

CUNA Alaska
**MEMBERSHIP BENEFITS
REPORT**



Alaska

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 Alaska credit unions provided \$75,976,830 in direct financial benefits to the state's 859,379 members during the twelve months ending June 2017.

These benefits are equivalent to \$88 per member or \$168 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 \$90 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.

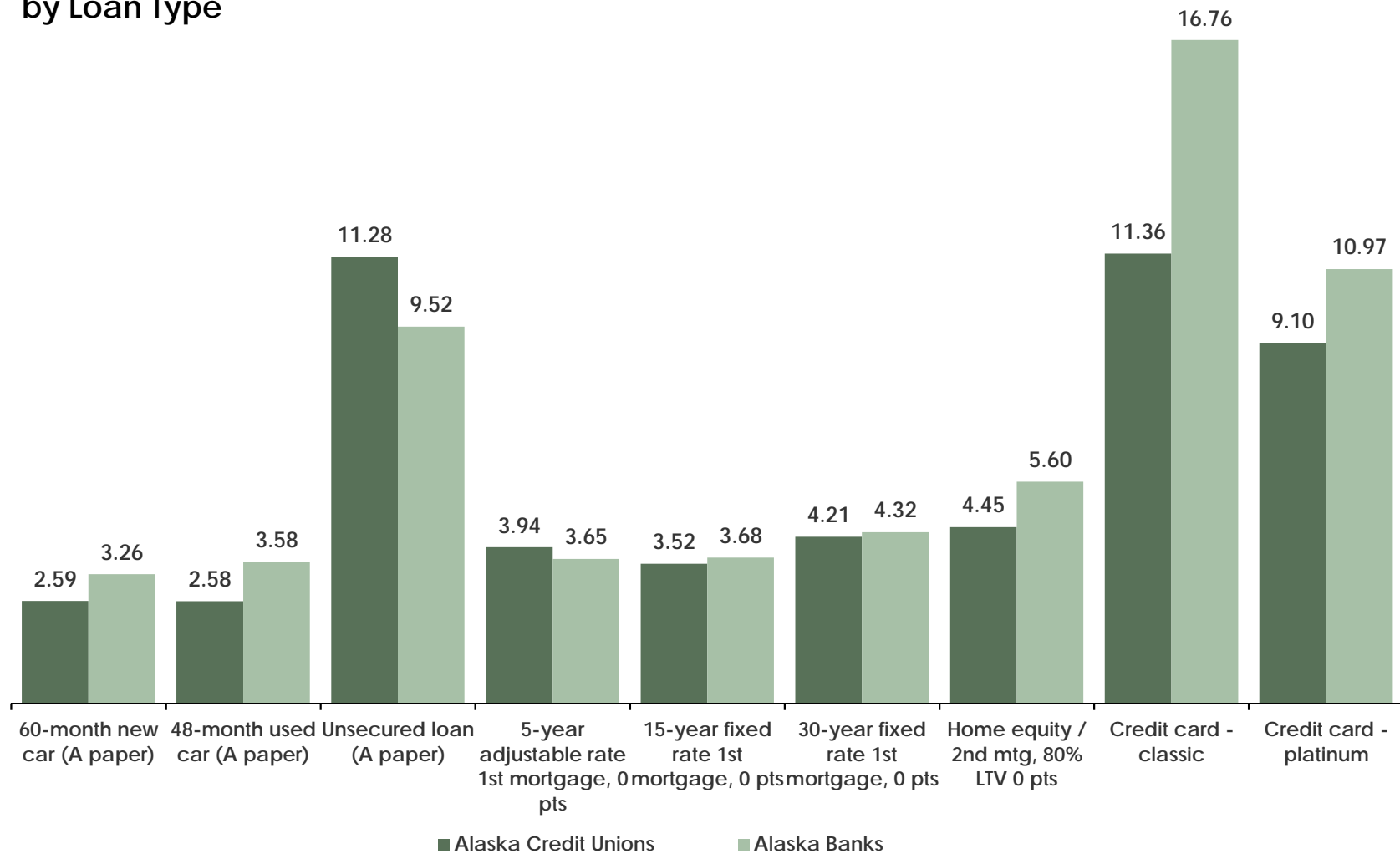
Alaska credit unions excel in providing member benefits on many loan and savings products. In particular, Alaska credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, home equity loans, credit cards loans.

