



 **arizona** | CREDIT  
**central** | UNION

**SIMPLE SOLUTIONS | LOCAL SERVICE**  
**TRUSTED SINCE 1939**

2024

# ANNUAL REPORT

 **arizona** | CREDIT  
**central** | UNION



# **CONTENT**

**MANAGEMENT REPORT 3**

**SUPERVISORY COMMITTEE REPORT 5**

**LOAN COMMITTEE REPORT 6**

**2024 FINANCIALS 7**

**ABOUT ARIZONA CENTRAL 9**

**BRANCH LOCATIONS & HOURS 11**

# MANAGEMENT REPORT



2024 proved to be a challenging year on the financial performance front, while at the same time, being very successful in many key areas on the operational side of your credit union. A major technology upgrade, that kicked off in late 2023, was the primary focus for the majority of the year. Virtually every team member was involved in some facet, and for a core group, it was truly their sole commitment and focus during 2024.

Even though this upgrade had some one-time operating and technology expenses that increased the credit union's operating budget more than usual in 2024, this investment in the credit union has provided a technological foundation to support growth and the ability to incorporate future products and services that will enhance the financial lives of our members.

**It is noteworthy that a project of this magnitude has not been done at the credit union for decades, and with detailed planning, a dedicated team, and a universal commitment to position the credit union for the future, the project culminated with a successful go-live on November 4, 2024.**

In addition, we made further 'investments in our members' by increasing various deposit rates seven times in 2024 resulting in a 46% increase in dividend and interest expense over 2023. Interest income only increased by 10.1% over 2023 resulting in overall net interest margin compression and profitability challenges this past year.

The credit union is committed to paying a fair rate of return on our member deposits and staying competitive in the marketplace while still maintaining its safety and soundness. This commitment supported our members on their journey to financial well-being and the strategy's success is demonstrated by our members continued confidence and the retention of their deposits.

In fact, competition for member deposits was extremely high in the marketplace in 2024, however your credit union was able to maintain its deposit position and even have a slight increase in total member deposits by approximately \$1,200,000 year over year.

With all the excitement and challenges of 2024 now in the rear-view mirror, it is time for the credit union to set its sights on the future with a primary focus on enhancing member value.



Respectfully submitted,  
Greg Harden, President & Chief Executive Officer  
Mark Denke, Board Chair

## FINANCIAL FOCUS

Even though the Federal Reserve Open Market Committee (FOMC) officially ended their latest rate tightening campaign, totaling 5.25% over 16 months, in July 2023, the aftereffects would linger throughout 2024. These increases created high competition for local deposits causing the credit union to continue to raise many of our deposit rates to stay competitive throughout the year. Total interest and dividend expense totaled \$9.4 million for 2024 which was \$3.0 million higher than 2023 and \$7.7 million higher than 2022. This continued increase in interest and dividend expense led to our interest margin after provision for loan loss expense falling by approximately \$600,000 year over year.

The credit union continued to deal with the tight liquidity in the marketplace and ended the year with assets of \$688.9 million, a decline of \$54.3 million from 2023. This change was primarily due to the credit union borrowings declining by \$48.0 million ending the year at \$2.0 million. Member deposits increased \$1.2 million to end 2024 at \$628.0 million.

Net income was a negative \$1.6 million for the year mainly due to some one-time technology upgrade expenses, net interest margin squeeze due to interest and dividend expense rising at a faster rate than interest income, and higher provision for loan loss expenses year over year. Return on assets ended the year equaling -.21%, with total reserves and undivided earnings ending 2024 at \$60.4 million. The credit unions capital ratio continued to be strong ending the year at 8.77% up from 8.34% the prior year.



## MEMBER FOCUS

Member Satisfaction was at an all time high. We ended 2024 with a Member Satisfaction score of 96.7% - a top score across many industries. Member Engagement was also at an all-time high, demonstrative of our vision to create strategies to meet a member's individual expectations and provide multiple solutions for managing their finances at Arizona Central Credit Union.

Our technology upgrade will allow us to gain efficiencies and provide members with an unmatched experience. We are grateful for our members' continued support of our credit union and hold in high esteem their trust and confidence.

## COMMUNITY FOCUS

Volunteerism and community involvement are strategic priorities at our credit union. Our employees continued to engage with our community and volunteer even with the time dedicated to our technology upgrade. In 2024, we had 150 volunteers volunteer a total of 2,280 hours and raised \$15,155.91. That is a 21% increase in volunteer hours by our employees! We are proud to make improving the lives of our members and making a positive impact on the communities in which we live and work an essential part of our culture.

