LANGLEY FEDERAL CREDIT UNION
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Supervisory Committee and
Board of Directors
Langley Federal Credit Union and Subsidiaries
Newport News, Virginia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Langley Federal Credit Union and Subsidiaries (Credit Union), which comprise the consolidated statements of financial condition as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Langley Federal Credit Union and Subsidiaries as of December 31, 2023 and 2022, and the results of their operations and their 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Langley Federal Credit Union and Subsidiaries 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2023, Langley Federal Credit Union adopted new accounting guidance for the measurement of credit losses on financial instruments through a cumulative-effect adjustment to undivided earnings. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 Langley Federal Credit Union and Subsidiaries' 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 consolidated financial statements.

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

Supervisory Committee and Board of Directors
Langley Federal Credit Union and Subsidiaries

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
March 21, 2024

LANGLEY FEDERAL CREDIT UNION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2023 AND 2022
(IN THOUSANDS)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 354,979	$ 318,390
Investments:		
Equity securities	60,314	46,957
Available-for-sale	193,199	226,110
Held-to-maturity	11,499	13,249
Other	31,025	30,005
Deposit advances	41,063	30,105
Loans held-for-sale	240	91
Loans, net	4,607,641	4,239,150
Accrued interest receivable	16,738	12,863
Property and equipment, net	55,025	54,560
NCUSIF deposit	39,915	34,601
Assets held-for-sale	4,048	6,002
Other assets	31,393	25,495
TOTAL ASSETS	$ 5,447,079	$ 5,037,578
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share and savings accounts	$ 4,597,739	$ 4,160,656
Non-member deposits	-	1,000
Borrowed funds	350,000	400,000
Accrued expenses and other liabilities	70,260	56,360
Total liabilities	5,017,999	4,618,016
MEMBERS' EQUITY		
Undivided earnings	448,105	442,429
Accumulated other comprehensive loss	(19,025)	(22,867)
Total member's equity	429,080	419,562
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 5,447,079	$ 5,037,578

See accompanying Notes to Consolidated Financial Statements.

LANGLEY FEDERAL CREDIT UNION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(IN THOUSANDS)

	2023	2022
INTEREST INCOME		
Loans	$ 220,184	$ 157,879
Investments and cash equivalents	22,121	10,311
Total interest income	242,305	168,190
INTEREST EXPENSE		
Members' share and savings accounts	88,207	30,313
Borrowed funds	11,331	6,201
Total interest expense	99,538	36,514
Net interest income	142,767	131,676
PROVISION FOR CREDIT LOSSES	49,234	7,599
Net interest income after provision for credit losses	93,533	124,077
NON-INTEREST INCOME		
Service charges and fees	27,506	21,166
Interchange income	20,437	18,423
Other non-interest income	6,831	6,551
Net gain on sales of loans	135	85
Net gain on sales of assets held-for-sale	11,370	850
Net gain (loss) on equity securities	6,101	(10,770)
Total non-interest income	72,380	36,305
NON-INTEREST EXPENSE		
Employee compensation and benefits	63,267	56,710
Operations	67,907	62,445
Occupancy	7,863	6,948
Total non-interest expense	139,037	126,103
NET INCOME	$ 26,876	$ 34,279

See accompanying Notes to Consolidated Financial Statements.

LANGLEY FEDERAL CREDIT UNION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(IN THOUSANDS)

	2023	2022
NET INCOME	$ 26,876	$ 34,279
OTHER COMPREHENSIVE INCOME (LOSS)		
Securities Available-for-Sale		
Unrealized holding gains (losses) during the period	3,842	(22,096)
Total other comprehensive income (loss)	3,842	(22,096)
TOTAL COMPREHENSIVE INCOME	$ 30,718	$ 12,183

See accompanying Notes to Consolidated Financial Statements.

LANGLEY FEDERAL CREDIT UNION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(IN THOUSANDS)

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE AT DECEMBER 31, 2021	$ 24,767	$ 383,383	$ (771)	$ 407,379
Cumulative Effect of Change in Regulation (See Note 1 - Members' Equity)	(24,767)	24,767	-	-
Net income	-	34,279	-	34,279
Other comprehensive loss	-	-	(22,096)	(22,096)
BALANCE AT DECEMBER 31, 2022	-	442,429	(22,867)	419,562
Cumulative Effect of Change in Accounting Principle - ASC 326 (See Note 1)	-	(21,200)	-	(21,200)
Net income	-	26,876	-	26,876
Other comprehensive income	-	-	3,842	3,842
BALANCE AT DECEMBER 31, 2023	$ -	$ 448,105	$ (19,025)	$ 429,080

See accompanying Notes to Consolidated Financial Statements.

LANGLEY FEDERAL CREDIT UNION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(IN THOUSANDS)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 26,876	$ 34,279
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of mortgage servicing rights	207	262
Capitalization of mortgage servicing rights	(61)	(22)
Change in valuation allowance for mortgage servicing rights	-	(2)
Amortization of premium on investment securities, net	926	1,606
Provision for credit losses	49,234	7,599
Depreciation and amortization	6,101	6,100
Net gain (loss) on equity securities	(6,101)	10,770
Loss on disposal of equipment	410	24
Loans originated for sale	(14)	-
Proceeds from sale of loans	-	502
Net gain on sales of loans	(135)	85
Net change in:		
Deposit advances	(10,958)	(4,554)
Accrued interest receivable	(3,875)	(4,209)
Assets held-for-sale	1,954	(5,541)
Other assets	(6,044)	(3,256)
Accrued expenses and other liabilities	13,900	6,145
Net Cash Provided by Operating Activities	72,420	49,788
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale investments	-	(70,689)
Proceeds from maturities/calls of available-for-sale investments	5,109	8,792
Proceeds from return of principal of available-for-sale investments	30,719	43,431
Proceeds from maturities of deposits in other financial institutions	1,750	8,781
Net change in other investments	(1,020)	(8,238)
Purchases of equity security investments	(7,278)	-
Proceeds from redemption of equity security investments	22	260,800
Loan originations, net of principal collected	(438,925)	(1,077,804)
Increase in NCUSIF deposit	(5,314)	(3,687)
Proceeds from disposal of property and equipment	1,221	928
Purchases of property and equipment	(8,198)	(6,231)
Net Cash Used in Investing Activities	(421,914)	(843,917)

See accompanying Notes to Consolidated Financial Statements.

