



2024 ANNUAL REPORT

95th Annual Meeting

68,976 Members

\$54MM Deposit Growth

\$690MM Member Loans



NEIGHBORHOOD CREDIT UNION

95th ANNUAL MEMBER MEETING AGENDA

- I. Welcoming Remarks
- II. Meeting Call to Order
- III. Appointment of Recording Secretary
- IV. Introductions
- V. Ascertain Presence of a Quorum
- VI. Reading of the 94th Annual Meeting Minutes
- VII. Chairman's Report
- VIII. New Business
- IX. Nominating Committee Report/Election
- X. Results of Election
- XI. Adjournment

Executive Committee Report

The Board of Directors is responsible for ensuring the credit union's established policies and procedures are adhered to and that the credit union's operations are performed in compliance with state and federal guidelines. Neighborhood Credit Union is a state-chartered credit union insured by the National Credit Union Share Insurance Fund (NCUSIF). Because of this unique structure, the Texas Credit Union Department and the National Credit Union Administration (NCUA) examine our financial operations annually. Neighborhood Credit Union has a professional internal audit group on staff. Their job is to review, evaluate, and make recommendations to strengthen internal controls and to provide oversight of our operations.

The credit union received an "unqualified" opinion regarding the financial statements, results of operations, and cash flows certified by the independent public accounting firm DorenMayhew. DorenMayhew's financial statement audit was as of March 31, 2024, and was conducted in accordance with auditing standards generally accepted in the United States of America.

Message from the Chairman

In 2024, the economy made some slight improvements, allowing a shift toward measured growth. After the rapid interest rate hikes of previous years, the Federal Reserve lowered interest rates modestly, easing borrowing costs for many of our members. At Neighborhood Credit Union, these positive changes have bolstered our ability to innovate and deliver responsive financial solutions. As we continue to navigate evolving market conditions, our commitment remains unwavering: to safeguard your financial well-being and foster your prosperity in every economic climate.

Your credit union achieved the following this past year:

- Membership of approximately 69,000.
- Loans outstanding to the membership were over \$690 million, continuing your confidence in us as the ideal source of your lending needs.
- More than \$22 million was paid in dividends back to our valued members. *This was a new record high!*

A standout moment in 2024 was our merger with RelyOn Credit Union. This partnership has greatly enhanced our capacity to serve members, broadened our presence across North Texas. We also celebrated another significant milestone with the opening of our new branch in Sherman. We are eager to strengthen our ties within this growing community and provide even more convenient banking solutions for our members.

Finally, I want to express my sincere gratitude to my fellow board members for their steadfast dedication and service. With Chet's continued leadership, the guidance of our board of directors, the commitment of our staff, and the ongoing support of our loyal members, Neighborhood Credit Union is well-positioned to embrace every opportunity in 2025, driving the financial success of our members. I truly appreciate your membership and loyalty over the past year.

Message from the President

The past year has been one of growth and transformation for Neighborhood Credit Union. We have strengthened our commitment to serving our members through strategic initiatives, inventive services, and new opportunities that enhance the member experience. The successful launch of our Invite a Friend program has introduced many new members to our membership, reinforcing the power of member referrals. Additionally, the introduction of our Car Finder tool on our website now allows members to conveniently shop for vehicle inventories from local dealerships, making the car-buying process easier than ever.

As your credit union, we remain committed to putting your financial well-being first by offering competitive savings products, low loan rates, and valuable financial education resources. Despite shifting economic conditions, we stayed focused on our mission—ensuring our members have access to the financial tools and support they need to succeed. Thanks to competitive rates and best-in-class offerings, we continued to give back generously, including over \$110,000 in cash rewards through our Prize Savings Account and more than \$22 million in member dividends.

One of the most exciting milestones in 2024 was our merger with RelyOn Credit Union. By joining forces, we have strengthened our ability to serve our members and expanded our reach across North Texas, making us “Better Together.” This merger enhances our collective resources, allowing us to provide even greater value, improved services, and a stronger financial foundation for the future. We are excited to welcome nearly 8,000 RelyOn members into the Neighborhood Credit Union family and look forward to serving them with the same dedication and excellence that define our organization.

Additionally, we celebrated another major achievement, the opening of our new branch in Sherman. This expansion aligns with our mission to foster financial health, security, and wealth-building opportunities in neighborhoods across Texas.