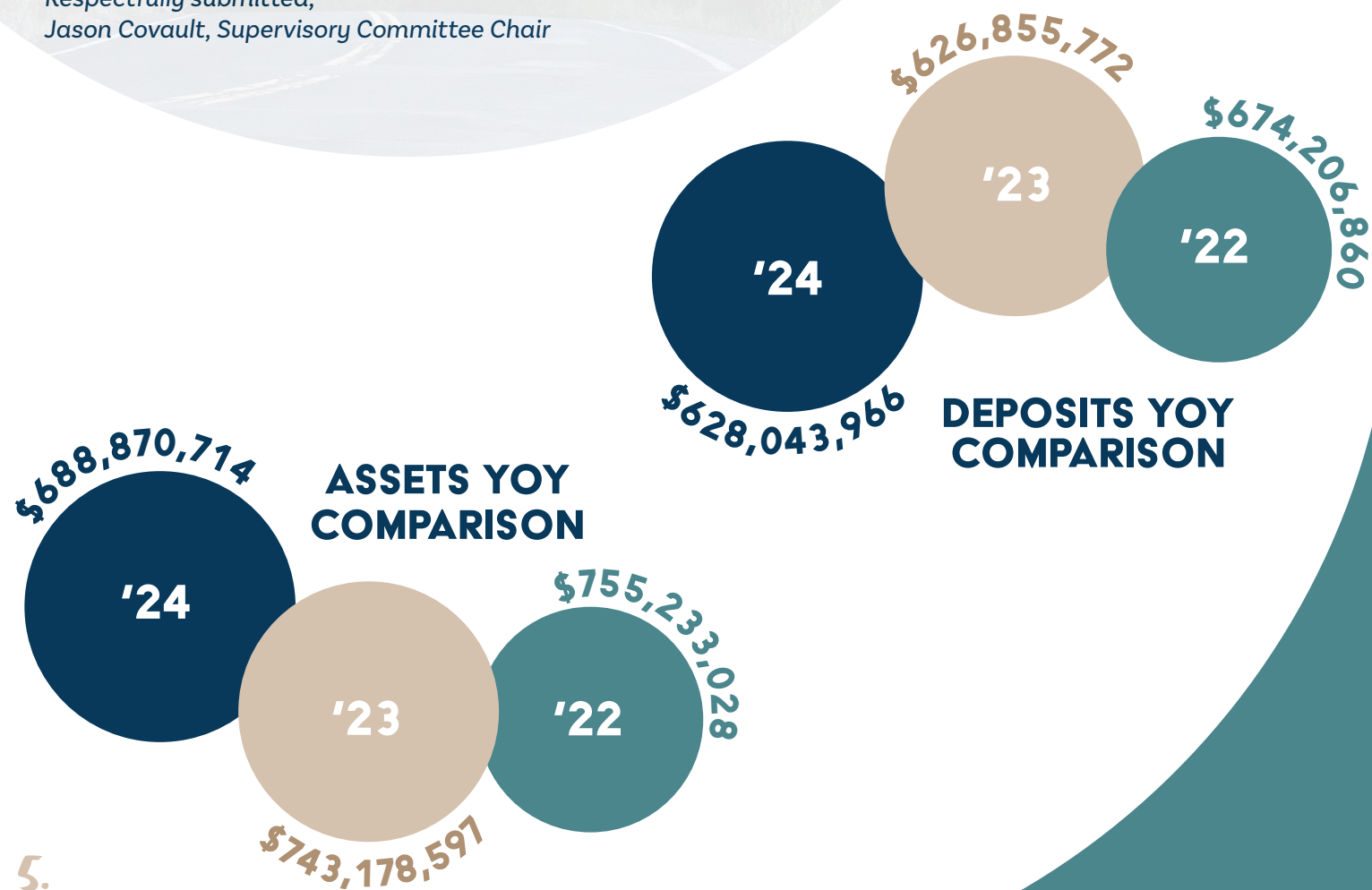
# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee, comprised of dedicated volunteers appointed by the Board of Directors, is responsible for safeguarding the interests of Arizona Central Credit Union members. Each year, we conduct a thorough review of the Credit Union's records to ensure that staff fulfill their duties responsibly and in compliance with all applicable laws, regulations, and internal policies.

To fulfill these responsibilities, we rely on both external auditors and internal staff to assess the adequacy of the Credit Union's internal controls across various operational areas. Additionally, the Committee has engaged Doeren Mayhew CPAs and Advisors, a nationally recognized firm with expertise in the credit union industry, to verify members' accounts and conduct an independent opinion audit of the Credit Union's financial statements. This review is currently underway, and the results will be shared with the credit union membership upon completion.

