

Annual Report

Overview

2025

- ASCERTAINMENT THAT A QUORUM IS PRESENT
- APPROVAL/CORRECTION OF THE MINUTES OF THE LAST MEETING
- REPORT OF DIRECTORS: CHAIRMAN
- REPORT OF DIRECTORS: TREASURER
- REPORT OF THE CEO
- REVIEW OF FINANCIALS
- REPORT OF THE CRM
- REPORT OF THE CIO
- REPORT OF THE SUPERVISORY COMMITTEE
- MOTION TO ACCEPT REPORTS AS WRITTEN
- UNFINISHED BUSINESS
- NEW BUSINESS
- RE-ELECTIONS OF THE BOARD
- YEARS OF SERVICE AWARDS
- 2026 SCHOLARSHIP WINNERS
- MOTION TO ADJOURN

Minutes

May 15, 2025 Meeting

MISSION: NET Credit Union exists to help members succeed financially through cooperation and teamwork.

VISION: To be our region's primary, full service financial institution, by creating a welcoming atmosphere, that builds trust and allows members to be more engaged and financially successful.

The 83rd annual meeting of the NET Federal Credit Union was held at the Scranton Branch, as a RingCentral virtual meeting. In attendance were Board Members: Don Bailey, Karen Clifford, Frank DiPaolo, Lori Doherty, Paul Franceschelli, Rich Surridge; Supervisory Member – Mike Burke; CEO Clarence Baltrusaitis, CRM- Janelle Kaczmarek, CIO- Marc Michalowski, VP Risk Management – Cheryl DeHaut, Accounting Manager – Andrea Krivak, Marketing Manager – Lauren Pabst. Excused was Board member Peggy Voytek.

Don called the meeting to order at 5:02PM. He asked the secretary, Lori Doherty, if a quorum was present, to which she replied that there was, so the meeting could begin.

Don asked for a reading of last year's minutes but a motion was made by Karen Clifford to abstain from reading the minutes, this was seconded by Frank DiPaolo and approved by all.

The annual written report was available for member review. Don stated that he had nothing additional to add to his report.

Don then asked Treasurer Rich Surridge, CEO Clarence Baltrusaitis, CRM Janelle Kaczmarek, CIO Marc Michalowski, and VP of Risk Management Cheryl DeHaut if they had anything additionally to add to their reports, to which they all responded nothing more to add to the annual report.

Don then asked the Accounting Manager, Andrea Krivak if she would present the financial report. Andrea stated that NET has a strong net income growth to loan growth, an increase in members from last year with an ROA of 1.5%. New high-water marks were made in assets, and 16.5% in loan growth and 11% in income. We are well capitalized.

Don then asked Supervisory Committee Chairman, Mike Burke if he had anything to add to his report and he replied that it is good to see that we are rock solid and thanked everyone for a job well done.

Motion was made to accept the reports as written by Rich and seconded by Karen approved by all.

Don then congratulated Frank DiPaolo and Paul Franceschelli for their re-election to the Board.

Don introduced Cheryl to give out the service awards: Cheryl stated that the awards for 5 years of service were Kim Cramer and Steve Cowgill; 10 years were Alisa Mulea and Janelle Kaczmarek; and 15 years went to Sara Young.

Lauren Pabst our Marketing Manager then presented our 2025 scholarship winners. The college winner from Pace University, was Oliva Morgan and the high school winner from North Pocono High School was Raina Nemitz, who will attend The University of Scranton in the fall. Each received \$5,000 check.

Don then asked if there was any new business to be addressed from the floor. Since there was not any further business a motion was made to adjourn the meeting by Karen, seconded by Frank and all approved.

Meeting was adjourned at 5:10 P.M.

Respectfully submitted:
Lori Doherty, Secretary
Karen Clifford, Chairperson

Chairperson

Karen A Clifford

On behalf of NET Credit Union's Board of Directors, I'd like to welcome you to the 84th annual meeting of the membership. I am pleased to present the 2025 Annual Chairman's report for NET Credit Union. As we began the 2025 year, NET was preparing for an unknown economy and not going to do business as usual. With a sharp eye on the economic landscape and taking into account what would grow our Credit Union and make good business sense for our membership and our employees, we saw remarkable growth in membership, loans, savings and dividends back to our members.

Our three strategically placed branches have experienced more member interaction. Our well-developed digital services are seeing increased use by all age groups in the NET field of membership.

We take our principle of giving back to the community very seriously. Our employees are involved in reviewing opportunities and providing financial and physical help to our non-profit organizations in our Region. Our Scholarship awards have been very beneficial to local students. We encourage our High School Seniors and those enrolled in secondary education to stay informed on what NET has to offer in scholarships and student loans.

