

CUNA Montana
**MEMBERSHIP BENEFITS
REPORT**



Montana

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 Montana credit unions provided \$21,657,962 in direct financial benefits to the state's 382,727 members during the twelve months ending June 2017.

These benefits are equivalent to \$57 per member or \$108 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 \$208 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.

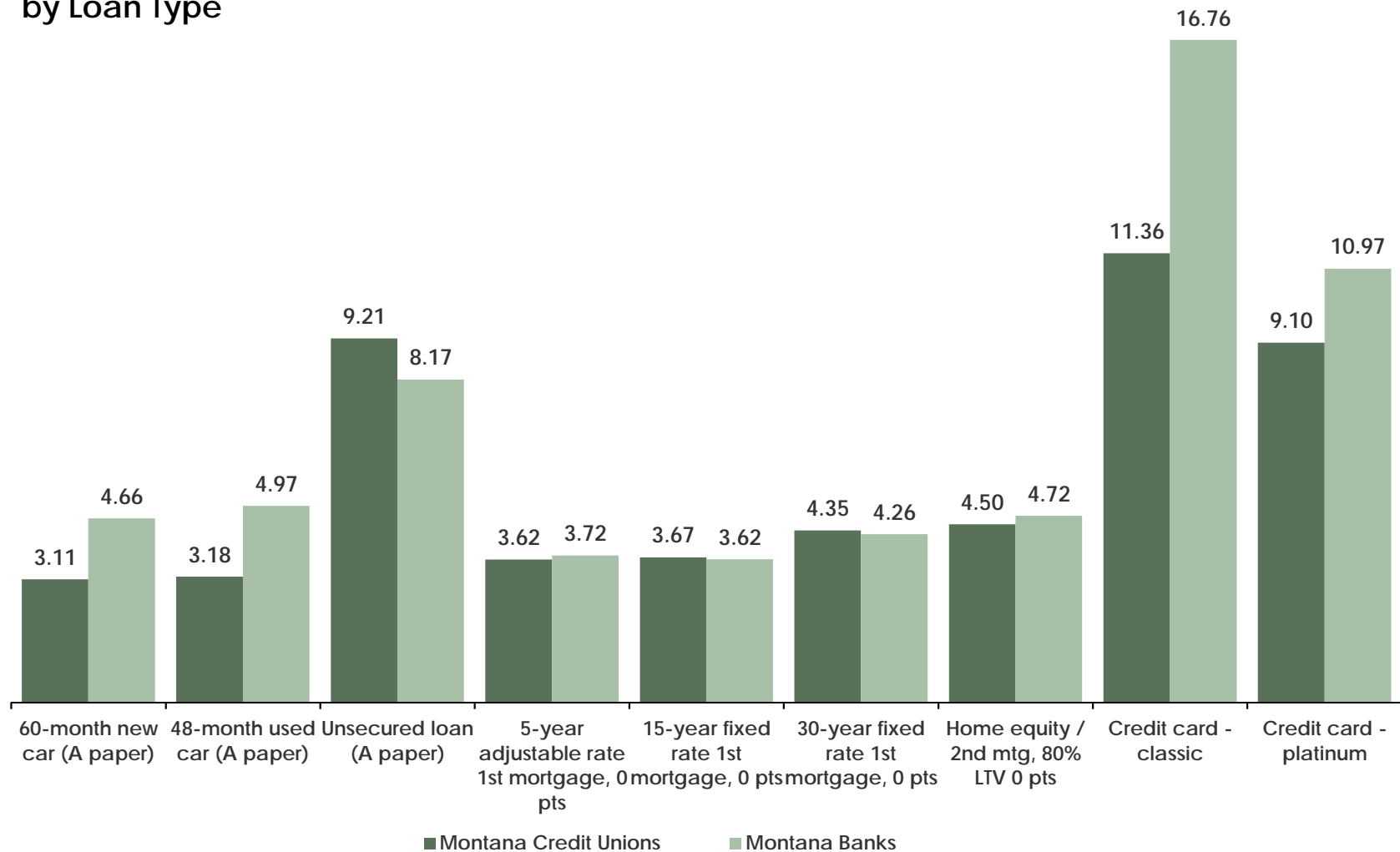
Montana credit unions excel in providing member benefits on many loan and savings products. In particular, Montana credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-adjustable rate, home equity loans, **credit cards loans**.

