TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(With Independent Auditor's Report Thereon)

DoerenMayhew ASSURANCE

TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

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DoerenMayhew
ASSURANCE

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors
Tinker Federal Credit Union and Subsidiary

Opinion

We have audited the consolidated financial statements of Tinker Federal Credit Union and Subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2024 and 2023, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tinker Federal Credit Union and Subsidiary as of December 31, 2024 and 2023, 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 (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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 Tinker Federal Credit Union and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

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

In performing audits in accordance with GAAS, we:

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

- 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 audits 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 Tinker Federal Credit Union and Subsidiary's internal control. Accordingly, no such opinion is expressed.

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

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

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

Doeren Mayhew Assurance

Troy, Michigan
March 17, 2025

TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2024 AND 2023
(In Thousands)

Assets	**2024**	**2023**
Cash and cash equivalents	$ 914,664	$ 626,365
Investments (Note 2)		
Equity	14,370	5,185
Available-for-sale debt securities	1,482,460	1,465,348
Time deposits with other institutions	2,250	2,856
Other, at cost	13,293	13,389
Loans to members, net of allowance for credit losses of $51,726 and $48,867 at December 31, 2024 and 2023, respectively (Note 3)	3,396,301	3,649,127
Interest receivable	18,149	18,387
Property and equipment, net (Note 4)	78,368	81,847
National Credit Union Share Insurance Fund (NCUSIF) deposit	44,718	45,690
Other assets	65,031	53,944
Total assets	$ 6,029,604	$ 5,962,138
Liabilities and Members' Equity		
Liabilities		
Members' shares and savings accounts (Note 5)	$ 5,037,431	$ 5,015,417
Borrowed funds (Note 7)	200,000	275,000
Accrued expenses and other liabilities	51,683	38,979
Total liabilities	5,289,114	5,329,396
Commitments and contingent liabilities (Note 11)		
Members' equity		
Total undivided earnings	822,322	743,290
Accumulated other comprehensive loss	(81,832)	(110,548)
Total members' equity	740,490	632,742
Total liabilities and members' equity	$ 6,029,604	$ 5,962,138

See accompanying notes to consolidated financial statements

TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands)

	2024	2023
Interest income		
Interest on loans to members	$ 231,966	$ 210,730
Interest on investments and cash equivalents	77,102	60,862
Total interest income	309,068	271,592
Interest expense		
Dividends on members' shares	83,835	65,719
Interest on borrowed funds	12,725	11,828
Total interest expense	96,560	77,547
Net interest income	212,508	194,045
Provision for credit losses (Note 3)	32,600	22,479
Net interest income after provision for credit losses	179,908	171,566
Non-interest income		
Interchange income	33,826	33,288
Service charges and other fees	29,739	28,853
Gain on sale of Visa stock	14,387	-
Other non-interest income	9,280	8,098
Total non-interest income	87,232	70,239
Income before general and administrative expenses	267,140	241,805
General and administrative expenses		
Salaries and benefits	104,547	93,357
Office operations	75,805	67,646
Occupancy	7,756	7,373
Total general and administrative expenses	188,108	168,376
Net income	$ 79,032	$ 73,429

See accompanying notes to consolidated financial statements

TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands)

	2024	2023
Net income	$ 79,032	$ 73,429
Other comprehensive income		
Unrealized gains on available-for-sale investments	28,716	36,109
Other comprehensive income	28,716	36,109
Comprehensive income	$ 107,748	$ 109,538

See accompanying notes to consolidated financial statements

TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands)

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2023	$ 36,343	$ 663,743	$ (146,657)	$ 553,429
ASC 326 implementation (Note 1)	-	(30,225)	-	(30,225)
Balance, January 1, 2023, restated	36,343	633,518	(146,657)	523,204
Net income	-	73,429	-	73,429
Transfer (Note 1)	(36,343)	36,343	-	-
Other comprehensive income	-	-	36,109	36,109
Balance, December 31, 2023	-	743,290	(110,548)	632,742
Net income	-	79,032	-	79,032
Other comprehensive income	-	-	28,716	28,716
Balance, December 31, 2024	$ -	$ 822,322	$ (81,832)	$ 740,490

See accompanying notes to consolidated financial statements

TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands)

	2024	2023
Cash flows from operating activities		
Net income	$ 79,032	$ 73,429
Adjustments		
Provision for credit losses	32,600	22,479
Depreciation and amortization	6,509	7,124
Net amortization of premiums/discounts on investments	11,724	11,693
Net gain in fair value of equities	(401)	(1,216)
Gain on sale of Visa stock	(14,387)	-
Decrease/(increase) in assets		
Interest receivable	238	(1,634)
Other assets	(11,087)	(773)
Increase in liabilities		
Accrued expenses and other liabilities	12,704	1,103
Net cash provided from operating activities	116,932	112,205

See accompanying notes to consolidated financial statements

TINKER FEDERAL CREDIT UNION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands)

