

The Benefits of Membership

Customized Analysis of Member Benefits For:

Montana

December 2011

Prepared by:

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Montana

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high saving rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Montana credit unions provided \$20,843,739 in direct financial benefits to the state's 389,816 members during the twelve months ending December 2011.

These benefits are equivalent to \$53 per member or \$102 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 Montana 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 Montana credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Montana credit union will save members an average \$201 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.

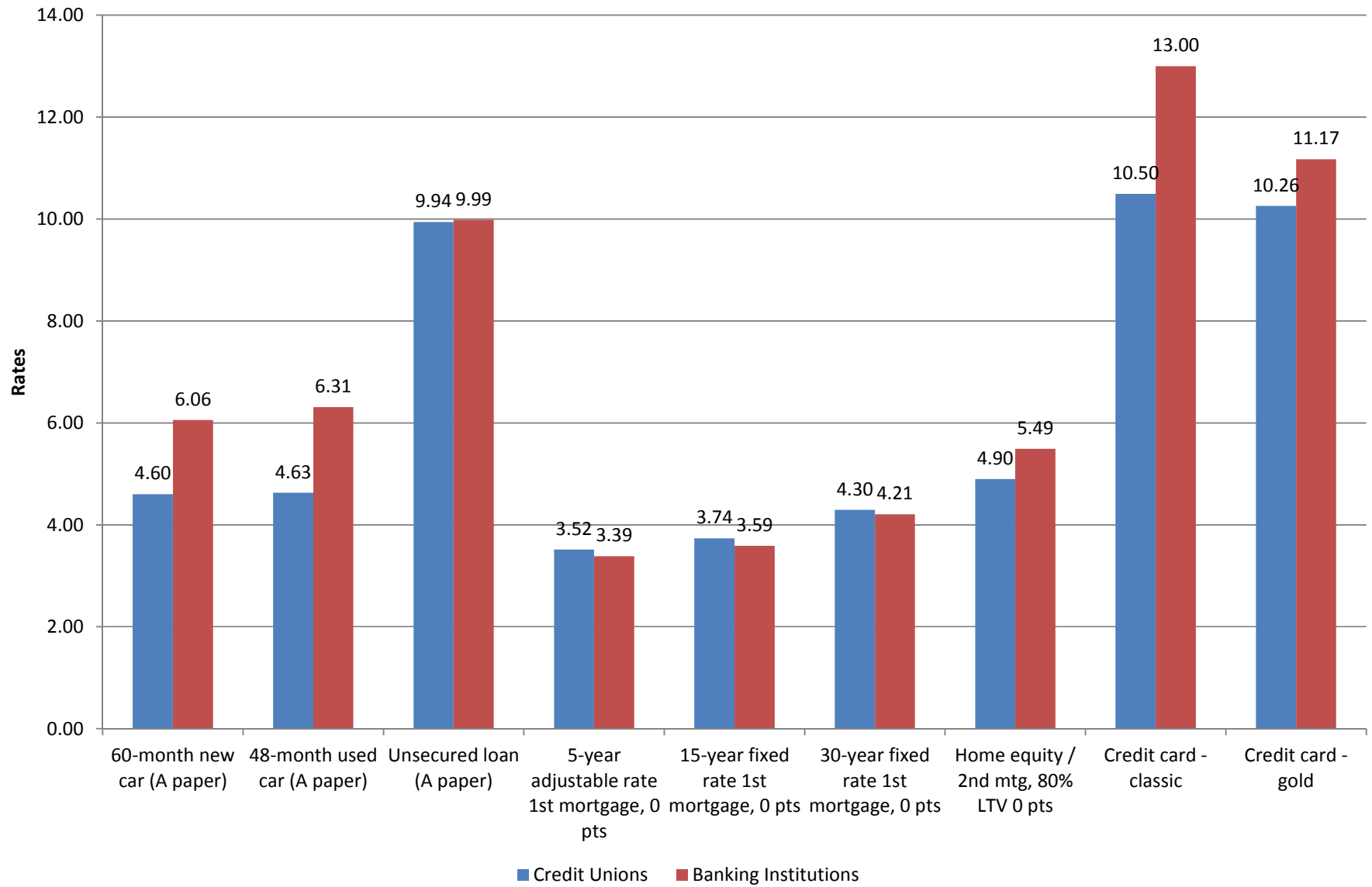
Montana credit unions excel in providing member benefits on many loan and saving products. In particular, Montana credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

