



National Association of
Federally-Insured Credit Unions

2022

ANNUAL REPORT

2022 NAFCU BOARD OF DIRECTORS



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NAFCU CHAIR AND PRESIDENT'S REPORT

In 2022, everyday life started to return to normal, but the financial impacts and economic uncertainty stemming from two years of a worldwide pandemic continued to impact the country. However, because of your commitment to your 135 million members, the credit union industry remained steadfast and experienced growth as a result.

Throughout the year, our industry stepped up to fill voids in underserved communities and for Americans in need of financial products and services as we recovered from the pandemic. Banks continued their trend of closing branches while our industry opened them. Even in a challenging interest rate environment, credit unions offered affordable auto, mortgage, and business loans to millions of consumers. You pursued smart partnerships and innovative solutions to meet your members' needs.

That's the credit union difference. That's why NAFCU fights passionately for you every day and was able to secure several legislative and regulatory wins for the industry in 2022, while providing educational opportunities, events, and increased compliance support to ensure your continued success.

Through the guidance of NAFCU's Board of Directors and direct feedback from NAFCU member credit unions, the association stayed focused on its mission: providing extreme member service and advocating on behalf of the credit union industry. Our advocacy priorities centered on growth, regulatory relief, innovation, a fair market, and protecting consumers' data.

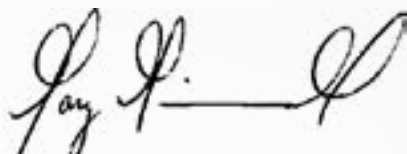
With you bolstering our grassroots advocacy efforts, Congress enacted the Credit Union Governance Modernization Act to protect your institutions and employees. Lawmakers also recognized the consequences of putting more caps on interchange fees and refused to include provisions in end-of-year bills.

We successfully defended against banker attacks on the industry's tax-exempt status and mergers. We continued to build broad bipartisan support for allowing all credit unions to add underserved areas to fields of membership and saw increased investment in Community Development Financial Institutions. In addition, we fought to limit regulatory reporting burdens and secured guidance on innovative partnerships.

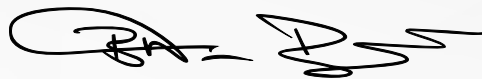
NAFCU remained agile, efficient, and prudent stewards of member dues. Maintaining a healthy budget allowed us to invest in resources to better serve you. Our research team analyzed the latest economic data to keep you informed of trends that could impact your portfolios or members' financial health. Our compliance team maintained its responsiveness, answering an average of 25 questions from credit unions each business day.

At the end of 2022, NAFCU's membership represented 63 percent of federally-insured credit union assets, 47 percent of federally-insured state-chartered credit union assets, and 78 percent of federal credit union assets - all increases from the previous year.

Such growth is a testament to NAFCU employees' dedication to the industry and the value NAFCU member credit unions see in the association. We take pride in representing credit unions and your members across the entire country, and we will continue to fight for the industry's success.



Gary Grinnell | NAFCU Board Chair



B. Dan Berger | NAFCU President and CEO



2022

ACCOMPLISHMENTS

NAFCU provides the industry's leading ACE - **advocacy**, **compliance**, and **education** - as part of our commitment to helping credit unions overcome challenges in order to thrive. The entire staff at NAFCU is dedicated to fighting for effective regulation that supports member operations, and works passionately to ensure policymakers recognize the immense benefits of the credit union industry.

Here's what the award-winning team at NAFCU accomplished in 2022.



ADVOCACY

*SECURING AN ENVIRONMENT
THAT PROMOTES GROWTH AND
REDUCES RED TAPE*

In 2022, NAFCU remained committed to creating a legislative and regulatory environment that allows credit unions – and their 135 million members – to thrive. NAFCU’s bold advocacy blueprint aimed to create regulatory relief, foster credit union innovation, grow membership, and level the playing field between credit unions, large banks, and underregulated market participants. This strategy secured several key wins for the industry and American consumers.

ON CAPITOL HILL

Throughout 2022, NAFCU fought back against bankers’ attacks by continuing efforts under the award-winning Big Bank Bullies campaign to highlight the difference between community-focused credit unions and profit-seeking banks. In addition, NAFCU led efforts against legislative attempts to extend debit interchange routing requirements to credit cards and grant the National Credit Union Administration (NCUA) expanded third-party vendor authority.