	2024	2023
Cash flows from investing activities		
Purchase of available-for-sale investments	$ (97,607)	$ -
Proceeds from maturities and paydowns of available-for-sale investments	97,487	118,793
Purchase of equity investments	(21,576)	-
Proceeds from equity investments	12,792	-
Change in time deposits with other institutions	606	(1,003)
Change in other investments	96	4,247
Net change in loans to members	220,226	102,656
Investment in NCUSIF deposit	972	576
Proceeds from the sale of Visa stock	14,387	-
Purchase of property and equipment	(3,030)	(4,769)
Net cash provided from investing activities	224,353	220,500
Cash flows from financing activities		
Increase (decrease) in members' shares	22,014	(125,382)
Proceeds received from borrowed funds	75,000	75,000
Repayment of borrowed funds	(150,000)	(100,000)
Net cash used in financing activities	(52,986)	(150,382)
Increase in cash and cash equivalents	288,299	182,322
Cash and cash equivalents, beginning of year	626,365	444,043
Cash and cash equivalents, end of year	$ 914,664	$ 626,365

Supplemental Cash Flows Information

	2024	2023
Interest and dividends paid	$ 96,560	$ 77,547
Adjustment to allowance for credit losses arising from change in accounting principle	$ -	$ 30,225

See accompanying notes to consolidated financial statements

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Operations

Tinker Federal Credit Union (the Credit Union) is a cooperative association holding a corporate charter under the provisions of the Federal Credit Union Act. 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.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Credit Union and its wholly owned subsidiary, Tinker Financial Services, LLC. The subsidiary is engaged primarily in insurance and financial service activities. All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting and Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 relate to the determination of the allowance for credit losses (allowance) and fair values of financial instruments.

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities are reported in a separate component of comprehensive income (loss). Other comprehensive income (loss) (OCI) relates to the change in the unrealized gain (loss) on available-for-sale debt securities and unrealized gain (loss) from changes in actuarial assumptions and amortization related to the defined benefit plan. When available-for-sale debt securities are sold, the gain or loss realized on the sale is reclassified from accumulated other comprehensive income (loss) (AOCI) to the gain (loss) on sale of investment securities reported in the consolidated statements of income. Amortization of the unrealized gain or loss related to the defined contribution plan is reclassified from AOCI to compensation and benefits expense reported in the consolidated statements of income.

Accounting Standard Adopted January 1, 2023

Financial Instruments – Current Expected Credit Losses (CECL)

The adoption of this guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures. This framework requires that management's estimate reflects credit losses over the instrument's remaining expected life and considers expected future changes in macroeconomic conditions. The adoption of CECL on January 1, 2023, resulted in an approximate $30,225 decrease to undivided earnings.

Continued

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and non-term share deposits in a corporate credit union. The Credit Union considers all liquid investments with original maturities of three months or less to be cash equivalents. For purposes of reporting cash flows, loans to members, equity and other investments and members' shares are reported net.

As of December 31, 2024 and 2023, the Credit Union's cash accounts exceeded federally insured limits by approximately $46,000 and $54,000, respectively. For purposes of evaluating credit risk, the stability of the financial institutions conducting business with the Credit Union is periodically reviewed.

Restriction on Cash and Cash Equivalents

The Credit Union may be required to maintain reserve funds in cash and/or on deposit with the Federal Reserve Bank. No reserve was required by the Federal Reserve Bank as of December 31, 2024 or 2023.

Investments

Management determines the appropriate classification of investments at the time of purchase. Investments the Credit Union intends to buy and sell for the purpose of taking advantage of market conditions are classified as equities and are carried at fair value. Gains and losses on investments classified as equities have been accounted for within the accompanying consolidated statements of income. Investments the Credit Union intends to hold for an indefinite period of time, but not necessarily to maturity, are classified as available-for-sale and are carried at fair value. Unrealized gains and losses on investments classified as available-for-sale have been accounted for as AOCI. Gains and losses on the sale of available-for-sale investments are determined using the specific-identification method.

Purchase discounts and purchase premiums for debt securities without a call feature are recognized in interest income using the interest method over the terms of the securities. Purchase premiums on debt securities with a call feature are amortized and recognized in interest income to the earliest call date. The Credit Union held 5 debt securities with a call feature as of December 31, 2024 and 2023.

Time deposits with other institutions are carried at cost.

Other investments are classified separately and are stated at cost. Investments in membership shares of Federal Home Loan Bank of Topeka (FHLB) stock, Payment Systems for Credit Unions (PSCU) stock, Credit Union Service Centers, Inc. (CUSC) stock, Catalyst Corporate Federal Credit Union membership capital account and Credit Union House, LLC (CU House) stock are required to execute transactions with these organizations and are carried at cost.

Continued

Allowance for Credit Losses – Available-for-Sale Investments

The Credit Union evaluates its available-for-sale investment securities portfolio on a quarterly basis for indicators of impairment. The Credit Union assesses whether an impairment has occurred when the fair value of a debt security is less than the amortized cost at the statement of financial condition date. Management reviews the amount of unrealized loss, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. For those debt securities that the Credit Union intends to sell or is more likely than not required to sell, before the recovery of their amortized cost basis, the difference between fair value and amortized cost is considered to be impaired and is recognized in the provision for credit losses. For those debt securities that the Credit Union does not intend to sell or is not more likely than not required to sell, prior to expected recovery of amortized cost basis, the credit portion of the impairment is recognized through an allowance in the provision for credit losses while the noncredit portion is recognized in OCI In determining the credit portion, the Credit Union uses a discounted cash flow analysis, which includes evaluating the timing and amount of the expected cash flows. Noncredit-related impairment results from other factors, including increased liquidity spreads and higher interest rates.