LANGLEY FEDERAL CREDIT UNION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022
(IN THOUSANDS)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-member deposits	$ -	$ 1,000
Payments made on non-member deposits	(1,000)	-
Proceeds from borrowed funds	550,000	260,000
Payments made on borrowed funds	(600,000)	(110,000)
Net change in members' share and savings accounts	437,083	674,014
Net Cash Provided by Financing Activities	386,083	825,014
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,589	30,885
Cash and cash equivalents, beginning of year	318,390	287,505
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 354,979	$ 318,390
SUPPLEMENTARY DISCLOSURE OF NONCASH AND CASH FLOW INFORMATION		
Interest paid on members' share and savings accounts	$ 88,207	$ 30,313
Interest paid on borrowed funds	$ 9,571	$ 5,611
Transfer of Loans to Assets held-for-sale	$ -	$ 5,541
Cumulative Effect of Change in Accounting Principle - ASC 326 (See Note 1)	$ 21,200	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Langley Federal Credit Union (the Credit Union) is a cooperative association holding a charter in accordance with the provisions of the Federal Credit Union Act for the purpose of promoting thrift among and creating a source of credit for its members. Participation in the Credit Union is limited to those individuals who qualify for membership. The field of membership is defined in the Credit Union's Charter and Bylaws and consists of employees and former employees of select employers and organizations who have petitioned for membership.

Principles of Consolidation

The consolidated financial statements include the accounts of the Credit Union and its subsidiaries, Langley Financial Services, LLC, Cooperative Title Services, LLC, Lakefront Trustee Services, LLC, RIVA Mortgage, LLC, Coastal Nest Mortgage, LLC, Langley Lending Services, LLC, and Garrett Mortgage, LLC (the CUSOs). All CUSOs are wholly owned except Garrett Mortgage, LLC, RIVA Mortgage, LLC, and Coastal Nest Mortgage, LLC, which the Credit Union owns 80% of each. These CUSOs are engaged primarily in providing investment and insurance products, title insurance and mortgage lending services, to Credit Union members. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates in Preparing Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term include the valuation of securities and determination of the allowance for credit losses.

Financial Instruments with Concentrations of Credit Risk

The Credit Union may be exposed to credit risk from a regional economic standpoint because a significant concentration of its borrowers work or reside in Southeast Virginia. The Credit Union continually monitors its operations, including the loan and investment portfolios, for potential impairment.

However, the loan portfolio is well diversified, and the Credit Union does not have significant concentrations of credit risk except vehicle and residential real estate loans which management monitors on an ongoing basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the Consolidated Statements of Financial Condition and the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, amounts due from financial institutions, and highly liquid debt instruments classified as cash that were purchased with maturities of three months or less. Amounts due from financial institutions may, at times, exceed federally insured limits.

Equity Securities

Equity securities with readily determinable fair values are reported at fair value with changes in fair value included in earnings.

Debt Securities

Debt securities are classified as held-to-maturity when the Credit Union has the positive intent and ability to hold the securities to maturity and are carried at amortized cost. Debt securities not classified as held-to-maturity are classified as available-for-sale. Debt securities available-for-sale are carried at fair value with unrealized gains and losses reported in Other Comprehensive Income (Loss). Realized gains and losses on securities available-for-sale are included in Net Gain on Securities Available-for-Sale on the Consolidated Statements of Income and, when applicable, are reported as a reclassification adjustment in Other Comprehensive Income (Loss). Gains and losses on sales of securities are determined using the specific identification method on the trade date. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method. For callable debt securities purchased at a premium, the amortization period is shortened to the earliest call date.

Effective January 1, 2023, with the adoption of FASB ASC 326, for available for sale debt securities in an unrealized loss position, the Credit Union first assesses whether it intends to sell, or is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of these criteria are met, the security's amortized costs basis is written down to fair value through income. If these criteria are not met, the Credit Union evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized costs, any changes in the underlying credit rating of the security, and adverse conditions specifically related to the security, among other factors. If it is determined that a credit loss exists, the present value of cash flows expected to be collected from the security are 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 is recorded, which is limited by the amount that the fair value is less than the amortized costs basis.

Any impairment that has not been recorded through an allowance for credit losses is recognized as a component of other comprehensive income (loss). Changes in the allowance for credit losses are recorded as a provision for credit loss. Prior to the adoption of ASC 326, the Credit Union used an other than temporary impairment model.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Investments

Other investments are recorded at cost and evaluated for credit events resulting in impairment.

Deposit Advances

The Credit Union makes ACH credits available to its members upon receipt. The majority of these credits are direct deposit transactions funded by the Credit Union in advance of the settlement date.

Loans Held-For-Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value. Gains and losses on sales of loans are recognized at settlement dates and are determined by the difference between the sales proceeds and the carrying value of the loans. All sales are made without recourse.

Loans, Net

The Credit Union grants consumer, residential real estate, and commercial loans to members. The ability of the members to honor their contracts is dependent upon the real estate and general economic conditions comprising the Credit Union's field of membership.

Loans that the Credit Union has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at their outstanding unpaid principal balances, adjusted for an allowance for loan losses and net deferred origination costs. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

The accrual of interest income on loans, other than credit card loans, is discontinued at the time the loan is 90 days past due, unless the credit is well-secured and in the process of collection. Consumer loans are typically charged off no later than 180 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if the collection of principal and interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method until qualifying for return to accrual. Loans are returned to accrual status when all of the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using methods approximating the interest method over the contractual life of the loans, adjusted for estimated prepayments based on the Credit Union's historical prepayment experience. The Credit Union does not charge commitment fees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans, Net (Continued)

Loan portfolio segments and their risk characteristics are described as follows:

Consumer: These loans are usually comprised of a large number of small loans. Most loans are made directly for consumer purchases. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Residential Real Estate: 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. These loans generally possess a lower inherent risk of loss than commercial real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

The portfolio segments that are risk rated and their risk characteristics are described as follows:

Commercial - Real Estate: These loans generally possess a higher inherent risk of loss than residential real estate portfolio segments. Adverse economic developments, or an overbuilt market, impact commercial real estate projects and may result in troubled loans. Trends in vacancy rates of commercial properties impact the credit quality of these loans. High vacancy rates reduce operating revenues and the ability for the properties to produce sufficient cash flow to service debt obligations.

Commercial - Other: Commercial loans may also be underwritten based on cash flows or inventories of operating businesses. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Allowance for Credit Losses on Loans

Effective, January 1, 2023, the allowance for credit losses on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The allowance for credit losses on loans is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the balance sheet date. Loan losses are charged off against the allowance for credit losses on loans when the Credit Union determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on loans.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses on Loans (Continued)

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for differences in current loan specific risk characteristics such as differences in underwriting standards, portfolio mix, or delinquencies, as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

Expected credit losses are estimated on a collective basis for groups of loans that share similar risk characteristics. Factors that may be considered in aggregating loans for this purpose include collateral type and internal risk ratings. For loans that do not share similar risk characteristics with other loans such as collateral dependent loans, expected credit losses are estimated on an individual basis.

Expected credit losses are estimated over the contractual terms of the loans, adjusted for expected prepayments. 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.

The allowance for credit losses on loans estimate incorporates a reasonable and supportable economic forecast through the use of externally developed macroeconomic scenarios applied in the model. The model includes both current and forecasted unemployment rates. The length of the reasonable and supportable forecast period is evaluated at each reporting period and adjusted if deemed necessary. Currently, the Credit Union uses a 1-year reasonable and supportable forecast period in estimating the allowance for credit losses on loans. After the reasonable and supportable forecast period, the models effectively revert to long-term mean loss on a straight-line basis over 12 months.