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

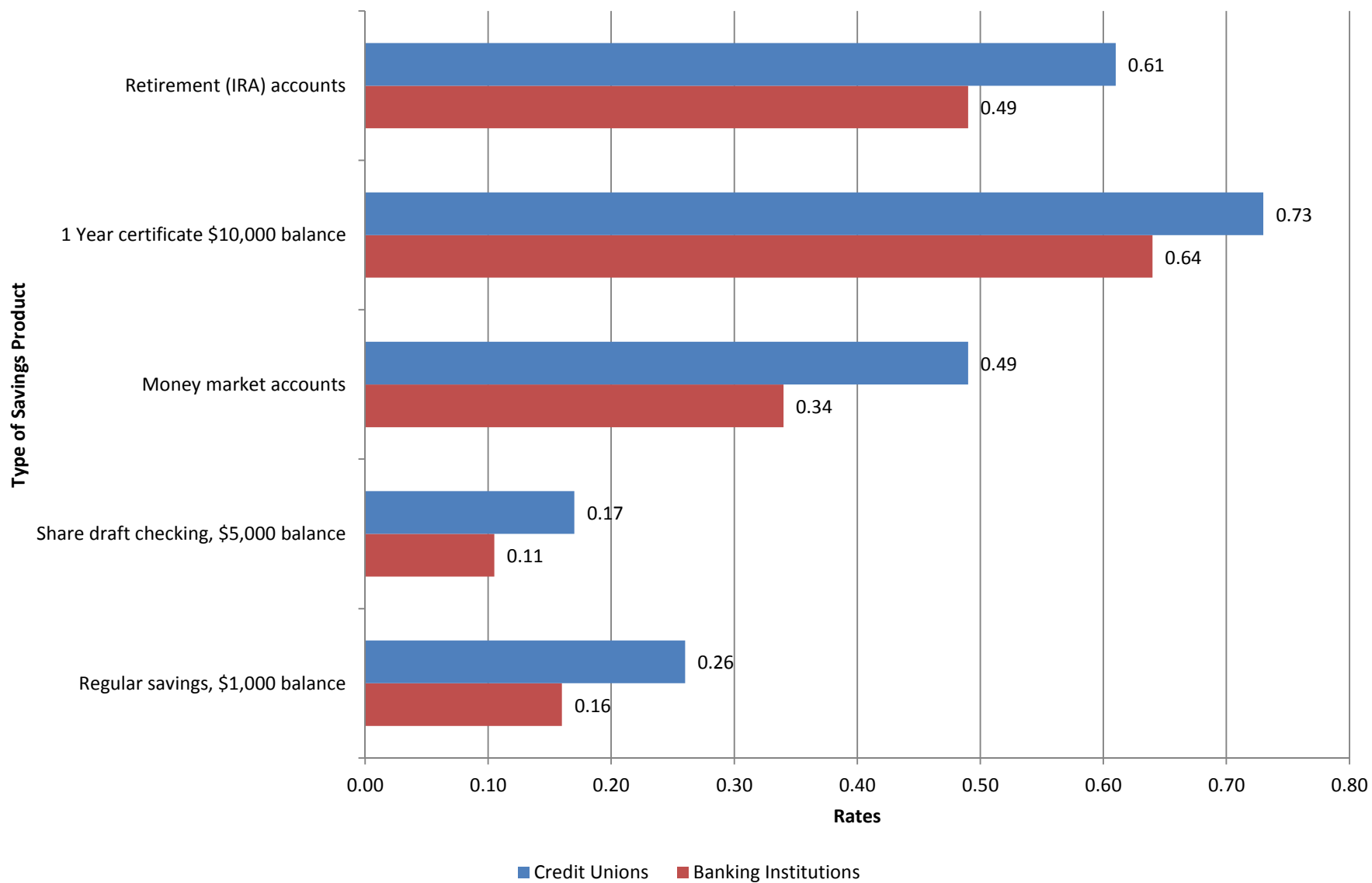


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



Recent Comparative Interest Rates for Savings Products Credit Unions vs. Banking Institutions



