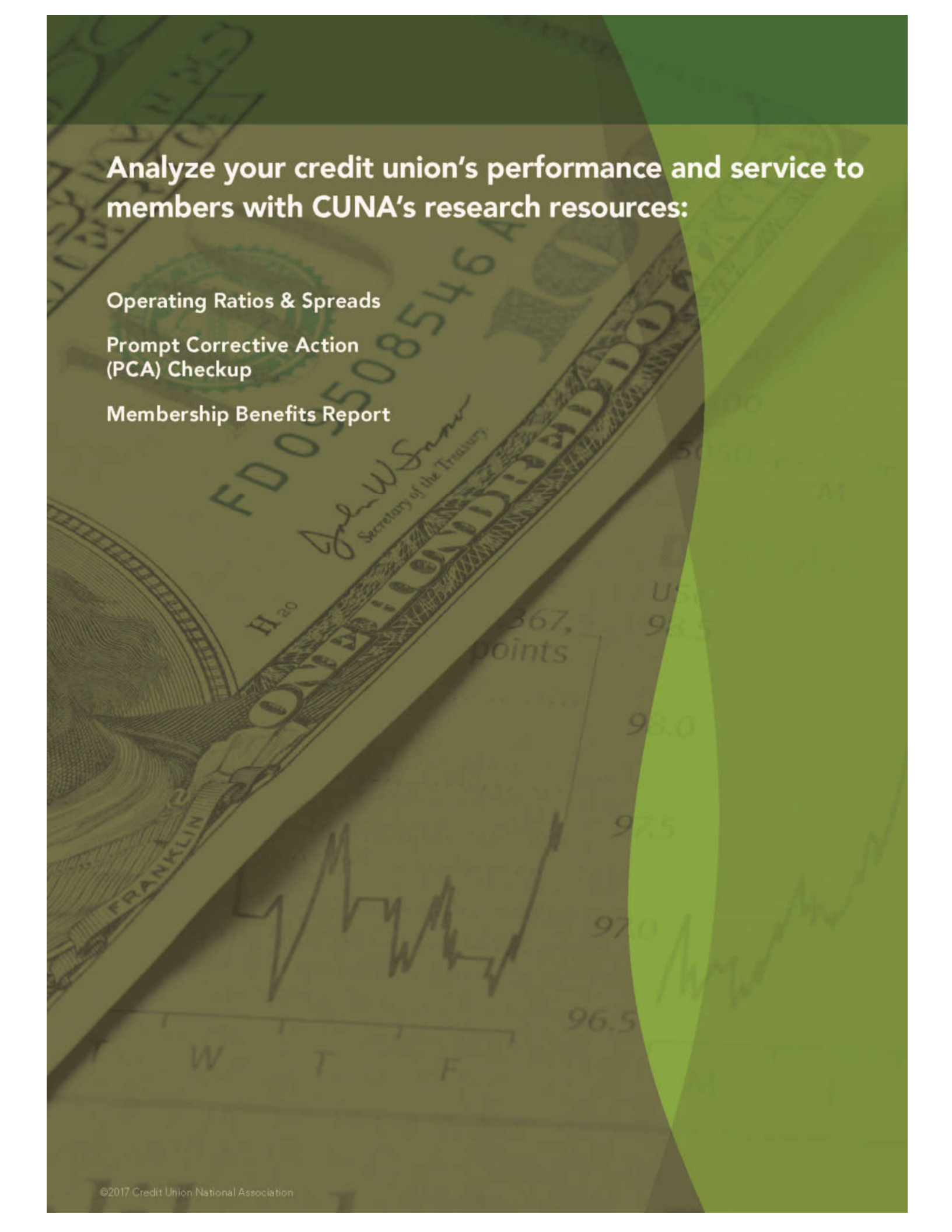
Membership Benefits Report

CUNA Economics and Statistics

Minnesota Credit Union Performance Profile

Demographic Information	Sep 20	Sep 19
Number of branches	393	396
Total assets (\$ mil)	29,976	25,367
Total loans (\$ mil)	20,494	18,850
Total surplus funds (\$ mil)	8,084	5,235
Total savings (\$ mil)	26,079	21,604
Total members (thousands)	1,933	1,873
Growth Rates (Trailing 12 months) *		
Total assets	18.5 %	8.7 %
Total loans	8.9 %	11.2 %
Total surplus funds	55.4 %	0.1 %
Total savings	21.0 %	7.9 %
Total members	3.5 %	6.6 %
Earnings - Basis Pts. *		
Yield on total assets	348	387
Dividend / interest cost of assets	63	66
Fee & other income	147	132
Operating expense	305	326
Loss Provisions	35	21
Net Income (ROA) after stabilization exp	92	107
Capital Adequacy		
Net worth / assets	10.7	11.7
Asset Quality *		
Delinquencies / loans	0.4	0.4
Net chargeoffs / average loans	0.2	0.3
Total borrower-bankruptcies	14	19
Bankruptcies per 1000 members	0.7	1.0
Asset/Liability Management		
Loans / savings	78.6	87.2
Loans / assets	68.4	74.3
Long-term assets / assets	40.7	39.1
Core deposits/shares & borrowings	52.8	50.4
Productivity		
Members / potential members	2.8	3.2
Borrowers / members	62.4	63.6
Members / FTE	377	370
Average shares / members (\$)	13,493	11,534
Average loan balances (\$)	16,980	15,826
Salary & Benefits / FTE	87,788	81,399

* 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