Loans are charged off against the allowance for credit losses on loans in the period in which they are deemed uncollectible and recoveries are credited to the allowance for credit losses on loans when received. Expected recoveries on loans previously charged off and expected to be charged-off are included in the allowance for credit losses on loans estimate. Once loans are downgraded to substandard, an assessment of collateral value is made. Commercial and other consumer loans are charged off after 180 days delinquent or when, in management's judgment, they are considered to be uncollectible.

The Credit Union elected to exclude accrued interest receivable from the amortized cost basis of loans. As of December 31, 2023, and 2022, accrued interest receivable for loans totaled $16,201 and $12,365, respectively, and is included in accrued interest receivable on the consolidated statements of financial condition.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses on Loans (Continued)

The Credit Union utilizes a remaining life CECL methodology for all of its loan pools. The remaining life method considers an estimate of expected credit losses over the remaining life of the financial assets and uses average annual charge-off rates to estimate the allowance for credit losses. For amortizing assets, the remaining contractual life is adjusted by the expected scheduled payments and prepayments. The average annual charge-off rate is applied to the amortization-adjusted remaining life to determine the unadjusted lifetime historical charge-off rate.

The Credit Union's expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data. The Credit Union's historical lookback period includes 2018 through the current period, on an annual basis. When historical credit loss experience is not sufficient for a specific portfolio, the Credit Union may supplement its own portfolio data with external models or data.

Qualitative reserves reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration other analytics performed within the organization, such as enterprise and concentration management, along with other credit–related analytics as deemed appropriate. Management attempts to quantify qualitative reserves whenever possible. The CECL methodology applied focuses on evaluation of qualitative and environmental factors, including but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management's ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonperforming loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the loan portfolio; (vii) concentrations of loans to specific borrowers or industries; (viii) existing economic conditions; (ix) the fair value of underlying collateral; and (x) other qualitative and quantitative factors which could affect expected credit losses.

The Credit Union's CECL estimate applies a forecast that incorporates macroeconomic trends and other environmental factors. Management utilized national, regional and local leading economic indexes, as well as management judgment, as the basis for the forecast period. The historical loss rate was utilized as the base rate, and qualitative adjustments were utilized to reflect the forecast and other relevant factors.

Although management believes the allowance for credit losses on loans to be adequate, ultimate losses may vary from its estimates. At least quarterly, the board of directors reviews the adequacy of the allowance for credit losses on loans, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors.

Prior to the adoption of ASC 326, the Credit Union used an incurred loss model to measure an allowance for loan losses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses on Loans (Continued)

The Credit Union assigns a risk rating to commercial participation and small business loans and periodically performs detailed internal reviews of all such loans over a certain threshold to identify credit risks and to assess the overall collectibility of the portfolio. These risk ratings are also subject to examination by the Credit Union's regulators. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. These credit quality indicators are used to assign a risk rating to each individual loan. The risk ratings can be grouped into the following major categories, defined as follows:

Ratings 1 to 3 – These ratings include loans categorized as "pass" and are loans of average to excellent credit quality borrowers. These borrowers generally have significant capital strength, adequate debt service coverage, moderate leverage and stable earnings and growth commensurate to their relative risk ratings.

Rating 4 – This rating includes loans on management's "watch list" and is intended to be utilized for pass rated borrowers where credit quality has begun to show signs of financial weakness that now requires management's heightened attention.

Rating 5 – This rating includes loans categorized as "special mention" and is intended to be temporary and includes loans to borrowers whose credit quality has clearly deteriorated and are at risk of further decline unless active measures are taken to correct the situation.

Rating 6 – This rating includes loans categorized as "substandard" for which the accrual of interest has not been stopped. These loans have defined weaknesses which make payment default or principal exposure likely, but not yet certain. Such loans are apt to be dependent upon collateral liquidation, a secondary source of repayment, or an event outside of the normal course of business.

Rating 7 – This rating includes loans categorized as "substandard-impaired" for which the accrual of interest has generally been stopped. This rating includes loans; (i) where interest is more than 90 days past due; (ii) not fully secured; and (iii) loans where a specific valuation allowance may be necessary.

Rating 8 – This rating includes loans categorized as "loss" for which the accrual of interest has been stopped. These loans have significant payment issues and are intended for those borrowers where foreclosure or charge-off is deemed imminent and a specific valuation has been provided for based on the estimated deficiency balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales only when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) assets have been isolated from the Credit Union, (2) the transferee obtained the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Credit Union does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Loan Servicing

Servicing assets are recognized separately when servicing rights are acquired through purchase or through sale of financial assets. Servicing rights resulting from the sale or securitization of loans originated by the Credit Union are initially measured at fair value at the date of transfer. The Credit Union subsequently measures each class of servicing asset using the amortization method. Under the amortization method, mortgage servicing rights are amortized into noninterest income in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based upon the fair value at each reporting date.

Fair value is based on market prices for comparable servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. These variables change from quarter to quarter as the market conditions and projected interest rates change, and may have an adverse impact on the value of the servicing right and may result in reduction to noninterest income.

Each class of separately recognized servicing assets subsequently measured using the amortization method is evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type, and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect subsequent changes in the measurement of impairment. Changes in valuation allowances are reported with noninterest income on the Consolidated Statements of Income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Off-Consolidated Statement of Financial Condition Credit Related Financial Instruments

In the ordinary course of business, the Credit Union has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Assets Held-for-Sale

Assets acquired through, or in lieu of, loan repossession or foreclosure are held-for-sale and are initially recorded at fair value less costs to sell at the date of repossession or foreclosure, establishing a new cost basis. Subsequent to repossession or foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less costs to sell. Revenue and expenses from operations, changes in the valuation allowance, and gain (loss) on sales of properties are included in noninterest income and expense.

Property and Equipment, Net

Land and construction in progress are carried at cost. Land includes amounts for grounds improvements depreciated using the straight-line method over an estimated useful life of 20 years. Building, leasehold improvements, and furniture and equipment are carried at cost, less accumulated depreciation and amortization. Buildings and furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the shorter of the useful lives of the assets or the expected terms of the related leases. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Impairment of Long-Lived Assets

The Credit Union tests long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less estimated costs to sell.

NCUSIF Deposit

The deposit in the NCUSIF 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Credit Union determines if an arrangement is a lease at inception. Operating leases and finance leases are included in other assets and accrued expenses and other liabilities in the statements of financial position.

ROU assets represent the Credit Union's right to use an underlying asset for the lease term and lease liabilities represent the Credit Union's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Credit Union will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Credit Union has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

Members' Share and Savings Accounts

Members' share and savings accounts are subordinated to all other liabilities of the Credit Union upon liquidation. Dividends and interest on members' share and savings accounts, except for interest on certificates of deposit which are set in advance, are based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. Interest rates on members' share and savings accounts are set by the board of directors, based on an evaluation of current and future market conditions.

