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We'll Meet You Where You Are



20 22

**ANNUAL
REPORT**



TUCSON FEDERAL
CREDIT UNION

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First and foremost, a note of gratitude to you and the Tucson Federal Credit Union team for an exceptional 2022. We achieved remarkable results during an unsettled economic environment, and I am thankful to each of you for being a member. The state of your credit union is strong and poised for continued success with a healthy balance sheet and talented staff. We are investing in our future to help merge technology and talent to improve convenience and the overall experience. Our goal is to meet members where they are, and achieving this requires a hybrid approach to deliver consistent, exceptional service across all channels. This is my vision for the path forward; it is our North Star to ensure we remain focused and prepared to fulfill your financial service needs and expectations now and into the future.

As most are aware, TFCU has a long history of community involvement, and we will continue impacting Pima County through partnerships with numerous non-profit organizations. Whether it is a financial sponsorship or volunteering and getting our hands dirty, TFCU is embedded in Pima County and appreciative for the opportunity to give back in transformational ways. In 2023, our Community Impact Team will focus in two areas where more progress can be made: Homelessness and Food Insecurity. These instances often go hand in hand and inhibit a child's ability to learn and an adult's ability to improve their circumstances. While we will continue our support across multiple need areas, these two will drive our community giving this year.

These initiatives are only a part of the larger strategy designed to positively impact you and our community into the future. We are on a journey together, doing good while doing well, and we are proud to fulfill our role. This year we celebrate 86 years of sustained excellence, knowing that we couldn't have done any of it without each of you. For that, we are grateful.



A LETTER FROM OUR CEO

“ We are on a journey together, doing good while doing well... ”

- MATTHEW GASPARI

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As the members' representative, the Tucson Federal Credit Union Supervisory Committee's role is to be a governing partner with management and the board. In today's environment, the Supervisory Committee's responsibilities are evolving as the credit union continues to grow. The Supervisory Committee's primary role is to oversee the audit functions and to assure corporate records are prepared accurately, to verify that internal controls, policies and procedures are maintained and followed, thereby providing safety and soundness for the organization and members' assets. It also monitors the credit union's IT risk and other areas of risk within the organization. Supervisory Committee consists of five persons appointed by

the Board of Directors from among the members of this credit union. Although the Supervisory Committee is not directly involved in the management of Tucson Federal Credit Union, the Supervisor Committee's work is key to the health and long-term viability of the credit union. The committee takes steps to assure the credit union remains strong and healthy in order to meet the organization's goals and accommodate membership's needs. Our task is to stay informed as to the credit union's goals, strategic plans, and policies while maintaining our independent role as the "watchdog" of the credit union! We accomplish this by having a Supervisory Committee representative attend board meetings, strategic planning sessions, and enterprise risk committee meetings.

The Supervisory Committee meets monthly and corresponds by e-mail throughout the month, as needed. Additionally, members participate in various educational opportunities to expand their knowledge on the current trends in the industry. In its role to manage the credit union's audits, the Supervisory Committee facilitates the annual financial statement audit performed by an independent CPA firm, a third-party vendor Annual IT Security Assessment and various internal audits currently engaged with a separate CPA firm. The Supervisory Committee also reviews and evaluates the overall financial performance of the credit union and makes recommendations, when necessary, for improvement or growth. The Supervisory Committee accomplished its

mission regardless of the impact the pandemic had on its activities during the last few years. We continued to meet the multiple challenges with the support of the credit union staff, volunteers and 3rd party auditors and vendors. Everyone involved adapted very quickly and exceeded expectations. During 2022, meetings continued to be held via Zoom. Supervisory Committee members attended educational webinars and credit union on-line events but recently have resumed attending in-person conferences. What the last few years have shown us is that the Supervisory Committee is resilient and flexible in meeting whatever challenges it faces in protecting the member's assets.

