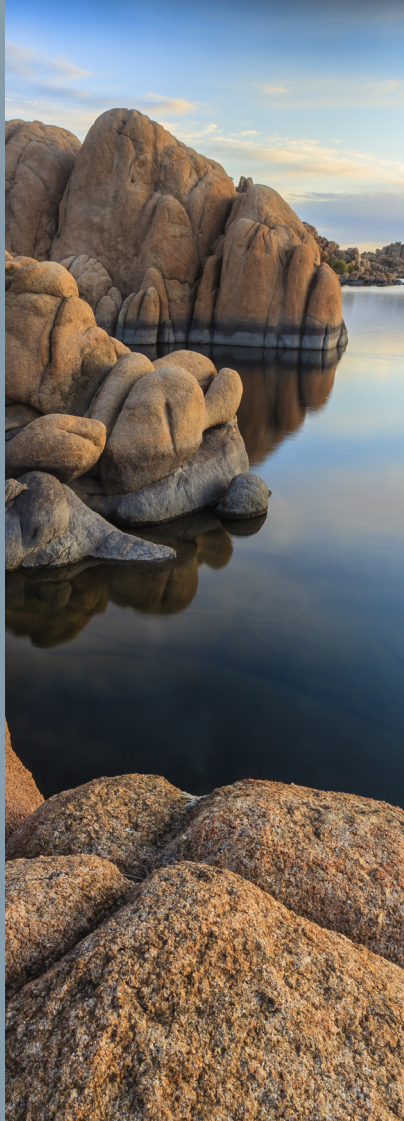


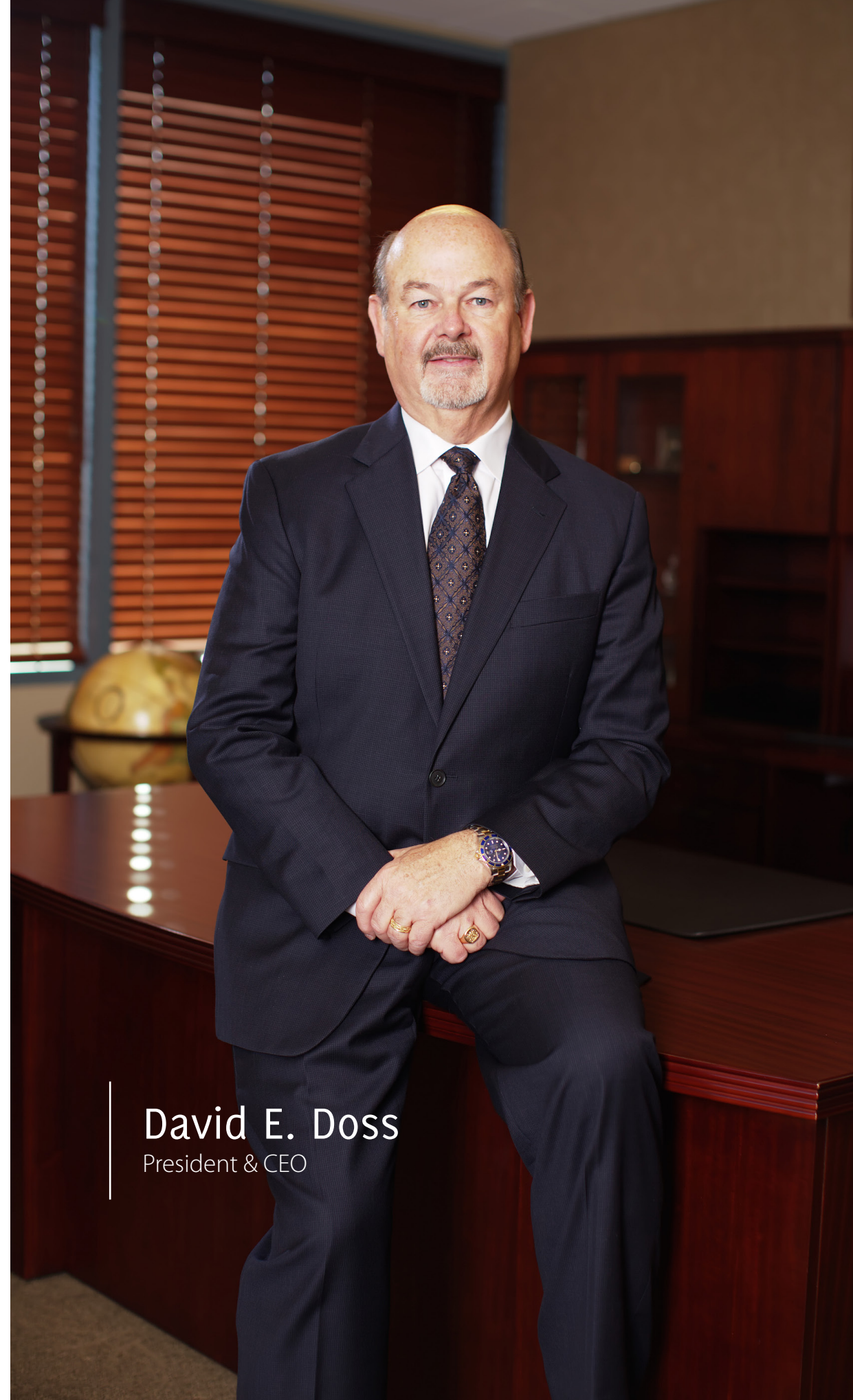
# ELEVATING EXCELLENCE

2015 ANNUAL REPORT



Federally insured by NCUA





**David E. Doss**  
President & CEO

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## A Message From the President/CEO

I am pleased to report that 2015 was a very productive and strong financial year for your Credit Union. The driving force behind our results is the dedicated team of more than 460 associates who strive every day to provide best-in-class, personalized and friendly service to our members.

Associates from our branches, member care center, and consumer loan operations group demonstrated their commitment to the members, day in and day out, by helping them obtain almost 9,000 auto loans totaling \$208 million and more than 5,500 secured and unsecured loans totaling almost \$22 million. Consumer and business account deposits increased by nearly 8% and fueled year-end growth to almost \$1.5 billion in deposits. Our mortgage loan origination and operations team provided over 2,100 mortgage loans totaling \$281 million to members and their families, and we continued to make significant progress in supporting the small business community by delivering \$50 million in business loans to help boost the local economy.

Behind the scenes, our support teams worked to ensure our members' debit and credit card transactions functioned flawlessly, gave credit advice and loan assistance to members experiencing economic challenges, and assured superior mobile banking uptime. In addition, we successfully implemented EMV chip technology to business and consumer debit and credit cards to further safeguard our members' personal information. Keeping our members' information secure continues to be a high-level priority throughout our Credit Union.

