

CPR CUSTOM PERFORMANCE REPORT

Taking the pulse of your credit union's health.

.Celebrating.
1995 **25** **2020**
.Years.
CUSTOM PERFORMANCE REPORTS

Montana Total

Financial Information as of: 12/31/2020

MSIC[®]

Date of printing: 3/10/2021

Peer to Peer Analysis

Table of Contents

Industry Trends	3
Peer Group Descriptions	4
Ratio Summary	5
Growth Trends	6
Earnings	7
Loans	8-9
Shares	10
Expenses	11

National Industry Highlights - December 2020

According to the Call Report data submitted by the nation's 5,099 federally insured credit unions (FICUs) to the National Credit Union Administration (NCUA) for the quarter ended December 31, 2020, the industry fundamentals remain healthy, but do show the effects from the pandemic and related economic volatility compared to 2019 results. Assets grew 17.73% during 2020 to \$1.84 trillion as shares and deposits rose 20.30%. Loan growth was far less robust, as balances increased 4.93% in 2020, down from 6.17% in 2019. Net income for 2020 contracted 15.06% from the prior year. The industry's ROAA for 2020 was 0.70% compared to 0.94% in 2019. As industry growth in aggregate net worth at 6.76% was less than the rate of asset expansion, the 2020 net worth ratio of 10.32% declined from 2019's 11.37%. Interestingly, asset quality measures improved on a year-over-year basis. As a percentage of loans, delinquencies were 0.60% of total loans as of December 31, 2020, down from 0.70% at year-end 2019, while net charge-offs (NCOs) moved lower to 0.45% of average loans for 2020 from 0.56% in 2019.

As noted, shares and deposits increased 20.30% during the year to \$1.59 trillion as members sought safe, insured credit unions after the pandemic accelerated in mid-March. As such, the share inflows were tilted toward non-maturity shares over term certificates as members chose the immediate liquidity of the former accounts over slightly higher rate of the latter. Ranked by dollar contribution, the largest annual growth was seen in regular shares (27.76%), share drafts (40.27%) and money market shares (24.36%). In 2020, the largest declining categories were share certificates (-3.88%) and non-member/brokered deposits (-9.31%). Uninsured shares and deposits increased by 26.94% during the year. These uninsured shares and deposits comprised 7.62% of total industry shares at year-end while their growth was 12.86% of industry inflows during the period.

After the deceleration in loan growth in 2020, industry balances stood at \$1.16 trillion at December 31. Increases were seen in several categories, offset by contraction in others. Ranked by dollar contribution, One to Four Family Residential Property Loans/Lines of Credit Secured by First Liens, Commercial Loans/Lines of Credit Real Estate Secured and Used Vehicle Loans grew the fastest in 2020 at 9.39%, 16.22% and 4.55%, respectively. Categories that experienced the largest absolute declines were One to Four Family Loans/Lines of Credit Secured by Junior Liens (-7.97%), New Vehicle Loans (-3.67%) and Unsecured Credit Card Loans (-6.37%). Total commercial lending increased 15.47% during the year including unfunded commitments. The industry's Loan to Share Ratio decreased during 2020, dropping from 83.95% to 73.23%.

As noted above, many asset quality metrics improved from year-end 2019 but the industry took advantage of regulatory and accounting guidance to modify loans and delay charge-offs due to the pandemic, which understates the reported ratios. In addition, credit unions added to loss reserves given the higher level of unemployment. On an absolute basis, delinquencies decreased 11.08% from year-end 2019, resulting in a ten-basis point drop in the Delinquent Loan to Loans Ratio, from 0.70% to 0.60%. As a percent of industry net worth, delinquencies dropped from 4.41% to 3.67%. The Provision for Loan Losses increased 30.66% in dollar terms in 2020, driving Provision as a percentage of average assets from 0.43% in 2019 to 0.50% in 2020. Net Charge-offs dollars declined 15.89% year-over-year. The percentage of the Allowance for Loan and Lease Losses (ALLL) to total loans rose from 0.86% to 1.11% during the year while the percentage of ALLL to delinquencies rose from 121.83% to 185.47% as of December 31, 2020.

As mentioned in the first paragraph, the industry's ROAA declined from 0.94% for 2019 to 0.70% in 2020. While the increase in the provision was a driver of the downturn, so were weak net interest income growth and NIM compression. Spread income growth was soft at 0.81% in 2020 and the industry NIM plummeted from 3.16% for 2019 to 2.82% in 2020. Offsets were faster fee income growth, slower operating expense expansion and a positive contribution from non-recurring items. The industry's aggregate Fee and Other Operating Income increased 9.97% on a dollar basis from the prior year, up from 5.15% in 2019, due to stronger gains on sales of residential mortgages. As a percentage of average assets, such revenue did decline to 1.32% from 1.36% between years, due to higher average assets in 2020. Over the same period, Operating Expenses increased 6.00% and, as a percent of Average Assets, declined from 3.20% to 3.01%.

The longstanding divergence between large and small credit unions continued to widen in 2020. During the year, the trend of "the larger the credit union, then the better the returns and the higher the growth in loans, shares and membership" accelerated. In fact, credit unions under \$500 million in assets saw declining loans and membership.

Total membership at FICUs continues to rise, albeit at a slower rate due to the pandemic. The number of credit union members rose 3.9 million, or 3.29%, during 2020 to 124.3 million. The total number of FICUs continues its decline due to industry consolidation. As of December 31, 2020, there were 5,099 FICUs, down 2.62% from the 5,236 at December 31, 2019. The number of low income designated FICUs increased by thirty-seven during the year to 2,642 institutions.

*** The contents of this summary is compiled using NCUA press release data and does not include non-federally insured credit unions. ***

Peer Group Descriptions

Please note that throughout this report where historical peer ratios and statistical data are presented, the information shown is the history for the peer group as constituted at the report date.

MSIC CPR Reports are compiled using NCUA 5300 call report data which includes all credit unions nationally, including both federally insured and privately insured institutions.

- Montana Total** All Montana credit unions regardless of asset size or charter type.
- Region 4 Total** All Credit Unions located in Region 4, regardless of asset size.
- National Total** All credit unions nationwide, regardless of asset size.

Peer Group Descriptions	Montana Total	Region 4 Total	National Total
Total Assets for Peer Group as of Dec 2020 (in \$ Billions)	\$ 6.5	\$ 358.7	\$ 1,865.4
Average Assets Per Peer Group for Quarter (in \$ Millions)	\$ 141.0	\$ 254.7	\$ 358.2
Total Number of members in Peer Group as of Dec 2020	413,904	24,927,189	125,695,985
Total number of credit unions in Peer Group	46	1,408	5,207

Analytical Regions:



