

A YEAR OF



ANNUAL REPORT
2025

Table of Contents

Minutes of the 2025 Annual Meeting	1
Report of the Nominating Committee.....	5
Report of the Board Chair.....	7
Report of the President/CEO	9
Report of the Treasurer	11
Report of the Supervisory Committee	13
Report of the Independent Auditors.....	15
Statement of Financial Condition	17
Statement of Income	18
Statement of Comprehensive Income	19
Statement of Members' Equity	20
Statement of Cash Flows	21
Notes to Financial Statements.....	23
Board of Directors.....	46
Locations and Hours	47

DEXSTA Federal Credit Union
Minutes of the 2025 Annual Meeting
DEXSTA Federal Credit Union, Wilmington, Delaware
March 24, 2025

The hybrid meeting was opened by Jerry King, President/CEO. Mr. King shared information with virtual participants that included how to ask a question and how to cast your vote. He expressed his appreciation to those participating.

The meeting was called to order by the Chair Joyce Kidd at 5:30 p.m. and it was recognized that a quorum was present. Board members were introduced. The Chair introduced guest Kimberly Karwath of RKL accounting firm responsible for our opinion audit. Ms. Kidd announced that the meeting will be conducted according to the Modern Rules of Order and entertained a motion to approve the 2024 minutes as printed. Noting a correction to the Report of the Board Chair section should read...and pleasure to serve as Board Chair, a motion by Dan Costa carried to accept the minutes with correction.

Report of the President/CEO – Jerry King outlined the Credit Union’s commitment to the membership and the communities of which it serves. He talked about the first anniversary of the Elkton branch and how those using the location are enjoying the convenience of it.

Jerry spoke of the new loan origination system providing members with a loan decision in as little as 15 minutes. Explaining that this initiative prepares DEXSTA for its new on-line and mobile banking platforms coming in May. He also described the website changes and reductions in account service fees that enhance our consumer protection initiative.

Mr. King stated how DEXSTA Federal Credit Union continues to reach out and support the communities in which we do business and plan to do so in 2025. He announced this year’s community shred event date and location.

Jerry King explained the Credit Union is among the very best financial institutions as validated by First State Favorites, Forbes and Bauer Financial. He noted DEXSTA remains strong thanks to the efforts of our dedicated team members. Mr. King thanked the volunteers and welcomed Zenaida Gephardt to the board of directors and Sudi Katpadi to the Supervisory Committee.

Mr. King closed with focusing on our mission of “people helping people” philosophy, we will continue to make DEXSTA a better credit union and are grateful for the opportunity to serve the membership.

Report of the Nominating Committee – David Marianelli, Nominating Committee Chair reported the terms of three board members will expire. Since there are three nominations and three openings on the board, Mr. Marianelli noted the Secretary will cast a single ballot for the unanimous election of candidates shown in the annual report. There were no additional nominations submitted. David noted a correction in his report and should read; Therefore, the Nominating Committee has submitted the following three incumbents for election to the Board of Directors of DEXSTA Federal Credit Union.

Report of the Board Chair – Joyce Kidd welcomed attendees and stated what an honor and pleasure it is to serve as Board Chair. Ms. Kidd expressed her gratitude to the volunteers and team for their unwavering commitment to excellence. She thanked the membership for entrusting us with their financial needs

Joyce spoke of the significant achievements and changes impacting our mission of providing financial services. She noted, economic challenges and reported that DEXSTA is in a strong position, with solid financial results with enhanced community engagement.

With continued investment in technology, Ms. Kidd stated that this is necessary to meet one of our core pillars of our mission to provide exceptional service. This combined with our commitment to financial literacy, our team delivered outstanding service with professionalism and care.

She outlined as a cooperative, we are deeply committed to giving back to the communities we serve. Joyce noted the work we do from volunteering to outreach programs with our charity partners.

Joyce stated that as we move into 2025, we will continue to enhance the member experience through innovation and product offerings. We will prioritize strategic growth while balancing expansion focusing on a strong financial foundation.

In closing, Ms. Kidd stated she looks forward to working with everyone to continue pursuing our mission of “People Helping People,” throughout 2025 and beyond.

Report of the Treasurer – Fuji Le directed participants to the treasurer’s report included in the 2024 Annual Report. Mr. Le stated the Credit Union delivered strong financial results while focusing on liquidity risk management. He shared the following financial highlights. Our loan portfolio decreased 9.63% ending the year with a total loan portfolio of nearly \$250 million. The change in delinquency is a result of the current state of economy explaining that our provision for loan losses being adequately funded has impacted return on average assets. DEXSTA experienced a year of sustainable growth. This is evidenced by the increase in member deposits of \$1.3 million. This growth combined with the lower loan volume has resulted in a stronger liquidity ratio. Mr. Le closed with reporting the Credit Union remains financially sound having more than \$38 million in capital with a capital ratio of 9.52%. This demonstrates DEXSTA Federal Credit Union is well capitalized as determined by our regulator, NCUA and is well positioned to fulfill the membership’s financial needs.

Report of the Supervisory Committee – Committee Chair David Amakobe acknowledged the members of the Supervisory Committee. David explained the committee’s commitment to safeguarding member assets through policies, procedures, and practices.

Mr. Amakobe indicated through collaboration and oversight for fiscal year 2024 internal audits determined by an established risk assessment were completed by YHB and the annual engagement audit was performed by RKL certified public accountants. He reported that DEXSTA Federal Credit Union is financially secure and operating safely and soundly.

He commended the board of directors, senior management and branch team members for their exceptional dedication and outstanding performance. In addition, he expressed his gratitude to former Committee Chair Clyde DavidCarv.

In closing, Mr. Amakobe thanked the membership for their continued support, which is essential to the Committee’s mission of upholding the safety and fiscal integrity of DEXSTA Federal Credit Union.

A motion by Marie Davis carried to accept all reports as presented.

Report of the Scholarship Committee - The report was presented by Board Chair Joyce Kidd. She noted our annual scholarship program is celebrating 20 years this year with three high school seniors receiving a one thousand scholarship each. Ms. Kidd read biographies when she announced each of the following winners: Kelley Brown Mount Pleasant High School, Julian Cherundolo of Salesianum School and Jessica Kulenguskey of Ursuline Academy.

Old Business – None.

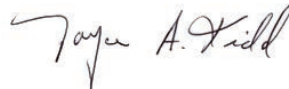
New Business – None.

Motion by Dan Costa carried to adjourn the meeting at 5:51 p.m.

Submitted by,



Marie H. Davis
Board Secretary



Joyce A. Kidd
Board Chair



Report of the Nominating Committee

It is the responsibility of the Nominating Committee each year to consider and nominate qualified credit union members who have expressed an interest in serving on the Board of Directors of DEXSTA Federal Credit Union. This year the terms of three board members will expire. Additionally, the unexpired term of one board member will also be filled.

A letter was sent to all eligible members stating the process and requirements to run for elected office and soliciting any members desiring to run for the Board of Directors. As of the deadline for submission of nominations for the Board of Directors no additional nominations were submitted. Therefore, the Nominating Committee has submitted the following four incumbents for election to the Board of Directors of DEXSTA Federal Credit Union. Each has submitted a letter of intent to run for another term of service and a short biography on each individual is included.

Board of Directors

Marie Davis (incumbent) - has served on the Board of Directors of DEXSTA for more than 45 years where she has held several volunteer positions including Board Chair, Chair of the Personnel Committee, and currently Board Secretary. Other credit union activities include serving on the Delaware Credit Union League Board of Directors, CUNA Policy Owner Representative, CUNA Trustee of Delaware, and several positions on the Association of DuPont Credit Unions. Marie stays current with changes in the credit union movement by attending the Governmental Affairs Conference in Washington, D.C., along with other relevant educational conferences. She is now enjoying retirement after a 41-year career, 35 of those years spent with the DuPont Company at the Experimental Station in Wilmington, Delaware. In her free time, Marie is a master gardener and enjoys spending time with family and friends, participating in church activities, pastel painting, traveling, and teaching yoga.

