DEXSTA FEDERAL CREDIT UNION

2024
ANNUAL REPORT

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DEXSTA Federal Credit Union

Minutes of the 2024 Annual Meeting
DEXSTA Federal Credit Union, Wilmington, Delaware
March 25, 2024

The hybrid meeting was opened by Jerry King, President/CEO. Mr. King shared information with virtual participants that included how to ask a question and how to cast your vote. He expressed his appreciation to those participating and introduced Board Chair, Marie Davis.

The meeting was called to order by the Chair Marie Davis at 5:33 p.m. and it was recognized that a quorum was present. Board Members were introduced. The Chair introduced guest Steve Weidner of RKL accounting firm that was joining the meeting remotely. Ms. Davis announced that the meeting will be conducted according to the modern rules of order and entertained a motion to approve the 2023 minutes as printed. Motion by David Burns carried to accept the minutes of the 2023 annual meeting.

Report of the President/CEO – Jerry King first spoke of stability and as a financial resource for people and communities. He told attendees that financially, DEXSTA remained well capitalized and welcomed more than 1,600 new members and now services more than 42,000 members.

He explained the focus of 2023 was quality of service to members that encompassed facilities, member experience and community. Mr. King reminded attendees of the newest branch located in Elkton, Maryland. He stated that reducing fees, crediting direct deposits early when possible, raising dividend rates and certificate specials had a tangible impact to help members achieve financial goals.

Jerry spoke of product enhancements to debit and credit cards that include contactless technology and installment payments. He outlined the features of these new product offerings.

Mr. King stated how proud DEXSTA Federal Credit Union is to continue our promise of giving back to the community. He spoke of how two local charities benefitted from the Credit Union winning PSCU's Credit Union Give Back Sweepstakes. Mr. King spoke about the support our youth membership through in-school financial literacy and annual scholarship programs and how these actions are a testament to our dedication to not only providing exceptional financial services to our members but also make a positive impact in the communities we serve.

In closing he thanked the membership for voting DEXSTA First States Favorite Best Credit Union in Local Services North for the second straight year. He recognized this could not have been achieved without the trust and support of our members, volunteers and team members. Mr. King stated that with a focus on stability, we look forward to making DEXSTA a better credit union for our members in 2024.

Mr. King was asked "What is done for the Sunday Breakfast Mission?" He replied: "team members volunteer to sort, collect food and prepare toiletry bags and additional needs as they arise."

Report of the Nominating Committee – David Marianelli, Nominating Committee Chair reported the terms of three board members will expire. Since there are three nominations and three openings on the board, Mr. Marianelli noted the Vice Chair will cast a single ballot for the unanimous election of candidates shown in the annual report. there were no additional nominations submitted.

Report of the Board Chair – Marie Davis welcomed attendees and stated what an honor and pleasure to serve as Boar Chair. Marie spoke of the pandemic-era challenges and the on-going "war for talent." Ms. Davis expressed her gratitude for the efforts of DEXSTA team.

Marie provided a few financial statistics such as assets growth of $45 million as we approached $454 million in assets. She noted, economic challenges and supply shortages, resulted in our loan portfolio experiencing a reduction of $9 million and net income exceeding $1.5 million.

With continued investment in technology, Ms. Davis stated that we strive for a better member experience while continuing to protect member identities and assets. She stated that our regulatory agency pays close attention to this aspect of our operation during their assessment of our business.

She outlined the long-standing support of community organizations that is part of our outreach mission. Marie noted how proud of the work we do with our charity partners.

In closing, Ms. Davis thanked the Board of Directors and Supervisory Committee for their hard work and dedication to the Credit Union. She thanked the staff for their hard work and leadership and looks forward to continuing the mission of people helping people in 2024 and beyond.

Report of the Treasurer – Fuji Le directed participants to the treasurer's report included in the 2023 Annual Report. Mr. Le stated the Credit Union finished the year strong sharing a few financial highlights. Our loan portfolio decreased 3.22% ending the year with a total loan portfolio of nearly $277 million. The change in delinquency is a result of the current state of economy with our provision for loan losses being adequately funded. DEXSTA experienced a sustainable year in member shares evidenced by the average member shares of $371 million year over year. Mr. Le closed with reporting the Credit Union remains financially sound more than $38 million in capital with a capital ratio of 8.39%. This demonstrates DEXSTA Federal Credit Union is well capitalized and well positioned to fully engage with its membership's financial needs.

There was an inquiry as to why a decrease in net income and ROA, and an increase in expenses is viewed as a positive. Mr. King outlined the information contained in the Treasurer's report. He explained the opening of a new branch, and member financial hardships led to more charge offs and required additional provision for loan losses that increased expenses. He added that the additional amount was necessary to maintain compliance with CECL. The reason for growth in assets was attributed to the increase in member shares was provided.

Report of the Supervisory Committee – Committee Chairman Clyde DavidCarv acknowledged the members of the Supervisory Committee. Clyde explained the committee's responsibility is to ensure that DEXSTA's policies, procedures and internal controls are designed to protect your assets and the accuracy of the Credit Union's financial statements.

Mr. DavidCarv indicated that for fiscal year 2023, internal audits determined by an established risk assessment were completed by YHB and the annual engagement audit was performed by RKL certified public accountants. He was pleased to report DEXSTA Federal Credit Union is in full compliance with federal laws and regulations, confirming that

DEXSTA Federal Credit Union remains strong and financially sound. In conclusion, he thanked the board of directors, senior management and branch teams for their exemplary dedication and outstanding performance.

A motion by Theresa Burns carried to accept all reports as presented.

Report of the Scholarship Committee - The report was presented by Board Chair Marie Davis. She noted eight applications were received this year with three high school seniors receiving a one thousand scholarship each. Ms. Davis announced the following winners; Cheinyah McCray of Conrad School of Sciences, Taylor Smith of William Penn High School and Nolan Wilson of Appoquinimink High School.

Old Business – None.

New Business – None.

Motion by D. Costa carried to adjourn the meeting at 5:56 p.m.

Submitted by,

Regina U. Edmiston
Board Secretary

Marie H. Davis
Board Chair

Report of the Nominating Committee

It is the responsibility of the nominating committee each year to consider and nominate qualified credit union members who have expressed an interest in serving on the Board of Directors of DEXSTA Federal Credit Union. This year the terms of three board members will expire.

A letter was sent to all eligible members stating the process and requirements to run for elected office and soliciting any members desiring to run for the Board of Directors. As of the deadline for submission of nominations for the Board of Directors no additional nominations were submitted. Therefore, the Nominating Committee has submitted the following five incumbents for election to the Board of Directors of DEXSTA Federal Credit Union. Each has submitted a letter of intent to run for another term of service and a short biography on each individual is included.

Board of Directors

Zenaida Gephardt, Ph.D., P.E. (incumbent) - is professor emeritus at Rowan University, where she has served as director and associate dean of engineering. She is also a licensed professional engineer in Delaware. Her work focuses on analytics and process optimization. Appointed to the Board of Directors in October 2024 to complete an unexpired term, she has been a member of the Supervisory Committee since April 2021, serving as its secretary since April 2022.

Dr. Gephardt has held several leadership roles in professional organizations including co-chair of the Grants Committee of the American Institute of Chemical Engineers (AIChE) Foundation Board of Trustees and chair of the AIChE Societal Impact Operating Council. She has also served as chair of the Delaware Valley Section of AIChE, where she remains an active board member. Dr. Gephardt has served as president of the board of Delaware Girls Inc. and as board member of the YWCA of New Castle County and EgoPo Theater Company in Philadelphia. She was elected 2025 Delaware Valley Engineer of the Year by the Engineers Club of Philadelphia and named 2024 Delaware Valley Chemical Engineer of the Year by the AIChE Delaware Valley Section. Dr. Gephardt has received an Eminent Engineer Award from the AIChE Minority Affairs Council, as well as teaching and mentoring awards from Rowan University. She is the mother of two adult children and resides in Wilmington.

