



Wright-Patt Credit Union, Inc.

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2024 and 2023



Independent Auditor's Report

Board of Directors
Wright-Patt Credit Union, Inc.
Beavercreek, Ohio

Opinion

We have audited the consolidated financial statements of Wright-Patt Credit Union, Inc. and subsidiaries (the Credit Union), which comprise the consolidated 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 the Credit Union and subsidiaries 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 Audit of the Consolidated 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.

Forvis Mazars, LLP

**Indianapolis, Indiana
March 20, 2025**

Wright-Patt Credit Union, Inc.
Consolidated Statements of Financial Condition
December 31, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and due from banks	\$ 639,558	\$ 457,520
Federal funds sold	104,720	93,751
Cash and cash equivalents	<u>744,278</u>	<u>551,271</u>
Repurchase agreements	-	245,000
Available-for-sale securities	1,476,689	1,166,964
Loans held for sale	32,960	33,467
Loans to members, net of allowance for credit losses of \$109,697 and \$77,186 at December 31, 2024 and 2023	6,460,310	5,992,933
Property and equipment, net	76,804	75,041
FHLB stock	30,864	29,696
NCUSIF deposit	66,430	61,499
Other assets	<u>178,023</u>	<u>178,466</u>
 Total assets	 <u>\$ 9,066,358</u>	 <u>\$ 8,334,337</u>
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' share and deposit accounts	\$ 7,632,524	\$ 6,952,057
Borrowings	507,340	505,995
Accounts payable and accrued liabilities	96,657	118,009
Total liabilities	<u>8,236,521</u>	<u>7,576,061</u>
Members' Equity		
Statutory reserve	22,877	22,877
Members' survivors' reserve	1,995	2,021
Retained earnings	927,802	870,260
Accumulated other comprehensive loss	<u>(122,913)</u>	<u>(136,878)</u>
Total parent company equity	829,761	758,280
 Noncontrolling interest	 76	 (4)
Total members' equity	<u>829,837</u>	<u>758,276</u>
 Total liabilities and members' equity	 <u>\$ 9,066,358</u>	 <u>\$ 8,334,337</u>

Wright-Patt Credit Union, Inc.
Consolidated Statements of Income
Years Ended December 31, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>
Interest Income		
Loans	\$ 412,010	\$ 350,547
Investments	93,543	75,890
Total interest income	<u>505,553</u>	<u>426,437</u>
Interest Expense		
Dividends on share accounts	187,873	141,417
Borrowings	17,476	17,384
Total interest expense	<u>205,349</u>	<u>158,801</u>
Net Interest Income	<u>300,204</u>	<u>267,636</u>
Credit Loss Expense (Recovery)		
Credit loss expense - loans	90,494	55,837
Credit loss recovery - off balance sheet credit exposures	(646)	(566)
Total credit loss expense	<u>89,848</u>	<u>55,271</u>
Net Interest Income After Credit Loss Expense	<u>210,356</u>	<u>212,365</u>
Noninterest Income		
Fees, service charges and other	93,734	88,533
Gain on sale of investments	397	-
Gain on sale of mortgage loans	1,044	3,040
Total noninterest income	<u>95,175</u>	<u>91,573</u>
Noninterest Expense		
Employee salaries and benefits	138,158	127,845
Office occupancy	11,745	11,639
Office operations	56,166	48,709
Loan servicing	17,127	16,001
Member education and promotion	6,665	6,804
Professional and outside services	6,779	5,963
Other	4,695	8,279
Total noninterest expense	<u>241,335</u>	<u>225,240</u>
Patronage Dividend	<u>6,750</u>	<u>8,066</u>
Net Income	57,446	70,632
Less net income (loss) attributable to noncontrolling interest	<u>(70)</u>	<u>184</u>
Net Income Attributable to Parent Company	<u>\$ 57,516</u>	<u>\$ 70,448</u>

Wright-Patt Credit Union, Inc.
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>
Net Income	\$ 57,446	\$ 70,632
Other Comprehensive Income		
Unrealized holding gains on available-for-sale securities	14,362	6,398
Less investment gains included in net income	397	-
Other comprehensive income	<u>13,965</u>	<u>6,398</u>
Comprehensive Income	71,411	77,030
Less comprehensive income (loss) attributable to noncontrolling interest	<u>(70)</u>	<u>184</u>
Comprehensive Income Attributable to Parent Company	<u>\$ 71,341</u>	<u>\$ 77,214</u>

Wright-Patt Credit Union, Inc.
Consolidated Statements of Members' Equity
Years Ended December 31, 2024 and 2023
(in thousands)

	<u>Statutory Reserve</u>	<u>Members' Survivors' Reserve</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Noncontrolling Interest</u>	<u>Total Members' Equity</u>
Balance, January 1, 2023	\$ 22,877	\$ 2,051	\$ 799,779	\$ (143,276)	\$ 402	\$ 681,833
Net income			70,448		184	70,632
Other comprehensive income				6,398		6,398
Contributions to noncontrolling interest					(587)	(587)
Transfers		(30)	33		(3)	-
Balance, December 31, 2023	<u>22,877</u>	<u>2,021</u>	<u>870,260</u>	<u>(136,878)</u>	<u>(4)</u>	<u>758,276</u>
Net income (loss)			57,516		(70)	57,446
Other comprehensive income				13,965		13,965
Distributions to noncontrolling interest					150	150
Transfers		(26)	26			-
Balance, December 31, 2024	<u>\$ 22,877</u>	<u>\$ 1,995</u>	<u>\$ 927,802</u>	<u>\$ (122,913)</u>	<u>\$ 76</u>	<u>\$ 829,837</u>

Wright-Patt Credit Union, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Net income	\$ 57,446	\$ 70,632
Adjustments to reconcile net income to net cash		
Provision for credit losses	89,848	55,271
Depreciation	7,713	8,291
Gain on sale of investments - net	(397)	-
Loss on derivatives	2,446	6,039
Amortization of investment premiums and accretion of discounts	2,133	3,408
Net changes in		
Loans held for sale	(538)	6,735
Other assets	883	(9,564)
Accounts payable and accrued liabilities	(20,706)	7,495
Net cash provided by operating activities	<u>138,828</u>	<u>148,307</u>
Cash Flows From Investing Activities		
Net change in repurchase agreements	245,000	(245,000)
Net change in loans	(556,826)	(436,230)
Investments available for sale		
Purchased	(570,849)	(159,324)
Maturities, payments and calls	156,907	102,565
Sold	116,446	-
Mutual funds		
Sold	-	11,452
Purchase of FHLB stock	(1,168)	(1,673)
Increase in NCUSIF deposit	(4,931)	(6,518)
Capital expenditures	(12,362)	(15,273)
Net cash used in investing activities	<u>(627,783)</u>	<u>(750,001)</u>
Cash Flows From Financing Activities		
Net increase in members' share and deposit accounts	680,467	484,297
Proceeds from borrowings	2,012	175,000
Repayment of borrowings	(667)	(185,720)
Other noncontrolling interest	150	(587)
Net cash provided by financing activities	<u>681,962</u>	<u>472,990</u>
Net Increase (Decrease) in Cash and Cash Equivalents	193,007	(128,704)
Cash and Cash Equivalents, Beginning of Year	<u>551,271</u>	<u>679,975</u>
Cash and Cash Equivalents, End of Year	<u>\$ 744,278</u>	<u>\$ 551,271</u>
Additional Cash Flows Information		
Dividends paid on share and deposit accounts	\$ 187,873	\$ 141,417
Cash paid for interest on borrowings	17,384	17,127