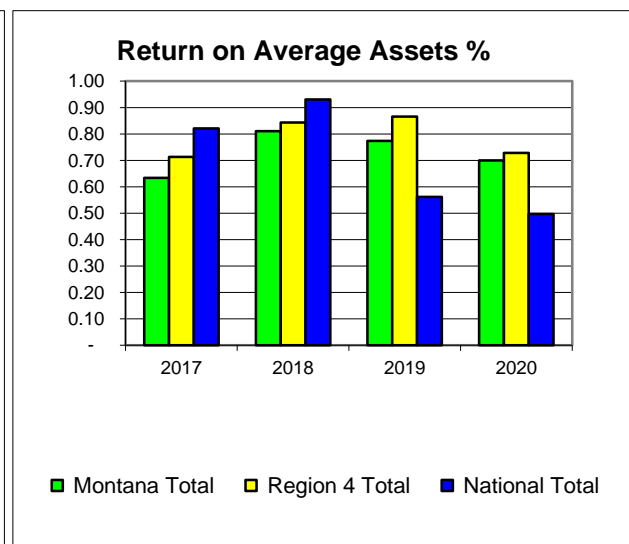
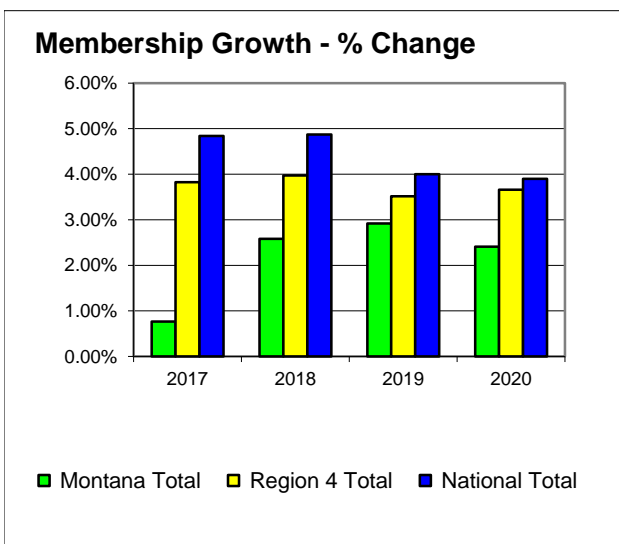
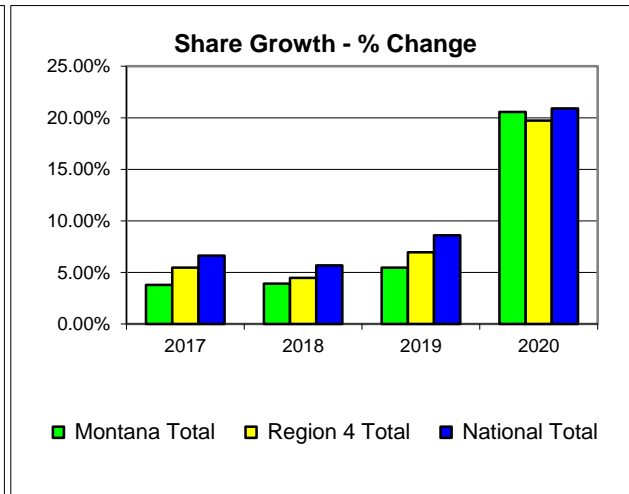
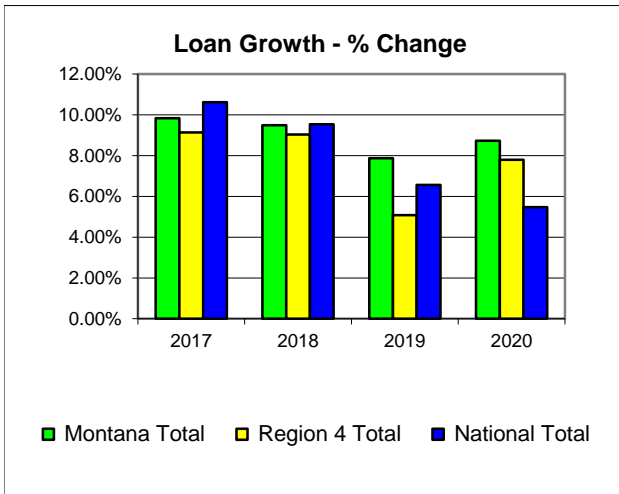
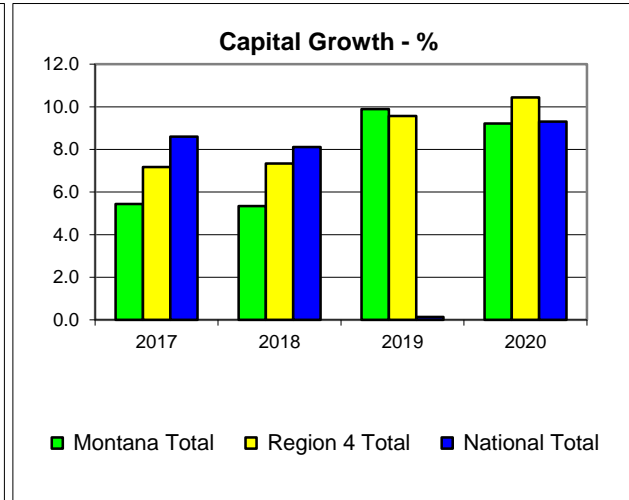
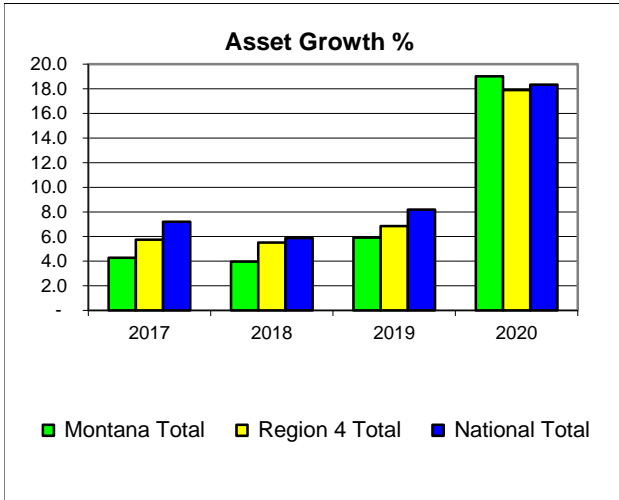
<u>"Asset" Peer Group Ranges</u>	#	From	To	#	From	To
	1	0	< \$2 Mill.	4	\$50 Mill.	< \$100 Mill
	2	\$ 2 Mill.	< \$10 Mill.	5	\$100 Mill	< \$500 Mill
	3	\$10 Mill.	< \$50 Mill.	6	Over \$ 500 Million	

