

2024 ANNUAL REPORT

CEOs Report

Congratulations to our entire team! In 2024, we set the record for the highest net earnings in Aero Financial Credit Union's long history. By reducing costs, making wise use of resources, and finding new earnings opportunities, we've increased our ROA ratio to .76%. This is an increase over our ROA of .31% in 2023. Our Capital ratios continue to be at a state-high level of 12.46%, up from 12.34% in 2023. We grew the Assets of the credit union to a new high of \$320,596,872. This is good growth and an increase from 2023's asset size of \$307,521,530. Our loan and deposit rates continue to be the best or among the very best in the entire state of Arizona. Loans grew an amazing 7.31% or \$16.6 million to \$243.4 million. It was a banner year in so many ways.

Once again, AZCentral awarded us the prestigious "Top Workplace" award. We are proud to have won this award again for the third year in a row. Our staff do such a great job and along with our members, are our top priority. We continue to build a culture that is enviable.

In 2024, we updated our name to better reflect the suite of services that we now offer to our members. However, while the name is slightly different, we're the same great credit union! We're here to serve you with the same great team. You continue to be the owners of our cooperative, and we never lose sight of that fact.

Thanks again to our entire team for a very successful year. I am proud to be part of this great financial institution. We have a long and successful history. Our Board of Directors and Supervisory Committee are comprised of dedicated individuals who work tirelessly to support and build the credit union. I thank them for their efforts in making our credit union and community a better place. I have served in the credit union industry since 1987 and can tell you that we have a Board and Supervisory Committee that is second to none. They do an amazing job and care about your needs.

We have an amazing staff. Many of our employees have served you for decades. We are truly the definition of a strong credit union family. We take great pride in the high quality of service we offer to our members every day. Our team is sincere when they look you in the eye, call you by name, and tell you they are glad to see you.

We appreciate you and thank you for choosing AERO Financial Credit Union. Please let me know if we can do anything to make your member experience more rewarding.

Michael K. Moyes
President/CEO

Chairman's Report

Greetings Fellow Members!

2024 was a great year for AERO Financial Credit Union both in performance and completion of initiatives. As a Board, we are tasked with ensuring the CEO is soundly managing and operating the credit union. One of the ways the Board receives this feedback is through an audit performed by the NCUA annually. Because of the top scores received in 2023, the NCUA did not audit in 2024 but will be back in 2025. Independent external audits, however, continue to be done annually, and AERO Financial Credit Union is scoring fantastic.

A few numbers I selected to highlight from 2024 are asset growth of over \$320M, a new record high net income of \$2,332,509, and an ROA of .76%. All other key metrics can be viewed in the Annual Report. AERO Financial Credit Union is listed as the strongest credit union in our asset size category in the State of Arizona in the Glatt Healthscore rating report. We, as a Board, are very proud of this ranking and the Executive Management and Staff for this achievement.

We are continuously working to improve our products for greater convenience, easy access, and quick results. In 2024, we made the following enhancements:

- We refreshed our website with new technology for enhanced online banking
- We updated our name and re-branded to better reflect the full suite of financial services that the credit union now offers

AERO Financial Credit Union also was honored by AZCentral with the TOP WORKPLACE award in 2024, and our CEO was named one of the TOP CEOs in Arizona Credit Unions for our asset size.

We want to THANK YOU for choosing AERO Financial Credit Union and for your continued loyalty. The Board of Directors, Supervisory Committee, Executive Management, and Staff look forward to continuing to serve you and continue our mission to strive to provide exceptional services and rates for our members.

Michelle Meldrum
Chairman of the Board

Treasurer's Report

2024 was another excellent year for AERO Financial Credit Union. Assets are a strong \$320.6 million. Our net worth ratio grew to an Arizona-leading 12.46%, well above the industry average of 11.84%. The loan-to-share ratio of 87.23% is up from 84.62% in 2023. We increased our Loan reserve to 2.26 million.

Total loans increased by an amazing \$16.6 million from \$226.8 in 2023 to \$243.4 million in 2024. This growth was funded by increases in our Money Market and Certificate deposit growth. We offered the best auto loan rates in the state for most of the year, compared to our competition.

As of December 31, 2024, AERO Financial Credit Union had no borrowings, nor were there any liquidity concerns in the foreseeable future. The combined net charge-off and delinquent ratio of 0.84% was well below the industry average of 1.25%.

The credit union realized more success in 2024 as we launched our new website. This feature-rich system allows for members to see their account information and utilize our cutting-edge technology and convenience.

