

BRIGGS



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STATEMENT FROM OUR CEC

ollowing a particularly challenging year in the overall financial industry in 2022, financial market participants were treated to a little reprieve in 2023. As a reminder, 2022 saw the Federal Open Market Committee (FOMC) raise the Federal Fund rate at 7 of its 8 scheduled meetings for a total of 4.25%, the fastest and largest increase by the FOMC in the past 40 years. Even after this historic increase, interest rates continued to rise during the first half of 2023, and by July a total of 4 rate increases for an additional 1.00% had been added, leaving the national overnight borrowing rate at 5.50%.

The financial system, in general, struggled to deal with the aggressive rate hike cycle as rising competition for deposits deprived many institutions of much need liquidity. Many institutions with volatile deposit bases were unable to weather the storm and it led to some regional bank failures in the first quarter of 2023. Arizona Central Credit Union continued to stay competitive in the marketplace with both deposit and loan pricing, raising rates many times over the last 18 months. Through safe and sound balance sheet practices, I am proud to say that Arizona Central Credit Union was able to successfully navigate this difficult time. However, the credit union was not immune to what was going on in the industry, and credit union members had no choice but to access their savings as they continued to deal with stubborn inflation in most consumer prices. Total member deposits declined by approximately \$50,000,000 or 7.4% during 2023. Something as an organization we hate to see, but the safe return of members' money when they need it is one of our most fundamental responsibilities.

Rising rates pushed 30-year mortgage rates above 8% for the first time since 2000. The lack of housing inventory for sale was fueled by owners not wanting to sell and part ways with their current low 3.00% -4.00% mortgage rates. This along with continued elevated housing prices made it even tougher on the first-time home buyer during 2023. Arizona Central was proud to offer many down payment assistance and other 1st time home buyer programs to assist our members whenever these programs were available.

By the end of the year, the culmination of these monetary policy actions, began to show up in lowering some of the key inflation metrics. These positive outcomes have many people believing the FOMC may have maneuvered rate hikes in a manner that effectively slowed inflation yet didn't stall the economy sending it into some form of recession.

BIZON EYE SPECIALISTS

The end of 2023 found the credit union's operational focus on major technology upgrades to provide the opportunity and platform for continued growth. We look forward to enhancing efficiencies and product/service offerings to enhance our members' experience.



GregHarden

President & CEO Arizona Central Credit Union

In 2023, the Federal Reserve continued its trend of increasing interest rates to address a growing inflation rate. The credit union adjusted accordingly, raising deposit rates to remain competitive within the industry. However, these adjustments, along with higher loan rates, lead to a narrow net interest margin.

Non-interest income for the credit union fell below expectations, primarily due to reduced fee income from lower mortgage loan originations. Additionally, we adopted a new required calculation of the allowance for loan losses, resulting in a one-time increase in the balance at the beginning of the year.

While charge-offs increased compared to the previous year, they stayed around the long-term historical average. Notably, the provision expense came in below the budget, attributed to the shift in the loan loss calculation method.

In summary, the 2023 financial forcus was marked by the credit union's response to the Federal Reserve's actions, challenges in non-interest income, and the implementation of a new loan loss calculation methodology.

MEMBER FOCUS

Member Engagement is 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. The guest continues to enhance efficiencies as we embark on major technology upgrades in 2024 to provide our members an unparalleled experience. We are grateful for our members' continued support of our credit union, we value your business.

COMMUNITY FOCUS

Volunteerism and community involvement are strategic priorities at our credit union. The changes we implemented this past year resulted in a 65% increase in volunteer hours! We had 288 volunteers volunteer a total of 1,875 hours and raised \$22,033.08. 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.

FINANCIAL FOCUS

Respectfully submitted, Greg Harden, President & CEO Mark Denke, Board Chair

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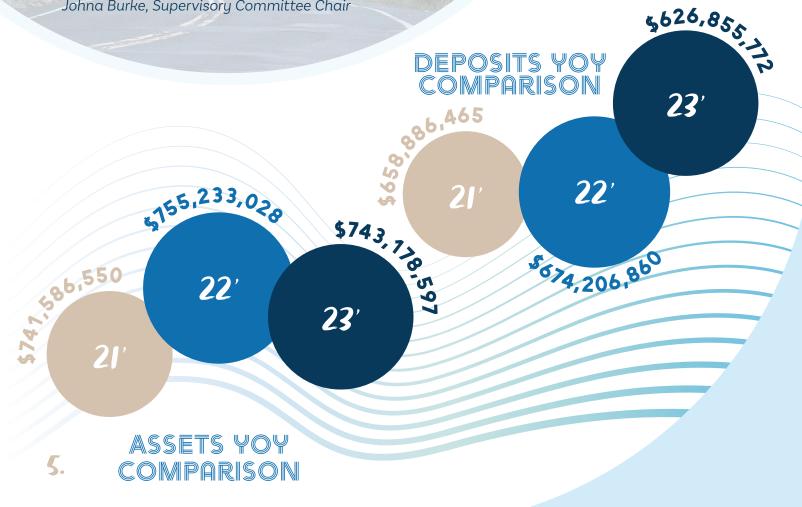
SUPERVISORY **COMMITTEE REPORT**

The volunteers of the Supervisory Committee are appointed by the Board of Directors to watch over members' interests in Arizona Central Credit Union. Each year, we review the credit union's records to ensure staff carried out their duties responsibly, conforming to all applicable laws, regulations, and internal policies.

