

Chairperson's Report

The Board of Directors consists of nine elected volunteer Directors and one appointed Associate Director. The Board is responsible for safeguarding the financial well-being of the membership and ensuring the organization operates ethically, legally, and strategically. Key duties include:

- Setting strategic direction by approving long-term plans, policies, and priorities that support the credit union's mission.
- Overseeing financial performance through regular review of budgets, financial statements, audits, and risk-management practices.
- Ensuring regulatory compliance with federal and state laws, as well as internal policies and industry standards.
- Hiring and evaluating the CEO, providing guidance, and ensuring leadership aligns with the credit union's goals.
- Representing member interests by making decisions that prioritize fairness, transparency, and member value.
- Maintaining strong governance through ethical conduct, confidentiality, and adherence to fiduciary duties.
- Engaging in continuous education to stay informed about financial trends, regulatory changes, and best practices.

In addition, we work collaboratively with the CEO and Executive Leadership Team. We strive to be guided by the leadership traits of CU HEART: Curiosity, Unity, Hard Work, Empathy, Accountability, Respect, and Trust.

Our organization celebrated a major achievement in 2025 after being ranked the #1 Credit Union in Michigan by Forbes. This recognition was based on a Statista survey of approximately 26,000 U.S. residents, who rated their credit unions on satisfaction, likelihood to recommend, trust, customer service, digital tools, quality of financial advice, and fee transparency. The Board credits this accomplishment to the dedication and hard work of our staff and leadership in serving our members. We continue to put people before money and strongly believe in service before self. We are "people helping people," and everything we do, we do for you.

On behalf of the Board, thank you for being a valued member/owner of AAACU. It is a privilege to serve you as an elected volunteer member of the AAACU Board of Directors.

Sincerely,
Charlie Negro, Chairperson

Supervisory Committee Report

The Supervisory Committee plays an essential role in protecting our member/owners and strengthening the foundation of Alpena Alcona Area Credit Union. Our mission is to ensure strong internal controls, accurate recordkeeping, and the security of members/owner's assets—responsibilities we take seriously and proudly.

The committee is made up of five dedicated volunteer members, appointed each year by the Board of Directors. Our chairperson regularly attends monthly Board meetings, giving the committee ongoing visibility into Credit Union operations.

This direct engagement helps us understand how Management and the Board work together to deliver exceptional member experiences while maintaining the highest standards of safety and soundness.

The Supervisory Committee is supported by the Internal Auditor, who performs a wide range of audits and compliance testing throughout the year. These audits evaluate whether policies, procedures, and operational practices are being followed and whether resources are being used responsibly and efficiently. Their findings are reviewed by the committee, and we use this information—along with external audits and verification of member accounts—to ensure the reliability and accuracy of the Credit Union's financial statements.

We are pleased to report that both the Supervisory Committee and the Internal Audit Department have found AAACU's internal controls and procedures to be strong and effective. Records are maintained with accuracy and integrity; policies required by law and established by the Board of Directors are consistently followed; and member/owner funds remain safe, protected, and used in alignment with the Credit Union's mission.

We extend our sincere appreciation to the entire Staff and Management Team for their continued dedication. Their commitment to excellence is evident in everything they do and reflects the Credit Union's core values.

As your Supervisory Committee, Mark Devers, Sean Pear, Matthew Quaine, Scott Gilmet, and I remain steadfast in serving you, our members, and in upholding the mission, vision, and values that guide Alpena Alcona Area Credit Union.

Respectfully submitted,
Byron Parr, Chairperson

Treasurer's Report

Welcome to the 72nd Annual Meeting of your Alpena Alcona Area Credit Union. The Credit Union has continued to experience outstanding growth during 2025. Overall Credit Union assets climbed 8.06% in 2025 ending the year equal to \$930,815,733.99. The Credit Union generated total net income equal to \$13,360,417.75 which further strengthened our net worth ratio which ended the year equal to 12.04%. I will highlight a few other key growth areas from the year 2025 in this report.