MEET OUR BOARD OF DIRECTORS

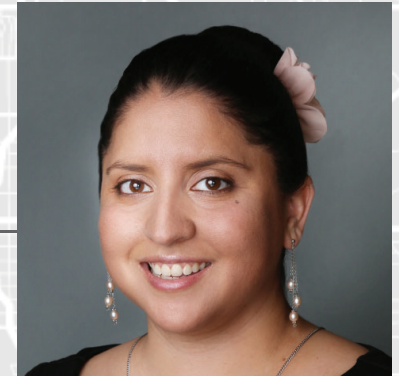
EDWARD SMITH
CHAIR



JAMES MARR
VICE CHAIR



MICHAEL HERRIER
TREASURER



EMILY RODRIGUEZ
SECRETARY



BRYAN BENZ
DIRECTOR



BECKY O'HARA
DIRECTOR



PAUL MAYFIELD
DIRECTOR

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2022 WAS AN EXCEPTIONAL YEAR for the credit union and a year of transition. Matthew Gaspari assumed the role of President/CEO. He led the executive team and board of directors through Strategic Planning early in the year, creating a roadmap for TFCU. As Chairman, I led a dedicated group of diverse board members to ensure TFCU is operating with safety and soundness and moving the organization in the right direction. A high level of trust and collaboration between the board and executive management led to a strong and productive year.

In 2022, your credit union delivered solid financial results, including record-setting Net Income and a healthy Capital position. Loan balances grew at a 9% pace, and Assets increased to over \$677 million. These solid financial results create the foundation from which new products and services can be delivered, allowing TFCU to remain an employer of choice and a responsible corporate citizen. In our role as responsible corporate citizens, TFCU impacted the community with over \$215,000.00 in contributions and sponsorships. Additionally, our team performed 2900 hours of volunteer services and 432 financial education sessions to over 1200 people. These results can only be achieved with the support of our members choosing to utilize the Financial Services and Products TFCU has to offer. Together, we make an extraordinary impact on Pima County. Our business is financial services, but our purpose is to empower people and improve lives within our community.

In 2023, a suite of new products is coming your way to improve experiences both digitally and in person. To meet Our Members Where They Are, TFCU continues to invest in technology to serve you quickly and efficiently and employee development to deliver exceptional experiences. Be on the lookout for these new and innovative products in 2023; I think you will be pleased.

Finally, with a humble heart, I thank each of you for the privilege of serving as your Board Chairman. It is a role I am proud to fill with a group of directors who work incredibly hard to ensure your voices are heard.



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“Our business is financial services, but our purpose is to empower people and improve lives within our community.”

- EDWARD SMITH



A LETTER FROM THE CHAIRMAN

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FOREWORD

We are only as good as our happiest and most engaged members. In 2022 we explored new ways to increase our members' level of satisfaction. In this report, you will see how we did just that.

- TEAM TFCU



HIGH TECH/ HIGH TOUCH HIGHLIGHTS

Digital and in-person experiences are essential, go hand-in-hand, and are a priority for Member Experience. In 2022, TFCU had 125,000 incoming phone calls to our Experience Center, 168,000 transactions completed using our drive-thru, 152,000 in-branch transactions, and 20,000 chats. With the above statistics and direct feedback through member surveys, there is a clear need for a hybrid of high-tech and high-touch. We aim to provide 6th-star experiences across all communication channels by focusing on building solid relationships and members for life. GLIA has been a game changer because it allows different ways to communicate directly with us from our website or mobile app. You can choose how to connect with us through chat, text, audio, or video. Even more exciting, this new feature allows our members to begin with a chat and, if needed, transition to a video call in one session with the same employee. Whether our members engage with us digitally or in person, they are equally important; we must keep sight of that.

