Better Together

2021 Annual Report
It is with bittersweet emotions that I say farewell in this, my last Annual Report. After a 22-year career with SLFCU, including the last eight years as your President and CEO, I am retiring on June 30, 2022 to enjoy a new chapter of life with family and friends.

Thank you for allowing me to serve you over the last two decades. I’m honored to be part of an organization that has earned your trust and loyalty, and am retiring with the knowledge that SLFCU is in a better place than when I started, and well-positioned to continue serving members for years to come. I will consider my time at the Credit Union as one of the greatest privileges of my life.

I would also like to thank the many talented people I have had the good fortune of working with over these past years, including those on the Board of Directors and our dedicated and engaged staff. In this large, complex organization, no person accomplishes anything alone. So many have been involved in the transformative projects we have accomplished together. I’m grateful and humbled to have had the opportunity to play a part in establishing what I know to be the greatest credit union around.

Robert Chavez
SLFCU President & CEO

With Gratitude

The merger allowed SLFCU to drive home our culture of service to a new community in an expanded geographic area.

- Chuck Maheras,
SLFCU Board Chairperson

A Conversation With Robert Chavez and Chuck Maheras

The Animas Credit Union merger was big news in 2021 – why is it important?

Robert: Historically, a majority of our members have been savers/depositors. But we also need members who are borrowers, too. Loans generate revenue that allows us to continue investing in new technology, branches, products, and services. The diversification, both demographically and geographically will be very worthwhile.

Chuck: The founding spirit of credit unions is “people helping people.” The merger allowed SLFCU to drive home our culture of service to a new community.

What would you choose as SLFCU’s biggest accomplishments in 2021, other than the merger?

Robert: Even through a pandemic, member loyalty and satisfaction improved quarter-over-quarter in 2021. And, although we’ve had significant material delays and labor issues, our new Jefferson branch will be a reality in early 2022.

Chuck: Offering new credit card controls and boosting cash rewards on our credit cards has been significant. As always, we want to help our members keep more of their money.

Technology, communication, and how work gets done all changed in 2021. How did the Credit Union pivot and thrive as the world evolved?

Robert: Two words: online meetings! A portion of our workforce now operates on a hybrid schedule, allowing work from home as much as 40% of the time. The technology and security to make this possible required a huge effort from our technology teams.

Chuck: To me, a prime example of SLFCU’s agility is how rapidly we extended more than $24 million in PPP loans to our business members under a federal program that offered limited guidance.

What do members have to look forward to in 2022?

Robert: Members will meet a new CEO in 2022. While I’m extremely proud of what I’ve been able to do on behalf of members over the last 21 years, I also recognize that 2022 will present a great opportunity for someone new to come in with fresh ideas and perspectives.

Chuck: 2022 will be a year of focus and change, including the system consolidation for ACU members in mid-year. Also, today’s challenging economic environment will require intentionality in support of our members’ financial wellness, and to ensure that our products and services meet the needs of a growing membership.
The Castro Family (left to right): Eric, Carmen, Gonzalo, Liz, Ezra, and Emma

As a member of the Animas Credit Union leadership team since 2014, I had a strong emotional response when I learned of the merger between ACU and SLFCU. I, like many ACU members, was uncertain about what it would mean to the Credit Union and Animas community.

ACU was a financially solid credit union that strove to take care of our members and worked hard to meet the needs of our community. However, in the seven months since the merger, it’s clear to me that SLFCU cares about Animas and its members – just as I do.

The merger brought great immediate benefits to ACU members, such as higher deposit rates, lower loan interest rates, and increased lending capacity for home and auto loans. Our merged organization now offers expanded commercial lending opportunities to businesses and entrepreneurs in the Animas Valley. Additionally, I’ve seen first-hand how SLFCU wants to help San Juan County and our members. Every promise discussed at the beginning of the merger has been honored.

Looking ahead, I’m excited about the upcoming transactional system consolidation. I’m eager for ACU members to experience the improved technology that the merger has made possible. Once system consolidation is complete, our Farmington-area members will be able to apply for and open loans with increased efficiency. Making transactions on their accounts inside a branch will become more straightforward, too. They will also have access to SLFCU’s online and mobile banking technology, which will make it much easier for ACU members to transact on their accounts on the go.

