



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, at the beginning of the Covid-19 pandemic, we immediately made our members' and our employees' health and safety the number one priority.

With help from our Crisis Management Team, we quickly adapted to the local quarantine orders. We found new ways to operate, stay connected, collaborate, and persevere. More importantly, we continued to serve our members well during unprecedented times.

Here's our 2020 highlight reel:

- Launched an all-new technologically advanced digital banking platform 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
- The majority of our employees were able to work remotely
- 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
- Boosted employee cybersecurity awareness in a meaningful, controlled environment
- 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 continued to persevere despite facing massive challenges.

I'm proud to say that Andrews Federal delivered a solid financial performance in 2020. Your credit union remains well capitalized with a net worth ratio of 9.03%. Operations continue to perform nicely, demonstrated by our strong efficiency ratio of 55.54% 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 139,987 members worldwide. Rest assured, we will continue to make decisions with your financial wellness top of mind.

Throughout 2021, we will continue to fine-tune our members' digital experience, making it even easier to open accounts, make payments, and manage accounts from your mobile devices.

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 continue 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. Although we faced difficult hardship due to the coronavirus, we remain committed to growing.

The Credit Union National Association (CUNA) estimated that Andrews Federal provided \$11.3 Million in direct financial benefits to our 139,987 members over the past 12 months.

These benefits are equivalent to \$174 per member household. Furthermore, loyal member households, those who use the credit union extensively, received an estimated \$734 in direct financial benefits in 2020. These financial benefits are delivered through lower loan rates, higher savings rates, and fewer fees than banking institutions.

On behalf of the Board of Directors, I would like to thank our employees for their dutiful hard work during unprecedented times. Also, I would like to thank our membership for the patience they had as we made changes. 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.

139,987
*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 AT A GLANCE

TOTAL MEMBERS

2018		128,583
2019		133,244
2020		139,987

TOTAL ASSETS

2018		\$1,758,140,910
2019		\$2,060,114,066
2020		\$2,237,348,803

NET INCOME

2018		\$10,449,594
2019		\$14,558,143
2020		\$9,431,172

TOTAL MEMBERS' EQUITY

2018		\$178,870,886
2019		\$193,632,800
2020		\$203,867,232

A MESSAGE FROM OUR TREASURER

Andrews Federal Credit Union had a steadfast year during the pandemic. We are incredibly grateful for the many efforts put forth by our employees.

As Treasurer, I'm pleased to report that Andrews Federal performed exceedingly well. The Credit Union ended 2020 with total assets of \$2.2 Billion and net income of \$9.4 Million. Outstanding loans to members increased by \$40.6 Million, and interest income totaled \$78.1 Million.

In 2021, we plan to continue growing our Credit Union to meet the primary objectives set forth by our strategic plan. These objectives include providing our members with exceptional service, advancing technology, and remaining fiscally stable. As Treasurer, I am proud of the progress we achieved in a very tumultuous year. We remain committed to our vision of being a world-class financial institution.

I'd like to thank all those who worked towards accomplishing our initiatives. I especially want to thank you, the members of Andrews Federal, for making 2020 an accomplished year.

The future is bright for your Credit Union as Andrews Federal continues to be financially secure despite unparalleled times.

Sincerely,
Roger C. Searce
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.

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,
Erik Winborn
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



Robert Bowie
Director



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

Erik Winborn

Tim Robertson

Harold Springs

Natasha Taylor

Gerald Brown

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

Assets	2020	2019
Cash And Cash Equivalents	\$152,685,450	\$169,752,447
Repurchase Agreement	45,000,000	—
Available-For-Sale Investments	113,219,225	26,374,166
Loans Held For Sale	20,099,505	895,060
Loans To Members, Net Of Allowance For Loan Losses	1,776,907,397	1,742,078,276
Federal Home Loan Bank (FHLB) Stock	10,354,300	5,835,400
Accrued Interest Receivable	8,053,668	7,515,333
Prepaid And Other Assets	21,695,615	21,097,271
Split Dollar Life Insurance (SDLI)	22,039,325	21,636,711
Credit Union-Owned Life Insurance (COLI)	29,996,729	29,232,743
Property and Equipment	19,641,029	20,876,050
National Credit Union Share Insurance Fund (NCUSIF) Deposit	17,656,560	14,820,609
Total Assets	<u>\$2,237,348,803</u>	<u>\$2,060,114,066</u>
Liabilities and Members' Equity		
<i>Liabilities</i>		
Members' Shares and Savings Accounts	\$1,804,368,829	\$1,745,702,882
Borrowed Funds	200,000,000	100,000,000
Accrued Expenses and Other Liabilities	29,112,742	20,778,384
Total Liabilities	<u>\$2,033,481,571</u>	<u>\$1,866,481,266</u>
Commitments and Contingent Liabilities		
<i>Members' Equity</i>		
Regular Reserve	\$15,381,367	\$15,381,367
Undivided Earnings	186,757,692	177,326,520
Accumulated Other Comprehensive Income	1,728,173	924,913
Total Members' Equity	<u>\$203,867,232</u>	<u>\$193,632,800</u>
Total Liabilities and Members' Equity	<u>\$2,237,348,803</u>	<u>\$2,060,114,066</u>

