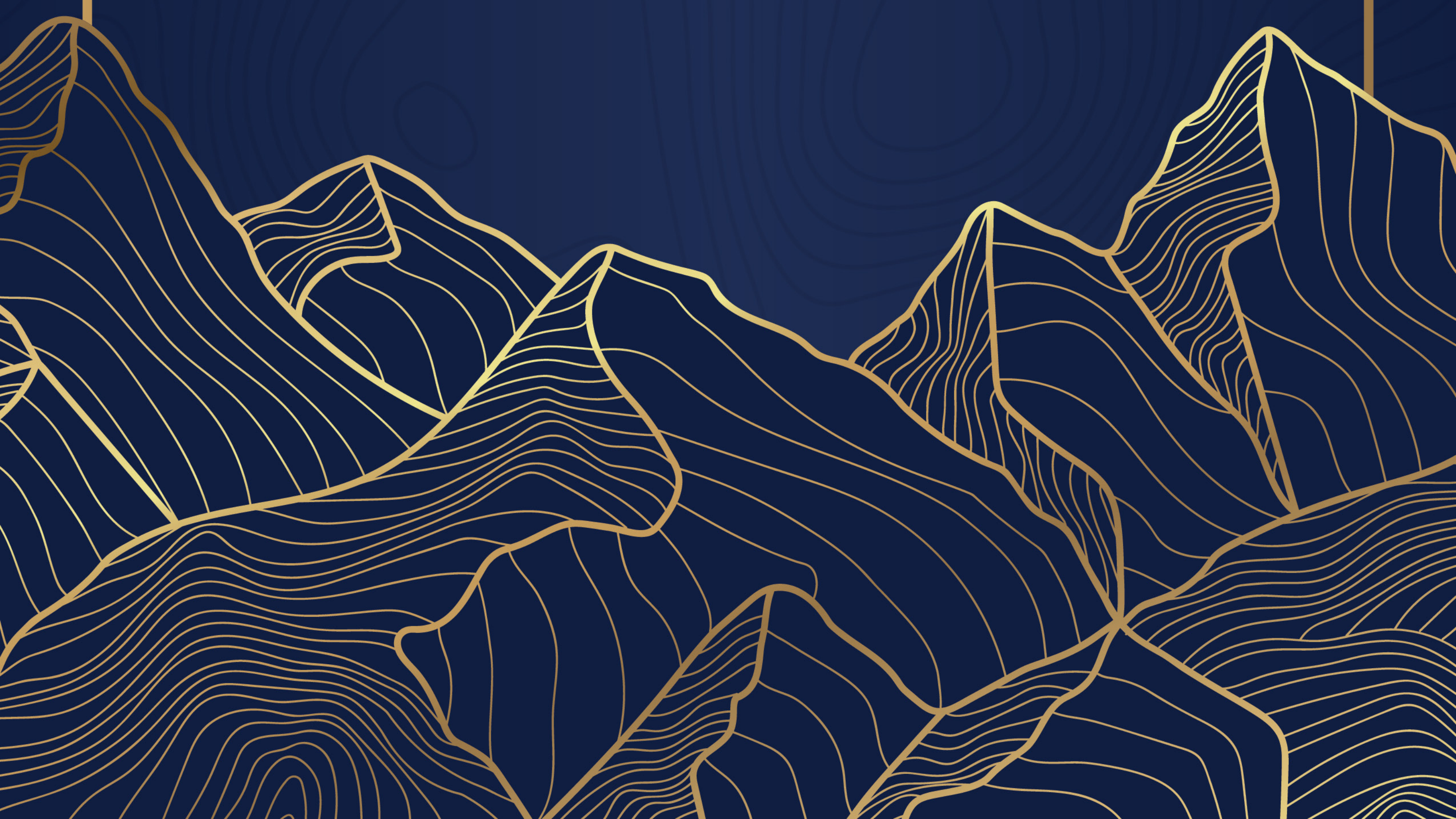
Viro financial

2024 ANNUAL REPORT

INNOVATION AND ELEVATION



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CHAIR & EXECUTIVE REPORT

JEFF CHELIUS
CHAIR

FRED EISEL
PRESIDENT / CEO

Imagine what the world was like during some of history's most significant movements – the Industrial Revolution, the Civil Rights Movement, the Digital Age. These were times of great transformation, elevating society in a way that would forever change the course of how we live. They were such impactful milestones, the likes of which those who didn't experience them will never truly understand. But the truth is that we're living through one of the biggest movements of our lifetime right at this moment.

Welcome to the "Age of Artificial Intelligence," the "AI Era" or the "Cognitive Age." No matter which name speaks to you, all of these variations signify one thing – a world that is immersed in and empowered by innovation. And it's this very idea of innovation that Vizo Financial chose to embrace in 2024, using the technologies and resources of this unprecedented era to elevate our organization for even greater success. In doing so, we shaped bold plans for the future and achieved incredible milestones of our own.

We began the year by officially launching our Member Incentive Credit (MIC) Rewards program, which gives an additional dividend to capital members based on how many products and services the credit union uses with the Corporate and our payments CUSO, MY CU Services. The program was announced at the end of 2023 with our collective giveback of $3.8 million to members – topped only by the record-breaking MIC Rewards giveback at the end of 2024, which totaled $4.1 million. The idea behind the program is to share our financial success with the members that have given their support to the Corporate. Behind the scenes, Vizo Financial also started work on an Education Rewards program, which launched in early 2025. As you can see, our mission is not just to elevate the financial standing of our members but also encourage their education on current issues and trends affecting our movement.

In addition, the Corporate won its second Gallup Exceptional Workplace Award in 2024, an honor afforded to only a handful of organizations worldwide. Gallup found that Vizo Financial continued to engage and develop its people in innovative ways, through an emphasis on social connectedness, wellness and strengths-based culture. That sentiment extended throughout the entirety of 2024, as we just recently won our third consecutive Gallup Exceptional Workplace Award in 2025.

We also spent a lot of time "on the road" in 2024 at various industry events. During this time, we had the opportunity to build new connections with credit unions outside of our typical footprint and deepen those with our

CHAIR & EXECUTIVE REPORT

current membership. All of these events were extremely valuable, as we learned common challenges credit unions are experiencing and goals they are hoping to achieve moving forward. Those “peaks” and “valleys” acted as a catalyst for the Corporate to adopt innovation even more fully by expanding our product line to include some powerful new offerings.

Such offerings infiltrated our payment services line with the addition of third-party wires, which allows institutions to send wires through the Federal Reserve using Vizo Financial and MY CU Services as a service provider. This has been especially helpful since the discontinuation of the Fedwire Funds Offline Service at the end of 2024. In addition, we began preparations to enhance our instant payment options to include corporate-level receipt services (which we launched in January 2025), as well as those for the new ISO 20022 wire standard that is set to go live later this year.

But perhaps our biggest move toward an innovative and elevated future came in November 2024, when we joined forces with Vertice AI to offer a revolutionary member growth solution to credit unions. The Vertice AI solution brings together the existing member data credit unions already possess with the analytical power of artificial intelligence to create a better understanding of member economic participation, giving institutions the ability to offer personalized marketing and growth opportunities. With this solution firmly rooted in the AI era, we’re confident this platform will help credit unions advance their member growth strategy and experience even greater success in the future.

