TELHIO CREDIT UNION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024
(With Independent Auditor's Report Thereon)

DoerenMayhew
ASSURANCE

TELHIO CREDIT UNION
AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors
Telhio Credit Union and Subsidiary

Opinion

We have audited the consolidated financial statements of Telhio Credit Union and Subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2025 and 2024, and the related consolidated statements of earnings, 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 Telhio Credit Union and Subsidiary as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 Audits of the Consolidated Financial Statements section of our report. We are required to be independent of Telhio Credit Union and Subsidiary 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 Telhio Credit Union and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audits 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- 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 audits 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 Telhio Credit Union and Subsidiary'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 Telhio Credit Union and Subsidiary'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Doeren Mayhew Assurance

Troy, Michigan
April 27, 2026

TELHIO CREDIT UNION
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2025 AND 2024

Assets	2025	2024
Cash and cash equivalents	$ 88,813,246	$ 140,638,866
Interest bearing deposits	-	5,499,000
Investment securities (note 2)		
Available-for-sale investments (amortized cost of $84,468,994 and $88,115,107 as of December 31, 2025 and 2024, respectively)	80,665,067	81,226,778
Loans to members, net of allowance for credit losses of $6,084,046 and $4,776,562 at December 31, 2025 and 2024, respectively (note 3)	1,071,572,798	1,088,467,641
Accrued interest receivable	4,255,782	3,647,795
Property and equipment (note 4)	28,238,855	31,338,678
Right-of-use asset (note 5)	15,322,985	12,465,968
Share insurance deposit	11,287,528	11,004,374
Investments in CUSOs	4,995,257	3,856,462
FHLB stock	6,257,000	8,167,400
Split dollar plans (note 10)	26,796,414	26,219,252
Other assets	12,280,407	13,784,686
Total assets	$ 1,350,485,339	$ 1,426,316,900
Liabilities and Members' Equity		
Liabilities		
Members' shares and savings accounts (note 7)	$ 1,149,407,199	$ 1,183,838,728
Borrowed funds (note 6)	50,000,000	100,000,000
Lease liability (note 5)	14,751,225	11,579,276
Other accrued liabilities	10,335,690	9,977,210
Total liabilities	1,224,494,114	1,305,395,214
Commitments and contingent liabilities (note 11)		
Members' equity (note 8)		
Regular reserve	9,228,409	9,228,409
Undivided earnings	87,804,002	85,818,865
Equity acquired through merger	32,762,741	32,762,741
Accumulated other comprehensive loss	(3,803,927)	(6,888,329)
Total members' equity	125,991,225	120,921,686
Total liabilities and members' equity	$ 1,350,485,339	$ 1,426,316,900

See accompanying notes to consolidated financial statements

TELHIO CREDIT UNION
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CONSOLIDATED STATEMENTS OF EARNINGS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Interest income		
Loans receivable	$ 61,664,593	$ 60,335,336
Interest bearing cash accounts	4,883,616	4,201,591
Investment securities	2,103,766	2,094,676
Total interest income	68,651,975	66,631,603
Interest expense		
Interest and dividends on members' shares and deposit accounts	20,579,749	23,047,466
Interest on borrowed funds	2,943,086	4,280,381
Total interest expense	23,522,835	27,327,847
Net interest income	45,129,140	39,303,756
Provision for credit losses	5,762,529	4,655,679
Net interest income after provision for credit losses	39,366,611	34,648,077
Non-interest income		
Service charges on deposits	6,759,812	5,810,909
Interchange income	4,966,477	4,874,170
Loan servicing income	3,716,493	5,256,293
Other operating revenue	1,371,323	2,239,025
Total non-interest income	16,814,105	18,180,397
Non-interest expenses		
Compensation and benefits	29,317,426	29,679,705
Office operations	13,159,359	12,932,193
Occupancy	5,746,647	5,226,866
Loan servicing	1,261,417	1,585,560
Advertising and promotion expenses	2,073,063	2,437,162
Other operating expenses	2,637,667	2,159,080
Total non-interest expenses	54,195,579	54,020,566
Net earnings (loss)	$ 1,985,137	$ (1,192,092)