Peer Group Ratio Summary

(* NCUA Key Ratio)	Montana Total	Region 4 Total	National Total
Safety & Soundness			
Net Worth to Assets*	10.85%	10.35%	8.91%
Delinquent Loans to Loans*	0.34%	0.58%	0.60%
Net Charge-Offs to Avg Loans*	0.16%	0.42%	0.45%
ROAA Before NCUSIF Stabilization Expense	0.70%	0.73%	0.70%
Return on Avg Assets*	0.70%	0.73%	0.50%
Operating Expenses to Gross Income	69.71%	63.17%	66.98%
Net Long Term Assets to Assets	38.01%	26.57%	26.51%
Supervisory Interest Rate Risk to Net Worth (SIRRT)	317.84%	195.45%	236.47%
Competitive Ratios			
Share Growth (since prior 12/31)	20.57%	19.73%	20.91%
Member Growth (since prior 12/31)	2.41%	3.66%	3.90%
Loan Growth (since prior 12/31)	8.73%	7.79%	5.47%
Net Worth Growth (since prior 12/31)	6.58%	8.02%	5.99%
Asset Growth (since prior 12/31)	19.02%	17.89%	18.34%
Loan to Share Ratio	66.46%	76.66%	73.17%
Cost of Funds / Avg Assets	0.52%	0.72%	0.70%
Yield on Average Loans	4.64%	4.67%	4.25%
Productivity			
Members to Employees	312	372	395
Assets to Employees	4,886,747	5,349,473	5,864,504
# Loan & Share Accts per Employee	712	933	994
# Loan & Share Accts per Member	2.28	2.51	2.52
Average Share Balance per Member	13,760	12,402	12,776
Average Loan Balance	18,770	14,915	16,119
Member Service Ratios			
Members to Potential Members	9.46%	4.04%	2.98%
Credit Card Accounts to Members	11.19%	14.50%	17.45%
IRA Accounts to Members	3.41%	3.22%	3.70%
Real Estate Accounts to Members	4.47%	4.00%	4.27%
Auto Loan Accounts to Members	4.88%	9.26%	6.29%
Share Draft Accounts / Members	52.06%	55.70%	60.19%
Average Assets Per Peer Group for the Quarter	140,972,033	254,736,348	358,249,427

Growth Trends and Earnings

Any organization competing in the marketplace uses various methods to measure the effectiveness of market penetration. Comparative growth rates in Loans, Shares and even Membership are one method. Growth in Loans and Shares can have a significant impact on earnings. The table and graphs below summarize the trends in these indicators.



Earnings - Net Income / ROAA

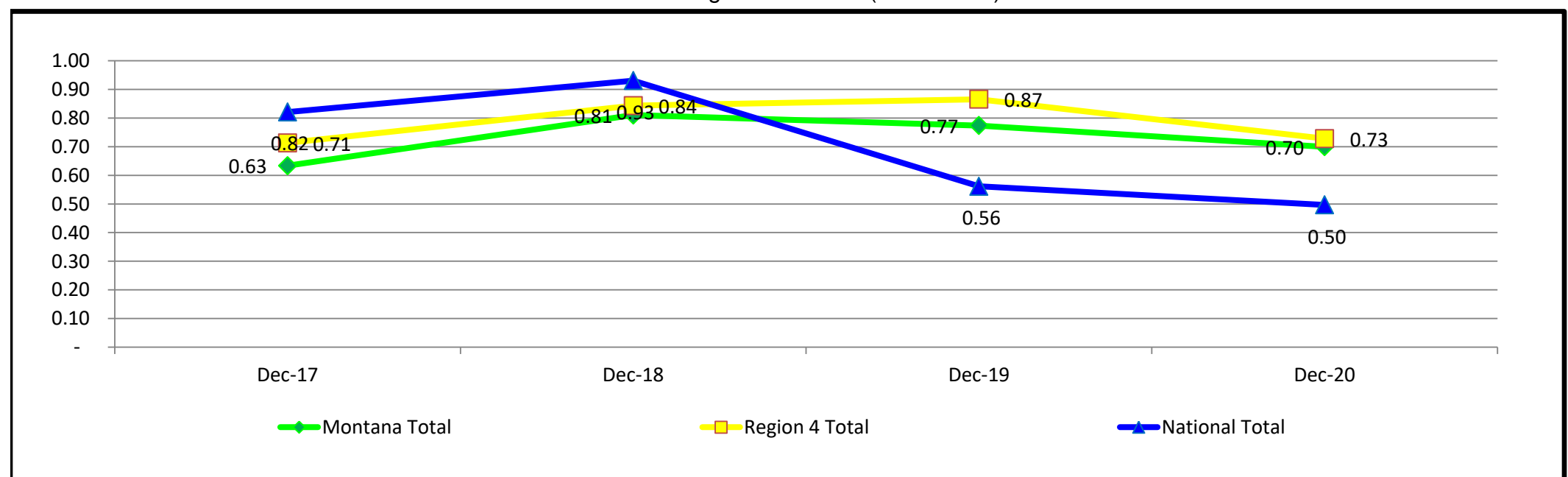
The charts below show the components of ROA for the peer groups.

December 31, 2020	ROAA Breakdown (% of Average Assets)		
	Montana Total	Region 4 Total	National Total
Loan Income	2.83	3.22	2.82
Investment Income	0.51	0.34	0.38
Cost of Funds	(0.52)	(0.72)	(0.70)
Net Interest Margin	2.81	2.84	2.49
Prov for Loan Loss	(0.15)	(0.45)	(0.37)
NIM after Provisions	2.67	2.39	2.13
Fee & Other Income	0.98	1.43	1.32
Operating Expense	(3.00)	(3.14)	(3.02)
ROAA before Non Op	0.64	0.68	0.43
Non-Op Gain (Loss)	0.05	0.05	0.06
Return on Avg Assets	0.70	0.73	0.50
NCUSIF Stabilization Inc. & Exp. & Insurance Premium	-	-	-
ROAA Before NCUSIF Stabilization Inc. & Exp. & Insurance Premium	0.70	0.73	0.50

** Ratios on this page may not foot precisely due to rounding.

December 31, 2020	How ROAA Changes Over Time											
	Montana Total % of Average Assets				Region 4 Total % of Average Assets				National Total % of Average Assets			
	Dec-17	Dec-18	Dec-19	Dec-20	Dec-17	Dec-18	Dec-19	Dec-20	Dec-17	Dec-18	Dec-19	Dec-20
Loan Income	2.71	2.88	3.06	2.83	3.11	3.30	3.48	3.22	3.12	3.33	3.13	2.82
+ Investment Income	0.61	0.69	0.73	0.51	0.40	0.47	0.53	0.34	0.44	0.50	0.56	0.38
- Cost of Funds	(0.47)	(0.63)	(0.71)	(0.52)	(0.59)	(0.75)	(0.94)	(0.72)	(0.57)	(0.69)	(0.89)	(0.70)
= Net Interest Margin	2.84	2.95	3.08	2.81	2.91	3.02	3.07	2.84	2.99	3.13	2.79	2.49
- Prov for Loan Loss	(0.20)	(0.15)	(0.15)	(0.15)	(0.45)	(0.40)	(0.39)	(0.45)	(0.45)	(0.45)	(0.43)	(0.37)
= NIM after Provisions	2.65	2.79	2.93	2.67	2.47	2.63	2.68	2.39	2.55	2.68	2.36	2.13
+ Fee & Other Income	1.02	1.09	1.03	0.98	1.41	1.48	1.46	1.43	1.33	1.38	1.36	1.32
- Operating Expense	(3.03)	(3.07)	(3.21)	(3.00)	(3.19)	(3.29)	(3.32)	(3.14)	(3.09)	(3.15)	(3.21)	(3.02)
= ROAA before Non Op	0.64	0.82	0.74	0.64	0.69	0.82	0.81	0.68	0.79	0.91	0.51	0.43
+ Non-Op Gain (Loss)	(0.01)	(0.01)	0.03	0.05	0.02	0.02	0.05	0.05	0.03	0.02	0.05	0.06
= Return on Avg Assets	0.63	0.81	0.77	0.70	0.71	0.84	0.87	0.73	0.82	0.93	0.56	0.50
+ NCUSIF Stabilization Inc. & Exp. & Insurance Premium	-	-	-	-	-	-	-	-	-	-	-	-
= ROAA Before NCUSIF Stabilization Inc. & Exp. & Insurance Premium	0.63	0.81	0.77	0.70	0.71	0.84	0.87	0.73	0.82	0.93	0.56	0.50

