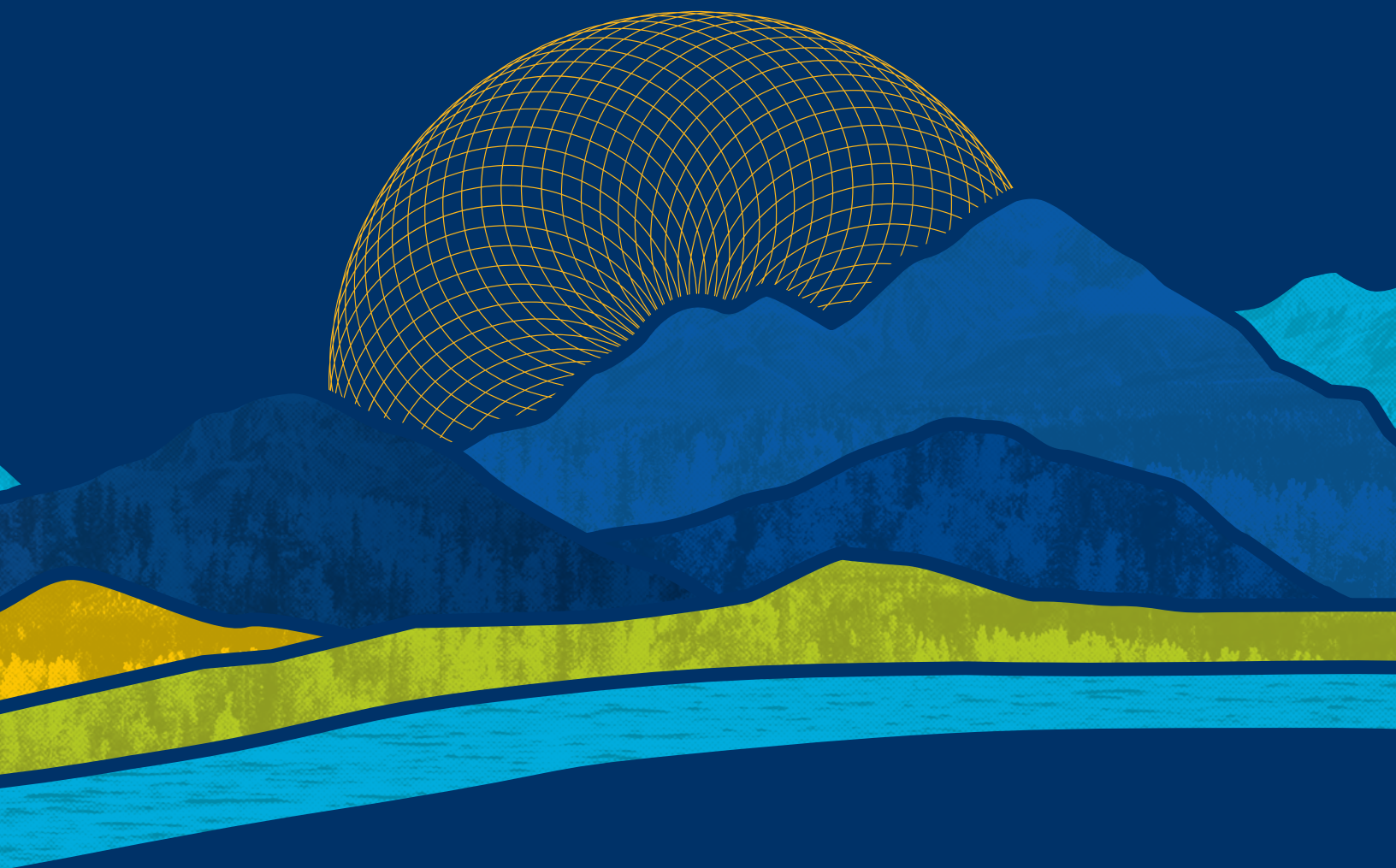


2022 | ANNUAL REPORT



AlaskaUSA[®]
Federal Credit Union

is going **Global**

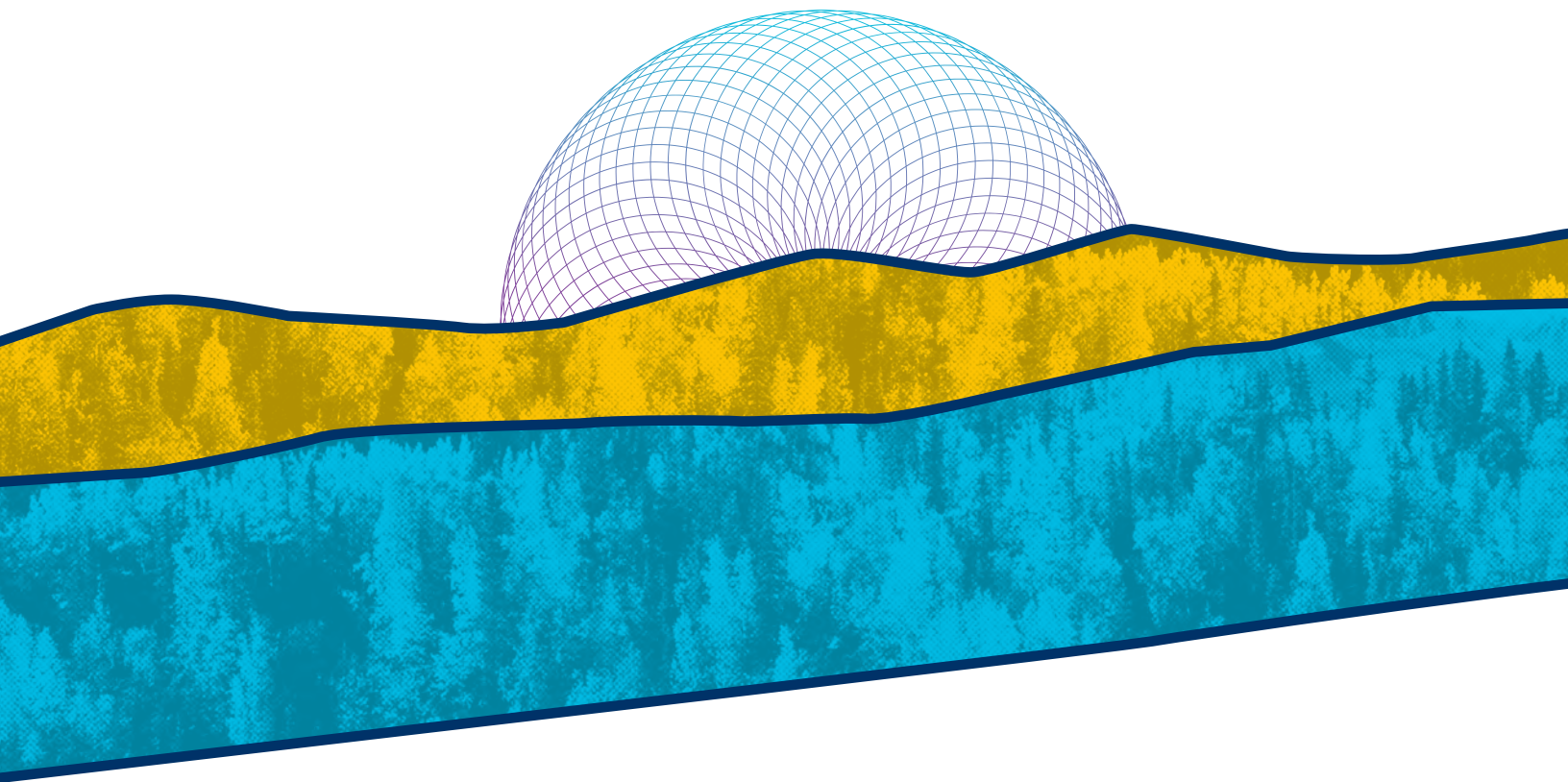




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THE BOARD OF DIRECTORS' AND PRESIDENT'S REPORT

Since it was chartered in 1948, Alaska USA's mission has been to provide financial services to members affordably, conveniently, and professionally. Throughout the credit union's 74 years of operations, it has remained true to its original purpose of providing members with a safe place to save and earn competitive rates on savings and, at the same time, an available source for low-cost credit.