A majority of the securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Accordingly, there is a zero-credit loss expectation on these securities.

Loans to Members

Loans to members are carried at unpaid principal balances, net deferred loan origination costs or fees, and the allowance on loans. The Credit Union recognizes interest income on loans using the interest method over the life of the loan. Accordingly, the Credit Union defers certain loan origination and commitment fees, and certain loan origination costs, and amortizes the net fee or cost as an adjustment to the loan yield over the term of the related loan. When a loan is sold or repaid, the remaining net unamortized fee or cost is recognized in interest income.

Loans are considered past due when the contractual amounts due with respect to principal and interest are not received within 30 days of the contractual due date. A loan generally is classified as a “non-accrual” loan when it is 90 days or more past due or when it is deemed to be impaired because the Credit Union no longer expects to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, management ceases the accrual of interest owed, and previously accrued interest is charged against interest income. A loan is generally returned to accrual status when the loan is current, and management has reasonable assurance that the loan will be fully collectible. Interest income on non-accrual loans is recorded when received in cash.

Certain commercial and consumer loans for which repayment is expected to be provided substantially through the operation or sale of the loan collateral are considered to be collateral-dependent. Consumer collateral-dependent loans were deemed insignificant and intentionally omitted for disclosure purposes. Any loan in any portfolio may be charged-off prior to the policies described below if a loss confirming event has occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency and that asset is the sole source of repayment.

Continued

Automobile and other consumer loans are generally charged-off at 180-days past due. Residential mortgages and home equity loans are charged-off to the estimated fair value of the collateral at 150-days past due. Commercial loans are generally either charged-off or written down to net realizable value at 90-days past due.

The Credit Union may make various types of modifications and may in certain circumstances use a combination of modification types in order to mitigate future loss. The amount of defined modifications given to borrowers experiencing financial difficulty was deemed insignificant and intentionally omitted for disclosure purposes as of and for the years ended December 31, 2024 and 2023.

Allowance

The allowance on loans is deducted from the amortized cost basis of a group of financial assets so that the consolidated statements of financial condition reflect the net amount the Credit Union expects to collect. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net earnings as a credit loss expense or a reversal of credit loss expense. Management estimates the allowance by utilizing models dependent upon loan risk characteristics and economic parameters. Consumer loan risk characteristics include but are not limited to FICO scores, LTV, and delinquency status. The economic parameters are developed using available information relating to past events, current conditions, and reasonable and supportable forecasts. The Credit Union's reasonable and supportable forecast period reverts to a historical norm based on inputs within approximately two years. Historical credit experience provides the basis for the estimation of expected credit losses, with adjustments made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in the micro- and macroeconomic environments. The contractual terms of financial assets are adjusted for expected prepayments.

Loans that do not share risk characteristics are evaluated on an individual basis. These include loans that are in non-accrual status with balances above management determined materiality thresholds depending on loan class. If a loan is determined to be collateral-dependent or meets the criteria to apply the collateral-dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date, less costs to sell as appropriate. As noted above, collateral-dependent loans were deemed insignificant and intentionally omitted for disclosure purposes.

The Credit Union maintains an allowance on off-balance sheet credit exposures. The Credit Union estimates expected credit losses over the contractual period in which the Credit Union is exposed to credit risk via contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Credit Union. The allowance on off-balance sheet credit exposures is adjusted as a provision for credit losses expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated life. The allowance on off-balance sheet credit exposures was deemed insignificant and intentionally omitted for disclosure purposes.

The Credit Union has elected to exclude accrued interest receivable from the measurement of its allowance given the well-defined non-accrual policies in place for all loan portfolios which results in timely reversal of outstanding interest through interest income.

Continued

Property and Equipment

Land is carried at cost. Buildings, 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 39 years for buildings and 3 to 10 years for furniture and equipment. The cost of leasehold improvements is amortized using the straight-line method over the terms of the related leases.

National Credit Union Share Insurance Fund (NCUSIF) Deposit

The deposit in the NCUSIF is in accordance with the National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each federally insured credit union in an amount equal to 1% of its insured members' shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, if it converts its insurance coverage to another source or if management of the fund is transferred from the NCUA Board.

Federal Home Loan Bank (FHLB) Stock

The Credit Union, as a member of the FHLB system, is required to maintain an investment in capital stock of FHLB in an amount equal to the greater of 1% of its outstanding mortgage loans or 5% of advances from FHLB. No ready market exists for the FHLB stock and it has no quoted market value. The required investment in the common stock is carried at cost and evaluated for impairment. Investment in FHLB stock totaled $9,763 and $9,813 as of December 31, 2024 and 2023, respectively, and is included as a component of other assets.