Our investment with Vertice AI has provided us with an exclusive partnership that gives the Corporate the unique privilege of delivering an exemplary growth tool for credit unions looking to reach new heights among their membership well into the future. We believe this solution and our one-of-a-kind partnership will help credit unions start their journeys with AI, giving them a solid foundation to interact with and incorporate AI into their institutions in a way that supports tangible and meaningful results.

Beyond our services, though, we ascended even higher in terms of financial fortitude and member satisfaction, reaching record profits and capital levels, as well as receiving our highest-ever member survey scores. Despite the allure of a tech-filled product line and modern innovations, the pinnacle is knowing that our members feel secure in our partnership, confident in our expertise and content in our level of service. Our mission is always to provide safe and sound financial opportunities and to make our members feel valued.

Without a doubt, 2024 was a year of innovation and elevation for Vizo Financial. In our own era of transformation and growth, we strengthened our commitment to innovation, collaboration and progress, carving a clear path to even greater opportunities for success. Our many accomplishments and accolades throughout the year highlighted our dedication to pushing boundaries in the credit union movement. Thanks to the steadfast support of our members, the strength of our team and the momentum of innovative solutions, we are ready to continue elevating the Corporate, scale new summits and reach extraordinary heights.

CREDIT COMMITTEE
REPORT

GENICE DECORTE

CHAIR

The credit committee is committed to ensuring that all Vizo Financial Corporate Credit Union's lending decisions consider the creditworthiness of borrowers, as well as financial market conditions and credit constraints. The committee also provides advice and guidance to the Vizo Financial board and management team regarding lending policies and procedures.

During 2024, the credit committee met quarterly to discuss lending program metrics, review credit unions that warranted closer inspection based on their credit profile and examine the credit union environment in terms of liquidity needs and issues affecting funding.

At year-end 2024, Vizo Financial had $4.430 billion in approved lines of credit. Outstanding loans at year-end were just $32.1 million. There were no member loan delinquencies at the end of the year.

Vizo Financial's credit committee remains committed to ensuring the safety of our Corporate and making certain that Vizo Financial is one of our members' primary liquidity sources.

TREASURER'S REPORT

GENICE DECORTE

TREASURER

Vizo Financial had a successful year, with total regulatory capital reaching $602.6 million by the end of 2024, solidifying its position as one of the nation's strongest corporate credit unions.

Of the Corporate's total regulatory capital in 2024, $594.3 million is considered tier-one capital. Tier-one capital consists of $378.4 million in retained earnings plus $224.6 million in perpetual contributed capital (PCC), less equity in unconsolidated CUSOs of $8.6 million. Total capital includes tier-one capital plus $8.3 million in non-perpetual capital accounts.

Vizo Financial earned $65.9 million in net interest income. The Corporate's net interest income combined with non-interest income of $20.0 million, less operating expenses of $52.8 million, produced $33.1 million in net revenues in 2024. Total revenues were reduced by $11.3 million in dividend payments on perpetual contributed capital (PCC) accounts, which dropped net transfers to retained earnings to $21.9 million. Twelve-month moving daily average net assets for the year were right at $6.2 billion.

The Corporate ended 2024 with a retained earnings ratio of 6.11 percent and a tier-one/leverage ratio of 9.60 percent. The regulatory minimum tier-one capital ratio is 4.0 percent. At year-end, we held just over $88.0 million in our off-balance sheet EBA account at the Federal Reserve Bank.

The Corporate's risk weighted capital ratios remained strong in 2024. The Corporate's tier-one risk weighted capital ratio ended the year at 108.67 percent with a total risk weighted capital ratio of 110.18 percent. Both ratios far exceed regulatory requirements and demonstrate the high credit quality of the Vizo Financial investment portfolio.

With our members' support and cooperation, we can continue to explore innovations that will elevate our financial success.

SUPERVISORY COMMITTEE
REPORT

AMY LICHWA

CHAIR

Amy Lichwa

Vizo Financial Corporate Credit Union's supervisory committee is pleased to inform the membership that your Corporate is safe and sound.

Throughout 2024, the supervisory committee was involved in reviewing numerous audits and examinations to ensure Vizo Financial was in compliance with the rules and regulations of the National Credit Union Administration and the North Carolina Credit Union Division.

The supervisory committee engaged Doeren Mayhew Assurance, CPAs for the year ending December 31, 2024. Doeren Mayhew Assurance expressed an unmodified opinion on the consolidated financial statements. The firm also conducted an audit regarding the effectiveness of internal controls and procedures over financial reporting. The auditors expressed an unmodified opinion for this audit. In addition, no significant deficiencies were noted in either audit.

The accounting firm of RKL, LLC carried out the internal audit function. Working closely with the supervisory committee, the audit team independently assessed the adequacy and effectiveness of the Corporate's internal control. The results of all internal audits were reviewed by the committee and reported to the board of directors. We are pleased to report that no material weaknesses in Vizo Financial's internal controls were identified as a result of these internal audits.

As we continue to elevate our organization and embrace innovation, the Corporate's dedication to remaining safe and sound is always top priority.

VIZO FINANCIAL

BOARD OF DIRECTORS

JEFF CHELIUS
CHAIR
Riverfront FCU
Wyomissing, Pa.
Assets: $310.3 million

DANIEL BERRY
VICE CHAIR
Duke University FCU
Durham, N.C.
Assets: $194.0 million

GENICE DECORTE
TREASURER
HealthShare CU
Greensboro, N.C.
Assets: $50.9 million

DEREK FUZZELL
SECRETARY
PAHO/WHO FCU
Washington, D.C.
Assets: $341.1 million

PAUL HUGHES
DIRECTOR
Greenville FCU
Greenville, S.C.
Assets: $461.9 million

JERRY KING
DIRECTOR
DEXSTA FCU
Wilmington, Del.
Assets: $415.3 million

MARK VOLPONI
DIRECTOR
USX FCU
Cranberry Township, Pa.
Assets: $253.0 million

SCOTT WEAVER
DIRECTOR
Carolina Foothills FCU
Spartanburg, S.C.
Assets: $200.7 million

SCOTT WOODS
DIRECTOR
South Carolina FCU
North Charleston, S.C.
Assets: $2.5 billion

VIZO FINANCIAL CORPORATE CREDIT UNION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023
(With Independent Auditor's Report Thereon)

DoerenMayhew
ASSURANCE

VIZO FINANCIAL CORPORATE CREDIT UNION

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DoerenMayhew
ASSURANCE

8785 SW 165th Ave., Suite 303
Miami, Florida 33193
305.232.8272 | doeren.com

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors
Vizo Financial Corporate Credit Union

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Vizo Financial Corporate Credit Union and its 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, 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 Vizo Financial Corporate Credit Union and its 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.

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 Vizo Financial Corporate Credit Union and its 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Vizo Financial Corporate Credit Union and its 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.

- 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 Vizo Financial Corporate Credit Union and its 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.