NAFCU’s award-winning advocacy team called on Congress to provide more funding and sought improved Community Development Financial Institution (CDFI) Fund communication and a better certification process. A NAFCU member credit union witness testified before the Senate Banking Subcommittee on Financial Institutions and Consumer Protection on these issues and more.

NAFCU secured the introduction of, and bipartisan support for, multiple pieces of legislation to provide credit unions with more flexibility, including passage and enactment of the Credit Union Governance Modernization Act (CUGMA). This bill modernized the Federal Credit Union Act’s provisions related to member expulsion to keep credit unions, their members, and staff protected from illicit behavior. Additionally, NAFCU’s efforts led to House passage of legislation that would allow all credit unions to add unserved areas to their field of membership and a bill to reduce the number of required board meetings for well-run credit unions. The association will continue building on this support to seek their enactment this Congress.

Regarding digital assets, NAFCU successfully fought to ensure credit unions were included in stablecoin legislation discussion after the President's Working Group on Financial Markets excluded the industry.

NAFCU also stopped efforts to expand the Small Business Administration's direct lending authority, which would have undermined private sector lending. NAFCU's advocacy team also stopped legislation to limit overdraft protection programs, allowing for a fair, transparent, and competitive market for consumer financial services.

WITH REGULATORS

On the regulatory front, NAFCU strongly opposed the Consumer Financial Protection Bureau's (CFPB) efforts to expand the scope of Regulation E and hold financial institutions liable for fraud on peer-to-peer platforms. NAFCU also advocated for the CFPB to consider additional ways to supervise nonbank fintech companies, limiting risks to consumers and creating a fairer regulatory environment.

NAFCU led efforts to ensure the NCUA allowed credit unions to use distributed ledger technologies and successfully secured the agency's release of additional guidance on how credit unions can better adopt digital assets and emerging financial technologies.

Ahead of most credit unions' implementation deadline for the Current Expected Credit Losses (CECL) standard, NAFCU's efforts obtained additional guidance and tools from the NCUA to support industry compliance. NAFCU also advocated for additional flexibility and guidance for the NCUA on interest rate risk, including requesting the agency to raise the permissible interest rate ceiling to help mitigate interest rate risk during a difficult economic environment.

Additionally, NAFCU's ongoing advocacy efforts on field of membership reforms, subordinated debt, lending opportunities, and regulatory relief have set the industry up for continued success in 2023.





**RESPONSIVE RESOURCES
FOR EMERGING TRENDS**

COMPLIANCE

In 2022, the NAFCU regulatory compliance team provided member credit unions with a wide array of compliance assistance. The team answered more than 6,000 member questions through our direct compliance assistance inbox. In addition to our compliance hotline, the team authored numerous blogs, articles, and other tools to provide valuable compliance analysis and resources to NAFCU members. NAFCU continues to prioritize extreme member service, answering all compliance questions within one business day.

Credit union compliance professionals had many challenges in 2022, from rising interest rates to increasing incidents of fraud, and the CFPB's targeting of overdraft fees. Last year, the most frequent topics answered by the compliance team addressed the Bank Secrecy Act, Regulation Z, and Regulation E - part of these questions stemmed from various regulatory and legislative changes. Additionally, NAFCU continued to track litigation efforts related to regulatory compliance and notifies members through blogs, webinars, and other communications.

The team also returned to public speaking and in-person events in 2022, with both Regulatory Compliance School and Regulatory Compliance & BSA Seminar held in-person. Members of the team presented at both events, in addition to moderating NAFCU webinars, providing trainings to member credit unions, and recording presentations for NAFCU's first ever on-demand version of Compliance School.

NAFCU's compliance team will continue to provide timely updates to ensure NAFCU members have the most up-to-date information affecting compliance issues and will continue to provide tools and resources to help credit unions tackle all their compliance needs.