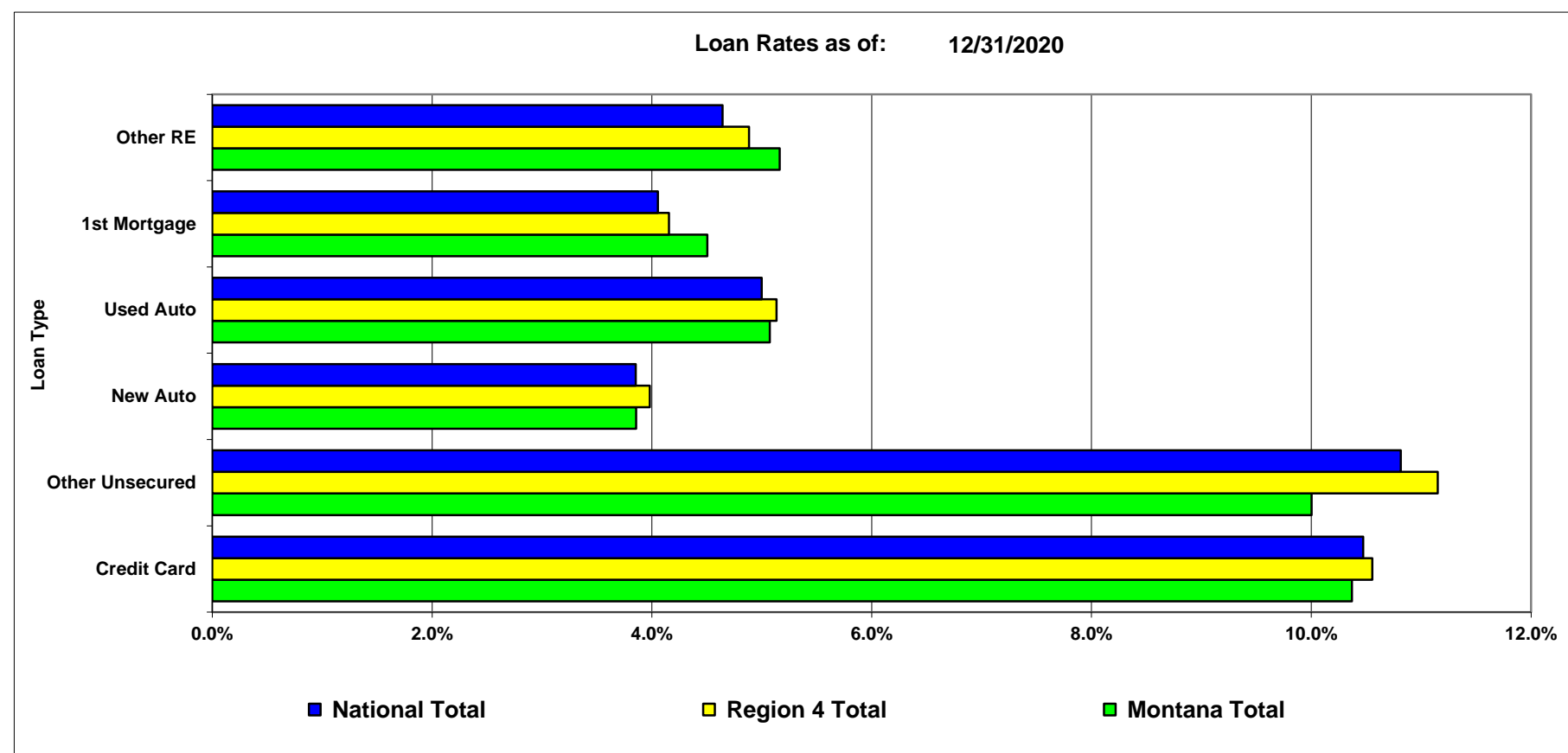
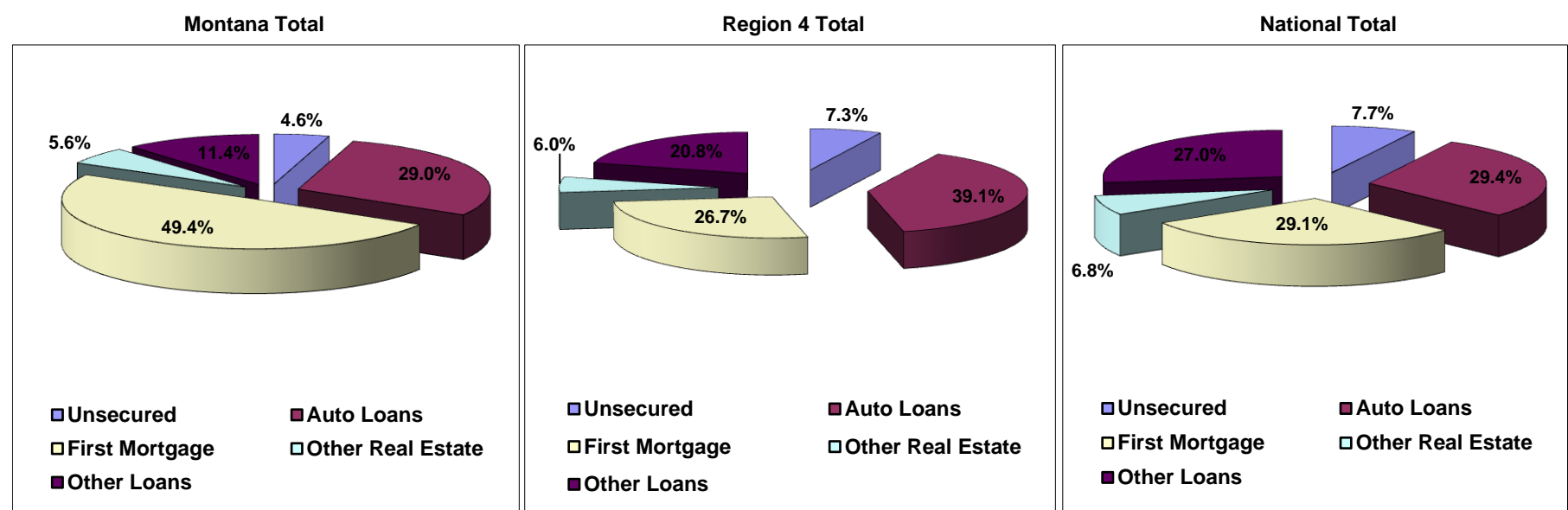
ROAA Changes Over Time (Annualized)