Selected December 2011 Fees Credit Unions vs Banking Institutions

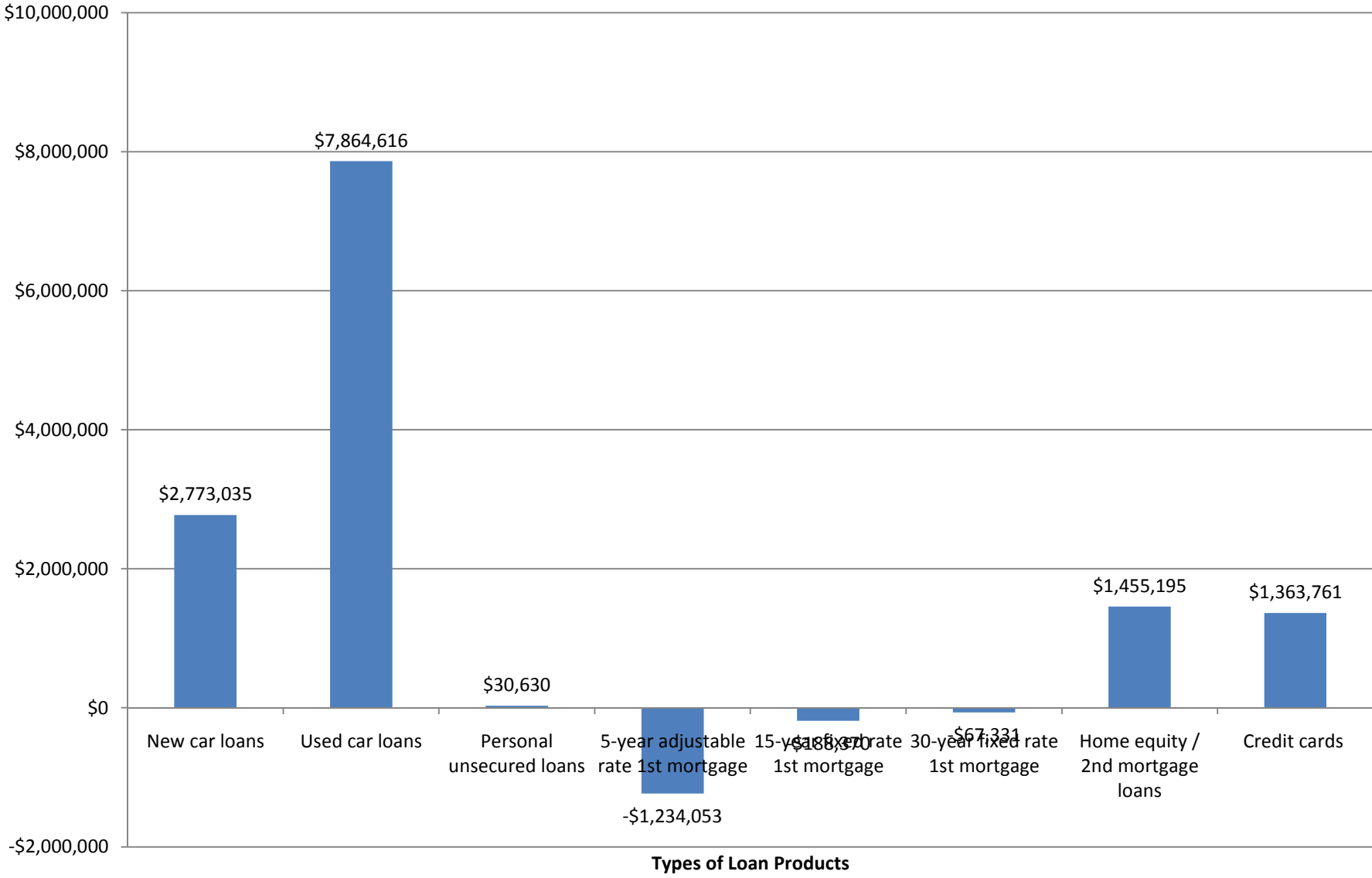


Montana
Credit Union and Banking Instituion
Year-end 2011 Average Interest Rates and Fees