Members' Shares

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

Members' shares are classified as liabilities as required by GAAP. However, the Federal Credit Union Act states that member deposit accounts represent ownership of a credit union, and should therefore, be classified as equity. Management concurs with the equity classification but has chosen to classify such member deposit accounts as liabilities since failure to do so would result in a departure from GAAP.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: 1) the assets have been isolated from the Credit Union - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, 2) the transferee obtains 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 or the ability to unilaterally cause the holder to return specific assets.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participation 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 assets, (2) from the date of transfer, all cash flows received, except any cash flows allocated as compensation or 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, and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Revenue from Contracts with Members

The Credit Union's revenue from contracts with members in the scope of *Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers*, is recognized and disaggregated within non-interest income (expense) in the consolidated statements of income. A description of the Credit Union's revenue streams accounted for under ASC 606 are as follows:

Fees and Charges

Fees and service charges include charges related to depository accounts under standard service agreements (e.g., courtesy pay fees, insufficient funds charges, late fees, etc.). Transaction-based fees are recognized at the time of transaction which is the point in time the Credit Union fulfills the member's request. Other account maintenance fees are generally earned over the course of a month which is the period the Credit Union satisfies it performance obligation.

Interchange Income

Interchange income includes interchange fees from credit and debit cards processed through card association networks. The Credit Union earns a percentage of the underlying value of each transaction. These fees are recognized daily when the processing service is provided to the member. The costs of related loyalty rewards programs are presented separately in general and administrative expenses.

Gain on Sale of Visa Stock

During the year ended December 31, 2024, the Credit Union sold the Visa Class B Shares stock that were granted in 2008 as a result of Visa, Incorporated going public. This asset was deemed permissible by the NCUA in November 2007. These shares were never recorded at fair value, due to no cost basis for the Credit Union, thus the sale of the shares resulted in a 100% gain that is included in the consolidated statements of income. This was recognized into income on the date of the sale.

Income Taxes

The Credit Union is exempt, by statute Internal Revenue Code Section 501(c)(14), from federal and state income taxes.

Continued

(In Thousands)

Subsequent Events

Subsequent events have been evaluated through March 17, 2025, which is the date the consolidated financial statements were available to be issued.

Note 2 – Investments

The estimated fair values of equities were approximately $14,370 and $5,185 as of December 31, 2024 and 2023, respectively.

Realized gains on equity investments were $401 and $1,216 during 2024 and 2023, respectively. These gains are included in other non-interest income in the accompanying consolidated statements of income.

The following table presents the amortized cost and estimated fair value of investments as of December 31, 2024:

	December 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government obligations and federal agencies securities	$ 418,825	$ 36	$ (22,513)	$ 396,348
Mortgage-backed securities	985,124	170	(53,426)	931,868
Corporate bonds	18,386	-	(186)	18,200
Obligations of state and political subdivisions	141,874	-	(5,830)	136,044
	$ 1,564,209	$ 206	$ (81,955)	$ 1,482,460

The following table presents the amortized cost and estimated fair value of investments as of December 31, 2023:

	December 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government obligations and federal agencies securities	$ 419,507	$ 26	$ (32,367)	$ 387,166
Mortgage-backed securities	984,413	106	(68,543)	915,976
Corporate bonds	21,160	-	(590)	20,570
Obligations of state and political subdivisions	150,721	-	(9,085)	141,636
	$ 1,575,801	$ 132	$ (110,585)	$ 1,465,348

Continued

(In Thousands)

Available-for-sale mortgage-backed securities as of December 31, 2024 and 2023, consisted of residential securities issued by government-sponsored enterprises.

Information pertaining to securities with gross unrealized losses as of December 31, 2024, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows:

	December 31, 2024					
	Continuous Unrealized Losses Existing for					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale						
U.S. government obligations and federal agencies securities	$ -	$ -	$ 391,327	$ (22,513)	$ 391,327	$ (22,513)
Mortgage-backed securities	95,574	(243)	774,647	(53,183)	870,221	(53,426)
Obligations of state and political subdivisions	-	-	136,044	(5,830)	136,044	(5,830)
Corporate bonds	-	-	18,200	(186)	18,200	(186)
Total temporarily impaired investments	$ 95,574	$ (243)	$ 1,320,218	$ (81,712)	$ 1,415,792	$ (81,955)

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

	December 31, 2023					
	Continuous Unrealized Losses Existing for					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale						
U.S. government obligations and federal agencies securities	$ -	$ -	$ 382,158	$ (32,367)	$ 382,158	$ (32,367)
Mortgage-backed securities	-	-	899,392	(68,543)	899,392	(68,543)
Obligations of state and political subdivisions	2,907	(94)	138,729	(8,991)	141,636	(9,085)
Corporate bonds	-	-	20,570	(590)	20,570	(590)
Total temporarily impaired investments	$ 2,907	$ (94)	$ 1,440,849	$ (110,491)	$ 1,443,756	$ (110,585)

There were a total of 296 and 337 investments with unrealized losses as of December 31, 2024 and 2023, respectively. Total fair value of these investments as of December 31, 2024 and 2023 was $1,415,792 and $1,460,340, respectively, which is 95.5% and 99.7% of the Credit Union's available-for-sale investments, respectively. The Credit Union has the ability to hold these investments for a period of time sufficient to allow for any anticipated recovery in fair value.

Continued

(In Thousands)

The carrying value of investments pledged as collateral to secure advances was $1,482,460 and $1,465,348 as of December 31, 2024 and 2023, respectively. Refer to Note 6 for additional information.

