

2021

ANNUAL REPORT

2 MANAGEMENT REPORT

3 SUPERVISORY COMMITTEE REPORT

4 CREDIT COMMITTEE REPORT

5 2021 FINANCIALS

7 ABOUT ARIZONA CENTRAL

9 BRANCH LOCATIONS & HOURS

Mark Denke Chair
Stephanie McQuillan Vice Chair
Veronica Piotrowski Treasurer
Sandy Watts Secretary
Larry Pfeiffer Chair, Emeritus
Nicolette Lemmon Director
Brian Raczynski Director

SUPERVISORY COMMITTEE

Johna Burke Chair
Kyle Hallstrom Member
John Skelton Member
Jason Covault Member

STRATEGIC MANAGEMENT TEAM

Greg Harden President & CEO
Janet Moodie Senior Vice President & COO
Justin Whitesides Senior Vice President, CAO & General Counsel
Yvette Clay Vice President & CLO
Mike Neill Vice President & CFO
Kathy Pluhowsky Vice President, Financial Resolution
Angela Smith Vice President, Innovation & Analytics
Traci Spear Vice President, Operations
Julie Ashurst Director, Employee Services
Melanie Hemming Director, Marketing
Marty Jacobson AVP, Information Technology

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.

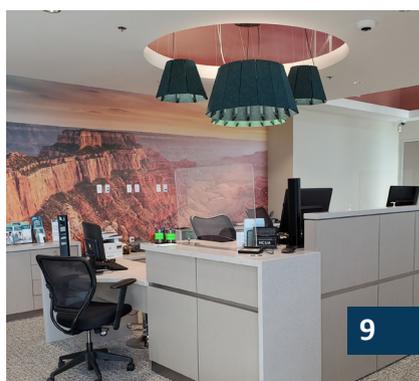
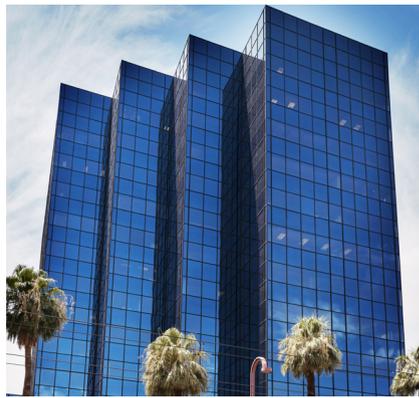
Show Low
4474 S. White Mountain Rd.

Contact Us

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

Hours of Operation

Mon, Tue, Thur, Fri **9 a.m. - 5:30 p.m.**
Wed **10 a.m. - 5:30 p.m.**
Via Phone Only - Support & Lending Departments
Sat **10 a.m. - 2 p.m.**



MANAGEMENT REPORT



As the world continued to deal with the effects of the COVID-19 pandemic and its variants, the Credit Union focused on keeping employees and members safe while conducting business in person. Remote access, through our mobile app and online banking platform, became a critical channel for members to transact business when the pandemic forced branch closures.

Deposit growth continued at record pace during 2021 as members looked to the Credit Union as a safe and secure place for their savings. Member financial health continued to improve with both delinquencies and defaults at very low levels relative to past years. Despite continued compression of net interest margins and a 20+ year low in average loan yield, the Credit Union posted strong net income and return on assets. Record loan demand during 2021 will help position the Credit Union for a successful 2022.

We are very proud of the completion of our new Show Low Branch at the end of December, serving the growing White Mountains region.

And finally, one of the Credit Union's most important metrics, member engagement, reached its highest level ever reflecting increased product adoption and member satisfaction.

FINANCIAL FOCUS

In 2021 the pandemic continued to cause a large disruption in the nation's economic and financial condition.

Deposit growth remained strong throughout the year with help from modified government stimulus programs leading to record asset levels. Low market interest rates continued to put pressure on our interest income, however this was countered by strong non-interest income during the year. Loan loss expense was also well below expectations.

Total assets increased by \$96 million in 2021, compared to an increase of \$120 million in 2020. Deposit growth increased \$97 million to \$659 million by the end of 2021. Arizona Central Credit Union's financial picture remained solid recording net income of \$6,003,114 at year-end and total reserves and undivided earnings of \$58 million. The Credit Union continues to be well capitalized with a capital ratio of 7.87% even as we continue to experience substantial growth, ending the year with assets of \$742 million.

