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SHINING BRIGHT

ANNUAL REPORT
2021



Message from the Chair



The year 2021 was another outstanding year for Aerospace Federal Credit Union (AFCU). The AFCU continued to meet the needs of the membership as it navigated through a second year of COVID-19. The membership was also resilient in its commitment to utilizing AFCU for savings and borrowing and we also experienced a stark improvement in terms of people deciding to join and stay with AFCU. A true sign AFCU is

fulfilling its mission and returning value and outstanding service to the membership.

Also, at the top of the agenda for 2021 was the AFCU celebration of its 60th anniversary. While a milestone for AFCU, it is a true reflection of a group of people with a common bond coming together and pooling their financial resources to help one another. As your Credit Union, we take pride in being the catalyst for the synergy achieved between the individual members of the Credit Union. While you may not know the names of each member of the Credit Union, your participation in this cooperative financial institution continues to have an untold positive impact on countless numbers of lives of your fellow members.

I am also pleased to report that during our journey to arriving at where we are today, in terms of the safety and soundness of AFCU, your Credit Union is well-capitalized and continues to receive the highest ratings from regulators. Once again, this reflects the membership and its commitment and alignment with the credit union industry slogan of “people helping people.”

A huge thanks goes to my fellow board volunteers for all their contributions, the AFCU management team and staff that provide value and service to our membership. We take the responsibility of your financial success extremely seriously and have comfort in the knowledge that the AFCU is a safe and secure place for you to save and borrow. We appreciate the opportunity to have served you for the past sixty years and look forward to working through these challenges together and achieving a better tomorrow!

Charlotte M. Lazar-Morrison

Message from the President



As we turn the page on 2021 and head into calendar year 2022, our outlook for the New Year is in harmony with the theme for this year's annual report, *Shining Bright*. As President of Aerospace Federal Credit Union (AFCU), I have confidence in the success that lies ahead because as an organization, we hold onto a set of core values and beliefs that have sustained us through good and challenging times without missing a beat when it comes to fulfilling the needs of the membership.

We believe the membership is our lifeline to continued success and is embodied in our Pyramid of Success, a metaphor for the relationship we aspire to have with our members. The foundation of the pyramid is our tagline, *Intelligent Banking, Outstanding Service*, and represents our commitment to providing you smart solutions and unparalleled service. The second tier expresses in the simplest of terms, that *Our Mission is Your Financial Success*, and defines the mutually beneficial relationship that we share. And atop the pyramid, *PFI, Preferred Financial Institution*, acknowledges you have many choices as a consumer, but our shared goals provide an opportunity for AFCU to be your partner the next time you are in the market for financial services. We believe our Pyramid of Success illustrates we are committed to earning your business and trust with every encounter.

As we move forward in 2022, we believe the AFCU is uniquely positioned to make the Pyramid of Success a reality for you and your family. We remain committed to making your experience with the AFCU truly outstanding and will continue to embrace rewarding our members with better than average dividend rates, competitive loan rates, low-cost fees for essential services, and industry leading rewards on our credit and debit cards for daily purchase transactions. We also believe our state-of-the-art home banking system, network of ATMs, and access to Shared Branching, allows you to conduct your financial affairs in a manner that best accommodates your lifestyle.

In closing, I am pleased to report the vision of a small group of people that resulted in the origin of AFCU on November 30, 1961, is alive and well, and AFCU is still *Shining Bright* as a beacon for you and your family as you pursue your financial goals. Together, we can make 2022 a rewarding experience and AFCU a lifelong benefit for generations to come.

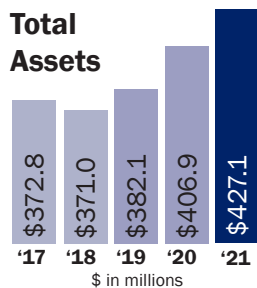
Marvin L. Thomas

Summary Statement of Financial Condition

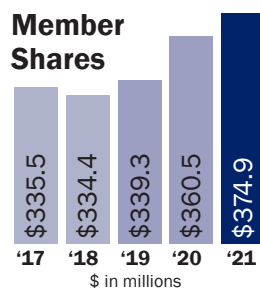
Years ended December 31

ASSETS	2021	2020
Loans to Members	\$93,952,850	\$96,041,692
Less: Allowance for Loan Loss	(110,000)	(230,000)
Cash	793,381	1,704,857
Investments	314,435,348	289,894,234
Accrued Interest Receivable	840,434	852,763
Property and Equipment	965,905	1,158,311
NCUSIF Deposit	3,521,772	3,323,240
Other Assets	12,653,712	14,102,480
TOTAL ASSETS	\$427,053,402	\$406,847,577
LIABILITIES & EQUITY		
Accounts Payable/Accrued Liabilities	\$13,395,580	\$1,901,928
Member Shares	374,926,993	360,542,120
Regular Reserve	1,580,557	1,580,557
Retained Earnings	38,870,938	38,371,487
Unrealized Gain/Loss on Investments	(1,720,666)	(4,451,485)
TOTAL LIABILITIES & EQUITY	\$427,053,402	\$406,847,607