Patrick Mahaney (incumbent) - is a longtime resident of Delaware and Florida. He attended the University of Virginia, where he majored in history, and earned FMA and RPA designations from BOMA/BOMI. He has held leadership roles in construction, research, and facilities management, including 30 years at DuPont and 13 years as President and CEO of the Delaware Credit Union League. Patrick has been active in the credit union movement since 1978, serving on the Credit and Supervisory Committees and the Board of Directors of DEXSTA Federal Credit Union. He has also contributed to community and arts organizations and holds life memberships at the Delaware, national, and international levels. Patrick is also happily married and is the father of two children.

David Marianelli (incumbent) - is currently retired after 44 years of service at Bristol-Myers Squibb and DuPont. He served as Associate Director of Building Automation Systems and Operations for Bristol-Myers Squibb, overseeing all R&D and office facilities throughout the United States.

He has been a member of the credit union for 47 years and a volunteer for 43 years. He has served 39 years on the Board of Directors in roles including Board Chair, Board Vice Chair, Treasurer, and Assistant Treasurer. He also served twice on the Supervisory Committee for a combined 14 years, 11 of those years as Chair.

Mr. Marianelli's educational background includes an Associate's degree in Electrical Engineering, a Bachelor's degree in Engineering, and a Master's degree in Business Administration. He has completed numerous leadership and credit union courses throughout his volunteer service. Dave has also been active in community organizations, serving as Director and Treasurer, and currently serves as President of his homeowner's association.

Paul McDowell (incumbent) - has worked at JPMorgan Chase since December 2012 as a Software Engineer, supporting firmwide public cloud initiatives. He previously served as a Risk Assessment Officer and Operations Manager at the firm. Prior to joining JP Morgan Chase, Paul was a Software Engineer at Susquehanna Investment Group, where he developed real-time trading and position-keeping systems connected to major North American exchanges. He began his career at Lockheed Martin and Martin Marietta, serving as a primary developer of the Automated Fingerprint Identification System (AFIS) for the FBI and contributing to systems for the U.S. Department of Defense and Department of Energy. Paul is also happily married, and he's a father to two teenage sons.

Submitted by,



Kim C. Hall
Nominating Committee Chair



Report of the Board Chair

As DEXSTA Federal Credit Union Board Chair, it is an honor and a privilege to report on the progress we made at DEXSTA in 2025. We witnessed both challenges and opportunities. The financial services landscape remains dynamic, with evolving regulatory standards, economic uncertainty, and changing member needs. We continue to fulfill our mission of providing financial services that enhance the lives of our members and the communities we serve.

Over the past year, your Board met regularly to provide governance and oversight, ensuring the credit union operated safely, remained financially sound, and stayed focused on serving you, our members. We worked closely with management to monitor performance, manage risk, and advance the strategic direction of the organization.

We are pleased to report that the credit union continues to maintain a strong culture of compliance and accountability, which is essential to protecting our members and the organization.

As a cooperative, we remain deeply committed to giving back to the communities we serve. In 2025, DEXSTA remained actively involved in local initiatives, making charitable donations, and supporting community organizations. Our employees contributed countless volunteer hours, participating in a range of outreach programs from food drives to financial counseling.

The Board also remained focused on governance best practices, including director education, succession planning, and ongoing evaluation of Board effectiveness. These efforts help ensure your Board is prepared to lead the credit union responsibly now and into the future.

Although we are facing challenges, we are encouraged by the progress achieved and remain focused on positioning the credit union for continued success and we are optimistic about the future of DEXSTA. The Board remains committed to serving your best interests and ensuring the credit union continues to thrive for generations to come.

On behalf of the Board of Directors, I would like to thank our President/CEO, management team, employees, and volunteers for their dedication and service throughout the year. Most importantly, we thank you our members for your continued confidence and engagement.

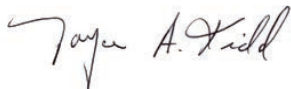
We are proud of the year behind us and optimistic about the future of DEXSTA.

We are grateful for the continued trust you place in DEXSTA and we remain committed to serving you our members with integrity, accountability, and care.

Together, we are building a strong, sustainable future for our Credit Union, and we look forward to another year of serving you with pride and dedication.

It is an honor to continue serving as DEXSTA's Board Chair, and I look forward to working alongside all of you as we pursue our mission of "People Helping People" throughout 2026 and beyond.

Submitted by,

A handwritten signature in black ink that reads "Joyce A. Kidd". The signature is written in a cursive style with a large initial 'J'.

Joyce A. Kidd
Board Chair



Report of the President/CEO

As we close another remarkable year, I am proud to reflect on the financially sound, nationally recognized, organization DEXSTA Federal Credit Union continues to be. This has allowed for successful changes to products and services to meet the financial needs of our membership and provide support to the communities in which we serve.

DEXSTA continues to receive national recognition. DEXSTA was awarded “America’s Best-In-State Credit Union in Delaware” by Forbes for 2025. This award is based on member satisfaction, trust, branch services, digital services, and financial advice. We first won this award in 2019 and again in years 2021, 2024 and 2025! DEXSTA is the only Delaware credit union making both the 2024 and 2025 list! We are also recognized by Bauer Financial. We continue to maintain our “Four-Star Excellent Rating” from Bauer Financial, the nation’s premier financial institution rating firm. This rating indicates us as a strong credit union, excelling in the areas of capital, loan quality, profitability, regulatory compliance and liquidity.

Another 2025 DEXSTA accolade was earning an Excellence in Network Security Award by Fortra’s Digital Defense. The award program recognizes organizations that displayed the highest level of network security. This represents our efforts to increase our focus on reducing risk by proactively mitigating network vulnerabilities and protecting member information.

DEXSTA was again voted a finalist for the ‘Best Credit Union’ in local services north for 2025 First States Favorite awards. This is the second consecutive year receiving this award. To be a winner of what is deemed as the official community choice awards is a true testament to providing the highest quality of service to our members and embodies our ongoing commitment to foster a happy and supported community.

To meet the changing financial needs of our members, we successfully made updates to our products and services this past year. First, we launched our high yield savings accounts. Designed to provide members with easy access to their savings while providing a better return on their funds. This product resulted in nearly \$3 million in deposits in its first month and now makes up \$48 million of member share account balances. In January 2025, we were excited to offer Credit Union Travel to our menu of member offerings. This offer is well received with more than 650 members utilizing the travel benefits available. In April, we replaced our Kasasa Rewards Checking with debit card rewards. Members are happy earning rewards without having to meet any qualifications.

In May, we successfully upgraded our digital on-line and mobile banking platforms. The six-month-long project provides members with a personalized dashboard, real time alerts, a financial hub, and allows members to see all their

cards in one easy to use application. These enhancements greatly increased the number of members choosing to conduct their transactions electronically with the Credit Union.

As a community-chartered credit union, we continued our community involvement and education efforts. We sponsored two Annual Shred Events at our Price's Corner and Middletown branch locations, supported National Night Out, and volunteered at the New Boys and Girls Club of Wilmington and Mount Aviat Academy. In addition, we held events to support Children's Miracle Network. We continued our relationship with Banzai which offers free materials to teachers to assist them in financial literacy education. We also were able to continue our Scholarship Program to support our youth membership in their education goals.

July 2025 marked 20 years of an incredible journey — a journey of leadership, growth, and unwavering commitment. Serving as President/CEO for two decades has been both an honor and a privilege. I am deeply grateful for the trust, support, and collaboration of everyone who has walked alongside me. Together, we've faced challenges, celebrated victories, and built something truly meaningful. Here's to the past we've shaped and the future we will continue to create — with passion, purpose, and pride.

Looking ahead, we are excited for what the future may bring. We will continue to evolve and innovate to meet the financial needs of you, our members. Know that we remain grateful for the loyalty and trust you have placed in us and thank you for being a member of DEXSTA Federal Credit Union.

Submitted by,



Jerry King
President/CEO



Report of the Treasurer

As shown in the audited financial statements, the Credit Union remained a well-capitalized financially strong credit union. The credit union continued to focus on liquidity and managed asset and loan growth despite the current economic uncertainty.