As a result of our focused attention to building stronger relationships with our members, the Credit Union posted a net income of \$18.5 million. Assets totaled nearly \$1.8 billion, our capital grew to 10.26% and our delinquency ratio was below 0.35%, demonstrating that we are very well capitalized and a financially strong Credit Union.

An exciting milestone for our Credit Union in 2015 was the successful member vote to change our name. Starting in the second quarter of 2016, our new name will be OneAZ Credit Union. Our goal is to better position ourselves for future growth and serve more families and businesses across Arizona. The new name reflects a true representation of what matters to us most: the continued trust and relationships we have built with our members, our communities and business partners.

We know our members expect the highest levels of service from us, and we are committed to elevating excellence to meet those expectations. I am tremendously proud of our talented associates for always putting the financial well being of our members first. We will continue to challenge ourselves to set the standard for excellence in financial services.

Thank you for your membership.

*David E. Doss*



Alegra Savage  
Member



## Where Everyone Knows Her Name

### Communicating Options Brought This Member to a New Financial Level.

It may be an unconventional way to choose a bank, but for member Alegra Savage, it worked out just fine. Alegra was first drawn to Arizona State Credit Union while living in Flagstaff because she liked the way the building looked. "Ever since opening an account, I've only had good experiences, no matter what my financial situation has been."

