



CREDIT UNION

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ANNUAL REPORT

# Dear Members

In 2022, AAC Credit Union celebrated 85 years of member service. What an outstanding milestone. We appreciate your membership, trust, and continued business. We are here because of you, and for you. Since 1937, we have held to the belief that building relationships with our members is the best way to grow. A value we pledge to continue for the next 85 years.

Our financial condition remained strong in 2022. AAC is well capitalized, putting us in a sound position to weather changes in the economic landscape. Our ROA remained healthy at 1.58%. Loan delinquency rose slightly to 0.56% but, still well below pre-Covid numbers. Again, in 2022 AAC was named to the top 200 healthiest credit unions in the nation by depositaccounts.com.

By mid-2022, we began to see a shift in rates as the Federal Reserve adjusted for inflation. Members are benefitting from the rise in deposit rates creating a greater return on savings. We saw the mortgage refinance boom wind down as lending rates adjusted in response, however consumer lending remained strong for new and used vehicles.

We were pleased to welcome 1,438 new members to the credit union. We get excited each time a new member joins, giving AAC the opportunity to serve. We encourage members to share the credit union with their friends and family. Your referrals are the highest compliment.

We take pride in providing a welcoming experience for every guest who visits an AAC branch, however we recognize that many members prefer digital channels. Our Strategic Plan includes a mobile strategy ensuring that we are delivering excellent products and service in-person and online. As part of this vision, we've adopted a new paperless mortgage application process to make applying for a home loan simpler and available wherever you are in Michigan.

Like many businesses, we too experienced staffing shortages. We welcomed new faces to the credit union in 2022. We are excited about the team we have assembled and look forward to moving ahead serving our members and positively impacting our communities. With the right people we can do anything. We appreciate our teams' dedication every day as we grow into the future.

Thank you again for your membership at AAC Credit Union.  
We look forward to serving you in 2023 and beyond.

*Thane Barden* Board Chairman



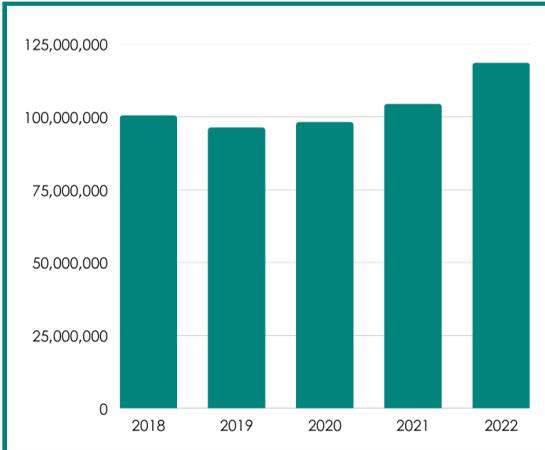
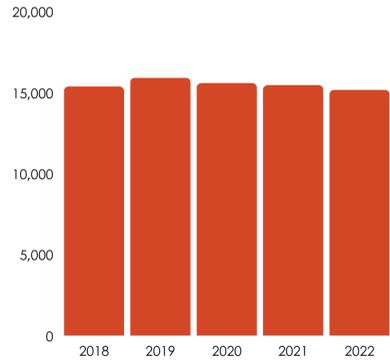
## Thank you to our volunteer Board of Directors:

Thane Barden  
Jim Ondersma  
Russ Hower  
Dennis Ziolkowski  
Dave Kremm  
Ken Howe  
Gord Jeltema

# MEMBERSHIP GROWTH

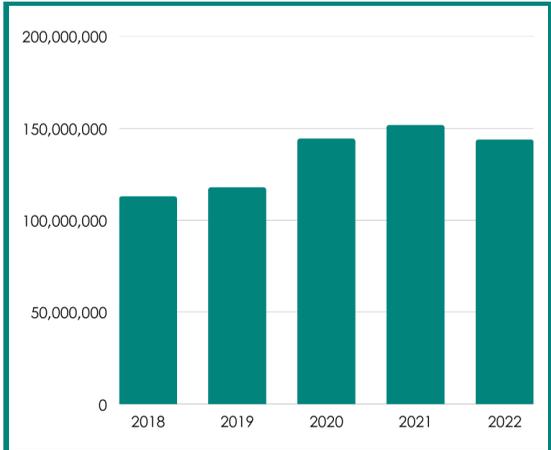
We closed the year with 15,163 members. While membership was down in 2022, we were pleased to see the largest growth in new members 30-39 years of age, followed by those 20-29.

The future of the credit union depends on our ability to attract and retain members in the early stages of their financial journey.