See accompanying notes to consolidated financial statements

TELHIO CREDIT UNION
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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Net earnings (loss)	$ 1,985,137	$ (1,192,092)
Other comprehensive income		
Net changes in unrealized losses on debt investments classified as available-for-sale arising during the period	3,084,402	1,980,735
Comprehensive income	$ 5,069,539	$ 788,643

See accompanying notes to consolidated financial statements

TELHIO CREDIT UNION
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CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024

	Regular Reserve	Undivided Earnings	Equity Acquired through Merger	Accumulated Other Comprehensive Loss	Total
Members' equity - December 31, 2023	$ 9,228,409	$ 87,010,957	$ 32,762,741	$ (8,869,064)	$ 120,133,043
Comprehensive income	-	(1,192,092)	-	1,980,735	788,643
Members' equity - December 31, 2024	9,228,409	85,818,865	32,762,741	(6,888,329)	120,921,686
Comprehensive income	-	1,985,137	-	3,084,402	5,069,539
Members' equity - December 31, 2025	$ 9,228,409	$ 87,804,002	$ 32,762,741	$ (3,803,927)	$ 125,991,225

See accompanying notes to consolidated financial statements

TELHIO CREDIT UNION
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CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Net earnings (loss)	$ 1,985,137	$ (1,192,092)
Adjustments		
Depreciation and amortization	2,376,386	2,421,010
Provision for credit losses	5,762,529	4,655,679
Net amortization/accretion of premiums and discounts on investments	275,900	(785,916)
Net change in equity securities	-	(161,212)
Amortization of right-of-use asset	979,818	756,019
Increase in cash surrender value of split dollar plans	(577,162)	(503,545)
Gain on sale of property and equipment	(710,000)	(932,772)
Equity in earnings of CUSOs	(302,339)	(389,511)
Decrease/(increase) in assets		
Accrued interest receivable	(607,987)	(6,294)
Other assets	1,504,279	(2,342,610)
Increase/(decrease) in liabilities		
Lease liability	(664,886)	(498,146)
Other accrued liabilities	358,480	181,522
Total adjustments	8,395,018	2,394,224
Net cash provided from operating activities	10,380,155	1,202,132

See accompanying notes to consolidated financial statements

TELHIO CREDIT UNION
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CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from investing activities		
Increase in loans to members, net	$ 11,132,314	$ 10,952,097
Purchases of interest bearing deposits	-	(3,750,000)
Maturities of interest bearing deposits	5,499,000	1,998,000
Proceeds from maturities, calls and paydowns of investment securities		
Available-for-sale investments	24,421,284	23,534,058
Equity investments	-	2,404,155
Purchases of investment securities		
Available-for-sale debt	(21,051,071)	(6,271,570)
Proceeds from the sale of property and equipment	5,993,138	5,271,292
Acquisition of property and equipment	(4,805,420)	(752,748)
Purchases of CUSO investments	(590,737)	(1,017,500)
Decrease in FHLB stock	1,910,400	92,400
Decrease (increase) in share insurance deposit	(283,154)	76,517
Purchases of split dollar plans	-	(8,399,999)
Net cash provided from investing activities	22,225,754	24,136,702
Cash flows from financing activities		
Increase (decrease) in members' shares and savings accounts, net	(34,431,529)	59,649,297
Repayment of borrowed funds	(50,000,000)	-
Net cash provided from (used in) financing activities	(84,431,529)	59,649,297
Net increase (decrease) in cash and cash equivalents	(51,825,620)	84,988,131
Cash and cash equivalents - beginning	140,638,866	55,650,735
Cash and cash equivalents - ending	$ 88,813,246	$ 140,638,866

Supplemental Information

	2025	2024
Interest and dividends paid	$ 23,522,835	$ 27,327,847
Lease liabilities arising from obtaining right-of-use assets	$ 3,836,835	$ 4,694,410

See accompanying notes to consolidated financial statements

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

Telhio Credit Union and Subsidiary (the "Credit Union") provides a variety of financial services to its members. Participation in the Credit Union is limited to those individuals who qualify for membership. The field of membership is defined in the Credit Union's charter and bylaws. The Credit Union's primary source of revenue is from loans to its members. Its primary source of funds is savings deposits from its members.