Joyce Kidd, C.P.M., A.P.P., CBA (incumbent) - on the Board since 2012 and is currently Board Chair. Joyce earned a bachelor’s degree in business administration, Certificates in Personnel Management and Purchasing

Management. She is also a Certified Purchasing Manager (C.P.M.), Accredited Purchasing Practitioner (A.P.P.), and a Certified Business Analyst – CBA. Joyce retired from the United States Postal Service where she held various positions where she performed and participated in a variety of purchasing and supply management activities, which included, reviewing industry trends, performed market analysis, obtained benchmark data to gain a fundamental understanding of the specific commodity area and supported contract source selection. Evaluated supplier proposals and reviewed supplier past performance to ensure compliance with supply management policies and procedures and applicable clauses. Joyce serves on the Willow Grove Mills Homeowners Association as Vice President and prior served on The Middletown, DE Police Advisory Board as Parliamentarian. Joyce also volunteers with AARP Tax Aide during tax season. Joyce has been on the Board for twelve years and will actively seek out your concerns and work diligently to ensure DEXSTA FCU's continued success.

Fuji Le (incumbent) - Fuji Le is a credit risk management expert with over 25 years of experience in credit card payment processing, commercial lending, leasing and inventory finance. Mr. Le is currently employed at PayPal as Global Head of Underwriting - Portfolio Management where he leads the credit underwriting function for merchant services. Previously, he worked at various payment and fintech companies including TreviPay, Phressia, Planet Payment and GE Capital.

Mr. Le has served on DEXSTA's Board of Directors for the past 9 years. He holds a bachelor's degree in Finance, an MBA degree in Accounting and a Post-MBA certificate in Management Information Systems. Originally from Toronto, Canada, he currently lives in Delaware with his wife and three daughters.

Submitted by,

David S. Marianelli
Nominating Committee Chair

Report of the Board Chair

As DEXSTA Federal Credit Union's Board Chair for the past year, it is an honor and a privilege to report on the progress we have made at DEXSTA in 2024. It has been another year of significant achievements and change as we continue to fulfill our mission of providing financial services that enhance the lives of our members and the communities we serve.

In 2024, we witnessed both challenges and opportunities. The financial services landscape remains dynamic, with evolving regulatory standards, economic uncertainty, and changing member needs. Despite these conditions, our Credit Union has remained resilient, adapting to the environment, and positioning ourselves for long-term success. I am proud to report that DEXSTA is in a strong position, with solid financial results, innovative service offerings, and enhanced community engagement.

We closed the year with a robust financial performance, demonstrating stability. One of the core pillars of our mission is to provide exceptional service to our members. Throughout 2024, we invested in both technology and training to enhance the overall member experience.

Our commitment to financial literacy through a variety of educational initiatives is aimed at empowering members to make informed financial decisions. Our member service team continued to deliver outstanding service, addressing member inquiries, needs, and concerns with professionalism and care.

As a cooperative, we remain deeply committed to giving back to the communities we serve. In 2024, DEXSTA remained actively involved in local initiatives, making charitable donations, and supporting community organizations. Our employees contributed countless volunteer hours, participating in a range of outreach programs from food drives to financial counseling.

As we move into 2025, we are committed to continuing our tradition of excellence, adapting to the needs of our members, and exploring innovative ways to enhance our offerings. We will continue to enhance our digital banking experience, with new tools and features designed to provide greater convenience and security. We will prioritize strategic growth, ensuring that we balance expansion with a strong financial foundation and a continued focus on serving the best interests of our members. We will continue to invest in our staff and infrastructure to deliver a superior, personalized experience to each member, whether they visit our branches or interact with us online.

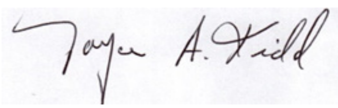
None of these successes would have been possible without the dedication of our employees, our executive team, volunteers, and members. I would like to express my deepest gratitude to our entire team for their unwavering commitment to excellence. I also extend my sincere thanks to the Supervisory Committee and my fellow board members for their leadership, vision, and continued support.

To our valued members, on behalf of the Board, I express our sincere thanks for entrusting us with your financial needs. Your ongoing support allows us to grow and thrive, and we remain steadfast in our commitment to serving you with integrity, transparency, and care.

Together, we are building a strong, sustainable future for our Credit Union, and we look forward to another year of serving you with pride and dedication.

It is an honor to continue serving as DEXSTA's Board Chair, and I look forward to working alongside all of you as we pursue our mission of "People Helping People" throughout 2025 and beyond.

Submitted by,



Joyce A. Kidd
Board Chair

Report of the President/CEO

It is my pleasure to present the 2024 annual report for DEXSTA Federal Credit Union. Over the past year, we have continued our unwavering commitment to you, our valued members, and the communities in which we serve. As we look back on the accomplishments of the past year, I am happy to share with you the progress we have made and the exciting initiatives we have planned for the future.

Remaining financially prudent in the expansion of our membership is extremely important. With careful planning, our sixth branch, located in Elkton Maryland, celebrated its one-year anniversary. This full-service branch allows us to bring our "People Helping People" philosophy to the Cecil County community and expand our charter beyond the state of Delaware.

A new loan origination system was implemented. The new member portal and online loan application process enhances the member experience by providing a loan decision in less than 15 minutes. This new system gives members the ability to open an account online. All of this prepares us for the new online and mobile banking platforms coming in 2025.

We successfully launched our newest member service: instant issue debit and credit cards. Designed to provide members with unparalleled convenience and efficiency, these cards mark a significant advancement in DEXSTA's commitment to enhancing our member's banking experience. We have received overwhelming positive reviews from our members regarding this new service.

DEXSTA's website also underwent a makeover. For this project, we worked with our digital marketing partner to design a fully responsive, cross-browser compatible, and search engine optimized website. In the ever-changing landscape of consumer behavior, it is crucial for organizations to position their online brand for success. The new design provides a more engaging online experience for members.

In 2024, we reduced our courtesy pay, non-sufficient funds and stop payment fees from $25 to $20. We are continually seeking enhancements to our consumer protection initiative in collaboration with our federal regulator NCUA.

We are proud to continue our commitment to support the communities in which we serve. We once again sponsored our community shred event filling nearly two trucks! In addition, we were able to provide financial support to the Boys & Girls Clubs of Delaware and Children's Miracle Network through our skip-a-pay programs. This initiative allows members to skip their loan payments, with a portion of the associated fees being donated to various charitable organizations.

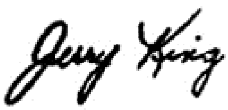
DEXSTA was nationally recognized by Bauer Financial and Forbes. We maintained a "Four-Star Excellent Rating" from Bauer Financial, the nation's premier financial institution rating firm. This rating identifies DEXSTA as a strong credit union, excelling in the areas of capital, loan quality, profitability, regulatory compliance and liquidity. For a second time, DEXSTA was awarded "America's Best-In-State Credit Union" by Forbes. This award is based on member satisfaction, trust, branch services, digital services, and financial advice. DEXSTA is the only Delaware credit union to make the 2024 list!

We were proud to be voted a finalist for the "Best Credit Union in Local Services North" for 2024 by First State Favorites. Each year, readers in Delaware and surrounding areas vote for their favorite business highlighting their exceptional work throughout the year. It is an honor to be nominated for this prestigious award, as it acknowledges our commitment of providing the highest quality of service to our members and fostering a positive and supported community.

Our Credit Union is supported by volunteers, dedicated staff and leadership team. It is this support that has enabled us to be a strong financial institution and provide high levels of member service year after year. For this, I want to thank the volunteers for the time and effort they are so willing to share and to the staff for continuing to raise the bar in servicing our members.

Our continued mission, "People Helping People," guides us in everything we do at DEXSTA. In the year ahead, we will remain steadfast in our commitment to you, our members, and continue to provide exceptional experiences, keeping you at the heart of every decision we make. Thank you for entrusting us on your journey to financial well-being. We are grateful for the opportunity to serve you.

Submitted by,



Jerry King
President/CEO

Report of the Treasurer

As shown in the audited financial statements, the Credit Union delivered strong financial results while focusing on liquidity risk management.

During 2024, our loan portfolio decreased by 9.6% to $250.1 million, compared to a decrease of 3.22% in 2023. Membership shares remained relatively flat at $372.8 million while assets decreased by 8.7%. The changes in assets and total loans resulted in a better liquidity ratio. Delinquency ratios increased by 25 basis points to 1.55%. This is primarily due to the current state of our economy. Adequate provision and allowance for loan losses were recognized. Capital grew by 0.7% to $38.4 million. DEXSTA is a well-capitalized credit union and is positioned to protect member's assets and continue to deliver superior services.

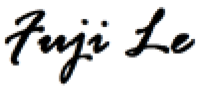
The tables below reflect some of the key financial statistics and ratios for the past two years.