Loans

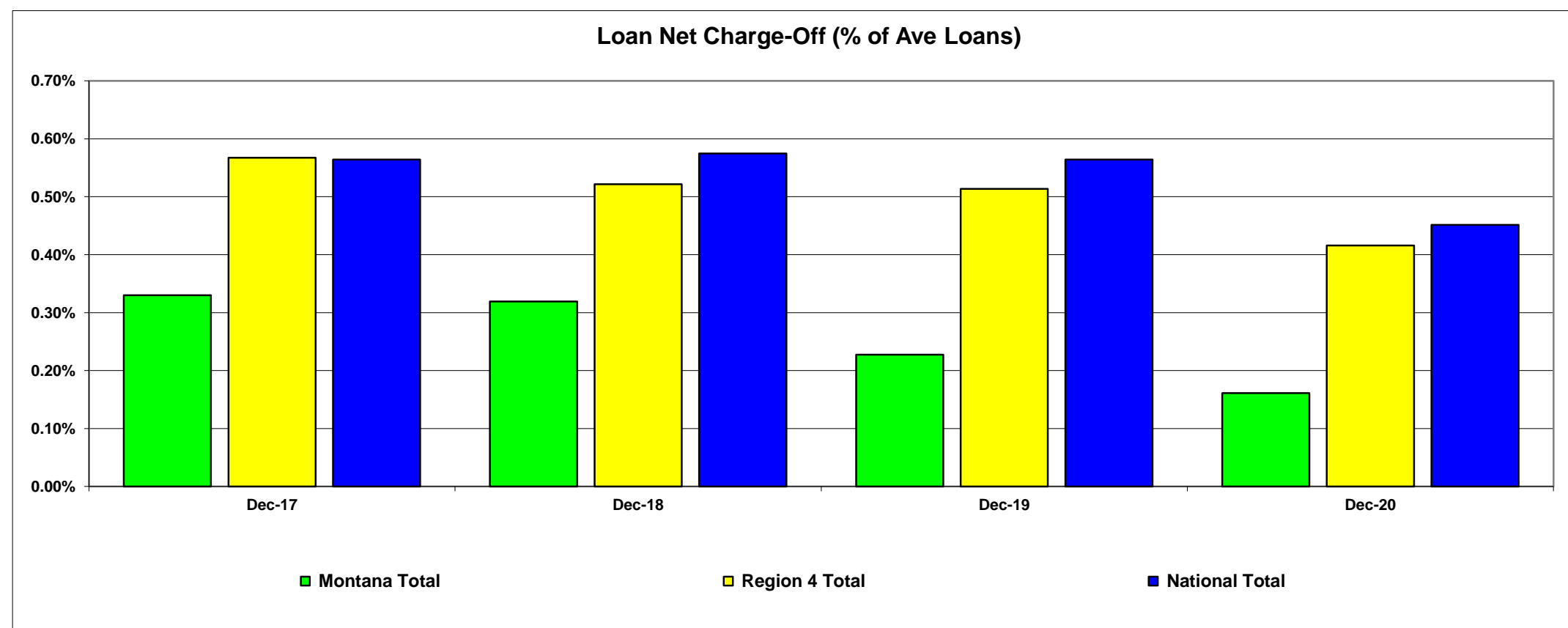
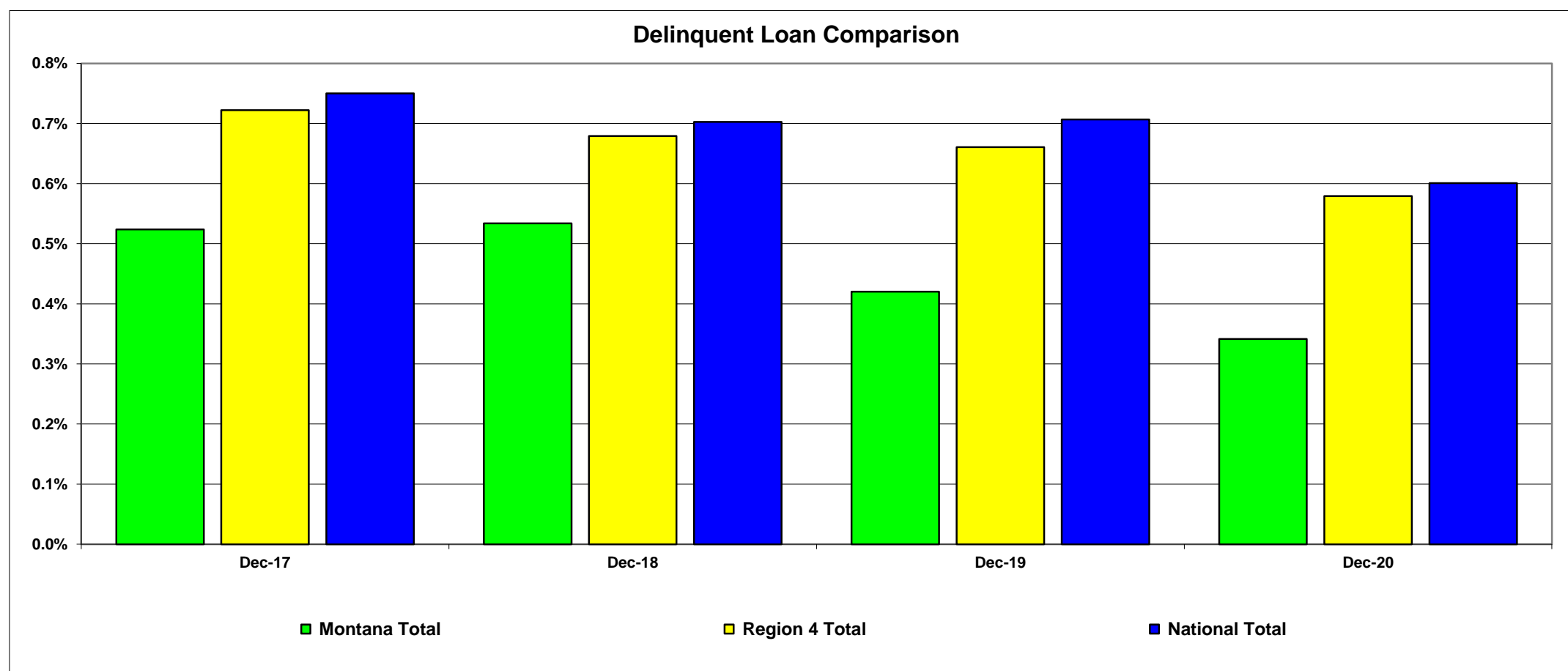
	Montana Total			Region 4 Total			National Total		
	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20
\$ Loans (Avg)	70,156,774	75,679,340	82,282,750	148,590,929	156,142,731	168,310,279	200,773,480	213,946,439	225,648,363
Yield on Avg. Loans	4.71%	4.83%	4.64%	4.57%	4.78%	4.67%	4.72%	4.40%	4.25%
Loans to Assets	62.7%	63.9%	58.4%	73.5%	72.3%	66.1%	71.7%	70.7%	63.0%
Composition:									
Unsecured	5.3%	5.1%	4.6%	7.8%	7.8%	7.3%	10.1%	7.9%	7.7%
Auto Loans	31.4%	30.7%	29.0%	44.6%	42.0%	39.1%	35.0%	31.0%	29.4%
First Mortgage	45.2%	46.2%	49.4%	33.7%	24.5%	26.7%	41.0%	28.0%	29.1%
Other Real Estate	6.6%	6.5%	5.6%	6.9%	6.8%	6.0%	8.4%	7.7%	6.8%
Other Loans	11.6%	11.5%	11.4%	6.9%	18.8%	20.8%	5.5%	25.3%	27.0%
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Real Estate Loan Data									
RE Loans to Loans	51.7%	52.7%	55.0%	40.6%	31.3%	32.8%	49.4%	35.8%	35.9%
RE Loans to Assets	32.5%	33.6%	32.1%	29.8%	22.6%	21.6%	35.5%	25.3%	22.6%
1st Mtg Lns to Assets	28.3%	29.5%	28.9%	24.8%	17.7%	17.7%	29.4%	19.8%	18.3%
1st Mtg Lns Sold to RE Loans Granted	23.2%	21.5%	29.0%	31.2%	36.5%	45.2%	26.4%	32.8%	42.6%

