



ANNUAL REPORT

2020



A WORD FROM

President & CEO, Jim Hayes



DEAR MEMBER,

2020 was not the year that we had anticipated. Throughout the 72 years that Andrews Federal has served our membership, we have never experienced a global health pandemic. We faced challenges that required outside-of-the-box solutions, and we worked under unforeseen circumstances.

In March 2020, immediately, we made our employees' and our members' health and safety the number one priority.

With help from our Disaster Recovery Team, we quickly adapted to the worldwide quarantine order. We found new ways to operate, stay connected, collaborate, and persevere. More importantly, we kept our doors open and continued to serve our members well during unprecedented times.

Here's our 2020 highlight reel:

- Launched an all-new technology advanced mobile app to improve our members' digital experience
- Voted Best Credit Union in the District of Columbia by Forbes.com
- Voted Best Low-Interest Rate Credit Card by CNBC Select
- 98% of our employees were able to work remotely during the coronavirus pandemic
- Provided our members with relief assistance loans, fee reimbursements, and more to help those affected by Covid-19
- Served our members via drive-thru, over the phone, and by appointment due to local government health ordinances
- Launched an all-new website to improve our member's digital experience
- Educated staff on cybersecurity by sending faux phishing emails
- Strengthened our data security protocols across the board

*Voted Best Credit Union in
the District of Columbia
by Forbes.com*

Above all, we served our members and came out the other side of a global health pandemic even more robust than ever. High-fives all around.

I'm proud to say that Andrews Federal delivered a solid financial performance in 2020. Your credit union remains well capitalized with a network of **x.xx%**. Operations continue to perform nicely, demonstrated by our efficiency ratio of **xx.xx%** in 2020.

We exist to help our members along their financial journeys. From our humble beginning in 1948, your credit union has grown to serve over 135,000 members. Rest assured, we will continue to make operating decisions with your financial wellness in mind.

Sincerely,
Jim Hayes
President & CEO

A MESSAGE FROM OUR CHAIRMAN



Better together. The past year has challenged us to come together like never before. We began the fiscal year 2020 with ambitious goals. While we had to put some of those efforts on pause, we made it a priority to continuing serving our members well, with a focus on improving our digital member experience.

Thanks to your support, Andrews Federal Credit Union had another year of solid financial performance with X million in net income. Although we faced difficult hardship due to the coronavirus, we remain committed to achieving our goal of surpassing \$3 billion in assets.

The Credit Union National Association (CUNA) estimated that Andrews Federal provided \$12 million in direct financial benefits to our 136,616 members over the past 12 months. By choosing Andrews Federal as their primary financial institution, each of our member

households saved \$174 in the past twelve months.

On behalf of the Board of Directors, I would like to thank our employees for their dutiful hard work during unprecedented times. We are grateful for their many contributions. Also, I would like to thank our membership for their patience as we made changes to how we serve you throughout 2020. And, most of all, thank you for choosing Andrews Federal as your trusted financial partner. I am honored to serve as your Chairman and feel deeply passionate that the work we do for our members leaves a lasting impression.

Over 136,616
Andrews Federal
Members Worldwide

Over the next year, we will continue to meet the financial needs of our membership. We will expand on recent technology advancements and look forward to an even brighter future. We promise that Andrews Federal will lead with our members in mind and listen with kindness and respect.

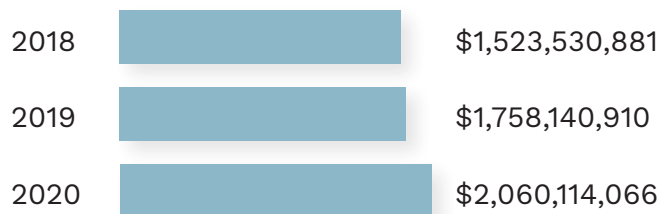
Sincerely,
Frank Cardile
Board Chairman

CREDIT UNION GROWTH A GLANCE

TOTAL MEMBERS



TOTAL ASSETS



NET INCOME



NET WORTH RATIO



A MESSAGE FROM OUR TREASURER

As Treasurer, I'm pleased to report that Andrews Federal Credit Union had another successful year. The Credit Union ended 2020 with Net Income of \$14.5 Million, which was a new record for the Credit Union, and a Net Worth ratio of 9.79%.