As a growing Financial Institution, we are always looking at ways to improve and enhance our services. Member's feedback has helped to aid in this pursuit.

I would be remiss if I didn't comment on the outstanding job our management and staff do, day in and day out. They care for each other and the members they serve.

As a volunteer board, thank you for all that you do for NET. I am pleased to recognize our volunteer Supervisory Committee for the commitment they make to do their job as the overseers of NET. They are a dedicated group that gives confidence to a job well done.

To our members, thank you for being part of the NET family. As we look towards 2026, I see the path of continuous growth and the introduction of new services that will benefit all age groups. We are your Financial Institution...You can BANK ON NET.

Sincerely,
Karen A Clifford, Board Chairperson

Treasurer

Rich Surridge

Reflecting on 2025: A Year of Growth and Resilience

The year 2025 was once again defined by adaptability and strategic decision-making. Despite persistent economic challenges, NET Credit Union's staff and management demonstrated exceptional resilience. By successfully navigating inflation and a dynamic interest rate environment, the organization delivered strong and meaningful results for our members.

Key Financial Highlights

- **Record Asset Growth:**
In December 2025, NET Credit Union surpassed a historic milestone, exceeding \$339 million in assets for the first time. We closed the year at \$339.3 million, driven by competitive CD and Money Market rates, along with strong loan performance.
- **Member Savings Growth:**
Member savings increased by \$28.4 million, reflecting continued trust and commitment from our membership.
- **Loan Portfolio Expansion:**
Net loan growth totaled \$23.6 million, representing a 14.43% increase. The strongest areas of growth included indirect lending, first mortgages, and fixed-rate HELOCs.
Our loan-to-asset ratio reached 55% at year-end.
- **Membership Growth:**
For the third consecutive year, NET experienced membership growth, increasing by 5.7% in 2025.
- **Capital Position:**
NET maintains a capital ratio of 10.5%, significantly exceeding the 7.0% threshold required to be considered "well capitalized," ensuring continued stability and growth capacity.

Income, Expenses, and Economic Outlook

Income and expenses both increased in 2025, driven by higher loan activity, increased dividend costs, and strategic investments in staffing.

Looking ahead, economic uncertainty remains. Factors such as geopolitical tensions, inflation trends, and Federal Reserve interest rate decisions may influence the financial landscape. Nevertheless, NET Credit Union is well-positioned to adapt and continue to thrive.

Gratitude & Looking Forward

I extend my sincere appreciation to NET's dedicated staff and management for their unwavering commitment to serving our members. Their efforts, particularly in a challenging economic environment, have resulted in outstanding performance.

I also thank our Board of Directors and Executive Committee volunteers for their continued leadership and support.

As we move into 2026, I remain confident in NET's direction and look forward to building on this strong momentum.

Sincerely,
Rich Surridge, Board Treasurer

CEO

Clarence Baltrusaitis



Welcome to our 84th annual meeting! Your credit union continued upon a path of safe, sustained growth throughout 2025. We continue to remain a strong credit union, with a capital ratio just under 11%, nearly twice the capital required by our regulators to be considered “well capitalized”. This is important to know as we continue our journey through volatile economic conditions. A high capital ratio makes NET Credit Union a battleship, with 12 inches of armor around her hull. We are built to take a lot of damage and still remain afloat.

In 2025, we grew shares (deposits) by almost \$30 Million, a rate of growth of 11%. That’s a substantial growth number. We saw new members enter the credit union entrusting us with their deposits, and existing members bring more deposits to us, seeking safety, soundness, and security. And we grew total assets by 12% as well, propelling our credit union to \$340 Million in total assets. We also continued to grow our loan portfolio by almost 15% in 2025, and membership grew by 6%, big numbers showing that we’re attracting and retaining our membership.

One of our most popular offerings has been the high-yield Checking and savings accounts, which have benefits like ATM Fee refunds, a higher interest-bearing savings account, and others. Check them out when you are online, in-person, or call in. Digital banking has grown as well, with nearly 80% of all members utilizing our app on mobile phones or tablets or going on-line on their computers to check their balances, pay a bill, transfer funds, check their credit score, and many other FREE features that digital banking offers. Our digital platform has current, modern safety features that monitor your account for potential fraud from “bad actors” that are out in cyberspace trying to get at your hard-

earned money. You get “big bank” safety from our growing credit union!