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



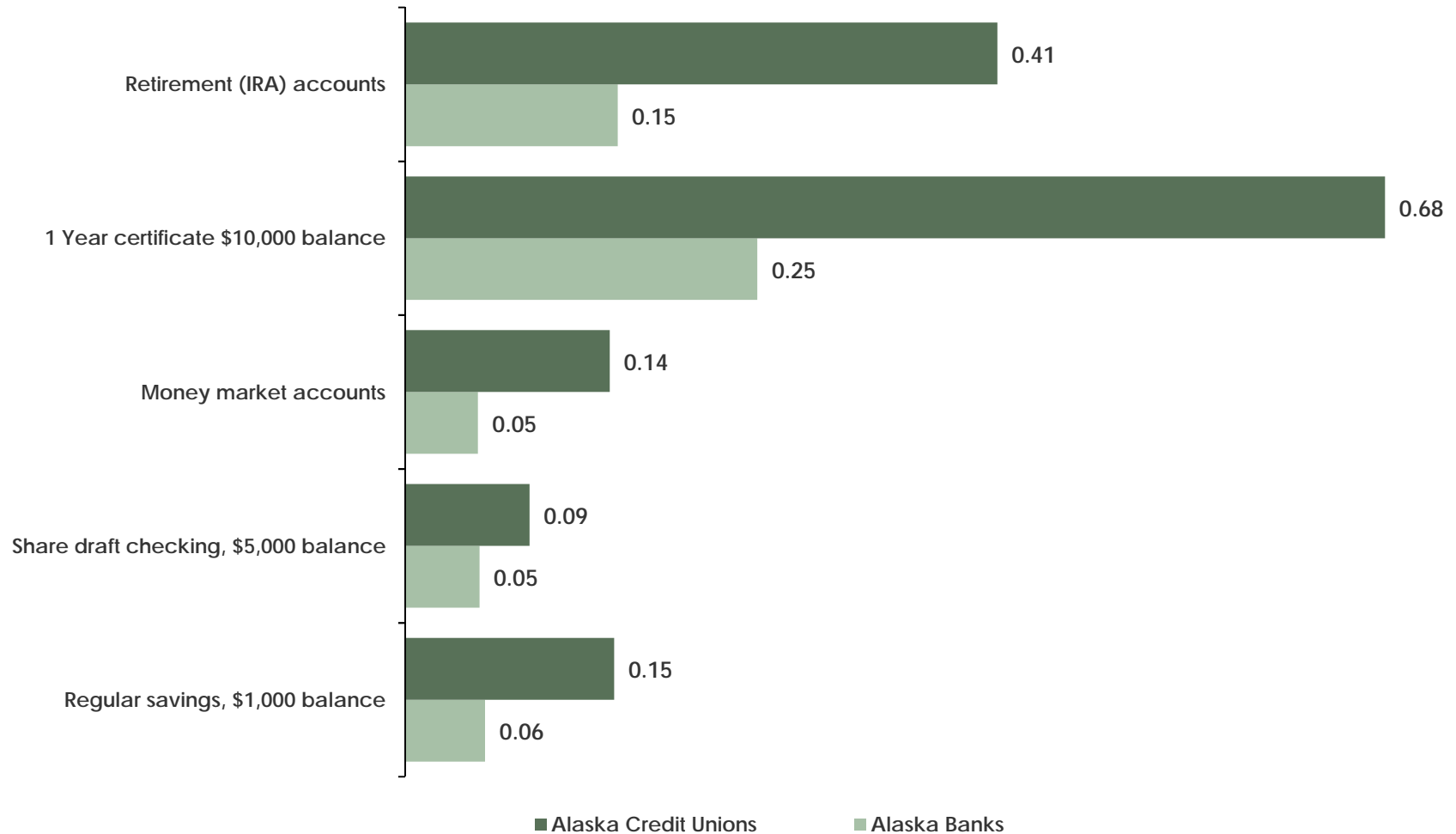
Loan Product Comparative Interest Rates (%)