Total Loans grew 19% or \$285 million year over year while the credit union industry only experienced a 6.5% average growth rate.

Total Deposits grew 19.3% or \$283 Million while the credit union industry as a whole only experienced an 8% average deposit growth rate.

I am proud of the Credit Union's progress and would like to thank the employees for working towards the steep goals we have set forth. Most importantly, I want to thank the members of Andrews Federal for making 2019 another successful year. In 2021, we plan to continue growing the Credit Union to meet strategic objectives that will improve our members' experience. These objectives include providing exceptional service, advancing technology, and remaining fiscally stable.

In closing, you can feel confident in your Credit Union as Andrews Federal continues to be financially secure. I do not doubt that the Credit Union will provide you with substantial value for many years to come.

Sincerely,
Roger C. Scarce
Treasurer



A MESSAGE FROM OUR SUPERVISORY COMMITTEE CHAIRMAN



The Supervisory Committee is appointed by the Board of Directors per the Federal Credit Union Act. The Supervisory Committee is responsible for making sure that the financial condition of Andrews Federal is accurately and fairly presented in the Credit Union's financial statements.

The Committee assists with oversight responsibilities for internal control, the audit process, and monitoring compliance with laws and regulations. Also, the Supervisory Committee conducts audits and reviews to determine if management procedures are acceptable to safeguard members' assets.

Members may contact the Supervisory Committee at any time with concerns regarding their account(s). The Committee is ready to review and respond as they are deeply passionate about the policies that are in place to safeguard member accounts.

The Board of Directors approved the recommendation that the certified public accounting (CPA) firm of Doeren Mayhew, CPAs, and Advisors, be retained to audit Andrews Federal Credit Union. The CPA firm performed the annual financial statement audit for 2020. Copies of the examination are available upon request.

It is the opinion of the Supervisory Committee that Andrews Federal Credit Union is operating safely and soundly.

Sincerely,
Jacob Lozada
Supervisory Committee Chairman



THE ANDREWS FEDERAL CREDIT UNION TEAM

BOARD OF DIRECTORS



Frank Cardile
Chairman



Kenneth McKinney
Vice Chairman



Roger W. Searce
Treasurer



Henry E. Bowman
Secretary



Eugene Dacus
Director



Sharon Dunbar
Director



Derald E. Emory
Director



L. Dail Turner
Director

EXECUTIVE TEAM



Jim Hayes
President & CEO



Ken Orgeron
Chief Operations Officer



Todd Olszowy
Chief Financial Officer



Damita Robinson
Chief Human Resource Officer



Marco Alvarez
Sr. Vice President, Branch Operations



William Jordan
Sr. Vice President, Strategic Planning and Marketing

SUPERVISORY COMMITTEE

Jacob Lozada

Erik Winborn

Greg Little

Harold Springs

Tim Robertson

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2020 AND 2019

Assets	2020	2019
Cash And Cash Equivalents	\$169,752,447	\$142,258,773
Available-For-Sale Investments	26,374,166	36,763,975
Loans Held For Sale	895,060	5,758,516
Loans To Members, Net Of Allowance For Loan Losses	1,742,078,276	1,456,643,131
Federal Home Loan Bank (FHLB) Stock	5,835,400	5,625,300
Accrued Interest Receivable	7,515,333	6,110,921
Prepaid And Other Assets	21,097,271	21,526,927
Split Dollar Life Insurance (SDLI)	21,636,711	21,043,290
Credit Union-Owned Life Insurance (COLI)	29,232,743	28,451,691
Property and Equipment	20,876,050	21,634,955
National Credit Union Share Insurance Fund (NCUSIF) Deposit	<u>14,820,609</u>	<u>12,323,431</u>
Total Assets	<u>\$2,060,114,066</u>	<u>\$1,758,140,910</u>
Liabilities and Members' Equity		
<i>Liabilities</i>		
Members' Shares and Savings Accounts	\$1,745,702,882	\$1,462,738,176
Borrowed Funds	100,000,000	100,000,000
Accrued Expenses and Other Liabilities	<u>20,778,384</u>	<u>16,531,848</u>
Total Liabilities	<u>\$1,866,481,266</u>	<u>\$1,579,270,024</u>
Commitments and Contingent Liabilities		
<i>Members' Equity</i>		
Regular Reserve	15,381,367	15,381,367
Undivided Earnings	177,326,520	162,768,377
Accumulated Other Comprehensive Income	924,913	721,142
Total Members' Equity	<u>\$193,632,800</u>	<u>\$178,870,886</u>
 Total Liabilities and Members' Equity	 <u>\$2,060,114,066</u>	 <u>\$1,758,140,910</u>