"They provide you the information you need to choose the right options, and they let you know about opportunities you might not be aware of," says Alegra. "They talked to me about opportunities I didn't know about and it brought me to a new level of financial management, and I appreciate that."

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*I walk through the door and there's an immediate smile ... they call you by name and are always so kind.*

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In Alegra's view, looks aren't all AZSTCU has going for it. "I walk through the door and there's an immediate smile ... they call you by name and are always so kind," she said. "I can do banking online and by the ATM, but I like coming into the branch because I like the interaction."

Alegra is also a former AZSTCU scholarship recipient, using the \$1,000 award to pay her student loans. "I was very excited to win the scholarship," she said. "I'd never won anything before and to me this was winning. I couldn't believe it. I feel pretty proud about that."

It's that welcoming, friendly and supportive environment that makes Alegra feel she's found her financial home. More than a transactional relationship, Alegra appreciates how dedicated the Credit Union team is about helping her succeed financially.

Would she recommend Arizona State Credit Union to a friend? Without a doubt. "If you're looking for a stellar financial institution, this is the place you want to be."



## Doing What He Loves

### SBA Loan Allows Brewery to Expand Into Wholesale Market.

From biologist to brewmaster, Flagstaff Brewing Company owner Jeff Thorsett has been brewing craft beer for more than 20 years. And with an SBA loan from Arizona State Credit Union, it looks like he'll be doing just that for quite a while.

Jeff was drawn to the business of making beer while in college. "I went to college as a biologist, so I had some background in microbiology and learned about fermentation there," Jeff explained. While he jokes about the perks of free

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### *Obtaining the SBA loan from Arizona State Credit Union allowed me to continue doing what I love, and that's making beer.*

---

"Obtaining the SBA loan from Arizona State Credit Union allowed me to continue doing what I love, and that's making beer," said Jeff, who started Flagstaff Brewing 22 years ago.

When his business partner decided to leave the business, Jeff needed to restructure the corporation. "We came to Arizona State Credit Union because we wanted to be a part of a more local bank, with a friendly staff like you have and it worked real well. We couldn't be happier."

"Going through the loan process was a little daunting at first. I had never applied for an SBA loan and AZSTCU was able to step me through the process super simply," said Jeff. "And for a guy who doesn't understand a lot of that stuff, it was so helpful."

beer, what Jeff appreciates most about running a brewery is the interaction with the community. "I get the most pleasure in seeing happy people come in and leave happy, time and time again."

The SBA loan from AZSTCU will also help Jeff expand sales into the wholesale market. "We've only sold beer in-house for the past several decades but now we're really pushing our wholesale brand out there," said Jeff. "We're really excited for the wholesale market here in Flagstaff and Northern Arizona."

Leaving a large corporate bank, Jeff prefers the hometown feel and personal attention he receives at Arizona State Credit Union. "I raise my pint glass to Arizona State Credit Union because they are such great people."



Jeff Thorsett  
Member





James Babinsky  
Scholarship Recipient

## Rewarding Personal Excellence

### Student Feels Relief as Scholarship Eases Financial Burden.

No one knows better than today's college students the high cost of education. For University of Arizona Senior James Babinsky, the long hours of studying, writing papers late into the night, and juggling work and class schedules are close to paying off. Graduation day is right around the corner.

"When I got that \$1,000 scholarship, that was awesome," said James. "I didn't have to pick up as many shifts at work and could study and relax without crunching finances in my head wondering if the money would last. It took a lot of pressure off me. I was really grateful they chose me."

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*It took a lot of pressure off me. I was really grateful they chose me.*

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But there was one nagging problem that distracted him from his studies ... would his money hold out. "Everyone knows at the end of the semester, you're winding down on your funds, scraping the bottom of the barrel and just trying to get through," said James.

James will graduate in May 2016 with a degree in physiology and hopes of becoming a physical therapist specializing in sports medicine. "I want to hopefully help people do what they love for longer."