NET Credit Union continues to deliver world-class service, as measured by our survey responses. Thank you all for taking the time to fill out a survey, or two! It’s wonderful to get positive comments on our service, but the real gold is mined when you let us know what is not working well for you. This feedback gives us the opportunity to continually improve upon our service and your experience. We are dedicated to providing a frictionless banking experience.

We are committed to becoming our region’s premier financial institution. We will achieve this goal by making decisions that are right for our members, our employees, and our credit union. The combination of family atmosphere, devotion, dedication, and pride has enabled NET Credit Union to remain a strong, reliable, and trustworthy Financial Institution. I’d like to thank my staff, the Supervisory Committee, and the Board of Directors for their dedication and service. Most importantly, I would like to thank our members, new and old. Thank you for Banking on NET.

Sincerely,
Clarence Baltrusaitis, President/CEO

Financials

2025 reports

Income Statement For the Period Ended 12/31/25

INTEREST INCOME	
Loan Interest Income	\$12,082,399
Investment Income	\$3,128,418
Total Interest Income	\$15,210,817
DIVIDEND AND INTEREST EXPENSE	
Dividends Paid to Members	\$5,089,481
Interest Paid on Borrowings	\$1
Total Dividend and Interest Expense	\$5,089,482
Provision for Loan Losses	\$1,004,198
Net Interest Income after Provision for Loan Losses	\$9,117,137
NON-INTEREST INCOME	
Fees and Charges	\$1,933,323
Other Operating Income	\$2,405,253
Total Non-Interest Income	\$4,338,576
TOTAL INCOME	\$19,549,393
NON-INTEREST EXPENSE	
Compensation and Employee Benefits	\$5,339,696
Travel and Conference Expenses	\$45,292
Total Dues	\$46,568
Office Occupancy Expenses	\$623,087
Office Operations Expenses	\$3,091,553
Educational and Promotional Expenses	\$398,001
Loan Servicing Expenses	\$1,463,626
Professional and Outside Services	\$1,016,841
Total Operating Fee	\$54,002
Non-Operating Expenses	\$18,931
Total Miscellaneous Expenses	\$164,541
Total Non-Interest Expenses	\$12,262,139
NET INCOME	\$1,193,574

Balance Sheet For the Period Ended 12/31/25

ASSETS	
Cash and Cash Equivalents	\$36,201,521
Investments	\$87,936,093
Gross Loans	\$186,748,146
Allowance for Loan and Overdraft Losses	\$(1,671,196)
Accounts Receivable	\$794,320
Prepaid Expenses	\$702,828
Property and Equipment	\$12,177,093
Interest Receivable	\$1,348,474
NCUSIF Deposit	\$2,726,769
Other Assets	\$12,271,490
Total Assets	\$339,235,538
SHARES, LIABILITIES AND MEMBERS' EQUITY	
SHARES	
Member Share Accounts	\$309,709,888
LIABILITIES	
Accounts Payable	\$423,611
Accrued Expenses	\$199,637
Other Liabilities	\$349,793
TOTAL SHARES AND LIABILITIES	\$310,682,929
MEMBERS' EQUITY	
Regular Reserve	\$1,899,113
Undivided Earnings	\$33,419,583
Equity Acquired in Merger	\$278,884
Other Comprehensive Income	\$(5,560,874)
AFS Unrealized Gain/(Loss)	\$(1,484,097)
Total Members' Equity	\$28,552,609
Total Shares, Liabilities Members' Equity	\$339,235,538

CRM

Janelle Kaczmarek



As Chief of Risk Management (CRM) for the Credit Union, I oversee risk and compliance within the credit union. This incorporates reviewing our policies and procedures for compliance with rules and regulations from our regulator, the National Credit Union Association (NCUA). We have various areas of risk that financial institutions are susceptible to including vendor risk, compliance risk, interest rate, credit risk, just to name a few.

During 2025, we completed 3 internal risk assessments, 4 external assessments by our insurance provider, and our annual financial risk assessment by our audit firm, FORVIS Mazars. These cover various areas of risk for the credit union. All reviews received satisfactory results. Additionally in 2025, the Financial Crimes Enforcement Network or FinCEN issued new guidance which will change the landscape of the Bank Secrecy Act (BSA) program. This is a separate audit conducted by our audit firm for compliance.

Risk assessments, fraud investigations, member complaints and regulatory forms such as Currency Transaction Reports and Suspicious Activity Reports, are filed by the Compliance Department, who is vigilant on ensuring the credit union remains compliant. A Fraud Group specifically reviews, addresses and implements controls with the assistance of our IT, Operations and Branch personnel to help mitigate fraud our members

and the credit union may encounter. Additionally, the Marketing team continues to do a fantastic job in getting fraud awareness information to our members.