Our team remains dedicated to elevating your banking experience through continual efforts to improve and provide outstanding service. Every day, we uphold our WE CARE service standards, ensuring that each interaction supports your financial success. None of this would be possible without our incredible staff, volunteers, and, most importantly, our members.

Thank you for your continued trust and support. It is an honor to serve you, and we look forward to another year of growth and opportunity in 2025.

Director Information

Terms or Appointment Expiring – March 2025

Dwayne Boozer

Randy Till

Terms or Appointment Expiring – March 2026

Arthur Young

Ron Taylor

Terms or Appointment Expiring – March 2027

Jan Frum

John Logan

Lisa Salas

Executive Changes

In 2024, we added several new senior managers including:

Kristi Brooks hired as Senior Vice President of Marketing & Community Impact

Steve Boylan hired as Senior Vice President of Lending

Cheryl Purrington hired as Vice President of Lending

Nicolle Kovacs promoted to Vice President of Finance

New Products and Services

In 2024, Neighborhood Credit Union introduced our Invite a Friend program that rewards members for referring their friends for membership. The program rewards a \$25 gift card value to the member for each new checking account that is opened while also rewarding the new member. We also introduced our Car Finder on the website, which allows members to search for cars at dealerships throughout the DFW metroplex in a safe environment away from dealer and lender ads.

Bylaw Amendments

The bylaws were amended in 2024 as follows:

Field of membership (FOM) expanded to reflect merger of RelyOn Credit Union with Neighborhood Credit Union as the surviving credit union.

Balance Sheet	2023	2024
Assets	\$1,080,041,520	\$1,122,549,138
Deposits	\$954,300,132	\$1,008,318,551
Loans	\$777,670,028	\$821,212,627
Members	62,006	68,976
Assets		
Loans	\$777,670,028	\$821,212,627
Less Allowance for Loan Loss	(11,860,776)	(15,728,975)
Net Loans	765,809,252	805,483,652
Cash	51,052,980	50,029,921
Investments	181,558,395	175,836,718
Fixed Assets	40,572,889	46,211,956
Other Assets	<u>41,048,004</u>	<u>44,986,891</u>
Total Assets	<u>\$1,080,041,520</u>	<u>\$1,122,549,138</u>
Liabilities		
Accrued Expenses & Other Liability	\$13,467,722	\$15,793,236
Note Payable	<u>20,045,551</u>	<u>0</u>
Total Liabilities	<u>\$33,513,273</u>	<u>\$15,793,236</u>
Membership Equity		
Shares	\$409,288,712	\$444,869,509
Share Drafts	204,629,524	209,788,243
Certificates of Deposit	275,117,732	284,440,806
IRA Deposits	48,576,934	51,078,841
Money Market Deposits	<u>16,687,230</u>	<u>18,141,152</u>
Total Membership Equity	<u>\$954,300,132</u>	<u>\$1,008,318,551</u>
Reserves		
Regulatory Reserves	\$9,277,031	\$9,277,031
Investment Fair Value Adjustment	(14,581,645)	(12,680,346)
One-time Accounting Adjustment	(8,307,133)	0
Undivided Earnings and Net Income	<u>105,839,862</u>	<u>101,840,666</u>
Total Reserves	<u>\$92,228,115</u>	<u>\$98,437,351</u>
Total Liabilities, Membership Equity and Reserves	<u>\$1,080,041,520</u>	<u>\$1,122,549,138</u>

Statement of Operations	2023	2024
Income		
Interest on Loans	\$39,149,117	\$48,479,380
Investments	6,375,080	7,994,198
Other Operating Income	<u>22,549,379</u>	<u>23,049,649</u>
Total Income	\$68,073,576	\$79,523,227
Expenses		
Operating Expenses	\$39,108,999	\$38,478,078
Interest Expenses	17,493,011	22,367,856
Interest Expense on Borrowing	409,424	1,966,837
Provision for Loan Loss	7,207,040	12,185,514
Other Non-Operating (Income) Expenses	<u>438,372</u>	<u>217,005</u>
Total Expenses	64,656,846	75,215,290
Net Income	<u>\$3,416,730</u>	<u>\$4,307,937</u>
Distribution of Income		
Dividends Returned to Members	\$17,493,011	\$22,367,856
Transferred to Reserves	<u>3,416,730</u>	<u>4,307,937</u>
Total Distribution	\$20,909,741	\$26,675,793