



Alaska Membership Benefits Report

Year End 2016

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 \$92,869,656 in direct financial benefits to the state's 834,260 members during the twelve months ending December 2016.

These benefits are equivalent to \$111 per member or \$212 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 \$140 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.

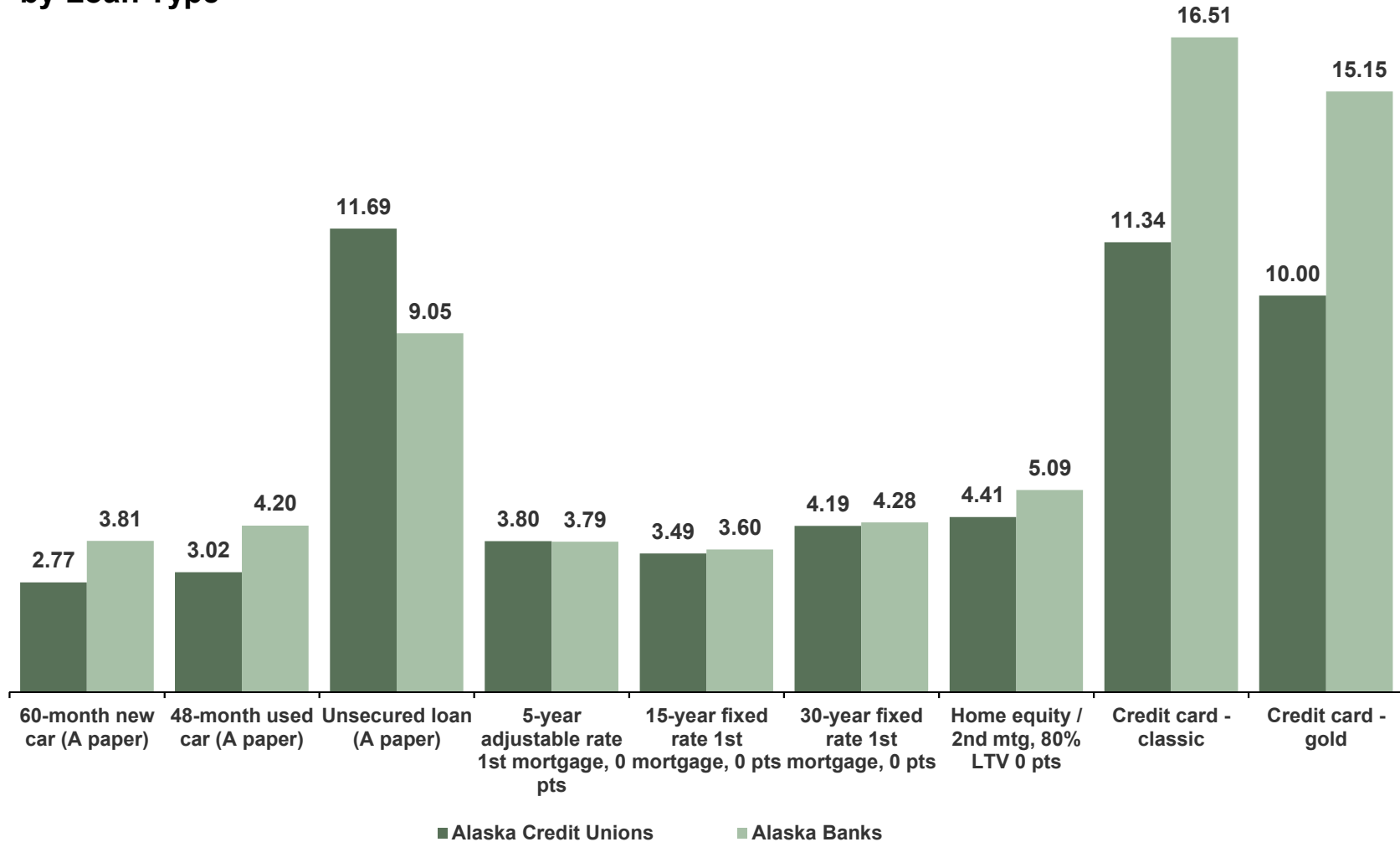
Alaska credit unions excel in providing member benefits on many loan and savings products. In particular, Alaska credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-fixed rate, home equity loans, credit cards loans.

