

■ 2023

Annual Report

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CREDIT UNION

Chair/CEO Report

Persevering through uncertainty seems to be the new normal and is the story for Ardent in 2023. The organization accomplished some of our greatest strategic initiatives during the year, while battling the headwinds of high rates, inflation and deposit competition.

In 2023, we reissued our credit and debit cards with new features, opened a branch in Havertown, introduced a chatbot and expanded our member-facing technologies. At the end of the year, we moved our headquarters to Center City Philadelphia and formulated our Member Business Lending program.

Our work on behalf of our membership was complicated by an environment where the economic direction was unclear. The Federal Reserve focused on fighting inflation in 2023 by announcing four rate increases during the first seven months of the year. By the second half of 2023, consumer confidence continued to climb, but spending started to decline. These actions impacted markets by increasing the costs of borrowing, which cooled the refinance and housing boom of the previous two years and slowed consumer spending. It also led to a decrease in consumer savings and a rapid increase in interest rates to compete for limited deposits. To stand out in this environment, we introduced a new savings product and two CD offers to benefit our members.

Technology also continued to disrupt the industry with emerging solutions, including the advancement of the use of AI for everything from detecting fraud to loan decisioning. To stay ahead of the curve, we partnered with a fintech company that uses AI to help identify consumer loan leads and speed the approval of those loans.

Primarily due to inflation, the rapid rise in interest rates and the competition for deposits, the Treasurer's Report shows we had a challenging year financially with nominal net income. Our net worth continues to remain significantly above the threshold to be considered "well-capitalized." We ended the year with over \$850 million in assets and \$84.9 million in net worth.

We are always striving to improve the member experience, whether in the branches, on the phone or online. In 2023, we opened our ninth branch in Havertown. This new location engages an area of many new young families and where long-time residents call home. This location has already welcomed over 500 new members and will continue to serve as an added convenience for existing members living in or near the Havertown area.

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Chair/CEO Report (continued)

Technological innovation helps drive our ability to provide best-in-class service. Last year we expanded our online chat support capabilities and introduced Ardi, our chatbot. She can answer over 200 questions our members may have and we continue to expand the areas where she can help 24/7. This allows our Member Service Representatives to spend more time answering complex questions. Usage statistics show our members are enthusiastically embracing this channel.

We remain optimistic about 2024. We will be launching several additional technological advancements, including a faster online account opening solution, text-to-pay for loans and card controls within Ardent's eBanking. Member Business Lending was also launched at the beginning of 2024 and through a third-party partner, we are actively looking to identify business lending opportunities in our communities. We'll announce more details about all these exciting initiatives and products over the next few months.

Your credit union is financially strong with an abundance of capital and a well-performing loan portfolio. This allows us to continue to keep our fees and costs low for members and offer competitive rates on loans and deposits. We remain committed to the credit union model and to operate fully as a financial cooperative. We work to earn your respect and business every day.

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None of the success of 2023 would be possible without the amazing dedication of our entire team. We thank them all for their focus on furthering our mission of empowering people and strengthening our community. We would also like to thank our volunteer Board of Directors and Supervisory Committee for their leadership and shared vision of all that is possible at Ardent.

We deeply appreciate your ongoing support as we strive to better serve you and thank you for your loyalty and membership.

Gloria Wilson,
Chair of the Board

Rob Werner,
President / CEO



Treasurer's Report

As the Treasurer of Ardent Federal Credit Union, I closely monitor the financial decisions made throughout the year on behalf of the Credit Union's membership. I am pleased to report that the financial condition of Ardent remained strong in 2023, despite the significant challenges we've all faced in these uncertain times.

The expectation of a recession was the theme for 2023. Although it never occurred, interest rates and inflation remained high throughout the year. However, all indications show that inflation is getting to a level where the Federal Reserve is expected to cut rates in the second half of 2024. Despite the challenging environment, your credit union remains strong and committed to serving all your financial needs.

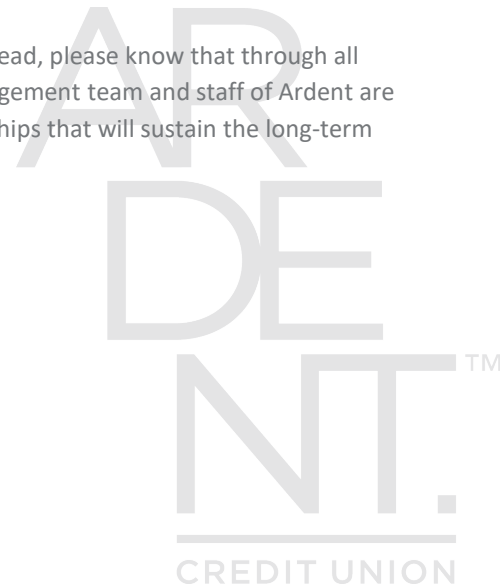
The regulatory net worth of Ardent Federal Credit Union was \$84.9 million for the period ended December 31, 2023 with a Net Worth Ratio of 10.44%, well above the 7.0% required to be considered "well-capitalized" by the National Credit Union Administration.