Members' Equity

Prior to January 1, 2022, the Credit Union was required by regulation to maintain a statutory reserve (Regular Reserve). This Regular Reserve, which represented a regulatory restriction on members' equity, was established for the purpose of absorbing losses that exceed undivided earnings and other appropriations of undivided earnings. The Regular Reserve was not available for the payment of interest. Effective January 1, 2022, the Regular Reserve is no longer required by regulation. All Regular Reserve amounts were transferred to Undivided Earnings effective January 1, 2022.

The Credit Union is subject to various regulatory net worth requirements administered by the NCUA.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the members' equity section of the Consolidated Statements of Financial Condition. Reclassifications from accumulated other comprehensive loss for realized gains (losses) on the sales of available-for-sale investments are reported as noninterest income on the Consolidated Statements of Income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue From Contracts with Members

The Credit Union recognizes revenue in accordance with *Revenue from Contracts with Customers (Topic 606).* The Credit Union has elected to use the following optional exemptions that are permitted under the Topic 606, which have been applied consistently to all contracts within all reporting periods presented:

- The Credit Union recognizes the incremental cost of obtaining a contract as an expense, when incurred, if the amortization period of the asset that the Credit Union would have recognized is one year or less.

- For performance obligations satisfied over time, if the Credit Union has a right to consideration from a member in an amount that corresponds directly with the value to the member of the Credit Union's performance completed to date, the Credit Union will generally recognize revenue in the amount to which the Credit Union has a right to invoice.

- The Credit Union does not generally disclose information about its remaining performance obligations for those performance obligations that have an original expected duration of one year or less, or where the Credit Union recognizes revenue in the amount to which the Credit Union has a right to invoice.

Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. Topic 606 is applicable to Noninterest Income such as deposit related fees and interchange fees. Significant components of Noninterest Income considered to be within the scope of Topic 606 are discussed below.

Service Charges on Deposits

The Credit Union earns fees from its deposit members for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, 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 performance obligation is satisfied. 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, Net

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 or loan account and transfers the remaining funds to the payment network for remittance to the merchant. The performance obligation to the merchant is satisfied and the fee is recognized at the point in time when the funds are collected and transferred to the payment network. Interchange fees are recorded net of the related member rewards program costs.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Credit Union is exempt, by statute, from federal and state income taxes. The income from the CUSOs, organized as single member LLCs, flows through to the Credit Union, and therefore are not subject to federal and state income taxes.

Advertising Costs

Advertising costs are expensed as incurred.

Retirement Plans

401(k) plan – The Credit Union provides a 401(k) plan, which covers substantially all of the Credit Union's employees who are eligible as to age and length of service. A participant may elect to make contributions of up to the applicable Internal Revenue Service limitations of the participant's annual compensation. The Credit Union makes discretionary matching contributions as approved by the board of directors. The Credit Union's contributions to the plan approximated $2,390 and $2,155 for the years ended December 31, 2023 and 2022, respectively.

Deferred Compensation Plan – The Credit Union has a deferred compensation plan with certain individuals that provide retirement benefits payable to them if they remain employed by the Credit Union until retirement or after a designated number of service years. The benefits are subject to forfeiture if employment is terminated for cause, as defined by the agreements. If the employees become fully disabled, as defined in the agreement, accrued benefits remain in full force and effect with the requirements of the agreements and clauses being reduced depending on the severity of the disability.

Fair Value Measurements

The Credit Union categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Credit Union may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Credit Union adopted the policy to value certain financial instruments at fair value. The Credit Union has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

New Accounting Pronouncements

On January 1, 2023, the Credit Union adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended (ASC 326), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology (CECL). The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables and held to maturity securities. It also applies to off-balance sheet credit exposures such as loan commitments and standby letters of credit. In addition, changes were made to the accounting for available for sale securities, which requires credit losses to be presented as an allowance rather than as a direct write-down of the available for sale securities when management does not intend to sell or believes that it is more likely than not that they will be required to sell.

The Credit Union adopted the standard using the modified retrospective method for all financial assets measured at amortized cost and for off-balance sheet credit exposures. Results for annual periods beginning after January 1, 2023 are presented under the new CECL model while prior reporting periods continue to be reported in accordance with previously applicable GAAP. The Credit Union recorded a net decrease to undivided earnings in the amount of $21,200 as of January 1, 2023 representing the cumulative effect of adopting this standard.

(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

On March 31, 2022, FASB issued ASU 2022-02, *Financial Instruments—Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the troubled debt restructuring ("TDR"), accounting model for creditors that have adopted Topic 326, *Financial Instruments – Credit Losses*. In addition, on a prospective basis, entities will be subject to new disclosure requirements covering modifications of receivables to borrowers experiencing financial difficulty. Upon adoption of this guidance, the Credit Union no longer establishes a specific reserve for modifications made on or after January 1, 2023 to borrowers experiencing financial difficulty. Instead, these modifications are included in their respective loan segment in the allowance for credit losses on loans. The Credit Union has adopted ASU 2022-02 effective on January 1, 2023. The adoption of this standard did not have a material effect on the Credit Union's operating results or financial condition.

Subsequent Events

In preparing these consolidated financial statements, the Credit Union has evaluated events and transactions for potential recognition or disclosure through March 21, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 SECURITIES AND OTHER INVESTMENTS

Equity Securities

Investments classified as equity securities consists of mutual funds as of December 31, 2023 and 2022. Gains on equity securities are included as net gain (loss) of equity securities on the consolidated statements of income is as follows:

	2023	2022
Net Gain and Losses Recognized During the Year on Equity Securities	$ 6,101	$ (10,770)
Less: Net Gains and Losses Recognized During the Year on Equity Securities Sold During the Year	-	(5,372)
Unrealized Gains and Losses Recognized During the Reporting Period on Equity Securities Still Held at December 31	$ 6,101	$ (5,398)

(IN THOUSANDS)

NOTE 2 SECURITIES AND OTHER INVESTMENTS

Available-for-Sale Investments

Investments classified as available-for-sale consist of the following:

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government Obligations and Federal Agencies Securities	$ 208,090	$ 3	$ (18,707)	$ 189,387
Treasury Notes	496	-	(49)	447
Municipal Bonds	3,636	-	(272)	3,365
Total	$ 212,222	$ 3	$ (19,028)	$ 193,199

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government Obligations and Federal Agencies Securities	$ 244,593	$ 2	$ (22,369)	$ 222,226
Treasury Notes	496	-	(63)	433
Municipal Bonds	3,888	-	(437)	3,451
Total	$ 248,977	$ 2	$ (22,869)	$ 226,110

U.S. Government Obligations and Federal Agencies Securities include mortgage-backed securities, collateralized mortgage obligations, and agency securities.

There were no sales of available-for-sale investments during the years ended December 31, 2023 and 2022.