All values are in thousands of dollars			
Growth Analysis	**2023**	**2024**	**Change**
Loans	$276,788	$250,121	-9.63%
Shares	$371,541	$372,816	0.34%
Assets	$453,896	$414,482	-8.68%
Net Income	$1,526	$269	-82.37%
Expenses – Including PLL	$19,252	$22,772	18.28%
Capital	$38,083	$38,352	0.71%
Return on Average Assets	0.36%	0.06%	-83.33%

Delinquency Analysis	**2023**	**2024**	**Change**
Provision for Loan Losses	$2,236	$2,994	33.90%
As % of Loans	0.81%	1.20%	
Delinquent – Two or More Months	$3,590	$3,883	8.17%
As % of Loans	1.30%	1.55%	
Loans Charged Off	$3,583	$4,434	23.74%
As % of Loans	1.29%	1.77%	
Allowance for Loan Losses	$1,888	$2,236	18.43%
Allowance as % of Loans	0.68%	0.89%	

DEXSTA's financial health remains robust, underpinned by prudent liquidity risk management and unwavering dedication from team members to service our membership's financial needs and the communities we serve. The board, management, and staff are eager to support your financial needs in the coming year.

Submitted by,



Fuji Le
Board Treasurer

Report of the Supervisory Committee

The Supervisory Committee is a dedicated group of volunteer members who advocate for the best interests of DEXSTA Federal Credit Union. Our core responsibility is to ensure the credit union operates with the highest level of integrity, adhering to strict business practices, internal controls, and regulations to protect your deposits.

Our Commitment to Safeguarding Your Assets

As fellow members, we are personally invested in the financial health of DEXSTA. We diligently monitor policies and procedures to protect our collective assets and ensure their responsible management. This includes adapting to changes and maintaining sustainable practices.

Collaboration and Independent Oversight

We work closely with DEXSTA's Board of Directors, senior management, and external auditors to maintain a comprehensive understanding of the credit union's financial stability.

- **Risk Assessment:** We partner with Yount, Hyde, and Barbour (YHB) for ongoing risk assessments.
- **Financial Audits:** RKL, a leading accounting and financial advisory firm, conducts our independent financial opinion audits.
- **Information Technology Audit:** Recognizing the evolving nature of business risks, we have implemented a new information technology audit to enhance the security of the credit union further.

DEXSTA: Strong and Financially Sound

Based on the findings of our independent financial audits and internal reviews, we are confident in DEXSTA's unwavering commitment to integrity and the protection of its members, management, and employees. The results clearly demonstrate that our credit union is financially secure and operating safely and soundly.

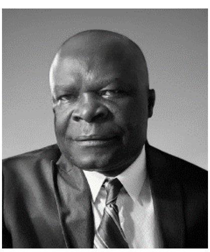
A Message of Gratitude

We commend the Board of Directors, senior management, and all branch team members for their exceptional dedication and outstanding performance. We also express our sincere gratitude to former Supervisory Committee Chair, Mr. Clyde Davidcarv, for his committed leadership.

Finally, we thank you, the members, for your continued support, which is essential to our mission of upholding safety and fiscal integrity within DEXSTA Federal Credit Union.

Submitted by,

David F. Amakobe
Supervisory Committee Chair



Independent Auditor's Report

To the Supervisory Committee
DEXSTA Federal Credit Union
Wilmington, Delaware

Opinion

We have audited the financial statements of DEXSTA Federal Credit Union (the Credit Union), which comprise the statement of financial condition as of December 31, 2024 and 2023, the related statements of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and; therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RKL LLP

February 26, 2025
Exton, Pennsylvania

DEXSTA Federal Credit Union

Statement of Financial Condition

	December 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	**$ 49,421,303**	$ 60,470,531
Securities available for sale	**90,085,006**	91,484,652
Loans to members, net	**250,121,205**	276,788,093
Accrued interest receivable	**1,036,966**	1,085,318
Property and equipment, net	**6,888,584**	7,442,547
Other assets		
NCUSIF deposit	**3,601,756**	3,566,211
Corporate credit union perpetual contributed capital	**1,295,866**	1,295,866
Loans to officers	**6,150,001**	6,150,001
Credit union owned life insurance	**4,028,082**	3,919,134
Prepaid expenses and other assets	**1,853,509**	1,693,221
Total Assets	**$ 414,482,278**	$ 453,895,574
Liabilities and Members' Equity		
Liabilities		
Members' shares and savings accounts	**$ 372,816,337**	$ 371,541,469
Borrowings	**12,000,000**	55,000,000
Accounts payable and other liabilities	**2,680,943**	2,656,128
Accrued dividends payable	**209,982**	116,379
Total Liabilities	**387,707,262**	429,313,976
Members' Equity		
Appropriated undivided earnings	**19,679,750**	19,679,750
Unappropriated undivided earnings	**18,672,274**	18,403,168
Accumulated other comprehensive loss	**(11,577,008)**	(13,501,320)
Total Members' Equity	**26,775,016**	24,581,598
Total Liabilities and Members' Equity	**$ 414,482,278**	$ 453,895,574

DEXSTA Federal Credit Union

Statement of Income

	Years Ended December 31, 2024	2023
Interest Income		
Loans receivable	**$ 15,166,670**	$ 14,640,260
Investments and interest bearing accounts	**3,333,844**	1,543,943
Total Interest Income	**18,500,514**	16,184,203
Interest Expense		
Dividends on members' shares and savings accounts	**5,377,397**	2,788,050
Interest on borrowed funds	**1,574,925**	1,717,753
Total Interest Expense	**6,952,322**	4,505,803
Net Interest Income	**11,548,192**	11,678,400
Provision for Credit Losses	**2,994,000**	2,236,000
Net Interest Income after Provision for Credit Losses	**8,554,192**	9,442,400
Noninterest Income		
Electronic card services	**1,968,307**	2,015,312
Rental income	**85,467**	83,935
Service fees	**712,852**	681,462
Share draft fees	**1,062,126**	1,178,583
Other	**711,556**	634,167
Total Noninterest Income	**4,540,308**	4,593,459
Noninterest Expenses		
Employee compensation	**4,171,415**	4,068,652
Employee benefits	**1,302,553**	1,122,985
Office occupancy	**882,356**	864,781
Office operations	**2,661,322**	2,324,850
Marketing and education	**152,459**	116,907
Electronic card services	**524,861**	643,296
Loan servicing	**347,611**	386,331
Professional and outside services	**2,024,468**	2,231,671
Other	**758,349**	750,464
Total Noninterest Expenses	**12,825,394**	12,509,937
Net Income	**$ 269,106**	$ 1,525,922

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Comprehensive Income

	Years Ended December 31, 2024	2023
Net Income	**$ 269,106**	$ 1,525,922
Other Comprehensive Income		
Unrealized holding gains on securities available for sale arising during period, net	**1,924,312**	3,076,444
Comprehensive Income	**$ 2,193,418**	$ 4,602,366

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Members' Equity

	Undivided Earnings		Accumulated Other Comprehensive	
	Appropriated	Unappropriated	Loss	Total
Balance at December 31, 2022	$ 19,679,750	$ 16,877,246	$ (16,577,764)	$ 19,979,232
Net income	-	1,525,922	-	1,525,922
Other comprehensive income, net change in unrealized gains on securities available for sale	-	-	3,076,444	3,076,444
Balance at December 31, 2023	19,679,750	18,403,168	(13,501,320)	24,581,598
Net income	**-**	**269,106**	**-**	**269,106**
Other comprehensive income, net change in unrealized gains on securities available for sale	**-**	**-**	**1,924,312**	**1,924,312**
Balance at December 31, 2024	**$ 19,679,750**	**$ 18,672,274**	**$ (11,577,008)**	**$ 26,775,016**