LOAN PORTFOLIO



Loans

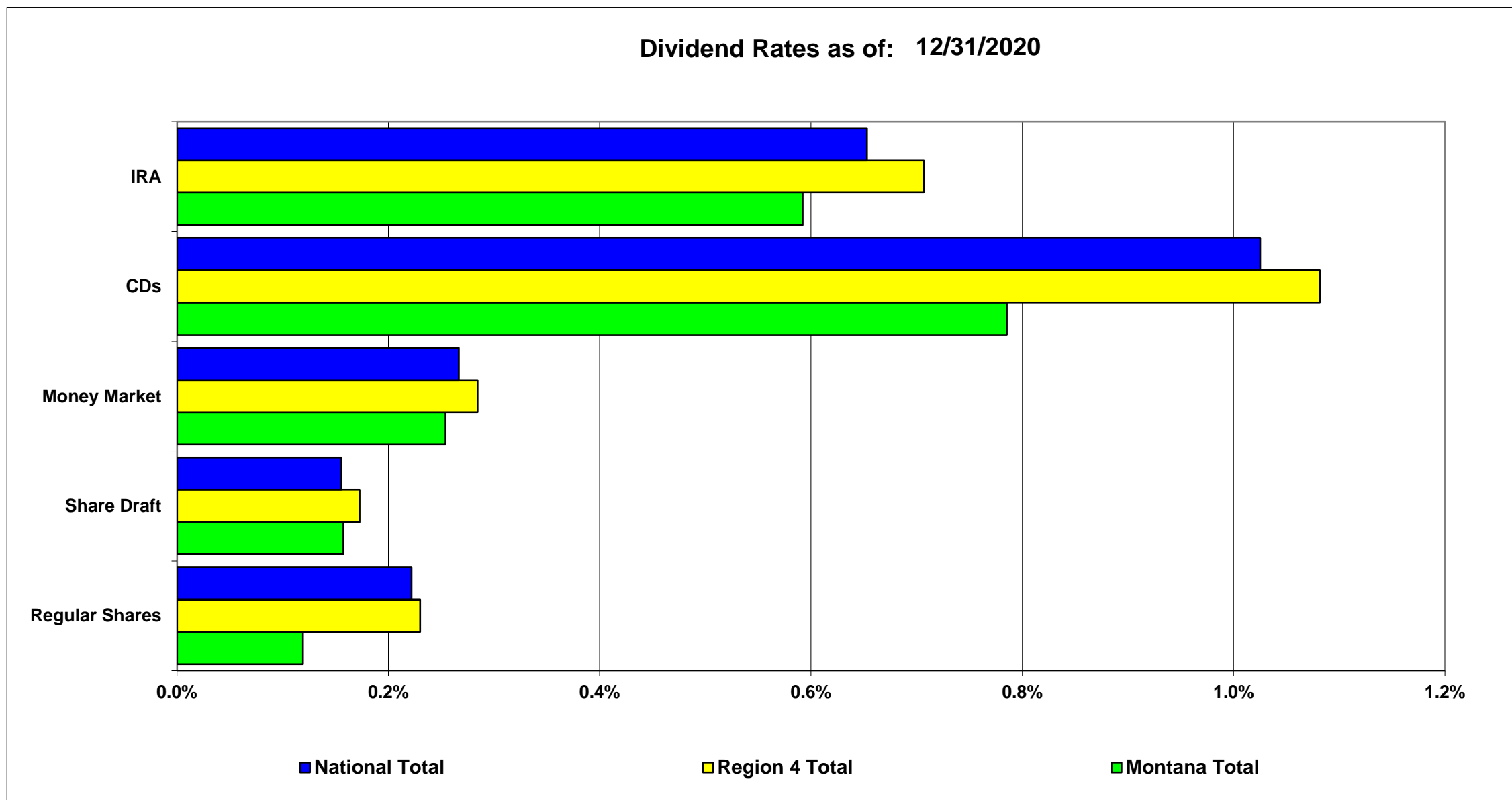
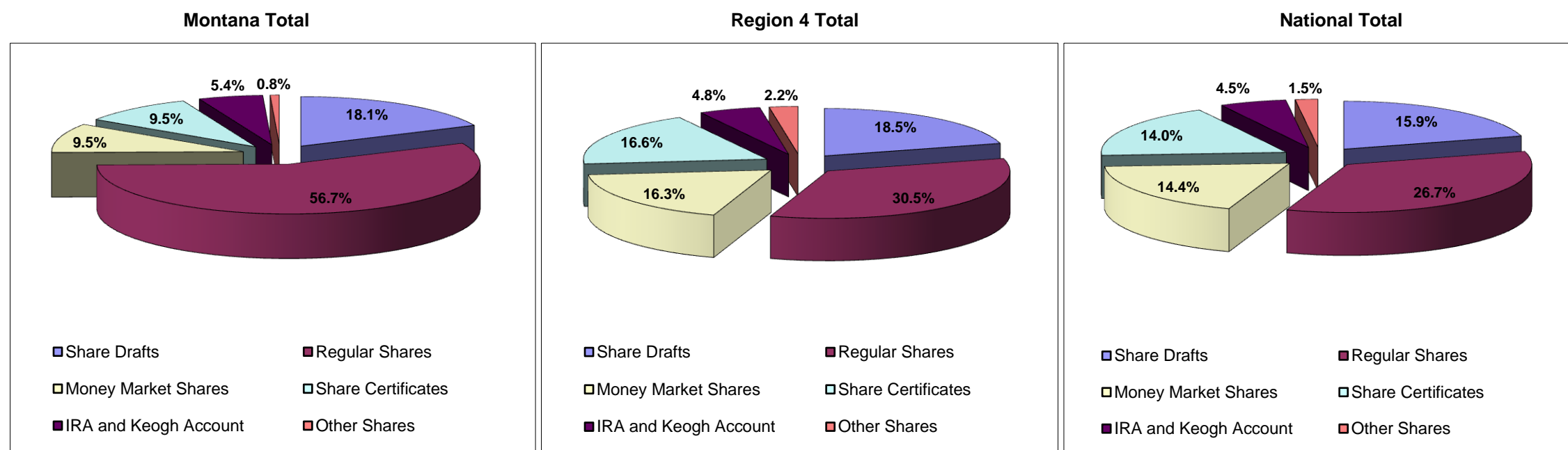
	Montana Total			Region 4 Total			National Total		
	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20
Loan Income to Ave. Assets	2.88	3.06	2.83	3.30	3.48	3.22	3.33	3.13	2.82
Less: Prov. Loan Losses	(0.15)	(0.15)	(0.15)	(0.40)	(0.39)	(0.45)	(0.45)	(0.43)	(0.37)
Net Loan Yield to Assets	2.73	2.91	2.68	2.91	3.10	2.77	2.87	2.70	2.45
\$ Provision for Loan Losses	169,300	174,012	191,870	782,221	805,781	1,048,360	1,237,040	1,250,074	1,218,804
\$ Net Loan Charge-offs	(214,252)	(165,821)	(127,038)	(740,887)	(778,182)	(669,608)	(1,099,597)	(1,164,713)	(984,275)
Difference - increase(decrease) in Allowance for Loan Losses	(44,952)	8,192	64,832	41,334	27,599	378,752	137,442	85,361	234,529
Allowance for Loan Loss Balance	472,722	494,981	557,670	1,087,276	1,118,509	1,508,252	1,753,759	1,843,846	2,004,830
Allow for Loan Loss to Loans	0.67	0.65	0.68	0.73	0.72	0.90	0.87	0.86	0.89
Allow Loan Loss to Delinquent Lns	126.21	155.62	198.37	107.77	108.43	154.74	124.34	121.93	147.88
Delinquent Loans to Loans	0.53	0.42	0.34	0.68	0.66	0.58	0.70	0.71	0.60
Net Loan Charge-offs to Ave. Loans	0.32	0.23	0.16	0.52	0.51	0.42	0.57	0.56	0.45