The amortized cost and fair value of securities available-for-sale at December 31, 2023 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
U.S. Government Obligations, Federal Agencies Securities, Treasury and Muncipal Bonds:		
Less than 1 year maturity	$ 1,000	$ 960
1 - 5 years maturity	53,573	50,083
6 - 10 years maturity	44,330	42,999
Greater than 10 years maturity	113,319	99,157
Total	$ 212,222	$ 193,199

(IN THOUSANDS)

NOTE 2 SECURITIES AND OTHER INVESTMENTS (CONTINUED)

Available-for-Sale Investments (Continued)

Information pertaining to investments with gross unrealized losses at December 31, 2023 and 2022, aggregated by investment category and length of time that the investments have been in a continuous loss position, is as follows:

	Fair Value Associated With Unrealized Losses Existing for:		Continuous Unrealized Losses Existing for:		Total
	Less Than 12 Months	More Than 12 Months	Less Than 12 Months	More Than 12 Months	Unrealized Losses
2023					
U.S. Government Obligations and Federal Agencies Securities	$ 298	$ 183,167	$ (3)	$ (18,704)	$ (18,707)
Treasury Notes	-	447	-	(49)	(49)
Municipal Bonds	-	3,365	-	(272)	(272)
Total	$ 298	$ 186,979	$ (3)	$ (19,025)	$ (19,028)
2022					
U.S. Government Obligations and Federal Agencies Securities	$ 120,094	$ 101,633	$ (6,709)	$ (15,660)	$ (22,369)
Treasury Notes	-	433	-	(63)	$ (63)
Municipal Bonds	609	2,593	(61)	(376)	(437)
Total	$ 120,703	$ 104,659	$ (6,770)	$ (16,099)	$ (22,869)

The Credit Union does not believe that the available for sale securities that were in an unrealized loss position as of December 31, 2023, which were comprised of 90 individual securities, represent a credit loss impairment. The gross unrealized loss positions were primarily related to mortgage-backed securities issued by U.S. government agencies or U.S. government-sponsored enterprises. These securities carry the explicit and/or implicit guarantee of the U.S. government and have a long history of zero credit loss. Total gross unrealized losses were primarily attributable to changes in interest rates, relative to when the investment securities were purchased, and not due to the credit quality of the investment securities. The Credit Union does not intend to sell the investment securities that were in an unrealized loss position and it is not more likely than not that the Credit Union will be required to sell the investment securities before recovery of their amortized cost basis, which may be at maturity.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material.

(IN THOUSANDS)

NOTE 2 SECURITIES AND OTHER INVESTMENTS (CONTINUED)

Held-to-Maturity Investments

The amortized cost and estimated fair value of securities held-to-maturity are as follows:

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Certificates of deposit	$ 11,499	$ -	$ (590)	$ 10,909

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Certificates of deposit	$ 13,249	$ -	$ (941)	$ 12,308

The amortized cost and fair value of securities held-to-maturity, at December 31, 2023, 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 call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Certificates of deposit		
Less than 1 year maturity	$ 3,749	$ 3,694
1 - 5 years maturity	7,750	7,215
Total	$ 11,499	$ 10,909

All of the held-to-maturity securities noted above have been in a loss position for more than 12 months.

(IN THOUSANDS)

NOTE 2 SECURITIES AND OTHER INVESTMENTS (CONTINUED)

Other Investments

Other investments at December 31 are summarized as follows:

	2023	2022
Contributed capital at a corporate credit union	$ 5,107	$ 5,107
Investments in CUSOs	5,751	5,800
FHLB stock	20,167	19,098
Total	$ 31,025	$ 30,005

Non-Perpetual and Perpetual Contributed Capital Accounts

The Credit Union maintains nonperpetual contributed capital accounts and perpetual contributed capital accounts with a corporate federal credit union that are uninsured and contain significant withdrawal restrictions. These investments are recorded at cost.

These uninsured deposits are part of the corporate credit union’s regulatory capital and are subject to impairment or loss in the event the corporate credit union is required to merge, is placed into conservatorship, incurs significant losses, or is liquidated.

Investments in CUSOs

The Credit Union has noncontrolling equity ownership interest in other credit union service organizations (CUSOs). As a practical expedient, such investments are carried at cost, less impairment, plus or minus changes resulting from observable price changes.

FHLB Stock

The Credit Union has an investment in Federal Home Loan Bank of Atlanta (FHLB) stock that allows the Credit Union access to other FHLB financial services. The stock qualifies as a restricted stock and as such is not subject to investment security accounting treatment and is therefore reported at cost, subject to impairment.

(IN THOUSANDS)

NOTE 3 LOANS, NET

Loans, net consisted of the following at December 31:

	2023	2022
Consumer:		
Vehicle - direct	$ 331,922	$ 337,005
Vehicle - indirect	1,965,901	1,914,757
Credit card	201,435	177,595
Other unsecured	72,323	67,851
Student	15,764	15,744
Other secured	5,904	4,214
Total consumer	2,593,249	2,517,166
Residential real estate:		
Fixed rate	651,694	688,195
Variable rate	882,033	629,247
Home equity line of credit	314,587	244,751
Total residential real estate	1,848,314	1,562,193
Commercial:		
Real estate	164,232	127,437
Other	2,130	2,286
Total commercial	166,362	129,723
Total Loans	4,607,925	4,209,082
Deferred net loan origination costs	53,716	48,868
Allowance for loan losses	(54,000)	(18,800)
Loans, Net	$ 4,607,641	$ 4,239,150

The Credit Union has purchased loan participations originated by various other credit unions or CUSOs which are secured by commercial property and real estate. These loan participations were purchased without recourse and the originating credit unions and CUSOs perform all loan servicing functions on these loans. The total purchased loan participations included in the Commercial Loan segment above were $643 and $662 at December 31, 2023 and 2022, respectively.

(IN THOUSANDS)

NOTE 3 LOANS, NET (CONTINUED)

The Credit Union offers nontraditional mortgage loans to its members. These loans include hybrid/balloon, high loan-to-value (LTV) and variable interest mortgages. Hybrid loans consist of loans that are fixed for an initial period of five or ten years. After this period, the mortgages are converted to variable rates using an indexed rate, which can result in significant payment adjustment to the borrower. The high LTV loans consist of first mortgages with LTVs over 80%.

Nontraditional mortgage loans may have significantly different credit risk characteristics than traditional fixed and variable rate mortgages. However, the Credit Union believes it has established prudent underwriting standards as well as adequate risk management functions to monitor the additional risk. Nontraditional mortgage loans, which are included in the residential real estate loan caption above, totaled $1,260,393 and $1,021,708 at December 31, 2023 and 2022, respectively.

A summary of the activity in the allowance for credit losses on loans and loan losses for the years ended December 31, 2023 and 2022, respectively, are as follows. The Credit Union adopted CECL as of January 1, 2023. The prior year amounts presented are calculated under the prior accounting standard.

