

## Mission Statement

*Our Mission is Your Financial Success.*

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### 2011 Officials

Board of Directors

**Lynn M. Friesen** | *Chair*

**Ray F. Johnson** | *Vice Chair*

**James W. Ford** | *Treasurer*

**Robert D. Matthews** | *Secretary*

**William H. Hiatt**

**Charlotte M. Lazar-Morrison**

**Joe M. Straus**

**Col. John F. Wagner** (Ret.)

Supervisory Committee

**Gary F. Hawkins** | *Chair*

**Susan J. Adams**

**Andrea L. Amram**

**Mark H. Goodman**

**Allyson D. Yarbrough**

Advisory Committee

**John A. Vesco**

Recording Secretary

**Gail J. LaCroix**

Senior Management

**Marvin L. Thomas**

*President/CEO*

**Edward V. Casanova**

*Vice President, Real Estate Lending*

**Cynthia R. Chafe**

*Vice President, Compliance*

**Gregory S. Moran**

*Vice President, Information Technology*

## Report of the Treasurer

Your Credit Union experienced favorable financial performance in 2011. Key elements include:

- Total assets increased \$17.4 million from \$322.3 million to \$339.7 million, a 5.40% increase.
- The capital to ending assets ratio was 9.06%, up from 8.90% in 2010, which indicates a well-capitalized credit union.
- Loans increased \$4.7 million, or 11.4%, from \$41.4 million to \$46.1 million.
- Investments increased \$11.7 million from \$268.2 million to \$279.9 million, an increase of 4.4%. The average return on investments for the year was 2.55%, compared to 2.75% for 2010.
- Total revenue for the year was \$10.3 million. Of that amount, \$5.6 million was allocated for operating expenses, and \$3.3 million in dividends (32.3% of total income); a record \$750,000 bonus dividend was awarded to members, making this the fifth consecutive year AFCU has paid a bonus dividend. An average dividend rate of 1.14% was paid on shares for the year, compared to 1.34% in 2010. Net income for the year was \$2.1 million.

The membership can anticipate another good year in 2012. We expect steady growth in share deposits and slow growth in loan demand. We expect the low interest rate environment to continue.

**James W. Ford** | *Treasurer*

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## Report of the Supervisory Committee

To comply with the Federal Credit Union Act, the Supervisory Committee has retained a professional accounting firm, specializing in credit unions, to conduct an independent audit of the Credit Union's financial statements. In addition, a separate firm has been retained to audit the business practices of the Credit Union. Both independent auditing firms reported no areas of concern with respect to the operation and performance of AFCU. The audited financial statements are available for review at the main office of the Credit Union.

**Gary F. Hawkins** | *Chair, Supervisory Committee*

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Aerospace Federal Credit Union

2310 E. El Segundo Blvd., El Segundo, CA 90245

[www.aerofcu.org](http://www.aerofcu.org) | 800-795-2325



**Intelligent Banking, Outstanding Service.**

Going Above & Beyond  
Annual Report  
2011

Federally insured by NCUA

## Message from the Chair



Like many Aerospace employees, I found working for the Corporation to be a fulfilling experience and I have made it my home for more than 40 years. Over that time, I have had the privilege of watching the credit union make significant changes. Highlighting the number of products and services that have grown to the more than two dozen offered today doesn't come close to characterizing the evolution I have witnessed.

The credit union has moved to various Aerospace buildings throughout its 50 year history but perhaps its most noteworthy new locale is its online presence. With full service online banking, AFCU now has the ability to efficiently serve employees, family members and retirees living around the world. Partnering with other credit unions to provide services at thousands of ATMs and branches around the country has also improved accessibility and convenience from when the credit union first opened its doors as a single branch institution in 1961. Debit and credit cards replacing cash, accepting direct deposit of our paychecks and electronic deposit of personal checks, and having ATMs deployed around the Aerospace campus have all made banking with AFCU an easy decision.

Technology has changed and the nature of banking has evolved but the one thing that has remained the same is the integrity of the credit union and the credit union staff to serve the membership. The credit union places significant consideration towards the well-being of the members in every business decision. I would like to congratulate the past and present AFCU staff for serving the best interest of the membership over the past 50 years and for many years to come.

I encourage everyone to take a second look at the credit union as an Aerospace employee benefit. You will likely find new services or products that can help with your personal finances or those of a family member. Spread the word: as AFCU begins its second 50 years, there has never been a better time to enjoy the benefits of banking with your credit union.