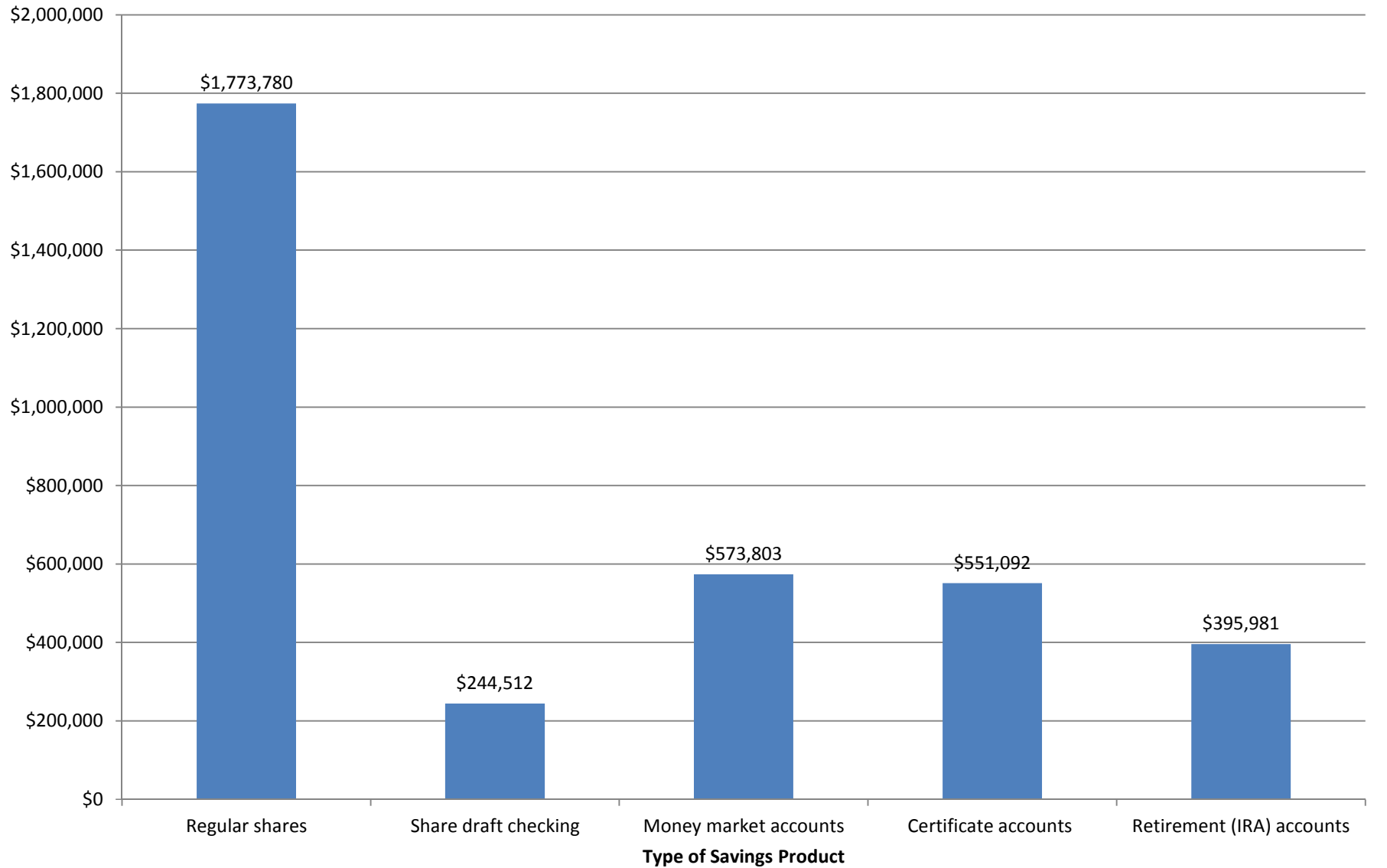
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	4.60	6.06	-1.46
48-month used car (A paper)	4.63	6.31	-1.68
Unsecured loan (A paper)	9.94	9.99	-0.04
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.39	0.13
15-year fixed rate 1st mortgage, 0 pts	3.74	3.59	0.15
30-year fixed rate 1st mortgage, 0 pts	4.30	4.21	0.09
Home equity / 2nd mtg, 80% LTV 0 pts	4.90	5.49	-0.59
Credit card - classic	10.50	13.00	-2.50
Credit card - gold	10.26	11.17	-0.92
Savings Products			
Regular savings, \$1,000 balance	0.26	0.16	0.10
Share draft checking, \$5,000 balance	0.17	0.11	0.07
Money market accounts	0.49	0.34	0.15
1 Year certificate \$10,000 balance	0.73	0.64	0.09
Retirement (IRA) accounts	0.61	0.49	0.12
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$20.00	\$35.00	-\$15.00
Mortgages, closing costs	\$2,280.00	\$2,309.00	-\$29.00