Shares

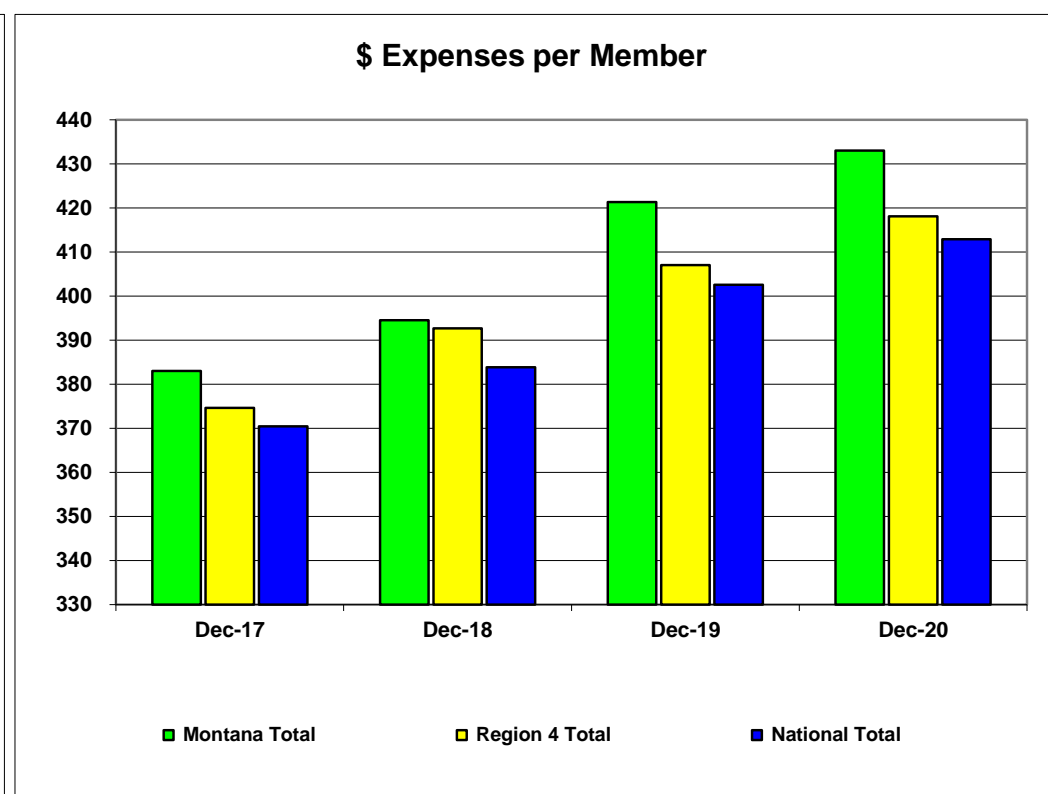
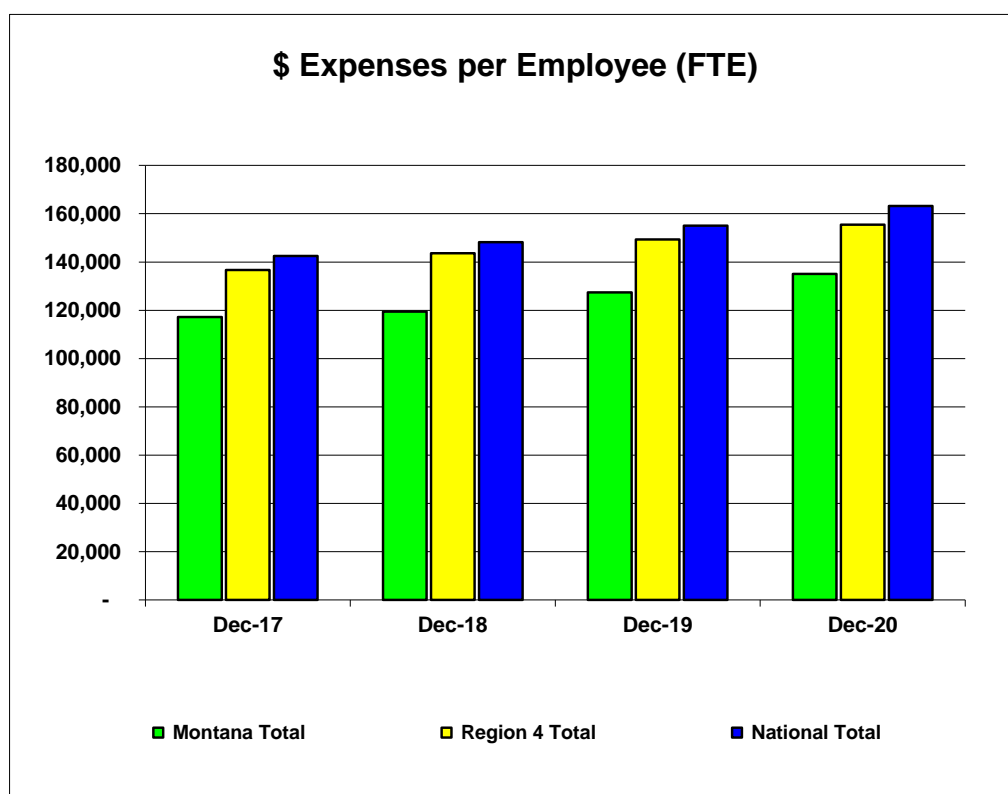
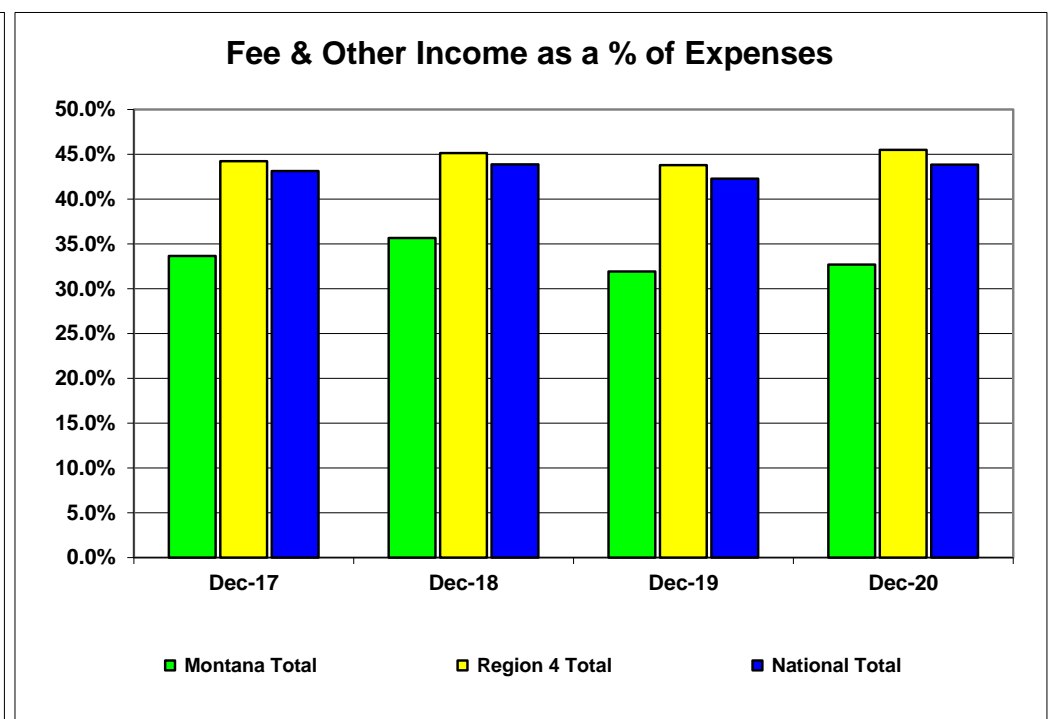
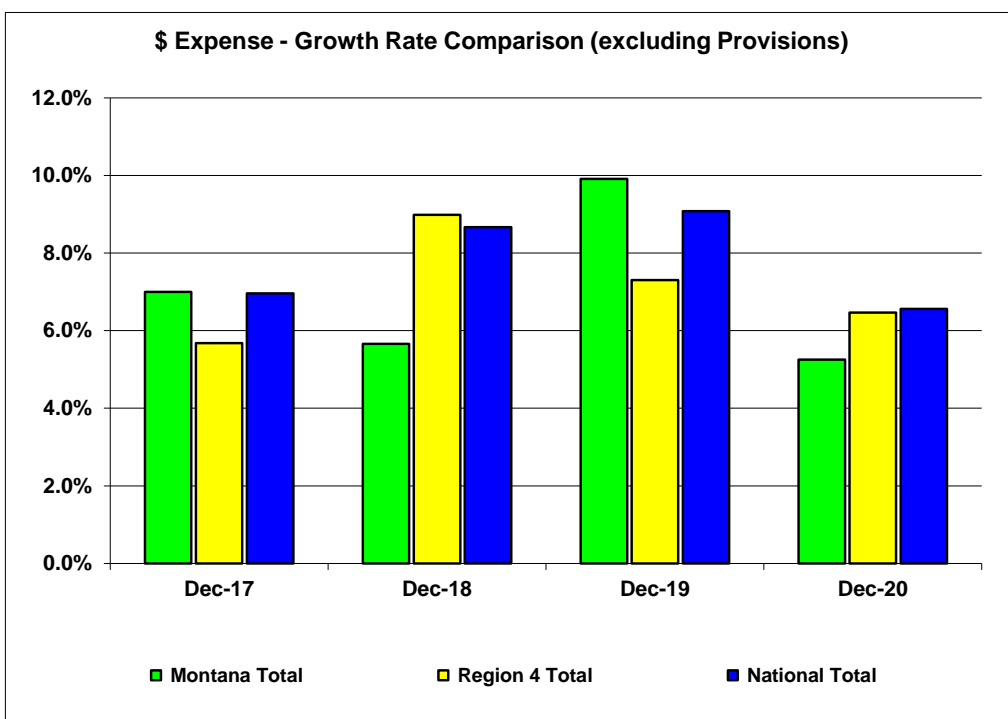
	Montana Total			Region 4 Total			National Total		
	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20
Total Shares	97,370,889	102,689,595	123,810,891	171,453,831	183,374,666	219,562,611	234,869,488	255,068,401	308,409,465
Ave. Shares per Acct	6,409	6,543	7,669	5,623	5,787	6,628	5,516	5,698	6,599
Ave Cost of Funds	0.63%	0.71%	0.52%	0.75%	0.94%	0.72%	0.69%	0.89%	0.70%
Composition:									
Share Drafts	15.7%	16.1%	18.1%	16.7%	16.8%	18.5%	15.6%	13.9%	15.9%
Regular Shares	55.9%	55.7%	56.7%	38.1%	31.1%	30.5%	35.2%	27.3%	26.7%
Money Markets	9.6%	9.2%	9.5%	17.2%	15.6%	16.3%	21.5%	15.4%	14.4%
Share Certificates	11.1%	11.5%	9.5%	20.0%	20.1%	16.6%	19.5%	17.2%	14.0%
IRA/Retirement	6.7%	6.4%	5.4%	5.8%	5.6%	4.8%	6.4%	5.3%	4.5%
Other Shares	1.0%	1.0%	0.8%	2.2%	10.9%	13.3%	1.8%	20.9%	24.5%
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Share Portfolio



