



2024

ANNUAL REPORT



For Moments That Matter

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PRESIDENT'S REPORT

Amy Hysell
President & CEO

As we reflect on the past year, I am proud to share the considerable progress Arizona Financial has made toward enhancing our services and expanding our reach. Our commitment to innovation and member satisfaction has driven us to introduce new products and services that cater to the evolving needs of our community.

Checking account enhancements

One significant development was the introduction of our new Premier Checking Account. In addition to features members expect – like the convenience of mobile and online banking, overdraft services, and Zelle® money transfers – this new account offers Early Pay Deposit to provide members access to their direct deposits up to two days early. Additionally, the account includes access at no charge to enhanced identity theft protection services and dark web monitoring, providing our members with an extra layer of security and peace of mind.

Introduction of Business Solutions Center

In response to the growing needs of our business members, we launched the Business Solutions Center. This dedicated call center offers specialized support and services to our business members, ensuring they can easily access the assistance they need to thrive.

Branch & ATM upgrades

In 2024, we also announced plans for new branches in Chandler, Phoenix Biltmore, and Queen Creek. Planning for all three locations is in progress, with the



Chandler branch expected to open in spring 2025, followed by Phoenix Biltmore in late 2025 or early 2026. The Queen Creek project will be a new build and is expected to open in 2026. We look forward to bringing our services closer to more members in these communities.

We've also made significant investments in our ATM technology by replacing the machines across our entire branch network. These state-of-the-art ATMs feature contactless card technology, an improved user interface, and enhanced encryption and fraud detection capabilities. These upgrades are part of our ongoing efforts to provide a seamless and secure banking experience for members.

Best places to work

We understand that having a happy and productive workforce results in better service to our members. We are happy to announce that Arizona Financial has been recognized by *Phoenix Business Journal* as a Best Places to Work – a designation we've held going back to 2015. We are seeing the benefits of an engaged workforce and will continue to invest in our employees through programs like Future Leader's League, mentorship programs, and employee engagement groups.

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Financial update

From a financial perspective, Arizona Financial had another successful year in 2024. Total assets increased 3.2% to more than \$3.4 billion while the net worth ratio increased from 11.82% to 12.29%, highlighting the credit union's overall safety and soundness.

Looking ahead to 2025

As we move into 2025, we are planning to launch several new services to further support our members' financial well-being.

These include estate planning services to help members create their own wills and trusts, small dollar loan services, "buy now, pay later" options, and new accounts and loans tailored to the needs of unbanked and underbanked communities. We will also be introducing relationship pricing benefits to reward long-time members for their loyalty to Arizona Financial.

Our achievements in 2024 would not have been possible without the dedication and hard work of our team, the support of our board of directors,



and the trust of our members. We remain committed to our mission of providing exceptional financial services and look forward to continuing to serve you in the years to come.

Thank you for being a valued member of Arizona Financial Credit Union.

Amy L. Hysell
President & CEO



CHAIRMAN'S REPORT

Investing in members, community

In 2024, Arizona Financial continued its focus on providing everyday value to our members by offering competitive rates and terms on deposits and loans. As an example, the credit union paid out over \$54 million in account dividends to members, in place of distributing a year-end member bonus payout.

In addition, as part of our commitment to add value and support to the communities we serve, the credit union began the legal process of forming a community foundation. The new Arizona Financial Foundation, targeted to launch in 2025 upon application approval, will allow us to expand our charitable giving and increase the impact we can make in the community.



Bill Greene
Board Chairman

Forbes #1 Credit Union in Arizona

We're proud to report that Arizona Financial was ranked #1 in Arizona on the Forbes list of Best-in-State Credit Unions for 2024. This prestigious award is presented by Forbes and Statista Inc., the world-leading statistics portal and industry ranking provider. The ranking is based on an independent survey and publicly available reviews.

Bauer Financial

The credit union also received a superior 5-star rating from Bauer Financial, an independent bank research firm that measures the financial health of banks and credit unions across the country.

#1 SBA lender in Arizona

For the third year in a row, Arizona Financial was recognized by *Ranking Arizona* as the number one Small Business Administration lender in Arizona.

We're also the only Arizona-based credit union with SBA Preferred Lender status, which means we can offer our members a streamlined process and faster loan decisions.

Local Causes grants

In 2024, the credit union awarded over \$200,000 in grants to 16 hyperlocal nonprofits as part of our *Local Causes* debit card program. Every time members use their debit card to make a purchase, Arizona Financial makes a donation to a community fund and then awards grants to smaller nonprofits in Arizona, helping to support their missions.

Debit card giveback

Arizona Financial also awarded a combined total of over \$120,000 to the Arizona Humane Society and 100 Club of Arizona through our exclusive debit card programs. In partnership with the 100 Club, in 2025 we will begin offering the First Responders Account to support first responders and their families.

New Arizona Financial Foundation

Due to the success of Arizona Financial's debit card programs and a desire to increase our community impact, in 2024 the credit union began the process of establishing Arizona Financial Foundation.