STRENGTH IN MEMBERS

2022 was a year of significant challenges—persistent inflation, unprecedented actions by the Federal Reserve Bank to prevent a deep recession, continuing supply chain challenges, and ongoing disruption in work force participation. As the credit union represents a vital element in the everyday lives of its members, Alaska USA implemented key strategies to ensure the credit union remained financially strong into the future and members would continue to benefit from that strength.

Despite those challenges, 2022 was one of the most successful years in the credit union's history, as new records were set for membership, deposits, loans, net worth, assets, and net income. At year end, assets totaled \$11.84 billion with net worth of \$1.11 billion, and the credit union's membership totaled 761,753.

BETTER THAN BANKING

As a result of major shifts in consumer behaviors, expectations, and preferences, over the past several years the credit union focused efforts and resources on digital transformation while continuing to enhance member experience through the branch and contact center delivery channels. These efforts continued to pay off in 2022, as the credit union processed a record 802 million transactions and 99,555 new loans totaling \$5.58 billion.

As a member-owned cooperative, Alaska USA transfers value to members by providing services more cost effectively than other financial organizations. To measure the credit union's success in this regard, the value transferred is rigorously calculated based on the dollar benefit Alaska USA members receive from higher rates on deposits, lower loan rates, and lower fees compared to those of competing banking institutions. We are pleased to report that this value transfer to members in 2022 was \$133.4 million, an approximate return of \$175 per member.



PEOPLE HELPING PEOPLE

In addition to returning profits back to the members, Alaska USA is committed to serving the communities in which members live, work, and attend school. Through corporate giving and community support programs, Alaska USA contributed nearly \$650,000 to nonprofit organizations in more than 50 distinct communities. Employees and Alaska USA donated more than \$66,000 to the United Way in 2022.

Charitable contributions weren't limited to the credit union and its employees; credit union members donated nearly \$200,000 to annual fundraisers coordinated by the Alaska USA Foundation, an organization that directly funds needs-based services to children, veterans, and active-duty members of the armed services. While financial support of nonprofit organizations is incredibly important to the co-operative mission of the credit union, Alaska USA employees in Alaska, Arizona, California, and Washington also volunteered hundreds of hours supporting organizations they are passionate about.





SERVICE FIRST

In terms of service, numerous enhancements were made during the year designed to make the credit union more convenient for members. At year end, the credit union operated 77 branches, which includes eight financial centers in four states as well as a 24/7/365 contact center.

The credit union also measures its service performance by asking members to rate the level of service they receive. This member service survey has been conducted each month for the last 22 years. Even with the challenges we faced in 2022, the survey responses revealed incredibly high levels of member service satisfaction. In addition, the credit union was again selected by consumers as the favorite financial institution in several separate communities that we serve, including the four largest market areas in Alaska.

The credit union exists to serve its members, but we cannot effectively perform that function without each of the skilled and valuable employees that work diligently to make sure members have access to their money. We were inspired by Alaska USA's more than 2,200 dedicated employees, who continued to serve members through unprecedented adversity, and we want to thank them for their extraordinary efforts.

GLOBAL FUTURE

Lastly, in the late summer of 2022, we completed the legal merger of Global Credit Union, headquartered in Spokane, Washington. The merger, which added 46,000 members and 12 branches, established an even stronger credit union and strategically positioned the organization for unbounded growth in the future with a brand name change that was announced in early 2023. This marks a significant milestone in our company's journey, providing an opportunity to reflect on everything that Alaska USA has stood for and everything that we aspire to become as we move forward with the name Global Credit Union, the company's fifth different name in its distinguished history.