During 2025, our loan portfolio decreased by 2.1% to \$244.9 million, compared to a decrease of 9.63% in 2024. Member shares grew in 2025 to \$394 million while assets increased by 3.5% to \$429.1 million. This growth in assets was accomplished while maintaining liquidity as measured by Cash and Short-Term Investments (CSTI) at \$73.0 million, 26.69% well above our 10% goal. Delinquency ratios decreased by 16 basis points to 1.39%, still below our goal of not to exceed 1.73%. This is primarily due to the current state of our economy. Adequate provision and allowance for loan losses were recognized. Our capital position remained strong with an NCUA PCA capital ratio of 9.12%. This classifies DEXSTA as a well-capitalized credit union and is positioned to protect members' assets and continue to deliver superior services.

The tables below reflect some of the key financial statistics and ratios for the past two years.

All values are in thousands of dollars			
Growth Analysis	2024	2025	Change
Loans	\$250,121	\$244,855	-2.11%
Shares	\$372,816	\$394,506	5.82%
Assets	\$414,482	\$429,083	3.52%
Net Income	\$269	\$464	72.49%
Expenses – Including PLL	\$22,772	\$22,327	-1.95%
Capital	\$38,352	\$38,816	1.21%
Return on Average Assets	0.06%	0.11%	83.33%

Delinquency Analysis	2024	2025	Change
Provision for Loan Losses	\$2,994	\$2,335	-22.01%
As % of Loans	1.20%	0.95%	
Delinquent – Two or More Months	\$3,883	\$3,408	-12.23%
As % of Loans	1.55%	1.39%	
Loans Charged Off	\$4,434	\$3,049	-31.24%
As % of Loans	1.77%	1.25%	
Allowance for Loan Losses	\$1,639	\$1,788	9.09%
Allowance as % of Loans	0.66%	0.73%	

DEXSTA's financial health remains robust, underpinned by prudent liquidity risk management and unwavering dedication from team members to service our membership's financial needs and the communities we serve. The board, management, and staff are eager to support your financial needs in the coming year.

Submitted by,

A handwritten signature in cursive script that reads "David S. Marianelli".

David S. Marianelli
Board Treasurer



Report of the Supervisory Committee

The Supervisory Committee is a dedicated group of volunteer members who advocate for DEXSTA Federal Credit Union's best interests. Our core responsibility is to ensure the credit union operates with the highest level of integrity

Our Commitment to Safeguarding Your Assets

As fellow members, we are personally invested in the financial health of DEXSTA. We diligently monitor policies and procedures to protect our collective assets and ensure their responsible management. This includes adapting to changes and maintaining sustainable practices.

Collaboration and Independent Oversight

We work closely with DEXSTA's Board of Directors, senior management, and external auditors to maintain a comprehensive understanding of the credit union's financial stability.

- **Risk Assessment:** We partner with Yount, Hyde, and Barbour (YHB) for ongoing risk assessments.
- **Financial Audits:** RKL, a leading accounting and financial advisory firm, conducts our independent financial opinion audit.
- **Information Technology Audit:** Recognizing the evolving nature of business risks, we have implemented a new information technology audit to further enhance the security of the credit union.

DEXSTA: Strong and Financially Sound

Based on the findings of our independent financial audits and internal reviews, we are confident in DEXSTA's unwavering commitment to integrity and to protecting its members, management, and employees. The results clearly demonstrate that our credit union is financially secure and operating safely and soundly.

A Message of Gratitude

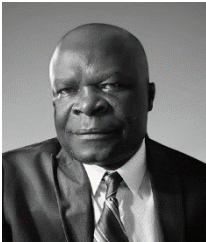
We commend the Board of Directors, senior management, and all branch team members for their exceptional dedication and outstanding performance. We welcomed two new members to the committee, Mr. Sudhi Katpadi and Mr. Patrick McGory, who bring many years of experience in compliance and law.

Finally, we thank you, the members, for your continued support, which is essential to our mission to uphold safety and fiscal integrity at DEXSTA Federal Credit Union.

Submitted by,



David F. Amakobe
Supervisory Committee Chair



Independent Auditor's Report

To the Supervisory Committee
DEXSTA Federal Credit Union
Wilmington, Delaware

Opinion

We have audited the financial statements of DEXSTA Federal Credit Union (the Credit Union), which comprise the statement of financial condition as of December 31, 2025 and 2024, the related statements of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2025 and 2024, and the results of its operations and its 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 Audit of the Financial Statements section of our report. We are required to be independent of the Credit Union 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



February 26, 2026
Exton, Pennsylvania

DEXSTA Federal Credit Union

Statement of Financial Condition

	December 31,	
	2025	2024
Assets		
Cash and cash equivalents	\$ 73,037,602	\$ 49,421,303
Securities available for sale	86,599,185	90,085,006
Loans to members, net	244,855,018	250,121,205
Accrued interest receivable	1,021,757	1,036,966
Property and equipment, net	6,515,760	6,888,584
Other assets		
NCUSIF deposit	3,647,671	3,601,756
Corporate credit union perpetual contributed capital	1,295,866	1,295,866
Loans to officers	6,150,001	6,150,001
Credit union owned life insurance	4,146,582	4,028,082
Prepaid expenses and other assets	1,813,177	1,853,509
Total Assets	\$ 429,082,619	\$ 414,482,278
Liabilities and Members' Equity		
Liabilities		
Members' shares and savings accounts	\$ 394,505,596	\$ 372,816,337
Borrowings	-	12,000,000
Accounts payable and other liabilities	2,361,588	2,680,943
Accrued dividends payable	201,075	209,982
Total Liabilities	397,068,259	387,707,262
Members' Equity		
Appropriated undivided earnings	19,679,750	19,679,750
Unappropriated undivided earnings	19,136,472	18,672,274
Accumulated other comprehensive loss	(6,801,862)	(11,577,008)
Total Members' Equity	32,014,360	26,775,016
Total Liabilities and Members' Equity	\$ 429,082,619	\$ 414,482,278

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Income

	Years Ended December 31,	
	2025	2024
Interest Income		
Loans receivable	\$ 15,282,675	\$ 15,166,670
Investments and interest bearing accounts	3,000,530	3,333,844
Total Interest Income	18,283,205	18,500,514
Interest Expense		
Dividends on members' shares and savings accounts	6,551,647	5,377,397
Interest on borrowed funds	89,359	1,574,925
Total Interest Expense	6,641,006	6,952,322
Net Interest Income	11,642,199	11,548,192
Provision for Credit Losses	2,335,000	2,994,000
Net Interest Income after Provision for Credit Losses	9,307,199	8,554,192
Noninterest Income		
Electronic card services	1,987,811	1,968,307
Rental income	86,562	85,467
Service fees	661,370	712,852
Share draft fees	1,146,553	1,062,126
Other	625,579	711,556
Total Noninterest Income	4,507,875	4,540,308
Noninterest Expenses		
Employee compensation	4,130,283	4,171,415
Employee benefits	1,500,013	1,302,553
Office occupancy	885,153	882,356
Office operations	2,325,797	2,661,322
Marketing and education	126,460	152,459
Electronic card services	477,008	524,861
Loan servicing	555,274	347,611
Professional and outside services	2,497,701	2,024,468
Other	853,187	758,349
Total Noninterest Expenses	13,350,876	12,825,394
Net Income	\$ 464,198	\$ 269,106

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Comprehensive Income

	Years Ended December 31,	
	2025	2024
Net Income	\$ 464,198	\$ 269,106
Other Comprehensive Income		
Unrealized holding gains on securities available for sale arising during period, net	<u>4,775,146</u>	<u>1,924,312</u>
Comprehensive Income	<u>\$ 5,239,344</u>	<u>\$ 2,193,418</u>

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Members' Equity

	Undivided Earnings		Accumulated Other Comprehensive	Total
	Appropriated	Unappropriated	Loss	
Balance at December 31, 2023	\$ 19,679,750	\$ 18,403,168	\$ (13,501,320)	\$ 24,581,598
Net income	-	269,106	-	269,106
Other comprehensive income, net change in unrealized holding gains on securities available for sale	-	-	1,924,312	1,924,312
Balance at December 31, 2024	19,679,750	18,672,274	(11,577,008)	26,775,016
Net income	-	464,198	-	464,198
Other comprehensive income, net change in unrealized holding gains on securities available for sale	-	-	4,775,146	4,775,146
Balance at December 31, 2025	<u>\$ 19,679,750</u>	<u>\$ 19,136,472</u>	<u>\$ (6,801,862)</u>	<u>\$ 32,014,360</u>