The Foundation, a 501(c)(3) nonprofit which will be governed by a board of directors and insight from community leaders, is targeted to launch in the spring/summer of 2025, upon application approval from the IRS. It will focus on four key pillars that align with Arizona Financial's cooperative values and commitment to community service:

- > Financial literacy & education
- > Support for first responders
- > Domestic violence awareness & assistance
- > Community engagement

On behalf of the Board of Directors, thank you to our members for the opportunity to serve you and for your participation in our financial cooperative.

Bill Greene
Board Chairman

SUPERVISORY COMMITTEE REPORT



Charles Carter
Supervisory Committee
Chairman

The five-member Supervisory Committee is appointed by the Board of Directors to oversee the policies, procedures, and practices in place to safeguard members' assets and meet all required financial reporting obligations.

The functions of the Supervisory Committee include:

- > Ensuring internal controls are established and effectively maintained to protect members and the credit union
- > Monitoring the timely preparation and accuracy of accounting records and financial reports
- > Contracting for an independent verification of financial reporting and member accounts
- > Overseeing the proper administration of and adherence to the rules and regulations guiding credit unions

The Supervisory Committee and Compliance and Review Services

Department work closely together to confirm internal controls provide sufficient safeguards. In addition, they participate in regularly scheduled Supervisory Committee meetings, Board of Directors meetings, planning sessions and special committees to assist with the decision-making in support of credit union initiatives.

As part of this committee, John Bushko, Sarah Freeman, Manny Verdugo, and I remain committed to you, our members, and the mission, vision and values that form the foundation of Arizona Financial Credit Union.

Charles Carter
Supervisory Committee Chairman

CUSO REPORT

A Credit Union Service Organization (CUSO) is established to primarily serve the needs of its credit union owner. Its business relates to the daily operations of the credit union it serves. Arizona Financial owns two CUSOs – Western States Financial Group, LLC (WSFG) and Arizona Federal Insurance Solutions, LLC (AFIS). Both are wholly-owned subsidiaries of Arizona Financial. Through these subsidiaries, we provide valuable services that complement our core services. Currently, we operate Members Auto Center (MAC) through WSFG and The Arizona Group (TAG) through AFIS.

Western States Financial Group

MAC is a partnership of WSFG and Centennial Leasing and Sales, Inc. This service was designed to provide members with a more convenient car buying experience. MAC allows members to shop and purchase a vehicle, complete all title and registration paperwork, and

even have their new car delivered to their home or office – all without visiting a dealership.

MAC continues to be a great option for members. In 2024, members purchased 700 vehicles through MAC, generating more than \$20.9 million in additional loans for the credit union.

Arizona Federal Insurance Solutions

Through the insurance professionals at TAG, members have access to a full suite of insurance services, including automobile, homeowners, business, life, Medicare products, and health insurance policies. With access to many insurance providers, TAG can match members' individual needs to a policy that provides the best solution for coverage and value. In 2024, a total of 256 new policies were purchased through TAG. At the end of 2024, almost 2,000 members held a total of 3,273 policies.

TREASURER'S REPORT



Zeek Ojeh
Treasurer

Arizona Financial performed well in fiscal year 2024. Following are some of the noteworthy highlights:

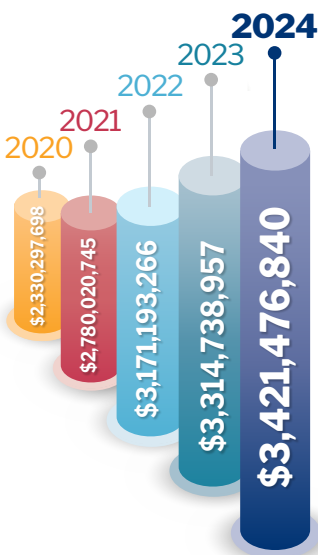
- > Total assets: \$3.42 billion (3.2% increase from 2023)
- > Total Members: 171,876 (net increase of 3.2% from 2023)
- > Net operating income: \$28.7 million (decrease from \$36.3 million in 2023 due primarily to an increase of \$24.0 million in additional dividends paid to members in 2024 compared to 2023)
- > Total net worth: \$420.3 million (7.3% increase from 2023)
- > Total loans to members: \$1.87 billion (0.9% increase from 2023)
- > Loan delinquency: 0.22% (0.01% increase from 2023)
- > Total member deposits: \$3.03 billion (10.2% increase from 2023)

Arizona Financial remains well-capitalized with a 12.29% net worth ratio, significantly above the 7% requirement to be considered well-capitalized by our state and federal regulators. These results continue to showcase our commitment to financial strength and the goals of the Board of Directors to maintain a stable and sound financial institution that will protect members' assets for years to come.

As Treasurer, I would like to thank the management and staff for their hard work and their dedication to excellence. I am confident we will continue to maintain Arizona Financial's sound financial status and look ahead to growth in 2025 and beyond.

Zeek Ojeh, CPA
Treasurer

Total Assets



Capital Ratio/Net Worth