by Loan Type



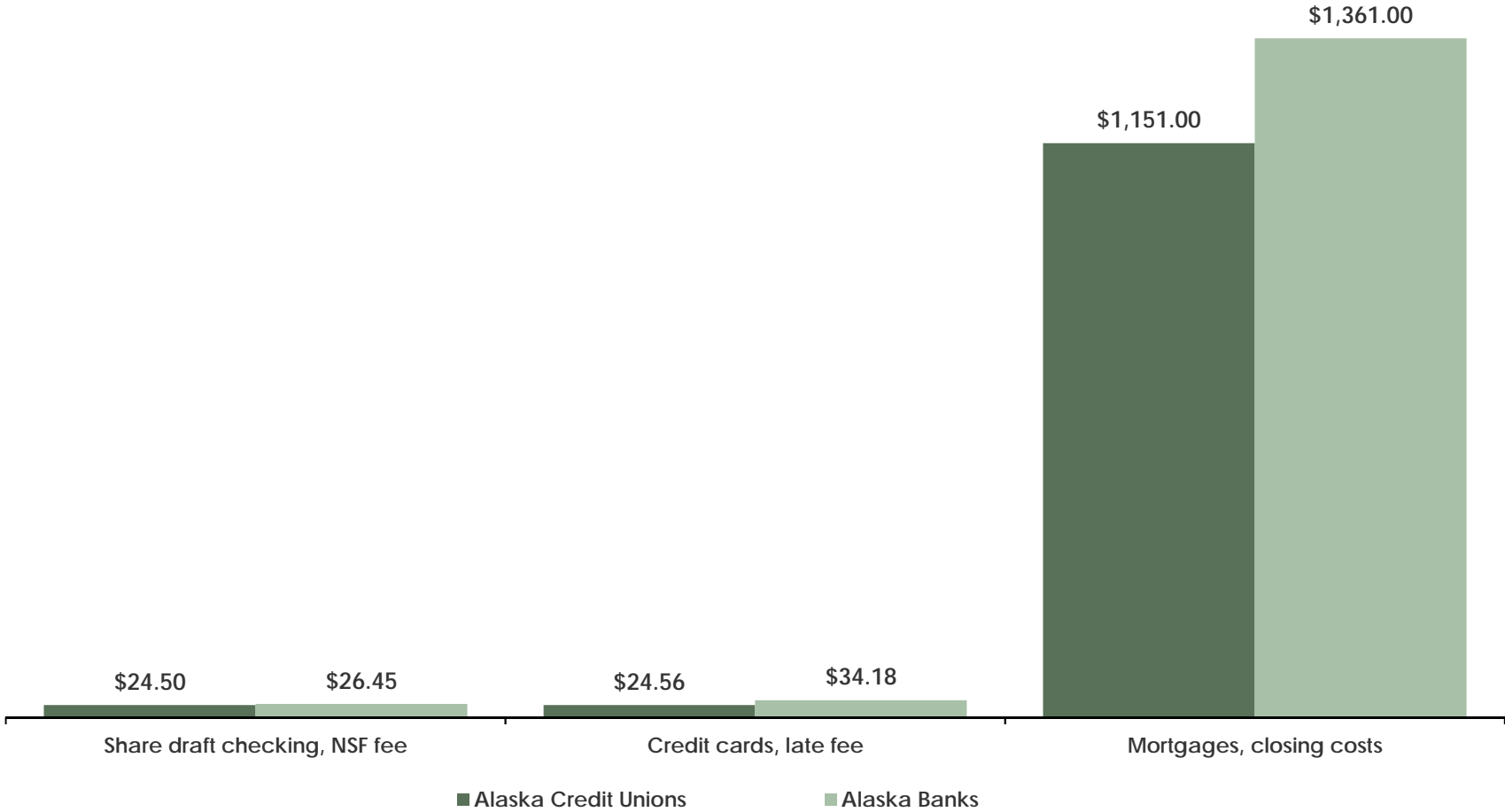
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