Principles of Consolidation

The consolidated financial statements include the accounts of the Credit Union and its wholly-owned subsidiary, Telhio Financial Services, LLC. Telhio Financial Services, LLC, is a Credit Union Service Organization (CUSO) that provides members with investment, insurance, and trust services.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated financial statements and the reported amounts of revenues and expenses for the periods then ended. Actual results could differ from those estimates. Estimates that are particularly susceptible to change include the determination of the allowance for credit losses. The significant accounting principles and policies used in the preparation of these consolidated financial statements, together with certain related information, are summarized below.

Concentration of Credit Risk

A significant amount of the Credit Union's business activity is with members who work or reside in central and southwest Ohio. Therefore, the Credit Union may be exposed to credit risk by the economic climate of the overall geographical region in which borrowers reside.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, amounts due from banks (including cash items in the process of clearing) and interest bearing deposits in banks with an original maturity of 90 days or less including overnight deposits. Amounts due from banks and corporate credit unions may, at times, exceed federally insured limits.

Interest Bearing Deposits

Interest bearing deposits are time deposits with financial institutions with an original maturity in excess of 90 days. These deposits are generally 100% insured as no deposit to one individual institution exceeds $250,000.

Continued

Investment Securities

The Credit Union's investments in securities for the years ended December 31, 2025 and 2024 are classified and accounted for as follows:

Equity Securities

Equity securities are measured at fair value as of the date of the consolidated statements of financial condition. Changes in the fair value of equity securities are included in non-interest income on the consolidated statements of earnings.

Available-for-Sale Debt Securities

Debt securities are classified as available-for-sale when the Credit Union anticipates the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss).

The Credit Union evaluates its available-for-sale investment securities portfolio periodically for indicators of impairment. The Credit Union assesses whether an impairment has occurred when the fair value of a debt security is less than the amortized cost at the consolidated statement of financial condition date. Management reviews the amount of unrealized loss, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. For those debt securities that the Credit Union intends to sell or is more likely than not required to sell, before the recovery of their amortized cost basis, the difference between fair value and amortized cost is considered to be impaired and is recognized in provision for credit losses. For those debt securities that the Credit Union does not intend to sell or is not more likely than not required to sell, prior to expected recovery of amortized cost basis, the credit portion of the impairment is recognized through an allowance in provision for credit losses while the noncredit portion is recognized in other comprehensive income. In determining the credit portion, the Credit Union uses a discounted cash flow analysis, which includes evaluating the timing and amount of the expected cash flows. Noncredit-related impairment results from other factors, including increased liquidity spreads and higher interest rates.

Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method. Purchase premiums are amortized and discounts are accreted using the interest method of accounting.

Continued

Transfers of Financial Assets and Participating Interests

Transfers of an entire financial asset or participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) assets have been isolated from the Credit Union, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Credit Union does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of the transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of the transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share of ownership, (3) the rights of each participating interest holder must have the same priority and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Loans Held-for-Investment

Loans, net, are carried at unpaid principal balances, including purchase accounting (i.e., acquisition-date fair value) adjustments, net deferred loan origination costs or fees, and the allowance for credit losses on loans. The Credit Union recognizes interest income on loans using the interest method over the life of the loan. Accordingly, the Credit Union defers certain loan origination and commitment fees, and certain loan origination costs, and amortizes the net fee or cost as an adjustment to the loan yield over the term of the related loan. When a loan is sold or repaid, the remaining net unamortized fee or cost is recognized in interest income.