Time deposits with other institutions are generally non-negotiable and non-transferable and may incur substantial penalties for withdrawal prior to maturity.

Other investments, at cost, consisted of the following:

	2024	2023
Member capital account in a corporate credit union	$ 657	$ 751
Investment in FHLB stock	9,763	9,813
Investment in PSCU stock	1,953	1,947
Investment in CUSC stock	300	300
Investment in CU House stock	620	578
	$ 13,293	$ 13,389

Member capital account is an uninsured equity capital account that may only be redeemed with the approval of the NCUA.

Investments by maturity as of December 31, 2024, are summarized as follows:

	Available-for-Sale		
	Amortized Cost	Fair Value	Other, at Cost
No contractual maturity	$ -	$ -	$ 13,293
Less than 1 year maturity	190,607	187,383	-
1–5 years maturity	388,478	363,209	-
5–10 years maturity	-	-	-
Mortgage-backed securities	985,124	931,868	-
	$ 1,564,209	$ 1,482,460	$ 13,293

Expected maturities of mortgage-backed and other asset-backed securities may differ from contractual maturities because borrowers may have the right to call or prepay the obligations and are, therefore, classified separately with no specific maturity date. The member capital account and investments in FHLB stock, PSCU stock, CUSC stock and CU House stock have been classified with no contractual maturities.

The Credit Union invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such change could materially affect the amounts reported in the accompanying consolidated statements of financial condition.

Continued

(In Thousands)

Note 3 – Loans to Members

Loans to members as of December 31 consisted of the following:

	2024	2023
Real estate loans	$ 323,658	$ 385,983
Commercial loans	243,407	190,897
Consumer loans		
Direct vehicle loans	656,592	735,651
Indirect loans	1,561,682	1,726,768
Home equity loans	163,852	144,378
Other consumer loans, primarily unsecured	285,882	300,642
Government-guaranteed student loans	11,398	13,256
Loan participations	12,461	12,649
Credit card loans, unsecured	183,509	180,929
Gross loans	3,442,441	3,691,153
Deferred net loan origination costs	5,586	6,841
Allowance	(51,726)	(48,867)
	$ 3,396,301	$ 3,649,127

The recorded balance of real estate and home equity loans pledged as collateral to secure the Credit Union's line-of-credit with FHLB was $565,694 and $542,238 as of December 31, 2024 and 2023, respectively. Refer to Note 6 for additional information. The risk characteristics of each loan portfolio segment are as follows:

Real Estate

The real estate segment of the Credit Union's loan portfolio consists of conventional and Veterans Affairs (VA) mortgages secured by 1-4 family residences located in the state of Oklahoma, which are typically owner-occupied. Generally, all conventional and VA mortgage applications are processed as if they will be sold and are underwritten in accordance with Fannie Mae guidelines. Mortgage insurance is required on loans in which the loan-to-value exceeds 80%. Risk is mitigated by the Credit Union's underwriting guidelines and mortgage insurance requirements. Oklahoma's real estate property values have not experienced significant swings and historically, values have remained stable even during periods of economic decline.

Continued

Consumer

The short-term mortgage segment of the portfolio is comprised of closed-end equity mortgage loans and home equity lines of credit secured by a first or second lien on 1-4 family residences, which are typically owner-occupied. Vehicle loans are secured by assets, such as vehicles, motorcycles, recreational vehicles, and watercraft funded through a direct branch. Indirect loans are secured by assets, such as vehicles, motorcycles, recreational vehicles, and watercraft funded through an indirect dealer, which contain recourse provisions in accordance with the Credit Union's Motor Vehicle Retail Finance Agreement. The other secured segment contains some loans secured by chattel collateral, deposits, and unsecured loans. Payday loans and courtesy pay loans are unsecured. Repayment is dependent on personal income of the borrower(s), which can be impacted by economic conditions. Risk is mitigated by the Credit Union's underwriting guidelines, the collateral pledged as security and the fact that the unsecured loans are typically smaller loan amounts.

Commercial

The commercial loan segment of the Credit Union's portfolio primarily consists of commercial real estate loans, commercial real estate and 1-4 family RE secured construction loans, 1-4 family investment loans and commercial and industrial loans. Other loan types such as commercial equipment & capital asset loans, commercial working capital lines of credits, loan secured by farmland and development loans make up the remaining portfolio. Repayment methods vary and are dependent on the type of loan and business. Risk is mitigated by the commercial underwriting guidelines, the assessment of all guarantors, cash-flow analysis, risk ratings and in some cases guarantees from USDA/SBA.

Credit Card

The credit card segment of the portfolio is generally unsecured credit lines. A relatively small portion of the segment is credit lines secured by deposits.

Repayment is dependent on personal income of the borrower(s), which can be impacted by economic conditions. Risk is mitigated by the Credit Union's underwriting guidelines.

Government-Guaranteed Student Loans

The student loan segment of the portfolio is comprised of Federal Stafford and Federal Plus loans funded under the Federal Family Education Loan Program (FFELP) and are federally guaranteed. The Credit Union has not participated in the FFELP since 2009; thus, no additional loans are being funded in this segment.