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



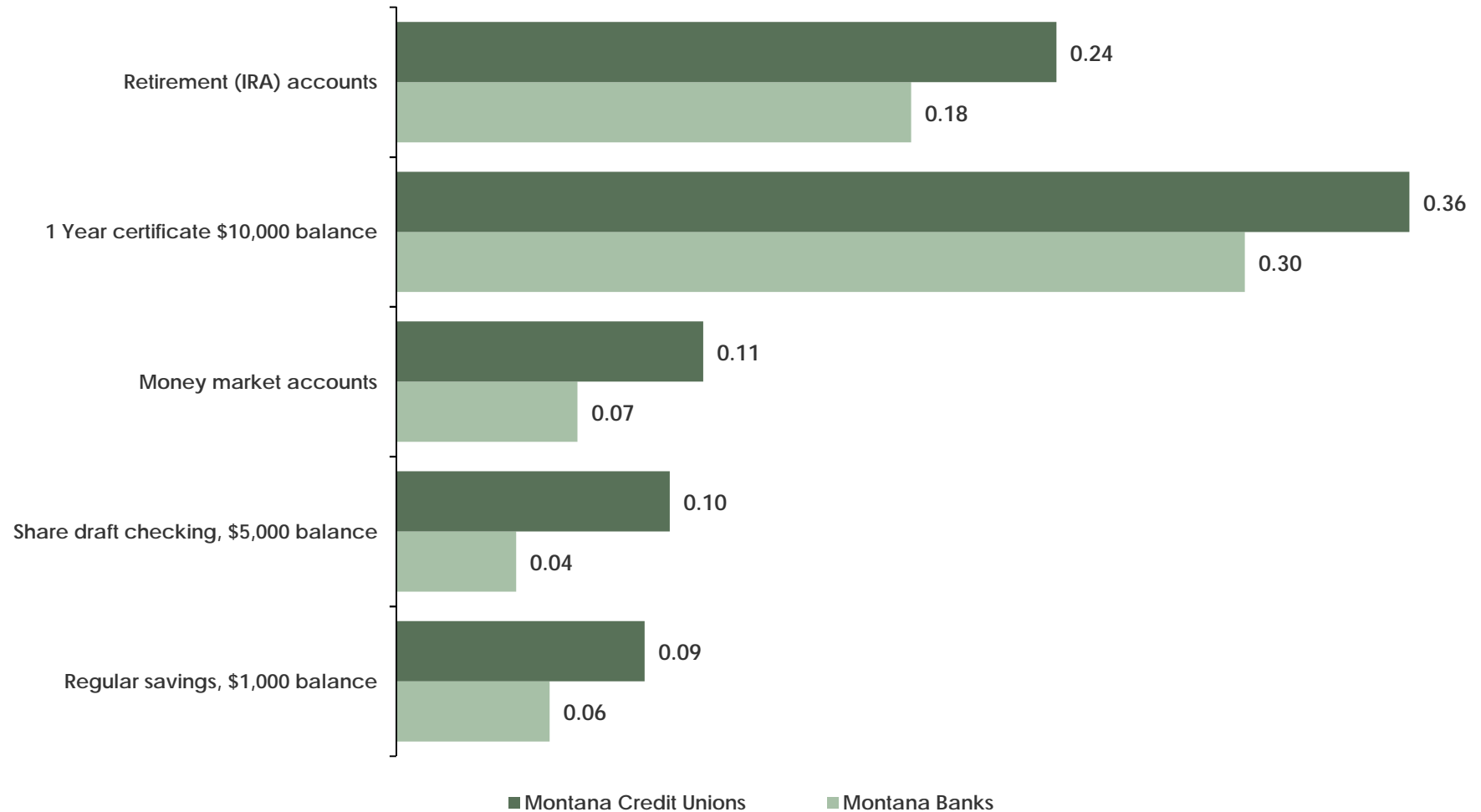
Loan Product Comparative Interest Rates (%)