James' dad, an Arizona State Credit Union member, encouraged him to apply for the merit-based scholarship program offered to AZSTCU members. So James, in his final semester at U of A sent in his transcripts and hoped for the best. Then, the email came and with it a flood of relief.

He believes the AZSTCU scholarship will help him achieve his goals. "The scholarship not only helped me in the short term, but it helped bolster my savings to help me in the long term of applying to grad school and pursuing my goal of physical therapy."



## MESSAGE FROM THE CHAIR

It is such a pleasure to hear the wonderful stories our members share about their experiences with Arizona State Credit Union. It speaks volumes about our commitment to elevating excellence at every level.

Our members fuel our passion to realize our mission of providing masterful service. I'm proud to say we have been voted the number one Credit Union for the tenth consecutive year by Ranking Arizona.

solutions to help you reach your financial goals. We're all in this together.

As a result, the Credit Union remains financially strong. Our strong asset quality and capital have made it possible to provide loans to help our members buy homes, build businesses, purchase cars and more.

I speak on behalf of the entire board when I say it is an honor to serve our



**Sam Wheeler**  
Chairman of the Board

***Our members fuel our passion to realize our mission of providing masterful service.***

The commitment to "elevating excellence" is evident through our actions, from the front line associates serving your needs in the branches to our highly-skilled technology teams working to make your banking more streamlined and secure, to our product managers looking for innovative

wonderful members, work with our fabulous associates, and support the amazing communities throughout Arizona. With this strong foundation, we will continue to grow and meet the needs of our members for years to come.

## BOARD OF DIRECTORS AND EXECUTIVE TEAM

### Board of Directors

*Back row from left:*  
Frank Felix, Bill Vandenbosch, Jon Borge, Quentin Bogart, Ray O'Connor, Shane Siren  
*Front row from left:*  
Sam Wheeler, Martha Rozen, Marquette White, Connie Ohanesian, Joseph C. Smith



### Executive Team

*Back row from left:*  
Robert Gibboni, Tom Wilson, Brian Johnson, Sean Azhadi, Michael Emanuelli, Bryan Nielsen  
*Front row from left:*  
Dave Doss, David Sweiderk, Deborah Pearson, David Downing, Kim Reedy



### EXECUTIVE TEAM

**David E. Doss**  
President, Chief Executive Officer

**Kim Reedy**  
Executive Vice President, Chief Financial Officer

**David Sweiderk**  
Executive Vice President, Chief Operating Officer

**Michael Emanuelli**  
Executive Vice President, Chief Administration Officer

**David Downing**  
Executive Vice President, Member Solutions

**Deborah Pearson**  
Executive Vice President, Strategy & Brand

**Sean Azhadi**  
Senior Vice President, Chief Technology Officer

**Robert Gibboni**  
Senior Vice President, Risk Management

**Brian Johnson**  
Senior Vice President, Business Intelligence/CRM

**Bryan Nielsen**  
Senior Vice President, Support Services

**Tom Wilson**  
Senior Vice President,  
Analytics and Project Management



**Supervisory Committee**

*From left to right:*  
Ed Sanchez, Sandra Bufford, Hal Folette  
*Not pictured:*  
Sara Click



Your Supervisory Committee volunteers are appointed by the Board of Directors and are responsible for ensuring that the assets of the Credit Union are safeguarded; an independent audit is performed annually; account balances of the membership are verified; and appropriate policies and procedures exist to ensure compliance with management's objectives and regulatory requirements. These responsibilities are accomplished through regular meetings with the Board of Directors, Credit Union management and staff, Risk Management/Internal Audit, external auditors and regulators to review Credit Union activities and audit results.

As of June 30, 2015, the Arizona State Department of Financial Institutions

and the National Credit Union Administration jointly completed their annual regulatory examination. In addition, CliftonLarsonAllen, a national CPA firm with recognized expertise in the Credit Union industry, was contracted to independently audit the financial statements and to perform member account verification procedures. Based on the results of this audit and account verification work, CliftonLarsonAllen concluded that the consolidated financial statements as of December 31, 2015 and December 31, 2014 present fairly, in all material respects, the financial position and results of operations of the Credit Union in accordance with accounting principles generally accepted in the United States of America. Within the scope of their

audit, CliftonLarsonAllen also found no significant deficiencies or material weaknesses in internal controls.

