

CEO/Board Chair Message

As we reflect on another year, we are proud to share the achievements, growth, and continued success of our credit union. Despite challenges in the financial industry, 2024 has been a year of resilience, opportunity, and commitment to our members. We have remained focused on our core mission: providing exceptional financial services to improve the financial lives of our members.

Last year did present some challenges, though, particularly in delinquency and charge-offs. Loan growth from the pandemic led to delinquency issues that persisted throughout the year. Our delinquency ratio remained close to 2%, significantly higher than our peers' average of 1%. This contributed to a 75% year-over-year increase in provision expense. Our Credit Management (Collections) team works diligently to support members during this time, but many of our members face difficult choices between basic living expenses and loan payments. We will continue to assist members and work to lower delinquency and charge-offs in 2025.

Operating expenses rose by 12%, and interest expenses increased by 36%. These were impacted by ongoing fraud, rising technology costs, and higher staffing expenses. Like our members, we faced increases in utilities, insurance, and maintenance. The high-interest rate environment also slowed loan growth, leading to a 24% year-over-year pressure on net interest income, where interest paid on deposits outpaced interest earned on loans.

Despite these challenges, we maintained competitive deposit rates and invested in technology to enhance the member experience, including strengthening cybersecurity and fraud protection. While our net worth declined slightly in 2024, this was due to investments that directly benefited members—through higher deposit rates, technology upgrades, and staffing to maintain strong member service. Though we faced net losses, any decline in equity was a result of giving back to our members.

Looking ahead, we remain committed to our members' financial well-being and our community roots. We will continue supporting capital projects, volunteering for social causes, and partnering with local schools and nonprofits to provide financial literacy education. Our mission remains to be your trusted, local financial partner.

On behalf of the Board of Directors, Volunteers, Management, and staff, thank you for your continued trust and support. We look forward to the opportunities ahead and to serving you for many years to come.

Warm regards,



Jeff Davenport
President & CEO



Leigh Smith
Board Chairman

COMPARATIVE FINANCIAL STATEMENTS BALANCE SHEET

	2023	2024
ASSETS		
Loans	128,465,413	130,484,346
Student Loans	53,845	19,148
VISA Loans	5,692,722	5,632,819
Mortgage Loans	51,090,106	49,138,937
Allow. for Loan Loss	(1,849,975)	(2,048,558)
Net Loans Outstanding	\$183,452,110	\$183,226,693

Cash	2,178,166	2,095,964
Net Investments	54,751,369	67,080,624
Fixed Assets	2,533,875	2,575,197
Deposit in NCUSIF	2,202,994	2,269,185
Pension Plan Assets	5,062,992	6,088,883
Other Assets	4,509,912	4,006,969
Total Assets	\$254,691,418	\$267,343,515

LIABILITIES & EQUITY		
Accounts Payable	1,516,555	1,419,364
Other Liabilities	832,430	228,993
Notes Payable	6,000,000	5,141,000
Total Liabilities	\$8,348,985	\$6,789,358

SHARES/DEPOSITS		
Shares	56,899,307	55,589,874
Share Drafts	38,385,449	40,653,745
Share & IRA Certs.	89,857,797	103,452,599
Money Market Fund (Flex)	20,722,178	22,062,836
Non-Member Certificates	0	0
Regular & IRA Clubs	10,957,177	9,030,119
Total Deposits	\$216,821,909	\$230,789,173

EQUITY		
Reserves & Undivided Earnings	33,439,867	32,118,315
Unrecognized Gn (Ls) in Pension Plan	(3,256,798)	(1,969,478)
Accum Unrealized Gn/Ls on AFS Invest.	(662,545)	(383,853)
Total Liabilities & Equity	\$254,691,418	\$267,343,515

INCOME STATEMENT

	2023	2024
INTEREST INCOME		
Interest On Loans	10,725,027	11,744,426
Income From Investments	1,139,128	1,765,516
Total Interest Income	\$11,864,154	\$13,509,942

INTEREST EXPENSE

	2023	2024
Dividends	3,106,152	4,888,654
Interest On Borrowed Funds	197,298	255,384
Total Interest Expense	\$3,303,450	\$5,144,037
Net Interest Income	\$8,560,705	\$8,365,904
Provision for Credit Losses	269,313	1,066,201
Provision for off B/S CR Exposure	22,407	14,229
Net Int. Inc. After PCL	\$8,268,985	\$7,285,474
Other Non-Interest Operating Inc.	2,715,194	2,528,817

OPERATING EXPENSES

Salaries & Employee Benefits	5,645,460	6,187,005
Education & Conference Expenses	101,534	156,356
Office Occupancy Expenses	548,727	505,537
Office Operations Expenses	1,087,718	1,156,404
Member Educational & Marketing	227,845	254,366
Loan Servicing Expenses	865,875	1,176,994
Professional & Outside Expenses	1,003,671	1,166,424
NCUA Operating Fee	39,520	47,316
Miscellaneous Expenses	149,563	282,045
Total Operating Expenses	\$9,669,913	\$10,932,446

NON-OPERATING GAIN (LOSS)

Gain (Loss) on Disposition-Assets	(147,691)	(191,687)
OREO Expense / Income	(13,752)	(11,710)
Total Non-Operating Gain (Loss)	(\$161,443)	(\$203,397)
Net Income	\$1,152,822	(\$1,321,552)



2024 – A YEAR IN REVIEW

JANUARY: NorState donates coin sorter fees collected in 2023 (\$6,663.25) to the Aroostook Veterans Association.

FEBRUARY: NFCU staff attend Maine Credit Union League Ending Hunger luncheon and are recognized for placing 7th in the state for total funds raised in 2023. (\$36,785.25)

MARCH: NFCU Culture Committees says, "Thank you for all you do!" with a homecooked breakfast during Staff Appreciation Day.

APRIL: Staff celebrate Spirit Week! Days celebrated included: Earth Day, Character Day, Career Day, Throwback Thursday and Tie Dye Day!

MAY: NFCU donates over \$36,000 to local food pantries during our 83rd annual meeting.

JUNE: NFCU awards seven \$1000 scholarships to local high school seniors.

JULY: Staff can be seen volunteering at our two sponsored summer music series events: Music in the Park (Madawaska) and Wonderful Wednesdays (Fort Kent).

AUGUST: NorState FCU named a 2024 Best Place to Work in Maine!

SEPTEMBER: NFCU introduces partnership with Gentreo, a personalized estate planning solution for NorState members.

OCTOBER: NorState FCU credit card users receive their new cards – with a new modern look and 24/7 fraud support!

NOVEMBER: The Aroostook Chapter of Maine Credit Unions hosts its Financial Fitness Fair for local high school students. NorState FCU attends proudly with 18 volunteers in attendance.

DECEMBER: Hope for the Holidays Food Drive collects over 1050 lbs. of nonperishable items for our local food pantries!



#teamnorstate