

The Benefits of Membership

Customized Analysis of Member Benefits For:

Alaska

December 2011

Prepared by:

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Alaska

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 Alaska credit unions provided \$76,007,825 in direct financial benefits to the state's 632,705 members during the twelve months ending December 2011.

These benefits are equivalent to \$120 per member or \$228 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 Alaska 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 Alaska credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Alaska credit union will save members an average \$193 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.

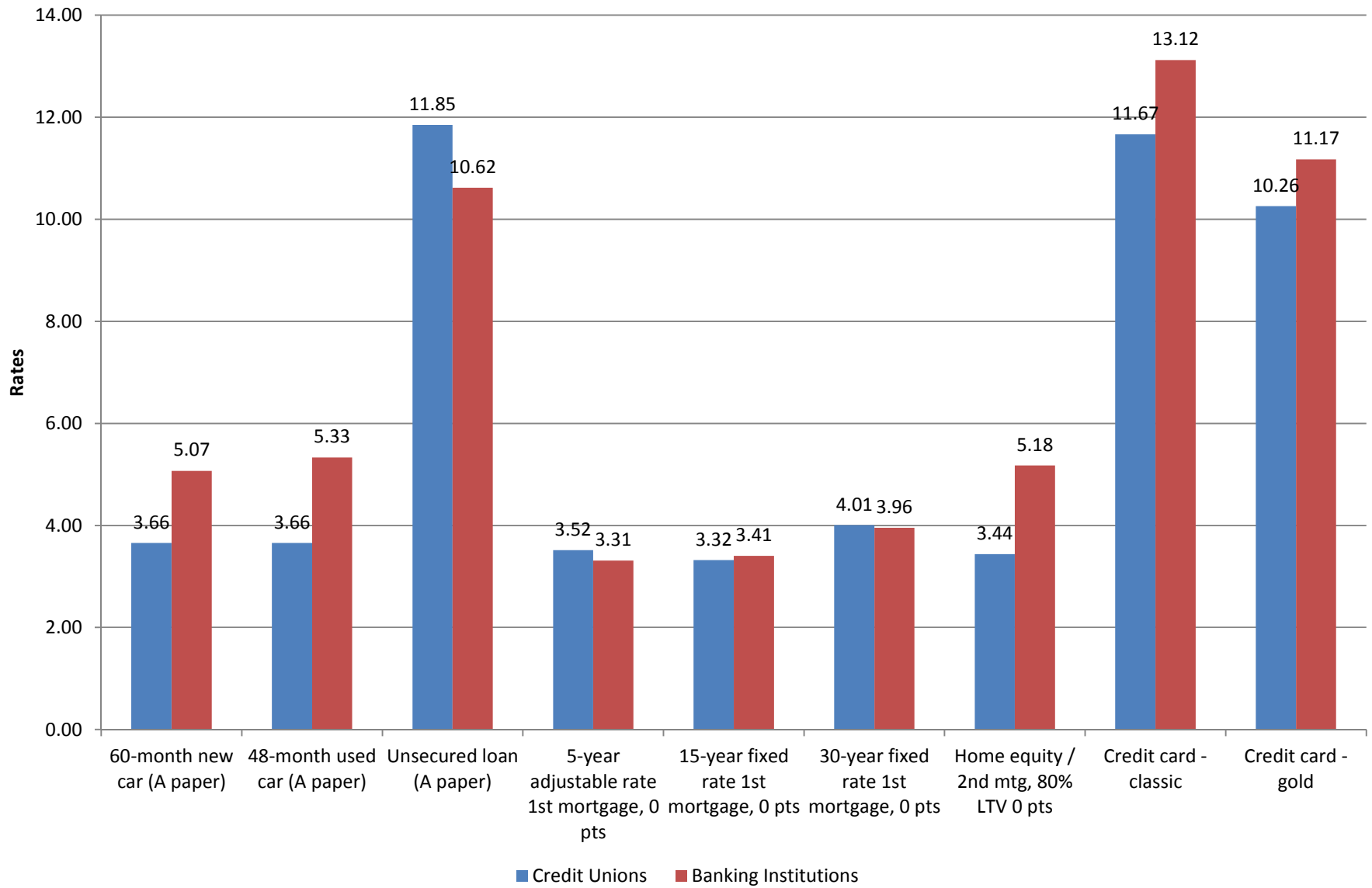
Alaska credit unions excel in providing member benefits on many loan and saving products. In particular, Alaska credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, home equity loans, credit cards loans.