We are confident that Global's experience, sound business philosophies and practices, and strong financial foundation position the credit union well to meet the many challenges and opportunities that lie ahead. We are certain that Global's 75th year of operation will be another year of success in serving members' financial needs. We want to thank the membership for their seven-plus decades of support and participation in the credit union. We also want to congratulate and thank the volunteer officials and all the employees for their service to members and contributions to the credit union in 2022.



Kent B. Berthiaume Chairman
Ronald E. Lee Vice Chairman
RaeDene K. Turner Secretary
Richard F. Hawley Treasurer
Lorran J. Skinner Director
Geri M. Wacker Director
Craig S. Wood Director
Geoff Lundfelt President and CEO

Alaska USA reinvests in members by providing better products and services for less.

MEMBERSHIP

761,753

50,642 / 7.12%

INCREASE OVER PRIOR YEAR END

ASSETS TOTALED

\$11.84B

\$1,129 / 10.54%

INCREASE IN MILLIONS OVER PRIOR YEAR END

LOANS TOTALED

\$10.27B

\$1,736 / 20.34%

INCREASE IN MILLIONS OVER PRIOR YEAR-END BALANCES

VALUE TRANSFERRED

\$133.4M

\$175

AMOUNT PER MEMBER

WE ARE WHERE YOU ARE

The benefits of Alaska USA membership follow you wherever you go.



77 BRANCHES



24/7 MEMBER CALL SUPPORT



5,000+ SHARED BRANCHES



55,000+ NATIONWIDE SURCHARGE-FREE ATMS

THE RETURN OF KIDS DAY AT THE ZOO

Kids Day at the Zoo, one of the credit union's most cherished annual events, had been on hold since 2019 due to the ongoing worldwide pandemic.

2022 showed us just how much the community had missed Kids Day. More than 3,500 people made their way to the Alaska Zoo for a fun-filled family day outside. Kids aged 3 to 17 received free entrance to the zoo and got to join in a variety of fun and engaging activities, including animal tattoos, a prize wheel, a photo booth, and animal enrichment.

It was great to be back, and we can't wait for the next one.



UNITED WAY FALL CARNIVALS

The credit union has a longstanding partnership with United Way, and we capped off the year's fundraising with Fall Carnivals for a Cause. Employees in Alaska, Arizona, and Washington got together for warm drinks, good friends, fun, and photos while raising money for United Way.

Thanks to generous donations from employees and a matching donation from the credit union, we raised more than \$49,000 for United Way. The funds will go toward United Way's mission to build resilient and equitable communities across the globe.

Thank you for joining together to support the communities we serve!



SPECIAL OLYMPICS

The credit union is a proud and longtime supporter of Special Olympics and their pursuit to create a better and more inclusive world through sports. In 2022, the credit union made donations totaling \$51,000 to Special Olympics programs while taking part in a variety of fun and exciting events in Alaska, Arizona, California, and Washington.

Special Olympics Alaska received \$20,000 in support of its biggest community fundraiser—Alaska Law Enforcement Torch Run. Special Olympics Arizona received \$15,000 in support of the Polar Plunge, Law Enforcement Torch Run, and Breakfast with Champions. Special Olympics California received \$1,000 in support of the Big Bear Polar Plunge. Special Olympics Washington received \$15,000 in support of the Polar Plunge, Community Challenge, and Tasting Room gala.

By partnering with these programs, the credit union hopes Special Olympics will be able to continue to provide essential services well into the future.



BACK-TO-SCHOOL BRIGADE

The credit union partnered with the nonprofit organization Operation Homefront for their 2022 Back-to-School Brigade program.

The program is part of Operation Homefront's annual school-supply collection and distribution campaign. Team Alaska USA organized volunteers in Alaska, Arizona, California, and Washington to assist Operation Homefront in giving out backpacks as part of a nationwide effort. Together, Operation Homefront delivered more than 480,000 backpacks to the children of military families—saving them nearly \$50 million in school expenses.

Thank you to Operation Homefront and all the volunteers that helped pull this off.



A SALUTE TO THE TROOPS

Military service members and their families have been a vital part of the Alaska USA family since our founding in 1948.