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



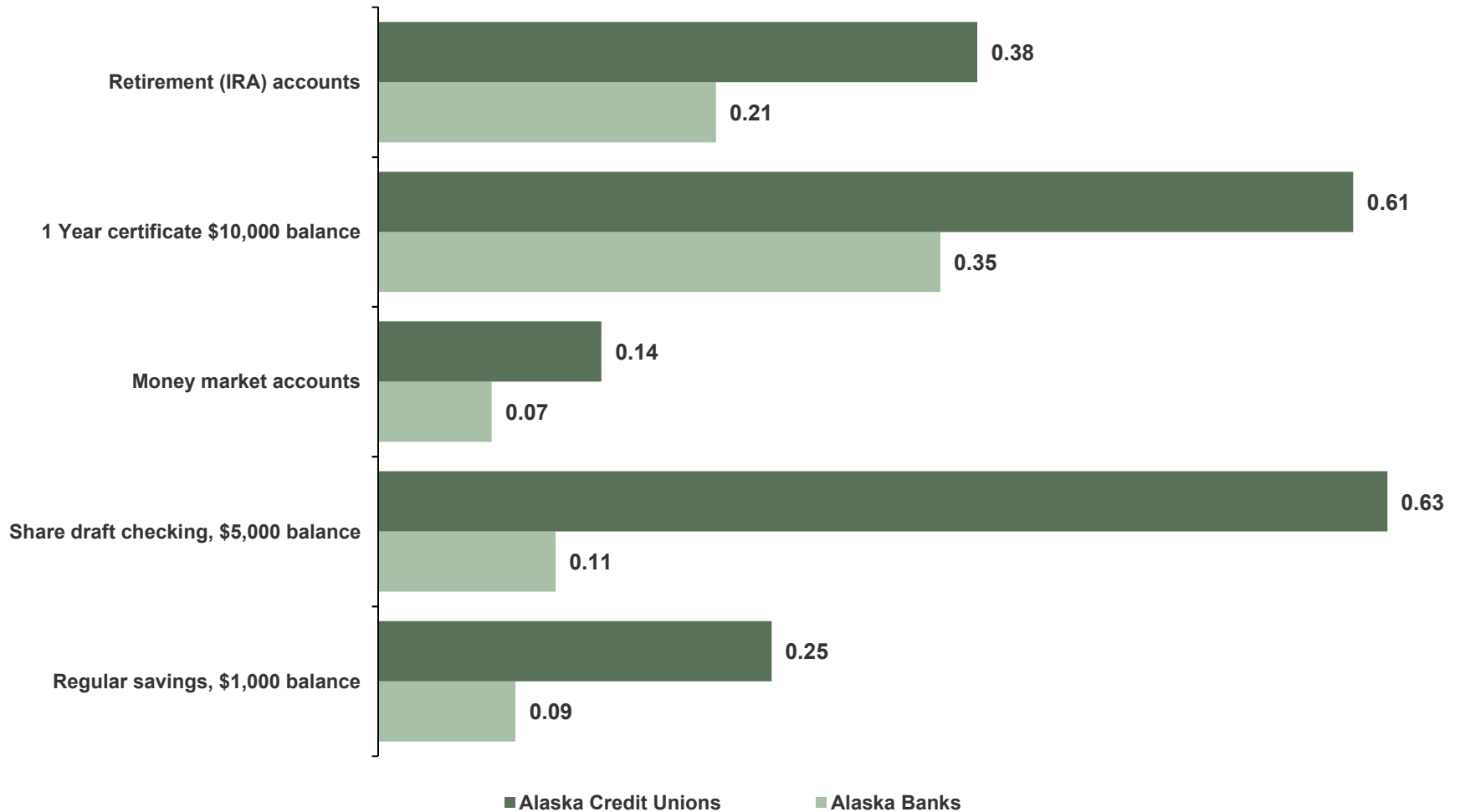
Loan Product Comparative Interest Rates (%)

