




2021 ANNUAL REPORT



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2022 Annual Meeting Agenda

Date: 5/5/2022
6:30pm - Refreshments
7:00pm - Business Meeting

- o Open the Meeting – Welcome
- o Establish a Quorum
- o Nominating Committee Report
- o Board Chair Report
- o Supervisory Committee Report
- o Treasurer’s Report
- o Other Business
- o Open Questions & Answers
- o Meeting Adjourned

Chairman & President's Report

I am happy to report that 2021 was another outstanding year for Spirit of Alaska Federal Credit Union (SoAFCU) despite continuing impacts from COVID. Given the low-interest rate environment and pandemic challenges, SoAFCU still realized superior margins of return on assets and return on equity. At the end of 2021, SoAFCU had assets of almost \$198 million, an increase of \$13.6 million or 7.4% over the previous year. This increase continues the trend of exceptional growth over recent years. The credit for SoAFCU's exceptional financial performance goes to President/CEO Anthony Rizk and his management team.

- H. Charles Sparks



0.49%

Return on Assets (ROA)



11.56%

Net Worth/Capital



\$198 million in assets

7.4% Asset Increase Over 2020

Staff photo at the Johansen Branch in Summer of 2021.

Arrows indicate an increase or decrease from the previous year's performance.

COVID-19 Response

We've learned a lot from the COVID pandemic, and it has fundamentally changed the credit union. As I mentioned in last year's report, SoAFCU's multiple branch locations and a walk-up window at Johansen allowed members access to all services with extremely low or no wait times. Our call center also has provided exceptional service to members. What we've learned from the pandemic: technology provides a platform that allows members access not only to their account information but also to a wealth of financial resources from anywhere and anytime. SoAFCU now has many staff working remotely because of changes in response to COVID-19 and will look for other ways to continue to provide superior customer service while providing staff flexibility.

SoAFCU 2021 Awards

I'm proud to share two kudos. We were recognized as the Outstanding Small Business in Philanthropy for all of Alaska by the Association of Fundraising Professionals Alaska Chapter. I've boasted in previous reports about our exceptional community outreach, and this recognition makes it official. SoAFCU was also recognized by the Greater Fairbanks Chamber of Commerce as the Educational Advocate of the Year! SoAFCU has consistently supported community groups and the University of Alaska to improve the community in which we work and live. Evidence of this abounds in the organizations and activities we supported during 2021. If you are involved in a local service organization deserving of support, please tell us about it!

Financial Literacy

Financial literacy is an important mission of all credit unions. We believe strongly that this knowledge leads to informed decisions and financially literate members. Towards this goal, we sponsor the BANZAI program. BANZAI is an online, turnkey curriculum for youth from elementary through high school that builds financial literacy. We continue to add more teachers and schools throughout each year. If you want to learn more about this resource, please ask or visit the Spirit of Alaska website.

Community Engagement

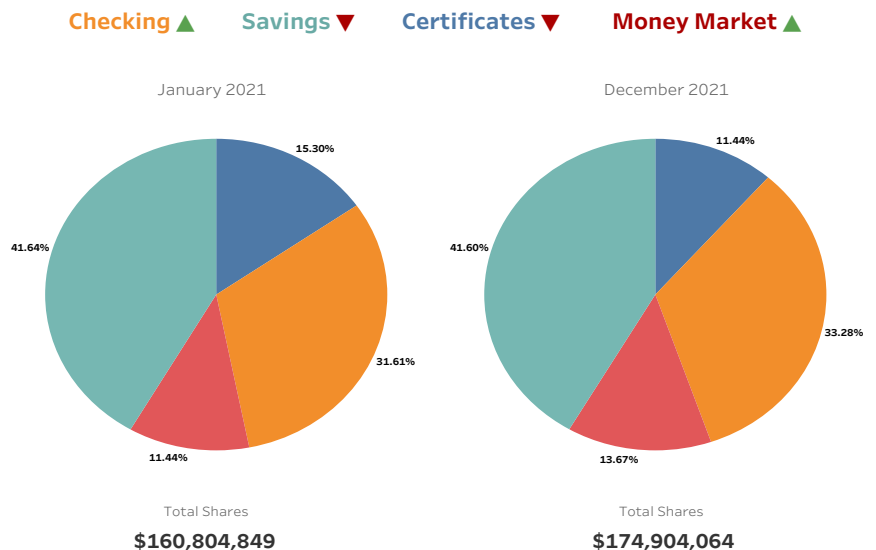
Now that COVID has moderated considerably, we are beginning to plan face-to-face events like our annual meeting, annual picnic, and other events that embody credit union membership.