## LOAN GROWTH

Loans grew by 13.44% in 2022. 54% of our portfolio is comprised of member mortgage and home equity loans, 32% new and used auto loans, the remainder in recreational vehicles, personal loans, and credit cards. We saw an increase in the indirect auto lending portfolio due to competitive rates and the convenience of at-dealer financing.



## DEPOSIT GROWTH

By the close of 2022, we saw members using deposits to make large purchases such as homes and autos. Combined with the pressure of rising rates, asset growth fell slightly. Members who participated in the annual Black Friday CD in 2022 enjoyed a rate of 3.50%APY, a 366% rate increase over 2021.



KEY RATIOS	2021	2022
Net Worth	19.89%	21.97%
Delinquent Loans	0.49%	0.56%
Net Charge-Offs	0.23%	0.20%
Return on Assets	1.76%	1.58%
Asset Growth	6.26%	-2.31%



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<b>Assets</b>	<b>2022</b>	<b>2021</b>	<b>Difference</b>
Loans to Members	\$119,085,389.10	\$105,362,814.59	\$13,722,574.51
Allowance for Loan Losses	\$(657,355.14)	\$(966,772.93)	\$309,417.79
Cash and funds due	\$4,538,720.81	\$18,149,246.24	\$(13,610,525.43)
Investments	\$55,468,752.06	\$60,248,612.64	\$(4,779,860.58)
Property and Equipment	\$4,768,530.89	\$4,873,879.17	\$(105,348.28)
Other Assets	\$3,255,267.36	\$3,272,623.48	\$(17,356.12)
NCUA Share Insurance Fund	\$1,459,963.10	\$1,415,320.86	\$44,642.24
<b>Total Assets</b>	<b>\$187,919,268.18</b>	<b>\$192,355,724.05</b>	<b>\$(4,436,455.87)</b>
<b>Liabilities</b>			
Notes Payable	\$-	\$-	\$-
Accrued Div/Interest	\$215,445.95	\$158,658.60	\$56,787.35
Accounts Payable	\$1,598,289.98	\$1,376,042.57	\$222,247.41
Other liabilities	\$1,055,323.09	\$798,082.79	\$257,240.30
Savings to members	\$143,766,371.17	\$151,750,507.20	\$(7,984,136.03)
Undivided Earnings	\$41,283,837.99	\$38,272,432.89	\$3,011,405.10
<b>Total Liabilities and Equity</b>	<b>\$187,919,268.18</b>	<b>\$192,355,724.05</b>	<b>\$(4,436,455.87)</b>
<b>Income</b>			
Interest on Loans	\$5,439,736.74	\$5,249,861.77	\$189,874.97
Investment Income	\$1,205,582.12	\$1,079,999.21	\$125,582.91
Less Dividend/Interest Expense	\$(658,798.21)	\$(776,299.59)	\$117,501.38
Less Provision for Loan Losses	\$63,000.00	\$(115,000.00)	\$178,000.00
Net Interest Income	\$6,049,520.65	\$5,438,561.39	\$610,959.26
Other Income	\$2,685,960.41	\$3,225,296.44	\$(539,336.03)
<b>Net Operating Income</b>	<b>\$8,735,481.06</b>	<b>\$8,663,857.83</b>	<b>\$71,623.23</b>
<b>Expenses</b>			
Employee Compensation	\$2,264,016.67	\$2,165,417.73	\$98,598.94
Employee Benefits	\$662,666.92	\$611,315.99	\$51,350.93
Travel and Conference	\$49,534.48	\$37,719.23	\$11,815.25
Office Occupancy	\$279,625.90	\$275,733.06	\$3,892.84
Office Operations	\$1,418,744.49	\$1,377,656.51	\$41,087.98
Educational and Promotional	\$170,838.35	\$155,381.62	\$15,456.73
Loan Servicing Expense	\$239,337.49	\$242,136.59	\$(2,799.10)
Professional & outside services	\$492,298.85	\$416,452.37	\$75,846.48
Operation Fees	\$31,703.00	\$35,004.00	\$(3,301.00)
Other operating expenses	\$115,684.56	\$68,162.01	\$47,522.55
Interest On Borrowed Funds	\$3,625.25	\$-	\$3,625.25
Gain or Loss on Investments	\$-	\$-	\$-
Gain or Loss on Disposal of Assets	\$(4,000.00)	\$-	\$(4,000.00)
<b>Total Expenses</b>	<b>\$5,724,075.96</b>	<b>\$5,384,979.11</b>	<b>\$339,096.85</b>
<b>Gain or Loss From Operations</b>	<b>\$3,011,405.10</b>	<b>\$3,278,878.72</b>	<b>\$(267,473.62)</b>
<b>Net Income</b>	<b>\$3,011,405.10</b>	<b>\$3,278,878.72</b>	<b>\$(267,473.62)</b>