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Cash Flows

	Years Ended December 31, 2024	2023
Cash Flows from Operating Activities		
Net income	**$ 269,106**	$ 1,525,922
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**553,064**	491,189
Amortization (accretion) on investments, net	**49,088**	(8,370)
Amortization of deferred loan origination fees and costs, net	**1,538,748**	1,704,958
Provision for credit losses	**2,994,000**	2,236,000
(Increase) decrease in assets		
Accrued interest receivable	**48,352**	(88,502)
Credit union owned life insurance	**(108,948)**	(103,196)
Prepaid expenses and other assets	**(160,288)**	(191,373)
Increase (decrease) in liabilities		
Accounts payable and other liabilities	**24,815**	414,289
Accrued dividends payable	**93,603**	80,647
Net Cash Provided by Operating Activities	**5,301,540**	6,061,564
Cash Flows from Investing Activities		
Net decrease in loans to members	**22,134,140**	5,263,819
Proceeds from maturing securities available for sale	**3,274,870**	3,453,424
Net (increase) decrease in NCUSIF deposit	**(35,545)**	76,758
Expenditures for property and equipment	**(60,546)**	(1,130,651)
Proceeds from disposition of property and equipment	**61,445**	-
Net Cash Provided by Investing Activities	**25,374,364**	7,663,350
Cash Flows from Financing Activities		
Net increase in members' shares and savings accounts	**1,274,868**	49,682
Proceeds from borrowed funds	**40,000,000**	297,722,282
Repayment of borrowed funds	**(83,000,000)**	(257,722,282)
Net Cash Provided by (Used in) Financing Activities	**(41,725,132)**	40,049,682
Net Increase (Decrease) in Cash and Cash Equivalents	**(11,049,228)**	53,774,596
Cash and Cash Equivalents at Beginning of Year	**60,470,531**	6,695,935
Cash and Cash Equivalents at End of Year	**$ 49,421,303**	$ 60,470,531

See accompanying notes.

	Years Ended December 31, 2024	2023
Supplemental Disclosures of Cash Flow Information		
Interest on borrowed funds	**$ 1,535,727**	$ 1,233,226
Dividends credited to members' shares and savings accounts	**$ 5,283,794**	$ 2,707,403
Change in unrealized gains on securities available for sale	**$ 1,924,312**	$ 3,076,444

See accompanying notes.

Note 1 - Nature of Business

DEXSTA Federal Credit Union (the Credit Union) is a community chartered federal credit union that provides lending and deposit services to persons who live, work, worship, volunteer, or go to school in, and businesses and other legal entities in New Castle County or Kent County, Delaware or Cecil County, Maryland; spouses of persons who died while within the field of membership of this Credit Union; employees of this Credit Union; members of their immediate families or household; and organization of such persons. Participation in the Credit Union is limited to those individuals that qualify for membership and family members of Credit Union members.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Financial Statement Presentation and Accounting Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the statement of financial condition, and the reported amounts of income and expenses for the periods. Actual results could differ from those estimates.

Presentation of Cash Flows

For the purpose of the statement of financial condition and the statement of cash flows, cash and cash equivalents include cash on hand, amounts due from financial institutions, and highly-liquid debt instruments classified as cash, which were purchased with maturities of three months or less. Amounts due from financial institutions may, at times, exceed federally insured limits. Cash flows from loans to members originated by the Credit Union, certificates of deposit, and members' shares and savings accounts are reported net.

Securities Available for Sale

Securities classified as available for sale are those debt securities that the Credit Union intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Credit Union's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. Securities available for sale are carried at fair value. Unrealized gains and losses are reported as increases and decreases, net, in members' equity. Realized gains or losses on the sale of these securities, determined on the basis of the cost of specific securities sold, are included in earnings.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Securities Available for Sale

For available for sale debt securities in an unrealized loss position, the Credit Union first assesses whether it intends to sell, or if it is more likely than not that it will be required to sell the security before recovery of the amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income with the establishment of an allowance under the current expected credit loss (CECL) methodology compared to a direct write down of the security under previously applicable accounting standard Accounting Standards Codification (ASC) 310-30 (Incurred Loss). For debt securities available for sale that do not meet the aforementioned criteria, the Credit Union evaluates whether any decline in fair value is due to credit loss factors. In making this assessment, management considers any changes to the rating of the security by a rating agency and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses (ACL) is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income.

Changes in the ACL under CECL are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available for sale security is confirmed, or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2024 and 2023, there was no ACL related to the available for sale portfolio.

Loans

Loans, that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are stated at the outstanding unpaid principal balances, net of any deferred fees. Interest income is accrued on the unpaid principal balance.

The accrual of interest is generally discontinued when the contractual payment of principal or interest has become 90 days past due, or when management has serious doubts about further collectibility of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed, and unpaid interest accrued in a prior year is charged against the ACL. Interest received on nonaccrual loans generally is either applied against principal or reported as interest income, according to management's judgment as to the collectibility of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectibility of the total contractual principal and interest is no longer in doubt. Consumer and residential real estate loans are typically charged off no later than 180 days past due. Past due status is based on contractual terms of the loans.

Note 2 - Summary of Significant Accounting Policies (continued)

Loan Origination Fees and Costs

First mortgage loan origination fees received in excess of loan origination costs are deferred and amortized over the contract lives of the loans using the straight-line method. This method does not result in a materially different amortization than that computed by the level-yield method. In the event that the related loans are sold or paid off, such net deferred fees are recognized as income in the period of sale or payoff.

Indirect lending dealer participation and processing fees paid are deferred and amortized over the contract lives of the loans using the straight-line method. This method does not result in a materially different amortization than that computed by the level-yield method. In the event that the related loans are sold or paid off, such net deferred fees are recognized as expenses in the period of sale or payoff.

The Credit Union has not adopted the provisions of Financial Accounting Standards Board (FASB) ASC 310, relating to certain direct consumer loan origination and commitment fees, and certain direct consumer loan origination costs, since the applicable portions of the guidance do not have a material effect on the Credit Union's financial statements.

Allowance for Credit Losses - Loans

The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged against the allowance when management believes that the uncollectibility of the principal is confirmed. Estimated recoveries are considered to the extent that they do not exceed the aggregate of amounts previously charged off and expected to be charged-off. Accrued interest receivable totaling $832,657 and $877,274 at December 31, 2024 and 2023, respectively, was excluded from the estimate of credit losses.

The estimate of expected credit losses is based on relevant information about historical events, current economic conditions, and reasonable and supportable forecasts of future economic conditions. For periods beyond which management can forecast future economic conditions, management will revert to historical loss information.

Management has determined that the historical loss experience of the Credit Union provides the best basis for the estimation of expected credit losses. It therefore utilizes its own historical credit loss experience by each loan segment over an economic cycle, while excluding loss experience from certain acquired institutions (i.e. failed financial institutions).

When determining the allowance on loans, management considers the need to qualitatively adjust historical loss experience for information not already captured in the loss estimation process. These qualitative adjustments either increase or decrease the required allowance. Each period the Credit Union considers qualitative factors that are relevant to its portfolio segments that includes the following: (a) changes in lending policies, procedures, and strategies, (b) changes in the nature and volume of the portfolio, (c) changes in volume and trends in classified loans, delinquencies, and nonaccrual loans, (d) concentration risk, (e) external factors, including competition and legal and regulatory factors, (f) changes in the quality of the Credit Union's loan review system, and (g) economic conditions not already captured.

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Loans (continued)

The ACL is measured on a collective pool basis with receivables that have similar risk characteristics. The Credit Union has identified the following portfolio segments and calculates the ACL for each using either a probability of default or advanced vintage methodology at the loan level:

Real Estate - This loan segment includes first mortgage, home equity, and home equity lines of credit.

First Mortgage - The degree of risk in residential mortgage lending depends primarily on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion. First mortgage loans generally possess a lower inherent risk of loss than other real estate portfolio segments due to collateral existing even in a declining real estate market.

Home Equity and Home Equity Lines of Credit - Home equity fixed-rate loans are termed loans secured by a primary residence. Home equity line of credit loans are variable rate loans secured by a primary residence. As these loans are in a second or later position, they represent greater risk than first mortgage loans. Due to residential mortgage lending being collateral dependent, loans with less than 80% loan-to-value have less risk than those with greater than 80% loan-to-value. The Credit Union's policy requires an exception to issue a loan with greater than 80% loan-to-value except in the case of the Credit Union's high loan-to-value home equity programs.

Direct Vehicle - Vehicle loans fund the purchase or refinance of new or used automobiles and recreational vehicles. These loans are generally lower risk since they are collateralized.

Indirect Vehicle - Indirect vehicle loans allow borrowers to purchase and obtain financing at the same location. Indirect loans generally represent greater risk than direct loans due to the reliance on a third party for loan documentation.

Credit Cards - Credit card loans are unsecured borrowings and, therefore, rely on the borrower for repayment. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate the borrowers' capacity to repay their obligations may be deteriorating.