Report on Internal Control Over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Vizo Financial Corporate Credit Union and its subsidiary's internal control over financial reporting as of December 31, 2024, based on criteria established in the Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 6, 2025, expressed an unmodified opinion.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the reports by Management, the Board of Directors, and Supervisory Committee as well as statistical information but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Doeren Mayhew Assurance

Miami, Florida
March 6, 2025

VIZO FINANCIAL CORPORATE CREDIT UNION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2024 AND 2023

Assets	2024	2023
	(dollars in thousands)	
Cash and cash equivalents	$ 2,880,954	$ 3,066,504
Certificates of deposit	6,250	8,496
Available-for-sale investments (Note 2)	3,006,721	2,781,191
Loans (Note 3)	32,100	34,586
Accrued interest receivable	23,647	25,391
Split Dollar Receivable	30,349	7,949
457(f) Plan Investment	9,675	38,555
Prepaid and other assets	45,443	67,789
Property and equipment (Note 4)	4,580	6,155
Federal Home Loan Bank (FHLB) stock	4,230	4,719
National Credit Union Share Insurance Fund (NCUSIF) deposit	1,547	1,576
Total assets	$ 6,045,496	$ 6,042,911

Liabilities and Members' Equity	2024	2023
Liabilities:		
Members' shares and certificates (Note 5)	$ 5,404,291	$ 4,681,875
Borrowed funds (Note 7)	-	750,000
Prefunded Outstanding Checks	47,541	45,022
Accrued expenses and other liabilities	8,707	10,611
Total liabilities	5,460,539	5,487,508
Commitments and contingent liabilities		
Members' equity:		
Perpetual contributed capital	224,562	216,765
Undivided earnings	355,828	333,972
Equity acquired in merger	22,562	22,562
Accumulated other comprehensive (loss)/ income	(17,995)	(17,896)
Total members' equity	584,957	555,403
Total liabilities and members' equity	$ 6,045,496	$ 6,042,911

See accompanying notes to the consolidated financial statements.

VIZO FINANCIAL CORPORATE CREDIT UNION

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
	(dollars in thousands)	
Interest income:		
Investments	$ 323,958	$ 248,783
Loans	1,008	5,107
Total interest income	324,966	253,890
Interest expense:		
Members' shares and certificates	238,906	166,889
Borrowed funds	20,125	38,833
Total interest expense	259,031	205,722
Net interest income	65,935	48,168
Non-interest income:		
Gain on U.S. Central Estate Settlement (Note 12)	-	36,450
Check services, bill payments services, EFT services	12,138	12,642
Fees and other income	7,849	9,578
Total non-interest income	19,987	58,670
Non-interest expenses:		
Compensation and benefits	21,922	21,283
Operations	16,586	15,266
Other	4,965	3,148
Member Incentive	6,704	3,417
Professional and outside services	2,621	2,531
Loss on sale of available-for-sale investments	-	328
Total non-interest expenses	52,798	45,973
Net income	$ 33,124	$ 60,865

See accompanying notes to the consolidated financial statements.

VIZO FINANCIAL CORPORATE CREDIT UNION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
	(dollars in thousands)	
Net income	$ 33,124	$ 60,865
Other comprehensive income/(loss):		
Net unrealized holding (losses)/gains on investments classified as available-for-sale	(99)	9,571
Reclassification adjustments for losses included in net income	-	328
Other comprehensive (loss)/income	(99)	9,899
Comprehensive income	$ 33,025	$ 70,764

See accompanying notes to the consolidated financial statements.

VIZO FINANCIAL CORPORATE CREDIT UNION

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Perpetual Contributed Capital	Undivided Earnings	Equity Acquired in Merger	Accumulated Other Comprehensive (Loss)/Income	Total
			(dollars in thousands)		
Balance, December 31, 2022	$ 215,741	$ 283,052	$ 22,562	$ (27,795)	$ 493,560
Issuance of perpetual contributed capital	1,024	-	-	-	1,024
Net Income	-	60,865	-	-	60,865
Dividends on perpetual contributed capital	-	(9,945)	-	-	(9,945)
Other comprehensive income	-	-	-	9,899	9,899
Balance, December 31, 2023	216,765	333,972	22,562	(17,896)	555,403
Issuance of perpetual contributed capital	7,797	-	-	-	7,797
Net income	-	33,124	-	-	33,124
Dividends on perpetual contributed capital	-	(11,268)	-	-	(11,268)
Other comprehensive loss	-	-	-	(99)	(99)
Balance, December 31, 2024	$ 224,562	$ 355,828	$ 22,562	$ (17,995)	$ 584,957

See accompanying notes to the consolidated financial statements.

VIZO FINANCIAL CORPORATE CREDIT UNION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
	(dollars in thousands)	
Cash flows from operating activities:		
Net income	$ 33,124	$ 60,865
Adjustments:		
Depreciation expense	958	1,230
Addback non-cash portion of operating lease expense	28	6
Amortization of investment premiums/discounts, net	16,470	22,507
Loss on sale of investments	-	328
Change in split dollar plan receivable	1,750	327
Change in cash surrender value of 457(f) plan investment	(943)	(945)
(Gain) on disposal of fixed assets	-	(10)
(Increase)/decrease in:		
Accrued interest receivable	1,744	(2,242)
Prepaid and other assets	22,346	19,340
Increase/(decrease) in:		
Prefunded outstanding checks	2,519	(10,085)
Accrued expenses and other liabilities	(1,099)	(2,432)
Total adjustments	43,773	28,024
Net cash provided from operating activities	76,897	88,889

See accompanying notes to the consolidated financial statements.

VIZO FINANCIAL CORPORATE CREDIT UNION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Cash Flows (Continued)

	2024	2023
	(dollars in thousands)	
Cash flows from investing activities:		
Maturity of certificates of deposit	2,246	1,986
Purchase of certificates of deposit	-	(3,250)
Proceeds from maturities, sales and repayments of AFS investments	811,072	1,432,373
Purchase of available-for-sale investments	(1,053,171)	(375,359)
Net change in loans	2,486	86,616
Disposal of 457(f) plan investment	29,823	-
Purchase of split dollar plan investment	(24,150)	-
Proceeds from the sale of property and equipment	-	395
Expenditures for property and equipment	(216)	(396)
Redemption of FHLB stock	489	53,223
Decrease in NCUSIF deposit	29	62
Net cash (used in)/provided from investing activities	(231,392)	1,195,650
Cash flows from financing activities:		
Net change in members' shares and certificates	722,416	(196,600)
Proceeds from borrowed funds	-	750,000
Repayment of borrowed funds	(750,000)	(1,300,000)
Proceeds from issuance of perpetual contributed capital	7,797	1,024
Dividends on perpetual contributed capital	(11,268)	(9,945)
Net cash used in financing activities	(31,055)	(755,521)
Net change in cash and cash equivalents	(185,550)	529,018
Cash and cash equivalents, beginning of year	3,066,504	2,537,486
Cash and cash equivalents, end of year	$ 2,880,954	$ 3,066,504

Supplemental Cash Flows Disclosures

Interest paid	$ 259,329	$ 208,622

See accompanying notes to the consolidated financial statements.

Note 1 - Significant Accounting Policies

Organization

Vizo Financial Corporate Credit Union and its subsidiary (the Credit Union) comprise a state-chartered financial cooperative built by credit unions to provide a wide range of back-office solutions in the areas of money management, payments, core processing and education for more than 1,000 credit unions, CUSOs, leagues and chapters across the United States and Canada. The mission, above all else, is to accelerate credit union success through proven INSIGHT, unmatched EXPERTISE and trusted PARTNERSHIPS.