It’s true: ACU is now part of a larger organization. Our employees serve members with more resources than ever before. Yet, we are still local. SLFCU has been and will remain a supporter of the Animas Valley community, and will continue working hard to meet the needs of our Farmington-area members. Our two credit unions are now one family.
Merger buddies Kim Craft (left) and Valencia Johnson (right) pose for a photo during one of their meet-ups.

It started when SLFCU’s Engagement, Philanthropy, & Inclusion Committee (EPIC) met to brainstorm how they could support the merger between SLFCU and Animas Credit Union (ACU). The committee, led by SLFCU Quality Improvement Analyst Kim Craft in Albuquerque, has an ongoing focus to build employee engagement and foster an inclusive environment. With this mission at the forefront, it was clear that EPIC’s contribution to the merger was to support and encourage Farmington employees through the change, making sure everyone felt welcome.

The committee launched a buddy system, pairing each EPIC member with one or two ACU employees. EPIC members each sent a welcome email to their Farmington buddy to introduce themselves, ask questions, and create a safe, welcoming space. This initial communication set the stage for a support system to develop, giving each employee a friendly person to reach out to with any questions, whether they’re “silly” or serious!

Kim and her buddy in Farmington, Val Johnson, are the epitome of a great pair. Initially, Val was a bit skeptical. “I wasn’t expecting this buddy program to be long-term,” she says. “I figured they’d help us through the first few days of the merger, and then we’d only speak on occasion. But Kim and I have become great friends! We speak weekly to share stories and act as sounding boards for each other.”

Kim is equally grateful for this newfound friendship. “Change is hard, and navigating change requires open, honest, regular communication. I’m grateful that I can always count on Val to let me know what’s on her mind. We started the buddy program to support our Farmington employees, but we truly became each other’s support system through this exciting merger!” says Kim. “We have gained great knowledge from one another, and lucky for me, I now have a new lifelong friend.”

Buddy Program Unites Credit Union Employees

"You cannot see the future with tears in your eyes.” -Navajo Proverb

2021 was a heartbreaking year for Alison Shorthair. She was a senior in high school, trying to navigate the pandemic, when the unimaginable happened. Her mother Irene, who had contracted COVID-19 in December 2020, succumbed to the virus early in the new year, leaving Alison and her family with an impossible hole to fill in their lives. Alison’s story does not end in despair, however. Hers is a story of resilience and hope.

Alison summoned the courage and strength of her Navajo ancestors to walk with her pain and look toward the future. “When my mom passed, it was so hard,” she shares. “But I absolutely knew that my mom would have wanted me to continue my education.” Equipped with the determination to make her mom and family proud, Alison applied to and was accepted at San Juan College in Farmington. She entered the Credit Union’s 2021 scholarship competition and earned one of five scholarships. She’s using the funds to help pay for her schoolbooks and tuition while also working part-time.

For Alison, college is about discovery. Through her studies in liberal arts during her first semester, she began to find her voice and vision. “I have not settled on what I want to do yet, but I love creating art,” she notes. “I started to get out of my comfort zone little by little, and went to an art gallery. I spoke with the owner and asked if I could really make a living being an artist.” She heard the same encouraging words there that she received from other professional artists and gallery owners from whom she sought advice: if you commit to your craft and really work hard at it, art can be a career.

Ever-practical, however, Alison is also considering the college’s automotive mechanics technology program. “My mom always reminded me that I would need a way to pay for canvas and paint supplies,” she says with a laugh.

With a successful first semester under her belt, Alison’s eyes are clear and focused squarely on the future. “Even though my mom is not here, she is with me. I will make her proud and graduate.” Her Credit Union family will be proud of her, too.

Alison Shorthair, Scholarship Winner and San Juan College Student

Scholarship Winner Honors the Past and Looks to the Future

"We have gained great knowledge from one another, and lucky for me, I now have a new lifelong friend.”

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SLFCU + ACU = Double the Fun! Buddy Program Unites Credit Union Employees

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At the height of the COVID-19 pandemic, when uncertainty hovered, a new joint mission with SLFCU and Sandia National Laboratories took flight. For years, the Labs had hosted their annual Take a (Frozen) Turkey to Work Day at their offices on Kirtland Air Force Base. However, in 2020, the model they had used simply wasn’t going to work. The majority of Labs employees were working from home. “We knew we needed to modify our model for the pandemic,” says Katrina Wagner, Outreach Coordinator for Sandia National Laboratories. “That’s when we decided that we needed a partnership, and a united effort with SLFCU made great sense.” The collaboration utilized the community-wide presence of SLFCU branches to offer additional drop-off sites in the central New Mexico area and engaged SLFCU members in the effort.