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

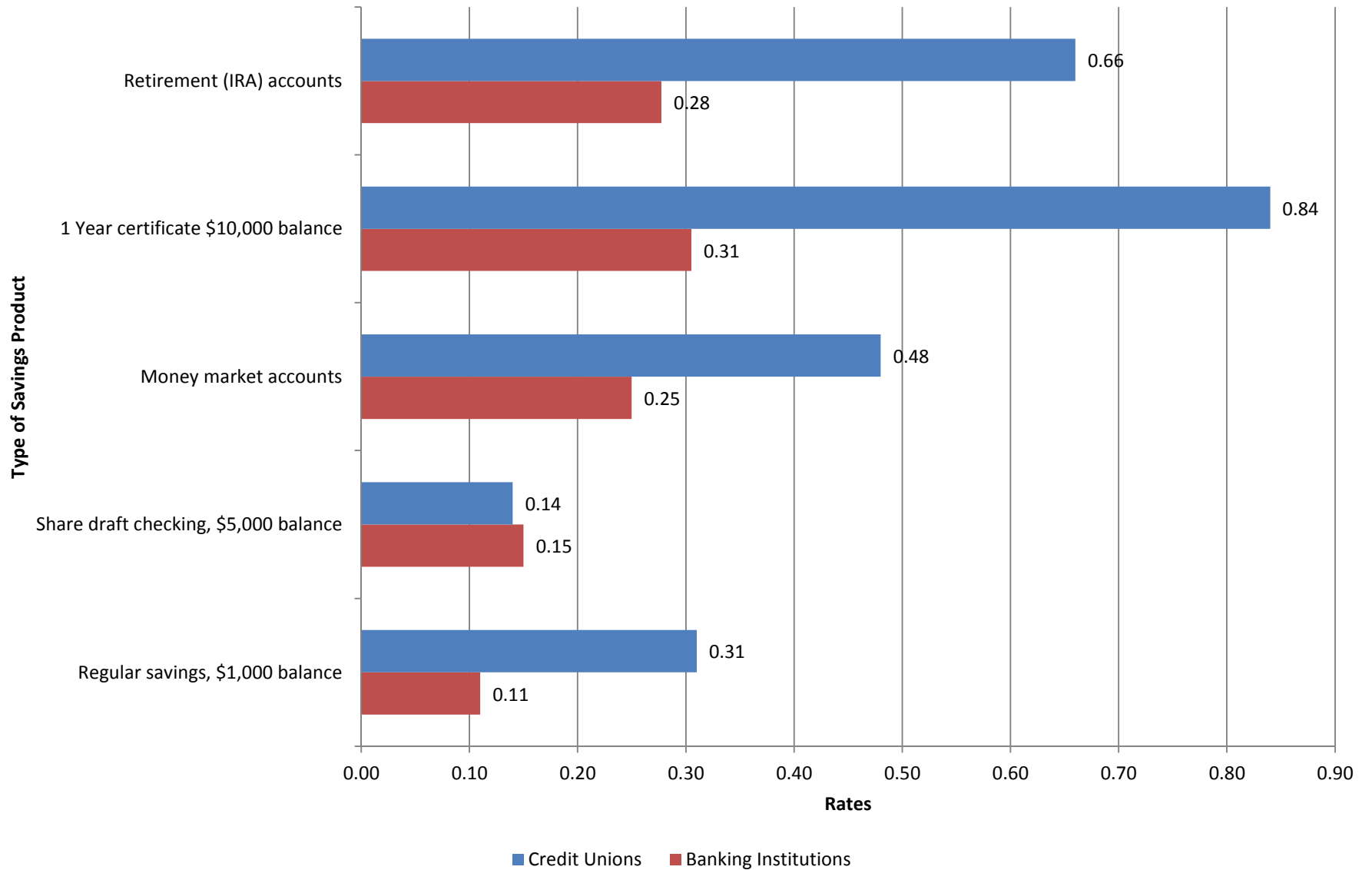


Source: Datatrac, NCUA, and CUNA.
(1) Assumes 1.9 credit union members per household.