*ENHANCING RESOURCES
TO MEET MEMBER NEEDS*

EDUCATION

NAFCU's education team provides credit unions with the best training opportunities available for employees and volunteers at any level. The educational offerings are timely and incorporate the trends and changes affecting the industry today and into the future. In 2022, NAFCU offered 12 conferences and events, delivering forward-thinking content - designed to equip credit unions with the tools needed to grow and serve members - straight to attendees. Through these 12 events, NAFCU leaders connected in-person and virtually, attracting more than 3,100 registrants and bringing the credit union industry together with key experts. In addition, the association virtually met with nearly 1,000 credit union executives during the 2022 State of the Industry conference, covering the latest trends and opportunities affecting credit unions. NAFCU's Online Training Center continued to be highly utilized, offering weekly live and on-demand webinars on the most prominent issues; it remains a valuable opportunity for credit union staff to stay up-to-date on the latest trends. In fact, throughout the year, nearly 5,000 credit union industry professionals streamed more than 16,000 hours - almost 2 years' worth - of content.

Building on the success NAFCU Networks has achieved since launching in 2020, the association launched a fresh look for its eight peer communities in 2022. The user-friendly, updated platform enhanced the member experience as they connected with peers and created additional opportunities for meaningful engagement. These

free, member-only online communities were developed exclusively for credit union professionals to connect with others who serve in similar roles to share best practices, enjoy robust discussion, and problem solve in an informal setting. In keeping with NAFCU's promise to listen and act on what members need and want from us, the association expanded the footprint of NAFCU Networks last year, adding virtual roundtables, educational opportunities exclusively for Network members, and in-person networking opportunities.

As always, each of NAFCU's conferences and online trainings are opportunities for credit union professionals to earn credits for prestigious designations, including the award-winning NAFCU Certified Compliance Officer (NCCO), NAFCU Certified Bank Secrecy Officer (NBCSO), NAFCU Certified Risk Manager (NCRM), and NAFCU Certified Volunteer Expert (NCVE). The association's dedication to keeping credit unions informed remains constant and the dynamic nature of educational offerings stayed the course throughout the coronavirus pandemic.

MEDIA

UNDERSCORING THE CREDIT UNION DIFFERENCE ACROSS MEDIA

Credit unions' commitment to serving their 135 million members and Main Street small businesses was unstoppable in 2022. NAFCU focused heavily on giving credit unions a voice on important issues and sharing unique stories with lawmakers, regulators, and members of the media.

The association was featured in more than 1,700 news articles in 2022, including 400 national mentions in support of credit unions and NAFCU's industry priorities. NAFCU also published five op-eds in key outlets including American Banker, The Hill, and RealClear Markets - and top trade publications like Credit Union Times and CUInsight. In addition, several of the association's lobbyists were featured among The Hill's Top Lobbyists.

NAFCU's advocacy was heavily recognized throughout business trades, including MarketWatch, Yahoo Finance, and Financial Regulation News, as regulations related to digital assets continued to be a focus in the financial industry. Outlets including the Wall Street Journal, POLITICO and Bloomberg amplified NAFCU's unwavering advocacy to battle burdensome interchange regulation, inaccurate big bank claims, and onerous policies and rulemakings from regulators and lawmakers. NAFCU Chief Economist and Vice President of Research Curt Long was a key source for all things economy and inflation for Fox Business, MarketPlace, and PYMNTS.



NAFCU SERVICES CHAIR AND PRESIDENT'S REPORT

Despite another year of unpredictable events, the Preferred Partners of NAFCU Services helped credit unions stay on track by providing the latest expert advice, resources, and market insights. These partners brought forth innovative ideas and strategies for various areas, including digital transformation, cybersecurity, employee retention and recruitment, fraud, and much more. Whatever the topic, these first-class companies played a vital role in propelling the industry forward.

2022 HIGHLIGHTS

- › Marked a decade of serving over half a million consumers annually, using our CULookup.com financial calculators to make financial decisions like mortgage terms, auto loans, savings and retirement plans, and more;
- › Continued development of our content delivery program;
- › Posted over 50 blogs with over 20,000 views; and
- › Produced 20 episodes of The CU Lab, our podcast series with more than 38,000 subscribers.

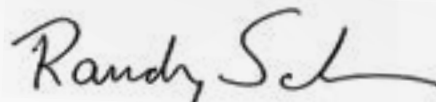
This educational content remains available to all credit unions through the [Online Training and Educational Resources](#) page on the NAFCU website.

To learn more about NAFCU Services and their Preferred Partners, visit nafcu.org/nafcuservices.

NAFCU Services is a wholly owned subsidiary of NAFCU.



