

CLIENT SUCCESS STORY  
**ALASKA USA FEDERAL CREDIT UNION**

**Alaska USA Federal Credit Union has experienced rapid growth and needed a better way to monitor its loan portfolio while reducing inefficiencies and manual processes, as the credit union moves into new markets.**

### THE CHALLENGE

Alaska USA Federal Credit Union's portfolio was growing rapidly – a good problem to have – but at the same time, the Credit Union knew it needed to be more proactive monitoring loans within their portfolio that were less than \$1 million dollars. With resources allocated to growth, Alaska USA FCU found it difficult to monitor these deals due to inefficient, manual processes.

"We were doing a good job with annual reviews for deals that were \$1 million dollars and above, but had a hard time monitoring the smaller deals. You can lose your shirt on the smaller deals, so we understood the need for a better review process," said Bob Warthen, Credit Officer at Alaska USA FCU.

The credit union tried creating forms and processes to encourage annual reviews on deals \$1 million dollars or less, using credit reports and disparate systems. However, this process was manual and time-consuming and did not support continued growth. More importantly, it was not working to solve the challenge, and prompted the credit union to seek assistance with monitoring its portfolio.

### THE SOLUTION: BAKER HILL PORTFOLIO RISK MANAGEMENT

In 2015, Alaska USA Federal Credit Union implemented Baker Hill's Portfolio Risk Management solution, replacing multiple systems of tracking client information and manual portfolio management processes. Combining ongoing consulting services with the solution enabled the credit union to increase visibility of the portfolio and reduce risk.

The credit union needed the solution to accomplish three things: consolidate information into one system, set up proactive triggers and create quarterly reports on deals less than \$1 million dollars. With the help of Baker Hill, they were able to satisfy all three of these needs.

Baker Hill Portfolio Risk Management allows financial institutions to proactively address the overall risks and opportunities within their loan portfolio. The solution improves efficiencies and lowers operating costs related to portfolio monitoring by integrating multiple sources of information about client interactions into one platform to manage risk. Baker Hill Portfolio Risk Management also utilizes a single-database approach to allow for more comprehensive reporting and analysis.



"We felt very confident that with Baker Hill's Portfolio Risk Management solution we were going to be able to sustain the growth and expansion of our credit union and have a good pulse on what we needed to work on with collections and proactive monitoring."

Vilma Chavez | Vice President, Commercial Services Administration | Alaska USA Federal Credit Union



Their original approach to monitoring risk had centered on missed payments, but Baker Hill Portfolio Risk Management allowed Alaska USA FCU to set up triggers that alert them to other concerns within the portfolio.

“Just because someone missed a payment doesn’t necessarily mean they’ll be an issue. There are other factors – low deposit balances, credit scores dropping, non-sufficient funds. Now we’re taking a more holistic approach thanks to the triggers and are able to concentrate on more than just missed payments.”

Warthen adds, “Having leading indicators brings a focused approach to the loan portfolio. The triggers help monitor risk, notifying us that there could be a problem before one arises.”

Baker Hill Portfolio Risk Management gave Alaska USA FCU the confidence to understand the performance of the portfolio at any time. This gave loan officers peace of mind that risk was being reduced through effective portfolio monitoring without time-consuming, manual processes, allowing them more time to focus on growing the loan portfolio and expanding into new markets.

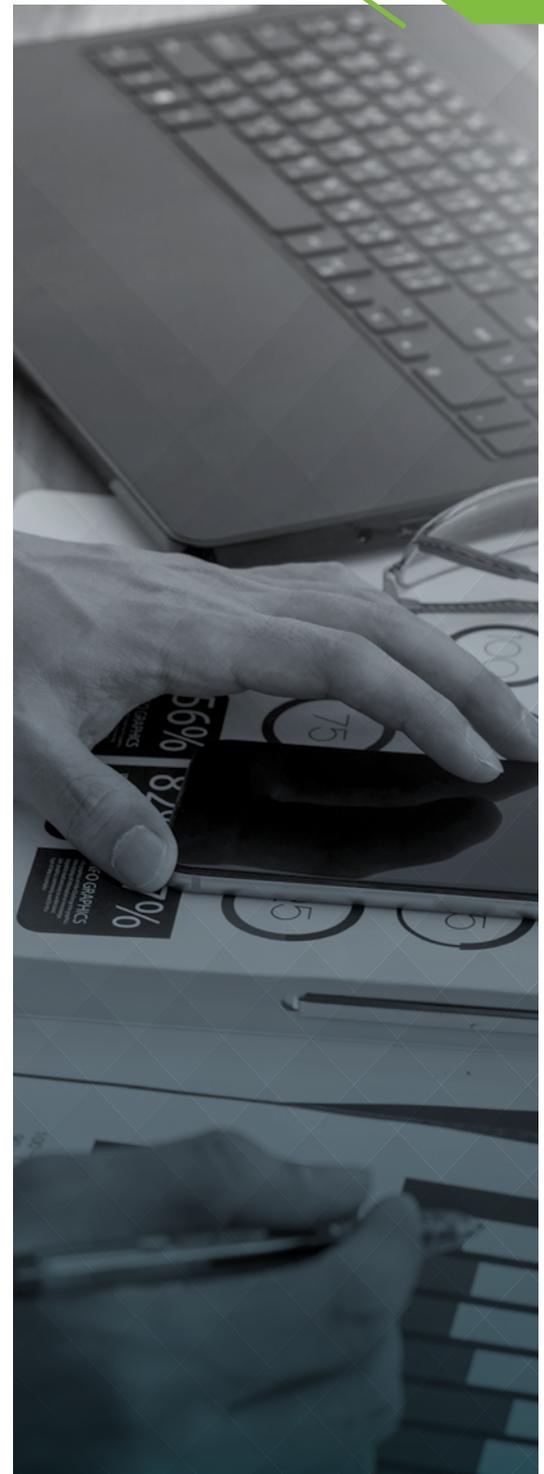
## THE RESULTS

Baker Hill Portfolio Risk Management provided the structure and consolidation Alaska USA FCU needed. Gone were the disparate systems and multiple repositories for notes and information. Instead, all information is easily accessible and customized for the institution’s needs. As a result, reviews that previously took three or four days to complete now only take a little more than a day. These gains in organization and efficiency have allowed loan officers to focus on growing the portfolio versus spending time on general account maintenance.

Auto-renewals are now easier for the team as well. With the help of Baker Hill Portfolio Risk Management, loan growth was over 22.5 percent in 2016, meaning that Alaska USA FCU surpassed their established goals.

“Gaining these efficiencies and having one system of record has enabled us to replicate what we do in Alaska, in the other markets. As the markets continue to diversify, we’ll be ready to proactively manage risk for our members in all states,” said Warthen.

“It’s worth every penny. Eliminating wasted time spent on accounts that don’t require attention has helped immensely. Concentrating on the exceptions has mitigated our risk,” said Chavez.



Baker Hill empowers progressive financial institutions to increase revenue, reduce risk, and drive more profitable relationships. As the #1 provider of member business lending services, Baker Hill serves 500 financial institutions, including more than 20% of the top 150 banks in the U.S.

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