



## **Summary Plan of Merger of ALPS Federal Credit Union and Tongass Federal Credit Union**

### **Introduction**

The Board of Directors of ALPS Federal Credit Union ("ALPS"), as Merging Credit Union, and Tongass Federal Credit Union ("Tongass"), as Continuing Credit Union, approved the Merger of the two Credit Unions and have entered an agreement to merge, subject to the approval of the members of ALPS and final approval by the National Credit Union Administration ("NCUA"). In connection with the Merger, the following information is provided in addition to the Merger and financial information set forth in the Notice of Special Meeting.

### **Board of Directors**

On the effective date of the merger, the Board of Directors will consist of nine (9) Directors including seven (7) current members of Tongass and two (2) current members of ALPS.

### **Supervisory Committee**

The Continuing Credit Union plans to retain the current size of its Supervisory Committee of five (5) members. On the effective date of the merger, the Supervisory Committee of the Continuing Credit Union shall be comprised of the five (5) current members of the Tongass Supervisory Committee.

### **Management and Employees**

The Credit Unions intend to offer employment to all employees of ALPS as of the merger date, subject to Tongass's current employment policies and procedures and the future business needs of the Continuing Credit Union. ALPS employees will be offered a compensation and benefit package that is consistent in value and benefit, to the extent reasonably possible, as offered by Tongass to its employees. Helen Mickel, currently the President/CEO of Tongass, will continue as President/CEO of the Continuing Credit.

### **Insurance**

There will be no changes in the \$250,000 of federal share insurance coverage of members' accounts through the National Credit Union Share Insurance Fund unless a member has accounts at both ALPS and Tongass in excess of the share insurance limit. In this case, affected members will receive a separate notice explaining the federal share insurance coverage related to their account(s). Credit Union staff will encourage the affected members to meet with appropriate Credit Union staff who will attempt to work with the members in an effort to maximize their deposit insurance coverage.

## Branch Offices

After the merger, the Continuing Credit Union will continue to maintain the current branch offices in the following locations:

Headquarters	2000 Tongass Avenue, Ketchikan, Alaska 99901
Metlakatla	92-C Milton Street, Metlakatla, AK 99926
Klawock	Klawock-Heenya Mall, Suite #5, Klawock, AK 99925
Wrangell	215 Front Street, Kadin Building, Wrangell, AK 99929
Haines	138 S. Second Ave., Haines, AK 99827
Thorne Bay	110 Freeman Drive, Unit A, Thorne Bay, AK 99919
Hydaburg	109 Main Street, Hydaburg, AK 99922
Kake	374 Keku Road, Ste. 103, Kake, AK 99830
Hoonah	352 Front Street, Hoonah, AK 99829
Sitka	401 Halibut Point Road, Sitka, Alaska 99835
Petersburg	312 N. Nordic Drive, Sitka, Alaska 99835

## Merger Expenses

The estimated expenses paid or to be incurred by the Credit Unions in connection with conducting the Merger including the special meeting costs and postage, printing, marketing and printing and postage, accounting fees, environmental assessments, consulting fees, legal fees and regulatory filing fees is \$60,000.

## Financial Information of ALPS and Tongass

### Regulatory Call Report (5300) Information

The following is key financial information from the Call Reports (5300) of ALPS and Tongass as of September 30, 2022:

Key Information	ALPS	Tongass
Total Loans	\$42,773,319	\$94,537,471
Total Assets	\$83,582,322	\$164,522,241
Total Deposits	\$78,289,703	\$145,962,651
Total Equity	\$4,601,636	\$7,516,728
Average Shares per Member	\$19,350	\$16,263
Average Loan per Member	\$24,138	\$20,356
<b>Ratios</b>		
Net Worth/Total Assets	8.50%	13.47%
Delinquent Loans/Total Loans	.09%	.10%
Loan/Shares	54.63%	63.36%

The following is an overview of the combined year to date income statement for September 30, 2022:

Key Information	ALPS	Tongass
Total Interest Income	\$1,753,645	3,543,871
Total Interest Expense (COF)	\$105,233	211,568
Fee and Other Operating Income	\$478,610	1,504,823
Operating Expense	\$1,933,510	4,201,785
Provisions for Loan Losses	-\$1,178	68,336
Net Income	\$194,690	567,005
<b>Ratios</b>		
Net Charge Offs	-.08%	.03%
ROA YTD	.33%	.51%
Net Operating Expense	2.49%	3.77%

The complete 5300 Regulatory Reports for Tongass Federal Credit Union and ALPS Federal Credit Union are available at [www.ncua.gov](http://www.ncua.gov).

### Combined Financial Information

The following is an overview of the individual balance sheets of ALPS and Tongass as of September 30, 2022, and a combined balance sheet showing what the Continuing Credit Union would have held at September 30, 2022.

Assets	ALPS	Tongass	Combined
Total Cash	\$17,339,079	18,699,720	36,038,799
Total Investments	\$21,201,765	45,718,110	66,919,875
Total Loans, net	\$42,574,659	94,377,260	136,951,919
Other Assets	\$2,466,819	5,727,151	8,193,970
Total Assets	\$83,582,322	164,522,241	248,104,563
<b>Liabilities and Equity</b>			
Borrowings	\$0	0	0
Accounts Payable and Other Liabilities	\$690,983	11,042,862	11,733,845
Total Deposits	\$78,289,703	145,962,651	224,252,354
Total Equity	\$4,601,636	7,516,728	12,118,364
Total Liabilities and Equity	\$83,582,322	164,522,241	248,104,563