CONSOLIDATED STATEMENT OF INCOME AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
Interest Income		
Loans to Members	\$68,734,991	\$61,153,448
Investment Securities	4,837,360	5,066,153
<i>Total Interest Income</i>	<u>\$73,572,351</u>	<u>\$66,219,601</u>
 Interest Expense		
Members' Shares and Savings Accounts	22,830,632	15,283,397
Borrowings	2,170,384	3,425,411
Total Interest Expense	<u>25,001,016</u>	<u>18,708,808</u>
Net Interest Income	48,571,335	47,510,793
Provision for Loan Losses	8,870,301	11,759,978
<i>Net Interest Income After Provision for Loan Losses</i>	<u>\$39,701,034</u>	<u>\$35,750,815</u>
 Non-Interest Income		
Fees and Charges	15,040,570	13,629,407
Interchange Income	8,257,337	7,862,283
Other Income	5,586,160	5,537,075
<i>Total Non-Interest Income</i>	<u>\$28,884,067</u>	<u>\$27,028,765</u>
 Non-Interest Expenses		
Compensation and Benefits	27,674,363	25,690,519
Office Operations	12,450,576	11,801,923
Loan Servicing	5,277,268	5,626,752
Office Occupancy	4,324,134	4,551,709
Other	4,300,617	4,659,083
<i>Total Non-Interest Expenses</i>	<u>\$54,026,958</u>	<u>\$52,329,986</u>
 <i>Net Income</i>	<u>\$14,558,143</u>	<u>\$10,449,594</u>

MEMBER SERVICE IN ACTION



MEMBER TESTIMONIALS

I am excited to be a member of Andrews Federal Credit Union. They treat me like their family members. Thank you for all that you do for our community, especially during COVID-19. Stay healthy!

P. Floyd

Over the years Andrews has always made all of my banking easy. Great for loans, transfers, bill paying etc. Always excellent caring customer service! Always made to feel that my business matters! Highly satisfied!

D. Wuensche

I'm very proud to tell my family and friends where I bank at. I have had several friends to join this establishment and they are quite satisfied. Quick, easy and smooth transactions. Thank you!!

M. Fairfax

I've been with you for about 20 or so years and you have always been very helpful in a caring way. I can't remember a time that I was dissatisfied with your service. That's why I'm still banking with your credit union. Thanks for your service.

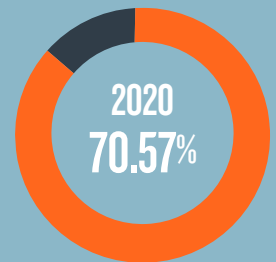
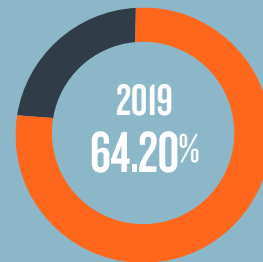
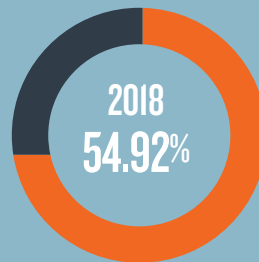
E. Redic

I've been a customer of Andrews for over 20 years and the service has always been stellar no matter what the issues were. There are many banking institutions out there to choose from but Andrews has managed to keep up with the expanding technologies and premier customer service which has always exceeded my expectations.

C. Robinson

MEMBER SATISFACTION INCREASED

At Andrews Federal, experience is everything. By using member survey feedback to make process improvements, we've seen significant increases in members' likelihood to retain, repeat and refer business to Andrews Federal based on their recent service experience.