Loans are considered past due when the contractual amounts due with respect to principal and interest are not received within 30 days of the contractual due date. A loan generally is classified as a “non-accrual” loan when it is 90 days or more past due or when it is deemed to be impaired because the Credit Union no longer expects to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, management ceases the accrual of interest owed, and previously accrued interest is charged against interest income. A loan is generally returned to accrual status when the loan is current and management has reasonable assurance that the loan will be fully collectible. Interest income on non-accrual loans is recorded when received in cash.

Certain loans for which repayment is expected to be provided substantially through the operation or sale of the loan collateral are considered to be collateral-dependent.

Any loan in any portfolio may be charged-off prior to the policies described below if a loss confirming event has occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency and that asset is the sole source of repayment.

As part of the ongoing monitoring of the credit quality of the Credit Union's loan portfolio, management tracks certain credit quality indicators. The Credit Union utilizes a risk grading of pass, criticized and classified, to assess the overall credit quality of large commercial loans. All large commercial credit grades are reviewed at a minimum of once a year for pass grade loans. Loans with grades below pass are reviewed more frequently depending on the grade. A description of the general characteristics of these grades is as follows:

Pass - Minimal Risk – Obligors in this category are prime industry entities having recognized expertise in some or all aspects of their operations. They demonstrate a best-in-class status that enables them to maintain a strong market position through business cycles and changing technology. The foregoing is demonstrated through market dominant positions. Loans in this category have minimal credit risk with defaults over the life of the loans not expected.

Pass - Low Risk – Obligors in the 2-rating category are strong going concern business entities in their industry and are able competitors, if not market leaders, and are able to influence issues in their markets. Loans in this category are not expected to default and are very unlikely to result in a loss.

Pass - Moderate Risk – Loans in this category have an average chance of default. This category includes the average loan under average economic conditions.

Pass - Acceptable Risk – Loans in this category have an average chance of default. Risks may be elevated due to temporary events or conditions with the situation expected to be resolved in a 3-to-6-month time period. Obligors in this category are starting to demonstrate less robust financial ratios but still sufficient to support credit extensions based on appropriate monitoring and control.

Criticized - Special Mention – Loans which possess some credit deficiency or potential weakness, which deserves close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Credit Union's credit position at some future date. Special mention assets are not adversely classified and do not expose the Credit Union to sufficient risk to warrant adverse classification.

Classified - Substandard – A substandard loan is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged. Assets so classified have a well-defined weakness that jeopardizes the liquidation of the debt. They are characterized by the distinct possibility that the Credit Union will sustain some loss if the deficiencies are not corrected.

Classified - Doubtful – Loans that have all of the weaknesses of those classified as Substandard. However, based on currently existing facts, conditions and values, these weaknesses make full collection of principal highly questionable and improbable.

Classified - Loss – Loans that are considered uncollectible and of such little value that continuing to carry them as an asset is not warranted.

Consumer and residential real estate loans are not risk graded. Rather, consumer and residential real estate loans in non-accrual are deemed non-performing.

Continued

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is deducted from the amortized cost basis of a group of financial assets so that the consolidated statements of financial condition reflect the net amount the Credit Union expects to collect. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net earnings as a credit loss expense or a reversal of credit loss expense. Management estimates the allowance by utilizing models dependent upon loan risk characteristics and economic parameters. Consumer loan risk characteristics include but are not limited to FICO scores, LTV, and delinquency status. The economic parameters are developed using available information relating to past events, current conditions, and reasonable and supportable forecasts. The Credit Union's reasonable and supportable forecast period reverts to a historical norm based on inputs within approximately two years. Historical credit experience provides the basis for the estimation of expected credit losses, with adjustments made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in the micro and macroeconomic environments. The contractual terms of financial assets are adjusted for expected prepayments.