In previous years, Doeren Mayhew has concluded that the Credit Union's financial statements fairly present, in all material respects, its financial position. This year's review is expected to yield similar results. We extend our gratitude to the Board of Directors and the Members of Arizona Central Credit Union for the privilege of serving them.

Respectfully submitted,  
Jason Covault, Supervisory Committee Chair



## LOAN COMMITTEE REPORT

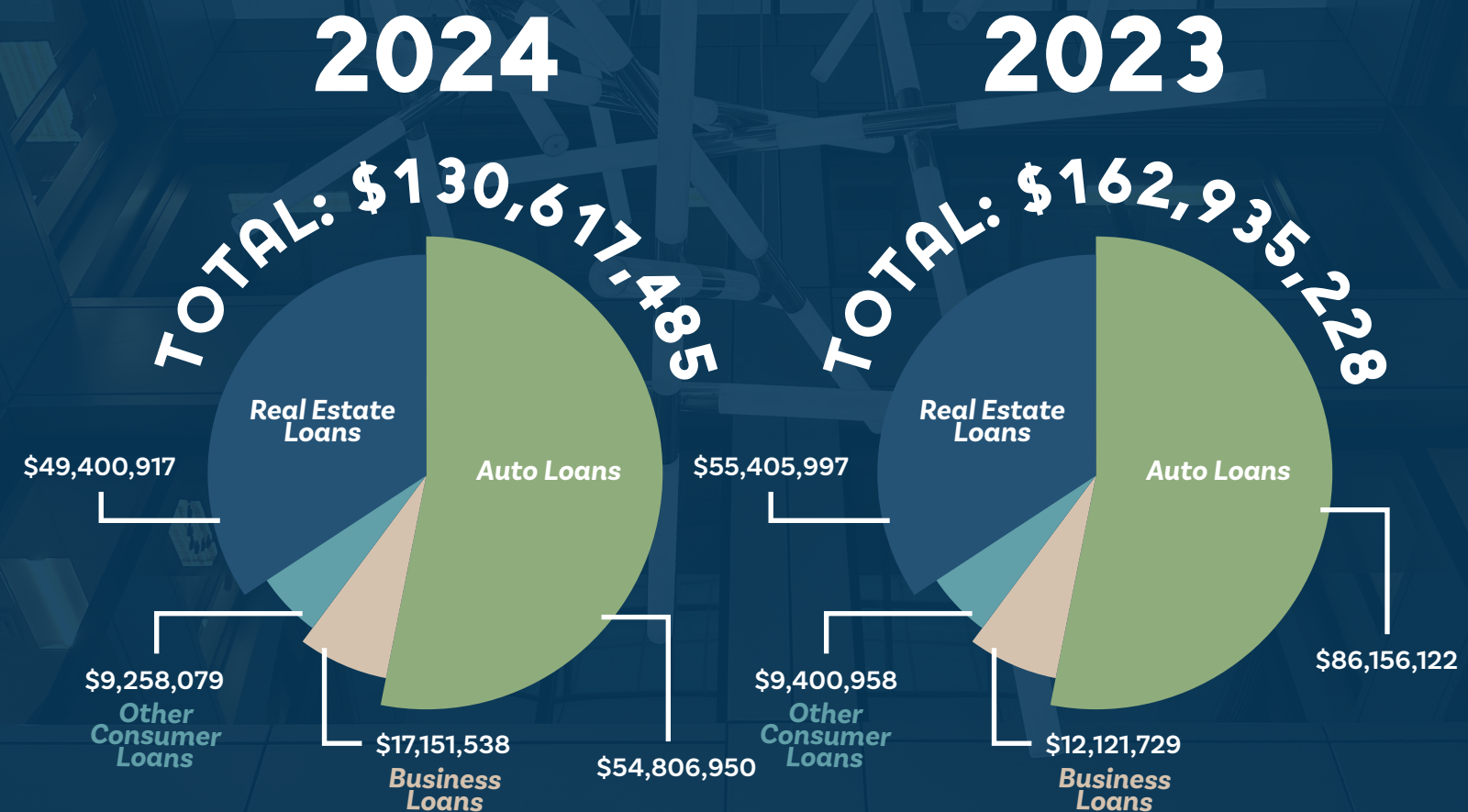
During the period of January to December 2024, a total of 3,283 loans were originated with loan amounts totaling \$130,617,485. Our loan portfolio declined by 7.86% year-over-year. Loan balances totaled \$572,332,193 in December 2024 compared to \$621,139,182 the previous year.