The Supervisory Committee has again concluded that the Credit Union remains compliant with financial and operational internal controls and applicable regulatory requirements. We wish to express our appreciation to the Board of Directors, management and staff for their continued cooperation, compliance and dedication to the success of Arizona State Credit Union.

*Sandra Bufford*

In 2015, Arizona State Credit Union reported net income of \$18.5 million for the year. Assets totaled nearly \$1.8 billion as of December 31, 2015 and included over \$1.07 billion in total loans, an increase of 6.59% from 2014. Additionally, deposits grew by nearly 8% year over year.

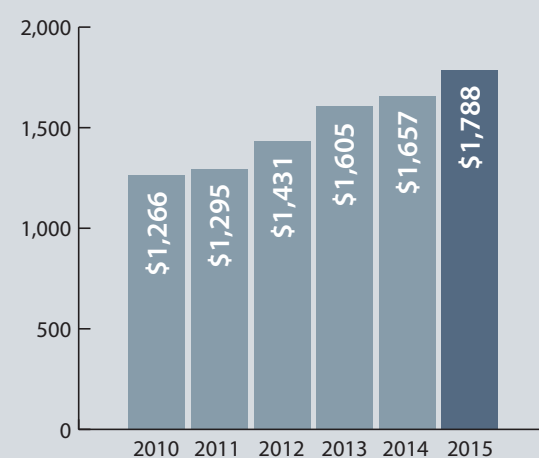
Our capital strengthened to 10.26%, a level regulators considered to be well-capitalized. We continually monitor financial performance with the Credit Union's management team. The Arizona Department of Financial Institutions and the National Credit Union Administration (NCUA) quarterly receive detailed information from Arizona State Credit Union that measures financial strength and net worth, and we engage an independent audit firm to audit our financial statements each year.

I am pleased to report that given our strong operational, financial and membership growth in 2015, your Credit Union remains a strong and stable financial institution.