Thanks to Membership

The Board and staff would like to thank you for your membership and support of SoAFCU. As a member-owned financial cooperative that prospers through the support of its members, we never forget that we work for you! As always, we are thankful for your continued support, and we welcome the opportunity to serve all your financial needs.

Anthony Rizk President/CEO
 Charlie Sparks.....Chairman

Share Composition 2021





Supervisory Committee Report

The Supervisory Committee is composed of a group of volunteer members responsible for helping ensure the safety and soundness of the Credit Union.

The Supervisory Committee is composed of a group of volunteer members responsible for ensuring that the board of directors is safeguarding the Credit Unions assets and that management is in compliance with policies, procedures and plans. This responsibility is exercised in accordance with the Federal Credit Union Act and Spirit of Alaska Federal Credit Union’s bylaws. The Committee fulfilled its responsibilities through the supervision of the internal audit function, engagement of an external financial auditor, and review of the National Credit Union Administration’s (NCUA) recent examination results and related matters.

It is the Supervisory Committee’s responsibility to oversee all aspects of the Credit Union to determine that it operates within regulatory guidance and internal procedures to ensure members’ assets are safeguarded. To fulfill this function, the committee monitors and evaluates the quality of the Credit Union’s finances, operations, and records using various tools. Additionally, the committee reviews member account records to verify their accuracy.

The Vice President of Internal Audit is the primary contact and performs the audit functions. The internal audit duties are overseen by the Supervisory Committee to separate this function from management control. This provides both independence and streamlined reporting.

Based on their performance on the 2019 and 2020 audits and given the unique challenges posed by a global pandemic, Hauser Jones & Sas were again hired to conduct the 2021 external financial audit of the Credit Union. The results of the 2021 audit concluded that the financial statements of the Credit Union accurately represent

the financial position of the organization and supports management’s commitment to accurate financial reporting.

During 2021, in light of the continuing global pandemic and the emergence of COVID-19 variants, the Committee continued to meet virtually in order to protect committee members and continued to meet quarterly to review institutional procedures to safeguard the Credit Union’s assets. The audit results show the Credit Union is performing its duties well with financial accountability and prudent management decisions.

On April 2, 2021, Supervisory Committee member Francine Davis resigned. The committee is actively seeking to add new members.

As in prior years, the Supervisory Committee continues to work diligently with the board of directors to address any and all NCUA recommendations.

We would like to express our appreciation to the board of directors and management for their support and assistance during the various audits and continued efforts in making Spirit of Alaska Federal Credit Union our members’ primary financial institution.

- Ruth PratoChair
- Amy IsaacsonMember
- Christa Ogawa BaysingerMember

Treasurer's Report

Glenn Potts, Board Treasurer

How Spirit of Alaska Benefited Our Members In 2021

- o Asset growth of 7.34% primarily driven by growing member deposits
- o Loan growth of 3.54%
- o \$376,498 in dividends paid out to members in 2021
- o Very low charge-off rate of 0.09%
- o End of Year Return on Assets was 0.49%
- o End of Year Net Worth was 11.56%
- o Excellent profitability ratios (see President/Chair report)
- o Positioned to significantly increase income in a rising interest rate environment
- o Excellent external audit for 2021
- o Continued low loan rates
- o Continued strong community involvement

How Spirit of Alaska Benefited Our Community In 2021

The following is a partial list of organizations that Spirit of Alaska FCU supported.