MEMBER FINANCIAL BENEFITS



\$11,307,030

in direct member benefits through lower loan rates, higher deposit rates, and fewer fees than other financial institutions



\$174

average member savings per household



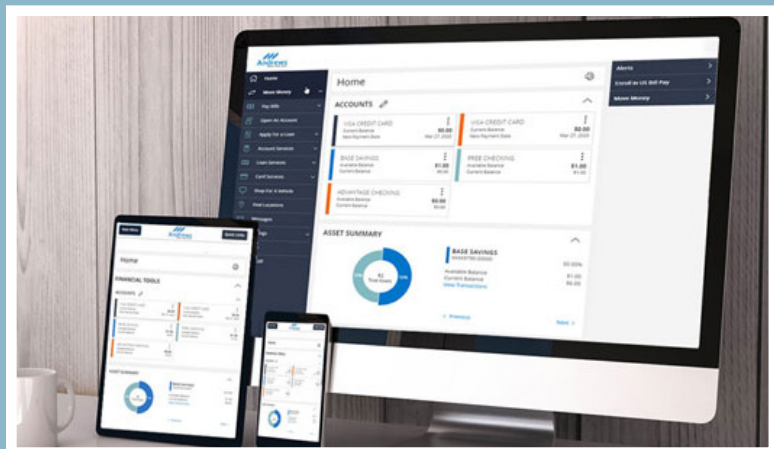
Datatrac is a financial services technology company that has monitored interest rates across America for 25+ years. Their data verifies Andrews Federal member savings in both loan and deposit products.

TECHNOLOGY AND DIGITAL BANKING IMPROVEMENTS

NEW DIGITAL BANKING PLATFORM

In 2020, we launched an all-new technology advanced mobile app to improve our members' digital experience

✓ Launched contactless Titanium Rewards Visa Signature® card



TECHNOLOGY

Converted to a remote workforce to ensure member services were available during Covid-19, including new Microsoft 365 solutions like cloud email and instant messaging.

Equipped new locations with state-of-the-art technology. Opened a new branch in Brunssum, Netherlands to serve our members overseas.

Deployed a new central security logging system to increase visibility into network activity, reduce security incident response times, and keep our systems safe.

Continued enhancing disaster recovery protocols by adding 8 new systems to reduce the impact of member services in the event of a system outage.

Upgraded password security system to automate creating and deleting corporate user accounts, and provide stronger authentication to our systems.

Reduced information technology expenses by \$270,000 through new telecommunication and security technologies.

DIGITAL BANKING

21% increase in Bill Pay adoption

19.5% increase in Mobile App usage



Reduced paper waste by issuing 89,586 paperless receipts



Enhanced member alert notifications for Bill Payments and External Transfers



Increased Bill Pay Processing to multiple times daily

IN THE COMMUNITY



8,000
members served
since the pandemic began



Over \$62,000
saved in member
loan fees



1,096
provided a Covid-19 Member
Relief Assistance Loan



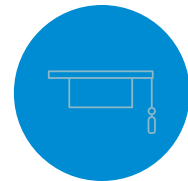
851
member who were helped to
make their mortgage payment

Sponsored:

- Joint Base Andrews Appreciation Day
- 459th Air Refueling Wing
- Joint Base Andrews Air National Guard
- MedStar Southern Maryland Hospital Nurses and other Hometown Heroes Day
- Imagine Andrews Charter Elementary Graduation Day
- Joint Base Andrews Fisher House Foundation
- United Progress, Inc. for disadvantaged families
- Deborah Heart and Lung Center
- Back to School supply drive at Staples
- East Coast Chapter of the Tuskegee Airmen Golf Tournament
- Joint Base Andrews Attic Charity Organization
- Citizens of Encouraging Community Revitalization Turkey Giveaway
- 11th FSS Breakfast with Santa
- 8th Annual Nicky's Run 5K and Family Walk

Collaborated with:

- D.C. Street program, Uptown Main Street Georgia Avenue
- Anacostia AMP Outreach and Empowerment Center
- U.S. Army Family and Morale, Welfare and Recreation (Army MWR)
- SHAPE (Supreme Headquarters Allied Power Europe) to promote financial literacy