MEMBER FOCUS

2021 was challenging with COVID continuing to permeate our operation, but became a year of focus on the needs of our members.

It has become necessary to create solutions for members to both conduct business and manage their account relationship through both remote and in-person channels. Members may no longer be solely dependent on face to face interactions; we must make doing business through electronic delivery channels more accessible and convenient.

We are prioritizing solutions to provide uninterrupted service and support even when we're not faced with a global pandemic. We are utilizing the learning from the past two years to ensure when you need us...we're there.

Aligning member needs, credit union resources and technology will create the foundation needed to provide customized service for each and every member. Thank you for your ongoing support of Arizona Central Credit Union, you are the "why" for everything we do.

COMMUNITY FOCUS

We continue to engage our team to make volunteerism and community involvement an essential characteristic of our organization. While COVID has drastically affected our ability to be out in the community, we continue to fundraise and perform volunteer projects remotely. We look forward to interacting with our community partners in person and demonstrating our commitment to the communities in which we live and work.

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

SUPERVISORY COMMITTEE REPORT

ANNUAL REPORT 2021

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, 2021. 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

COMPARISON TABLES

ASSET GROWTH

2019	\$525,110,049
2020	\$645,140,220
2021	\$741,586,550

DEPOSIT GROWTH

2019	\$451,716,490
2020	\$561,621,381
2021	\$658,886,465

MEMBER SERVICES & BENEFITS

ANNUAL REPORT 2021

- Member Share Accounts
- Simple & Money Market Checking Accounts with Visa® Check Cards
- Money Market Savings 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
- Quik Money Card (ATM-only card)
- Business Savings, Checking, Credit Cards & Loans
- Commercial Real Estate Loans
- eBRANCH Mobile Deposit
- Online Money Management Tool
- SavvyMoney® Credit Monitoring
- Easy Pay & Funds Transfer
- Mobile Banking, SMS Banking & Mobile Apps
- Payroll Deduction & Direct Deposit
- Central Phone Banking
- CO-OP Surcharge-Free ATM Network
- eBRANCH Online Banking & Bill Pay Services
- Mechanical Breakdown Protection & GAP Policies
- MEMBER'S CHOICE™ Borrower Security
- Central Financial Services*
- Auto & Homeowner's Insurance through TruStage™
- Life Insurance through Cetera Advisor Networks, LLC
- Youth Savings Program (12 years old & younger)
- 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 Agency LLC, member FINRA/SIPC, a broker-dealer and registered investment adviser. 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. Cetera Advisory Networks, LLC is not an affiliate of Arizona Central Credit Union.

Investments are: • Not FDIC/NCUSIF insured • May lose value • Not financial institution guaranteed • Not a deposit • Not insured by any federal government agency.



ABOUT US

ARIZONA CENTRAL

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

With over 60,000 members, nearly \$742 million in assets, and nine, full-service branches throughout the Greater Phoenix area, Tucson, Flagstaff and Show Low, we have proudly served Arizona since 1939.