- o UAF College of Business and Security Management
- o University of Alaska Fairbanks
- o Fairbanks Chamber of Commerce
- o Banzai Financial Education available for schools, our membership, and the community
- o Fairbanks Youth Soccer Association
- o Alaska Police Officers Association
- o Air Force Association
- o Ice Dogs Hockey
- o Breast Cancer Detection Center
- o Eielson Air Force Base Community Activities
- o 2021 Partner School: Lathrop High School Clubs (see check presentation below)
- o High School Basketball Teams
- o Interior Girls' Softball
- o Rotary Fairbanks
- o Fairbanks Children's Museum Career Day
- o Buzz Otis Memorial Championship

Treasurer's Report continued on next page



Loan Growth

All of our loan departments performed well in 2021.

71

New Mortgage Loans

Total Value: \$11,155,470

3

New Construction Loans

Total Value: \$745,000

89

New Business Loans

Total Value: \$14,966,360

771

New Consumer Loans

Total Value: \$23,792,116

2020-2021 COVID Assistance

Total hardship assistance provided to members throughout the pandemic.

Mortgage Loans

Assisted 37 members in loan distress.

Business Loans

Received and approved 134 Paycheck Protection Loans.

Consumer Loans

Received & approved 103 hardship requests from members.

Call Center Service

On average, our call center picked up a member's call within 30 seconds or less throughout the year.

