



2025  
**ANNUAL  
REPORT**

## CEO's Report

Congratulations to our entire team for a record-breaking 2025. We earned the prestigious "Top Workplace" award from AZ Central for the 4th year in a row. Our staff does such a great job and, along with our members, is our top priority. We continue to build an enviable culture.

Our success in 2025 also included launching the much-anticipated "Business Services" department. We can now help all of our members and non-members with commercial loans, deposits, and transaction services. This will help many of our hard-working members with their companies and careers.

We also finalized plans for our new credit union Headquarters in Peoria. Our growth has pushed us to build this beautiful facility next to the 101 freeway. It will allow us to grow and attract additional members and employees over the next 20 years. We anticipate that it will be completed in the Spring of 2027.

Our Capital Reserves continue to be at a state-high level of 11.95%, well above NCUA standards of 7% for a "well capitalized" determination. Assets of the credit union grew nearly 8% from 2024's asset size to a new high of \$345,901,201. Our loan and deposit rates continue to be the best or among the very best in the entire state of Arizona. Loan growth continues to increase, with 2025 year-over-year growth of 9.68% (or \$23.6 million), bringing total loans to \$266.9 million. It was a banner year in so many ways.

I owe this success to our 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.

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 our Board and Supervisory Committee are second to none. They do an amazing job and care about your needs. I look forward to another amazing year in 2026 and to our future success.

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

Michael K. Moyes  
*President & CEO*

## Chairman's Report

2025 was an outstanding year for Aero Financial Credit Union, marked by strong financial performance and continued progress in advancing our mission to serve our members. The Board of Directors remains focused on ensuring the credit union operates in a safe, sound, and strategic manner while positioning Aero Financial for long-term success.

Our financial performance in 2025 was equally encouraging. Total assets grew to more than \$340 million, net income surpassed \$1.6 million, and return on assets (ROA) was .49%, nearly double our target of .25%. These results reflect disciplined financial management and the dedication of our leadership team and staff. Aero Financial was also recognized as the strongest credit union in our asset size category in the State of Arizona according to the Glatt Healthscore rating report.

During 2025, Aero Financial also expanded its services to better meet the evolving needs of our members by introducing business and commercial banking and lending capabilities. This important step allows us to support entrepreneurs, small businesses, and growing companies within our membership community. We see this as a significant opportunity for the future and plan to continue expanding these services in 2026 to better serve members who operate and manage businesses.

Throughout the year, we also continued investing in technology, services, and operational improvements designed to enhance the member experience and ensure convenient access to the financial products and services our members rely on.

The Board of Directors is extremely proud of the Executive Management team and employees whose dedication and professionalism make these achievements possible. Most importantly, we want to thank you, our members, for your continued trust and loyalty. We remain committed to providing exceptional service, competitive rates, and innovative financial solutions that help our members achieve their financial goals.

On behalf of the Board of Directors, Supervisory Committee, and the entire Aero Financial team, we look forward to continuing to serve you in the years ahead.

Curtis LaClaire  
*Chairman of the Board*

## Treasurer's Report

2025 was another outstanding year for Aero Financial Credit Union, characterized by continued growth and sustained financial integrity. Total assets reached an impressive \$345.9 million, while our net worth remained exceptionally strong at 11.95%. This figure continues to rank among the highest in Arizona, exceeding the industry average of 11.24% and providing a stable foundation for our continued expansion.

Our loan portfolio saw significant momentum throughout the year, with total loans increasing by \$23.6 million to reach a year-end total of \$266.9 million. This growth was strengthened by a healthy rise in Money Market and Certificate deposits, reflecting the trust our members place in us as their primary financial partner. Our loan-to-share ratio increased to 88.43%, up from 87.23% in 2023. Furthermore, by maintaining a disciplined and proactive approach to risk management, we reduced our loan reserve to \$1.99 million.

Aero Financial entered 2026 in a position of high liquidity, reporting no outstanding borrowings as of December 31, 2025. Our asset quality remains a point of pride and a testament to our standards. Our combined net charge-off and delinquency ratio dropped to 0.57%, a substantial improvement from the previous year's 0.84% and well below the industry average of 1.72%. This stability ensures we are well-prepared to navigate any future economic shifts while continuing to support our members' borrowing needs.

Building on the successful launch of our new website in the previous year, 2025 saw increased online engagement through our enhanced, feature-rich platform. This investment in technology allows members to easily access their accounts, providing added convenience.

Our robust 0.49% Return on Assets enabled us to offer some of the most competitive auto loan and deposit rates in the state for much of the year. Through responsible fund management, 2025 stands as one of the most successful years for net earnings in our history. Aero Financial Credit Union remains dedicated to delivering premier financial products and exceptional services while maintaining the sound financial management and strategic execution our members deserve.

