



## Strategic and Capital Plan Highlights

This document includes an overview of important aspects and benefits of the strategic and capital plans of Alloya Corporate Federal Credit Union (Alloya). For additional information concerning Alloya, its Strategic Plan Digest, its full Strategic Plan (Forward Together), or to request a copy of the Private Placement Memorandum in order to capitalize and become a member (qualified investors only), please visit our website at [www.alloyacorp.org](http://www.alloyacorp.org).

### Capital Raise Update

- Credit Union members of Members United Bridge Corporate are in the process of forming a new corporate credit union to absorb the valuable resources of the bridge – the people, processes, and systems necessary to provide the services credit unions need most.
- As of August 30, 2011, Alloya has successfully raised sufficient capital to operate a viable business model, with a clean balance sheet of about \$1.8 billion. With over 1,000 participating members, Alloya will be among the nation's largest corporates in terms of membership.
- Alloya will have a national charter and is ready to assist all credit unions that wish to join, regardless of where they are located. With the experience of eight successful mergers, Alloya is prepared to handle a significant influx of new members quickly. For example, at the end of 2010 the corporate transitioned the membership of Constitution Corporate in just ninety days.
- Alloya has extended the deadline for credit unions to join under the most favorable terms found in its Private Placement Memorandum. Credit unions that capitalize by October 31, 2011 will receive an advised line of credit equal to thirty times the capital they contribute (subject to credit approval), among other benefits. See below for more details.

### Summary Information about Alloya's Strategic Plan

- The new corporate will utilize a different business model based on each individual member's usage of Alloya, not just a smaller version of a traditional corporate.
- Alloya is being built specifically with the new corporate regulation in mind. It will be well capitalized, profitable, and risk averse from day one.
- The new corporate will have a clean balance sheet, with no legacy assets.
- Alloya's product set will focus on the things credit unions have said they need most – correspondent services, single point settlement, overnight lines of credit, and technology, all of which can be accessed securely and conveniently through our online transaction and information portal – Premier View. See our website for a list of services.

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- The investment needs of member credit unions (advice and execution) will be provided by Balance Sheet Solutions, the corporate's wholly owned broker/dealer subsidiary. In operation for eight years, Balance Sheet Solutions serves the needs of many credit unions, and is profitable today. No other corporate owns an approved CUSO like this.
- Relationships are important to you, and they are important to us. Alloya will be headquartered in Warrenville, Illinois with major operations in Albany, New York. These two facilities will allow us to provide great regional service to you while providing an effective business continuity hedge utilizing separate data centers.

## Capital

- As with any business, capital is necessary. To comply with the new regulations, permanent capital (Perpetual Contributed Capital, PCC) will be required of all members.
- Because of its permanent nature, the capital contribution being asked of credit unions is as small as possible, while still creating a viable entity that complies with the regulations.
- Capital is based on usage of the corporate – your loan and investment portfolios, as well as your fixed assets, will not impact our balance sheet, so why should your capital contribution take them into account? At Alloya Corporate, they don't.
- Capital contributions will be based on three days average daily debit settlement, not your assets. This is a good proxy for how you will impact our balance sheet, and protects all members from the risk of loss from settlement and correspondent activities.
- The capital calculation will be: PCC amount = (avg. daily debit settlement for the most recent calendar quarter) x (3 days) x (5%).
- With your capital contribution, your credit union will receive a deposit cap of twenty times capital, and a line of credit cap of thirty times capital (subject to credit approval) if you capitalize before October 31, 2011. After October 31, the maximum line of credit is twenty times capital.
- Alloya will monitor each credit union's debit settlement quarterly. If significant increases occur in a credit union's debit settlement for two consecutive quarters, Alloya may require additional capital to cover the difference and bring the ratio back to 5%.
- Since new members do not have a history of debit settlement with us, they may join for a minimum permanent capital amount based on assets, as noted below. Once sufficient time has elapsed to determine a debit settlement level, new members will be required to add PCC based on debit settlement as noted above, to the maximum as shown in the table below.

Credit Union Size	Minimum Capital	Maximum Capital	Capital Based on Debit Settlement # of Days
<\$10 million	10,000	50,000	3
\$10 - \$50 million	40,000	200,000	3
\$50 - \$250 million	80,000	650,000	3
\$250 - \$1000 million	150,000	2,000,000	3
> \$1 billion	250,000	5,000,000	3

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- Capitalizing at this time affords you advantages that won't be offered after October 31, 2011. Between now and October 31, 2011, your credit union will receive a line of credit equal to thirty times your capitalization – it will be twenty times capital later. And if you choose, once your minimum permanent capitalization requirement has been satisfied, you may contribute non-perpetual capital in whatever amount you desire to increase your line of credit further (all lines are subject to credit approval).

### **Why capitalize Alloya Corporate?**

- Capitalizing Alloya Corporate will provide you with a credit union owned and controlled solution with scale that aggregates volumes and creates opportunities for new products. Fragmenting volumes among multiple sources reduces the buying power for all, and puts your future in the hands of those who might not have your best interests in mind. All businesses are beholden to their owners – who owns the other guy?
- By joining and capitalizing Alloya Corporate, credit unions are maintaining the concepts and values of a cooperative network. There is strength in numbers and even more strength when those numbers control the entity.
- Alloya corporate provides outstanding support when you need it. Will third party providers or the Fed cover an encoding error or other adjustment for you? Not likely. And with the power that aggregation brings, Alloya will be able to bring resolution to adjustments faster than your credit union can on its own.
- Our plan provides the lowest capital buy-in for individual members of any in the corporate system. On average, our plan approximates 20 basis points of capital or less (based on assets) for most members.
- Unparalleled service, from one credit union to another. Our people are credit union people, and view member service with the same importance that you do.
- Alloya Corporate will have more merger experience than any other corporate in the system. Consider the fact that the bridge completed the merger of Constitution Corporate FCU in only 90 days, with minimal disruption to Connecticut credit unions and their members, and with no disruption to the remainder of the bridge's member base. Having completed eight, we know how to merge.
- Alloya will be profitable on day one. While fees are always subject to market conditions and change, doubling and tripling fees is not part of the financial viability of Alloya.

### **Get started – today**

We will be happy to supply you with the additional information and resources necessary to help you with your decision and in your presentation to your board. To learn more about the plan and the corporate, visit our website ([www.alloyacorp.org](http://www.alloyacorp.org)), call the Member Service Department at (800) 342-4328, or email them at [mgmtmemsvcs@membersunited.org](mailto:mgmtmemsvcs@membersunited.org).