

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 \$16,118,118 in direct financial benefits to the state's 392,002 members during the twelve months ending December 2018.

These benefits are equivalent to \$41 per member or \$86 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 \$166 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.

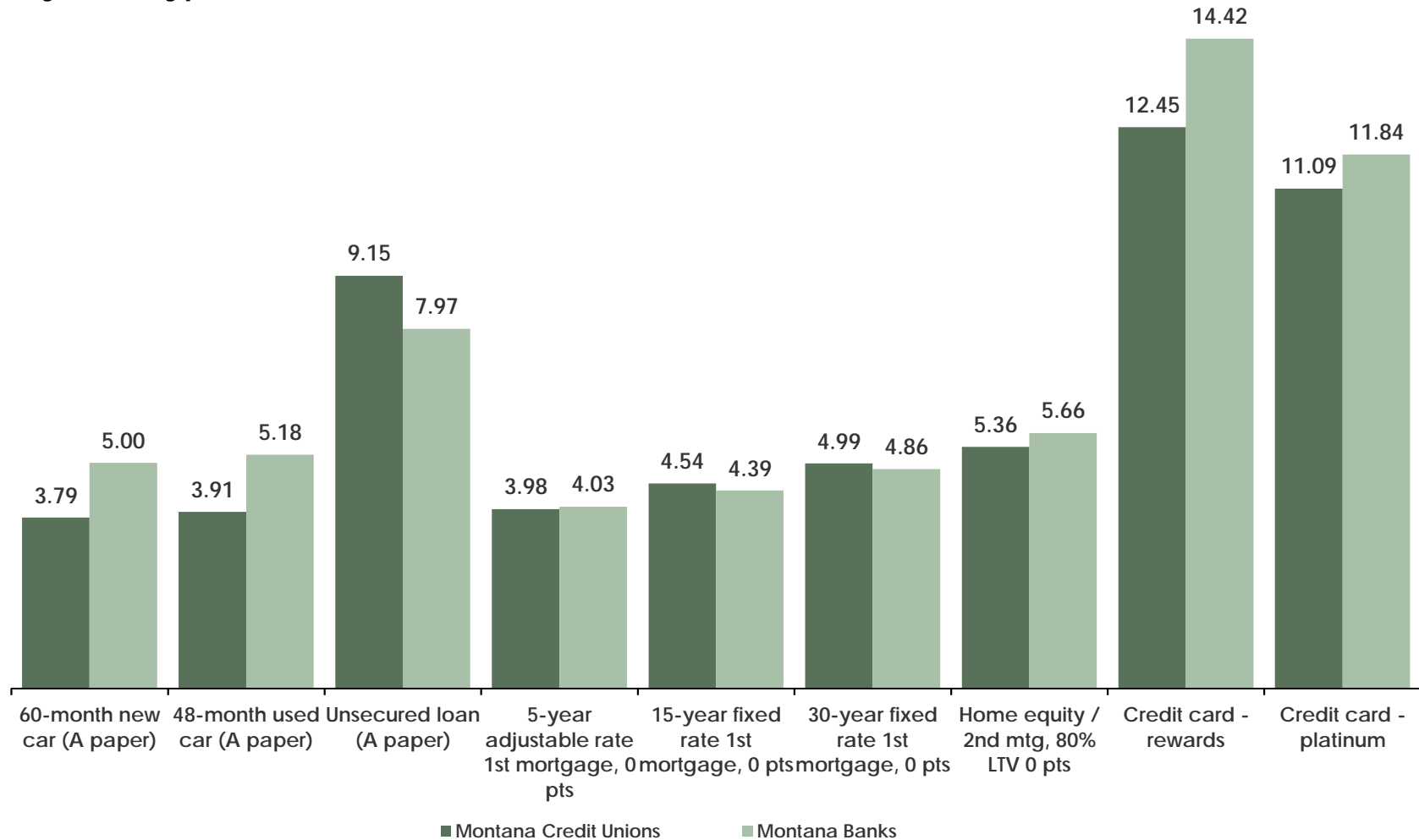
Montana credit unions excel in providing member benefits on many loan and savings products. In particular, Montana credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