The Loan Committee plays a vital role in ensuring the financial stability and management of the loan portfolio. Our objective is to oversee lending practices, maintain sound credit policies and support the financial support of our members. The breakdown below shows booked loans in each of our major categories.

We appreciate the trust and confidence members have placed in us by choosing AZCCU, and we look forward to continuing to serve you in 2025.

Respectfully submitted,  
Yvette Clay,  
Vice President & Chief Lending Officer

### TOTAL NEW LOAN ORIGINATIONS YOY COMPARISON



## ASSETS

Loans: Net Allowance for  
Loan Losses

	2024 <i>Unaudited</i>	2023
Loans: Net Allowance for Loan Losses	\$571,912,393	\$621,583,713
Total Loans Held for Sale (HFS), Cash & Accounts Receivable	\$9,553,277	\$11,002,976
Corporate Capital & Other Investments	\$2,517,400	\$2,457,600
Corporate Account Deposits & Certificates	\$30,500,924	\$19,114,057
Marketable Investments	\$34,609,425	\$39,557,390
Fixed Assets	\$14,954,192	\$14,483,788
Accrued Interest, Prepaid & Other Assets	\$19,011,971	\$28,947,343
NCUSIF Deposit	\$5,811,132	\$6,031,730
<b>Total Assets</b>	<b>\$688,870,714</b>	<b>\$743,178,597</b>

Total Loans Held for Sale (HFS), Cash & Accounts Receivable

Corporate Capital & Other Investments

Corporate Account Deposits & Certificates

Marketable Investments

Fixed Assets

Accrued Interest, Prepaid & Other Assets

NCUSIF Deposit

**Total Assets**

## LIABILITIES

Total Payables

Total Member Deposits

**Total Liabilities**

Members' Capital

**Total Liabilities & Members' Equity**

# FINANCIAL CONDITION STATEMENT

## TOTAL INTEREST INCOME

Interest on Loans

	2024 <i>Unaudited</i>	2023
Interest on Loans	\$31,309,041	\$29,856,915
Interest on Investments	\$3,454,600	\$1,724,900
<b>Total Interest Income</b>	<b>\$34,763,641</b>	<b>\$31,581,815</b>
Total Dividends & Interest Expense	\$9,367,036	\$6,396,122
Net Interest Income	\$25,396,605	\$25,185,693
Provisions for Loan Losses	\$2,530,681	\$1,739,417
Net Interest Income After Provisions	\$22,865,924	\$23,446,276

Interest on Investments

**Total Interest Income**

Total Dividends & Interest Expense

Net Interest Income

Provisions for Loan Losses

Net Interest Income After Provisions

## NON-INTEREST INCOME

Fees & Charges

Other Non-Interest Income

Gain/(Loss) on Inv. & F/A

**Total Non-Interest Income**

## NON-INTEREST EXPENSE

Compensation & Benefits

Occupancy

Operations

Marketing

Professional Fees

NCUA Share Insurance

Other Non-Interest Expense

**Total Non-Interest Expense**

**Net Income (Loss)**

# INCOME STATEMENT

# ABOUT US

## ARIZONA CENTRAL CREDIT UNION

**Arizona Central Credit Union** is a not-for-profit, full-service, financial institution owned by its members.

With over 53,000 members, over \$688 million in assets, and nine full-service branches throughout the Greater Phoenix area, Tucson, Flagstaff and Show Low, we have proudly served Arizona for 86 years.

At Arizona Central Credit Union, employee satisfaction and retention are the foundation of our commitment to exceeding our members' expectations. We realize that we are stronger together and want to thank members, staff and volunteers, for your loyalty and ongoing support.

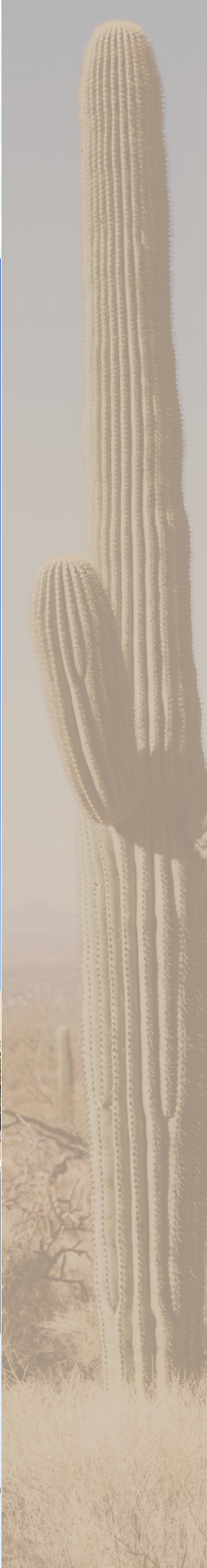


Trusted  
Since  
1939

9.