To assist in these duties, we rely on external auditors and internal staff whose responsibility is to report to us on the adequacy of the credit union's internal controls over various areas of the credit union's operation. In addition, the Committee retained Doeren Mayhew CPAs and Advisors, a national CPA firm with recognized expertise in the credit union industry, to verify members' accounts and perform an opinion audit based on the credit union's financial statements.

Doeren Mayhew concluded that the financial statements present fairly, in all material respects, the financial position of Arizona Central Credit Union as of December 31, 2023. Based on Doeren Mayhew's report, the reports of other external auditors, and staff reports, the Supervisory Committee has concluded that Arizona Central remains compliant with all applicable policies, laws, and regulations.

Respectfully submitted, Johna Burke, Supervisory Committee Chair



During the period January to The breakdown below shows December 2023, a total of 4.269 2 loans were originated with loan amounts totaling \$162,935,228. Our loan portfolio declined by 3.72% year-over-year. Loan balances totaled \$621,139,182 in December 2023 compared to \$645,112,812 the previous year. Our Committee is focused on evaluating economic / trends affecting our portfolio and ensuring a thorough lending Arizona Central Credit Union administration. As we move and look forward to serving you into 2024, we will continue to in 2024. monitor loan quality and credit risk while making safety and soundness a priority.

TOTAL NEW LOAN ORIGINATIONS YOY COMPARISON



booked loans in each of our major categories. Auto Loans outpaced Real Estate and Commercial volume in 2023. Even as the rate market climbed, Arizona Central Credit Union assisted members borrowing with competitive terms and rates. We are grateful for the confidence members have shown us by choosing



ASSETS

Loans: Net Allowance for Loan Losses

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

		C		
	2023		2022	
1 a	\$621,583,713		\$649,802,535	
	\$11,002,976		\$10,253,366	
	\$2,457,600		\$2,014,100	
	\$19,114,057		\$5,431,592	
	\$39,557,390		\$45,987,590	
	\$14,483,788		\$14,637,362	
Con Con	\$28,947,343	100	\$20,716,180	(A) Mar
	\$6,031,730	A and the	\$6,390,303	
	\$743,178,597		\$755,233,028	
	\$63,777,803		\$27,311,684	
	\$626,855,772		\$674,206,860	
	\$690,633,575		\$701,518,544	
	\$52,545,022		\$53,714,484	X
	\$743,178,597		\$755,233,028	

TOTAL INTEREST INCOME Interest on Loans

STATEMENT

CONDITION

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)

2023		2022
\$29,856,915		\$26,031,395
\$1,724,900		\$2,427,043
\$31,581,815		\$28,458,438
\$6,396,122		\$1,668,244
\$25,185,693		\$26,790,194
\$1,739,417		\$481,626
\$23,446,276	II	\$26,308,568
		l.
\$3,931,687		\$4,222,483
\$7,735,173		\$5,277,779
\$211,057		(\$1,228,670)
\$11,877,918		\$8,271,592
\$15,837,974		\$14,776,381
\$3,447,803		\$3,579,332
\$7,620,271		\$7,224,951
\$1,856,602		\$1,239,349
\$358,034		\$487,404
\$0		\$O
\$2,711,055		\$2,611,644
\$31,831,739		\$29,919,061
\$3,492,455		\$4,661,099



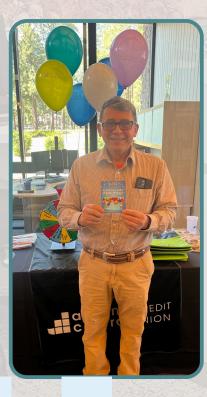
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ABOUT US ARIZONA CENTRAL CREDIT UNION

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

With over 60,000 members, over \$743 million in assets, and nine, full-service branches throughout the Greater Phoenix area, Tucson, Flagstaff and Show Low, we have proudly served Arizona for 85 years.

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











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
- 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
- Commercial Real Estate Loans
- eBRANCH Mobile Deposit
- Online Money Management Tool
- SavvyMoney[®] Credit Monitoring
- Send & Receive Money with Zelle[®]
- iTM Interactive Teller Machines
- Mobile Apps & SMS Alerts
- Payroll Deduction & Direct Deposit
- Central Phone Banking
- CO-OP Surcharge-Free ATM Network
- eBRANCH Online Banking & Bill Pay Services
- MEMBER'S CHOICE[™] Borrower Security
- Central Financial Services*
- Auto & Homeowner's Insurance through TruStage™
- Life Insurance through Cetera Advisor Networks, LLC
- NextGen Youth Club
- CU Succeed Savings Program (13-17 years old)
- Free Notary Public Services
- 24-Hour Depository
- Vacation & Travel Discounts

*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.



• Simple & Money Market Checking Accounts with Visa[®] Check Cards

Business Savings, Checking, Credit Cards & Loans

Mechanical Breakdown Protection & GAP Policies

• CU Grow Savings Program (12 years old & younger)

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BRANCHES 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





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