by Loan Type



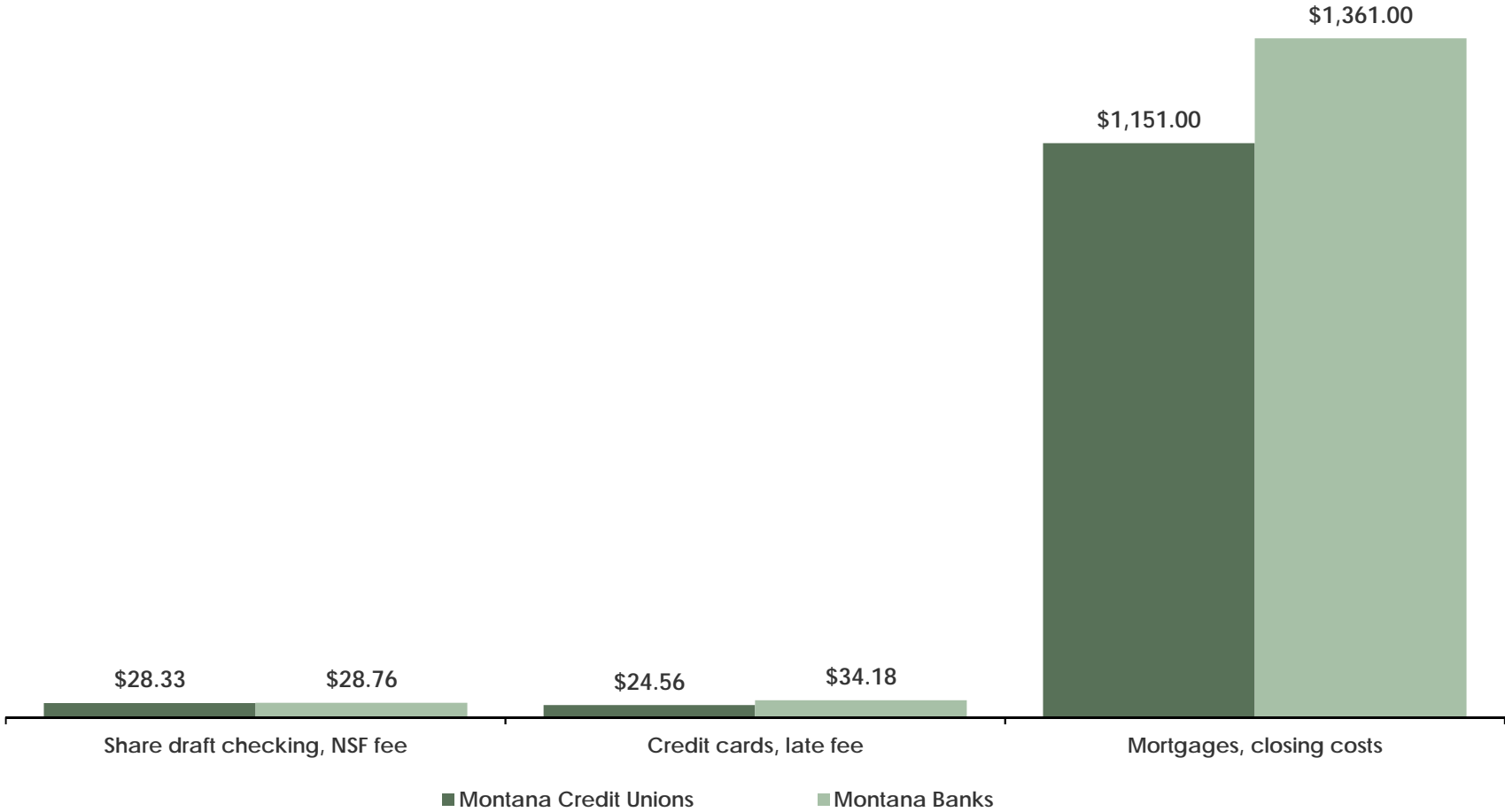
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