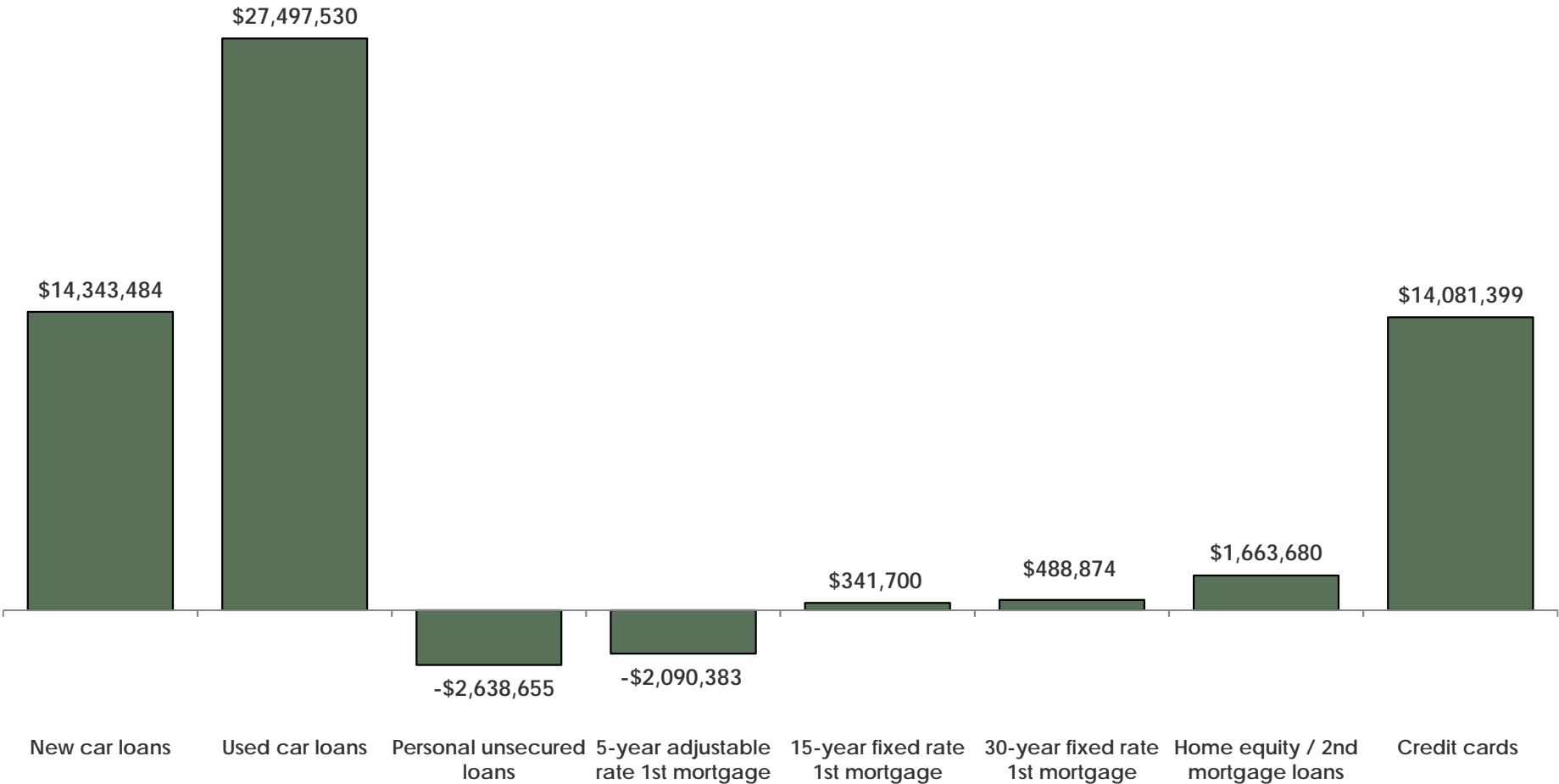
Alaska Credit Union and Banking Institution June 2017 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.59	3.26	-0.68
48-month used car (A paper)	2.58	3.58	-1.00
Unsecured loan (A paper)	11.28	9.52	1.76
5-year adjustable rate 1st mortgage, 0 pts	3.94	3.65	0.29
15-year fixed rate 1st mortgage, 0 pts	3.52	3.68	-0.16
30-year fixed rate 1st mortgage, 0 pts	4.21	4.32	-0.11
Home equity / 2nd mtg, 80% LTV 0 pts	4.45	5.60	-1.15
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	0.15	0.06	0.09
Share draft checking, \$5,000 balance	0.09	0.05	0.04
Money market accounts	0.14	0.05	0.09
1 Year certificate \$10,000 balance	0.68	0.25	0.44
Retirement (IRA) accounts	0.41	0.15	0.27
Fee Income			
Share draft checking, NSF fee	\$24.50	\$26.45	-\$1.95
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