MY CU Services, LLC, (MY CU Services) is a wholly owned credit union service organization (CUSO) of the Credit Union. MY CU Services was formed for the purpose of providing electronic bill payment services to members of the Credit Union. Member settlements are processed directly through their settlement account at the Credit Union while non-member settlements are processed through either their corporate credit union or their correspondent institution where they have established an account. In addition to electronic bill payment services, MY CU Services offers check services, EFT services, core processing services, cooperative supply program, management IT services, and various other services. MY CU Services provides core data processing through CU Answers.

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 the disclosure of contingent assets and liabilities as of the dates of the consolidated financial statements and the reported amounts of revenues and expenses for the periods then ended. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the determination of the fair value of financial instruments, as well as the amortization of premiums on SBA securities.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Credit Union and its wholly owned CUSO, MY CU Services. All significant intercompany balances and transactions have been eliminated in consolidation.

Note 1 - Significant Accounting Policies (Continued)

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) is limited to the changes in unrealized gains/(losses) on available-for-sale investments. When available-for-sale investments are sold, the gain/(loss) realized on the sale is reclassified from accumulated other comprehensive income/(loss) to the net gain/(loss) on sale of available-for-sale investments reported in the consolidated statements of income.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from the Federal Reserve Bank (FRB) and other depository institutions as well as coin and currency maintained at various courier warehouses and interest-bearing deposits in banks with an original maturity of 90 days or less, including overnight deposits. Amounts due from banks may, at times, exceed federally insured limits.

Prefunded Outstanding Checks

These balances represent a guaranteed check program for members. The Credit Union debits the member account upon issue of the guaranteed check and credits the prefunded outstanding checks general ledger account. The Credit Union clears the items upon presentment.

Certificates of Deposit

Certificates of deposit are time deposits with financial institutions with an original maturity in excess of 90 days. These time deposits with financial institutions, at times, exceed federally insured limits.

Federal Reserve Bank – Excess Balance Account (EBA) Program

The Credit Union, as agent, entered into an Excess Balance Account (EBA) agreement with participating member credit unions and the FRB, whereby the FRB maintains, in aggregate, the excess funds of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in the Credit Union's consolidated financial statements. These balances totaled approximately $88,545,000 and $54,460,000 as of December 31, 2024 and 2023, respectively. Neither the participating member credit unions nor the agent may use the EBA for general payments or other activities. The aggregate balance in the EBA represents a deposit liability of the FRB solely to the participants. The agent is solely responsible for calculating and distributing the interest payable to each participant on the participant's excess balance and for damages owed to participants for any inaccuracy in calculating the participant's excess balance and interest.

Note 1 - Significant Accounting Policies (Continued)

Available-for-Sale Investments

Debt securities are classified as available-for-sale when the Credit Union anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on available-for-sale investments are recognized as direct increases or decreases in other comprehensive income. Premiums and discounts are recognized in interest income over the terms of the securities.

Small business administration (SBA) securities are comprised of pools containing a limited number of larger dollar loans underlying the security. Therefore, the repayment, default, or refinance of each underlying loan has a significant impact on the repayment of the security. As a result, determining an expected yield is subject to significant volatility due to the uncertainty of the weighted average life of the securities. The amortization of premium/discounts on SBA securities is accounted for using the Effective Interest Rate Method. The projected book yield used for each pool under this method is calculated monthly, considering the current coupon rate as well as an assumed prepayment speed. The Credit Union used 12 CPR to determine the amortization of the premiums and discounts for SBA securities for the years ended December 31, 2024 and 2023.

Allowance for Credit Losses – 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 the years ended December 31, 2024 and 2023, we concluded that any losses are temporary, due to market conditions, and therefore do not qualify as a credit loss.

Loans

Loans are stated at the unpaid principal amount. Interest on loans is calculated using the simple-interest method on principal amounts outstanding. The Credit Union has divided the portfolio into three classes of loans (lines of credit, fixed-rate term, and variable rate term) based on the risk characteristics of each type. Management's periodic evaluation of the need for an allowance for loan losses is based on the Credit Union's past loan experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay and current economic conditions. As of December 31, 2024 and 2023, no allowance for credit losses was deemed necessary as no loans were considered collateral dependent and loans are fully collateralized.

Collateral dependent loans are loans for which repayment is expected to be provided substantially through the operation or sale of the loan collateral. Collateral dependent loans were deemed insignificant and intentionally omitted for disclosure purposes.

Note 1 - Significant Accounting Policies (Continued)

Loan Charge-Off Policies

The Credit Union evaluates all lines of credit on at least an annual basis. Member credit unions that do not meet certain financial criteria are placed on a watch list.

457(f) Plans

The Credit Union has a Retention Payment Plan for key employees of management to encourage long-term employment with the Credit Union. The Plan is a non-qualified deferred compensation plan intended to qualify for income tax deferral under Section 457(f) of the Internal Revenue code. The Credit Union acquired life insurance policies to fund its liability in connection with the Plan. The liability was approximately $130,000 and $1,979,000 as of December 31, 2024 and 2023, respectively, and is included in accrued expenses and other liabilities in the consolidated statements of financial condition. The balance of the life insurance policies was approximately $9,675,000 and $38,555,000 as of December 31, 2024 and 2023, respectively.

Split Dollar Plan

The Credit Union maintains a split dollar life insurance plan, which is a collateral assignment arrangement between the Credit Union and key employees. The agreement involves a method of paying for insurance coverage for the executives by splitting the elements of a life insurance policy. Under the agreement, the executives are the owners of the policies and make a collateral assignment to the Credit Union in return for a loan equal to the amount of premiums to be paid on behalf of the executives plus accrued interest at a specific rate. At the time of death, the Credit Union will be paid the loan amount plus accrued interest and the balance of the insurance benefits will be paid to the executives' designated beneficiaries. The loan balance, which is based on the cash surrender value of the related policies and the value of the deposit accounts under this agreement was approximately $30,349,000 and $7,949,000 as of December 31, 2024 and 2023, respectively.

Federal Home Loan Bank (FHLB) Stock

As a member of the FHLB of Atlanta, the Credit Union is required to invest in stock of the FHLB. The Credit Union's minimum stock investment is based on a formula developed by the FHLB that considers the Credit Union's total assets and outstanding advances from the FHLB. The FHLB stock is carried at cost and its disposition is restricted. No ready market exists for the FHLB stock, and it has no quoted market value.

Note 1 - Significant Accounting Policies (Continued)

Property & Equipment

The Credit Union owns furniture, equipment, and computer software. These are carried at cost less accumulated depreciation and are depreciated using the straight-line method over the estimated useful lives of the assets. The Credit Union reviews these long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Credit Union leases property for office space, under various agreements, and accounts for leases in accordance with ASC 842. For leases over a materiality threshold of $100,000 and with a term of more than 12 months, the Credit Union recognizes a right-of-use (ROU) asset and a corresponding lease liability on the balance sheet at the commencement date. Right-of-use assets and lease liabilities are measured as the present value of future lease payments, discounted using the incremental borrowing rate from the FHLB at time of lease commencement. Lease expense is recognized on a straight-line basis over the lease term.

Leasehold improvements are carried at cost less accumulated amortization. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less. The Credit Union reviews these leasehold improvements for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

National Credit Union Share Insurance Fund (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. The NCUSIF deposit is required to be periodically reviewed for impairment.