by Loan Type



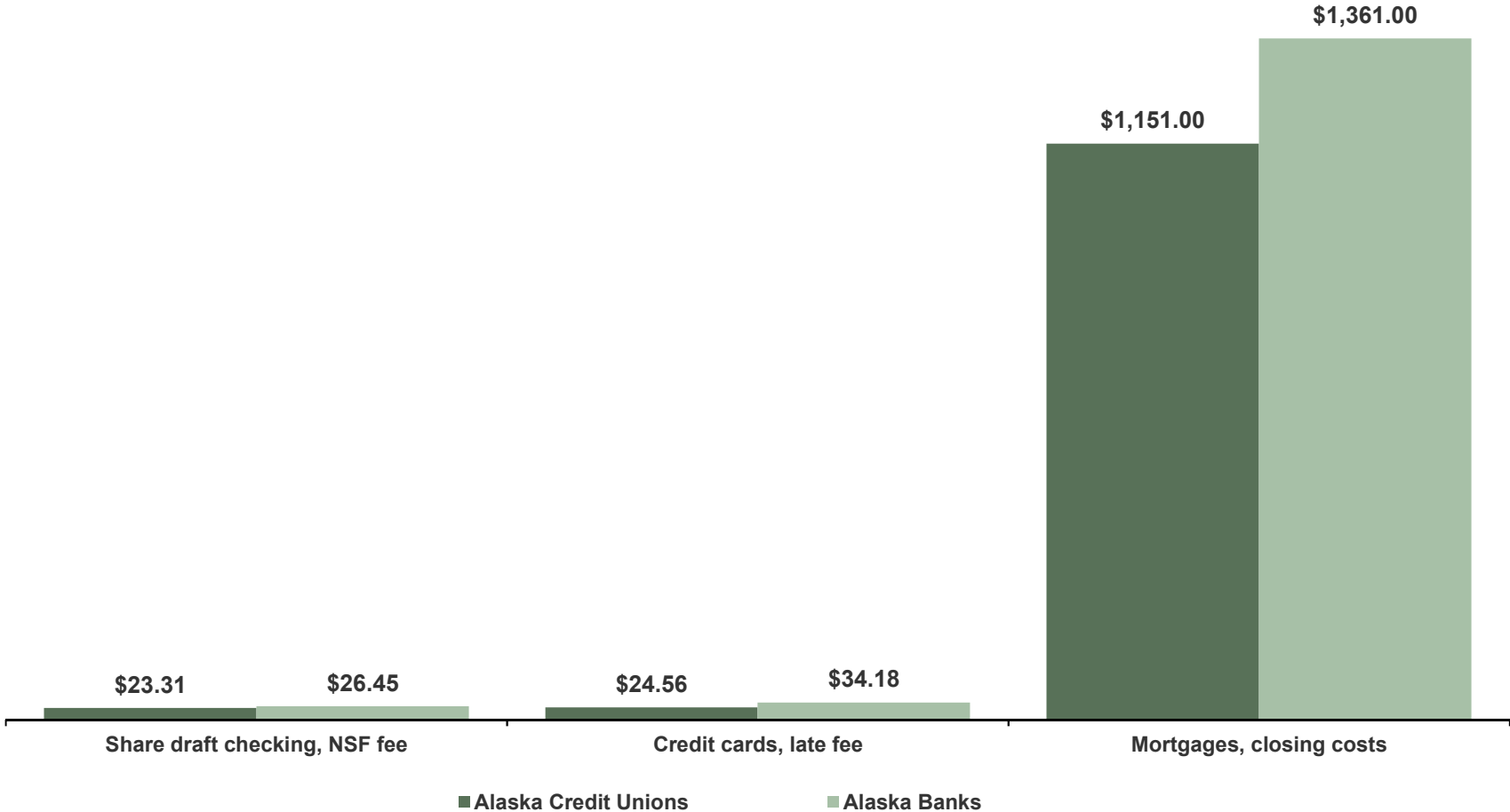
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