Lynn M. Friesen | Chair

## Message from the President



As AFCU celebrated its 50th anniversary this past year, it was a time to rejoice, reflect and prepare for the next 50 years and beyond. Our strong foundation and history prepared us to be successful, not only during these challenging economic times, but long into the future. When we set our sights on the horizon, it became apparent that a new mission statement was

needed. *Our Mission is Your Financial Success* is a simplified and condensed version of our old mission statement, while still embodying the thought process behind all of our business decisions. Our goal is to be the preferred financial institution for our members because as a financial cooperative, your success is our success. The more you do with us, the stronger the credit union becomes.

AFCU has experienced favorable growth in membership and deposit balances in recent years, which has allowed for an increase in product and service offerings to accommodate the growing needs of the membership. Members can expect the same level of excellence from AFCU — offering better than average rates, competitive loan rates, and charging fees based on the service rendered, but not for profit.

You have many options when it comes to managing your personal finances and, as our new tagline states, you should associate all of your AFCU experiences with *Intelligent Banking, Outstanding Service*. Count on AFCU to provide smart banking alternatives for you and your entire family, with service that is efficient, yet memorable.

In closing, special attention should be drawn to something that is truly remarkable. For the fifth year in a row, and the crescendo to our 50th anniversary year, AFCU returned a bonus dividend to its members. A bonus of \$750,000 was divided among members who saved with the credit union during the past year. In this low-rate environment, the credit union continues to provide above average returns to its members.

We look forward to continuing to enhance the lives of our members as we embark on the next 50 years.

Marvin L. Thomas | President/CEO

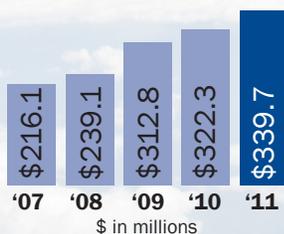
## Summary Statement of Financial Condition

	Years ended December 31	
	2011	2010
<b>ASSETS</b>		
Loans to Members	\$ 46,143,355	\$ 41,448,289
Less: Allowance for Loan Loss	(650,000)	(760,000)
Cash	972,562	706,347
Investments	279,900,415	268,244,439
Accrued Interest Receivable	1,134,659	1,215,079
Property and Equipment	1,253,292	1,477,578
NCUSIF Deposit	2,879,520	2,895,473
Other Assets	8,076,606	7,097,199
<b>TOTAL ASSETS</b>	<b>\$339,710,409</b>	<b>\$322,324,404</b>
<b>LIABILITIES &amp; EQUITY</b>		
Accounts Payable/Accrued Liabilities	\$1,347,060	\$979,100
Member Shares	302,996,778	288,759,600
Regular Reserve	1,580,557	1,580,557
Retained Earnings	29,185,102	27,106,475
Unrealized Gain/Loss on Investments	4,600,912	3,898,672
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$339,710,409</b>	<b>\$322,324,404</b>

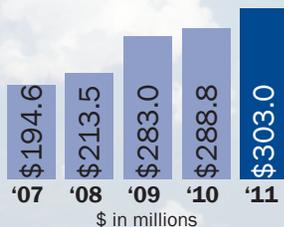
## Summary Statement of Income & Expense

	Years ended December 31	
	2011	2010
<b>INTEREST INCOME</b>		
Loans to Members	\$ 2,101,428	\$ 2,300,822
Investments	6,948,903	7,300,528
<b>TOTAL INTEREST INCOME</b>	<b>9,050,331</b>	<b>9,601,350</b>
Less: Dividend on Member Shares	3,319,812	3,878,283
<b>NET INTEREST INCOME</b>	<b>5,730,519</b>	<b>5,723,067</b>
Other Operating Income	1,214,864	1,486,411
<b>TOTAL OPERATING INCOME</b>	<b>\$ 6,945,383</b>	<b>\$ 7,209,478</b>
<b>OPERATING EXPENSE</b>		
Salaries & Benefits	\$ 2,291,591	\$ 2,207,556
Data Processing	382,244	314,848
Communications	111,549	127,368
Auditing Fees	69,253	66,657
Stationery & Supplies	28,236	37,487
Education & Promotion	149,326	173,719
Depreciation & Amortization	335,494	303,234
Share Insurance	719,880	751,407
General Expenses	1,468,360	1,898,873
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 5,555,933</b>	<b>\$ 5,881,149</b>
Non Operating Income	689,177	2,436,386
<b>NET INCOME</b>	<b>\$ 2,078,627</b>	<b>\$ 3,764,715</b>

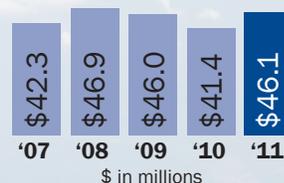
### Total Assets



### Member Shares



### Member Loans



### Total Reserves