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

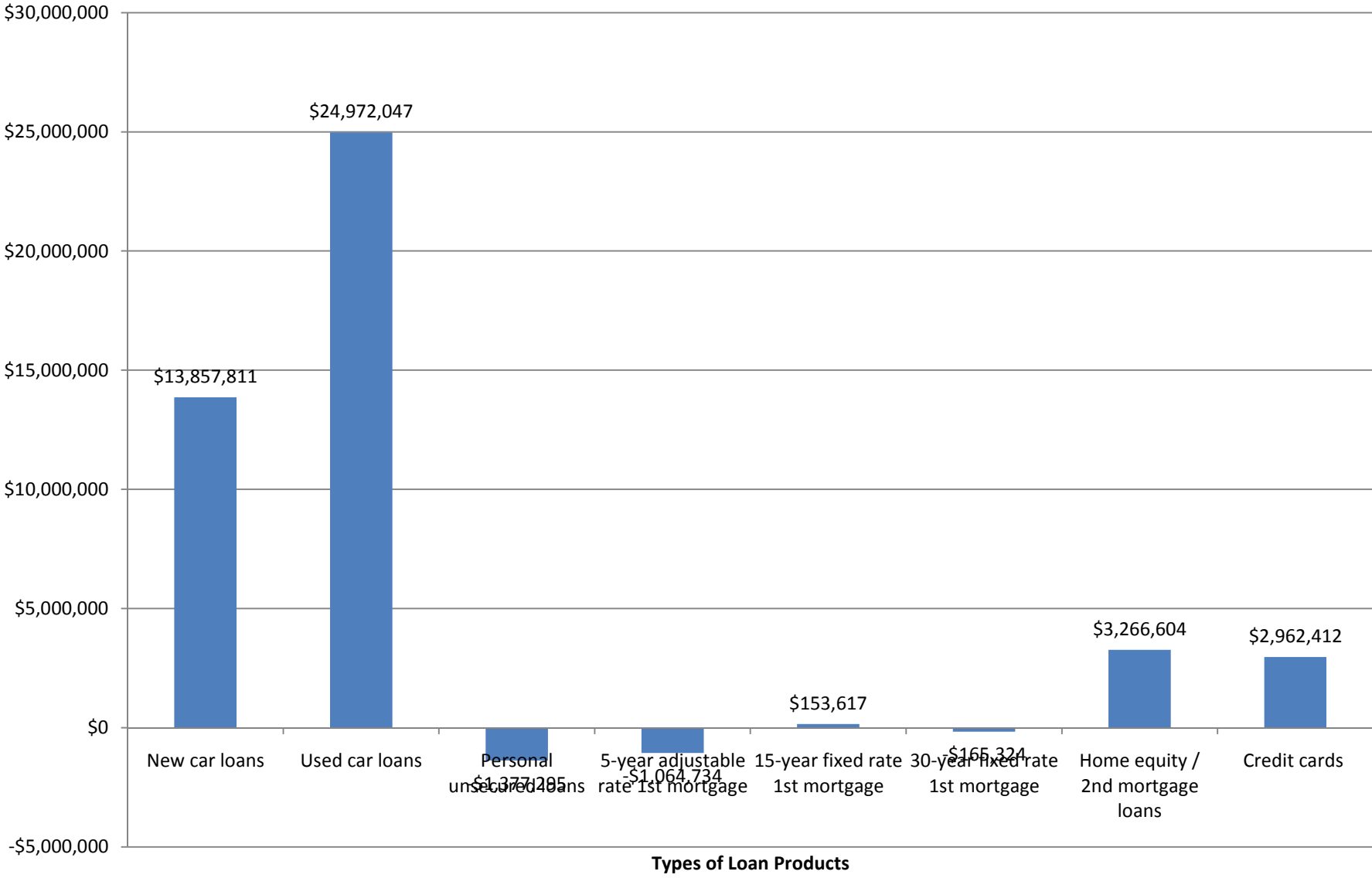


Alaska
Credit Union and Banking Institution
Year-end 2011 Average Interest Rates and Fees