Source: Datatrac

Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Estimated Montana Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Montana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	190,586,590	-1.46	\$2,773,035
Used car loans	468,131,880	-1.68	\$7,864,616
Personal unsecured loans	68,067,175	-0.04	\$30,630
5-year adjustable rate 1st mortgage	949,271,380	0.13	-\$1,234,053
15-year fixed rate 1st mortgage	129,910,204	0.15	-\$188,370
30-year fixed rate 1st mortgage	74,812,046	0.09	-\$67,331
Home equity / 2nd mortgage loans	246,643,290	-0.59	\$1,455,195
Credit cards	64,825,245	-2.50	\$1,363,761
Interest rebates in period			\$51
Total CU member benefits arising from lower interest rates on loan products:			\$11,997,535
 <u>Savings</u>			
Regular shares	1,773,779,827	0.10	\$1,773,780
Share draft checking	376,172,872	0.07	\$244,512
Money market accounts	382,535,145	0.15	\$573,803
Certificate accounts	612,324,882	0.09	\$551,092
Retirement (IRA) accounts	329,983,788	0.12	\$395,981
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$3,539,168
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$5,307,036
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$20,843,739
Total CU member benefit / member:			\$53
Total CU member benefit / member household:			\$102

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2011 and September 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Montana
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	123	124
Total assets (\$ mil)	4,049	3,896
Total loans (\$ mil)	2,392	2,458
Total surplus funds (\$ mil)	1,475	1,256
Total savings (\$ mil)	3,568	3,436
Total members (thousands)	392	388
Growth Rates (Trailing 12 months) *		
Total assets	3.9 %	3.8 %
Total loans	-2.7 %	-2.7 %
Total surplus funds	17.4 %	18.9 %
Total savings	3.8 %	5.7 %
Total members	1.1 %	0.2 %
Earnings - Basis Pts. *		
Yield on total assets	397	434
Dividend/interest cost of assets	77	117
Fee & other income	75	88
Operating expense	292	295
Loss Provisions	57	65
Net Income (ROA) after stabilization exp	47	45
Capital adequacy		
Net worth / assets	10.4	10.4
Asset quality *		
Delinquencies / loans	3.2	4.5
Net chargeoffs / average loans	0.7	0.8
Total borrower-bankruptcies	9	11
Bankruptcies per 1000 members	1.2	1.6
Asset/Liability Management		
Loans / savings	67.0	71.5
Loans / assets	59.1	63.1
Long-term assets / assets	32.4	30.7
Core deposits/shares & borrowings	62.4	60.0
Productivity		
Members/potential members	14.0	14.0
Borrowers/members	43.1	43.4
Members/FTE	342	340
Average shares/members (\$)	9,102	8,866
Average loan balances (\$)	14,147	14,606
Salary & Benefits/FTE	49,896	48,417

* 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.