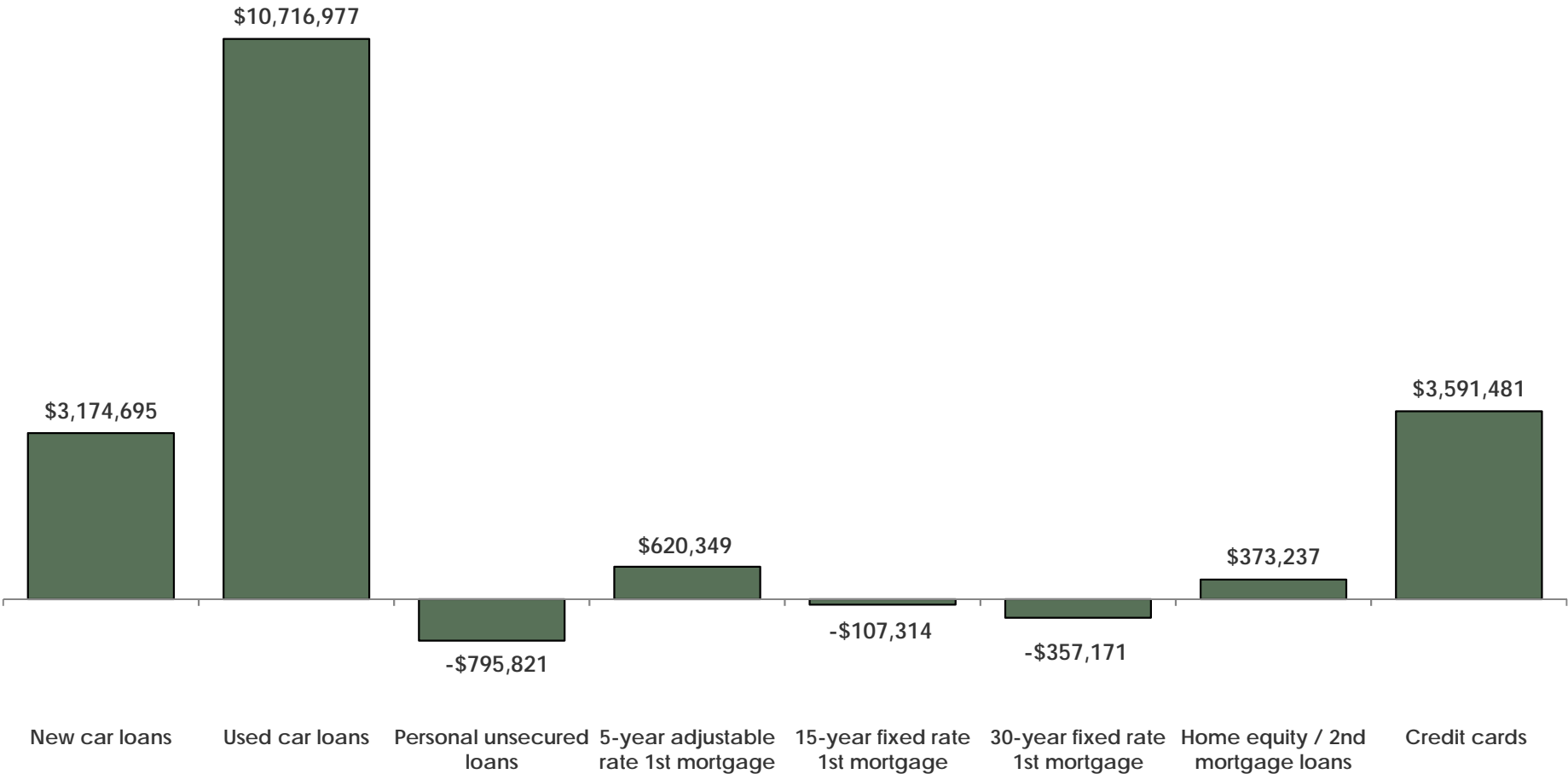
Montana Credit Union and Banking Institution June 2017 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.11	4.66	-1.54
48-month used car (A paper)	3.18	4.97	-1.79
Unsecured loan (A paper)	9.21	8.17	1.04
5-year adjustable rate 1st mortgage, 0 pts	3.62	3.72	-0.10
15-year fixed rate 1st mortgage, 0 pts	3.67	3.62	0.05
30-year fixed rate 1st mortgage, 0 pts	4.35	4.26	0.09
Home equity / 2nd mtg, 80% LTV 0 pts	4.50	4.72	-0.22
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	0.09	0.06	0.03
Share draft checking, \$5,000 balance	0.10	0.04	0.06
Money market accounts	0.11	0.07	0.05
1 Year certificate \$10,000 balance	0.36	0.30	0.06
Retirement (IRA) accounts	0.24	0.18	0.05
Fee Income			
Share draft checking, NSF fee	\$28.33	\$28.76	-\$0.42
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