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



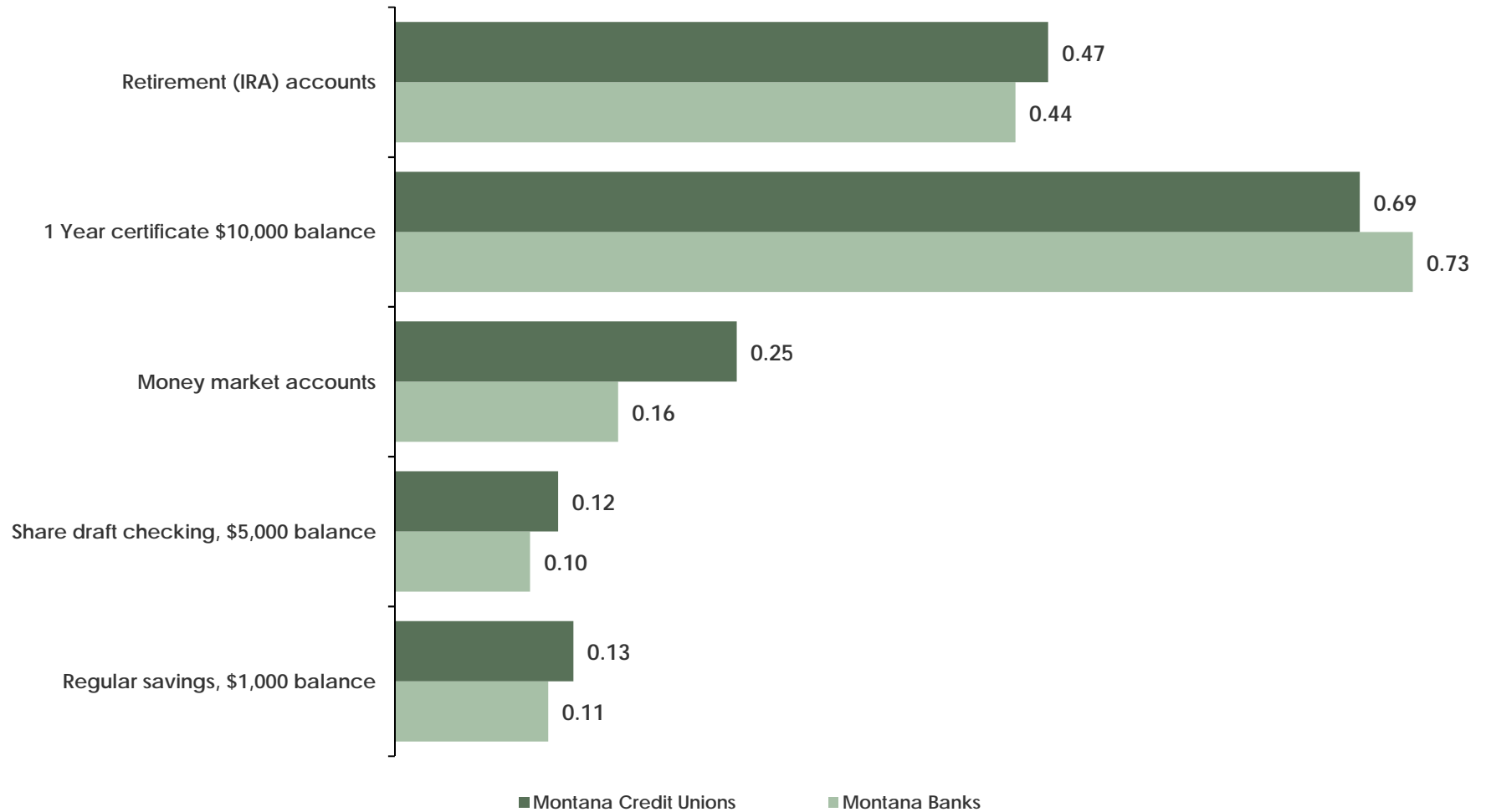
Loan Product Comparative Interest Rates (%)