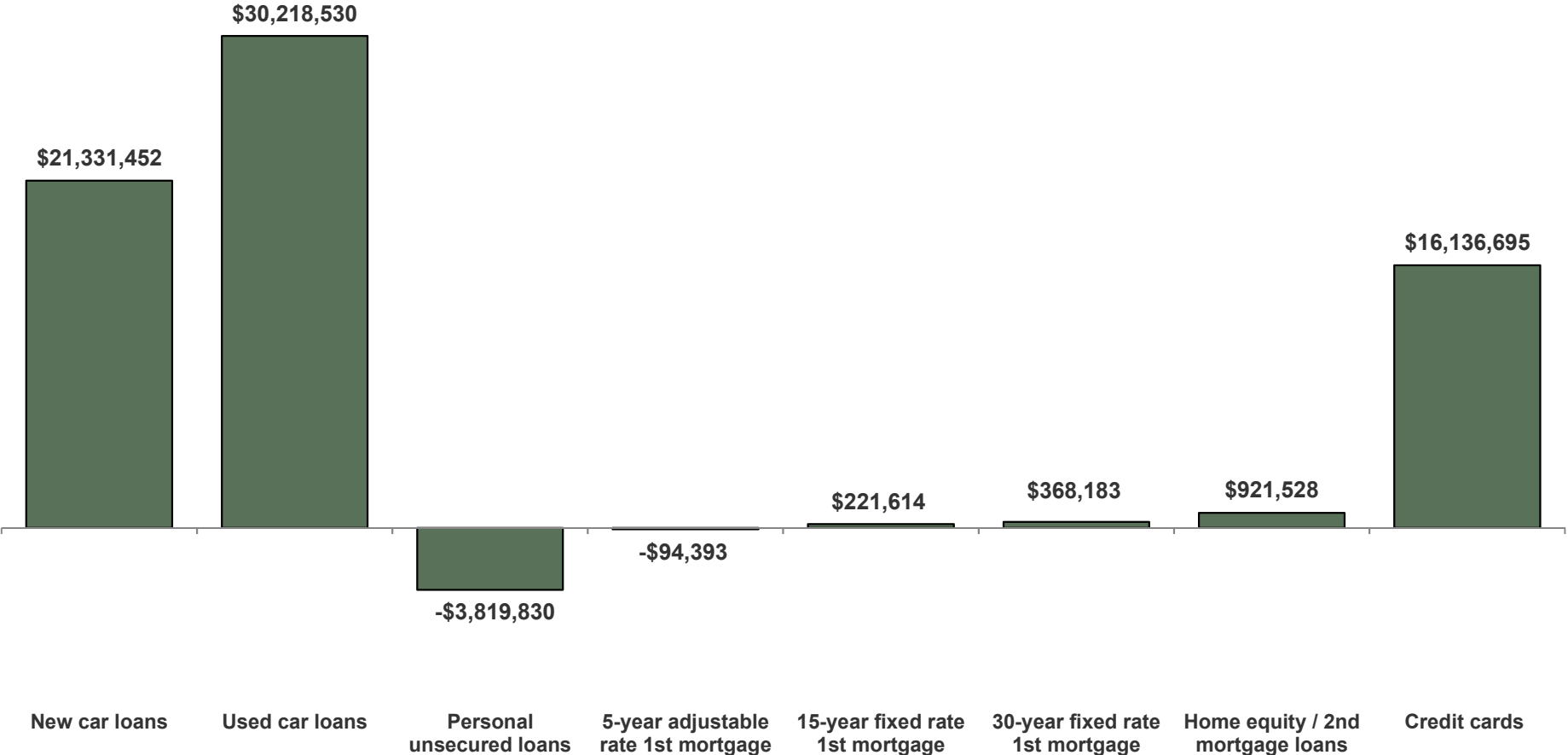
Alaska Credit Union and Banking Institution December 2016 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.77	3.81	-1.05
48-month used car (A paper)	3.02	4.20	-1.17
Unsecured loan (A paper)	11.69	9.05	2.64
5-year adjustable rate 1st mortgage, 0 pts	3.80	3.79	0.01
15-year fixed rate 1st mortgage, 0 pts	3.49	3.60	-0.11
30-year fixed rate 1st mortgage, 0 pts	4.19	4.28	-0.09
Home equity / 2nd mtg, 80% LTV 0 pts	4.41	5.09	-0.68
Credit card - classic	11.34	16.51	-5.17
Credit card - gold	10.00	15.15	-5.15
Savings Products			
Regular savings, \$1,000 balance	0.25	0.09	0.16
Share draft checking, \$5,000 balance	0.63	0.11	0.52
Money market accounts	0.14	0.07	0.07
1 Year certificate \$10,000 balance	0.61	0.35	0.26
Retirement (IRA) accounts	0.38	0.21	0.16
Fee Income			
Share draft checking, NSF fee	\$23.31	\$26.45	-\$3.13
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Informa Research Services