Treasurer's Report continued

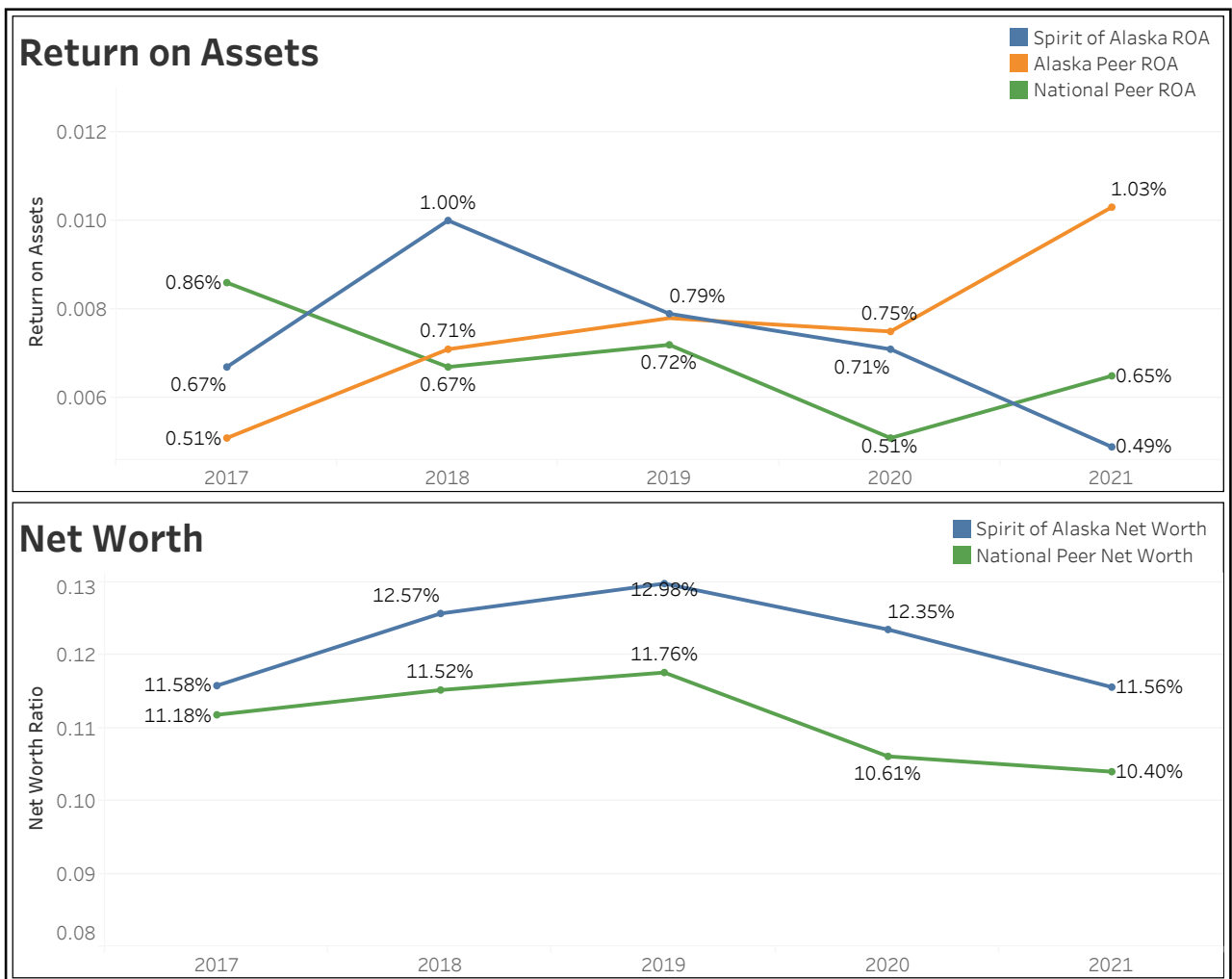


Performance Ratios

The below ratios detail our performance from 2019 - 2021 compared to other credit unions in Alaska, as well as national NCUA data. Shown starting from most recent.

RATIOS	2021	2020	2019
Net Worth	11.56%	12.35%	12.98%
ROA (average assets)	0.49%	0.71%	0.79%
NCUA Alaska Average ROA	1.03%	0.75%	0.78%
NCUA Peer Group ROA	0.65%	0.51%	0.72%

The below graph details our Return on Assets and Net Worth performance from 2017 - 2021 compared to other credit unions in Alaska, as well as national NCUA data.



Statement of Financial Condition

Assets & Liabilities

Assets

ASSETS	2021	2020	2019
Cash Items	\$2,411,508	\$1,848,052	\$1,974,448
Total Loans	\$103,589,484	\$100,145,156	\$106,906,942
Allow Losses	(\$406,241)	(\$497,759)	(\$380,611)
Adj Total All Loans	\$103,183,243	\$99,647,397	\$106,526,331
Total Investments	\$82,282,469	\$73,725,353	\$41,231,944
Fixed Assets	\$6,953,145	\$7,035,822	\$6,952,957
Other Assets	\$3,532,467	\$2,530,730	\$2,435,535
TOTAL ASSETS	\$198,362,832	\$184,787,354	\$159,121,215

Liabilities

LIABILITIES	2021	2020	2019
Other Liabilities	\$1,230,234	\$1,360,316	\$1,042,102
Total Shares	\$174,904,064	\$162,093,401	\$137,985,403
Total Reserves	\$22,228,534	\$21,333,637	\$20,093,710
TOTAL LIABILITIES	\$198,362,832	\$184,787,354	\$159,121,215

Statement of Financial Condition

Income & Expenses

Income

INCOME	2021	2020	2019
Total Loan Interest	\$5,346,930	\$5,834,335	\$6,207,304
Total Investments	\$478,351	\$602,141	\$802,718
Total Interest Income	\$5,825,281	\$6,436,476	\$7,010,022
Total Non-Interest Income	\$1,849,858	\$1,916,795	\$1,711,982
TOTAL INCOME	\$7,675,139	\$8,353,271	\$8,722,004
NET INCOME	\$943,342	\$1,216,909	\$1,227,176