We always strive to strengthen our member value proposition, in order to increase our member/owner growth. In 2025, the Credit Union had a solid year in terms of membership growth ending the year with 49,171 member/owners, an increase of 2.71% or 1,298 new members. With increased banking options in our communities, we are proud that we continue to attract and retain new member/owners.

The entire Lending Team is to be congratulated for their excellent work in closing 8,167 member loans with balances totaling \$217,951,994.42 over the course of 2025. Member/owner loan growth was equal to 14.98%, which far exceeded our strategic projections for the year. Our Mortgage Team closed a grand total of 559 mortgage loans with balances totaling \$72,402,499.27.

The Commercial Lending Team had an amazing year of production and finished the year with 405 commercial loans with balances equal to \$51,281,281.45. All these loans are investments in our member/owners' lives which foster economic growth throughout the communities we serve.

I am pleased to report that we have returned \$15,764,833.81 to our member/owners in 2025 in the form of dividends and interest paid on their savings balances. Our CD specials have become a popular savings option for many of our member/owners and our 7 Month 6.00% CD Special resulted in 3,477 CDs being opened with balances totaling \$19,815,619.20. Total member/owner shares and deposits climbed to a healthy \$55,388,227.37 or 7.33% this past year.

Our 2025 Member Rewards Program continued to strengthen in 2025, by returning more dollars back to our member/owners. This past year we returned \$854,470.00 to our member/owners through our Member Rewards Program. Our most popular Member Reward continues to be the dollars we give back to our members for both applying for their consumer loan online and utilizing our electronic signature solution to close the loan.

As we look forward to 2026 and beyond, we want to thank you for your continued support of your Credit Union. We strive to live up to our mission, "To be your most trusted and valued financial partner for life."

It has been my privilege and honor to serve as your Treasurer this past year.

Respectfully yours,
Michelle W. Cornish, Treasurer

AAACU Mission Statement

To be your most trusted and valued financial partner for life

Our Member Promise

- To simplify your life
- Work in your best interest
- Be your advocate to help achieve your lifetime financial goals



Alpena
Alcona
Area
Credit Union

2025 Annual Report



Credit Committee Report

At Alpena Alcona Area Credit Union (AAACU), our mission remains rooted in serving the communities we call home—Alpena, Atlanta, Cheboygan, Lincoln, Oscoda, Ossineke, Posen, Rogers City, and Tawas City—while proudly serving members across the state of Michigan. Looking back on 2025, we are proud to highlight another year of strong performance and meaningful growth, driven by the confidence and support of our member/owners, dedicated team members, and valued community partners. As a member-owned cooperative, we remain focused on delivering high-quality financial services and comprehensive financial solutions tailored to the needs of those we serve.

Throughout 2025, AAACU continued to make a significant impact locally and across the State of Michigan. We approved 8,167 loan requests during the year, representing total lending of \$217,951,994.42. These results reflect the collective efforts of our members and staff and underscore what made 2025 such a successful year for our credit union. Our loan portfolio experienced substantial growth, with balances increasing by \$76,663,996.62—a 14.98% increase over the prior year. This growth was broad-based, spanning consumer loans, credit cards, mortgage lending, and commercial loans. Our mortgage team alone processed 559 loans totaling \$72,402,499.27. These achievements highlight not only the financial strength of AAACU, but also our commitment to helping members reach important milestones and pursue their financial goals. In addition, we reinvested \$24,106,093.00 into our local economies through business lending and returned \$333,450.00 to members in rewards for utilizing our online and mobile banking platforms to apply for and close consumer loans.