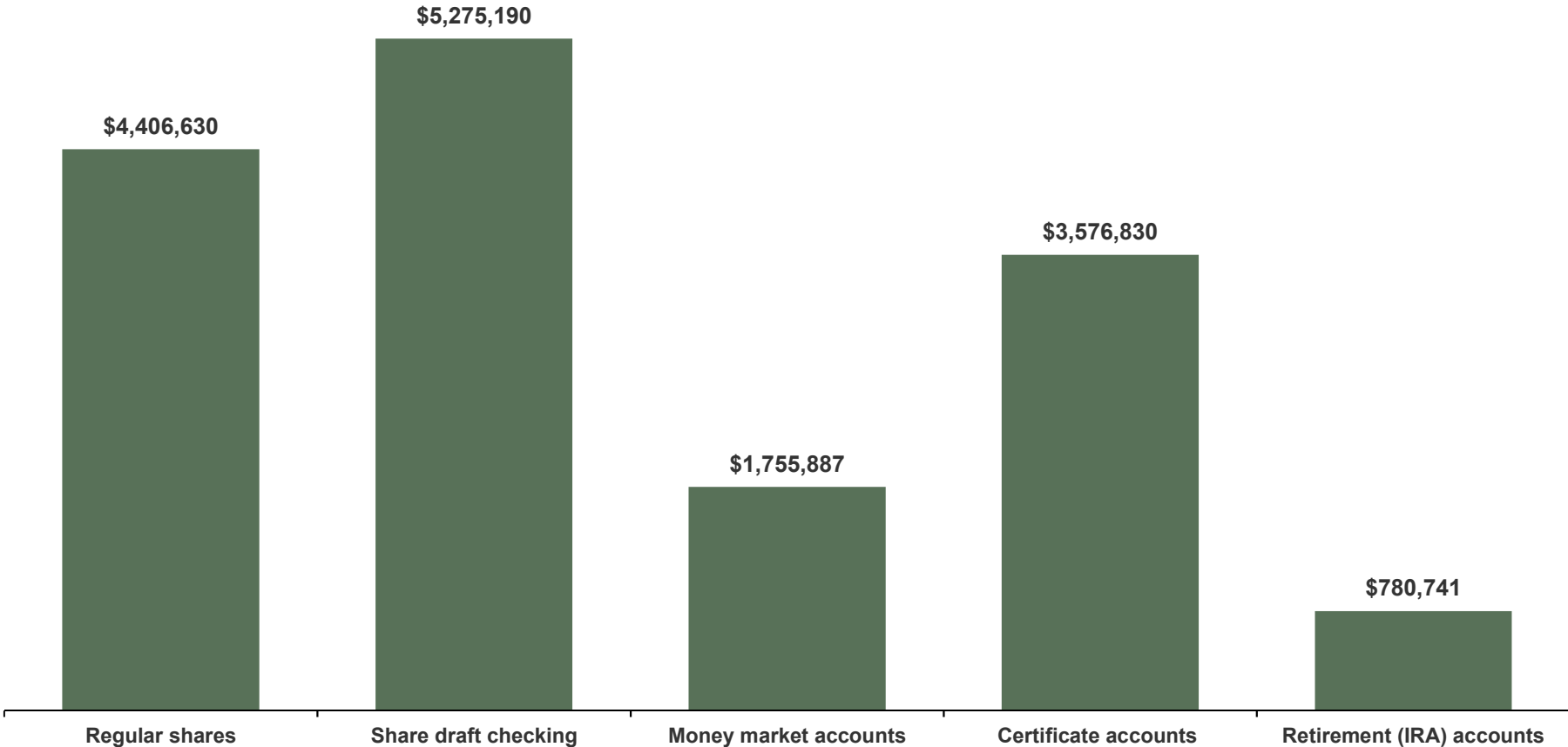
State Credit Union's Total Loan Rate Benefits