Share Secured - Share and certificate secured loans represent low inherent risk to the Credit Union as the borrowings are 100% secured by funds controlled by the Credit Union.

Government Guaranteed Student Loans - These student loans represent low inherent risk to the Credit Union as they are substantially guaranteed by the U.S. Government in the event of default.

Private Issued Student Loans - These loans include K-12, as well as post-secondary education student loans.

Unsecured - Unsecured loans rely on the borrower for repayment. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Loans (continued)

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation.

When management determines that foreclosure is probable, or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans, and adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications, unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Credit Union.

Allowance for Credit Losses - Unfunded Loan Commitments

Effective with the adoption of CECL, the Credit Union estimates expected credit losses on commitments to extend credit over the contractual period in which the Credit Union is exposed to credit risk on the underlying commitments, unless the obligation is unconditionally cancellable by the Credit Union. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The allowance is calculated using the same aggregate reserve rates calculated for the funded portion of loans at the portfolio level applied to the amount of commitments expected to fund. The ACL for unfunded loan commitments is immaterial as of December 31, 2024 and 2023.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (a) the assets have been isolated from the Credit Union, put presumptively beyond the reach of the entity, even in bankruptcy, (b) the transferee obtains the right to pledge or exchange the transferred assets, and (c) the Credit Union does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

The transfer of participating interest in an entire financial asset must also meet the condition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (a) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (b) from the date of transfer, all cash flows received, except any cash flows allocated as compensation for servicing or other services performed, must be divided proportionally among participating interest holders in the amount equal to their share ownership, (c) the rights of each participating interest holder must have the same priority, and (d) no party has the right to pledge or exchange the entire financial asset, unless all participating interest holders agree to do so.

Note 2 - Summary of Significant Accounting Policies (continued)

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund (NCUSIF or the Fund) is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the Fund are transferred from the NCUA Board.

NCUSIF Insurance Premiums

The Credit Union is required to pay an annual insurance premium equal to one-twelfth of one percent of its total insured shares, unless the payment is waived or reduced by the NCUA Board.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is computed on the straight-line method over the following estimated useful lives:

Buildings and improvements	5 to 40 years
Office furniture and equipment	3 to 5 years
Computer system	3 to 5 years

Improvements to leased property are amortized over the lesser of the life of the lease or lives of the improvements.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation and amortization are eliminated from the accounts, and gain or loss is included in operations. Management reviews property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Note 2 - Summary of Significant Accounting Policies (continued)

Members' Shares and Savings Accounts

Members' shares are the savings deposit accounts of the owners of the Credit Union. Share ownership entitles the members to vote in the annual elections of the Board of Directors and on other corporate matters. Irrespective of the amount of shares owned, no member has more than one vote. Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Dividends on members' shares are based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. Dividend rates are set by the Credit Union's Board of Directors.

Members' Equity

In accordance with the Federal Credit Union Act, the Board of Directors has the authority to provide for unusual expenses through an appropriation of undivided earnings. The Board of Directors has the authority to transfer the balance in appropriated undivided earnings back to unappropriated undivided earnings.

Accumulated Other Comprehensive Income (Loss)

The Credit Union recognizes unrealized gains and losses on securities available for sale in accumulated other comprehensive income (loss) in members' equity. Gains and losses on securities available for sale are reclassified to net income, as gains or losses are realized upon sale of the securities.

Revenue Recognition

All of the Credit Union's revenue from contracts with members in scope of ASC 606 is recognized within noninterest income in the statement of income. A description of the Credit Union's revenue streams accounted for under ASC 606 are as follows:

Service Charges on Deposit accounts - The Credit Union earns service charges on deposit accounts for transaction based, account maintenance, and overdraft services. Transaction based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees are recognized at the time the transaction is executed, as that is the point in time the Credit Union fulfills the member's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Credit Union satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the member's account balance.

Interchange Income - When members use their debit and credit cards to pay merchants for goods or services, the Credit Union retains a fee from the funds collected from the related deposit account and transfers the remaining funds to the payment network for remittance to the merchant. The performance obligation is satisfied and the fee is recognized at the point in time when the funds are collected and transferred to the payment network.

Note 2 - Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Credit Union is exempt, by statute, from federal and state income taxes under provisions of the Internal Revenue Code.

Adoption of Recent Accounting Pronouncements

On January 1, 2023, the Credit Union adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as CECL methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held to maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on Leases. In addition, ASC 326 made changes to the accounting for available for sale debt securities. The adoption of CECL had an insignificant impact on the Credit Union's available for sale securities portfolio.

The Credit Union adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326. The adoption of CECL had an insignificant impact on the Credit Union's loan portfolio as of January 1, 2023.

Accrued interest for all financial instruments is included in a separate line on the face of the statement of financial condition. The Credit Union elected not to measure ACL for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status, which is generally when the instrument is 90 days past due, or earlier if the Credit Union believes the collection of interest is doubtful. The Credit Union has concluded that this policy results in the timely reversal of uncollectible interest.

The ACL for the majority of loans was calculated using a probability of default methodology applied at a loan level. The Credit Union elected to use, as a practical expedient, the fair value of collateral when determining the ACL on loans for which repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty.

The Credit Union's CECL allowances will fluctuate over time due to macroeconomic conditions and forecasts, as well as the size and composition of the loan portfolios.

Note 2 - Summary of Significant Accounting Policies (continued)

Adoption of Recent Accounting Pronouncements (continued)

On January 1, 2023, the Credit Union adopted ASU 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The amendments contained in this ASU eliminate the accounting guidance for troubled debt restructurings (TDR) by creditors, while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. This ASU also requires entities to disclose current period gross write-offs by year of origination for financing receivables. The Credit Union adopted ASU 2022-02 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. The impact of the adoption resulted in an immaterial change to the ACL, thus no adjustment to undivided earnings was recorded. Disclosures have been updated to reflect information on loan modifications given to borrowers experiencing financial difficulty as presented in Note 6.

Note 3 - Cash and Cash Equivalents

For purposes of the statement of financial condition classification and the statement of cash flows, the Credit Union considers all highly-liquid debt instruments, purchased with a maturity of three months or less, to be cash and cash equivalents. The compositions of cash and cash equivalents are as follows at December 31:

	2024	2023
Cash on hand	**$ 1,910,351**	$ 1,731,889
Deposits in corporate federal credit union	**44,075,610**	55,025,832
Deposits with others	**3,435,342**	3,712,810
	$ 49,421,303	$ 60,470,531

The Credit Union has not experienced any losses in such accounts. The Credit Union believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 4 - Securities Available for Sale

The amortized cost and fair values of the Credit Union's securities available for sale are as follows at December 31:

2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
U.S. Governmental agency obligations	**$ 82,560,106**	**$ -**	**$ 7,439,965**	**$ 75,120,141**
Mortgage-backed securities	**18,108,908**	**282**	**4,137,325**	**13,971,865**
Negotiable certificates of deposit	**993,000**	**-**	**-**	**993,000**
	$ 101,662,014	**$ 282**	**$ 11,577,290**	**$ 90,085,006**
2023				
U.S. Governmental agency obligations	$ 84,554,313	$ -	$ 9,248,835	$ 75,305,478
Mortgage-backed securities	19,438,659	228	4,252,713	15,186,174
Negotiable certificates of deposit	993,000	-	-	993,000
	$ 104,985,972	$ 228	$ 13,501,548	$ 91,484,652

The amortized cost and estimated fair value of securities available for sale at December 31, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without penalties.