Continued

(In Thousands)

Non-Accrual Loans

The following table presents the Credit Union's non-accrual loans:

	2024	2023
Real estate loans	$ 790	$ 299
Commercial loans	11,263	8,717
Consumer loans		
Direct vehicle loans	3,234	3,202
Indirect loans	8,458	7,057
Other consumer loans, primarily unsecured	1,768	1,972
Credit card loans, unsecured	1,872	1,730
	$ 27,385	$ 22,977

Allowance

The following table presents the balance in the allowance and the recorded investment in loans by portfolio segment as of December 31, 2024:

	Real Estate Loans	Commercial Loans	Consumer Loans	Credit Card Loans	Unallocated	Total
Balance, beginning of year	$ 3,195	$ 3,377	$ 32,399	$ 6,553	$ 3,343	$ 48,867
Provision for (recapture of) credit losses	(2,411)	6,888	25,729	5,288	(2,944)	32,550
Losses charged off	-	(1,998)	(35,311)	(6,867)	-	(44,176)
Recoveries	-	-	12,734	1,751	-	14,485
Balance, end of year	$ 784	$ 8,267	$ 35,551	$ 6,725	$ 399	$ 51,726

As of December 31, 2023, the Credit Union's allowance for unfunded lending commitments had a balance of approximately $1,295. During the year ended December 31, 2024, the aggregation of adjustments to the allowance for unfunded lending commitments resulted in a net increase in the balance. This increase or provision for credit losses was approximately $50 for the year ended December 31, 2024. The ending balance of the allowance for unfunded lending commitments as of December 31, 2024, was approximately $1,345 and is reported as a component of other liabilities in the consolidated statements of financial condition.

(In Thousands)

The following table presents the balance in the allowance and the recorded investment in loans by portfolio segment as of December 31, 2023:

	Real Estate Loans	Commercial Loans	Consumer Loans	Credit Card Loans	Unallocated	Total
Balance, beginning of year	$ 93	$ -	$ 8,728	$ 4,007	$ 3,343	$ 16,171
Impact of adopting ASC 326	42	112	29,966	2,125	-	32,245
Balance, restated beginning of year	135	112	38,694	6,132	3,343	48,416
Provision for credit losses	3,267	3,269	10,550	5,314	-	22,400
Losses charged off	(207)	(4)	(27,952)	(6,320)	-	(34,483)
Recoveries	-	-	11,107	1,427	-	12,534
Balance, end of year	$ 3,195	$ 3,377	$ 32,399	$ 6,553	$ 3,343	$ 48,867

As of December 31, 2022, the Credit Union's allowance for unfunded lending commitments had a zero balance. As a result of the adoption and implementation of CECL on January 1, 2023, a liability, referred to as the allowance for unfunded lending commitments, in the amount of approximately $1,216 was recorded through a reduction to undivided earnings. During the year ended December 31, 2023, the aggregation of adjustments to the allowance for unfunded lending commitments resulted in a net increase in the balance. This increase or provision for credit losses was approximately $79 for the year ended December 31, 2023. The ending balance of the allowance for unfunded lending commitments as of December 31, 2023, was approximately $1,295 and is reported as a component of other liabilities in the consolidated statements of financial condition.

The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio. Under GAAP, the unallocated portion of the allowance should be recaptured through income; however, the Credit Union believes that the unallocated portion is necessary to account for any margin of error resulting from the allowance calculation.

The following table presents the aging of the recorded investment in past due loans as of December 31, 2024:

	15–60 Days Past Due	61–90 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans >90 Days and Accruing
Real estate loans	$ 1,254	$ 490	$ 790	$ 2,534	$ 321,124	$ 323,658	$ -
Commercial loans	7,716	6,170	11,263	25,149	218,258	243,407	-
Consumer loans	68,821	8,635	13,634	91,090	2,576,918	2,668,008	-
Government-guaranteed student loans	-	526	1,457	1,983	9,415	11,398	1,457
Loan participations	-	-	-	-	12,461	12,461	-
Credit card loans	1,494	963	1,872	4,329	179,180	183,509	-
Total	$ 79,285	$ 16,784	$ 29,016	$ 125,085	$ 3,317,356	$ 3,442,441	$ 1,457

(In Thousands)

The following table presents the aging of the recorded investment in past due loans as of December 31, 2023:

	15–60 Days Past Due	61–90 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans >90 Days and Accruing
Real estate loans	$ 1,734	$ -	$ 299	$ 2,033	$ 383,950	$ 385,983	$ -
Commercial loans	3,751	1,435	8,717	13,903	176,994	190,897	-
Consumer loans	63,047	7,333	12,231	82,611	2,824,828	2,907,439	-
Government-guaranteed student loans	-	398	1,279	1,677	11,579	13,256	1,279
Loan participations	-	-	-	-	12,649	12,649	-
Credit card loans	1,437	895	1,730	4,062	176,867	180,929	-
Total	$ 69,969	$ 10,061	$ 24,256	$ 104,286	$ 3,586,867	$ 3,691,153	$ 1,279

Government-guaranteed student loans greater than 90 days past due continue to accrue interest in accordance with contractual terms of the loan agreement and are not considered to be impaired and are not classified as non-accrual loans.