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 December 2016

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Alaska Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,037,387,975	-1.05	\$21,331,452
Used car loans	2,573,980,435	-1.17	\$30,218,530
Personal unsecured loans	144,635,746	2.64	-\$3,819,830
5-year adjustable rate 1st mortgage	674,239,089	0.01	-\$94,393
15-year fixed rate 1st mortgage	211,060,499	-0.11	\$221,614
30-year fixed rate 1st mortgage	413,688,642	-0.09	\$368,183
Home equity / 2nd mortgage loans	135,518,808	-0.68	\$921,528
Credit cards	312,423,910	-5.17	\$16,136,695
Interest rebates			\$6,786
Total CU member benefits arising from lower interest rates on loan products:			\$65,290,564
Savings			
Regular shares	2,746,989,840	0.16	\$4,406,630
Share draft checking	1,012,026,857	0.52	\$5,275,190
Money market accounts	2,554,017,191	0.07	\$1,755,887
Certificate accounts	1,382,064,359	0.26	\$3,576,830
Retirement (IRA) accounts	476,710,562	0.16	\$780,741
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$15,795,277
Fee Income			
Total CU member benefit arising from fewer / lower fees:			\$11,783,815
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$92,869,656
Total CU member benefit / member:			\$111
Total CU member benefit / member household:			\$212

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of December 2015 and December 2016, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

Membership Benefits Report

CUNA Economics and Statistics

Alaska Credit Union Performance Profile

Demographic Information	Dec 16	Dec 15
Number of branches	153	141
Total assets (\$ mil)	9,428	8,843
Total loans (\$ mil)	7,440	6,932
Total surplus funds (\$ mil)	1,445	1,414
Total savings (\$ mil)	8,435	7,959
Total members (thousands)	859	810
Growth Rates (Trailing 12 months) *		
Total assets	6.6 %	7.5 %
Total loans	7.3 %	11.9 %
Total surplus funds	2.2 %	-7.2 %
Total savings	6.0 %	7.2 %
Total members	6.0 %	7.0 %
Earnings - Basis Pts. *		
Yield on total assets	374	373
Dividend / interest cost of assets	37	35
Fee & other income	227	217
Operating expense	428	434
Loss Provisions	65	38
Net Income (ROA) after stabilization exp	70	83
Capital Adequacy		
Net worth / assets	9.9	9.8
Asset Quality *		
Delinquencies / loans	1.2	1.2
Net chargeoffs / average loans	0.7	0.5
Total borrower-bankruptcies	189	173
Bankruptcies per 1000 members	2.6	2.6
Asset/Liability Management		
Loans / savings	88.2	87.1
Loans / assets	78.9	78.4
Long-term assets / assets	18.6	17.7
Core deposits/shares & borrowings	45.5	45.9
Productivity		
Members / potential members	6.6	6.3
Borrowers / members	69.4	68.7
Members / FTE	289	282
Average shares / members (\$)	9,824	9,828
Average loan balances (\$)	12,481	12,452
Salary & Benefits / FTE	81,484	81,076

* 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.