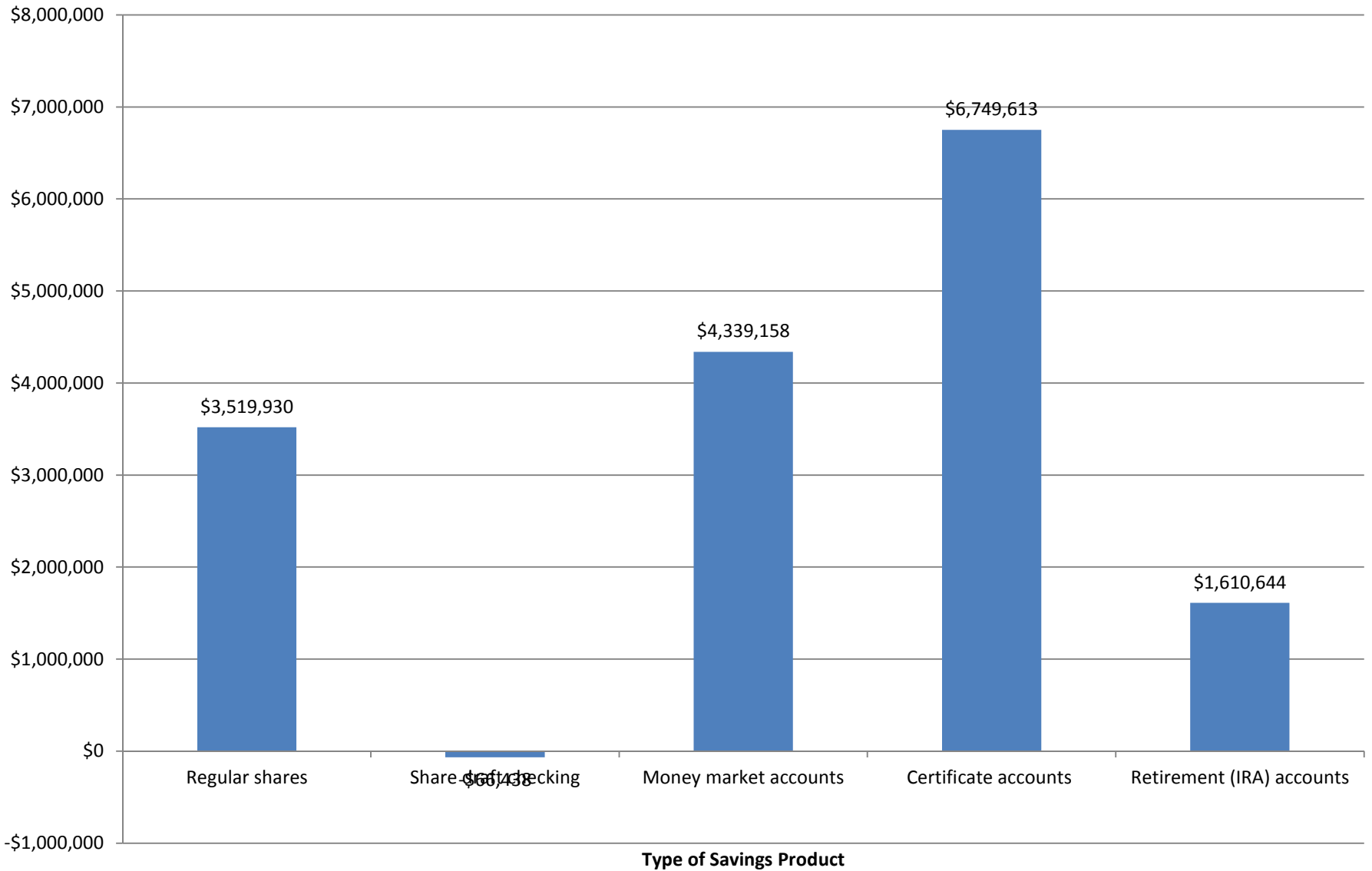
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.66	5.07	-1.42
48-month used car (A paper)	3.66	5.33	-1.68
Unsecured loan (A paper)	11.85	10.62	1.24
5-year adjustable rate 1st mortgage, 0 pts	3.52	3.31	0.21
15-year fixed rate 1st mortgage, 0 pts	3.32	3.41	-0.09
30-year fixed rate 1st mortgage, 0 pts	4.01	3.96	0.05
Home equity / 2nd mtg, 80% LTV 0 pts	3.44	5.18	-1.74
Credit card - classic	11.67	13.12	-1.46
Credit card - gold	10.26	11.17	-0.92
Savings Products			
Regular savings, \$1,000 balance	0.31	0.11	0.20
Share draft checking, \$5,000 balance	0.14	0.15	-0.01
Money market accounts	0.48	0.25	0.23
1 Year certificate \$10,000 balance	0.84	0.31	0.54
Retirement (IRA) accounts	0.66	0.28	0.38
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 Alaska Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Alaska Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	979,350,587	-1.42	\$13,857,811
Used car loans	1,490,868,476	-1.68	\$24,972,047
Personal unsecured loans	111,521,864	1.24	-\$1,377,295
5-year adjustable rate 1st mortgage	519,382,537	0.21	-\$1,064,734
15-year fixed rate 1st mortgage	180,726,439	-0.09	\$153,617
30-year fixed rate 1st mortgage	330,648,603	0.05	-\$165,324
Home equity / 2nd mortgage loans	188,276,913	-1.74	\$3,266,604
Credit cards	224,425,181	-1.46	\$2,962,412
Interest rebates in period			\$3,129
Total CU member benefits arising from lower interest rates on loan products:			\$42,608,268
 <u>Savings</u>			
Regular shares	1,759,965,222	0.20	\$3,519,930
Share draft checking	664,376,018	-0.01	-\$66,438
Money market accounts	1,886,590,397	0.23	\$4,339,158
Certificate accounts	1,261,609,988	0.54	\$6,749,613
Retirement (IRA) accounts	421,083,462	0.38	\$1,610,644
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$16,152,908
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$17,246,649
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$76,007,825
Total CU member benefit / member:			\$120
Total CU member benefit / member household:			\$228