Expenses

EXPENSES	2021	2020	2019
Total Compensation & Benefits	\$3,539,825	\$3,748,388	\$3,613,595
Total Operating Expense	\$2,815,474	\$2,576,718	\$2,812,936
Total Dividend Expense	\$376,498	\$531,256	\$486,297
Provision for Losses	\$0	\$280,000	\$582,000
TOTAL EXPENSES	\$6,731,797	\$7,136,362	\$7,494,828

Community Stories



Arctic Lightning Airshow Sponsor Eielson Air Force Base

Spirit of Alaska FCU was proud to be the only financial institution sponsor at the Eielson Air Force Base Air Show in 2021. Thousands of Alaskans passed through the show and stopped by our booth!

Spirit of Alaska FCU staff gave away swag, provided a fun photo opportunity for kids, spoke to interested community members, and distributed Banzai bookmarks to parents.



Award Recognition in 2021



Alaska Philanthropy Day Award

Spirit of Alaska was honored to be nominated for and receive the state-wide 2021 Outstanding Small Business in Philanthropy Award from the Association of Fundraising Professionals.

2021 Daily News-miner Reader's Choice

The community chose Spirit of Alaska Federal Credit Union as the #1 Best Bank/Credit Union in Fairbanks!



Fairbanks Chamber of Commerce Award

Spirit of Alaska was honored to be recognized as the Bernice M. Joseph Education Advocate of the Year award for our work with Banzai.

UAF College of Business and Security Management



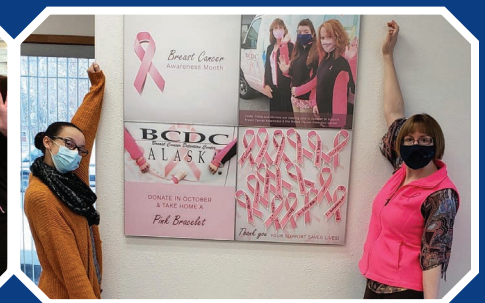
Spirit of Alaska continued our amazing partnership with the UAF College of Business and Security Management in 2021, providing funds for the Professionally Polished Program, scholarships, and the Student Investment Fund.

We also participated as a UA Giving Day Sponsor. Plans continue to move forward for creating a Spirit of Alaska Room for CBSM student use.



Raising \$1750 for Breast Cancer Detection Center of Alaska!

We continued our tradition of a donation drive during Breast Cancer Awareness Month in October. Spirit of Alaska partnered with BCDC in 2021 and raised **\$1750** through donations from members and the credit union! **This donation drive was our largest amount raised to date.**



Partnership with Fairbanks Youth Soccer Association

Spirit of Alaska FCU has sponsored the Food Truck Rally since 2018, building a great relationship with FYSA, a vital local sports organization. In 2020 and 2021, we expanded our sponsorship to include banners on the field and as a team and jersey sponsor. FYSA serves families from all walks of life!



Management & Committees



Management Staff

Anthony Rizk.....	President & CEO
Christy Waters.....	Chief Operating Officer (COO)
Steve Carlson.....	Chief Financial Officer (CFO)
Nicolle DeVito.....	Vice President Internal Audit
Mark Lew.....	Vice President Real Estate Lending Services
Ben Udden.....	Vice President Core Financial Systems
John Lannet.....	Vice President Information Technology
Rachel Cox.....	Business Lending Manager
Sarah Geer.....	Marketing Director



Board of Directors

Charlie Sparks.....	Chairman
Glenn Potts.....	Treasurer
Margaret Hernandez.....	Secretary
Bruce Foote.....	Director
Mark Young.....	Director
Karen Mallette.....	Director
Justin Borgen.....	Director



Supervisory Committee

Ruth Prato.....	Chair
Amy Isaacson.....	Member
Christa Baysinger.....	Member

NOTES