Members’ Shares and Certificates

Members’ share accounts are the savings accounts of the owners of the Credit Union. Members’ share accounts are subordinated to all other liabilities of the Credit Union upon liquidation. Interest and dividends on members’ accounts are based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. The board of directors has delegated management to set interest rates on members’ share accounts, based on an evaluation of market conditions.

Borrowed Funds

The Credit Union did not have any borrowings as of December 31, 2024, and maintained outstanding borrowings from the Federal Reserve Bank as of December 31, 2023. The borrowings are secured by pledges of qualified collateral, as defined in the Pledge and Security Agreements with the institution.

Note 1 - Significant Accounting Policies (Continued)

Perpetual Contributed Capital (PCC)

PCC is a secondary capital instrument that is classified as equity in the consolidated statements of financial condition. The PCC program requires member credit unions to contribute a one-time uninsured mandatory capital investment with no stated maturity or withdrawal provisions. PCC investments are not negotiable or assignable but may be transferred to another eligible member credit union under certain provisions. PCC ownership entitles the members to vote in the annual elections of the board of directors and on other corporate matters. Irrespective of the amount of shares owned, no member has more than one vote. PCC may not be pledged or used as security for borrowing. PCC dividends are determined based on net earnings and the overall capital needs of the Credit Union. Additionally, PCC dividends are not guaranteed and may be suspended if earnings are negative and/or capital levels fall below regulatory and/or policy minimum levels. In the event of the Credit Union's liquidation, PCC is payable only after satisfaction of all liabilities of the Credit Union, including uninsured share obligations to members. Interest rates on PCC are set by management and approved by the board of directors, based on an evaluation of market conditions.

Federal and State Tax Exemption

The Credit Union is exempt from most federal, state and local income taxes under the provisions of the Internal Revenue Code (IRC) and state tax laws. However, IRC Section 511 imposes a tax on the unrelated business income derived by state-chartered credit unions. Generally, these taxes are insignificant to the Credit Union.

Revenue Recognition from Contracts with Members

The credit union's revenue stream is derived from fee income from its members for transaction-based services. These services, which include check services, bill payments services and EFT services, are recognized at the time the transaction is executed, as that is the point in time the Credit Union fulfills the member's request, concurrently with the correspondent banking expenses provided to the member.

MY CU Services revenue consists of correspondent banking fees. Correspondent banking service fees represent fee income from transaction-based services provided to members of Vizo Financial Corporate Credit Union and others. The correspondent banking services fee income is recognized when transactions are processed.

Reclassification

Certain amounts reported in the 2023 financial statements have been reclassified to conform to the 2024 presentation. Member's equity and net income are unchanged due to the reclassification.

Subsequent Events

Management has evaluated subsequent events through ***(Date Pending)***, the date the consolidated financial statements were available to be issued.

Note 2 - Available-for-Sale Investments

The amortized cost and estimated fair value of investments are as follows:

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Available-for-sale:				
Small business administration securities	$1,496,386	$2,507	($15,144)	$1,483,749
Collateralized mortgage obligations	831,037	1,617	(6,695)	825,959
Asset-backed securities	352,508	2,040	(854)	353,694
U.S. government mortgage-backed securities	132,820	190	(609)	132,401
Treasury notes	132,171	18	(837)	131,352
U.S. government agency securities	79,794	-	(228)	79,566
Total	$3,024,716	$6,372	($24,367)	$3,006,721

Note 2 - Available-for-Sale Investments (Continued)

	As of December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in thousands)			
Available-for-sale:				
Small business administration securities	$1,598,759	$5,168	($10,516)	$1,593,411
Collateralized mortgage obligations	496,905	—	(8,999)	487,906
Asset-backed securities	260,340	1,928	(1,632)	260,636
U.S. government mortgage-backed securities	67,565	483	(547)	67,501
Treasury notes	295,727	—	(3,629)	292,098
U.S. government agency securities	79,791	35	(187)	79,639
Total	$2,799,087	$7,614	($25,510)	$2,781,191

There was no sale of investments classified as available-for-sale during the year ended December 31, 2024. During the year ended December 31, 2023, the proceeds from the sale of investments classified as available-for-sale approximated $134,170,000, and gross losses totaled approximately $328,000.

Note 2 - Available-for-Sale Investments (Continued)

The Credit Union's available-for-sale portfolio includes small business administration securities, asset-backed securities, collateralized mortgage obligations, and U.S. government mortgage-backed securities. These securities return principal based on payments received on the underlying assets. These securities have expected weighted average lives of one to ten years. However, return of principal may differ from expectation based on fluctuations in the market interest rates, delinquency, and foreclosure. The amortized cost and estimated fair value of investments with a contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

	Available-for-sale	
	Amortized Cost	**Fair Value**
	(dollars in thousands)	
Within one year	$92,181	$91,968
One to five years	119,784	118,950
	211,965	210,918
Small business administration securities	1,496,386	1,483,749
Collateralized mortgage obligations	831,037	825,959
Asset-backed securities	352,508	353,694
U.S. government mortgage-backed securities	132,820	132,401
Total	$3,024,716	$3,006,721

Note 2 - Available-for-Sale Investments (Continued)

The following tables represent period ending balances concentration limits on investments based on parameters established on *NCUA Regulation 704.6*:

	As of December 31, 2024		
	Fair Value	**Capital Based Limit**	**Asset Based Limit**
	(dollars in thousands)		
By Security Type:			
Auto loan/lease ABS	$ 133,108	$3,013,144	$1,511,374
Credit card ABS	113,904	3,013,144	$1,511,374
Mortgage-backed securities	112,443	6,026,287	3,022,748
FFELP Student Loan ABS	46,219	6,026,287	3,022,748
Other ABS	60,463	3,013,144	1,511,374
Commercial MBS	19,958	1,807,886	906,824
All other investments	2,520,626	—	—
Total	$3,006,721		

	As of December 31, 2024	
	Fair Value	**Regulatory Limit**
	(dollars in thousands)	
By Issuer:		
CCCIT	$59,972	$301,314
NAVSL	46,219	150,657
VZMT	40,232	150,657
FORDO	23,594	150,657
CARMX	22,275	150,657
AMXA	19,692	301,314
NAROT	19,497	150,657
SYNIT	19,296	301,314

Note 2 - Available-for-Sale Investments (Continued)

The following tables show the gross unrealized losses and fair value of investments, aggregated by the length of time the individual securities have been in continuous unrealized loss position:

	As of December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(dollars in thousands)					
Available-for-sale:						
Small business administration securities	$479,415	($2,129)	$678,733	($13,016)	$1,158,148	($15,144)
Collateralized mortgage obligations	257,817	(2,826)	230,374	(3,869)	488,191	(6,695)
Asset-backed securities	—	—	48,452	(854)	48,452	(854)
U.S. government mortgage-backed securities	70,335	(190)	3,314	(419)	73,649	(609)
Treasury notes	33,379	(56)	78,104	(781)	111,483	(837)
U.S. government agency securities	49,963	(37)	29,603	(191)	79,566	(228)
Total	$890,909	($5,238)	$1,068,580	($19,130)	$1,959,489	($24,367)

	As of December 31, 2023					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(dollars in thousands)					
Available-for-sale:						
Small business administration securities	$233,572	$(1,999)	$774,398	$(8,517)	$1,007,970	$ (10,516)
Collateralized mortgage obligations	94,643	(1,284)	393,263	(7,715)	487,906	(8,999)
Asset-backed securities	34,068	(52)	90,602	(1,580)	124,670	(1,632)
U.S. government mortgage-backed securities	31,783	(186)	4,017	(361)	35,800	(547)
Treasury notes	—	—	292,098	(3,629)	292,098	(3,629)
U.S. government agency securities	—	—	54,604	(187)	54,604	(187)
Total	$394,066	($3,521)	$1,608,982	($21,990)	$2,003,048	($25,510)

Note 2 - Available-for-Sale Investments (Continued)

Unrealized losses on securities issued by the U.S. Government and its Agencies have not been recognized into income because of the implicit guarantee of the principal balances of these securities by the U.S. Government. Unrealized losses on asset-backed securities and corporate bonds have not been recognized into income based on the evaluation of the credit rating and other factors for each issue. The decline in fair value is primarily due to differences between security yields and market interest rates. The unrealized losses on these securities are expected to be recovered as they approach their maturity dates. Management has the intent and ability to hold these securities to full recovery of fair value, which may be maturity.