36%

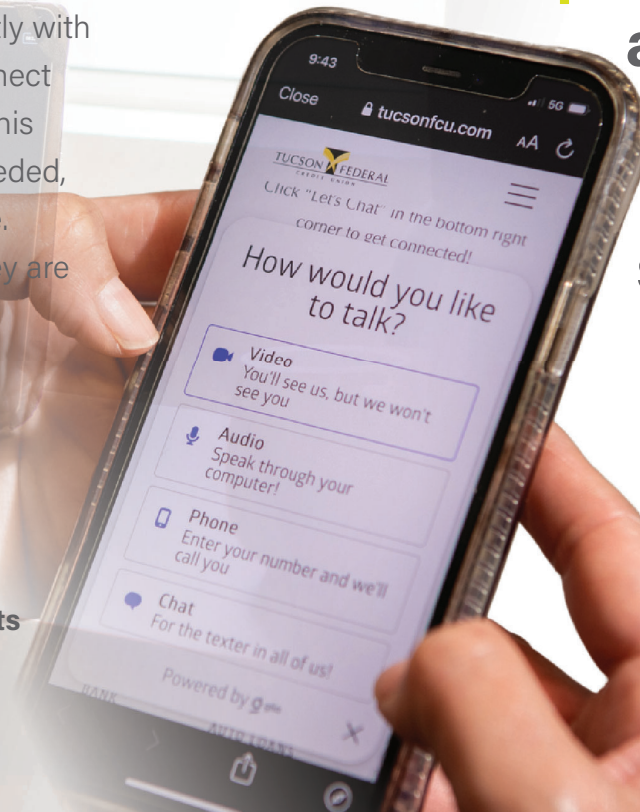
of deposited checks were through our mobile check deposit feature.

96%

of members said they would engage online with us again.

13K

total engagements via GLIA.



Whether our members engage with us digitally or in person, they are equally important; we must keep sight of that.

- KRYSTAL ADAMS
CHIEF OPERATING OFFICER

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LIFESTYLE PRODUCT OFFERINGS

We pride ourselves on providing exceptional products and services, and we strategized with our affiliate partners to provide access to quality resources and services. Here were the outcomes from our most popular service-based partnerships in 2022.



A leading online estate planning platform in the U.S. whose mission is to provide families a better way to plan for the future.



Healthcare service provider that gives members access to plans that fit their needs and budget from a broad range of premiums, deductibles, and levels of coverage.



TUCSON FEDERAL
INSURANCE AGENCY

With over 40 carriers who work with us, we have the tools to find the right coverage for our members' needs. Members trust us with all their financial needs, and can also trust us to protect everything in their lives.

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“We ended the year with 577 policies, a 66% increase over our 347 for 2021. ”

- ELLEN YACOVONE
CHIEF CUSO OFFICER

FINANCIALS

Comments provided by Stacey Wilkerson, Chief Financial Officer

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“We saw a 4.2% increase in deposits which is reflective of the focus we had on new account generation.”

\$677,667,575
Total Assets

\$615,976,403
Total Deposits

\$173,205,270
Investments

\$453,624,895
Loans

“We ended the year with very strong loan growth. This is a great indication of the quality products and services we are able to provide for our members.”

\$49,504,970
Capital

\$9,390,230
Net Income

\$12,962,635
Other Operating Income

\$2,559,990
Provision for Loan Losses

\$22,743,384
Net Interest Income

\$24,320,652
Operating Expenses

“Our Net Income increased compared to the previous year. This will allow us to give back to our membership in 2023 through promo rates and investment in technology.”

COMMUNITY IMPACT

November 2022 celebrated the one-year anniversary and grand opening of the Multicultural Empowerment Center (MEC) located at TFCU's West branch. This newly renovated and child-friendly hub aligns with the credit union's mission to create opportunities in our community through service, education, and access. The MEC is a community space where anyone, member or not, the purpose of providing financial education and job search strategies. In service of our nonprofit partners, they continue to utilize the MEC as a safe space for their clients to improve financial literacy and well-being. Visitors to the MEC attended sessions in person, virtually, or scheduled one-on-one financial coaching appointments.

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Financial Impact
\$215,756

\$130,601 cash given amongst 35 nonprofits plus \$85,155 of in-kind value.



148

Employees served
112 nonprofit orgs

TFCU Day

The City of Tucson Mayor proclaimed the 2nd Friday in April is officially Tucson Federal CU Day in Pima County!

2,990

Volunteered Hours

Inaugural TFCU Gives Day

Team TFCU came together to serve 9 nonprofit organizations



432

Financial Education Sessions

147

Nonprofit Orgs

1,281

Participants

11



THANK YOU

FOR A FANTASTIC YEAR!