At AAACU, we believe financial success should be accessible to everyone. As a financial cooperative, our purpose extends beyond offering products—we are committed to supporting our members' financial well-being through education, guidance, and personalized service. With 63 certified financial counselors on staff, we are well equipped to assist members at every stage of life. Working closely with our delinquency committee, our counseling team helped members remain on track with their obligations, resulting in a loan delinquency ratio of just 0.78% of total loan balances. This accomplishment is especially notable given the economic challenges many individuals faced throughout 2025.

The past year also brought several exciting advancements, including service expansion, enhanced financial education opportunities, and the introduction of new products and services. Our members/owner well-being continues to guide every decision we make, and we are grateful for the trust placed in us as a lifelong financial partner. Together, we have taken meaningful steps to strengthen financial inclusion and deliver dependable, high-quality financial services. As we look ahead to 2026, AAACU remains committed to reinvesting in our communities, deepening relationships, and equipping our member/owners with the tools and resources they need to thrive.

Respectfully yours,
Dennis Artley, Chairperson

Balance Sheet

December 31, 2025 and December 31, 2024

Assets	2025	2024
Loans to Members, Net of Allowance for Loan Loss	\$583,352,964	\$506,997,622
Cash	4,397,116	4,215,548
Investment	327,935,811	336,105,258
Fixed Assets, Land & Bldgs.	5,601,683	5,667,413
Furniture & Equipment, Net	935,637	979,802
Other Assets	8,592,523	7,426,807
TOTAL ASSETS	\$930,815,734	\$861,392,450

Liabilities & Net Worth	2025	2024
Accounts Payable	\$5,856,381	\$5,350,576
Notes Payable	0.00	0.00
Dividend / Interest Payable	1,976,806	2,052,858
Member Savings	810,931,183	755,542,956
Statutory Reserves	0.00	0.00
Undivided Earnings	112,040,598	98,680,180
Unrealized Gain/Loss on Investments	10,766	(234,120)
TOTAL LIABILITIES & NET WORTH	\$930,815,734	\$861,392,450

Statement of Income & Expense

December 31, 2025 and December 31, 2024

INCOME	2025	2024
Interest on Loans	\$33,600,119	\$27,676,984
Investment Income	13,287,072	13,999,512
Other Income	8,302,517	8,201,246
TOTAL INCOME	\$55,189,708	\$49,877,742

Operating Expenses

Compensation & Benefits	\$12,626,297	\$11,296,553
Travel & Conference	404,527	285,751
Office Occupancy	845,807	721,495
Office Operations	2,043,401	1,896,613
Education & Promotion	1,573,423	1,336,982
Loan Services	2,821,094	2,809,204
Professional Outside Svcs.	2,837,508	2,675,184
Provision for Loan Loss	2,566,689	3,199,996
Member Insurance	0.00	0.00
Operating Fees	148,099	110,280
Other expense	47,165	49,593
TOTAL OPERATING EXPENSES	\$25,914,010	\$24,381,652

Other Income (Expense):

Non-Operating Income & Expense	(150,447)	(147,441)
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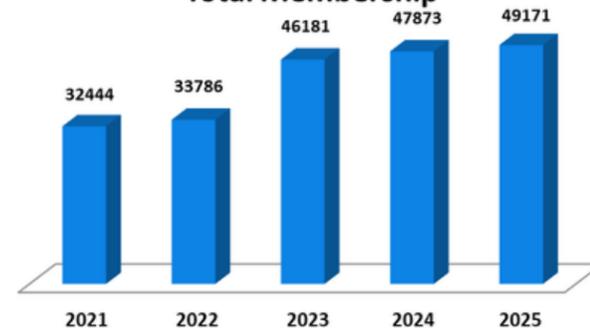
Dividend & Interest Expense

Interest on Borrowed Money	0.00	0.00
Interest on Deposits	15,186,928	13,997,123
Dividends on Shares	577,905	616,048