Note 3 - Loans

The composition of loans is as follows:

	As of December 31, 2024	2023
	(dollars in thousands)	
Lines of credit outstanding:		
Overnight Settlement	$31,625	$27,146
Fixed-rate term	400	5,210
Variable-rate term	75	2,230
Total	$32,100	$34,586

Lines of credit made by the Credit Union have variable short-term market interest rates. Outstanding advances and accrued interest amounts are due on demand. The Credit Union has no collateral-dependent, non-accrual, non-performing or restructured loans as of December 31, 2024 and 2023. All loans are secured with member credit union assets in excess of the loan or line-of-credit amount. Additionally, all lines are advised, and the current financial condition can be reassessed before allowing significant draws.

Collateral Dependent Loans

A loan is collateral-dependent when it is probable, based on current information and events, that the Credit Union will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. There were no impaired loans as of December 31, 2024 and 2023. Additionally, none of the loans outstanding as of December 31, 2024 and 2023 were past due or modified. The Credit Union places loans on non-accrual status when the collection of interest or principal becomes uncertain.

Note 3 - Loans (Continued)

Commercial Credit Quality Indicators

The Credit Union reviews all lines of credit on at least an annual basis using rating agency credit scores and certain key ratios. From this analysis, a watch list is created of members that are in a deteriorating financial condition.

Members are included on the watch list if they meet any of the following criteria:

- Net worth ratio at or below 6.25%
- Credit rating of C- or below from the Credit Union’s rating agency for three consecutive quarters.
- At the discretion of management if it is determined there are conditions that warrant inclusion.

The following table summarizes the credit risk profile of the loan portfolio by class:

	As of December 31, 2024	
Credit grade	Lines of Credit	Total Loan Balance
	(dollars in thousands)	
Non-watch list	$4,344,662	$31,936
Watch list	137,618	164
Total	$4,482,280	$32,100

	As of December 31, 2023	
Credit grade	Lines of Credit	Total Loan Balance
	(dollars in thousands)	
Non-watch list	$4,076,873	$34,586
Watch list	6,615	—
Total	$4,083,488	$34,586

Note 4 - Property, Equipment and Leases

Property and equipment is carried at cost, less accumulated depreciation, and is summarized as of December 31, 2024 and 2023 by major classification as follows:

	2024	2023
	(dollars in thousands)	
Right-Of-Use Operating Lease	$3,785	$4,618
Furniture and equipment	11,602	11,516
Leasehold improvements	412	410
	15,799	16,544
Less accumulated depreciation	(11,219)	(10,389)
Total	$4,580	$6,155

Depreciation charged to operations was approximately $958,000 and $1,230,000 for the years ended December 31, 2024 and 2023, respectively.

Operating Lease expense charged to operations was approximately $911,000 and $939,000 for the years ended December 31, 2024 and 2023, respectively. The lease liabilities were $3,965,000 and $4,770,000 for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2024, the weighted average remaining lease term for leases was 4.95 years, with a weighted average discount rate at 1.80%. For the year ended December 31, 2023, the weighted average remaining lease term for leases was 5.83 years, with a weighted average discount rate at 1.81%.

Lease Maturity Analysis

(dollars in thousands)

2025	$ 908
2026	780
2027	746
2028	767
2029	789
Thereafter	153
Total undiscounted cash flows	4,143
Less: present value discount	(178)
Total lease liabilities	$3,965

Note 5 - Members' Shares and Certificates

Members' shares and certificates are summarized as follows:

	2024	2023
	(dollars in thousands)	
Daily shares	$5,134,242	$4,313,229
Holiday accumulation account	149	182
Certificates	261,603	360,131
Non-perpetual capital accounts	8,297	8,333
Total	$5,404,291	$4,681,875

Scheduled maturities of certificates are as follows:

	2024
	(dollars in thousands)
Within one year	$147,307
1 to 2 years	58,866
2 to 3 years	34,284
3 to 4 years	7,146
4 to 5 years	14,000
Total	$261,603

The aggregate balance of members' certificates in denominations that meet or exceed $250,000 was approximately $235,042,000 as of December 31, 2024.

Note 6 - Employee Benefit Plans

401(k) Plan

The Credit Union maintains a 401(k) Plan covering all employees (excluding temporary employees) of the Credit Union with no age or service requirement. The Credit Union provides a qualified non-elective contribution (QNEC) equal to 3% of employees' eligible compensation which is 100% vested when made. The Plan allows employees to make elective deferrals up to 100% of compensation, limited to the annual limits established by the IRC.

Additionally, the Credit Union matches employee 401(k) contributions based on the employee's years of service. The employer match has a five-year vesting schedule. The Board of Directors may also approve an annual discretionary contribution. Employer contributions to the Plan approximated $1,176,000 and $1,076,000 during the years ended December 31, 2024 and 2023, respectively.

Note 7 - Borrowed Funds

The Credit Union has unused, unsecured lines of credit with two separate financial institutions totaling $100 million. These lines include the following:

- PNC Bank - $50 million Fed Funds unsecured line of credit
- Corporate One Federal Credit Union - $50 million Unsecured Fed Funds

There were no outstanding borrowings as of December 31, 2024 or 2023.

The interest rates charged vary from fed funds rate to repo rates depending on the collateral provided and the current market conditions.

Additionally, the credit union maintains secured lines with several financial institutions.

Federal Home Loan Bank of Atlanta

The Credit Union is also a member of the FHLB of Atlanta. As of December 31, 2024, the Credit Union had access to a pre-approved secured line of credit with the capacity to borrow up to a certain percentage of the value of its qualified collateral, as defined in the FHLB Statement of Credit Policy. As of December 31, 2024 and 2023, the unused credit available under this line-of-credit agreement was approximately $1,819,485,000 and $1,598,714,000, respectively. In order to access the unused portion of the line of credit, the Credit Union would need to pledge qualifying collateral in accordance with the terms of the agreement. As of December 31, 2024 and 2023, securities with fair market values totaling approximately $2,289,483,000 and $1,282,902,000, respectively, have been pledged as collateral to secure advances from the FHLB. As of December 31, 2024 and 2023, there were no outstanding borrowings under this agreement.