	Consumer	Residential Real Estate	Commercial	Total
December 31, 2023				
Allowance for Loan Losses on Loans:				
Beginning Balance	$ 18,634	$ 3	$ 163	$ 18,800
Adoption of CECL	21,200	-	-	21,200
Provision (Credit) for Loan Losses on Loans	49,061	253	(80)	49,234
Charge-offs	(40,971)	(217)	-	(41,188)
Recoveries	5,859	95	-	5,954
Ending Balance	$ 53,783	$ 134	$ 83	$ 54,000

	Consumer	Residential Real Estate	Commercial	Total
December 31, 2022				
Allowance for Loan Losses:				
Beginning Balance	$ 26,426	$ 1,017	$ 2,557	$ 30,000
Provision (Credit) for Loan Losses	10,641	(1,100)	(1,942)	7,599
Charge-offs	(22,794)	(7)	(602)	(23,403)
Recoveries	4,361	93	150	4,604
Ending Balance	$ 18,634	$ 3	$ 163	$ 18,800

(IN THOUSANDS)

NOTE 3 LOANS, NET (CONTINUED)

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the estimated fair value of the collateral at the balance sheet date, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral.

The Credit Union did not have any loans they considered collateral dependent at December 31, 2023.

The allowance for loan losses for loans evaluated individually and collectively for impairment by collateral class as of the year ended December 31, 2022 is as follows:

	Consumer	Residential Real Estate	Commercial	Total
Allowance for Loan Losses:				
Ending Balance: Individually Evaluated for Impairment	$ -	$ -	$ -	$ -
Ending Balance: Collectively Evaluated for Impairment	18,634	3	163	18,800
Ending Balance	$ 18,634	$ 3	$ 163	$ 18,800
Loans:				
Ending Balance: Individually Evaluated for Impairment	$ -	$ -	$ -	$ -
Ending Balance: Collectively Evaluated for Impairment	2,517,166	1,562,193	129,723	4,209,082
Ending Balance	$ 2,517,166	$ 1,562,193	$ 129,723	$ 4,209,082

(IN THOUSANDS)

NOTE 3 LOANS, NET (CONTINUED)

The following tables show the commercial loan portfolio segments allocated by management's internally assigned risk ratings:

	Real Estate	Other	Total
December 31, 2023			
Pass	$ 144,887	$ 1,837	$ 146,724
Watch List	19,340	59	19,399
Special Mention	5	234	239
Substandard	-	-	-
Substandard-Impaired	-	-	-
	$ 164,232	$ 2,130	$ 166,362
December 31, 2022			
Pass	$ 109,789	$ 1,929	$ 111,718
Watch List	16,534	100	16,634
Special Mention	1,114	257	1,371
Substandard	-	-	-
Substandard-Impaired	-	-	-
	$ 127,437	$ 2,286	$ 129,723

The following tables show the classes within the Residential Real Estate and Consumer portfolio segments allocated by payment activity. Management tracks loan performance. When a loan becomes 90 days past due, it is classified as a nonperforming loan.

The residential real estate credit risk profile based on members' payment activity by class is as follows:

	Fixed Rate	Variable Rate	Home Equity Line of Credit	Total
December 31, 2023				
Performing	$ 651,438	$ 881,726	$ 314,384	$ 1,847,548
Non-performing	256	307	203	766
	$ 651,694	$ 882,033	$ 314,587	$ 1,848,314
December 31, 2022				
Performing	$ 687,340	$ 628,916	$ 244,340	$ 1,560,596
Non-performing	855	331	411	1,597
	$ 688,195	$ 629,247	$ 244,751	$ 1,562,193

(IN THOUSANDS)

NOTE 3 LOANS, NET (CONTINUED)

The consumer credit risk profile based on members' payment activity by class is as follows:

	Vehicle - direct	Vehicle - indirect	Credit Card	Other Unsecured	Student	Other Secured
December 31, 2023						
Performing	$ 329,743	$ 1,943,304	$ 197,768	$ 71,061	$ 15,745	$ 5,903
Non-performing	2,179	22,597	3,667	1,262	19	1
	$ 331,922	$ 1,965,901	$ 201,435	$ 72,323	$ 15,764	$ 5,904
December 31, 2022						
Performing	$ 335,607	$ 1,904,332	$ 174,419	$ 66,874	$ 15,643	$ 4,211
Non-performing	1,398	10,425	3,176	977	101	3
	$ 337,005	$ 1,914,757	$ 177,595	$ 67,851	$ 15,744	$ 4,214

The Credit Union did not have any loans they considered impaired as of December 31, 2023. Interest income recognized on impaired loans was not significant during the years ended December 31, 2023 and 2022.

The Credit Union did not have any nonaccrual loans with no related allowance for credit losses as of December 31, 2023 and 2022.

The following tables show an aging analysis of the loan portfolio by time past due:

	Accruing Interest					
December 31, 2023	Current	30-59 Days	60-89 Days	Greater Than 90 Days	Non-Accrual Greater Than 90 Days	Total Loans
Consumer:						
Vehicle - direct	$ 322,531	$ 5,770	$ 1,442	$ -	$ 2,179	$ 331,922
Vehicle - indirect	1,861,648	65,754	15,902	-	22,597	1,965,901
Credit card	191,947	4,271	1,550	3,667	-	201,435
Other unsecured	69,245	1,269	547	-	1,262	72,323
Student	15,506	192	47	19	-	15,764
Other secured	5,889	14	-	-	1	5,904
Residential Real Estate:						
Fixed rate	634,458	16,227	753	-	256	651,694
Variable rate	870,676	10,739	311	-	307	882,033
Home equity Line of credit	312,118	1,849	417	-	203	314,587
Commercial:						
Real estate	164,232	-	-	-	-	164,232
Other	2,130	-	-	-	-	2,130
	$ 4,450,380	$ 106,085	$ 20,969	$ 3,686	$ 26,805	$ 4,607,925

(IN THOUSANDS)

NOTE 3 LOANS, NET (CONTINUED)

December 31, 2022	Accruing Interest Current	Accruing Interest 30-59 Days	Accruing Interest 60-89 Days	Accruing Interest Greater Than 90 Days	Non-Accrual Greater Than 90 Days	Total Loans
Consumer:						
Vehicle - direct	$ 331,889	$ 3,066	$ 652	$ -	$ 1,398	$ 337,005
Vehicle - indirect	1,856,150	37,104	11,078	-	10,425	1,914,757
Credit card	168,936	4,419	1,064	3,176	-	177,595
Other unsecured	65,441	1,069	364	-	977	67,851
Student	15,333	306	4	101	-	15,744
Other secured	4,087	121	3	-	3	4,214
Residential Real Estate:						
Fixed rate	666,572	20,763	5	-	855	688,195
Variable rate	623,514	5,048	354	-	331	629,247
Home equity line of credit	242,814	1,327	199	-	411	244,751
Commercial:						
Real estate	127,437	-	-	-	-	127,437
Other	2,180	-	-	-	106	2,286
	$ 4,104,353	$ 73,223	$ 13,723	$ 3,277	$ 14,506	$ 4,209,082

The Credit Union did not grant any significant modifications to borrowers experiencing financial difficulty during the year ended December 31, 2023.

