



2025

ANNUAL REPORT

96th Annual Meeting



NEIGHBORHOOD CREDIT UNION

96th 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 96th 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, 2025, and was conducted in accordance with auditing standards generally accepted in the United States of America.

Message from the Chairman

In 2025, Neighborhood Credit Union continued to build on the momentum of the previous year while continuing to focus on value, access, and security for our members. As economic conditions continued to evolve, our credit union remained committed to providing competitive savings opportunities, affordable lending solutions, and the guidance members need to confidently navigate their financial journeys.

Your credit union achieved the following this past year:

- Membership of approximately 68,000
- Loans outstanding to the membership were over \$680 million, continuing your confidence in us as the ideal source of your lending needs.
- More than \$21.4 million was paid in dividends back to our valued members.

Building on our merger with RelyOn Credit Union, 2025 marked continued progress in expanding access to financial services across the Kaufman and Forney communities, as well as into the growing Sherman area. These efforts reflect our commitment to supporting North Texas while delivering consistent value to our members.

Looking ahead, we remain focused on delivering secure, convenient banking experiences while ensuring our decisions support the long-term financial well-being of our members. We are proud of the progress made this year and remain dedicated to strengthening the communities we serve.

I would like to extend my sincere appreciation to my fellow board members for their continued dedication and service. With Chet's 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 build on our momentum and pursue new opportunities in the year ahead. Thank you for your membership and the trust you place in us.

Message from the President

The past year brought both progress and thoughtful change for Neighborhood Credit Union. Throughout 2025, we remained focused on strengthening the financial well-being of our members while continuing to enhance the safety, accessibility, and convenience of the services you rely on every day.

As your credit union, we remain dedicated to putting your financial well-being first by providing competitive savings options, affordable loan rates, and meaningful financial education resources. Even as economic conditions evolved throughout the year, we stayed focused on our mission—ensuring members have the tools, guidance, and support needed to achieve their financial goals. Our commitment to delivering strong value allowed us to continue sharing success with our members, including over \$21.4 million returned in member dividends.

This year, we took an important step to strengthen both security and convenience for our members. After evaluating how members access their accounts and consulting with security experts, we transitioned away from branch-based Interactive Teller Machines (ITMs) and ATMs. This change allows us to maintain a safer branch environment while expanding member access well beyond our physical locations. Members now enjoy convenient access to more than 90,000 surcharge-free ATMs nationwide, providing secure, no-cost access to cash wherever they live, work, or travel.

Our mission to foster financial health, security, and wealth-building opportunities remains the foundation of everything we do. Every day, our team works to elevate the member experience while living out our WE CARE service standards, ensuring that each interaction reflects the commitment we have to those we serve.

None of our progress would be possible without the dedication of our employees, the guidance of our volunteer board, and most importantly, the continued trust of our members.

Thank you for being part of the Neighborhood Credit Union family. It is an honor to serve you, and we look forward to continuing to grow together in the year ahead.

Director Information

Terms or Appointment Expiring – March 2026

Arthur Young
Ron Taylor

Terms or Appointment Expiring – March 2027

Jan Frum
John Logan
Lisa Salas

Terms or Appointment Expiring – March 2028

Dwayne Boozer
Randy Till

New Senior Management

In 2025, we added new senior managers including:
Charles Wood promoted to Vice President of IT Operations

New Products and Services

In 2025, Neighborhood Credit Union introduced our Estate360 and our Goal Builder in the mobile app. Estate360 is a program that easily creates important estate planning documents like a last will and testament, power of attorney, living will, trusts, guardianship for minor children and directives for pets. The program offers a digital vault to contain all documents. Goal Builder helps members plan, organize, and achieve their savings goals directly within the mobile app. It makes it easy to set goals for specific purchases, create automated savings rules, and then quietly work in the background to help members stay on track and reach their goals.

Bylaw Amendments

There were no Bylaw Amendments in 2025.

Balance Sheet	2024	2025
Assets	\$1,122,549,138	\$1,125,442,186
Deposits	\$1,008,318,551	\$998,472,112
Loans	\$821,212,627	\$777,927,836
Members	68,976	67,729
Assets		
Loans	\$821,212,627	\$777,927,836
Less Allowance for Loan Loss	(15,728,975)	(14,196,095)
Net Loans	805,483,652	763,731,741
Cash	50,029,921	57,188,018
Investments	175,836,718	214,271,615
Fixed Assets	46,211,956	44,449,318
Other Assets	<u>44,986,891</u>	<u>45,801,494</u>
Total Assets	<u>\$1,122,549,138</u>	<u>\$1,125,442,186</u>
Liabilities		
Accrued Expenses & Other Liability	\$15,793,236	\$16,171,598
Note Payable	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$15,793,236</u>	<u>\$16,171,598</u>
Membership Equity		
Shares	\$444,869,509	\$465,943,028
Share Drafts	209,788,243	214,175,745
Certificates of Deposit	284,440,806	258,227,029
IRA Deposits	51,078,841	47,029,390
Money Market Deposits	<u>18,141,152</u>	<u>13,096,920</u>
Total Membership Equity	<u>\$1,008,318,551</u>	<u>\$998,472,112</u>
Reserves		
Regulatory Reserves	\$9,277,031	\$9,277,031
Investment Fair Value Adjustment	(12,680,346)	(6,440,241)
One-time Accounting Adjustment	0	0
Undivided Earnings and Net Income	<u>101,840,666</u>	<u>107,961,686</u>
Total Reserves	<u>\$98,437,351</u>	<u>\$110,798,476</u>
Total Liabilities, Membership Equity and Reserves	<u>\$1,122,549,138</u>	<u>\$1,125,442,186</u>

Statement of Operations	2024	2025
Income		
Interest on Loans	\$48,479,380	\$50,006,797
Investments	7,994,198	8,229,479
Other Operating Income	<u>23,049,649</u>	<u>23,430,706</u>
Total Income	<u>\$79,523,227</u>	<u>\$81,666,982</u>
Expenses		
Operating Expenses	\$38,478,078	\$41,840,489
Interest Expenses	22,367,856	21,469,078
Interest Expense on Borrowing	1,966,837	0
Provision for Loan Loss	12,185,514	10,964,214
Other Non-Operating (Income) Expenses	<u>217,005</u>	<u>1,272,181</u>
Total Expenses	75,215,290	75,545,962
Net Income	<u>\$4,307,937</u>	<u>\$6,121,020</u>
Distribution of Income		
Dividends Returned to Members	\$22,367,856	\$21,469,078
Transferred to Reserves	<u>4,307,937</u>	<u>6,121,020</u>
Total Distribution	<u>\$26,675,793</u>	<u>\$27,590,098</u>