	2024		**2023**	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**
Due within one year	**$ 6,743,716**	**$ 6,615,180**	$ 2,000,000	$ 1,985,240
Due after one year through five years	**68,234,195**	**62,301,399**	66,973,722	60,328,040
Due after five years through ten years	**8,575,195**	**7,196,562**	16,573,591	13,985,198
Mortgage-backed securities	**18,108,908**	**13,971,865**	19,438,659	15,186,174
	$ 101,662,014	**$ 90,085,006**	$ 104,985,972	$ 91,484,652

Note 4 - Securities Available for Sale (continued)

Information pertaining to securities available for sale with gross unrealized losses, aggregated by length of time that individual securities have been in a continuous loss position, follows at December 31:

	Less Than Twelve Months		Greater Than Twelve Months	
2024	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**
U.S. Governmental agency obligations	**$ -**	**$ -**	**$ 7,439,965**	**$ 75,120,141**
Mortgage-backed securities	**110**	**46,170**	**4,137,215**	**13,880,086**
	$ 110	**$ 46,170**	**$ 11,577,180**	**$ 89,000,227**
2023				
U.S. Governmental agency obligations	$ -	$ -	$ 9,248,835	$ 75,305,478
Mortgage-backed securities	-	-	4,252,713	15,118,815
	$ -	$ -	$ 13,501,548	$ 90,424,293

At December 31, 2024, the 67 securities with unrealized losses have depreciated 11.51% from the Credit Union's amortized cost basis. The majority of these securities are either guaranteed by the U.S. Government or secured by mortgage loans. Management has the intent and ability to hold debt securities until recovery and does not believe it will have to sell the securities prior to recovery. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. At December 31, 2024, the Credit Union concluded no credit loss exists and; therefore, there was no ACL related to the available for sale portfolio.

Note 5 - Loans to Members

The following table presents total loans outstanding by portfolio segment at December 31:

	2024	2023
Real estate secured	**$ 1,373,651**	$ 1,588,107
Home equity and lines of credit	**62,119,536**	55,478,743
Vehicle secured	**36,434,873**	40,823,946
Vehicle secured, indirect lending	**118,478,483**	142,799,090
Credit cards	**13,546,624**	14,530,103
Share secured	**243,884**	336,577
Government guaranteed student loans	**3,992**	7,922
Private student loans	**690,148**	985,730
Unsecured	**16,723,027**	19,252,756
Gross loans	**249,614,218**	275,802,974
Add (deduct)		
Net deferred loan origination costs	**2,145,917**	2,873,130
Allowance for credit losses	**(1,638,930)**	(1,888,011)
Net loans	**$ 250,121,205**	$ 276,788,093

Note 6 - Loan Quality

The following tables presents activity in the ACL under the CECL methodology for the years ended December 31:

2024	Beginning Balance	Loans Charged Off	Recoveries	Provision (Reversals)	Ending Balance
Real estate secured	$ -	$ -	$ -	$ -	$ -
Home equity and lines of credit	5,505	(213,538)	138,100	283,220	213,287
Vehicle secured	325,123	(827,125)	269,399	515,656	283,053
Vehicle secured, indirect lending	510,383	(925,986)	402,491	466,807	453,695
Credit cards	92,242	(1,005,223)	111,854	909,460	108,333
Share secured	-	-	-	-	-
Government guaranteed student loans	-	-	-	-	-
Private student loans	-	(25,338)	27,222	(1,884)	-
Unsecured	954,758	(1,436,327)	241,390	820,741	580,562
	$ 1,888,011	$ (4,433,537)	$ 1,190,456	$ 2,994,000	$ 1,638,930

Note 6 - Loan Quality (continued)

2023	Beginning Balance	Loans Charged Off	Recoveries	Provision (Reversals)	Ending Balance
Real estate secured	$ -	$ -	$ -	$ -	$ -
Home equity and lines of credit	163,569	(216,771)	256,994	(198,287)	5,505
Vehicle secured	640,789	(842,825)	362,639	164,520	325,123
Vehicle secured, indirect lending	342,576	(471,926)	349,785	289,948	510,383
Credit cards	333,476	(489,742)	64,790	183,718	92,242
Share secured	210	-	-	(210)	-
Government guaranteed student loans	-	-	-	-	-
Private student loans	6,897	(99,046)	3,289	88,860	-
Unsecured	568,837	(1,462,799)	141,269	1,707,451	954,758
	$ 2,056,354	$ (3,583,109)	$ 1,178,766	$ 2,236,000	$ 1,888,011

As part of its process to calculate the ACL, the Credit Union reviews several credit quality factors, including payment status (performing, nonperforming, and aging).

The following table presents a summary of nonperforming assets as of December 31:

	2024		2023	
	Balance	Percent of Loan Segment	Balance	Percent of Loan Segment
Home equity and lines of credit	**$ 467,973**	**0.75 %**	$ 171,709	0.31 %
Vehicle secured	**352,582**	**0.97**	465,378	1.14
Vehicle secured, indirect lending	**536,175**	**0.45**	598,252	0.42
Credit cards	**405,747**	**3.00**	267,535	1.84
Private student loans	**7,949**	**1.15**	17,897	1.82
Unsecured	**368,311**	**2.20**	567,920	2.95
Total nonperforming assets	**$ 2,138,737**		$ 2,088,691	
Nonperforming assets to total gross loans		**0.86 %**		0.76 %
Nonperforming assets to total assets		**0.52 %**		0.46 %
Allowance for credit losses to nonperforming assets		**76.63 %**		90.39 %

The Credit Union ceases accrual on loans delinquent greater than 90 days except for student loans and credit cards. Unrecorded income on these nonaccrual loans was $35,533 and $27,209 at December 31, 2024 and 2023, respectively.

Note 6 - Loan Quality (continued)

The Credit Union has several classes of consumer loans which carry distinct credit risks. Loan delinquency for loan classes is a common credit quality indicator that the Credit Union monitors and utilizes in the evaluation of the adequacy of the ACL for the consumer portfolio segment. Past due information for each class of consumer loans is as follows at December 31:

		Loans Past Due (Days)				
2024	**Current**	**31-60**	**61-90**	**90+ and Accruing**	**90+ Nonaccrual (Nonperforming)**	**Total**
Real estate secured	**$ 1,373,651**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,373,651**
Home equity and lines of credit	**60,807,712**	**643,969**	**199,882**	**-**	**467,973**	**62,119,536**
Vehicle secured	**34,800,087**	**921,272**	**360,932**	**-**	**352,582**	**36,434,873**
Vehicle secured, indirect lending	**115,710,627**	**1,545,137**	**686,544**	**-**	**536,175**	**118,478,483**
Credit cards	**12,622,083**	**265,402**	**253,392**	**405,747**	**-**	**13,546,624**
Share secured	**243,884**	**-**	**-**	**-**	**-**	**243,884**
Government guaranteed student loans	**3,992**	**-**	**-**	**-**	**-**	**3,992**
Private student loans	**664,859**	**17,340**	**-**	**-**	**7,949**	**690,148**
Unsecured	**15,816,462**	**294,521**	**243,733**	**-**	**368,311**	**16,723,027**
	$ 242,043,357	**$ 3,687,641**	**$ 1,744,483**	**$ 405,747**	**$ 1,732,990**	**$ 249,614,218**
2023						
Real estate secured	$ 1,588,107	$ -	$ -	$ -	$ -	$ 1,588,107
Home equity and lines of credit	54,634,999	576,236	95,799	-	171,709	55,478,743
Vehicle secured	39,162,488	831,834	364,246	-	465,378	40,823,946
Vehicle secured, indirect lending	139,729,272	1,750,380	721,186	-	598,252	142,799,090
Credit cards	13,926,931	228,128	107,509	267,535	-	14,530,103
Share secured	320,844	15,733	-	-	-	336,577
Government guaranteed student loans	7,922	-	-	-	-	7,922
Private student loans	967,833	-	-	-	17,897	985,730
Unsecured	17,996,890	475,427	212,519	-	567,920	19,252,756
	$ 268,335,286	$ 3,877,738	$ 1,501,259	$ 267,535	$ 1,821,156	$ 275,802,974

Modifications

Effective January 1, 2023, the Credit Union adopted ASU 2022-02, which eliminated the accounting guidance for TDRs and requires disclosures for certain loan modifications when a borrower is experiencing financial difficulty.

Note 6 - Loan Quality (continued)

Modifications (continued)

Occasionally, the Credit Union modifies loans to borrowers in financial distress as a part of its loss mitigation activities. Various types of modification may be offered, including principal forgiveness, term extension, payment delays, or interest rate reductions. In some cases, the Credit Union will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession may be granted. For loans included in the "combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period.

The followings tables present the amortized cost basis at December 31, 2024 and 2023 of the loans modified for borrowers experiencing financial difficulty, by loan category and type of concession granted. Percentages labeled as "NM" are not measurable to the class of financing receivable, as they are less than 0.1% of the total class.