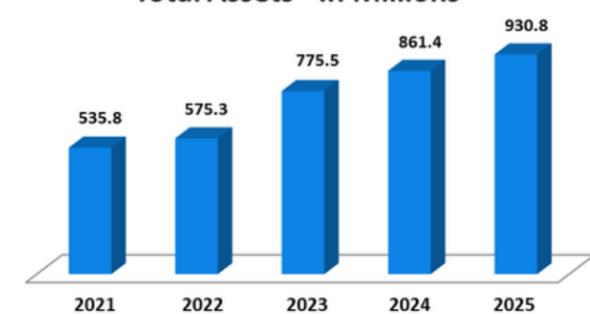
TOTAL DIV/INT EXPENSE	\$15,764,833	\$14,613,171
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NET INCOME	\$13,360,418	\$10,735,479
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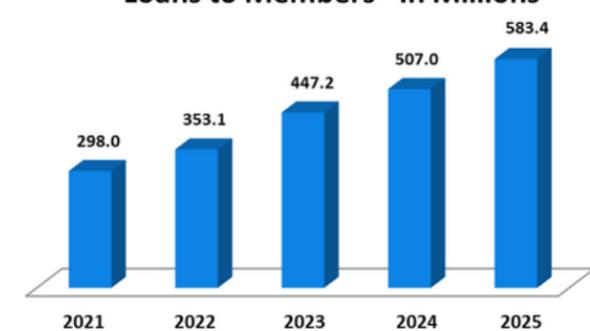
Total Membership



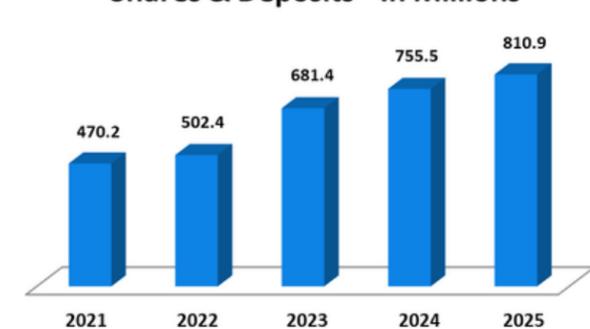
Total Assets - In Millions



Loans to Members - In Millions



Shares & Deposits - In Millions



Board of Directors

Charlie Negro, Chairperson.....	Director of Categorical Funding at Oscoda Area Schools
Terry Nelkie, Vice Chairperson.....	Retired NCVW Management Group LLC
Brian Shumaker, Secretary.....	Custodian/Site/Facility Manager Word of Life Baptist Church
Michelle Cornish, Treasurer.....	Retired Alpena Public Schools
Sheila Panknin.....	Retired Ludlow Enterprise
Ann Martin.....	Retired Alpena Public Schools
Scott McLennan.....	Mayor Rogers City
James McNeil.....	Retired Alpena County Sheriff Department
Anne Wirgau.....	Secretary Presque Isle County Road Commission

Associate Directors

James Gorman.....	Professional Educator Tawas Area Schools
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Supervisory Committee

Byron Parr, Chairperson.....	President Michigan Confidential Document Destruction
Mark Devers.....	Retired United States Air Force and Michigan Air National Guard
Sean Pear.....	Director of Finance Oscoda Area Schools
Matthew Quaine.....	Retired Rogers City Police Chief
Scott Gilmet.....	Controller Thunder Bay Tree Service

Credit Committee

Dennis Artley, Chairperson.....	Retired, IRS
Ashley Josey, Secretary.....	AAACU Staff
Paul Fredenburg.....	Retired, AAACU Staff
Lorna Dellar.....	AAACU Staff
Staci LeBlanc.....	AAACU Staff
Charlene Oliver.....	AAACU Staff
Kelli Rondeau.....	AAACU Staff
Beth Tessmer.....	AAACU Staff
Jenny Zdybel.....	AAACU Staff

Security Officers

Donald J. Mills.....	AAACU Staff
Angie Szatkowski.....	AAACU Staff

President & CEO

Donald J. Mills