CONSOLIDATED STATEMENT OF INCOME

AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
Interest Income		
Loans to Members	\$76,263,314	\$68,734,991
Investment Securities	<u>1,885,963</u>	<u>4,837,360</u>
<i>Total Interest Income</i>	<u><i>\$78,149,277</i></u>	<u><i>\$73,572,351</i></u>
Interest Expense		
Members' Shares and Savings Accounts	\$23,425,584	\$22,830,632
Borrowings	<u>2,461,791</u>	<u>2,170,384</u>
Total Interest Expense	<u><i>\$25,887,375</i></u>	<u><i>\$25,001,016</i></u>
Net Interest Income	52,261,902	48,571,335
Provision for Loan Losses	<u>11,031,143</u>	<u>8,870,301</u>
<i>Net Interest Income After Provision for Loan Losses</i>	<u><i>\$41,230,759</i></u>	<u><i>\$39,701,034</i></u>
Non-Interest Income		
Fees and Charges	\$10,414,001	\$15,040,570
Interchange Income	10,604,477	8,257,337
Other Income	<u>5,318,270</u>	<u>5,586,160</u>
<i>Total Non-Interest Income</i>	<u><i>\$26,336,748</i></u>	<u><i>\$28,884,067</i></u>
Non-Interest Expenses		
Compensation and Benefits	\$29,368,257	\$27,674,363
Office Operations	14,628,731	12,450,576
Loan Servicing	4,821,040	5,277,268
Office Occupancy	4,476,670	4,324,134
Other	<u>4,841,637</u>	<u>4,300,617</u>
<i>Total Non-Interest Expenses</i>	<u><i>\$58,136,335</i></u>	<u><i>\$54,026,958</i></u>
<i>Net Income</i>	<u><i>\$9,431,172</i></u>	<u><i>\$14,558,143</i></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

8.8/10 members are happy with our products and services based on their most recent experience.



MEMBER FINANCIAL BENEFITS



\$11,307,030

in direct financial benefits through lower loan rates, higher savings rates, and fewer fees than banking institutions.



\$734

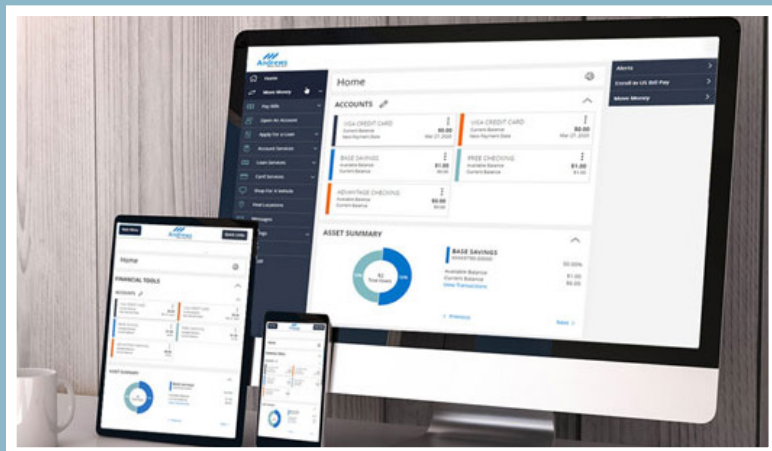
average direct financial benefits provided to loyal high-use member households.



Datatrak 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



We followed through on our promise to provide even more digital technology improvements.

✓ *In March 2020, we launched an all-new Digital Banking platform to allow our members to do their banking from virtually anywhere, on any device.*

✓ *Our new mobile app makes it easy to move money, deposit checks, make a payment, and more.*

✓ *Plus, we use security measures to protect our members' information and help prevent unauthorized transactions.*



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.

Increased efficiency through new telecommunication and security technologies.

DIGITAL BANKING

79,000 members enrolled in our all-new Digital Banking



Enhanced digital card management features, including:

- Enable/disable card
- View and redeem credit card rewards
- Add an authorized user



Implemented P2P payments so members can send money to anyone they know and trust



Improved security alerts to protect members from fraudulent transactions

YEAR IN REVIEW

Covid-19 Relief Programs



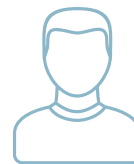
\$182,000

in fee reimbursements
for members



\$3.8 Million

advanced to members
as Covid-19 relief

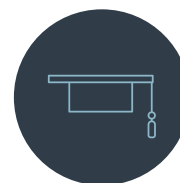


26,494

member payment
deferrals

Sponsored and Collaborated with:

- 8th Annual Nicky's Run 5K and Family Walk
- 11th FSS Breakfast with Santa
- 459th Air Refueling Wing
- Anacostia AMP Outreach and Empowerment Center
- Back to School Supply Drive at Staples
- Boy Scouts of America
- Citizens of Encouraging Community Revitalization Turkey Giveaway
- D.C. Street Program, Uptown Main Street Georgia Avenue
- Deborah Heart and Lung Center
- Department of Defense Education Activity
- East Coast Chapter of the Tuskegee Airmen Golf Tournament
- Imagine Andrews Charter Elementary Graduation Day
- Installation Management Command (IMCOM) Europe
- Joint Base Andrews Air National Guard
- Joint Base Andrews Appreciation Day
- Joint Base Andrews Attic Charity Organization
- Joint Base Andrews Fisher House
- MedStar Southern Maryland Hospital Nurses and Other Hometown Heroes Day
- SHAPE (Supreme Headquarters Allied Power Europe) Community Services
- SHAPE International Schools
- U.S. Army Family and Morale, Welfare and Recreation (Army MWR)
- United Progress, Inc. for Disadvantaged Families
- U.S. Air Force
- USAG Benelux
- Wiesbaden MWR



\$20,000 in scholarships
awarded to high
school students



12 financial webinars hosted
throughout the year
promoting financial education

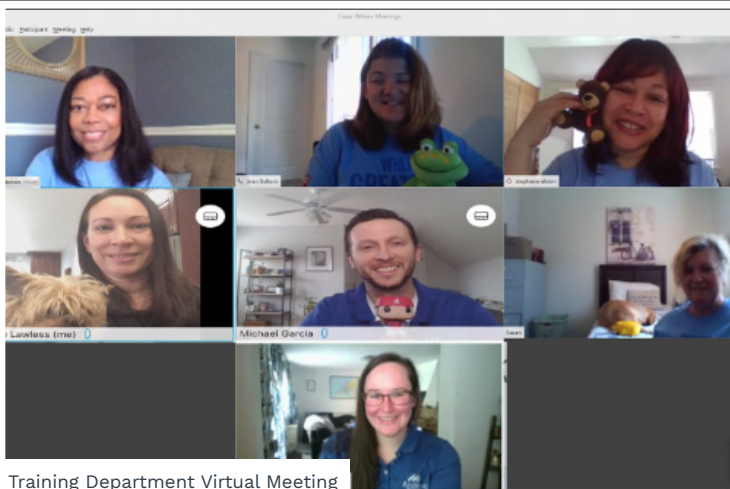


\$4,000 donated to the
Fisher House Foundation which
serves military families
in need



BACK TO SCHOOL EVENT WITH WMMJ RADIO STATION AND STAPLES

2020 HIGHLIGHTS



Training Department Virtual Meeting



Tax Planning Seminar, Suitland, MD



Manchester Lakes Branch Construction, Alexandria, VA



Hideous Holiday Fashion Show Winner



Andrews Federal awarded Scouts Badge, Brussels, Belgium



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



Back to School MWR Event, Wiesbaden, Germany

STAND OUT MOMENTS



459th Air Refueling Wing (AWR) \$1,500 Donation, Joint Base Andrews



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



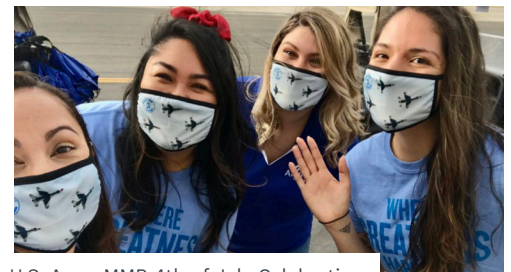
Brunssum Branch Grand Opening, the Netherlands



Staff Working from Home



Operations Office Grand Opening, Chantilly, VA



U.S. Army MMR 4th of July Celebration, Wiesbaden, Germany



Member Appreciation Day, Burlington, NJ



Southern Maryland Food Bank \$1,990 Donation, Waldorf, MD

U.S. BRANCH LOCATIONS

Maryland

Suitland (Headquarters)

5711 Allentown Rd
Suitland, MD 20746

Virginia

Manchester Lakes

7025A Manchester Blvd
Alexandria, VA 22310

Joint Base Andrews

Building 1677 D St
Joint Base Andrews, MD 20762

West Springfield

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

Waldorf

2595 Crain Highway
Waldorf, MD 20601

New Jersey

Burlington

2200 Burlington-Mt. Holly Rd
Burlington, NJ 08016

Washington D.C.

Brightwood

5935 Georgia Ave, NW
Washington, DC 20011

Joint Base McGuire-Dix-Lakehurst

Building 34056 Broidy Rd
JBMDL, NJ 08641

Henson Ridge

1556 Alabama Ave, SE
Washington, DC 20032

Mt. Laurel

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

EUROPEAN BRANCH LOCATIONS

Germany

Wiesbaden (Headquarters)

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

Belgium

Chièvres

Grand Rue 56, Bati 20201
7950 Chièvres, Belgium

Hainerberg

Washington Strasse, BLDG 7850
65189 Wiesbaden, Germany

Brussels

Leuvensesteenweg 13
1932 Zaventem, Belgium

The Netherlands

Brunssum

Kranenpool 3
6443 VA Brunssum, The Netherlands