Herman Sanchez  
*Treasurer of the Board*

## Supervisory Committee's Report

The members of the Supervisory Committee are appointed annually by the Board of Directors. The Committee 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 remains financially sound while serving the best interests of its members.

In 2025, the Committee held four routine quarterly meetings and one special session. These meetings focused on reviews based on our three-year risk-based audit schedule, originally implemented in 2022 and updated annually. Following this schedule, the Committee continues to conduct random sampling audits of procedures and controls. These reviews include, but are not limited to, closed and dormant accounts, branch cash counts, loan payment changes, address updates, and wire transfers. Our auditing procedures are further supplemented by the expertise of external professional service firms.

During 2025, the Committee engaged two such firms to ensure the highest level of oversight. Turner, Warren, Hwang & Conrad (TWHC) provided the independent annual financial statement audit and member account verification services for the years ending December 31, 2025, and 2024. Additionally, SingerLewak Accountants and Consultants provided outsourced internal audit consultation services for 2025, succeeding CliftonLarsonAllen (CLA), which served in this capacity during 2024.

We bid farewell to Donna Krivas and Christina Jones, thanking them for their dedicated efforts and contributions. We are also pleased to welcome Cori Lindstrom to the Committee. I will continue to serve as your Chairman, and Kevin Maloney will continue as a member.

Based on our reviews and the results of our independent audits, the Supervisory Committee concludes that, to the best of our knowledge, the condensed financial statements contained in this Annual Report accurately represent the financial condition of Aero Financial Credit Union.

Steve deBorhegyi  
*Supervisory Committee Chairman*

## Statement of Financial Condition

### ASSETS

	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 36,245,744	\$ 35,377,847
Certificates of Deposit	21,973,000	10,988,000
Held-to-maturity securities	2,005,804	12,008,274
Other investments	1,787,448	1,707,568
Loans to members, net of allowance for loan losses	264,946,809	241,112,231
Accrued interest receivable	1,028,653	860,686
Premises and equipment, net	7,798,404	7,410,995
NCUSIF deposit	2,722,363	2,481,492
Deferred Compensation Investments	1,264,121	1,899,557
Split Dollar Life Insurance	4,803,730	5,019,568
Other assets	1,325,125	1,730,654
	<u>\$ 345,901,201</u>	<u>\$ 320,596,872</u>

### LIABILITIES & MEMBERS' EQUITY

#### LIABILITIES

Members' share and savings accounts	\$ 301,870,211	\$ 279,009,080
Accrued dividends and interest payable	233,344	211,487
Accounts payable and other liabilities	2,467,230	1,722,759
	<u>304,570,785</u>	<u>280,943,326</u>

#### MEMBER'S EQUITY

Regular Reserve	3,074,938	3,074,938
Undivided earnings	38,255,478	36,578,608
	<u>41,330,416</u>	<u>39,653,546</u>

TOTAL MEMBERS' EQUITY	41,330,416	39,653,546
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<u>\$ 345,901,201</u>	<u>\$ 320,596,872</u>

## Statement of Income

	<b>2025</b>	<b>2024</b>
<b>INTEREST INCOME</b>		
Interest on loans to members	\$ 14,632,034	\$ 12,507,415
Interest on investment securities and cash equivalents	<u>2,643,503</u>	<u>2,124,861</u>
<b>TOTAL INTEREST INCOME</b>	<u>17,275,537</u>	<u>14,632,276</u>
<b>INTEREST EXPENSE</b>		
Dividends on members' share and savings accounts	\$ 6,569,759	\$ 4,819,684
Interest on borrowed funds	<u>-</u>	<u>-</u>
<b>TOTAL INTEREST EXPENSE</b>	6,569,759	4,819,684
<b>NET INTEREST INCOME</b>	<u>10,705,778</u>	<u>9,812,592</u>
<b>PROVISION FOR LOAN LOSSES</b>	<u>878,028</u>	<u>1,664,295</u>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<u>9,827,750</u>	<u>8,148,297</u>
<b>NON-INTEREST INCOME</b>		
Fees and charges	1,158,499	1,013,769
Other operating income	821,776	1,071,806
Other non-operating income	<u>138,166</u>	<u>1,323,968</u>
<b>TOTAL NON-INTEREST INCOME</b>	<u>2,118,441</u>	<u>3,409,543</u>
<b>NON-INTEREST EXPENSE</b>		
Compensation and benefits	5,082,166	4,723,029
Occupancy	807,270	701,582
Operations	1,937,852	1,577,724
Loan servicing	451,016	620,628
Other expense	<u>1,991,018</u>	<u>1,602,368</u>
<b>TOTAL NON-INTEREST EXPENSE</b>	<u>10,269,322</u>	<u>9,225,331</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 1,676,869</u>	<u>\$ 2,332,509</u>