by Loan Type



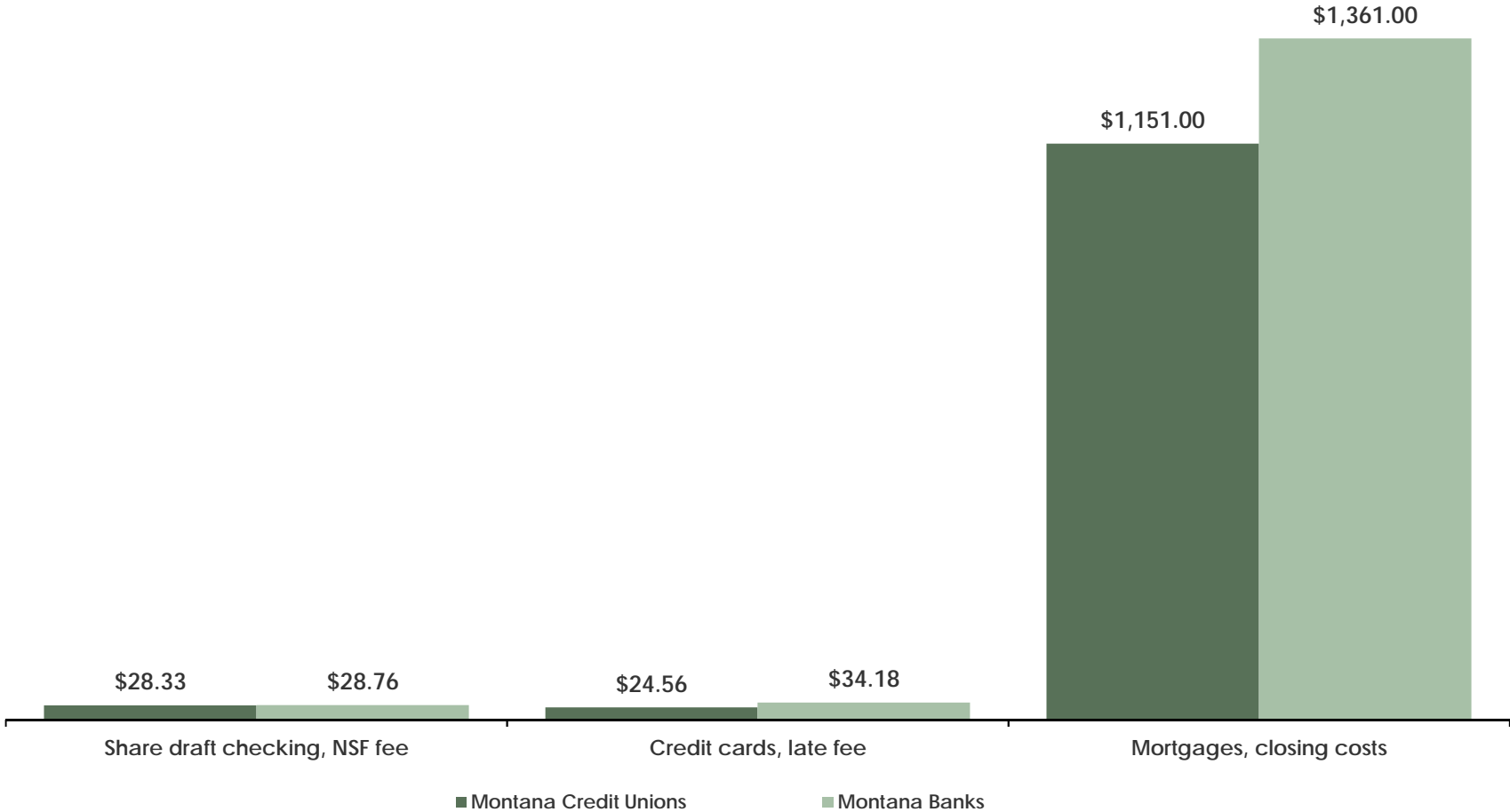
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