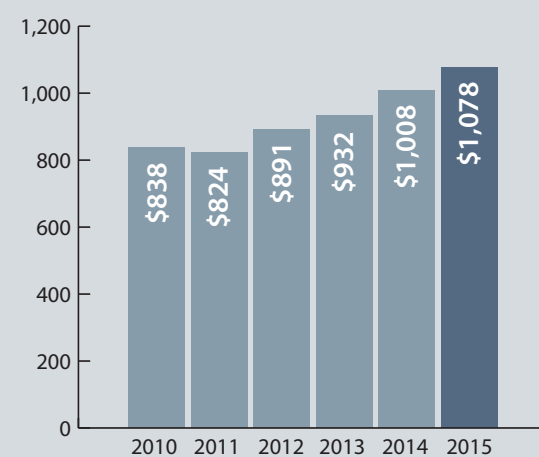
Jon Borge  
Treasurer

## FINANCIAL STATEMENTS

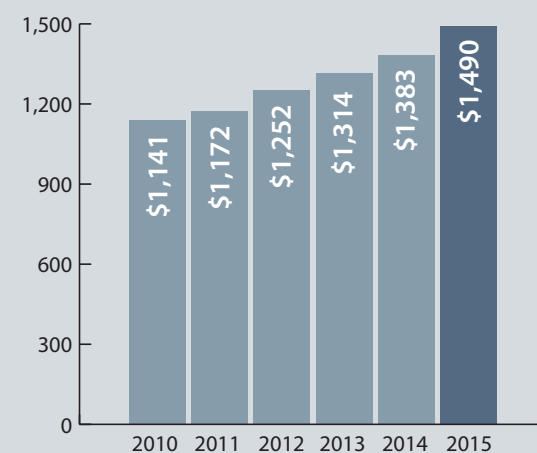
### ASSETS | \$ Millions



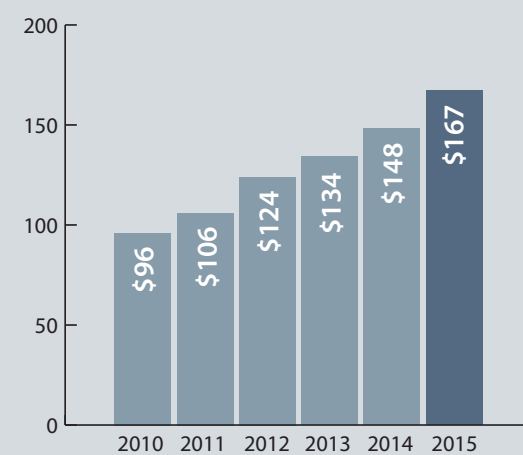
### TOTAL NET LOANS | \$ Millions



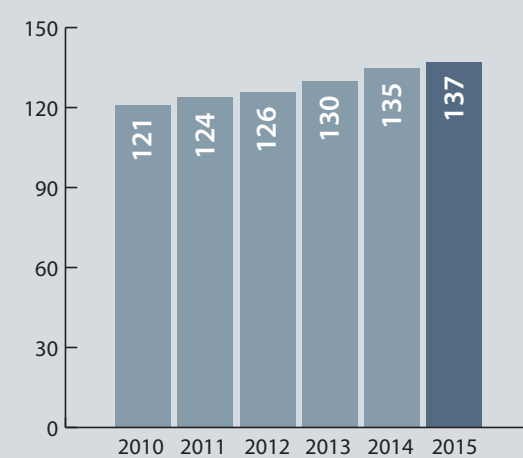
### MEMBER SHARES | \$ Millions



### EQUITY | \$ Millions



### TOTAL MEMBERS | Thousands



ACCOUNTS   \$ Millions	2015	2014
Cash and cash equivalents	131,342	162,169
Investment securities:		
Available for sale	453,796	367,454
Other investments	20,878	24,045
Federal Home Loan Bank stock	7,498	7,339
Loans held for sale	1,070	1,753
Loans to members, net of allowance for loan losses	1,077,983	1,007,911
Accrued interest expense	3,990	3,433
Floreclosed assets	3,729	4,244
Premises and equipment, net	49,776	42,164
NCUSIF Deposit	13,629	13,091
Other Assets	24,735	23,054
<b>TOTAL ASSETS</b>	<b>1,788,427</b>	<b>1,656,657</b>
Members' share accounts	1,490,415	1,383,311
Borrowed Funds	115,000	110,000
Pension plan funded status	2,398	3,905
Accrued expenses and other liabilities	13,817	11,674
<b>TOTAL LIABILITIES</b>	<b>1,621,630</b>	<b>1,508,891</b>
Total members' equity	166,796	147,767
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>1,788,427</b>	<b>1,656,657</b>
<b>STATEMENT OF INCOME (UNAUDITED)</b>		
Net interest income	47,869	44,092
Provision for Loan Losses	364	3,400
Net interest income after provision for loan losses	47,505	40,692
Non-interest income	34,063	32,477
Non-interest expense	63,109	57,867
<b>NET INCOME</b>	<b>18,459</b>	<b>15,303</b>



## Scholarships

Arizona State Credit Union continues to support education in Arizona by providing annual scholarships and grants. The 2015 Scholarship and Grants Program provided much deserved financial support to current students and graduates throughout the state.

This marked the eighth year the Credit Union has supported a scholarship and grant program. In 2015 the program was tailored to give one student or graduate from each branch the opportunity to receive a scholarship or grant based on program criteria.

Scholarships were available to students of Arizona colleges, universities and vocational schools. Grants were awarded to Arizona graduates who achieved academic excellence and contributed to their communities.