All our strategic goals for growth and development remain the foundation of our credit union and risk management is an integral part to assist in the oversight of these strategic initiatives. We also continue to be a support partner for the Supervisory Committee of the credit union as well.

As CRM I am proud of the continued growth and success of NET Federal Credit Union.

Sincerely,
Janelle Kaczmarek, CRM, CFSA, MBA

CIO

Marc Michalowski



In 2025, the credit union continued enhancing our digital banking experience. There were many security enhancements made to protect our members as well giving our members the ability to send and receive real-time transactions.

From an internal perspective, we reviewed many procedures and systems to ensure our processes are efficient to help our team members serve our members. By leveraging our investment in technology, we were able to cut processing times by 90%.

We continue to focus on ensuring our cybersecurity program remains strong and constantly receive strong audits ensuring we are taking the necessary steps to protect our member's information. Our investment in technology continues to drive security and efficiency to both our members and team members.

As we move into 2026, we have nothing short of another great round of enhancements coming to enhance our member's financial futures.

Sincerely,
Marc Michalowski, CIO

Supervisory Committee

Michael Burke

NET Credit Union's audit firm, Forvis-Mazars, has completed their annual audit of financial records of NET and have issued their report on the financial statements for the year ending on June 30th, 2025.

The financial position of NET Credit Union as of 2025 and the results of its operations and its cash flows for the previous twelve months are in conformity with generally accepted accounting principles (GAAP).

Forvis-Mazars also completed a number of internal audit reviews for the same period in order to make recommendations for continued operating efficiencies and compliance with regulations. No major issues were identified.

The Supervisory Committee, as always, is dedicated to continuing our vigilant projects, which include monitoring members accounts and activities and operating procedures of NET Federal Credit Union, its employees and Board of Directors.

The Supervisory Committee and I assure our members that we shall continue to promote the success of our credit union. Thanks to our Compliance team, our CEO Clarence Baltrusaitis, his management and staff and our Board of Directors for dedication to the continued success of NET Credit Union.

Sincerely,
Michael Burke, Supervisory Committee Chair

VP of Member Experience

Mary Rapach

2025 was a strong year for the Member Experience team, driven by our commitment to delivering a World-Class Experience. We focused on meeting members' needs, saving them money, and making every interaction as efficient as possible.

With financial wellness at the forefront, we began tracking member savings in May. By helping members refinance high interest debt and choose smarter solutions, we saved them an impressive \$944,049.34 by year's end! We also helped more than 1,500 members get more value from their everyday banking by updating their accounts to high yield rewards checking.

Our Member Service Center continued to provide dependable support from home, handling an average of 4,200 live contacts each month across phone and chat, along with steady email and Digital Banking messaging. Chat usage grew, call volume stayed steady, and expanded Saturday coverage made the experience even smoother for our members.

Members have shown their appreciation of our efforts, as we ended the year with an astounding member satisfaction rate of 96% and a Net Promoter Score of 87. Helping to fuel this success was a combination of training and operational improvements. With a new Loan Origination System and more than twenty Core updates, we streamlined processes and strengthened the member journey. Ongoing training ensured that staff stayed aligned with updated tools and procedures, and our team worked together to consistently deliver a World-Class Experience in whichever channel our members choose.

Sincerely,
Mary Rapach, VP of Member Experience

Consumer Lending Manager

Maria Condella

In 2025, the credit union continued to grow our lending portfolio by 14%. We have seen 8 months make it on the top twenty list for high originating months.

The lending staff continues to service our members by offering the best loan products for their needs. NET continues to offer loan discounts and promotions to complement our competitive rates. Not only do we strive to build relationships with existing members but also educate and attract new members. Indirect loans and Fixed rate HELOC's continue to be top lending products.

The implementation of our new Loan Originating System has provided a more efficient loan process by delivering a secure and customizable platform. We are able to add new enhancements and integrations with other vendors to provide seamless transactions directly within one platform. We will continue to build on the foundation that it has provided to make a seamless and faster loan application and approval process.

Many factors play a role in our lending growth; whether it has been through referrals, cross sales, etc., it has been a huge team effort across all departments. Without continued technological enhancements and marketing efforts, we would not be ahead of our peer groups today. Our growth is a testament to the credit union's ability to navigate the financial landscape and to the borrower's confidence in letting us be their primary institution.

Thank you to everyone that made 2025 a tremendous success.

Sincerely,
Maria Condella, Consumer Lending Manager

Accounting Manager

Andrea Krivak

NET continued to maneuver a higher rate environment by offering competitive rates for both loans and deposits to our membership. As a result, NET saw above average industry growth across the board!