Loans that do not share risk characteristics are evaluated on an individual basis. These include loans that are in non-accrual status with balances above management determined materiality thresholds depending on loan class. If a loan is determined to be collateral-dependent or meets the criteria to apply the collateral-dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date, less costs to sell as appropriate.

The Credit Union has elected to exclude accrued interest receivable from the measurement of its allowance for credit loss given the well-defined non-accrual policies in place for all loan portfolios which results in timely reversal of outstanding interest through interest income.

Property and Equipment

Land is carried at cost. Buildings, improvements, and equipment are carried at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method based upon the useful lives of the related assets. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less. The Credit Union reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Maintenance, repairs, and minor alterations are charged to current operations as expenditures occur and major improvements are capitalized.

Leases

The Credit Union recognizes right-of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating lease). Lease and non-lease components of a contract are accounted for as a single lease component. The Credit Union's right-of-use assets and lease liabilities primarily relate to buildings and equipment. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised.

Continued

Right-of-use assets and lease liabilities are recorded at the net present value of future lease payments and include any initial direct costs incurred at lease commencement. The incremental borrowing rate is used to determine the net present value of the lease when the rate implicit in the lease is not readily determinable. This represents the rate of interest the Credit Union would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Right-of-use assets under finance leases are amortized over the life of the lease or, if shorter, the life of the leased asset, on a straight-line basis. Right-of-use assets under operating leases are reduced as lease expense as incurred.

Share Insurance Deposit

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board. The NCUSIF deposit is required to be reviewed for impairment, including consideration of the refundability of the deposit. The deposit amount as of December 31, 2025 and 2024 was $10,587,528 and $10,304,374, respectively.

Excess Share Insurance Deposits

Member share accounts are insured up to an additional $250,000 by Excess Share Insurance (ESI) over the current $250,000 insurance for a total of $500,000. The Credit Union is required to maintain a deposit with ESI and shall remit monthly a premium calculated based upon the number of insured accounts and their corresponding balances. The deposit amount as of December 31, 2025 and 2024 was $700,000.

Investments in CUSOs

The Credit Union retained a 10.96% ownership of Cooperative Business Services, LLC (CBS) as of December 31, 2025 and 2024. The company provides commercial lending services. The Credit Union accounts for this investment under the equity method of accounting based on significant influence. The investment in CBS CUSO carried a balance of $3,047,115 and $2,739,469 as of December 31, 2025 and 2024, respectively. As of December 31, 2025, CBS reported total assets of $94,303,965, liabilities of $66,782,841, equity of $27,521,124 and earnings from operations of $2,873,951 for the year then ended.

The Credit Union holds other investments in CUSOs that are considered insignificant in comparison to its overall investment portfolio. These investments are accounted for using either the equity method of accounting or at cost, less impairment, depending on the level of influence the Credit Union has over the respective CUSO. Investments in CUSOs where the Credit Union has significant influence are accounted for under the equity method, whereby the carrying value is adjusted for the Credit Union’s proportionate share of the CUSO’s earnings or losses. For investments where the Credit Union does not exert significant influence and there is no readily determinable fair value, the investments are measured at cost, less impairment.

FHLB Stock

The Credit Union is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Because this stock is viewed as a long-term investment, impairment is based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Income Taxes

The Credit Union is exempt, by statute Internal Revenue Code Section 501(C)(14), from federal and state income taxes.

Members' Share and Savings Accounts

Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' shares and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

Revenue Recognition from Contracts with Customers

A description of the Credit Union's revenue streams accounted for under ASC 606 follows:

Service Charges on Deposit Accounts

The Credit Union earns fees from its deposits for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Credit Union fulfills the member's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Credit Union satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the member's account balance.

Interchange Income

The Credit Union earns interchange fees from cardholder transactions conducted through payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily.