Note 7 - Borrowed Funds (Continued)

Federal Reserve Bank

The Credit Union has entered into a credit availability agreement with the Federal Reserve Bank. The FRB offers regular discount window borrowing up to 80% fair value of collateral and a short term funding program called Bank Term Funding Program (BTFP) with borrowing up to 100% of the par value of the collateral for a term up to 1 year. However, the Credit Union is limited by regulation to a term of 180 days. The BTFP program expired in March 2024 with no additional borrowings permitted.

Under the terms of this secured line-of-credit agreement, the Credit Union has the ability to borrow up to the established calculated fair value of its pledged eligible assets, investment securities, with collateral fair market values of approximately $532,088,000 and $1,250,964,000 as of December 31, 2024 and 2023, respectively. As of December 31, 2023, outstanding borrowings under the BTFP agreement were $750,000,000, at an interest rate of 4.83% and maturing on June 25, 2024. There were no outstanding borrowings under either agreement as of December 31, 2024.

JP Morgan Securities, LLC (JPM)

The Credit Union has established a repurchase line of credit agreement with JPM, secured by unencumbered, qualified investment securities which are delivered at the time of funding. The interest rate charged varies depending on the collateral provided and the current market conditions. There were no borrowed funds outstanding, nor were there any securities pledged under this agreement as of December 31, 2024 and 2023.

US Bank

The Credit Union has entered into a credit availability agreement with US Bank, The credit union may borrow up to $150 million in Fed Funds. The interest rate charged varies based on the Fed Funds rate at the time of borrowing. As of December 31, 2024 and 2023, securities with fair market values totaling approximately $174,719,000 and $189,564,000, respectively, have been pledged as collateral to secure advances from US Bank. As of December 31, 2024 and 2023, there were no outstanding borrowings under this agreement.

Note 8 - Off-Balance-Sheet Risk and Concentrations of Credit Risk

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. The Credit Union's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments.

Commitments to extend credit are agreements to lend to a member credit union as long as there is no violation of any condition established in the contract. Generally, the Credit Union offers advised lines of credit which have no fixed expiration dates but are reviewed periodically and enable the Credit Union to discontinue the members line without notice. Since some or all of the commitments may be adjusted or discontinued without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2024, the unfunded commitment under members' lines of credit approximated $4,430,070,000. The Credit Union evaluates each member credit union's creditworthiness on a case-by-case basis. A majority of the lines of credit are secured and the amount of collateral obtained, if any, is based on management's credit evaluation of the member.

The Credit Union offers a fed funds line to a sister corporate credit union, under which there is no commitment to fund the line. The line has been approved up to $50,000,000 as of December 31, 2024.

The Credit Union also had letters of credit outstanding with members in the amount of $2,211,000 as of December 31, 2024. The Credit Union evaluates each members' creditworthiness on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation of the member.

Note 9 - Regulatory Capital

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. Failure to meet a minimum capital requirement would require the Credit Union to submit a plan of action to correct the shortfall. Additionally, NCUA could require an increase in capital to specific levels, reduction of interest, and ceasing or limiting the Credit Union's ability to accept deposits.

The Credit Union's retained earnings and other equity ratio is 6.11% and 6.60% as of December 31, 2024 and 2023, respectively.

Note 9 - Regulatory Capital (Continued)

The NCUA has established requirements for corporate credit unions to meet a certain leverage / tier 1 capital ratio (retained earnings and PCC adjusted for various items divided by the 12-month average of daily net assets), tier 1 risk-based capital ratio (retained earnings and PCC adjusted for various items divided by the 12-month moving average of net risk-weighted assets), and a total risk-based capital ratio (total capital divided by the 12-month moving monthly average of net risk-weighted assets).

The NCUA definition of Tier 1 and Tier 2 regulatory Capital is provided Below:

Tier 1 Capital:

- Retained earnings
- Perpetual contributed capital
- Less:
    - Intangible assets that exceed one-half percent of the corporate credit union's moving daily average net assets,
    - Investments, both equity and debt, in unconsolidated CUSOs,
    - PCC received from federally insured credit unions that causes PCC minus retained earnings, all divided by moving daily average net assets, to exceed two percent when a corporate credit union's retained earnings ratio is less than two and one-half percent.

Tier 2 capital includes the following:

- Unamortized Non-perpetual Capital,
- Allowance for loan losses calculated under GAAP up to a maximum of 1.25% of risk-weighted assets,
- Any PCC deducted from Tier 1 capital,
- Forty-five percent of net unrealized gains (holding gains exceeding holding losses) on available-for-sale equity securities with readily determinable fair values.

Total capital includes Tier 1 and Tier 2 capital.

Note 9 - Regulatory Capital (Continued)

The Credit Union's capital amounts used in the calculations for regulatory capital as of December 31, 2024 and 2023, below are as follows:

	2024	2023
	(dollars in thousands)	
Undivided Earnings	$355,828	$333,972
Equity acquired in merger	22,562	22,562
Total regulatory retained earnings	378,390	356,534
Perpetual contributed capital (PCC)	224,562	216,765
Investments in unconsolidated CUSOs	(8,609)	(8,889)
Tier 1 capital before PCC exclusion	594,343	564,410
PCC exclusion	—	—
Tier 1 capital	$594,343	$564,410
Tier 1 capital before PCC exclusion	$594,343	$564,410
Non-perpetual capital, net of amortization	8,286	8,326
Total capital	$602,629	$572,736
Twelve month moving daily average net assets (DANA)	$6,189,039	$5,400,461
Twelve month moving DANA less excluded PCC	$6,189,039	$,5,400,461
Monthly moving average net risk-weighted assets	$546,928	$515,586

	2024	2023	Minimum level to be classified as adequately capitalized	Minimum level to be classified as well capitalized
Leverage ratio (1)	9.60%	10.45%	4.00%	5.00%
Tier 1 risk based capital ratio (2)	108.67%	109.47%	4.00%	6.00%
Total risk based capital ratio (3)	110.18%	111.08%	8.00%	10.00%
Retained earnings ratio (4)	6.11%	6.60%	N/A	N/A

Calculations (Capital/Denominator):
(1) = T1C/DANA
(2) = T1C/MMANRA
(3) = TC/MMANRA
(4) = Retained earnings/DANA

T1C = Tier 1 capital
TC = Total capital

DANA = Daily average net assets
MMANRA = Moving monthly average net risk-weighted assets

Note 10 - Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification (ASC) provides a framework for measuring fair value that requires an entity to derive fair value from the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date within its principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. To increase consistency and comparability in fair value measurements and related disclosures, a three-level hierarchy prioritizes the inputs to valuation techniques used to measure fair value with the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2), and the lowest priority to unobservable inputs (Level 3).

Level 1

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

Level 3 inputs are unobservable inputs for the asset or liability which reflect the Credit Union's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Assumptions about risk include risk inherent in a particular valuation technique used to measure fair value, typically pricing models and/or discounted cash flow methodologies.

The methodologies and associated inputs used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Credit Union believes its valuation methods and associated inputs are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 10 - Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Credit Union's financial instruments at fair value on a recurring basis.