Our Return on Assets ratio was a strong ratio of .76% and allowed us to offer some of the highest deposit rates in the state for most of the year. We're proud to report that proper management of members' funds led to our best year ever for net earnings in 2024. AERO Financial Credit Union continues to provide competitive products to our members with sound financial planning and execution.

Herman Sanchez
Treasurer, BOD

Supervisory Committee's Report

The members of the Supervisory Committee (SC) are appointed annually by the Board of Directors (BOD). The SC is responsible for monitoring internal controls, confirming that AERO Financial Credit Union remains in compliance with all rules and regulations, and ensuring the Credit Union (CU) remains solid financially while serving the best interests of its members.

The SC held four routine quarterly meetings in 2024, and one additional meeting was held for special purposes. During routine quarterly meetings, the SC conducted reviews based on the three-year risk-based audit schedule designed and implemented in 2022 and subsequently reviewed annually. In accordance with the audit schedule, the SC will continue conducting random sampling audits of procedures and controls. These reviews include, but are not limited to closed accounts, dormant accounts, branch cash counts, loan next payment date changes, address changes, and wire transfers. These auditing procedures performed by the SC are supplemented by procedures performed by external professional service firms.

During 2024, the SC continued their engagement with two professional service firms. SingerLewak Accountants and Consultants (SingerLewak) provided independent annual financial statement audit and member account verification services for the years ended December 31, 2024, and 2023. CliftonLarsonAllen, LLP (CLA) provided outsourced internal audit consultation services for the years ended December 2022, 2023, and 2024.

We bid farewell to John Jensen and Michael Lucia and thank them for their efforts and good work. We are excited to add Donna Krivas and Kevin Maloney to the committee. Steve deBorhegyi will continue as chairman of the SC, and Christina Jones, Donna Krivas, and Kevin Maloney will continue on as members.

Finally, the SC concludes, to the best of our knowledge and belief, the condensed financial statements contained in AERO Financial Credit Union's Annual Report are accurate.

Steve deBorhegyi
Supervisory Committee Chairman

Statement of Financial Condition

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 35,377,847	\$ 26,905,235
Certificates of Deposit	10,988,000	13,468,000
Held-to-maturity securities	12,008,274	23,434,940
Other investments	1,707,568	1,031,228
Loans to members, net of allowance for loan losses	241,112,231	224,956,905
Accrued interest receivable	860,686	814,897
Premises and equipment, net	7,410,995	4,606,766
NCUSIF deposit	2,481,492	2,569,909
Deferred Compensation Investments	1,899,557	1,812,387
Split Dollar Life Insurance	5,019,568	5,013,304
Other assets	1,730,654	2,907,958
TOTAL ASSETS	\$ 320,596,872	\$ 307,521,529
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share and savings accounts	\$ 279,009,080	\$ 268,023,741
Accrued dividends and interest payable	211,487	153,070
Accounts payable and other liabilities	1,722,759	2,023,681
Total liabilities	280,943,326	270,200,492
MEMBERS' EQUITY		
Regular Reserve	3,074,938	3,074,938
Undivided earnings	36,578,608	34,246,099
Total members' equity	39,653,546	37,321,037
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 320,596,872	\$ 307,521,529

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Statement of Income

	2024	2023
INTEREST INCOME		
Interest on loans to members	\$ 12,507,415	\$ 9,702,415
Interest on investment securities and cash equivalents	2,124,861	2,372,454
Total interest income	14,632,276	12,074,869
INTEREST EXPENSE		
Dividends on members' share and savings accounts	4,819,684	3,605,954
Interest on borrowed funds	-	-
Total interest expense	4,819,684	3,605,954
Net interest income	9,812,592	8,468,915
PROVISION FOR LOAN LOSSES	1,664,295	288,722
Net interest income after provision for loan losses	8,148,297	8,180,193
NON-INTEREST INCOME		
Fees and charges	1,013,769	900,141
Other operating income	1,071,806	927,432
Other non-operating income	1,323,968	78,374
Total non-interest income	3,409,543	1,905,947
NON-INTEREST EXPENSE		
Compensation and benefits	4,723,029	4,882,583
Occupancy	701,582	712,127
Operations	1,577,724	1,345,741
Loan servicing	620,628	529,970
Other expense	1,602,368	1,673,938
Total non-interest expense	9,225,331	9,144,359
NET INCOME (LOSS)	\$ 2,332,509	\$ 941,781