While we can never do enough to completely show our gratitude for everything our brave service members do for this country, the credit union and our partners are always on the lookout for opportunities to show that we care.

In 2022 we hosted a private showing of *Top Gun: Maverick* in celebration of Military Appreciation Month. More than 350 veterans and active-duty individuals came out to enjoy some blockbuster cinema, a themed photo booth, and an assortment of snacks and giveaways.

From the bottom of our hearts, thank you for your service.



SUPERVISORY COMMITTEE REPORT

The credit union’s Supervisory Committee is comprised of five volunteer members who function as the credit union’s audit committee. It is the Committee’s responsibility to ensure that internal controls are effectively maintained; accounting records and reports are promptly prepared and accurately reflect the results of operations; the operation of the credit union is in accordance with the policies and procedures established by the Board of Directors; and member account inquiries are promptly and fairly considered. Your Supervisory Committee has fulfilled these responsibilities during the past year as follows:

- » Retained Crowe Horwath, a certified public accounting firm, to conduct the credit union’s annual audit;
- » Worked with the credit union’s Internal Audit department to ensure that internal controls were maintained;
- » Responded directly to members with account inquiries;
- » Completed a random sample verification of member account balances and of closed accounts through direct correspondence; and
- » Met regularly, and as required, to consider matters that were within the Supervisory Committee’s area of responsibility.

It is our opinion that the enclosed financial statements fairly and accurately reflect the financial condition of Alaska USA Federal Credit Union on December 31, 2022, and that the credit union operates and is managed on a sound basis, in accordance with current federal regulations.



Sarah M. Warrington	Chairman
Jody L. Allen	Secretary
Gregory A. Brown	Member
John K. Hogue	Member
Hal Westbrook	Member

Consolidated Statements of Financial Condition

ALASKA USA FEDERAL CREDIT UNION AND SUBSIDIARIES
December 31, 2022 and 2021
(Dollars in thousands)

	2022	2021
ASSETS		
Cash and due from financial institutions	\$ 126,844	\$ 87,389
Interest-bearing deposits in other financial institutions	30,056	566,355
Securities purchased under agreements to resell	-	196,211
Total cash and cash equivalents	156,900	849,955
Debt securities available for sale	819,567	859,691
Equity securities	11,363	11,363
Total investments	830,930	871,054
Loans		
Loans, net of allowance for loan loss of \$35,467 and \$49,522 as of December 31, 2022 and 2021	10,203,597	8,404,279
Loans held for sale	31,416	80,230
	10,235,013	8,484,509
Deposit in National Credit Union Share Insurance Fund	94,058	85,136
Federal Home Loan Bank stock, at cost	27,800	10,000
Accrued interest receivable	40,936	27,982
Other receivables	23,685	25,635
Premises and equipment, net	210,725	191,442
Right-of-use asset	17,728	-
Assets acquired in liquidation of loans, net	4,040	3,215
Goodwill	35,151	22,478
Mortgage servicing rights, net	39,193	39,228
Net pension asset	71,832	85,328
Intangible assets, net	12,508	1,274
Other assets	44,294	18,828
Total assets	\$ 11,844,793	\$ 10,716,064
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' share accounts	\$ 10,276,639	\$ 9,684,166
Federal Home Loan Bank advances	445,000	-
Lease liabilities	19,531	-
Accrued expenses and accounts payable	184,125	156,856
Total liabilities	10,925,295	9,841,022
Members' equity		
Undivided earnings and statutory reserves	1,039,278	971,963
Equity acquired in merger	66,896	-
Accumulated other comprehensive loss	(186,676)	(96,921)
Total members' equity	919,498	875,042
Total liabilities and members' equity	\$ 11,844,793	\$ 10,716,064