James Pyper (center), Winner of the 2015 Quentin Bogart Scholarship

## State Employee Charitable Contribution (SECC)

As the platinum sponsor of the SECC fundraising campaign, the Credit Union is able to support efforts to encourage participation in the campaign by state employees. One of the ways our donations are utilized is to reward state employees who contribute to the campaign during our prize squad drawings. The Arizona Department of

Administration (ADOA) randomly draws 10 lucky winners who win a prize of \$500, \$250 of which is donated back to the participating charity of their choice.

Another event we sponsor is the SECC Clay Target Fun Shoot. This event is the SECC's largest annual fundraiser. The credit union held a raffle for a dream

vacation with a grand prize of \$5,000 with additional prizes of \$2,500 and \$1,000 along with an on the spot drawing at the event of another \$2,500 prize. During the 2015 Fun Shoot the raffle raised \$18,320, a 74% increase over 2014 and the event in total raised \$37,820 which benefited Special Olympics Arizona and Wildlife for Tomorrow.



Cindy Taylor (center), SECC Charity Raffle Winner

## Yavapai Big Brothers Big Sisters (YBBBS)

AZSTCU was proud to partner with YBBBS in 2015 for the "Community Leader Bowling Shoes sponsored by AZSTCU." Through a series of introduction meetings, YBBBS was able to gather pledges for the bowling event. The meetings included the Tri School District Breakfast which brought together several of YBBBS' school partners. Over 55 representatives from all three school districts pledged.

Another introduction meeting that AZSTCU sponsored was the Executive Leader Cocktail Reception, held in November. As a result, YBBBS was able to connect with new and established executives in the Quad City area. With over 50 in attendance, YBBBS shared the good news of selling the use of Arizona Tax Credits for bowling pledges. At the reception, an additional 52 teams were recruited.

In all, 25 top tier community leaders were asked to wear bowling shoes to generate interest, engage social media and evoke a sense of community. Of the 25 leaders wearing shoes, 22 became Team Captains and created their own bowling teams collecting \$45,500 in pledges. The event's tag line, "Step Up, Fill the Shoes, Inspire Others" created a lot of interest in the program. As a result of AZSTCU's program sponsorship and hands-on partnership, YBBBS raised \$365,500 in pledges, sponsorships and donations.



Yavapai Big Brothers Big Sisters Bowl-a-Thon

## 2015 Scholarship and Grant Recipients

- |  |  |
|--|--|
| <b>James Babinsky</b><br><i>Prescott Gurley Branch</i>   | <b>Leonard Edmonds</b><br><i>Scottsdale Branch</i>         |
| <b>Brandy V. Barna</b><br><i>Flagstaff Branch</i>        | <b>Kristen Felan</b><br><i>Alvernon Branch</i>             |
| <b>Victoria Crynes</b><br><i>RBC Branch</i>              | <b>Trista Guzman</b><br><i>Tempe Branch</i>                |
| <b>Ashley Eddolls</b><br><i>Prescott Valley Branch</i>   | <b>Christopher L. Hepworth</b><br><i>San Tan Branch</i>    |
| <b>Rebekah Gonzales</b><br><i>Scottsdale Branch</i>      | <b>Shellie R. Hormann</b><br><i>Prescott Valley Branch</i> |
| <b>Lynnette Houk</b><br><i>East Flagstaff Branch</i>     | <b>Darbi Jenkins</b><br><i>Chino Valley Branch</i>         |
| <b>Sterling Maynard</b><br><i>Willow Creek Branch</i>    | <b>Michelle Kesler</b><br><i>Tucson University Branch</i>  |
| <b>Davis McGregor</b><br><i>Tucson University Branch</i> | <b>Rebecca Lybrand</b><br><i>Oracle Branch</i>             |
| <b>Jeremiah Moeller</b><br><i>Chino Valley Branch</i>    | <b>Braden McBride</b><br><i>Safford Branch</i>             |
| <b>Matthew Nieves</b><br><i>Pinnacle Peak Branch</i>     | <b>Juan Mendez</b><br><i>RBC Branch</i>                    |
| <b>Brianna Rafidi</b><br><i>Glendale Branch</i>          | <b>Anthony J. Perez</b><br><i>ASU West Branch</i>          |
| <b>Edward Recchion</b><br><i>Oracle Branch</i>           | <b>Maria Pina</b><br><i>Monroe Branch</i>                  |
| <b>Aurelio Sanchez-Cepeda</b><br><i>San Tan Branch</i>   | <b>Nicole Porter</b><br><i>Pinnacle Peak Branch</i>        |
| <b>Lakota Scott</b><br><i>Monroe Branch</i>              | <b>Brandon Quezada</b><br><i>Glendale Branch</i>           |
| <b>Alexander Sears</b><br><i>ASU West Branch</i>         | <b>Adam Rubin</b><br><i>Cottonwood Branch</i>              |
| <b>Allison Steinken</b><br><i>Gilbert Branch</i>         | <b>Lindsay Scornavacco</b><br><i>Gilbert Branch</i>        |
| <b>Keegan Weinberg</b><br><i>Tempe Branch</i>            | <b>Amy Ulibarri</b><br><i>East Flagstaff Branch</i>        |
| <b>Samuel Williams</b><br><i>Alvernon Branch</i>         | <b>Lisa Zander</b><br><i>Prescott Gurley Branch</i>        |
| <b>Riley Woods</b><br><i>Safford Branch</i>              | <b>QUENTIN BOGART</b>                                      |
| <b>Kayter Zillmer</b><br><i>Cottonwood Branch</i>        | <b>SCHOLARSHIP WINNER</b>                                  |
| <b>Shannon Arnett</b><br><i>Willow Creek Branch</i>      | <b>James Pyper</b>   |
| <b>Linda Barker</b><br><i>Flagstaff Branch</i>           | <i>Monroe Branch</i>                                       |