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Cash Flows

	Years Ended December 31,	
	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 464,198	\$ 269,106
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	470,286	553,064
Amortization (accretion) on investments, net	(7,573)	49,088
Amortization of deferred loan origination fees and costs, net	1,346,117	1,538,748
Provision for credit losses	2,335,000	2,994,000
(Increase) decrease in assets		
Accrued interest receivable	15,209	48,352
Credit union owned life insurance	(118,500)	(108,948)
Prepaid expenses and other assets	40,332	(160,288)
Increase (decrease) in liabilities		
Accounts payable and other liabilities	(319,355)	24,815
Accrued dividends payable	(8,907)	93,603
Net Cash Provided by Operating Activities	4,216,807	5,301,540
Cash Flows from Investing Activities		
Net decrease in loans to members	1,585,070	22,134,140
Proceeds from maturing securities available for sale	8,268,540	3,274,870
Net increase in NCUSIF deposit	(45,915)	(35,545)
Expenditures for property and equipment	(97,462)	(60,546)
Proceeds from disposition of property and equipment	-	61,445
Net Cash Provided by Investing Activities	9,710,233	25,374,364
Cash Flows from Financing Activities		
Net increase in members' shares and savings accounts	21,689,259	1,274,868
Proceeds from borrowed funds	-	40,000,000
Repayment of borrowed funds	(12,000,000)	(83,000,000)
Net Cash Provided by (Used in) Financing Activities	9,689,259	(41,725,132)
Net Increase (Decrease) in Cash and Cash Equivalents	23,616,299	(11,049,228)
Cash and Cash Equivalents at Beginning of Year	49,421,303	60,470,531
Cash and Cash Equivalents at End of Year	\$ 73,037,602	\$ 49,421,303

See accompanying notes.

DEXSTA Federal Credit Union

Statement of Cash Flows (continued)

	Years Ended December 31,	
	2025	2024
Supplemental Disclosures of Cash Flow Information		
Interest on borrowed funds	<u>\$ 613,084</u>	<u>\$ 1,535,727</u>
Dividends credited to members' shares and savings accounts	<u>\$ 6,560,554</u>	<u>\$ 5,283,794</u>
Change in unrealized losses on securities available for sale	<u>\$ 4,775,146</u>	<u>\$ 1,924,312</u>

See accompanying notes.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 1 - Nature of Business

DEXSTA Federal Credit Union (the Credit Union) is a community chartered federal credit union that provides lending and deposit services to persons who live, work, worship, volunteer, or go to school in, and businesses and other legal entities in New Castle County or Kent County, Delaware or Cecil County, Maryland; spouses of persons who died while within the field of membership of this Credit Union; employees of this Credit Union; members of their immediate families or household; and organization of such persons. Participation in the Credit Union is limited to those individuals that qualify for membership and family members of Credit Union members.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Financial Statement Presentation and Accounting Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the statement of financial condition, and the reported amounts of income and expenses for the periods. Actual results could differ from those estimates.

Presentation of Cash Flows

For the purpose of the statement of financial condition and the statement of cash flows, cash and cash equivalents include cash on hand, amounts due from financial institutions, and highly-liquid debt instruments classified as cash, which were purchased with maturities of three months or less. Amounts due from financial institutions may, at times, exceed federally insured limits. Cash flows from loans to members originated by the Credit Union, certificates of deposit, and members' shares and savings accounts are reported net.

Securities Available for Sale

Securities classified as available for sale are those debt securities that the Credit Union intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Credit Union's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. Securities available for sale are carried at fair value. Unrealized gains and losses are reported as increases and decreases, net, in members' equity. Realized gains or losses on the sale of these securities, determined on the basis of the cost of specific securities sold, are included in earnings.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Securities Available for Sale

For available for sale debt securities in an unrealized loss position, the Credit Union first assesses whether it intends to sell, or if it is more likely than not that it will be required to sell the security before recovery of the amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income with the establishment of an allowance under the current expected credit loss (CECL) methodology. For debt securities available for sale that do not meet the aforementioned criteria, the Credit Union evaluates whether any decline in fair value is due to credit loss factors. In making this assessment, management considers any changes to the rating of the security by a rating agency and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses (ACL) is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income.

Changes in the ACL under CECL are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available for sale security is confirmed, or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2025 and 2024, there was no ACL related to the available for sale portfolio.

Loans

Loans, that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are stated at the outstanding unpaid principal balances, net of any deferred fees. Interest income is accrued on the unpaid principal balance.

The accrual of interest is generally discontinued when the contractual payment of principal or interest has become 90 days past due, or when management has serious doubts about further collectibility of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed, and unpaid interest accrued in a prior year is charged against the ACL. Interest received on nonaccrual loans generally is either applied against principal or reported as interest income, according to management's judgment as to the collectibility of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectibility of the total contractual principal and interest is no longer in doubt. Consumer and residential real estate loans are typically charged off no later than 180 days past due. Past due status is based on contractual terms of the loans.

DEXSTA Federal Credit Union

Notes to Financial Statements

December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Loan Origination Fees and Costs

First mortgage loan origination fees received in excess of loan origination costs are deferred and amortized over the contract lives of the loans using the straight-line method. This method does not result in a materially different amortization than that computed by the level-yield method. In the event that the related loans are sold or paid off, such net deferred fees are recognized as income in the period of sale or payoff.

Indirect lending dealer participation and processing fees paid are deferred and amortized over the contract lives of the loans using the straight-line method. This method does not result in a materially different amortization than that computed by the level-yield method. In the event that the related loans are sold or paid off, such net deferred fees are recognized as expenses in the period of sale or payoff.

The Credit Union has not adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 310, relating to certain direct consumer loan origination and commitment fees, and certain direct consumer loan origination costs, since the applicable portions of the guidance do not have a material effect on the Credit Union's financial statements.

Allowance for Credit Losses - Loans

The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged against the allowance when management believes that the uncollectibility of the principal is confirmed. Estimated recoveries are considered to the extent that they do not exceed the aggregate of amounts previously charged off and expected to be charged-off. Accrued interest receivable totaling \$833,560 and \$832,657 at December 31, 2025 and 2024, respectively, was excluded from the estimate of credit losses.

The estimate of expected credit losses is based on relevant information about historical events, current economic conditions, and reasonable and supportable forecasts of future economic conditions. For periods beyond which management can forecast future economic conditions, management will revert to historical loss information.

Management has determined that the historical loss experience of the Credit Union provides the best basis for the estimation of expected credit losses. It therefore utilizes its own historical credit loss experience by each loan segment over an economic cycle, while excluding loss experience from certain acquired institutions (i.e. failed financial institutions).

When determining the allowance on loans, management considers the need to qualitatively adjust historical loss experience for information not already captured in the loss estimation process. These qualitative adjustments either increase or decrease the required allowance. Each period the Credit Union considers qualitative factors that are relevant to its portfolio segments that includes the following: (a) changes in lending policies, procedures, and strategies, (b) changes in the nature and volume of the portfolio, (c) changes in volume and trends in classified loans, delinquencies, and nonaccrual loans, (d) concentration risk, (e) external factors, including competition and legal and regulatory factors, (f) changes in the quality of the Credit Union's loan review system, and (g) economic conditions not already captured.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Loans (continued)

The ACL is measured on a collective pool basis with receivables that have similar risk characteristics. The Credit Union has identified the following portfolio segments and calculates the ACL for each using either a probability of default or advanced vintage methodology at the loan level:

Real Estate - This loan segment includes first mortgage, home equity, and home equity lines of credit.

First Mortgage - The degree of risk in residential mortgage lending depends primarily on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion. First mortgage loans generally possess a lower inherent risk of loss than other real estate portfolio segments due to collateral existing even in a declining real estate market.