	Term Extension	
	Amortized Cost Basis at December 31, 2024	**% of Total Class of Financing Receivable**
Vehicle secured	**$ 354,688**	**1.0%**
Vehicle secured, indirect lending	**731,770**	**0.6%**
Credit cards	**18,367**	**0.1%**
Unsecured	**182,045**	**1.1%**
	$ 1,286,870	
	Combination - Payment Delay and Term Extension	
Vehicle secured	**$ 44,729**	**0.1%**
Vehicle secured, indirect lending	**37,756**	**NM**
Unsecured	**43,801**	**NM**
	$ 126,286	

	Term Extension	
	Amortized Cost Basis at December 31, 2023	**% of Total Class of Financing Receivable**
Home equity and lines of credit	$ 93,570	0.2%
Vehicle secured	588,625	1.4%
Vehicle secured, indirect lending	777,417	0.5%
Share secured	6,043	1.8%
Unsecured	126,596	0.7%
	$ 1,592,251	

Note 6 - Loan Quality (continued)

Modifications (continued)

	Combination - Interest Rate Change and Term Extension	
	Amortized Cost Basis at December 31, 2023	**% of Total Class of Financing Receivable**
Vehicle secured	$ 11,025	NM
Vehicle secured, indirect lending	32,168	NM
	$ 43,193	

For the year ended December 31, 2024, there were no modifications for borrowers experiencing financial difficulty with an interest rate reduction or principal forgiveness concessions; and for the year ended December 31, 2023, there were no modifications for borrowers experiencing financial difficulty with a payment delay or principal forgiveness concessions.

Note 7 - Accrued Interest Receivable

Accrued interest receivable consists of the following at December 31:

	2024	**2023**
Accrued interest on loans	**$ 832,657**	$ 877,274
Accrued income on investments	**204,309**	208,044
	$ 1,036,966	$ 1,085,318

Note 8 - Property and Equipment

Property and equipment consists of the following at December 31:

	2024	**2023**
Land and land improvements	**$ 3,094,899**	$ 3,094,899
Building and improvements	**8,397,792**	8,385,702
Furniture and equipment	**3,968,424**	3,968,424
Data processing equipment	**4,046,323**	3,997,866
Leasehold improvements	**447,167**	447,167
Fixed asset suspense	**42,812**	104,256
	19,997,417	19,998,314
Accumulated depreciation and amortization	**(13,108,833)**	(12,555,767)
	$ 6,888,584	$ 7,442,547

Note 8 - Property and Equipment (continued)

Depreciation expense charged to operations was $553,064 and $491,189 for the years ended December 31, 2024 and 2023, respectively.

Note 9 - Vizo Financial Corporate Credit Union Perpetual Contributed Capital

The Perpetual Contributed Capital account has a perpetual maturity and is callable only at the option of Vizo Financial Corporate Credit Union (Vizo Financial) with the prior consent of the NCUA. This account is not subject to share insurance coverage by the NCUSIF or other deposit insurers. This account is subordinated to all other liabilities of Vizo Financial, including uninsured obligations to shareholders and the NCUSIF.

Note 10 - Members' Shares and Savings Accounts

Composition of Members' Shares and Savings Accounts

	Rates at December 31, 2024	December 31, 2024	December 31, 2023
Regular share	**0.00%-0.10%**	**$ 139,996,618**	$ 154,707,378
Money market	**0.00%-0.90%**	**35,296,540**	44,328,786
Share draft	**0.00%-2.00%**	**79,981,842**	81,993,610
IRA	**0.10%**	**1,293,425**	1,428,198
High yield savings	**0.00%-4.25%**	**8,594,778**	-
		265,163,203	282,457,972
Share and IRA certificates			
0.20% to 1.00%		**2,404,110**	5,131,577
1.01% to 2.00%		**531,115**	2,047,904
2.01% to 3.00%		**3,274,288**	5,704,926
3.01% to 4.00%		**15,199,868**	20,004,012
4.01% to 5.00%		**47,369,079**	31,338,954
5.01% to 5.75%		**38,874,674**	24,856,124
		107,653,134	89,083,497
		$ 372,816,337	$ 371,541,469

Note 10 - Members' Shares and Savings Accounts (continued)

Scheduled Maturities of Members' Shares and Savings Accounts

	December 31, 2024	December 31, 2023
No contractual maturity	**$ 265,163,203**	$ 282,457,972
Maturity within one year	**41,666,748**	42,223,980
Maturity within one to two years	**35,525,335**	16,360,211
Maturity within two through five years	**30,461,051**	30,499,306
	$ 372,816,337	$ 371,541,469

Regular shares, money market shares, share draft, and individual retirement account shares have no contractual maturity. Certificate accounts have maturities of five years or less.

The NCUSIF insures members' shares up to $250,000 per depositor. Separately, individual IRA accounts are also insured up to $250,000.

In addition to the share insurance provided by the NCUSIF, the Credit Union carries an additional $250,000 per account with a private insurer.

The aggregate amounts of members' shares and savings accounts in denominations of $250,000 or more were $101,707,460 and $93,004,635 at December 31, 2024 and 2023, respectively.

Note 11 - Borrowings

The Credit Union maintains a $37,000,000 line of credit with Vizo Financial at a rate to be determined by the lender when funds are borrowed, 5.25% and 6.25% at December 31, 2024 and 2023, respectively. The Credit Union had no outstanding balances at December 31, 2024 and 2023. The line is collateralized by the Credit Union's loan portfolio.

The Credit Union closed a $25,000,000 line of credit in 2023. The line was collateralized by the Credit Union's Federal Agency Securities portfolio.

The Credit Union has a borrowing capacity of $80,000,000 with the Federal Reserve Bank discount window. Borrowings are collateralized by the Credit Union's investments, which are selected by the Federal Reserve upon request to borrow. The agreement does not have an established limit and borrowings are based on the fair market value of the collateral offered. The Credit Union has an outstanding balance of $12,000,000 and $55,000,000 at December 31, 2024 and 2023, respectively. At December 31, 2024, the interest rate was 5.40% and the maturity date is March 11, 2025.

Note 12 - Employee Benefit Plans

Pension Plan

The Credit Union has a defined contribution money purchase pension plan, which covers substantially all employees who meet eligibility requirements. The Credit Union contributes a percentage of eligible compensation. Contribution expense for 2024 and 2023 was $198,129 and $201,662, respectively.

Defined Contribution Plan

The Credit Union has a defined contribution plan qualifying under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet eligibility requirements and deferrals are elective. The Credit Union matches 50% of the 6% of employee elective deferrals. Contribution expense for 2024 and 2023 was $71,575 and $82,434, respectively.

Deferred Compensation Plans

Split-Dollar Life Insurance

In 2016, the Credit Union entered into a split-dollar insurance agreement with four members of the Credit Union's management. The agreements were established as a collateral assignment arrangement between the Credit Union and those executives. Under the agreements, the executives are the owners of the life insurance policies and make a collateral assignment to the Credit Union in return for lending the executives the funds to pay the premiums on the policies. The loans to the four officers were made on May 31, 2016. The first year premiums were paid and the excess was deposited to a Credit Union share account. At the time of death, the Credit Union will be repaid the loan amount, plus accrued interest by utilizing the value of the insurance policy. Due to the nonrecourse provisions of the agreements, the Credit Union periodically reviews the loans for impairment and, to the extent the loan carrying value exceeds the assigned collateral value, charges the difference to expense. The loan balances under these agreements were $6,150,001 at both December 31, 2024 and 2023. The cash value of the life insurance associated with these agreements was $6,477,479 and $6,273,842 at December 31, 2024 and 2023, respectively. The Credit Union share balances associated with these agreements was $-0- at both December 31, 2024 and 2023. The difference between the outstanding loan balances and the associated collateral represents the potential exposure to the Credit Union associated with entering into these arrangements.

457(f) Deferred Compensation Plan

In 2016, the Credit Union established a nonqualified 457(f) deferred compensation plan for the benefit of certain members of management. The purpose of these plans is to allow members of management, whose participation in the Credit Union's pension and defined contribution 401(k) plans is limited by regulatory requirements, to realize retirement benefits at comparable levels to those of the remainder of employees. Under the terms of the plan, the Credit Union agrees to provide the executives with a defined benefit totaling $1,112,999 at the time of vesting. The vesting dates range from 2029 to 2031. The Credit Union accrues for this liability on a yearly basis. At December 31, 2024 and 2023, the total accrued liability for this plan was $504,718 and $422,357, respectively, and is included in accounts payable and other liabilities on the statement of financial condition.