- Membership grew by 5.7%, for a total of 1,059 new members we were able to assist in 2025.
- Net loan growth of \$23.5 million (14.4% growth) was driven largely by Indirect loans and HELOCs. Loan Portfolio Expansion: Net loan growth totaled \$23.6 million, representing a 14.43% increase. The strongest areas of growth included indirect lending, first mortgages, and fixed-rate HELOCs.
- Deposits grew by 10.59% for a total of \$29.6 Million of additional deposits members entrusted us with

2025 followed in the previous year's footsteps, with increases in loan activity in both income and expenses, IT improvements and staffing growth. NET continued to pay back healthy dividends to our membership throughout 2025 by a variety of product offerings. We saw growth in CDs and our High Yield accounts, offering our members higher yielding products to grow their savings. All of this was needed to support asset growth of 11.6%.

Combined, this allowed NET to end 2025 with net income of \$1,193,574.

NET has remained financially strong and stable in this higher rate environment. We strive to continue to grow our Net Worth Ratio of 10.5% and improve upon our Return on Assets of 0.37%. We look forward to what the next year brings!

Sincerely,
Andrea Krivak, Accounting Manager

Marketing Director

Lauren Pabst

2025 was another successful yet creative year for our Marketing Department. Our team pushed our Future Ready Now campaign through traditional and digital advertising channels. The Marketing Department continued to utilize our target marketing platform to produce personalized advertisements that cater to our members' individual banking needs. The platform not only allows us to showcase personalized advertisements in digital banking and emails, but it also provides strong lead lists for our branch staff. In addition, our team educated our members and potential members about our products and services through various advertising channels such as social media, in branch advertisements, email marketing, OTT (Over the Top), music streaming, radio, DOF (direct out of home), various community sponsorships through our philanthropic efforts and more.

Our Business Development efforts continued to grow and develop. We added 28 new Preferred Partner Groups to our Field of Membership. These additions increased our potential membership to 353,488 as of December 31, 2025.

The NCUA also approved additional underserved areas to NET Credit Union's field of membership. As of March 2025, NET Credit Union now has 58 NET Neighborhoods, which is the underserved market of our local area. This expansion opens NET Credit Union membership eligibility to residents from Olyphant to the Wilkes Barre area. Providing a banking option to those who are "underbanked" gives NET Credit Union an advantage to better educate our local communities on the importance of financial literacy.

The Marketing Department continues to use the same mindset for our 2026 efforts, but also continues to research additional opportunities to help our credit union succeed.

Sincerely,
Lauren Pabst, Marketing Director

Annual Report

2025

- MOTION TO ACCEPT REPORTS AS WRITTEN
- UNFINISHED BUSINESS
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- RE-ELECTIONS OF THE BOARD

Years of Service Awards

30 Years

Mike Burke

Supervisory Committee

25 Years

Mari Jones

Member Solutions Manager

Matthew Stillwagon

Operation Support Specialist

10 Years

Cheryl DeHaut

VP of Risk Management

Frank DiPaolo

Board Member

Lauren Pabst

Marketing Director

Sean Thorpe

Director of Branch Operations

Shirley Crowell

Operations Support Specialist

5 Years

Alexandria Alfano

Sr. Member Service Center Specialist

Alexandra Williams

Member Relationship Specialist II

Brenda Galeno

Indirect Lending Officer

Elena Saar

Compliance Supervisor

Mary Rapach

VP of Member Experience

Mike Opshinsky

Programmer

PJ Cimino

IT Security Specialist

2026 Scholarships

Winners each received \$5,000

Question:

NET Credit Union cares about giving back to the community. What clubs, organizations, or causes are you involved in? How else do you think NET could support or give back to the community?

College Winner

Misericordia University

Kylie Topa

"One opportunity would be partnering with local schools to provide financial literacy workshops for elementary students. Teaching children basic concepts such as saving, budgeting, and responsible spending at a young age can empower them to make informed decisions later in life. As a future elementary teacher, I see firsthand how eager young students are to learn practical life skills when presented in engaging, age-appropriate ways."

High School Winner

Dunmore High School

Kayla Hessmiller

"...so many nurses work long hours and give a lot to help these sick children. Giving back to them after they've already spent so much time giving back to other people could be a nice idea. They could be gifted gift cards for coffee places such as Dunkin' Donuts or Starbucks to keep them energized, or free snacks like donuts in the break rooms."

Annual Report

2025

MOTION TO ADJOURN

THANK YOU