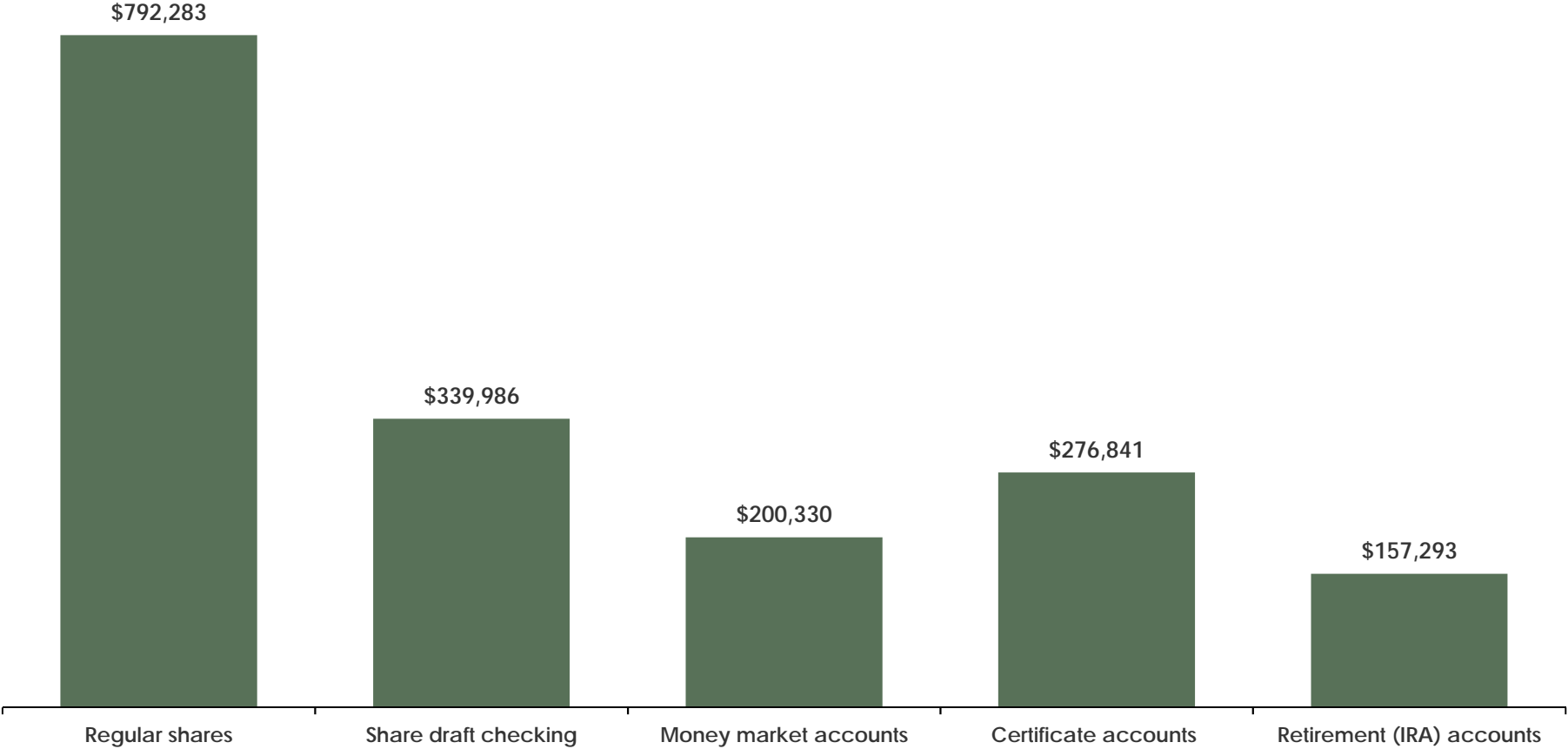
State Credit Union's Total Loan Rate Benefits