From SLFCU’s perspective, providing drop-off sites at branches was a great opportunity. “People always feel good about giving back and there is so much need in our community,” says Julia Miera, SLFCU Business Development Manager. “Engaging with our members is so important, and we felt this opportunity could really help make a difference. Additionally, collaborating with Katrina and the Labs has been fun!”

The partnership continued in 2021 and the results were equally as impactful as the prior year. Over 180 turkeys were collected and delivered to various food banks throughout the Central New Mexico area and over $6,200 was donated to Roadrunner Food Bank. “The beauty of working with SLFCU is that Labs employees who are working remotely have a convenient location to participate,” says Katrina. “I also really love that this partnership has expanded the reach of Take a (Frozen) Turkey to Work Day. Having the various SLFCU branches collect turkeys has helped us reach outlying communities like Edgewood, Rio Rancho, and Los Lunas.”

So, what’s next? “I definitely see this continuing,” says Katrina, “It engages our retirees, many of whom bank with SLFCU. Additionally, there will be some Labs employees who will continue to telework.” Continuing the partnership is high on the priority list for SLFCU as well. “It’s a great way to connect through giving back,” says Julia. “We truly are working better together.”

One step inside the bakery and the delicious aromas of cinnamon and anise embrace you like a warm hug. While her staff typically bakes and packages more than 6,000 cookies a day, for Celina Grife, owner of Celina’s Biscochitos, watching customers take that first pleasurable breath or bite never gets old.

November 10, 2021, marked Celina’s Biscochitos’ 11th anniversary — and business is really cooking. “I was a real estate agent for 15 years. I often baked cookies for my clients as a thank you. When the housing crisis hit in 2008, I needed an additional way to make money, and so I began selling my biscochitos.”

By 2012, she had made the leap to full-time business owner and was all in as a professional baker. “Early on, I had the opportunity to work with Albuquerque’s South Valley Economic Development Center. I rented their commercial kitchen by the hour, which allowed me to produce my product and save money while getting my new business going.”

In 2014 she moved into her current bakery/retail shop at 404 Osuna Road in Los Ranchos de Albuquerque. She quickly outgrew her first 700-square-foot space less than a year later and started renting the space next door for a total of 2,200 square feet. “We’ve just about outgrown this space, too,” Celina says with a laugh. To what does she attribute her success? Her Grandma Maggie’s biscochito recipe for sure. A long relationship with SLFCU has been a big help, too. “I became an SLFCU member when I was 18 years old. It was natural to go to the Credit Union when I needed a business account. The thought of working with a mainstream bank just didn’t appeal to me.”

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In 2021...

- SLFCU’s oldest member was 106 years old.
- $119,889,581 Total dollar amount of home loans originated in 2021
- $231,958,570 Total dollar amount of business loans originated in 2021
- $167,472,543 Total dollar amount of auto loans originated in 2021
- 7,137 members signed up for mobile wallets – an easy and secure way to pay.
- 3,134 people planned their financial future with MEMBERS Financial Services.
- SLFCU helped 6,497 members get on the road with an auto loan.
- 49 local charitable organizations were supported through community sponsorships.
- 230 Savings Laboratory® books were redeemed, helping establish good savings habits for young members.
- SLFCU was chosen as a Best Places to Work by Albuquerque Business First.
- SLFCU was ranked as a Best-in-State Credit Union by Forbes Magazine for the third year in a row.
- SLFCU's oldest member was 106 years old.
- SLFCU home buyers saved $379,693 by not having to pay private mortgage insurance.
- SLFCU helped 6,497 members get on the road with an auto loan.
- 3,134 people planned their financial future with MEMBERS Financial Services.
- $12,500 in scholarship prizes were awarded to 10 ACU and SLFCU student members.
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- 230 Savings Laboratory® books were redeemed, helping establish good savings habits for young members.
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2021 Financial Highlights

Total Assets
$3,624,478,000
$3,109,127,000

Loans
1,510,596,000
1,450,040,000

Investments
1,801,203,000
1,463,465,000

Members’ Share Accounts
3,248,946,000
2,754,014,000

Reserves and Undivided Earnings
373,166,000
327,056,000

Gross Income
97,485,000
95,735,000

Dividends Earned by Members
14,660,000
18,432,000

Net Income
26,409,000
23,285,000

Total Reserves to Assets
10.3%
10.5%

2021 Financial Highlights

Mission Statement
Sandia Laboratory Federal Credit Union exists to provide a tailored array of convenient services to satisfy the financial needs of our members and to provide these services with the highest possible level of technical and operational efficiency while keeping a close and caring touch with our members and employees.