Note 4 – Property and Equipment

Property and equipment as of December 31 are summarized as follows:

	2024	2023
Land	$ 14,945	$ 15,820
Buildings	94,332	92,568
Leasehold improvements	4,120	4,049
Furniture and equipment	69,997	68,861
	183,394	181,298
Accumulated depreciation and amortization	(105,026)	(99,451)
Net book value	$ 78,368	$ 81,847

Depreciation expense on property and equipment was $6,509 and $7,124 during the years ended December 31, 2024 and 2023, respectively.

Continued

(In Thousands)

Note 5 – Members' Shares

Members' shares as of December 31 are summarized as follows:

	2024	2023
Regular shares	$ 1,000,592	$ 1,009,694
Share draft accounts	1,096,910	1,069,642
Money market accounts	1,583,152	1,656,142
Individual retirement accounts	55,355	60,285
Share certificates	1,301,422	1,219,654
Total	$ 5,037,431	$ 5,015,417

Share certificates by maturity as of December 31, 2024 are summarized as follows:

0–1 year	$ 1,134,446
1–2 years	105,592
2–3 years	31,472
3–4 years	15,804
4–5 years	14,108
Total	$ 1,301,422

Regular shares, share draft accounts, money market accounts and individual retirement accounts have no contractual maturity. Share certificates have maturities of five years or less. The aggregate amount of certificates in denominations of $250 or more as of December 31, 2024 and 2023, was $213,174 and $200,044, respectively.

As of December 31, 2024 and 2023, overdraft demand shares reclassified to loans were $2,192 and $2,228, respectively.

Note 6 – Borrowings

The Credit Union utilizes a demand loan agreement with a corporate credit union. The terms of this agreement call for the pledging of all investments as security for any and all obligations taken by the Credit Union under this agreement. The agreement provides for a credit limit of $61,800 with interest charged at a rate determined by the lender on a periodic basis. There are no outstanding borrowings under this agreement as of December 31, 2024 and 2023. The agreement is reviewed for continuation by the lender and the Credit Union annually.

Continued

The Credit Union also has a line-of-credit available with FHLB with the capacity to borrow up to a certain percentage of its eligible mortgage loans and securities, as defined in the FHLB Statement of Credit Policy. As of December 31, 2024 and 2023, the Credit Union pledged approximately $564,250 and $513,912 in mortgage loans, respectively, and approximately $185,282 and $179,709 in securities, respectively. The Credit Union's borrowing capacity was approximately $565,654 and $542,238 as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, there was approximately $200,000 borrowings outstanding under this agreement.

The Credit Union also has a line-of-credit available with FRB with the capacity to borrow up to a certain percentage of its qualified collateral, as defined in the FRB Statement of Credit Policy. As of December 31, 2024 and 2023, the Credit Union's borrowing capacity was $214,000 and $75,000, respectively. December 31, 2024, there were no funds borrowed under this agreement. As of December 31, 2023, there was approximately $75,000 borrowings outstanding under this agreement.

Note 7 – Members' Equity

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 regulations and the regulatory framework for prompt corrective action (PCA), the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance sheet items as calculated under generally accepted accounting practices. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Effective January 1, 2022, federally insured, natural-person credit unions defined as "complex" must comply with the NCUA's risk-based capital (RBC) final rule which amends NCUA's PCA regulations, part 702, or the newly created Complex Credit Union Leverage Ratio (CCULR) rule. A credit union is defined as "complex" if the credit union's quarter-end total assets exceed $500,000,000, as reflected in its most recent Call Report. The rules require credit unions taking certain risks to hold capital commensurate with those risks. The RBC rule revises part 702 of NCUA's current regulations to establish an RBC ratio measure that is the percentage of a credit union's capital divided by the credit union's defined risk weighted asset base. This RBC rule more closely aligns NCUA's risk weights with those assigned by other banking agencies. Accordingly, the RBC rule adopts a 10 percent RBC ratio level for "well capitalized" credit unions, and an 8 percent RBC ratio level for "adequately capitalized" credit unions.

The CCULR rule simplifies the RBC rule requirements for complex credit unions that meet certain eligibility criteria by allowing them to choose between implementing the RBC rule or the CCULR. Credit unions that select CCULR instead of the RBC rule are required to have a minimum 9 percent leverage ratio. A qualifying complex credit union opting into the CCULR framework calculates its CCULR in the same manner as its net worth ratio under NCUA's PCA regulations, part 702. Management has selected CCULR for calculating its RBC as of December 31, 2024 and 2023.

As of December 31, 2024, the most recent call reporting period, the NCUA categorized the Credit Union as "*well capitalized*" under the regulatory framework for PCA. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

Continued

(In Thousands)

The Credit Union's actual and required net worth and ratios are as follows:

	As of December 31, 2024		As of December 31, 2023	
	Amount	Ratio Requirement	Amount	Ratio Requirement
Actual net worth	$ 832,296	13.78%	$ 763,541	12.81%
Amount needed to be classified as "well capitalized"	$ 543,562	9.00%	$ 538,415	9.00%

In performing its calculation of total assets, the Credit Union used the quarter end option, as permitted by regulation. As of December 31, 2024 and 2023, total assets and undivided earnings were increased by 33% and 67%, respectively, of the CECL transition provision amount of approximately $9,974 and $20,251, respectively, as required by regulation.