## MEMBER VOTE FOR NEW NAME

# A New Name and a Bright Future

Arizona State Credit Union is very proud of our history and heritage, and remains committed to our members. Over the years the Credit Union has expanded from serving only state employees to serving communities across the state of Arizona with 20 branches. We have continued to thrive and prosper. However, in the last few years, it has become apparent that we must also adopt a new name for our Credit

Union that more accurately reflects and identifies with the members and communities we serve as a whole in Arizona.

In December of 2015, a successful member vote endorsed changing the name. Starting in the second quarter of 2016, our new name will be OneAZ Credit Union. This new name will better reflect the diversity of the Credit Union's

membership and help position ourselves for future growth. It will provide an opportunity to serve more families and businesses across Arizona who want to develop lifetime financial partnerships. In addition, it will strengthen our brand position by minimizing name confusion with other local Credit Unions which also use Arizona as part of their name.



## Serving members across Arizona:



**CHINO VALLEY**  
1021 N. Highway 89, Suite 106

**COTTONWOOD**  
601 W. State Route 89A

**FLAGSTAFF**  
321 S. Beaver Street  
5200 N. Highway 89

**GILBERT**  
2277 W. Guadalupe Road  
3349 E. Queen Creek Road

**GLENDALE**  
8285 W. Union Hills Drive, Suite 106  
ASU West Campus | 4701 W. Thunderbird Road

**PHOENIX**  
1812 W. Monroe Street  
Corporate Office | 2355 W. Pinnacle Peak Road

**PRESCOTT**  
550 E. Gurley Street  
1335 Gail Gardner Way

**PRESCOTT VALLEY**  
7111 Pav Way

**SAFFORD**  
280 W. Main Street

**SCOTTSDALE**  
6501 E. Greenway Parkway, Suite 133

**TEMPE**  
ASU Main Campus Memorial Union Building | 1290 S. Normal Avenue  
840 E. Southern Avenue, Suite 101

**TUCSON**  
777 S. Alvernon Way  
6456 N. Oracle Road  
1001 N. Park Avenue

### COMING SOON

**SCOTTSDALE**  
Kierland Location  
**SEDONA**  
Sedona Location





HOME | AUTO | PERSONAL | BUSINESS  
azstcu.org | 800.671.1098