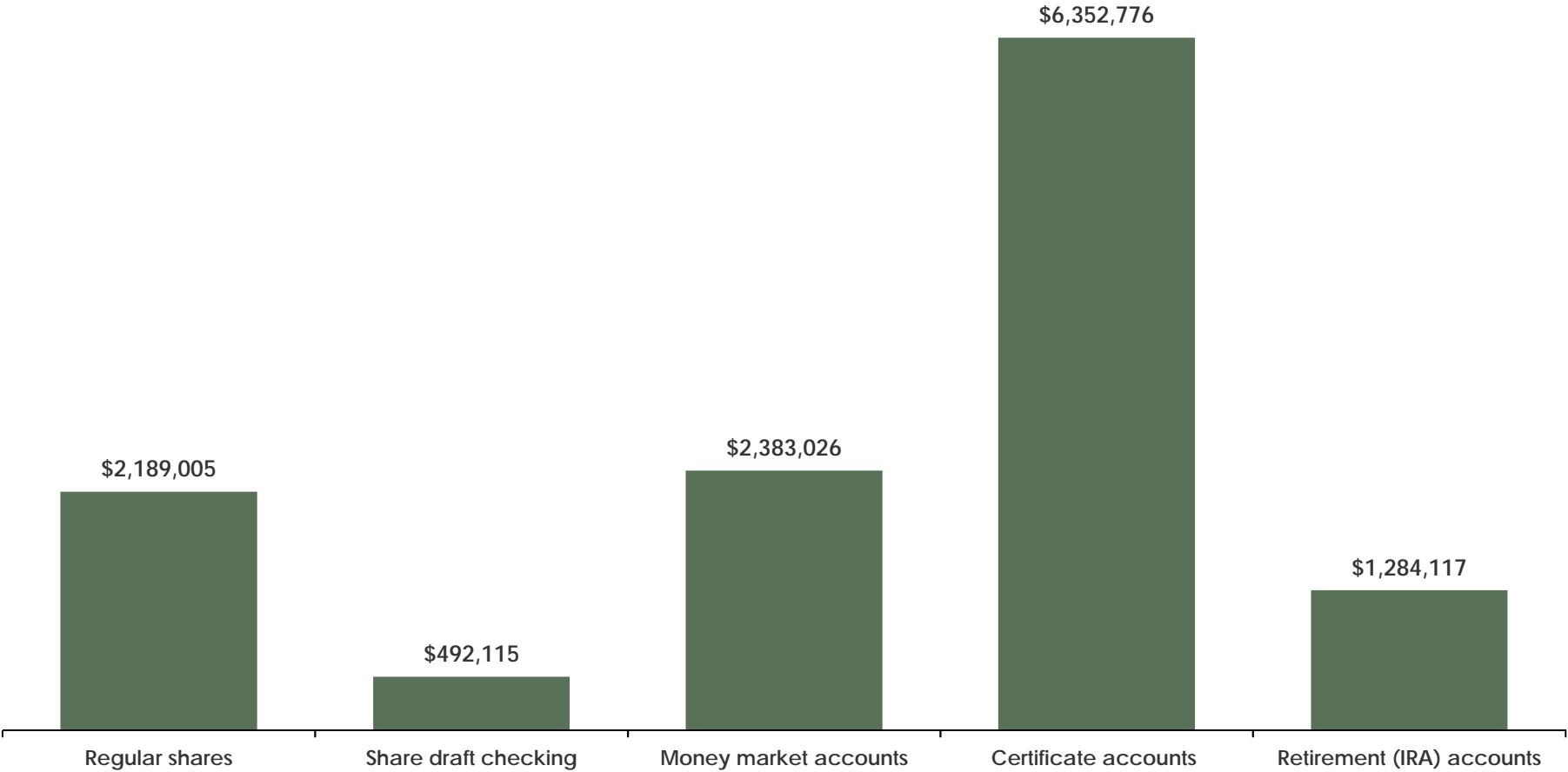
State Credit Union's Total Loan Rate Benefits