\$10,000 in scholarships
awarded to high
school students



\$2,500 donated funds to the
MedStar Southern Maryland
Hospital



10 financial webinars hosted
throughout the year
promoting financial education

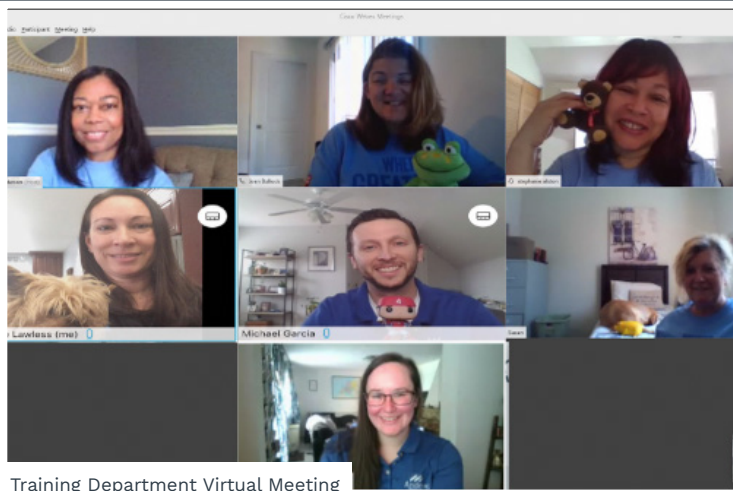


\$4,000 donated to the
Fisher House Foundation which
serves military families
in need

BACK TO SCHOOL EVENT WITH WMMJ RADIO STATION AND STAPLES



2020 HIGHLIGHTS



Training Department Virtual Meeting



Tax Planning Seminar, Suitland MD



TBD



Hideous Holiday Fashion Show Winner



TBD



Member Appreciation Day, Henson Ridge Branch Washington, D.C.



TBD

STAND OUT MOMENTS



TBD



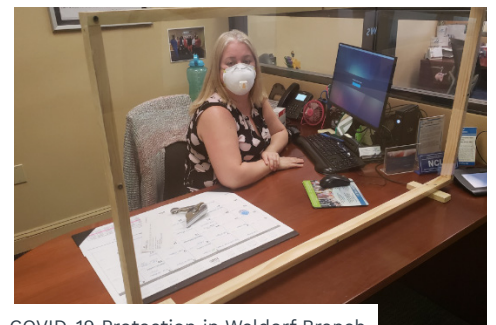
MedStar Southern Maryland Hospital \$2,500 Donation, Clinton MD



Brunssum Branch Grand Opening, the Netherlands



Staff Working from Home



COVID-19 Protection in Waldorf Branch



MMR July 4th Celebration, Wiesbaden, Germany



Branch Drive Thru, Burlington, NJ Branch



Southern Maryland Food Bank \$1,990 Donation

U.S. BRANCH LOCATIONS

Maryland

Suitland (Headquarters)
5711 Allentown Rd
Suitland, MD 20746

Joint Base Andrews

Building 1677 D St
Joint Base Andrews, MD 20762

Waldorf

2595 Crain Highway
Waldorf, MD 20601

Washington D.C.

Brightwood
5935 Georgia Ave, NW
Washington, DC 20011

Henson Ridge

1556 Alabama Ave, SE
Washington, DC 20032

Virginia

Manchester Lakes
7025A Manchester Blvd
Alexandria, VA 22310

West Springfield

8410 Old Keene Mill Rd, Unit #14
Springfield, VA 22152

New Jersey

Burlington
2200 Burlington-Mt. Holly Rd
Burlington, NJ 08016

Joint Base McGuire-Dix-Lakehurst

Building 34056 Broidy Rd
JBMDL, NJ 08641

Mt. Laurel

Larchmont Commons
3113 Route 38, Suite 24
Mt. Laurel, NJ 08054

EUROPEAN BRANCH LOCATIONS

Maryland

Wiesbaden (Headquarters)
Lucius D. Clay Kaserne, GEB 1021
65205 Erbenheim, Wiesbaden, Germany

Hainerberg

Community Bank Hainerberg PX
Washington Strasse, BLDG 7850

Belgium

Chièvres
Grand Rue 56, Bati 20201
7950 Chièvres, Belgium

Brussels

Leuvensesteenweg 13
1932 Zaventem, Belgium

Netherlands

Brunssum
Kranenpool 3
6443 VA Brunssum, Netherlands