Note 13 - Credit Union Owned Life Insurance

The Credit Union is the owner and substantial beneficiary of several life insurance policies. The policies are recorded at cash surrender value, and increases or decreases in cash surrender values are included in other noninterest income. The cash value of the life insurance and contracts was $4,028,082 and $3,919,134 at December 31, 2024 and 2023, respectively.

Note 14 - Commitments and Contingencies

Legal Contingencies

The Credit Union is a party to various legal actions normally associated with financial institutions, the aggregate effect of which, in management's opinion, would not be material to the financial condition or results of operations of the Credit Union.

Financial Instruments with Off-Balance Sheet Risk

The Credit Union is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members. These financial instruments include approved, but unfunded consumer loans, home equity lines of credit, and credit card commitments. They involve, to varying degrees, elements of credit risk in excess of the amounts recognized on the statement of financial condition.

The Credit Union's exposure to credit loss, in the event of nonperformance by the other parties to the financial instrument for these commitments, is represented by the contractual amounts of those instruments. The Credit Union uses the same credit policies in making these commitments as it does for on-balance sheet instruments. These commitments are as follows:

2024	**Fixed Rate**	**Variable Rate**	**Total**
Home equity lines of credit	**$ -**	**$ 20,453,915**	**$ 20,453,915**
Credit cards	**-**	**45,128,368**	**45,128,368**
Share draft lines of credit	**-**	**1,237,083**	**1,237,083**
Overdraft protection	**8,106,487**	**-**	**8,106,487**
	$ 8,106,487	**$ 66,819,366**	**$ 74,925,853**
2023			
Home equity lines of credit	$ -	$ 20,003,153	$ 20,003,153
Credit cards	-	45,541,289	45,541,289
Share draft lines of credit	-	1,364,577	1,364,577
Overdraft protection	8,232,236	-	8,232,236
	$ 8,232,236	$ 66,909,019	$ 75,141,255

Note 14 - Commitments and Contingencies (continued)

Financial Instruments with Concentrations of Credit Risk

Home Equity and Unsecured Lines of Credit

Home equity and unsecured lines of credit are agreements to lend to a member, as long as there is no violation of any condition established in the agreement. Many of the commitments will expire without being fully utilized. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis. Collateral held includes real estate for home equity lines of credit.

Credit Card Commitments

Credit card commitments are commitments on credit cards issued by the Credit Union and serviced by PSCU Service Centers, Inc. These commitments are unsecured.

Overdraft Protection Program and Other Unfunded Commitments

Unfunded commitments under revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date, and may not be drawn upon to the total extent to which the Credit Union is committed.

Concentration by Geographic Location

The Credit Union has a significant concentration of loans to members located primarily in New Castle County, Delaware and Cecil County, Maryland. Although the Credit Union has a diversified loan portfolio, a substantial portion of its members' abilities to honor their contracts is dependent upon the effect of the local economy on the Credit Union's field of membership. See Note 5 for concentration by loan type.

Other Contingencies, Credit Risk

Financial Instruments with Concentrations of Credit Risk

Cash and Cash Equivalents

The Credit Union has deposit accounts with various financial institutions in addition to maintaining working cash on hand approximating $1,910,000 and $1,732,000 at December 31, 2024 and 2023, respectively. Amounts due from financial institutions may, at times, exceed federally insured limits.

The Credit Union is required to maintain a reserve balance with the Federal Reserve Bank based upon a percentage of deposits.

Investment Securities

The Credit Union's investment securities are being held in accordance with the terms of safekeeping agreements with various brokers.

Although the Credit Union has credit risk due to the uninsured portion of the above deposits and investments, the Credit Union does not anticipate any accounting loss.

Note 15 - Related Party Transactions

Transactions with Directors, Principal Officers, Employees, and Immediate Family Members

Directors, principal officers, and employees of the Credit Union, including their family members who are members of the Credit Union, are considered to be related parties.

The Credit Union has had, and may be expected to have in the future, transactions in the ordinary course of business with directors, principal officers, employees, and their immediate families. The aggregate amount of these transactions is not significant to the financial statements.

Note 16 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, FASB ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Note 16 - Fair Value Measurements (continued)

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Securities Available for Sale

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly-liquid government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage backed agency securities, obligations of states and political subdivisions, certain corporate, asset backed, and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

The following tables summarize the securities available for sale measured at fair value on a recurring basis as of December 31, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

	Fair Value Measurements at December 31, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
U.S. Governmental agency obligations	**$ -**	**$ 75,120,141**	**$ -**	**$ 75,120,141**
Mortgage-backed securities	**-**	**13,971,865**	**-**	**13,971,865**
Negotiable certificates of deposit	**-**	**993,000**	**-**	**993,000**
	$ -	**$ 90,085,006**	**$ -**	**$ 90,085,006**

	Fair Value Measurements at December 31, 2023			
U.S. Governmental agency obligations	$ -	$ 75,305,478	$ -	$ 75,305,478
Mortgage-backed securities	-	15,186,174	-	15,186,174
Negotiable certificates of deposit	-	993,000	-	993,000
	$ -	$ 91,484,652	$ -	$ 91,484,652

Note 17 - Capital Requirements

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance sheet instruments as calculated under generally accepted accounting principles. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth (as defined) to total assets (as defined).

Effective January 1, 2022, the NCUA's Final Rule became effective for Risk-Based Capital. The Final Rule restructures the existing risk-based net worth ratio with a new risk-based capital ratio for complex, federally insured, natural-person credit unions. Under Section 702.103 of the NCUA's Final Rule, a credit union is defined as complex only if the credit union's quarter-end total assets exceed $500 million on its most recent call report. Credit unions defined as complex can also opt into the Complex Credit Union Leverage Ratio (CCULR), which is part of the NCUA's Final Rule. If a credit union elects the CCULR framework and maintains the minimum net worth ratio, it will be considered well capitalized and does not need to calculate a risk-based capital ratio under the NCUA's Final Risk Based Capital Rule. To qualify for CCULR, a credit union must: (a) maintain a CCULR ratio of 9% or greater; (b) total off-balance sheet exposure of 25% or less of total assets; (c) total trading assets plus total trading liabilities of 5% or less of total assets; and (d) total goodwill plus total other intangible assets of 25% or less of total assets.

As of December 31, 2024, the Credit Union's total assets are less than $500 million and, therefore, are not subject to the Risk-Based Capital Rule.

As of December 31, 2024, the NCUA categorized the Credit Union as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," the Credit Union must maintain a minimum net worth ratio of 7% of assets. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

The Credit Union's actual capital amounts and ratios are also presented as follows at December 31:

	Actual		To be Adequately Capitalized under Prompt Corrective Action Provisions		To be Well Capitalized under Prompt Corrective Action Provisions	
2024	**Amount ***	**Ratio**	**Amount ***	**Ratio**	**Amount ***	**Ratio**
Net worth	**$ 38,352**	**9.52%**	**$ 24,869**	**6.00%**	**$ 29,014**	**7.00%**
2023						
Net worth	$ 38,083	8.39%	$ 27,234	6.00%	$ 31,773	7.00%

* (Dollars in thousands)

Note 18 - Subsequent Events

The Credit Union has evaluated subsequent events through February 26, 2025. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2024 were noted.

Board of Directors

Joyce A. Kidd
Chair

Regina U. Edmiston
Vice Chair

Fuji P. Le
Treasurer

David S. Marianelli
Assistant Treasurer

Marie H. Davis
Secretary

Kim C. Hall
Assistant Secretary

Daniel F. Costa
Director

Zenaida O. Gephardt
Director

Richard R. Schneider
Director

Locations and Hours

Elkton
975 E. Pulaski Highway
Elkton, MD 21921
Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.

Foulk Road
300 Foulk Road
Wilmington, DE 19803
Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.

Middletown
110 Sandhill Drive
Middletown, DE 19709
Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.
Saturday 9:00 a.m. - 1:00 p.m.

Possum Park
700 Capital Trail Unit 15
Newark, DE 19711
Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.
Saturday 9:00 a.m. - 1:00 p.m.

Prices Corner
1310 Centerville Road
Wilmington, DE 19808
Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.
Saturday 9:00 a.m. - 1:00 p.m.

Red Lion Road
118 Jestan Boulevard
New Castle, DE 19720
Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 10:00 a.m. - 6:00 p.m.

Member Contact Center
24/7
Email: memberservices@dexsta.com
Web: www.dexsta.com
Phone: 833-2DEXSTA