Regular Reserve

The Credit Union is required to maintain a statutory reserve (regular reserve) in accordance with NCUA regulations. This statutory reserve represents a regulatory restriction and is not available for the payment of interest.

Continued

Comprehensive Income/(Loss)

Accounting principles generally require the recognized revenue, expenses, gains and losses be included in net earnings. Certain changes in assets and liabilities are reported in a separate component of comprehensive income/(loss).

Other comprehensive income/(loss) relates to the change in the unrealized gain/loss on available-for-sale securities. When available-for-sale securities are sold, the gain or loss realized on the sale is reclassified from accumulated other comprehensive income/(loss) to the gain/(loss) on sale of investment securities reported on the consolidated statements of earnings.

Reclassification

Certain amounts reported in the 2024 consolidated financial statements have been reclassified to conform with the 2025 presentation. There were no changes to total equity or net earnings (loss) as a result of the aforementioned.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including April 27, 2026, which is the date the consolidated financial statements were available to be issued.

Note 2 – Investment Securities

The carrying amounts of investment securities as shown in the consolidated statements of financial condition of the Credit Union and their approximate fair values at December 31, 2025 and 2024 are as follows:

	2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Securities available-for-sale				
Mortgage-backed securities	$ 22,069,388	$ 351	$ (1,887,247)	$ 20,182,492
Corporate debt securities	19,336,197	101,452	(906,745)	18,530,904
U.S. Treasury obligations	11,899,168	97,234	(348,430)	11,647,972
Federal agency securities	397,936	1,428	(17,232)	382,132
Municipal debt securities	4,826,350	12,932	(173,659)	4,665,623
Negotiable certificates of deposit	2,249,000	13,049	(3,244)	2,258,805
Collateralized mortgage obligations	23,690,955	7,173	(700,989)	22,997,139
Total	$ 84,468,994	$ 233,619	$ (4,037,546)	$ 80,665,067

Continued

	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Securities available-for-sale				
Mortgage-backed securities	$ 26,155,194	$ 426	$ (3,176,511)	$ 22,979,109
Corporate debt securities	30,101,584	62,880	(1,653,843)	28,510,621
U.S. Treasury obligations	17,448,126	-	(789,880)	16,658,246
Federal agency securities	795,049	-	(48,120)	746,929
Municipal debt securities	5,776,599	-	(398,014)	5,378,585
Negotiable certificates of deposit	1,745,000	885	(21,838)	1,724,047
Collateralized mortgage obligations	6,093,555	-	(864,314)	5,229,241
Total	$ 88,115,107	$ 64,191	$ (6,952,520)	$ 81,226,778

Unrealized losses as of December 31, 2025 and 2024, have not been recognized into income because they are considered to be market driven, rather than credit driven, and no loss will be realized unless the securities are sold.

	December 31, 2025					
	Continuing Unrealized Losses for Less Than 12 Months		Continuing Unrealized Losses for 12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	$ 93,233	$ (1,466)	$ 20,069,889	$ (1,885,781)	$ 20,163,122	$ (1,887,247)
Corporate debt securities	135,956	(34,216)	16,018,397	(872,529)	16,154,353	(906,745)
U.S. Treasury obligations	-	-	6,569,208	(348,430)	6,569,208	(348,430)
Federal agency securities	-	-	232,897	(17,232)	232,897	(17,232)
Municipal debt securities	-	-	4,247,967	(173,659)	4,247,967	(173,659)
Negotiable certificates of deposit	245,756	(3,244)	-	-	245,756	(3,244)
Collateralized mortgage obligations	14,770,379	(31,995)	4,585,750	(668,994)	19,356,129	(700,989)
Total	$ 15,245,324	$ (70,921)	$ 51,724,108	$ (3,966,625)	$ 66,969,432	$ (4,037,546)