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 Montana Credit Unions June 2017

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Montana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	206,015,241	-1.54	\$3,174,695
Used car loans	599,048,485	-1.79	\$10,716,977
Personal unsecured loans	76,742,633	1.04	-\$795,821
5-year adjustable rate 1st mortgage	620,348,674	-0.10	\$620,349
15-year fixed rate 1st mortgage	228,326,931	0.05	-\$107,314
30-year fixed rate 1st mortgage	384,054,477	0.09	-\$357,171
Home equity / 2nd mortgage loans	171,998,631	-0.22	\$373,237
Credit cards	79,501,521	-5.40	\$3,591,481
Interest rebates			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$17,216,434
Savings			
Regular shares	2,330,242,779	0.03	\$792,283
Share draft checking	618,156,943	0.06	\$339,986
Money market accounts	445,176,835	0.05	\$200,330
Certificate accounts	469,222,181	0.06	\$276,841
Retirement (IRA) accounts	302,486,065	0.05	\$157,293
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$1,766,732
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$2,674,796
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$21,657,962
Total CU member benefit / member:			\$57
Total CU member benefit / member household:			\$108

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

Montana Credit Union Performance Profile

Demographic Information	Jun 17	Jun 16
Number of branches	119	118
Total assets (\$ mil)	4,941	4,675
Total loans (\$ mil)	2,858	2,593
Total surplus funds (\$ mil)	1,840	1,869
Total savings (\$ mil)	4,315	4,086
Total members (thousands)	385	383
Growth Rates (Trailing 12 months) *		
Total assets	6.2 %	5.2 %
Total loans	10.7 %	6.8 %
Total surplus funds	-1.1 %	3.0 %
Total savings	6.1 %	5.2 %
Total members	1.0 %	2.0 %
Earnings - Basis Pts. *		
Yield on total assets	320	313
Dividend / interest cost of assets	43	38
Fee & other income	98	103
Operating expense	296	296
Loss Provisions	22	17
Net Income (ROA) after stabilization exp	57	66
Capital Adequacy		
Net worth / assets	11.4	11.5
Asset Quality *		
Delinquencies / loans	0.6	0.7
Net chargeoffs / average loans	0.4	0.2
Total borrower-bankruptcies	4	3
Bankruptcies per 1000 members	0.5	0.4
Asset/Liability Management		
Loans / savings	66.2	63.4
Loans / assets	57.8	55.5
Long-term assets / assets	37.2	34.6
Core deposits/shares & borrowings	70.7	69.3
Productivity		
Members / potential members	12.5	13.1
Borrowers / members	48.7	46.9
Members / FTE	306	317
Average shares / members (\$)	11,217	10,672
Average loan balances (\$)	15,262	14,427
Salary & Benefits / FTE	61,948	59,537

* 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.