Consolidated Statements of Income

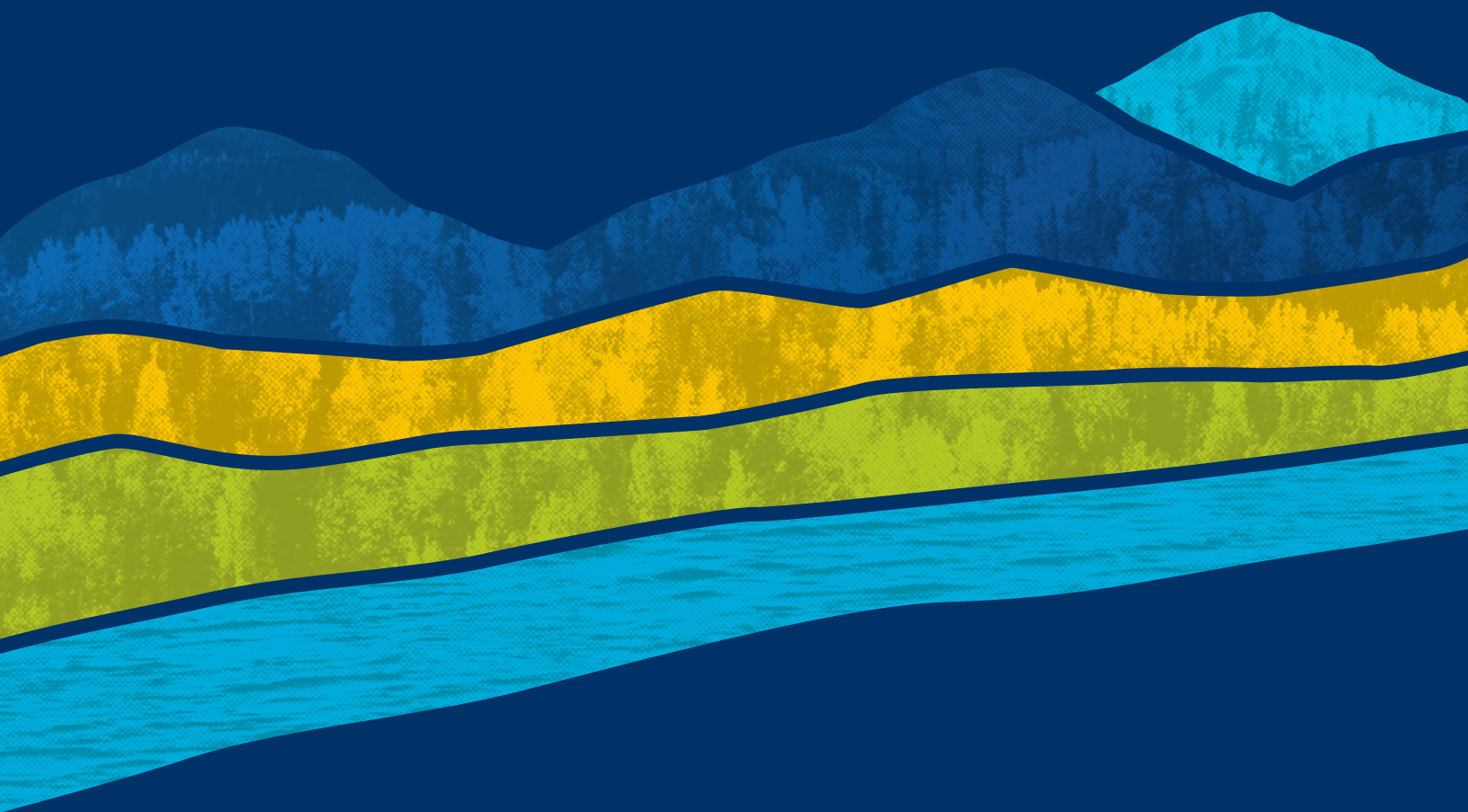
ALASKA USA FEDERAL CREDIT UNION AND SUBSIDIARIES
December 31, 2022 and 2021
(Dollars in thousands)