Total Assets



Member Shares

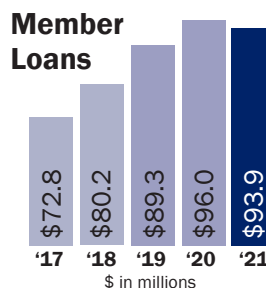


Summary Statement of Income & Expense

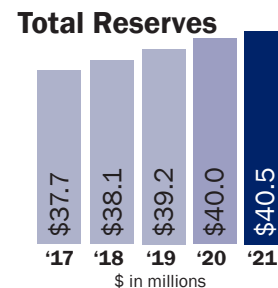
Years ended December 31

INTEREST INCOME	2021	2020
Loans to Members	\$3,018,021	\$3,463,596
Investments	3,888,503	4,879,156
TOTAL INTEREST INCOME	6,906,524	8,342,752
Less: Dividend on Member Shares	1,704,727	3,324,263
NET INTEREST INCOME	5,201,797	5,018,489
Other Operating Income	1,883,684	2,272,052
TOTAL OPERATING INCOME	\$7,085,481	\$7,290,541
OPERATING EXPENSE		
Salaries & Benefits	\$3,029,330	\$3,125,555
Data Processing	738,075	651,528
Communications	188,556	190,184
Auditing Fees	78,111	91,038
Stationery & Supplies	15,696	18,460
Education & Promotion	109,470	115,517
Depreciation & Amortization	424,894	426,936
Share Insurance	0	0
General Expenses	2,001,929	1,946,764
TOTAL OPERATING EXPENSE	\$6,586,061	\$6,565,982
Non-Operating Income/(Loss)	0	(2,653)
NET INCOME	\$499,420	\$721,907

Member Loans



Total Reserves



Report of the Treasurer



Key elements of your credit union's 2021 financial performance include:

- Total assets were \$427.1 million; up \$20.2 million from the previous year and reflects an increase of 5.0%.
- Member share deposits at \$374.9 million, were up \$14.4 million, and reflects a gain of 4.0%.
- Member loans at \$93.9 million, were down \$2.1 million and reflects a decrease of 2.2%.
- Investments ended the year at \$314.4 million, up \$24.5 million and reflects an increase of 8.5%.
- Total revenue for the year was \$8.8 million, down 17.2% from a year ago. Of that amount, \$6.6 million was allocated to operating expenses, and most importantly, \$1.7 million was returned to members in the form of dividend payments.
- Net income for the year was \$500 thousand and was added to retained earnings/reserves and resulted in capital increasing to \$40.5 million. The corresponding net worth ratio was 9.47%, and represents a regulatory classification of a "well-capitalized" credit union.

Growth in member share deposits and loan demand is expected for 2022, and the AFCU balance sheet is well structured to accommodate a wide range of interest rates.

James W. Ford

Federally insured by NCUA

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Report of the Supervisory Committee



In compliance with the Federal Credit Union Act, the Supervisory Committee retained RSM US, LLP, a CPA firm, to conduct internal audits of many of the operational areas in the credit union with a focus on regulatory compliance and risk management. Richards and Associates, a CPA firm, was retained to conduct an independent opinion audit of the Aerospace Federal Credit Union's financial statements and business practices. Both CPA firms reported and discussed their results with the Supervisory Committee and Senior Management. I am pleased to report there were no significant areas of concern with respect to the operational practices and performance of the credit union. Additionally, they found the credit union's financial statements conform to generally accepted accounting principles of the United States of America and are available for review at the credit union.

Anthony T. Stier

2021 Officials

Board of Directors

Charlotte M. Lazar-Morrison | *Chair*

David A. Christopher | *Vice Chair*

James W. Ford | *Treasurer*

Tammy L. Choy | *Secretary*

Susan J. Adams

Lauren P. Kim

Kien T. Le

Steven M. Leontis

Joe M. Straus

Supervisory Committee

Anthony T. Stier | *Chair*

Mary H. Moy

Lesli K. Otake

Christopher P. Woods

Terence S. Yeoh

Advisory Committee

Brenda E. Eichel

Recording Secretary

Gail J. LaCroix

Senior Management

Marvin L. Thomas | *President/CEO*

Cynthia R. Chafe | *VP, Compliance*

Gregory S. Moran | *VP, IT*

Michael J. Perez | *VP, Finance/CFO*

Jeri L. Smith | *VP, Member Service*

Lani L. Young | *Finance Director*

Ian B. Freshman | *Marketing Manager*