Note 8 – Employee Benefits

401(k) Plan

The Credit Union and its subsidiary allow their employees to participate in a contributory 401(k) retirement plan (the 401(k) Plan). All employees who have completed 30 days of service and agree to make contributions are eligible for the 401(k) Plan. The Credit Union matches employee contributions up to 5% of employees' annual salaries after one year of service. The Credit Union's contributions were $2,570 and $2,299 for the years ended December 31, 2024 and 2023, respectively, and are included in salaries and benefits in the accompanying consolidated statements of income.

Target Benefit Plan

The Credit Union has a target benefit plan (the Target Plan) for all eligible employees. Under the Target Plan, the Credit Union will contribute an amount on behalf of each employee, such that the accumulated contribution and related earnings will approximate a target percentage of the employee's annual salary at retirement. Annual contributions of $2,300 and $1,167 were accrued as of December 31, 2024 and 2023, respectively, and are included in accrued expenses and other liabilities in the accompanying consolidated statements of financial condition.

Collateral Assigned Split Dollar Plan

The Credit Union has entered into collateral assignment split dollar life insurance arrangements with certain credit union executives as part of an executive benefit program. Loan benefits were established and the proceeds were used to fund premium payments for the purchase of the executives' life insurance policies. The Credit Union has made loans of approximately $3,900 related to the arrangements. The notes receivable require repayment to the Credit Union upon the death of the executives (and/or spouse) as specified in the policy. In accordance with Internal Revenue Service regulations, interest on the notes receivable is fixed and charged at the long-term applicable federal rate commencing on the date of execution.

Continued

The notes receivable proceeds are maintained in premium deposit accounts at the insurance carrier. These accounts are owned by the executives and have been assigned to the Credit Union as collateral for the notes receivable. Premiums are swept from the premium deposit accounts on an annual basis. The Credit Union records the lower of the outstanding loan balances or the policy surrender value and premium deposit accounts as of the reporting date. The balance of the policy surrender value and the premium deposit accounts was $3,986 and $3,802 as of December 31, 2024 and 2023, respectively, and is included in other assets in the accompanying consolidated statements of financial condition.

Deferred Compensation Plan

The Credit Union has entered into deferred compensation agreements with certain current members of the executive management team that accrue benefits payable to these employees during the time of employment by the Credit Union. The benefits are subject to forfeiture if the employee willfully leaves employment or employment is terminated for cause, as defined in the agreement. Benefits are payable upon retirement or at the end of certain vesting requirements. The estimated liability under the agreements is being accrued based on the earnings of established annuities. The accrued liability as of December 31, 2024 and 2023, was $1,058 and $1,036, respectively, and is included in accrued expenses and other liabilities in the accompanying consolidated statements of financial condition.

Note 9 – Concentrations of Credit Risk

Credit Union Membership

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 bylaws. Approximately one-third of the Credit Union's members are affiliated with Tinker Air Force Base. Included in the field of membership are employees of other military organizations and a large number of Select Employee Groups. A significant concentration of members resides in the Oklahoma City area. Although the Credit Union has a diversified loan portfolio, borrowers' ability to repay loans may be affected by the economic climate of either the military organizations or the overall geographic region in which borrowers reside.

Note 10 – Fair Value Measurements

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets.

(In Thousands)

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial condition measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of December 31, 2024 and 2023:

	December 31, 2024			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Mutual funds	$ 14,370	$ 14,370	$ -	$ -
Available-for-sale investments				
U.S. government obligations and federal agencies securities	396,348	-	396,348	-
Mortgage-backed securities	931,868	-	931,868	-
Corporate bonds	18,200	-	18,200	-
Obligations of state and political subdivisions	136,044	-	136,044	-

	December 31, 2023			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Mutual funds	$ 5,185	$ 5,185	$ -	$ -
Available-for-sale investments				
U.S. government obligations and federal agencies securities	387,166	-	387,166	-
Mortgage-backed securities	915,976	-	915,976	-
Corporate bonds	20,570	-	20,570	-
Obligations of state and political subdivisions	141,636	-	141,636	-

Continued

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial condition, as well as the general classification of such assets pursuant to the valuation hierarchy.

There have been no significant changes in valuation techniques during 2024 or 2023.

Equities

Where quoted market prices are available in an active market, equities are classified within Level 1 of the valuation hierarchy. Level 1 equities include mutual funds, equity securities and debt securities.

Available-for-Sale Investments

Fair values are estimated by using pricing models, quoted prices of investments with similar characteristics or discounted cash flows. Level 2 available-for-sale investments include U.S. government obligations and federal agencies securities, mortgage-backed securities, corporate securities and obligations of state and political subdivisions. The values of these securities are determined through third-party vendors who compile prices from various sources and may apply such techniques as matrix pricing to determine the value of identical or similar investment securities. Matrix pricing is a mathematical technique widely used in the financial institution industry to value investment securities without relying exclusively on quoted prices for specific investment securities but rather relying on the investment securities' relationship to other benchmark-quoted investment securities.

Note 11 – Commitments and Contingent Liabilities

Off-Balance Sheet Risk

The Credit Union is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition.

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. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2024, the total unfunded commitments under such lines-of-credit was approximately $1,080,420. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the member.