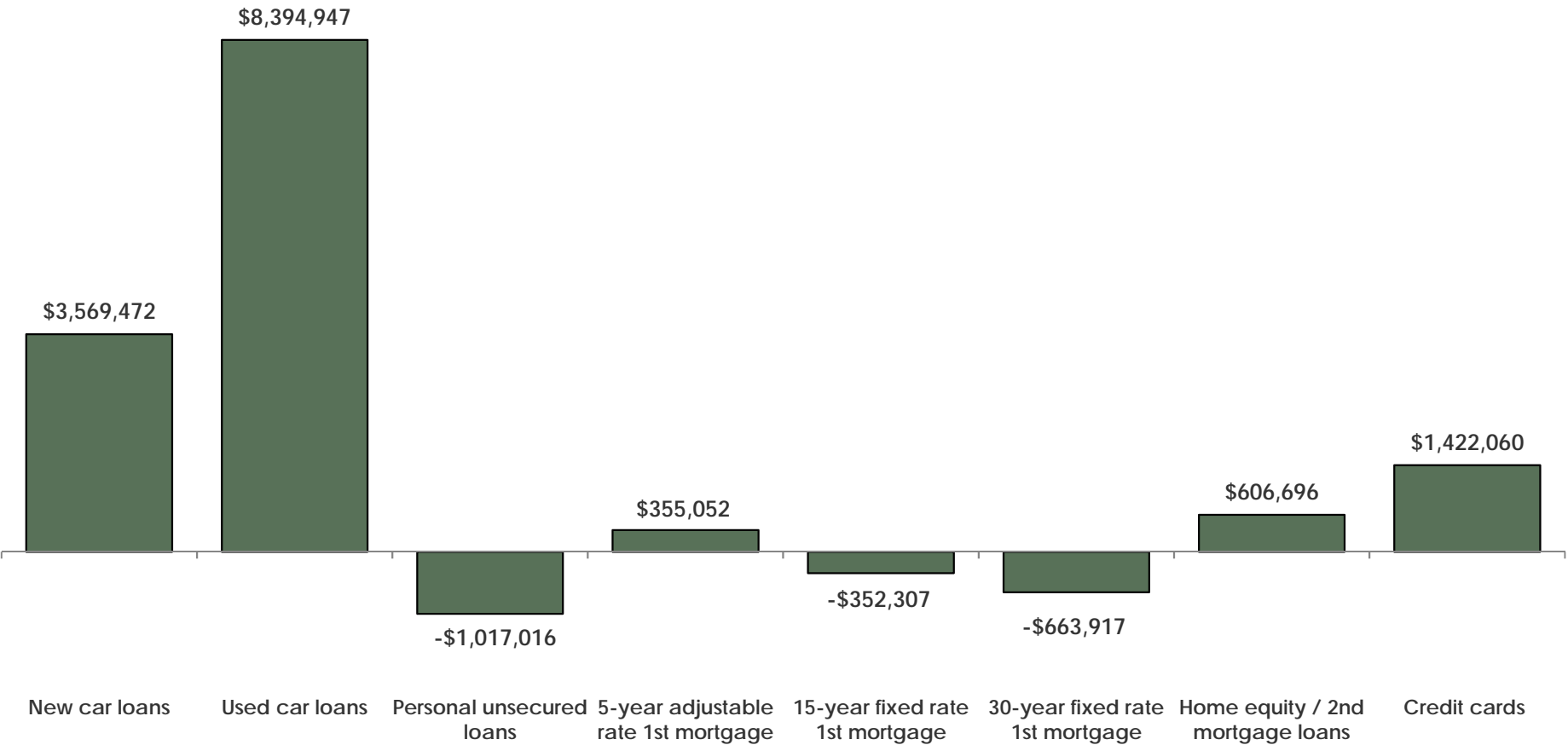
Montana Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.79	5.00	-1.22
48-month used car (A paper)	3.91	5.18	-1.27
Unsecured loan (A paper)	9.15	7.97	1.18
5-year adjustable rate 1st mortgage, 0 pts	3.98	4.03	-0.05
15-year fixed rate 1st mortgage, 0 pts	4.54	4.39	0.16
30-year fixed rate 1st mortgage, 0 pts	4.99	4.86	0.13
Home equity / 2nd mtg, 80% LTV 0 pts	5.36	5.66	-0.31
Credit card - rewards	12.45	14.42	-1.97
Credit card - platinum	11.09	11.84	-0.75
Savings Products			
Regular savings, \$1,000 balance	0.13	0.11	0.02
Share draft checking, \$5,000 balance	0.12	0.10	0.02
Money market accounts	0.25	0.16	0.09
1 Year certificate \$10,000 balance	0.69	0.73	-0.04
Retirement (IRA) accounts	0.47	0.44	0.02
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 December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Montana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	293,542,142	-1.22	\$3,569,472
Used car loans	661,019,465	-1.27	\$8,394,947
Personal unsecured loans	86,260,939	1.18	-\$1,017,016
5-year adjustable rate 1st mortgage	669,909,080	-0.05	\$355,052
15-year fixed rate 1st mortgage	227,294,551	0.16	-\$352,307
30-year fixed rate 1st mortgage	522,769,534	0.13	-\$663,917
Home equity / 2nd mortgage loans	198,266,805	-0.31	\$606,696
Credit cards	85,421,829	-1.97	\$1,422,060
Interest rebates			\$24,229
Total CU member benefits arising from lower interest rates on loan products:			\$12,339,216
Savings			
Regular shares	2,469,750,224	0.02	\$444,555
Share draft checking	680,479,726	0.02	\$136,096
Money market accounts	436,774,893	0.09	\$371,259
Certificate accounts	486,185,597	-0.04	-\$184,751
Retirement (IRA) accounts	301,754,173	0.02	\$70,912
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$838,071
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$2,940,830
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$16,118,118
Total CU member benefit / member:			\$41
Total CU member benefit / member household:			\$86