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.**

ANNUAL REPORT 2021



CREDIT COMMITTEE

REPORT

ANNUAL REPORT 2021

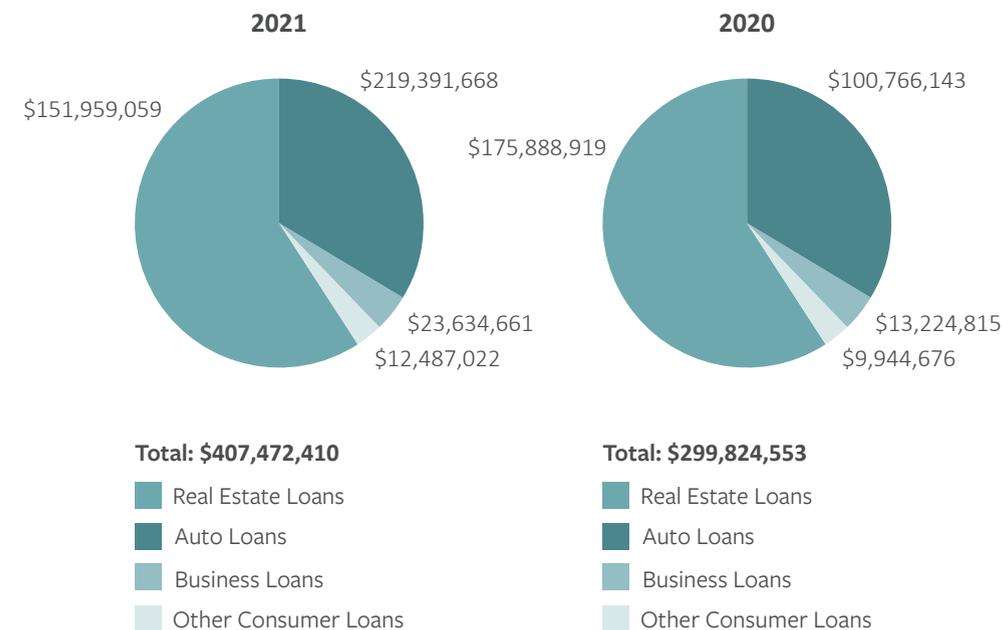


During 2021, a total of 9,693 loans were originated totaling \$407,472,410. The unusual combination of economic circumstances over the last two years has allowed Arizona Central Credit Union the opportunity to assist members through some financial hardships and in addition, we continued our participation in the Paycheck Protection Program – an SBA-backed loan that helps businesses keep their workforce employed during the COVID-19 crisis.

The breakdown below shows booked loans in each of our major categories. At year-end, the loans outstanding totaled \$527,156,707 compared to previous year of \$416,814,597 - a 26.5% increase from December, 2020.

COMPARISON CHARTS

TOTAL NEW LOAN ORIGINATIONS



Loan growth will remain a priority in 2022. Our Committee will continue to be an important component that provides oversight, safety and soundness to best serve our membership.

Respectfully submitted,
Yvette Clay, Credit Committee Chair

FINANCIAL CONDITION STATEMENT

ANNUAL REPORT 2021

ASSETS	2021	2020
Loans: Net Allowance for Loan Losses	\$523,521,707	\$412,679,596
Total Loans Held for Sale (HFS), Cash & Accounts Receivable	\$13,406,986	\$20,044,326
Corporate Capital & Other Investments	\$2,106,600	\$2,081,000
Corporate Account Deposits & Certificates	\$89,162,621	\$132,978,069
Marketable Investments	\$71,976,945	\$41,378,909
Fixed Assets	\$14,580,290	\$13,517,111
Accrued Interest, Prepaid & Other Assets	\$20,933,519	\$17,489,537
NCUSIF Deposit	\$5,897,882	\$4,971,673
Total Assets	\$741,586,550	\$645,140,221
LIABILITIES		
Total Payables	\$25,800,957	\$30,756,047
Total Member Deposits	\$658,886,465	\$561,621,381
Total Liabilities	\$684,687,422	\$592,377,428
Members' Capital	\$56,899,128	\$52,762,793
Total Liabilities & Members' Equity	\$741,586,550	\$645,140,221

INCOME STATEMENT

ANNUAL REPORT 2021

	2021	2020
TOTAL INTEREST INCOME		
Interest on Loans	\$21,933,153	\$22,113,689
Interest on Investments	\$890,297	\$820,912
Total Interest Income	\$22,823,450	\$22,934,601
TOTAL DIVIDENDS & INTEREST EXPENSE		
Dividends & Interest Expense	\$1,376,250	\$1,666,435
Net Interest Income	\$21,447,200	\$21,268,166
Provisions for Loan Losses	\$482,021	\$3,634,038
Net Interest Income After Provisions	\$20,965,179	\$17,634,128
NON-INTEREST INCOME		
Fees & Charges	\$5,793,961	\$6,631,095
Other Non-Interest Income	\$6,295,664	\$5,866,665
Gain/(Loss) on Inv. & F/A	\$1,344,689	\$3,180,690
Total Non-Interest Income	\$13,434,314	\$15,678,450
NON-INTEREST EXPENSE		
Compensation & Benefits	\$14,160,688	\$15,677,395
Occupancy	\$3,488,128	\$3,396,230
Operations	\$6,274,751	\$6,230,499
Marketing	\$1,438,911	\$1,733,581
Professional Fees	\$218,043	\$304,001
NCUA Share Insurance	\$0	\$0
Other Non-Interest Expense	\$2,815,857	\$2,807,923
Total Non-Interest Expense	\$28,396,378	\$30,149,629
Net Income	\$6,003,115	\$3,162,949