Operating Expenses

	Op. Expense Comparison - % of Avg Assets								
	Montana Total			Region 4 Total			National Total		
	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20	Dec-18	Dec-19	Dec-20
Salary & Benefit	1.65	1.72	1.64	1.67	1.67	1.63	1.60	1.65	1.58
Office Occupancy	0.21	0.21	0.20	0.22	0.22	0.21	0.21	0.20	0.19
Office Operations	0.43	0.46	0.44	0.60	0.62	0.58	0.59	0.59	0.55
Travel & Conference	0.04	0.04	0.02	0.03	0.03	0.02	0.03	0.03	0.01
Education & Promotion	0.13	0.14	0.12	0.13	0.14	0.12	0.13	0.13	0.10
Loan Servicing	0.14	0.13	0.13	0.23	0.22	0.21	0.22	0.22	0.20
Professional Services	0.36	0.38	0.35	0.29	0.29	0.28	0.26	0.26	0.25
Member Insurance	(0.00)	0.00	0.00	(0.00)	0.00	0.00	0.00	0.00	0.00
Operating Fees	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Miscellaneous	0.10	0.11	0.10	0.10	0.10	0.09	0.11	0.11	0.10
Total Expenses	3.07	3.21	3.00	3.29	3.32	3.14	3.15	3.21	3.02
Less: Fee & Other Income	(1.09)	(1.03)	(0.98)	(1.48)	(1.46)	(1.43)	(1.38)	(1.36)	(1.32)
Net Expenses	1.98	2.19	2.02	1.80	1.87	1.71	1.77	1.85	1.69



MSIC SPR
December of 2020

MASSACHUSETTS CREDIT UNION®



30 Rowes Wharf, Suite 520
Boston, MA 02110
Tel: 800-622-4015
Fax: 617-758-0539