Home Equity and Home Equity Lines of Credit - Home equity fixed-rate loans are termed loans secured by a primary residence. Home equity line of credit loans are variable rate loans secured by a primary residence. As these loans are in a second or later position, they represent greater risk than first mortgage loans. Due to residential mortgage lending being collateral dependent, loans with less than 80% loan-to-value have less risk than those with greater than 80% loan-to-value. The Credit Union's policy requires an exception to issue a loan with greater than 80% loan-to-value except in the case of the Credit Union's high loan-to-value home equity programs.

Direct Vehicle - Vehicle loans fund the purchase or refinance of new or used automobiles and recreational vehicles. These loans are generally lower risk since they are collateralized.

Indirect Vehicle - Indirect vehicle loans allow borrowers to purchase and obtain financing at the same location. Indirect loans generally represent greater risk than direct loans due to the reliance on a third party for loan documentation.

Credit Cards - Credit card loans are unsecured borrowings and, therefore, rely on the borrower for repayment. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans. Weak economic trends indicate the borrowers' capacity to repay their obligations may be deteriorating.

Share Secured - Share and certificate secured loans represent low inherent risk to the Credit Union as the borrowings are 100% secured by funds controlled by the Credit Union.

Government Guaranteed Student Loans - These student loans represent low inherent risk to the Credit Union as they are substantially guaranteed by the U.S. Government in the event of default.

Private Issued Student Loans - These loans include K-12, as well as post-secondary education student loans.

Unsecured - Unsecured loans rely on the borrower for repayment. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

DEXSTA Federal Credit Union

Notes to Financial Statements

December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Loans (continued)

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the collective evaluation.

When management determines that foreclosure is probable, or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans, and adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications, unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Credit Union.

Allowance for Credit Losses - Unfunded Loan Commitments

The Credit Union estimates expected credit losses on commitments to extend credit over the contractual period in which the Credit Union is exposed to credit risk on the underlying commitments, unless the obligation is unconditionally cancellable by the Credit Union. 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 its estimated life. The allowance is calculated using the same aggregate reserve rates calculated for the funded portion of loans at the portfolio level applied to the amount of commitments expected to fund. The ACL for unfunded loan commitments is immaterial as of December 31, 2025 and 2024.

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 (a) the assets have been isolated from the Credit Union, put presumptively beyond the reach of the entity, even in bankruptcy, (b) the transferee obtains the right to pledge or exchange the transferred assets, and (c) the Credit Union does not maintain effective control over the transferred assets through an agreement to repurchase them before maturity.

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

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund (NCUSIF or the Fund) 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.

NCUSIF Insurance Premiums

The Credit Union is required to pay an annual insurance premium equal to one-twelfth of one percent of its total insured shares, unless the payment is waived or reduced by the NCUA Board.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is computed on the straight-line method over the following estimated useful lives:

Buildings and improvements	5 to 40 years
Office furniture and equipment	3 to 5 years
Computer system	3 to 5 years

Improvements to leased property are amortized over the lesser of the life of the lease or lives of the improvements.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation and amortization are eliminated from the accounts, and gain or loss is included in operations. Management reviews property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Members' Shares and Savings Accounts

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 amount 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' Equity

In accordance with the Federal Credit Union Act, the Board of Directors has the authority to provide for unusual expenses through an appropriation of undivided earnings. The Board of Directors has the authority to transfer the balance in appropriated undivided earnings back to unappropriated undivided earnings.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Comprehensive Income

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. Other comprehensive income primarily relates to the change in the unrealized gain on available for sale investments. When available for sale investments are sold, the gain or loss realized on the sale is reclassified from accumulated other comprehensive income to the gain on sale of investments in the statement of income.

Revenue Recognition

All of the Credit Union's revenue from contracts with members in scope of ASC 606 is recognized within noninterest income in the statement of income. A description of the Credit Union's revenue streams accounted for under ASC 606 are as follows:

Service Charges on Deposit Accounts - The Credit Union earns service charges on deposit accounts for transactions, account maintenance, and overdraft services. Transaction based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees are recognized at the time the transaction is executed, as that is the point in time the Credit Union fulfills the member's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Credit Union satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the member's account balance.

Interchange Income - When members use their debit and credit cards to pay merchants for goods or services, the Credit Union retains a fee from the funds collected from the related deposit account and transfers the remaining funds to the payment network for remittance to the merchant. The performance obligation is satisfied and the fee is recognized at the point in time when the funds are collected and transferred to the payment network.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Credit Union is exempt, by statute, from federal and state income taxes under provisions of the Internal Revenue Code (IRC).

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 3 - Cash and Cash Equivalents

For purposes of the statement of financial condition classification and the statement of cash flows, the Credit Union considers all highly-liquid debt instruments, purchased with a maturity of three months or less, to be cash and cash equivalents. The compositions of cash and cash equivalents are as follows at December 31:

	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 1,786,013	\$ 1,910,351
Deposits in corporate federal credit union	63,320,759	44,075,610
Deposits with others	7,930,830	3,435,342
	<u>\$ 73,037,602</u>	<u>\$ 49,421,303</u>

The Credit Union has not experienced any losses in such accounts. The Credit Union believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 4 - Securities Available for Sale

The amortized cost and fair values of the Credit Union's securities available for sale are as follows at December 31:

2025	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Approximate Fair Value</u>
U.S. Governmental agency obligations	\$ 76,565,729	\$ -	\$ 3,714,271	\$ 72,851,458
Mortgage-backed securities	16,586,318	825	3,088,416	13,498,727
Negotiable certificates of deposit	249,000	-	-	249,000
	<u>\$ 93,401,047</u>	<u>\$ 825</u>	<u>\$ 6,802,687</u>	<u>\$ 86,599,185</u>
2024				
U.S. Governmental agency obligations	\$ 82,560,106	\$ -	\$ 7,439,965	\$ 75,120,141
Mortgage-backed securities	18,108,908	282	4,137,325	13,971,865
Negotiable certificates of deposit	993,000	-	-	993,000
	<u>\$ 101,662,014</u>	<u>\$ 282</u>	<u>\$ 11,577,290</u>	<u>\$ 90,085,006</u>

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 4 - Securities Available for Sale (continued)

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

	2025		2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 24,000,000	\$ 23,623,020	\$ 6,743,716	\$ 6,615,180
Due after one year through five years	50,814,729	47,649,158	68,234,195	62,301,399
Due after five years through ten years	2,000,000	1,828,280	8,575,195	7,196,562
Mortgage-backed securities	16,586,318	13,498,727	18,108,908	13,971,865
	<u>\$ 93,401,047</u>	<u>\$ 86,599,185</u>	<u>\$ 101,662,014</u>	<u>\$ 90,085,006</u>

Information pertaining to securities available for sale with gross unrealized losses, aggregated by length of time that individual securities have been in a continuous loss position, follows at December 31:

	Less Than Twelve Months		Greater Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
2025				
U.S. Governmental agency obligations	\$ -	\$ -	\$ 3,714,271	\$ 72,851,458
Mortgage-backed securities	-	-	3,088,416	13,462,935
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,802,687</u>	<u>\$ 86,314,393</u>
2024				
U.S. Governmental agency obligations	\$ -	\$ -	\$ 7,439,965	\$ 75,120,141
Mortgage-backed securities	110	46,170	4,137,215	13,880,086
	<u>\$ 110</u>	<u>\$ 46,170</u>	<u>\$ 11,577,180</u>	<u>\$ 89,000,227</u>

At December 31, 2025 and 2024, the 63 and 67 securities with unrealized losses have depreciated 7.31% and 11.51%, respectively, from the Credit Union's amortized cost basis. The majority of these securities are either guaranteed by the U.S. Government or secured by mortgage loans. Management has the intent and ability to hold debt securities until recovery and does not believe it will have to sell the securities prior to recovery. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. At December 31, 2025 and 2024, the Credit Union concluded no credit loss exists and; therefore, there was no ACL related to the available for sale portfolio.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 5 - Loans to Members

The following table presents total loans outstanding by portfolio segment at December 31:

	<u>2025</u>	<u>2024</u>
Real estate secured	\$ 1,089,577	\$ 1,373,651
Home equity and lines of credit	69,739,825	62,119,536
Vehicle secured	34,853,698	36,434,873
Vehicle secured, indirect lending	106,423,921	118,478,483
Credit cards	12,777,704	13,546,624
Share secured	243,799	243,884
Government guaranteed student loans	2,301	3,992
Private student loans	479,061	690,148
Unsecured	<u>18,947,179</u>	<u>16,723,027</u>
Gross loans	244,557,065	249,614,218
Add (deduct)		
Net deferred loan origination costs	2,085,888	2,145,917
Allowance for credit losses	<u>(1,787,935)</u>	<u>(1,638,930)</u>
Net loans	<u>\$ 244,855,018</u>	<u>\$ 250,121,205</u>

Note 6 - Loan Quality

The following tables present activity in the ACL for the years ended December 31:

2025	Beginning Balance	Loans Charged Off	Recoveries	Provision (Reversals)	Ending Balance
Real estate secured	\$ -	\$ -	\$ -	\$ -	\$ -
Home equity and lines of credit	213,287	(160,490)	99,208	248,221	400,226
Vehicle secured	283,053	(638,689)	228,906	422,736	296,006
Vehicle secured, indirect lending	453,695	(654,541)	249,412	397,054	445,620
Credit cards	108,333	(605,386)	134,752	512,360	150,059
Share secured	-	-	-	-	-
Government guaranteed student loans	-	-	-	-	-
Private student loans	-	(7,949)	9,749	(1,800)	-
Unsecured	<u>580,562</u>	<u>(981,831)</u>	<u>140,864</u>	<u>756,429</u>	<u>496,024</u>
	<u>\$ 1,638,930</u>	<u>\$ (3,048,886)</u>	<u>\$ 862,891</u>	<u>\$ 2,335,000</u>	<u>\$ 1,787,935</u>

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 6 - Loan Quality (continued)

2024	Beginning Balance	Loans Charged Off	Recoveries	Provision (Reversals)	Ending Balance
Real estate secured	\$ -	\$ -	\$ -	\$ -	\$ -
Home equity and lines of credit	5,505	(213,538)	138,100	283,220	213,287
Vehicle secured	325,123	(827,125)	269,399	515,656	283,053
Vehicle secured, indirect lending	510,383	(925,986)	402,491	466,807	453,695
Credit cards	92,242	(1,005,223)	111,854	909,460	108,333
Share secured	-	-	-	-	-
Government guaranteed student loans	-	-	-	-	-
Private student loans	-	(25,338)	27,222	(1,884)	-
Unsecured	954,758	(1,436,327)	241,390	820,741	580,562
	<u>\$ 1,888,011</u>	<u>\$ (4,433,537)</u>	<u>\$ 1,190,456</u>	<u>\$ 2,994,000</u>	<u>\$ 1,638,930</u>

As part of its process to calculate the ACL, the Credit Union reviews several credit quality factors, including payment status (performing, nonperforming, and aging).

The following table presents a summary of nonperforming assets as of December 31:

	2025		2024	
	Balance	Percent of Loan Segment	Balance	Percent of Loan Segment
Nonaccrual loans				
Home equity and lines of credit	\$ 811,216	1.16 %	\$ 467,973	0.75 %
Vehicle secured	507,262	1.46	352,582	0.97
Vehicle secured, indirect lending	445,692	0.42	536,175	0.45
Private student loans	957	0.20	7,949	1.15
Unsecured	303,880	1.30	368,311	2.20
Total nonaccrual loans	2,069,007		1,732,990	
Loans past due 90 days or more and not included above				
Credit cards	156,086	1.22 %	405,747	3.00 %
Total nonperforming assets	<u>\$ 2,225,093</u>		<u>\$ 2,138,737</u>	
Nonperforming assets to total gross loans		<u>0.91 %</u>		<u>0.86 %</u>
Nonperforming assets to total assets		<u>0.52 %</u>		<u>0.52 %</u>
Allowance for credit losses to nonperforming assets		<u>80.35 %</u>		<u>76.63 %</u>

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 6 - Loan Quality (continued)

The Credit Union ceases accrual on loans delinquent greater than 90 days except for government guaranteed student loans and credit cards. Unrecorded income on these nonaccrual loans was \$40,626 and \$35,533 at December 31, 2025 and 2024, respectively.

The following tables present the aging of payments of the loan portfolio at December 31:

2025	Loans Past Due (Days)					Total
	Current	31-60	61-90	90+ and Accruing	90+ Nonaccrual	
Real estate secured	\$ 1,089,577	\$ -	\$ -	\$ -	\$ -	\$ 1,089,577
Home equity and lines of credit	68,568,793	89,600	270,216	-	811,216	69,739,825
Vehicle secured	33,382,471	709,954	254,011	-	507,262	34,853,698
Vehicle secured, indirect lending	104,433,324	1,122,463	422,442	-	445,692	106,423,921
Credit cards	12,377,539	177,054	67,025	156,086	-	12,777,704
Share secured	222,018	13,213	8,568	-	-	243,799
Government guaranteed student loans	2,301	-	-	-	-	2,301
Private student loans	478,104	-	-	-	957	479,061
Unsecured	18,273,314	209,566	160,419	-	303,880	18,947,179
	<u>\$ 238,827,441</u>	<u>\$ 2,321,850</u>	<u>\$ 1,182,681</u>	<u>\$ 156,086</u>	<u>\$ 2,069,007</u>	<u>\$ 244,557,065</u>
2024						
Real estate secured	\$ 1,373,651	\$ -	\$ -	\$ -	\$ -	\$ 1,373,651
Home equity and lines of credit	60,807,712	643,969	199,882	-	467,973	62,119,536
Vehicle secured	34,800,087	921,272	360,932	-	352,582	36,434,873
Vehicle secured, indirect lending	115,710,627	1,545,137	686,544	-	536,175	118,478,483
Credit cards	12,622,083	265,402	253,392	405,747	-	13,546,624
Share secured	243,884	-	-	-	-	243,884
Government guaranteed student loans	3,992	-	-	-	-	3,992
Private student loans	664,859	17,340	-	-	7,949	690,148
Unsecured	15,816,462	294,521	243,733	-	368,311	16,723,027
	<u>\$ 242,043,357</u>	<u>\$ 3,687,641</u>	<u>\$ 1,744,483</u>	<u>\$ 405,747</u>	<u>\$ 1,732,990</u>	<u>\$ 249,614,218</u>

Modifications

Occasionally, the Credit Union modifies loans to borrowers in financial distress as a part of its loss mitigation activities. Various types of modification may be offered, including principal forgiveness, term extension, payment delays, or interest rate reductions. In some cases, the Credit Union will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession may be granted. For loans included in the "combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 6 - Loan Quality (continued)**Modifications (continued)**

The following tables present the amortized cost basis at December 31, 2025 and 2024 of the loans modified for borrowers experiencing financial difficulty, by loan category and type of concession granted. Percentages labeled as "NM" are not measurable to the class of financing receivable, as they are less than 0.1% of the total class.

	Term Extension	
	Amortized Cost Basis at December 31, 2025	% of Total Class of Financing Receivable
Home equity and lines of credit	\$ 60,586	0.1%
Vehicle secured	287,996	0.8%
Vehicle secured, indirect lending	531,604	0.5%
Credit cards	17,637	0.1%
Unsecured	303,690	1.6%
	\$ 1,201,513	
	Combination - Payment Delay and Term Extension	
Vehicle secured	\$ 14,150	NM
Unsecured	24,751	0.1%
	\$ 38,901	
	Term Extension	
	Amortized Cost Basis at December 31, 2024	% of Total Class of Financing Receivable
Vehicle secured	\$ 354,688	1.0%
Vehicle secured, indirect lending	731,770	0.6%
Credit cards	18,367	0.1%
Unsecured	182,045	1.1%
	\$ 1,286,870	
	Combination - Payment Delay and Term Extension	
Vehicle secured	\$ 44,729	0.1%
Vehicle secured, indirect lending	37,756	NM
Unsecured	43,801	NM
	\$ 126,286	

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 6 - Loan Quality (continued)

Modifications (continued)

For the years ended December 31, 2025 and 2024, there were no modifications for borrowers experiencing financial difficulty with an interest rate reduction or principal forgiveness concessions.