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of December 2018 and December 2017, 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	Dec 18	Dec 17
Number of branches	122	122
Total assets (\$ mil)	5,168	4,983
Total loans (\$ mil)	3,240	2,967
Total surplus funds (\$ mil)	1,681	1,782
Total savings (\$ mil)	4,500	4,342
Total members (thousands)	397	388
Growth Rates (Trailing 12 months) *		
Total assets	3.9 %	4.3 %
Total loans	9.4 %	9.8 %
Total surplus funds	-5.4 %	-4.1 %
Total savings	3.9 %	3.8 %
Total members	2.5 %	0.7 %
Earnings - Basis Pts. *		
Yield on total assets	358	332
Dividend / interest cost of assets	63	47
Fee & other income	108	101
Operating expense	308	303
Loss Provisions	16	20
Net Income (ROA) after stabilization exp	80	63
Capital Adequacy		
Net worth / assets	12.0	11.7
Asset Quality *		
Delinquencies / loans	0.5	0.5
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	5	5
Bankruptcies per 1000 members	0.7	0.7
Asset/Liability Management		
Loans / savings	72.0	68.3
Loans / assets	62.7	59.5
Long-term assets / assets	37.3	36.9
Core deposits/shares & borrowings	71.4	70.7
Productivity		
Members / potential members	11.7	12.6
Borrowers / members	50.3	49.5
Members / FTE	303	307
Average shares / members (\$)	11,341	11,181
Average loan balances (\$)	16,222	15,439
Salary & Benefits / FTE	63,802	63,438

* 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.