A Valued Partner for Employers
More than 1,000 companies in the Albuquerque area and the Bay Area of California make Sandia Laboratory Federal Credit Union a valuable part of their employee benefits package. And that value comes at no cost to employer or employee. Chartered in 1948, SLFCU is a full-service, government-insured, member-owned financial institution dedicated to the financial success of our members. Employees of our partner companies regard their eligibility to join and use SLFCU services as a special benefit provided by their company.

For more information about company eligibility, please call 505.293.0500 or 800.947.6328, or visit slfcu.org/WhoCanJoin.
## 2021 Finances
continued from page 11

### Net Income
in millions of dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest on Loans</th>
<th>Interest on Investments</th>
<th>Other Income</th>
<th>Total Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>61.3%</td>
<td>21.0%</td>
<td>17.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Sources of Income

- 61.3% Interest on Loans
- 21.0% Interest on Investments
- 17.7% Other Income

### Distribution of Income

- 32.1% Personnel
- 27.1% Undivided Earnings/Reserves
- 25.0% Operating/Non-operating Expense
- 15.0% Dividends to Members
- 1.0% Loan Loss Provision

### Balance Sheet

#### ASSETS

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>Loans to Members</th>
<th>Less: Allowance for Loan Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 (unaudited)</td>
<td>$1,510,596,000</td>
<td>(6,706,000)</td>
</tr>
<tr>
<td>2020 (audited)</td>
<td>$1,450,040,000</td>
<td>(7,300,000)</td>
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</table>

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>Cash and Cash Equivalents</th>
<th>Investments, Net of Mark to Market Adjustments</th>
<th>Accrued Interest Receivable</th>
<th>Building, Land and Equipment, Net</th>
<th>Deposit with NCUSIF</th>
<th>Other Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 (unaudited)</td>
<td>$167,873,000</td>
<td>$1,801,203,000</td>
<td>$7,544,000</td>
<td>$42,219,000</td>
<td>$27,511,000</td>
<td>$74,438,000</td>
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<tr>
<td>2020 (audited)</td>
<td>$94,027,000</td>
<td>$1,463,465,000</td>
<td>$7,626,000</td>
<td>$40,504,000</td>
<td>$22,717,000</td>
<td>$38,048,000</td>
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</tbody>
</table>

**Total Assets**: $3,624,478,000 (unaudited) $3,109,127,000 (audited)

#### LIABILITIES AND MEMBERS’ EQUITY

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>Accounts Payable and Other Liabilities</th>
<th>Total Liabilities</th>
<th>Members’ Share Accounts</th>
<th>Reserves and Undivided Earnings</th>
<th>Total Liabilities and Members’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 (unaudited)</td>
<td>$30,804,000</td>
<td>$30,804,000</td>
<td>$3,248,946,000</td>
<td></td>
<td>$5,624,478,000</td>
</tr>
<tr>
<td>2020 (audited)</td>
<td>$25,643,000</td>
<td>$25,643,000</td>
<td>$2,754,014,000</td>
<td></td>
<td>$3,109,127,000</td>
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### Income Statement

#### Interest Income

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2021</th>
<th>Year Ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loans</td>
<td>$59,819,000</td>
<td>$60,414,000</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>20,450,000</td>
<td>19,247,000</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td>80,269,000</td>
<td>79,661,000</td>
</tr>
</tbody>
</table>

#### Interest Expense

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2021</th>
<th>Year Ended December 31, 2020</th>
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</thead>
<tbody>
<tr>
<td>Members’ Shares</td>
<td>14,660,000</td>
<td>18,452,000</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>65,609,000</td>
<td>61,209,000</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>934,000</td>
<td>3,560,000</td>
</tr>
<tr>
<td><strong>Net Interest Income After Provision for Loan Losses</strong></td>
<td>64,655,000</td>
<td>57,669,000</td>
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#### Non-Interest Income