Ardent's total assets declined slightly ending the year at \$850.7 million or a decrease of \$1.4 million. Total loans decreased \$14.3 million, or 2.41% as loan paydowns outpaced growth in originations. Deposit balances decreased 4.13% to \$701.4 million, as high interest rates resulted in greater competition for deposits. The Credit Union reported net income of \$54 thousand in 2023.

As we look forward to brighter days ahead, please know that through all economic cycles, the volunteers, management team and staff of Ardent are committed to building lasting relationships that will sustain the long-term value of membership.

Audrey Klijian
Treasurer

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Statement of Financial Condition

Ardent Federal Credit Union Consolidated Statements of Financial Condition

	December 31,	
	2023	2022
Assets		
Net loans to members	\$575,971,508	\$592,136,524
Cash and cash equivalents	56,903,330	13,297,659
Investments	152,809,631	193,979,619
Other assets	65,029,205	52,706,464
Total Assets	850,713,674	852,120,266
Liabilities and Members' Equity		
Liabilities		
Members' deposits	701,394,977	731,592,619
Borrowings	65,000,000	46,000,000
Other liabilities	15,546,892	9,104,656
Total Liabilities	781,941,869	786,697,275
Members' Equity		
Retained earnings (Net worth)	84,947,537	87,908,477
Accumulated other comprehensive loss	(16,175,732)	(22,485,486)
Total Members' Equity	68,771,805	65,422,991
Total Liabilities and Members' Equity	\$850,713,674	\$852,120,266

Income Statement

Ardent Federal Credit Union Consolidated Statements of Income

	December 31,	
	2023	2022
Interest Income		
Loans to members	\$27,803,085	\$22,797,688
Investment securities	4,683,230	3,438,529
Total Interest Income	\$32,486,315	\$26,236,217
Interest Expense		
Members' deposit accounts	11,542,620	3,690,175
Borrowed funds	2,487,507	730,486
Total Interest Expense	14,030,127	4,420,661
Net Interest Income	18,456,188	21,815,556
Provision for Loan Losses	1,378,000	-
Non-Interest Income	6,708,813	6,039,869
Non-Interest Expense	23,733,087	23,606,260
Net Income	\$53,914	\$4,249,165

Supervisory Committee Report

Ardent Federal Credit Union's Supervisory Committee is appointed by the Board of Directors and represents the best interest of the membership by providing oversight of the Board of Directors, and ensuring that the operations of the Credit Union are carried out in compliance with the Federal Credit Union Act, the rules and regulations of the National Credit Union Administration, and the policies established by our Board of Directors. We do this by working with both internal and external auditors to provide these assurances through regular evaluation, monitoring, and strengthening of Ardent's internal control framework, and through an annual audit of Ardent's financial statements.

Cherry Bekaert performs certain internal audit functions, and submits its quarterly audit results to the Committee, with all observations and recommendations documented and monitored for completion by the Credit Union's compliance officer. We are pleased to report that the business affairs of your Credit Union are managed accurately and in compliance with state and federal regulations.

We also engaged Doeren Mayhew CPAs and Advisors, a certified public accounting firm, to audit the financial statements of the Credit Union. Doeren Mayhew's opinion was that the Credit Union's financial statements for the year ended December 31, 2023 are presented fairly in all material respects, and that there were no weaknesses or material deficiencies in Ardent's controls over financial reporting. In other words, you can rest assured that Ardent is practicing sound fiscal stewardship over your assets.

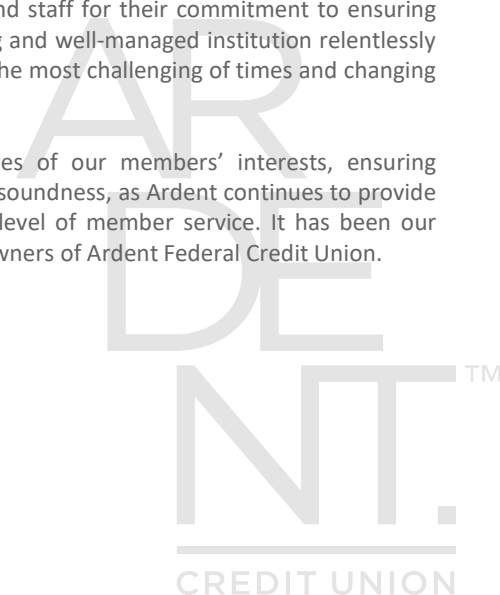
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Based on these audits and our own observations, we are pleased to report that Ardent is well-managed and financially sound. Your Credit Union continues to maintain a high level of financial safety and compliance with laws and regulations – and most importantly, strives to make every effort to ensure that your assets are properly safeguarded.

On behalf of the entire Supervisory Committee, I'd like to thank the Board of Directors and Ardent's management and staff for their commitment to ensuring that Ardent remains a financially strong and well-managed institution relentlessly dedicated to its membership, through the most challenging of times and changing economic conditions.

We will remain vigilant representatives of our members' interests, ensuring Ardent Federal Credit Union's financial soundness, as Ardent continues to provide you and your family with the highest level of member service. It has been our pleasure to serve the fellow member-owners of Ardent Federal Credit Union.

Mitul Shah
Supervisory Committee Chair



■ Election of Directors

Fred Hencken

Sam Kachidza

Micah Knapp

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