	2022	2021
Interest income		
Interest on loans	\$ 363,312	\$ 309,403
Interest on investment	17,049	14,293
Other	16,945	2,136
	<u>397,306</u>	<u>325,832</u>
Interest expense		
Dividends on members' shares accounts	36,051	40,123
Federal Home Loan Bank advances	26,193	2,259
	<u>62,244</u>	<u>42,382</u>
Net interest income	335,062	283,450
Provision (recovery) for loan losses	<u>(3,848)</u>	<u>3,858</u>
Net interest income after provision (recovery) for loan losses	338,910	279,592
Noninterest income		
Interchange fees	48,144	60,996
Other fees and charges	40,224	40,816
Net gain on sale of loans	15,981	46,876
Net mortgage servicing income	5,915	7,382
Net gain/(loss) on sale of debt securities available for sale	(4,886)	716
Net gain on sale of equity securities	-	50
Unrealized gain on equity securities	-	2,154
Other	22,565	20,067
Total noninterest income	<u>127,943</u>	<u>179,057</u>
Noninterest expense		
Compensation and benefits	231,421	201,696
Office operations	102,190	95,193
Office occupancy	28,715	27,270
Other	35,650	25,975
Total noninterest expense	<u>397,976</u>	<u>350,134</u>
Net income	<u>\$ 68,877</u>	<u>\$ 108,515</u>



Geoff Lundfelt	President and CEO
Wayne Bailey	Executive Vice President and CXO
Mike Brady	Chief Information Officer
Randall Carswell	Chief Financial Officer
Patrick Cosgrove	Chief Lending Officer
Jack Fallis	Regional President
Jessica Graham	Chief Risk Officer and General Counsel
Rachel Norman	Chief Administration Officer
Elizabeth Pavlas	Chief Operations Officer
Todd Pearson	Regional President
Jason Sasena	Chief Strategy Officer
Chris Brown	Executive Director, Consumer Lending
Shannon Conley	Executive Director, Retail Financial Services
Jeff Gregg	Executive Director, Business & Commercial Services
Steve Larson	Executive Director, Mortgage & Real Estate Lending
Julia Niziolek	Executive Director, Insurance & Investment Services
Tom Bentley	Senior Vice President, Internal Audit
Michelle Bradshaw	Senior Vice President, Enterprise Product Management
Scott Chertkow	Senior Vice President, Enterprise Technology Development
Leisa DeYarmon	Senior Vice President, Special Credits
Clinton Hess	Senior Vice President, Business Intelligence
Doug Horner	Senior Vice President, IM Operations
Stephanie Maxwell	Senior Vice President, Digital Experiences
Dan McCue	Senior Vice President, Corporate Relations
Tod Miller	Senior Vice President, Consumer Lending
Julie Moore	Senior Vice President, Mortgage Operations
Athar Nazir	Senior Vice President, Consumer Lending Operations
Maria Quick	Senior Vice President, Finance
Troy Shelden	Senior Vice President, Mortgage Risk Management and Servicing
Mary Starkey	Senior Vice President, Operations
Bob Thompson	Senior Vice President, Corporate Properties & Supply
David Vanzant	Senior Vice President, Enterprise Security
Tim Woolston	Senior Vice President, Marketing
Daniel Byron	Vice President, Payment Technologies
Peter Caldwell	Vice President, Accounting
Tim Cassels	Vice President, Financial Risk and Capital Planning
Joe Crosson	Vice President, Consumer Lending Business Analysis
Abigail Franklin	Vice President, Marketing
Holli Frenchik	Vice President, Consumer Lending Processing and Funding
Cindy Fry	Vice President, Branch Administration, PNW Region
Noel Gabler	Vice President, Corporate Relations
June Gardner	Vice President, Consumer Compliance
Laura Moore	Vice President, Technology Engineering
Roland Pilapil	Vice President, Branch Administration, SW Region
Katy Pritsos	Vice President, Human Resources
Bryan Rosbach	Vice President, Business and Commercial Lending
William Rosetti	Vice President, Enterprise Architecture
Sharlyn Ruyan	Vice President, Member Service Center
Kim Shill	Vice President, Consumer Lending Administration and Servicing
Robert Warthen	Vice President, Commercial Services Administration
Victoria Worley	Vice President, Operations

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P.O. Box 196613
Anchorage, Alaska 99519-6613