<table>
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<tr>
<th></th>
<th>Year Ended December 31, 2021</th>
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</thead>
<tbody>
<tr>
<td>Interchange Income</td>
<td>9,477,000</td>
<td>7,488,000</td>
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<tr>
<td>Negative Balance Fees</td>
<td>2,123,000</td>
<td>2,211,000</td>
</tr>
<tr>
<td><strong>Other Non-Interest Income</strong></td>
<td>5,656,000</td>
<td>4,355,000</td>
</tr>
<tr>
<td><strong>Total Non-Interest Income</strong></td>
<td>17,256,000</td>
<td>14,044,000</td>
</tr>
</tbody>
</table>

**Income Before Operating Expenses** 81,891,000 71,743,000

#### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2021</th>
<th>Year Ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and Employee Benefits</td>
<td>31,159,000</td>
<td>29,418,000</td>
</tr>
<tr>
<td>Office Occupancy</td>
<td>2,857,000</td>
<td>2,456,000</td>
</tr>
<tr>
<td>Office Operations</td>
<td>8,697,000</td>
<td>7,770,000</td>
</tr>
<tr>
<td>Professional and Outside Services</td>
<td>9,258,000</td>
<td>7,045,000</td>
</tr>
<tr>
<td>Educational and Promotional</td>
<td>636,000</td>
<td>581,000</td>
</tr>
<tr>
<td>Credit Card Rebates</td>
<td>1,483,000</td>
<td>962,000</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1,825,000</td>
<td>2,878,000</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>55,895,000</td>
<td>51,110,000</td>
</tr>
</tbody>
</table>

**Operating Income** 25,996,000 20,633,000

**Net Income** $26,409,000 $23,285,000

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continued on page 15
### Statistical and Comparative Data

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>With Assets of $1 Billion or More (September 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Members</strong></td>
<td>133,128</td>
<td>115,701</td>
<td>219,141</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td>$3,624,478,000</td>
<td>$3,109,127,000</td>
<td>$3,522,028,065</td>
</tr>
<tr>
<td><strong>Assets Per Member</strong></td>
<td>$27,226</td>
<td>$26,872</td>
<td>$16,838</td>
</tr>
<tr>
<td><strong>Total Savings Per Member</strong></td>
<td>$24,405</td>
<td>$23,803</td>
<td>$14,503</td>
</tr>
<tr>
<td><strong>Dollars Loaned Per Member</strong></td>
<td>$11,347</td>
<td>$12,533</td>
<td>$10,510</td>
</tr>
<tr>
<td><strong>Operating Expenses (Less Provision for Loan Losses) to Average Assets</strong></td>
<td>1.6%</td>
<td>1.8%</td>
<td>2.73%</td>
</tr>
<tr>
<td><strong>Employees Per Million Dollars of Assets</strong></td>
<td>0.11</td>
<td>0.11</td>
<td>0.14</td>
</tr>
<tr>
<td><strong>Total Reserves to Assets</strong></td>
<td>10.3%</td>
<td>10.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td><strong>Loans Outstanding to Shares</strong></td>
<td>46.5%</td>
<td>52.7%</td>
<td>72.5%</td>
</tr>
<tr>
<td><strong>Loans Outstanding to Assets</strong></td>
<td>41.7%</td>
<td>46.6%</td>
<td>62.4%</td>
</tr>
<tr>
<td><strong>Delinquent Loans to Outstanding Loans</strong></td>
<td>0.23%</td>
<td>0.22%</td>
<td>0.46%</td>
</tr>
<tr>
<td><strong>Dividends to Gross Income</strong></td>
<td>15.0%</td>
<td>19.7%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

*Data from the Credit Union National Association’s September 30, 2021 Report

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### Chairperson: Aaron Lobato
### Committee Members: Angela Murdock, Jenni Pandazis, Lesley Caldwell

The Supervisory Committee has retained the certified public accounting firm of Moss Adams LLP to conduct an independent audit of SLFCU’s financial statements. At the completion of the audit, the full report will be available at the Credit Union's administrative office for review by the membership.

In addition, at the direction of the Supervisory Committee, both internal audit staff and independent audit firms are utilized to evaluate and improve the effectiveness of the Credit Union’s risk management, internal control, and governance processes.