2 0 2 4 A N N U A L R E P O R T

80 th ANNUAL MEETING

WebEx April 9th, 2025

AGENDA

- 1. Determination of a Quorum Ms. Ginger Raya, Chair
- Minutes of Annual Meeting April 10th, 2024 Ms. Ginger Raya, Chair
- 3. **Report from the Board of Directors** Ms. Ginger Raya, Chair
- 4. Report from the Executive Vice President Mr. Randy Glover, EVP
- 5. **Report from the Supervisory Committee** Mr. Rolyne Kafka, Chair
- 6. New Business Ms. Ginger Raya, Chair
- 7. Election Report Ms. Ginger Raya, Chair
- 8. Adjournment

Board of Directors

Dr. Ginger Raya – Chair Fatuma Ereng – 1st Vice Chair Dr. Angelica Martinez – 2nd Vice Chair Belen Vigil – Secretary/Treasurer Linda Gonzalez-Hensgen Jim Brackenbury Matthew Behrens Lilia Worrell Linda Imai-Dixon

Supervisory Committee

Rolyne Kafka – Chair Melodya Salaices Richard Morales

Executive Staff

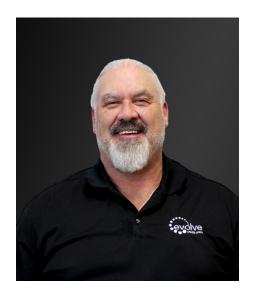
Ken Walters – President/CEO Randy Glover – Executive Vice President Art Juarez – Chief Financial Officer Ismael Mendiola – Chief Operations Officer Luis Terrazas – VP of Compliance Gabriel Munoz – VP of HR Elisa Terrazas-Arce – VP of Marketing Adam Lozoya – VP of Lending Isabel Meza – VP of Lending Patrick Lujan – VP of I.S. Perla Lopez– AVP of Finance Iban Torres – AVP of Operations Josue Ornelas – AVP of Marketing Thomas Teeter– AVP of I.S.

MESSAGE TO OUR MEMBERS

Our outlook at the beginning of 2024 was that it would be a difficult year. Financial institutions continued to face difficulties resulting from Federal Reserve interest rate increases. Even with these difficulties, evolve FCU continued to provide our membership with great rates on both the share and loan side. The net worth for evolve FCU remains very strong even though the year was difficult from a net income perspective.

While we did see a slight decrease with inflation numbers during the year. The Federal Reserve have kept interest rates stagnant during most of 2024. Due to the interest rate environment the Credit Union saw cost of funds increase and demand for new loans drop. The result is a tightening in our margins which makes net interest income difficult to obtain. Due to the squeeze with our margins evolve Credit Union ended the year with a net loss. Even with a net loss for the year, we were able to manage our balance sheet and increase our net worth to 11.30%. We are hopeful for some rate decreases in 2025 but this may not come to pass, which means net income again be difficult to come by in 2025 as our balance sheet continues to reprice. The good news is we are well positioned to withstand these issues and get past 2025. In spite of the economic issues, we did have some accomplishments in 2024. We opened our Las Cruces location and will work on expanding our membership in that area. We will continue to offer and promote our e-priority checking account paying 7% interest. We are now offering a Collegiate Checking account and have developed a special Healthcare Membership level for members who work in healthcare. We are focusing on developing new members and positioning the Credit Union for future growth.

We thank you for your continued support.



Ginger Raya, Chair Board of Directors Ken Walters, President/CEO

"I would like to thank our members for their continued loyalty as that is the key to our success."

Ken Walters, President/CEO

STATEMENT OF FINANCIAL CONDITION

Periods Ending December 31, 2024 and 2023	2024	2023
ASSETS Cash and cash equivalants Investments Loans to members, net of allowance for Ioan Iosses Properity and equipment net NCUSIF deposit Other Assets Total Assets	\$7,026,328 42,355,304 215,687,033 15,405,403 2,878,029 35,745,260	\$11,851,018 47,675,804 223,292,327 14,452,542 3,168,848 33,879,222
Iotal Assets	\$319,097,358	\$334,319,761
LIABILITIES and MEMBERS' EQUITY		
Liabilities: Accrued dividends payable Accrued expenses and other liabilities Members Liabilitiy Total Liabilities	439,953 9,265,077 282,097,579 291,802,609	410,582 9,768,653 298,745,643 308,924,878
Members' Equity:		
Regular Reserves Undivided Earnings	3,644,493 23,650,256	3,644,493 21,750,391
Total members equity	27,294,749	25,394,884
Total Liabilities and Members' Equity	\$319,097,358	\$334,319,761
STATEMENT OF INCOME & EXPENSE Periods Ending December 31, 2024 and 2023	2024	2023
INTEREST INCOME Interest on loans Income on investments Total Interest Income	\$10,466,471 1,457,593 11,924,064	\$9,174,688 1,735,933 10,910,621
INTEREST EXPENSE Dividends on Members Share Dividends on Non Member Shares Interest on borrowed money Total Interest Expense	3,318,861 553,699 4,373 3,876,932	2,733,641 579,504 18,491 3,331,636
Net Interest Income PROVISION FOR LOAN & Share LOSSES (PLL) Net Interest Income after PLL	8,047,132 655,946 7,391,186	7,578,985 302,933 7,276,053
NON-INTEREST INCOME		
Fees and Other Operating Income Other non-interest income Total Non-Interest Income	3,611,050 789,223 4,400,273	3,975,369 -39,362 3,936,008
NON-INTEREST EXPENSES Compensation & Benefits Office Occupancy Expense Office Operation Expense Professional & Outside Services Miscellaneous	5,625,549 913,924 3,127,353 575,750 2,081,109	5,573,369 959,257 2,983,199 600,707 1,520,787
Total Non-Interest Expense	12,323,686	11,637,320
Income From Operations	(\$532,226)	(\$425,260)
Net Income	-\$532,226	-\$425,260