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;

Alaska
Performance Profile

Demographic Information	Dec 11	Dec 10
Number of branches	128	121
Total assets (\$ mil)	6,794	6,275
Total loans (\$ mil)	4,664	4,385
Total surplus funds (\$ mil)	1,740	1,509
Total savings (\$ mil)	6,251	5,753
Total members (thousands)	647	619
Growth Rates (Trailing 12 months) *		
Total assets	8.3 %	4.6 %
Total loans	6.3 %	6.2 %
Total surplus funds	15.3 %	2.7 %
Total savings	8.7 %	6.5 %
Total members	4.6 %	8.3 %
Earnings - Basis Pts. *		
Yield on total assets	467	513
Dividend/interest cost of assets	62	90
Fee & other income	224	232
Operating expense	489	493
Loss Provisions	45	75
Net Income (ROA) after stabilization exp	94	87
Capital adequacy		
Net worth / assets	9.0	8.9
Asset quality *		
Delinquencies / loans	1.0	1.0
Net chargeoffs / average loans	0.7	1.1
Total borrower-bankruptcies	259	282
Bankruptcies per 1000 members	4.8	5.5
Asset/Liability Management		
Loans / savings	74.6	76.2
Loans / assets	68.6	69.9
Long-term assets / assets	18.4	18.3
Core deposits/shares & borrowings	40.7	40.0
Productivity		
Members/potential members	6.0	5.8
Borrowers/members	60.8	60.3
Members/FTE	251	251
Average shares/members (\$)	9,664	9,300
Average loan balances (\$)	11,860	11,748
Salary & Benefits/FTE	74,043	71,708

* 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.