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 Alaska Credit Unions June 2017

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Alaska Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,124,960,645	-0.68	\$14,343,484
Used car loans	2,741,528,395	-1.00	\$27,497,530
Personal unsecured loans	149,923,576	1.76	-\$2,638,655
5-year adjustable rate 1st mortgage	713,441,249	0.29	-\$2,090,383
15-year fixed rate 1st mortgage	214,905,374	-0.16	\$341,700
30-year fixed rate 1st mortgage	432,631,649	-0.11	\$488,874
Home equity / 2nd mortgage loans	144,667,834	-1.15	\$1,663,680
Credit cards	311,707,770	-5.40	\$14,081,399
Interest rebates			\$25,848
Total CU member benefits arising from lower interest rates on loan products:			\$53,713,476
Savings			
Regular shares	2,432,227,830	0.09	\$2,189,005
Share draft checking	1,406,044,163	0.04	\$492,115
Money market accounts	2,590,246,070	0.09	\$2,383,026
Certificate accounts	1,450,405,388	0.44	\$6,352,776
Retirement (IRA) accounts	484,572,640	0.27	\$1,284,117
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$12,701,040
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$9,562,314
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$75,976,830
Total CU member benefit / member:			\$88
Total CU member benefit / member household:			\$168

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;

Alaska Credit Union Performance Profile

Demographic Information	Jun 17	Jun 16
Number of branches	151	152
Total assets (\$ mil)	9,657	9,147
Total loans (\$ mil)	7,963	7,246
Total surplus funds (\$ mil)	1,144	1,258
Total savings (\$ mil)	8,610	8,154
Total members (thousands)	884	835
Growth Rates (Trailing 12 months) *		
Total assets	5.6 %	8.0 %
Total loans	9.9 %	7.3 %
Total surplus funds	-9.1 %	11.8 %
Total savings	5.6 %	7.6 %
Total members	5.9 %	6.5 %
Earnings - Basis Pts. *		
Yield on total assets	359	367
Dividend / interest cost of assets	39	35
Fee & other income	208	210
Operating expense	415	431
Loss Provisions	80	53
Net Income (ROA) after stabilization exp	33	57
Capital Adequacy		
Net worth / assets	9.8	9.8
Asset Quality *		
Delinquencies / loans	1.0	1.0
Net chargeoffs / average loans	0.8	0.6
Total borrower-bankruptcies	86	94
Bankruptcies per 1000 members	1.2	1.4
Asset/Liability Management		
Loans / savings	92.5	88.9
Loans / assets	82.5	79.2
Long-term assets / assets	19.1	17.7
Core deposits/shares & borrowings	45.6	45.7
Productivity		
Members / potential members	6.8	6.4
Borrowers / members	66.7	69.6
Members / FTE	299	276
Average shares / members (\$)	9,741	9,766
Average loan balances (\$)	13,499	12,466
Salary & Benefits / FTE	82,372	79,680

* 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.