Note 7 - Accrued Interest Receivable

Accrued interest receivable consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Accrued interest on loans	\$ 833,560	\$ 832,657
Accrued income on investments	188,197	204,309
	<u>\$ 1,021,757</u>	<u>\$ 1,036,966</u>

Note 8 - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 3,094,899	\$ 3,094,899
Building and improvements	8,397,792	8,397,792
Furniture and equipment	3,968,424	3,968,424
Data processing equipment	4,136,163	4,046,323
Leasehold improvements	447,167	447,167
Fixed asset suspense	50,433	42,812
	<u>20,094,878</u>	19,997,417
Accumulated depreciation and amortization	<u>(13,579,118)</u>	<u>(13,108,833)</u>
	<u>\$ 6,515,760</u>	<u>\$ 6,888,584</u>

Depreciation expense charged to operations was \$470,286 and \$553,064 for the years ended December 31, 2025 and 2024, respectively.

Note 9 - Vizo Financial Corporate Credit Union Perpetual Contributed Capital

The Perpetual Contributed Capital account has a perpetual maturity and is callable only at the option of Vizo Financial Corporate Credit Union (Vizo Financial) with the prior consent of the NCUA. This account is not subject to share insurance coverage by the NCUSIF or other deposit insurers. This account is subordinated to all other liabilities of Vizo Financial, including uninsured obligations to shareholders and the NCUSIF.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 10 - Members' Shares and Savings Accounts**Composition of Members' Shares and Savings Accounts**

	Rates at December 31, 2025	December 31, 2025	December 31, 2024
Regular share	0.00%-0.10%	\$ 132,550,735	\$ 139,996,618
Money market	0.00%-0.90%	28,943,314	35,296,540
Share draft	0.00%-0.05%	81,786,025	79,981,842
IRA	0.10%	1,171,115	1,293,425
High yield savings	0.00%-3.50%	48,382,418	8,594,778
		<u>292,833,607</u>	<u>265,163,203</u>
Share and IRA certificates			
0.00% to 1.00%		1,173,187	2,404,110
1.01% to 2.00%		139,612	531,115
2.01% to 3.00%		1,722,577	3,274,288
3.01% to 4.00%		38,635,799	15,199,868
4.01% to 5.00%		24,968,728	47,369,079
5.01% to 5.75%		35,032,086	38,874,674
		<u>101,671,989</u>	<u>107,653,134</u>
		<u>\$ 394,505,596</u>	<u>\$ 372,816,337</u>

Scheduled Maturities of Members' Shares and Savings Accounts

	December 31, 2025	December 31, 2024
No contractual maturity	\$ 292,833,607	\$ 265,163,203
Maturity within one year	59,498,689	41,666,748
Maturity within one to two years	19,720,583	35,525,335
Maturity within two through five years	22,452,717	30,461,051
	<u>\$ 394,505,596</u>	<u>\$ 372,816,337</u>

Regular shares, money market shares, share draft, individual retirement account shares, and high yield savings accounts have no contractual maturity. Certificate accounts have maturities of five years or less.

The NCUSIF insures members' shares up to \$250,000 per depositor. Separately, individual IRA accounts are also insured up to \$250,000.

In addition to the share insurance provided by the NCUSIF, the Credit Union carries an additional \$250,000 per account with a private insurer.

The aggregate amounts of members' shares and savings accounts in denominations of \$250,000 or more were \$73,538,201 and \$101,707,460 at December 31, 2025 and 2024, respectively.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 11 - Borrowings

The Credit Union maintains a \$45,000,000 line of credit with Vizo Financial at December 31, 2025 with a rate to be determined by the lender when funds are borrowed, 4.50% and 5.25% at December 31, 2025 and 2024, respectively. The Credit Union had no outstanding balances at December 31, 2025 and 2024. The line is collateralized by the Credit Union's loan portfolio.

The Credit Union has a borrowing capacity of \$40,000,000 with the Federal Reserve Bank discount window at December 31, 2025. Borrowings are collateralized by the Credit Union's investments, which are selected by the Federal Reserve upon request to borrow. The agreement does not have an established limit and borrowings are based on the fair market value of the collateral offered. The Credit Union has an outstanding balance of \$-0- and \$12,000,000 at December 31, 2025 and 2024, respectively. At December 31, 2024, the interest rate was 5.40% and the maturity date was March 11, 2025.

The Credit Union maintains a \$33,050,000 line of credit with the Royal Bank of Canada (RBC) at a rate to be determined by the lender when funds are borrowed. The Credit Union had no outstanding balances at December 31, 2025 and 2024. The line is collateralized by the Credit Union's investment portfolio held with the RBC.

Note 12 - Employee Benefit Plans

Pension Plan

The Credit Union has a defined contribution money purchase pension plan, which covers substantially all employees who meet eligibility requirements. The Credit Union contributes a percentage of eligible compensation. Contribution expense for 2025 and 2024 was \$227,354 and \$198,129, respectively.

Defined Contribution Plan

The Credit Union has a defined contribution plan qualifying under Section 401(k) of the IRC. This plan covers substantially all employees who meet eligibility requirements and deferrals are elective. The Credit Union matches 50% of the first 6% of employee elective deferrals. Contribution expense for 2025 and 2024 was \$80,833 and \$71,575, respectively.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 12 - Employee Benefit Plans (continued)

Deferred Compensation Plans

Split-Dollar Life Insurance

In 2016, the Credit Union entered into a split-dollar insurance agreement with four members of the Credit Union's management. The agreements were established as a collateral assignment arrangement between the Credit Union and those executives. Under the agreements, the executives are the owners of the life insurance policies and make a collateral assignment to the Credit Union in return for lending the executives the funds to pay the premiums on the policies. The loans to the four officers were made on May 31, 2016. The first year premiums were paid and the excess was deposited to a Credit Union share account. At the time of death, the Credit Union will be repaid the loan amount, plus accrued interest by utilizing the value of the insurance policy. Due to the nonrecourse provisions of the agreements, the Credit Union periodically reviews the loans for impairment and, to the extent the loan carrying value exceeds the assigned collateral value, charges the difference to expense. The loan balances under these agreements were \$6,150,001 at both December 31, 2025 and 2024. The cash value of the life insurance associated with these agreements are \$6,644,345 and \$6,477,479 at December 31, 2025 and 2024, respectively. There were no Credit Union share balances associated with these agreements at both December 31, 2025 and 2024. The difference between the outstanding loan balances and the associated collateral represents the potential exposure to the Credit Union associated with entering into these arrangements.

457(f) Deferred Compensation Plan

In 2016, the Credit Union established a nonqualified 457(f) deferred compensation plan for the benefit of certain members of management. The purpose of these plans is to allow members of management, whose participation in the Credit Union's pension and defined contribution 401(k) plans is limited by regulatory requirements, to realize retirement benefits at comparable levels to those of the remainder of employees. Under the terms of the plan, the Credit Union agrees to provide the executives with a defined benefit totaling \$1,112,999 at the time of vesting. The vesting dates range from 2029 to 2031. The Credit Union accrues for this liability on a yearly basis. At December 31, 2025 and 2024, the total accrued liability for this plan was \$602,537 and \$504,718, respectively, and is included in accounts payable and other liabilities on the statement of financial condition.

Note 13 - Credit Union Owned Life Insurance

The Credit Union is the owner and substantial beneficiary of several life insurance policies. The policies are recorded at cash surrender value, and increases or decreases in cash surrender values are included in other noninterest income. The cash value of the life insurance and contracts was \$4,146,582 and \$4,028,082 at December 31, 2025 and 2024, respectively.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 14 - Commitments and Contingencies

Legal Contingencies

The Credit Union is a party to various legal actions normally associated with financial institutions, the aggregate effect of which, in management's opinion, would not be material to the financial condition or results of operations of the Credit Union.

Financial Instruments with Off-Balance Sheet Risk

The Credit Union is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members. They involve, to varying degrees, elements of credit risk in excess of the amounts recognized on the statement of financial condition.