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	(dollars in thousands)			
Available-for-sale:				
Small business administration securities	$—	$1,483,749	$—	$1,483,749
Collateralized mortgage obligations	—	825,959	—	825,959
Asset-backed securities	—	353,694	—	353,694
U.S. government mortgage-backed securities	—	132,401	—	132,401
Treasury notes	131,352	—	—	131,352
U.S. government agency securities	—	79,566	—	79,566
	$131,352	$2,875,369	$—	$3,006,721

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(dollars in thousands)			
Available-for-sale:				
Small business administration securities	$—	$1,593,411	$—	$1,593,411
Collateralized mortgage obligations	—	487,906	—	487,906
Asset-backed securities	—	260,636	—	260,636
U.S. government mortgage-backed securities	—	67,501	—	67,501
Treasury notes	292,098	—	—	292,098
U.S. government agency securities	—	79,639	—	79,639
	$292,098	$2,489,093	$—	$2,781,191

Note 11 - U.S. Central Estate Settlement

On March 18, 2021, the NCUA announced an interim distribution representing a partial recovery to capital holders of the U.S. Central Asset Management Estate (AME). The credit union received two distributions during the year ended December 31, 2023 totaling approximately $36,450,000. No amounts were received during the year ended December 31, 2024.

	2024	2023
Gain on USC Estate Settlement (1)	$—	$36,450,492

(1) Refer to Consolidated Statements of Income

* * * End of Notes * * *

DoerenMayhew
ASSURANCE

8785 SW 165th Ave., Suite 303
Miami, Florida 33193
305.232.8272 | doeren.com

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors
Vizo Financial Corporate Credit Union

We have audited Vizo Financial Corporate Credit Union and its subsidiary's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Annual Report 2024.

Auditor's Responsibility

Our responsibility is to express an opinion on the institution's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 704.15 of the NCUA Regulations, our audit of Vizo Financial Corporate Credit Union and its subsidiary's internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the NCUA 5310 Call Report instructions.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Vizo Financial Corporate Credit Union and its subsidiary maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statement of financial condition and the related consolidated statements of income, comprehensive income, members' equity, and cash flows of Vizo Financial Corporate Credit Union and its subsidiary and our report dated March 6, 2025, expressed an unmodified opinion.

Doeren Mayhew Assurance

Miami, Florida
March 6, 2025

Statement of Management's Responsibilities

The management of Vizo Financial Corporate Credit Union and its subsidiary (Credit Union) is responsible for preparing the Credit Union's annual consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The management of the Credit Union is also responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory consolidated financial statements in accordance with the instructions for the NCUA 5310 Corporate Call Report. The management of the Credit Union is also responsible for complying with any applicable federal laws, state laws and any regulations pertaining to affiliated transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure.

Management's Assessment of Compliance with Safety and Soundness Laws and Regulations

The management of the Credit Union has assessed its compliance with all applicable federal laws, and as applicable, state laws, and any regulations pertaining to affiliated transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the fiscal year ending December 31, 2024. Based on its assessment, management has concluded that the Credit Union has complied with all applicable federal laws, and, as applicable, state laws, and any regulations pertaining to affiliated transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the fiscal year ending December 31, 2024.

Management's Assessment of Internal Control Over Financial Reporting

The Credit Union's internal control over financial reporting is a process effected by those charged with governance, management and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and consolidated financial statements for regulatory reporting purposes, i.e., NCUA 5310 Corporate Credit Union Call Report. The Credit Union's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Credit Union; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, and that receipts and expenditures of the Credit Union are being made only in accordance with authorizations of management and directors of the Credit Union; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the Credit Union's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory consolidated financial statements in accordance with the instructions for the NCUA 5310-Corporate Credit Union Call Report, as of December 31, 2024, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 Internal Control—Integrated Framework.

Based upon its assessment, management has concluded that, as of December 31, 2024, the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory consolidated financial statements in accordance with the instructions for the NCUA 5310 Corporate Credit Union Call Report, is effective based on the criteria established in Internal Control-Integrated Framework.

7900 Triad Center Drive
Suite 410
Greensboro, NC 27409
(800) 585-4317

1201 Fulling Mill Road
Middletown, PA 17057
(800) 622-7494
www.vfccu.org

The Credit Union's internal control over financial reporting as of December 31, 2024, has been audited by Doeren Mayhew Assurance, an independent public accounting firm, as stated in their accompanying report which expresses an unmodified opinion on the effectiveness of the Credit Union's internal control over financial reporting as of December 31, 2024.

Fred Eisel – President/CEO

Mark K. Brown – SVP/CFO

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COMPENSATION
DISCLOSURE

The National Credit Union Administration's Rules and Regulations Part 704.19 requires that corporate credit unions annually prepare and maintain a disclosure of the compensation paid to their most highly compensated employees. Based on its number of full-time employees, Vizo Financial Corporate Credit Union is required to disclose the compensation paid to the five highest compensated employees. Vizo Financial Corporate Credit Union must distribute the most current disclosure to all members at least once a year.

A Vizo Financial Corporate Credit Union member may obtain a copy of the most current disclosure, and disclosures from the previous three years, on request in person or in writing. The corporate credit union must provide the disclosure(s), at no cost to the member, within five business days of receiving the request.

The compensation data below meets the requirement of Part 704.19 for disclosure of executive compensation for the year ending December 31, 2024.

Compensation Administration System

Vizo Financial Corporate Credit Union utilizes an external, customized compensation administration system to determine job grades and salary ranges. All positions are analyzed on several key factors and assigned a job grade and corresponding salary range, which is composed of a minimum salary, a mid-point salary (usually the middle of the salary range) and a maximum salary.

On an annual basis, Vizo Financial Corporate Credit Union's salary ranges are indexed to ensure compensation practices are externally competitive with local, regional and industry labor markets. Vizo Financial Corporate Credit Union's policy is to maintain fair and equitable salaries that are consistent with the economic requirements of the organization and competitive within the relevant labor market in order to attract, retain and reward qualified employees.

Other Compensation

Other compensation refers to standard employer paid benefits including: group health insurance, employer health savings account (HSA) contribution, life insurance, disability insurance, 401(k) employer match contribution, 401(k) employer safe harbor contribution and an employee assistance program (EAP).

POSITION	2024 W-2 REPORTABLE COMPENSATION	OTHER COMPENSATION	TOTAL COMPENSATION
SVP/Chief Strategy & Technology Officer[1]	$ 748,621.36	$ 64,986.28	$ 813,607.24
SVP/Chief Engagement Officer[2]	$ 685,618.69	$ 62,616.95	$ 748,235.64
SVP/Chief Risk Officer[3]	$ 658,557.34	$ 50,076.50	$ 708,633.84
SVP/Chief Culture Officer[4]	$ 580,105.26	$ 47,245.93	$ 627,351.19
SVP/Chief Human Resources Officer[5]	$ 554,523.29	$ 36,103.61	$ 590,626.90

[1] W-2 compensation includes annual salary, incentive and deferred compensation payment.

[2] W-2 compensation includes annual salary, incentive and deferred compensation payment.

[3] W-2 compensation includes annual salary, incentive and deferred compensation payment.

[4] W-2 compensation includes annual salary, incentive and deferred compensation payment.

[5] W-2 compensation includes annual salary, incentive and deferred compensation payment.

GREENSBORO OFFICE

7900 Triad Center Drive, Suite 410
Greensboro, NC 27409

MIDDLETOWN OFFICE

1201 Fulling Mill Road, Suite 200
Middletown, PA 17057

(800) 622-7494 • WWW.VFCCU.ORG