B. Dan Berger | NAFCU Services Corporation Chair and CEO



Randy Salsler | NAFCU Services Corporation President

NAFCU TREASURER'S REPORT

NAFCU remained committed to ensuring a strong credit union industry in 2022 and its extreme member service – bolstered by best-in-industry advocacy, compliance assistance and education – helped members maneuver a challenging economic environment and grow.

As responsible stewards of membership dues, NAFCU continued to invest in areas to support member success. NAFCU again reported a strong financial performance in 2022 – reflecting the strength and resiliency of the credit union industry as the country continued to recover from a global pandemic. This performance is highlighted by NAFCU's drive to be the best industry representative in Washington, D.C., innovate new services and technology and offer credit unions the best resources in a cost-effective, efficient manner.

In 2022, NAFCU's equity increased \$1,193,507 and its assets grew \$2,299,796. This growth ensures that NAFCU remains at the forefront of advocacy, education and compliance assistance for the credit union industry. NAFCU Services Corporation also bolstered partnerships and products in order to provide the best available solutions for credit unions and keep them competitive.

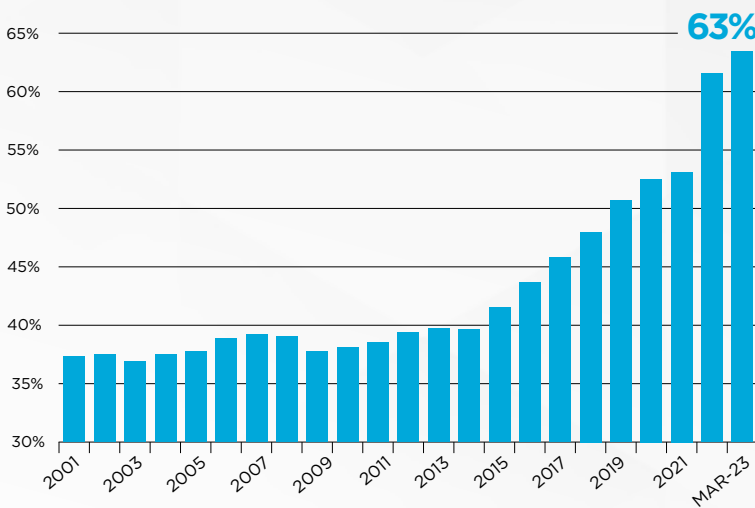
NAFCU will continue to prioritize credit union members' needs and concerns in 2023 to support industry growth, innovation, regulatory relief and a level playing field. We exist to serve you.

Thank you for your ongoing support, guidance and belief in what we do. We look forward to working with you in the coming year to secure an even brighter future for our industry.

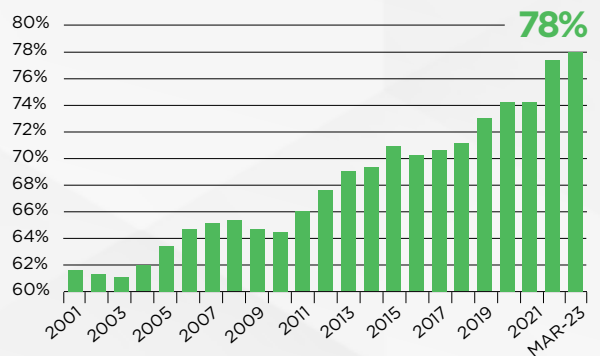


Karen C. Harbin, CPA | NAFCU Board Treasurer

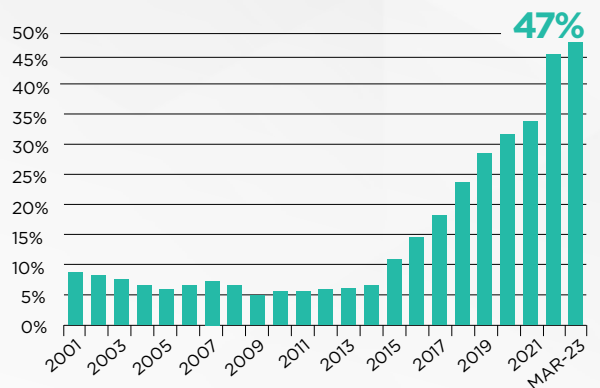
NAFCU % of Total Assets: FICUs



NAFCU % of Total Assets: FCUs



NAFCU % of Total Assets: FISCUs



NAFCU AND AFFILIATES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | 12-31-2022 & 2021