The Credit Union's exposure to credit loss, in the event of nonperformance by the other parties to the financial instrument for these commitments, is represented by the contractual amounts of those instruments. The Credit Union uses the same credit policies in making these commitments as it does for on-balance sheet instruments. These commitments are as follows:

	<u>Fixed Rate</u>	<u>Variable Rate</u>	<u>Total</u>
2025			
Home equity lines of credit	\$ -	\$ 23,453,566	\$ 23,453,566
Credit cards	-	45,911,331	45,911,331
Share draft lines of credit	-	1,240,152	1,240,152
Overdraft protection	<u>8,101,055</u>	<u>-</u>	<u>8,101,055</u>
	<u>\$ 8,101,055</u>	<u>\$ 70,605,049</u>	<u>\$ 78,706,104</u>
2024			
Home equity lines of credit	\$ -	\$ 20,453,915	\$ 20,453,915
Credit cards	-	45,128,368	45,128,368
Share draft lines of credit	-	1,237,083	1,237,083
Overdraft protection	<u>8,106,487</u>	<u>-</u>	<u>8,106,487</u>
	<u>\$ 8,106,487</u>	<u>\$ 66,819,366</u>	<u>\$ 74,925,853</u>

Financial Instruments with Concentrations of Credit Risk

Home Equity and Unsecured Lines of Credit

Home equity and unsecured lines of credit are agreements to lend to a member, as long as there is no violation of any condition established in the agreement. Many of the commitments will expire without being fully utilized. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis. Collateral held includes real estate for home equity lines of credit.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 14 - Commitments and Contingencies (continued)

Financial Instruments with Concentrations of Credit Risk (continued)

Credit Card Commitments

Credit card commitments are commitments on credit cards issued by the Credit Union and serviced by PSCU Service Centers, Inc. These commitments are unsecured.

Overdraft Protection Program and Other Unfunded Commitments

Unfunded commitments under revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date, and may not be drawn upon to the total extent to which the Credit Union is committed.

Concentration by Geographic Location

The Credit Union has a significant concentration of loans to members located primarily in New Castle County, Delaware and Cecil County, Maryland. Although the Credit Union has a diversified loan portfolio, a substantial portion of its members' abilities to honor their contracts is dependent upon the effect of the local economy on the Credit Union's field of membership. See Note 5 for concentration by loan type.

Other Contingencies, Credit Risk

Financial Instruments with Concentrations of Credit Risk

Cash and Cash Equivalents

The Credit Union has deposit accounts with various financial institutions in addition to maintaining working cash on hand approximating \$1,786,000 and \$1,910,000 at December 31, 2025 and 2024, respectively. Amounts due from financial institutions may, at times, exceed federally insured limits.

The Credit Union is required to maintain a reserve balance with the Federal Reserve Bank based upon a percentage of deposits.

Investment Securities

The Credit Union's investment securities are being held in accordance with the terms of safekeeping agreements with various brokers.

Although the Credit Union has credit risk due to the uninsured portion of the above deposits and investments, the Credit Union does not anticipate any accounting loss.

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 15 - Related Party Transactions

Transactions with Directors, Principal Officers, Employees, and Immediate Family Members

Directors, principal officers, and employees of the Credit Union, including their family members who are members of the Credit Union, are considered to be related parties.

The Credit Union has had, and may be expected to have in the future, transactions in the ordinary course of business with directors, principal officers, employees, and their immediate families. The aggregate amount of these transactions is not significant to the financial statements.

Note 16 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, FASB ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

- Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

DEXSTA Federal Credit Union

Notes to Financial Statements

December 31, 2025 and 2024

Note 16 - Fair Value Measurements (continued)

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Securities Available for Sale

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly-liquid government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage backed agency securities, obligations of states and political subdivisions, certain corporate, asset backed, and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

The following tables summarize the securities available for sale measured at fair value on a recurring basis as of December 31, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Fair Value Measurements at December 31, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Governmental agency obligations	\$ -	\$ 72,851,458	\$ -	\$ 72,851,458
Mortgage-backed securities	-	13,498,727	-	13,498,727
Negotiable certificates of deposit	-	249,000	-	249,000
	\$ -	\$ 86,599,185	\$ -	\$ 86,599,185
Fair Value Measurements at December 31, 2024				
U.S. Governmental agency obligations	\$ -	\$ 75,120,141	\$ -	\$ 75,120,141
Mortgage-backed securities	-	13,971,865	-	13,971,865
Negotiable certificates of deposit	-	993,000	-	993,000
	\$ -	\$ 90,085,006	\$ -	\$ 90,085,006

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 17 - Capital Requirements

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance sheet instruments as calculated under generally accepted accounting principles. 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.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth (as defined) to total assets (as defined).

Effective January 1, 2022, the NCUA's Final Rule became effective for Risk-Based Capital. The Final Rule restructures the existing risk-based net worth ratio with a new risk-based capital ratio for complex, federally insured, natural-person credit unions. Under Section 702.103 of the NCUA's Final Rule, a credit union is defined as complex only if the credit union's quarter-end total assets exceed \$500 million on its most recent call report. Credit unions defined as complex can also opt into the Complex Credit Union Leverage Ratio (CCULR), which is part of the NCUA's Final Rule. If a credit union elects the CCULR framework and maintains the minimum net worth ratio, it will be considered well capitalized and does not need to calculate a risk-based capital ratio under the NCUA's Final Risk Based Capital Rule. To qualify for CCULR, a credit union must: (a) maintain a CCULR ratio of 9% or greater; (b) total off-balance sheet exposure of 25% or less of total assets; (c) total trading assets plus total trading liabilities of 5% or less of total assets; and (d) total goodwill plus total other intangible assets of 25% or less of total assets.

As of December 31, 2025 and 2024, the Credit Union's total assets are less than \$500 million and, therefore, are not subject to the Risk-Based Capital Rule.

As of December 31, 2025 and 2024, the NCUA categorized the Credit Union as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," the Credit Union must maintain a minimum net worth ratio of 7% of assets. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

The Credit Union's actual capital amounts and ratios are also presented as follows at December 31:

	Actual		To be Adequately Capitalized under Prompt Corrective Action Provisions		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount *	Ratio	Amount *	Ratio	Amount *	Ratio
2025						
Net worth	\$ 38,816	9.05%	\$ 25,745	6.00%	\$ 30,036	7.00%
2024						
Net worth	\$ 38,352	9.52%	\$ 24,869	6.00%	\$ 29,014	7.00%

* (Dollars in thousands)

DEXSTA Federal Credit Union

Notes to Financial Statements
December 31, 2025 and 2024

Note 18 - Subsequent Events

The Credit Union has evaluated subsequent events through February 26, 2026. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2025 were noted.

Board of Directors



Joyce A. Kidd
Chair



Zenaida O. Gephardt
Vice Chair



David S. Marianelli
Treasurer



Fuji P. Le
Assistant Treasurer



Marie H. Davis
Secretary



Kim C. Hall
Assistant Secretary



Daniel F. Costa
Director



Patrick J. Mahaney
Director



Paul R. McDowell
Director

Locations and Hours

Elkton

975 E. Pulaski Highway
Elkton, MD 21921

Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.

Foulk Road

300 Foulk Road
Wilmington, DE 19803

Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.

Middletown

110 Sandhill Drive
Middletown, DE 19709

Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.
Saturday 9:00 a.m. - 1:00 p.m.

Possum Park

700 Capital Trail Unit 15
Newark, DE 19711

Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.
Saturday 9:00 a.m. - 1:00 p.m.

Prices Corner

1310 Centerville Road
Wilmington, DE 19808

Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 9:00 a.m. - 6:00 p.m.
Saturday 9:00 a.m. - 1:00 p.m.

Red Lion Road

118 Jestan Boulevard
New Castle, DE 19720

Hours: Monday - Thursday 9:00 a.m. - 5:00 p.m.
Friday 10:00 a.m. - 6:00 p.m.

Member Contact Center

24/7

Email: memberservices@dexsta.com

Web: www.dexsta.com

Phone: 833-2DEXSTA