The Credit Union did not grant any significant troubled debt restructurings during the year ended December 31, 2022.

NOTE 4 LOAN SERVICING

The Credit Union services mortgage loans for others that are not included in the accompanying Consolidated Statements of Financial Condition. The unpaid principal balances of these loans were $212,581 and $225,505 at December 31, 2023 and 2022, respectively.

Custodial escrow balances maintained in connection with the loan servicing, and included in members' shares, were approximately $1,349 and $1,408 at December 31, 2023 and 2022, respectively. The 2023 fair value of servicing rights was determined using discount rates of 9.38% for FNMA loans and 10.87% for GNMA loans and a prepayment speed of 5.79%, depending upon the stratification of the specific right and a 7.49 weighted average life in years.

(IN THOUSANDS)

NOTE 4 LOAN SERVICING (CONTINUED)

A summary of the changes in the balance of mortgage servicing rights included in other assets in the Consolidated Statements of Financial Condition in 2023 and 2022 are as follows:

	2023	2022
Balance, Beginning of Year	$ 1,395	$ 1,633
Servicing Assets Recognized during the Year	61	22
Amortization of Servicing Assets	(207)	(262)
Change in Valuation Allowance	-	2
Balance, End of Year	$ 1,249	$ 1,395
Fair Value of Mortgage Servicing Rights	$ 2,576	$ 2,544

NOTE 5 PROPERTY AND EQUIPMENT, NET

Property and equipment, net at December 31 is summarized as follows:

	2023	2022
Land	$ 12,605	$ 13,451
Buildings	52,091	51,549
Leasehold improvements	10,689	8,583
Construction in progress	4,764	1,831
Furniture and equipment	44,612	42,828
	124,761	118,242
Accumulated depreciation and amortization	(69,736)	(63,682)
	$ 55,025	$ 54,560

During 2023 and 2022, the Credit Union entered into commitments totaling $5,735 and $1,474, respectively, for building and land purchases, improvements, and furniture and equipment. The remaining commitments on these construction and equipment contracts at December 31, 2023 and 2022 were $2,584 and $900, respectively.

(IN THOUSANDS)

NOTE 6 LEASES

The Credit Union leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2041 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The cost components of the Credit Union's operating and financing leases were as follows as of December 31, 2023 and 2022:

	2023	2022
Operating Lease Cost	$ 725	$ 396
Short-Term Lease Cost	-	28
Amortization of Right of Use Asset - Financing Leases	645	493
Interest on Lease Liabilities - Finance Leases	182	116
Total Lease Cost	$ 1,552	$ 1,033

The following table summarizes other information related to the Credit Union's operating and financing leases for the years ending December 31, 2023 and 2022:

	2023	2022
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	$ 744	$ 396
Operating Cash Flows from Financing Leases	580	313
Financing Cash Flows from Financing Leases	182	116
Weighted-Average Remaining Lease Term - Operating Leases, in Years	4.29 years	5.16 years
Weighted-Average Remaining Lease Term - Financing Leases, in Years	10.68 years	9.53 years
Weighted-Average Discount Rate - Operating Leases	3.63%	3.11%
Weighted-Average Discount Rate - Financing Leases	3.68%	3.43%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

Year Ending December 31,	Operating Lease	Financing Lease
2024	$ 821	$ 953
2025	683	962
2026	671	975
2027	553	986
2028	290	617
Thereafter	60	3,957
Total Lease Payments	3,078	8,450
Less: Interest	(377)	(1,503)
Present Value of Lease Liabilities	$ 2,701	$ 6,947

(IN THOUSANDS)

NOTE 7 MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' share and savings accounts at December 31 are summarized as follows:

	Rates at December 31, 2023	2023	2022
Savings	0.17%	$ 715,304	$ 750,081
Checking	0.11%	658,808	654,685
Money market	1.94%	1,094,805	1,276,867
Individual retirement	3.37%	31,474	36,840
		2,500,391	2,718,473
Share and IRA certificates	0.00% to 1.00%	26,510	203,495
	1.01% to 2.00%	58,065	285,314
	2.01% to 3.00%	156,912	321,043
	3.01% to 4.00%	596,194	545,480
	4.01% to 5.00%	723,495	86,851
	5.01% to 6.00%	511,898	-
	6.01% to 7.00%	24,274	-
		2,097,348	1,442,183
Total		$ 4,597,739	$ 4,160,656

Share and IRA certificates by maturity are summarized as follows:

	2023	2022
0 - 1 Year	$ 1,424,570	$ 512,300
1 - 2 Years	543,289	687,992
2 - 3 Years	47,329	157,432
3 - 4 Years	50,169	35,424
4 - 5 Years	31,991	49,035
Total	$ 2,097,348	$ 1,442,183

The NCUSIF insures members' accounts and individual retirement accounts up to $250.

The aggregate amount of certificates of deposit in denominations of $250 or more was $470,848 and $284,401 at December 31, 2023 and 2022, respectively.

(IN THOUSANDS)

NOTE 8 BORROWED FUNDS

At December 31, 2023 and 2022, the Credit Union has available a demand loan agreement with a corporate credit union. The terms of the agreement call for the pledging of all assets as security for any and all obligations taken by the Credit Union under this agreement. The agreement provides for a credit limit of $80,000 with interest charged at a rate determined by the lender on a periodic basis. At December 31, 2023 and 2022, there were no borrowings under the agreement. The agreement is reviewed for continuation by the lender and the Credit Union periodically.

The Credit Union has an agreement to apply for advances from the Federal Reserve Discount Window. Specific investment securities of the Credit Union with advance equivalents of approximately $218,443 and $218,443 at December 31, 2023 and 2022, respectively, are pledged to the Federal Reserve Bank as collateral in the event that the Credit Union requests any advances on the line. The interest rates for such advances are based on the Federal Reserve Discount Rate at the time of an advance. There were no advances outstanding as of December 31, 2023 and 2022.

The Credit Union has Credit Availability with the FHLB at 25% of the Credit Union’s total assets. The total Credit Availability limit for years ended December 31, 2023 and 2022 is $1,324,299 and $1,250,666, respectively. All advances and other credit products requested under Credit Availability must be fully secured with eligible collateral. As of December 31, 2023 and 2022, $167,011 and $192,761 of securities and were pledged as collateral against advances. The remaining advances were secured by pledges of residential real estate loans. Credit Availability is not an agreement or commitment on the part of the FHLB to grant advances or otherwise extend credit to the Credit Union. Further, Credit Availability may be amended, restated, supplemented, or withdrawn at any time.