Assets

	2022	2021
CASH AND CASH EQUIVALENTS	\$ 9,247,564	\$ 7,110,582
ACCOUNTS RECEIVABLE	244,390	471,151
PREPAID EXPENSES AND OTHER ASSETS	640,433	477,422
INVESTMENTS	19,029,625	18,649,343
DEFERRED COMPENSATION INVESTMENTS	385,342	376,399
ROU ASSETS - FINANCE LEASES	115,275	-
PROPERTY AND EQUIPMENT, NET	2,565,481	2,862,894
OTHER ASSETS	2,632,252	2,612,775
TOTAL ASSETS	\$ 34,860,362	\$ 32,560,566

Liabilities and Net Assets

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 2,701,690	\$ 2,765,193
DEFERRED REVENUE	12,599,162	11,584,086
TENANT DEPOSITS	14,349	14,349
DEFERRED COMPENSATION LIABILITY	495,399	455,958
LEASE LIABILITIES - FINANCE LEASES	115,275	-
TOTAL LIABILITIES	\$ 15,925,875	\$ 14,819,586

NET ASSETS

WITHOUT DONOR RESTRICTIONS	\$ 15,541,484	\$ 14,858,354
WITH DONOR RESTRICTIONS	3,393,003	2,882,626
TOTAL NET ASSETS	\$ 18,934,487	\$ 17,740,980
TOTAL LIABILITIES AND NET ASSETS	\$ 34,860,362	\$ 32,560,566

Activities without donor restrictions

REVENUE AND SUPPORT

MEMBERSHIP DUES	\$ 14,132,944	\$ 12,862,783
MEMBERSHIP EDUCATION AND TRAINING	4,349,769	3,203,011
SERVICE FEES	2,598,694	2,596,311
ADVERTISING	152,721	137,430
INTEREST AND DIVIDEND INCOME, NET OF FEES	291,966	212,623
RENTAL INCOME	206,552	194,247
OTHER	217,154	353,022
PRODUCTS AND SERVICES	79,719	101,369
NET ASSETS RELEASED FROM RESTRICTIONS	806,189	695,165
TOTAL REVENUE AND SUPPORT	\$ 22,835,708	\$ 20,355,961

PROGRAM SERVICES EXPENSES	2022	2021
ADVOCACY AND COMPLIANCE	\$ 8,217,289	\$ 7,217,727
CONFERENCES AND SEMINARS	4,809,649	3,305,169
COMMUNICATIONS, PUBLICATIONS AND MARKETING	3,558,003	3,254,387
MEMBERSHIP SERVICES	1,327,399	1,278,608
TOTAL PROGRAM SERVICES	\$ 17,912,340	\$ 15,055,891
SUPPORTING SERVICES EXPENSES		
MANAGEMENT AND GENERAL	\$ 3,708,628	\$ 3,761,337
TOTAL SUPPORTING SERVICES	\$ 3,708,628	\$ 3,761,337
TOTAL EXPENSES	\$ 21,620,968	\$ 18,817,228
CHANGE IN NET ASSETS FROM OPERATIONS	\$ 1,214,740	\$ 1,538,733
CHANGE IN FAIR VALUE OF INVESTMENTS	\$ (531,610)	\$ (17,469)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 683,130	\$ 1,521,264

Activities with donor restrictions

CONTRIBUTIONS	\$ 1,304,279	\$ 1,082,111
INVESTMENT EARNINGS	12,287	4,333
NET ASSETS RELEASED FROM RESTRICTIONS	(806,189)	(695,165)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	\$ 510,377	\$ 391,279
CHANGE IN NET ASSETS	\$ 1,193,507	\$ 1,912,543

Net Assets

BEGINNING	\$ 17,740,980	\$ 15,828,437
ENDING	\$ 18,934,487	\$ 17,740,980

Financial Oversight

The NAFCU Board of Directors and its audit committee support the highest standards of corporate accounting and governance. An audit by the independent certified public accounting firm of Johnson Lambert LLP provided an unmodified opinion on the consolidated National Association of Federally-Insured Credit Unions financial statements as of December 31, 2022.