**Member satisfaction, customized solutions and convenience continue to be the foundation for launching new products and delivery channels ensuring we meet the needs of our diverse membership.**



- Member Share Accounts
- Simple & Money Market Checking Accounts with Visa® Check Cards
- Money Market Accounts
- Certificates & IRAs
- Health Savings Accounts
- You-Name-It Savings Accounts
- New & Used Vehicle Loans
- Credit Union Advantage & AutoSMART
- Lines of Credit
- Signature Loans
- Mortgages & Home Equity Loans
- Visa® Gold, Classic & Secured Credit Cards
- Business Savings, Checking, Credit Cards & Loans
- Commercial Real Estate Loans
- Online Money Management Tool
- SavvyMoney® Credit Monitoring
- Send & Receive Money with Zelle®
- iTM - Interactive Teller Machines
- Mobile Apps & SMS Alerts
- Payroll Deduction & Early Direct Deposit
- Central Phone Banking
- CO-OP Surcharge-Free ATM Network
- eBRANCH Online Banking, Bill Pay Services & Mobile Deposit
- Mechanical Breakdown Protection & GAP Policies
- MEMBER'S CHOICE™ Borrower Security
- Central Financial Services\*
  - CU Grow Savings Program (12 years old & younger)
  - CU Succeed Savings Program (13-17 years old)
- Free Notary Public Services
- 24-Hour Depository
- Vacation & Travel Discounts

**MEMBER SERVICES & BENEFITS**

\*Securities and advisory services are offered through Cetera Advisor Networks LLC, (doing insurance business in CA as CFGAN Insurance License LLC: CA Insurance License# 0644976), member FINRA/SIPC, broker-dealer and registered investment advisor. Cetera is under separate ownership from any other named entity. Central Financial Services is not a subsidiary of nor controlled by Cetera Advisor Networks LLC. Investments are: • Not FDIC/NCUSIF insured • May lose value • Not financial institution guaranteed • Not a deposit • Not insured by any federal government agency.

10.

# BRANCH LOCATIONS & HOURS

## BRANCH & ATM LOCATIONS

### Phoenix

2020 N. Central Ave.  
Suite 100

### Glendale

6901 W. Bell Rd.  
5552 W. Glendale Ave.

### Chandler

1805 W. Chandler Blvd.

### Tempe

4455 S. Rural Rd.

### Tucson

2150 W. Ina Rd.

### Flagstaff

2521 N. West St.  
1948 S. Woodlands Village Blvd.

### Show Low

4474 S. White Mountain Rd.



## HOURS OF OPERATION

### Mon, Tue, Thur, Fri

9 a.m. - 5:30 p.m.

### Wednesday

10 a.m. - 5:30 p.m.

### Saturday

Via Phone Only:  
Support & Lending  
Departments  
10 a.m. - 2 p.m.

## CONTACT US

Call or go online  
(602) 264-6421  
or toll free at  
(866) 264-6421

[azcentralcu.org](http://azcentralcu.org)



Company NMLS  
#485260

Federally Insured by NCUA

# BOARD OF DIRECTORS

**Mark Denke** *Chair*

**Stephanie McQuillan** *Vice Chair*

**Veronica Piotrowski** *Treasurer*

**Sandy Watts** *Secretary*

**Brian Raczynski** *Director*

**Nicolette Lemmon** *Director*

**Kyle Hallstrom** *Director*

# SUPERVISORY COMMITTEE

**Jason Covault** *Chair*

**Johna Burke** *Member*

**Robert Gibboni, Jr.** *Member*

**Kimberly Ortiz** *Member*

**John Skelton** *Member*

# STRATEGIC MANAGEMENT TEAM

**Greg Harden** *President & Chief Executive Officer*

**Janet Moodie** *Senior Vice President & Chief Operations Officer*

**Angela Smith** *Vice President & Chief Strategy Officer*

**Yvette Clay** *Vice President & Chief Lending Officer*

**Julie Ashurst** *Vice President, Human Resources*

**Denise Epps** *Vice President, Accounting & Finance*

**Melanie Hemming** *Director, Marketing*

**Marty Jacobsen** *AVP, Information Technology*