Borrowed funds consisted of the following FHLB Term Notes at December 31:

	2023	2022
Interest Rate .891%, Maturing June 1, 2023	$ -	$ 50,000
Interest Rate .926%, Maturing June 3, 2024	-	50,000
Interest Rate 1.8875%, Maturing June 2, 2025	100,000	100,000
Interest Rate 4.5035%, Maturing June 16, 2026	50,000	-
Interest Rate 3.189%, Maturing August 9, 2027	-	100,000
Interest Rate 3.804%, Maturing September 14, 2027	-	100,000
Interest Rate 5.003%, Maturing October 6, 2027	100,000	-
Interest Rate 4.9475%, Maturing October 6, 2028	100,000	-
Total	$ 350,000	$ 400,000

(IN THOUSANDS)

NOTE 9 COMMITMENTS AND CONTINGENT LIABILITIES

Off-Consolidated Statement of Financial Condition Activities

The Credit Union is party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend credit, which include lines of credit, credit cards and home equity lines that involve, to varying degrees, elements of credit and interest rate risk in excess of amounts recognized in the consolidated financial statements.

The Credit Union's exposure to credit loss is represented by the contractual amount of these commitments. The Credit Union follows the same credit policies in making commitments as it does for those loans recorded in the consolidated financial statements.

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained to secure borrowing on the lines of credit is based on management's credit evaluation of the member. Collateral held varies but may include consumer assets, residential real estate, and member share balances.

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, usually do not contain a specified maturity date, and ultimately may not be drawn upon to the total extent to which the Credit Union is committed.

Unfunded loan commitments at December 31 are summarized as follows:

	2023	2022
Credit card	$ 641,622	$ 575,711
Commercial	4,981	5,829
Home equity	207,139	337,787
Overdraft protection	120,172	116,582
Other consumer	53,462	53,618
Total	$ 1,027,376	$ 1,089,527

Legal Contingencies

The Credit Union is a party to various legal actions normally associated with collections of loans and other business activities of financial institutions, the aggregate effect of which, in management's opinion, would not have a material adverse effect on the financial condition or results of operations of the Credit Union.

(IN THOUSANDS)

NOTE 10 REGULATORY NET WORTH 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 consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance sheet items as calculated under GAAP. The Credit Union's capital amounts and 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 ratios (set forth in the table following) of net worth to total assets (as defined by the regulation). Effective March 2022, the NCUA adopted the risk-based capital calculation which applies only to federally insured, natural person credit unions with quarter-end total assets exceeding $500 million who do not qualify for, or opt into, the complex credit union leverage ratio (CCULR) framework described in §702.104(d).

As of December 31, 2023, the most recent call reporting period, the NCUA categorized the Credit Union initially 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. In addition, the credit union, if complex, must maintain a minimum risk-based capital ratio of 10% or greater. There are no conditions or events since that notification that management believes have changed the institution's category.

The Credit Union's actual capital amounts and ratios are also presented in the table following.

	Actual		To be Adequately Capitalized Under Prompt Corrective Action Provision		To be Well Capitalized Under Prompt Corrective Action Provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2023						
Net Worth	$ 462,309	8.49%	$ 326,825	6.00%	$ 381,296	7.00%
Risk-Based Capital Ratio	$ 462,197	12.52%	$ 295,334	8.00%	$ 369,167	10.00%
December 31, 2022						
Net Worth	$ 442,429	8.78%	$ 302,255	6.00%	$ 352,630	7.00%
Risk-Based Capital Ratio	$ 426,629	12.79%	$ 266,949	8.00%	$ 333,687	10.00%

NOTE 10 REGULATORY NET WORTH REQUIREMENTS (CONTINUED)

Because the net worth and risk-based capital ratios exceed the well capitalized thresholds, the Credit Union retains its original category. In performing its calculation of total assets, the Credit Union used the average of the current and three preceding quarter-end balance option. The Credit Union has calculated and applied $3,690,247 and $3,336,866 for December 31, 2023 and 2022, respectively, as total risk-weighted assets for the calculation of the Risk-Based Capital ratio.

The Credit Union adopted ASC 326 during the year ended December 31, 2023 and applied the regulatory CECL transition provisions (12 CFR Part 702.703). This provision requires a three-year phase in to regulatory net worth associated with the “day-one adjustment” required upon adoption of ASC 326. As of December 31, 2023 and 2022, $14,204 and $0, respectively, was added to the Credit Union’s consolidated members’ equity to determine the regulatory net worth ratio.

NOTE 11 RELATED-PARTY TRANSACTIONS

In the normal course of business, the Credit Union extends credit to directors, supervisory committee members, and executive officers. The aggregate loans to related parties at December 31, 2023 and 2022 are $7,293 and $6,488, respectively. The aggregate principal advances and principal repayments are not significant. Deposits from related parties at December 31, 2023 and 2022 amounted to $5,703 and $3,513, respectively. The rates charged on related-party loans and earned on related party deposits are the same rates available to members of the Credit Union.

(IN THOUSANDS)

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Recurring Basis

The Credit Union uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Credit Union measures fair value refer to Note 1 – Summary of Significant Accounting Policies. The following tables present the balances of the assets and liabilities measured at fair value on a recurring basis:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Equity Securities	$ 60,314	$ 60,314	$ -	$ -
Investments Available-for-Sale	193,199	-	193,199	-
Total	$ 253,513	$ 60,314	$ 193,199	$ -
December 31, 2022				
Equity Securities	$ 46,957	$ 46,957	$ -	$ -
Investments Available-for-Sale	226,110	-	226,110	-
Total	$ 273,067	$ 46,957	$ 226,110	$ -

Investment Securities

When available, the Credit Union uses quoted market prices to determine the fair value of securities; such items are classified in Level 1 of the fair value hierarchy. For the Credit Union's securities where quoted prices are not available for identical securities in an active market, the Credit Union determines fair value utilizing vendors who apply matrix pricing for similar bonds where no price is observable or may compile prices from various sources. These models are primarily industry-standard models that consider various assumptions, including time value, yield curve, volatility factors, prepayment speeds, default rates, loss severity, current market, and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

Fair values from these models are verified, where possible, against quoted market prices for recent trading activity of assets with similar characteristics to the security being valued. Such methods are generally classified as Level 2. However, when prices from independent sources vary, cannot be obtained, or cannot be corroborated, a security is generally classified as Level 3.

(IN THOUSANDS)

NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Non-Recurring Basis

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as evidence of impairment or a change in the amount of previously recognized impairment.

The Credit Union did not have any assets measured at fair value on a nonrecurring basis during the years ended December 31, 2023 and 2022.

NOTE 13 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following presents noninterest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended December 31.

	2023	2022
In Scope of ASC 606:		
Services Charges on Deposits	$ 18,625	$ 15,684
Interchange Income, Net	20,437	18,423
Other	3,609	4,606
Non-interest Income in Scope of ASC 606	42,671	38,713
Non-interest Income (Expense) Not Within the Scope of ASC 606 (a)	29,709	(2,408)
Total Non-interest Income	$ 72,380	$ 36,305

(a) This revenue is not within the scope of ASC 606, and includes fees related to loan servicing fees, gain on sale of mortgages, gain (loss) on sale of investments and credit card fees