Continued

	December 31, 2024					
	Continuing Unrealized Losses for Less Than 12 Months		Continuing Unrealized Losses for 12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	$ 1,002,491	$ (147,798)	$ 21,950,394	$ (3,028,713)	$ 22,952,885	$ (3,176,511)
Corporate debt securities	115,631	(530)	26,066,486	(1,653,313)	26,182,117	(1,653,843)
U.S. Treasury obligations	2,951,973	(33,019)	13,706,273	(756,861)	16,658,246	(789,880)
Federal agency securities	-	-	746,929	(48,120)	746,929	(48,120)
Municipal debt securities	-	-	5,378,585	(398,014)	5,378,585	(398,014)
Negotiable certificates of deposit	248,477	(1,522)	1,224,684	(20,316)	1,473,161	(21,838)
Collateralized mortgage obligations	12,341	(1,837)	5,216,900	(862,477)	5,229,241	(864,314)
Total	$ 4,330,913	$ (184,706)	$ 74,290,251	$ (6,767,814)	$ 78,621,164	$ (6,952,520)

Unrealized losses on securities issued by the U.S. Government and its Agencies have not been recognized into income because the implicit guarantee of the principal balances of these securities by the U.S. Government and its Agencies. Unrealized losses on certificates of deposit have not been recognized into income because the investments are carried at balances at or below federal insurance limits. Investments in corporate bonds and state and municipal bonds carry credit risk. Management evaluates these securities on at least a quarterly basis for impairment. The decline in fair value is primarily due to differences between security yields and market interest rates. Additionally, the decline in fair value is expected to be recovered as securities approach their maturity date and/or market rates decline. Management has the ability and intent to hold these securities through to recovery of fair value, which may be maturity.

The amortized cost and estimated market value of debt securities, at December 31, 2025, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-Sale	
	Amortized Cost	Fair Value
Due in one year to less	$ 12,061,579	$ 11,937,871
Due in one year to five years	20,159,566	19,917,622
Due in five to ten years	1,395,042	1,398,600
Thereafter	5,092,464	4,231,343
Mortgage-backed securities	22,069,388	20,182,492
Collateralized mortgage obligations	23,690,955	22,997,139
Total	$ 84,468,994	$ 80,665,067

Continued

Note 3 – Loans to Members

The composition of loans to members (including deferred fees/costs) is as follows:

	2025	2024
Commercial		
Real estate	$ 231,987,602	$ 222,473,209
SBA	40,997,534	40,528,170
Real estate - participation	74,109,796	66,220,326
Secured	28,813,891	29,788,727
Total commercial	375,908,823	359,010,432
Consumer		
Indirect auto	113,440,229	147,782,055
Direct auto	66,776,521	65,516,315
Unsecured	31,975,198	41,424,054
Secured - participation	27,074,179	31,745,040
Other secured	12,148,120	13,255,828
Total consumer	251,414,247	299,723,292
Real estate		
Mortgage	340,062,991	361,935,936
Second mortgage	108,666,955	71,066,098
Total real estate	448,729,946	433,002,034
Deferred origination costs (fees)	1,603,828	1,508,445
Total	1,077,656,844	1,093,244,203
Less: Allowance for credit losses	6,084,046	4,776,562
Net loans to members	$ 1,071,572,798	$ 1,088,467,641

Continued

Allowance for Credit Losses on Loans

The following tables present the activity in the allowance for credit losses by portfolio segment and loan principal balances based on impairment method for the years ended December 31, 2025 and 2024:

	Consumer	Real Estate	Commercial	Total
Allowance for credit losses				
Beginning allowance	$ 3,870,423	$ 503,778	$ 402,361	$ 4,776,562
Charge-offs	(4,805,026)	(65,041)	(732,895)	(5,602,962)
Recoveries	930,907	35,204	181,806	1,147,917
Provision (recapture)	3,687,331	(8,473)	2,083,671	5,762,529
Ending balance	$ 3,683,635	$ 465,468	$ 1,934,943	$ 6,084,046

As of December 31, 2025, the allowance for credit losses totaled approximately $6,084,000, up approximately $1,307,000 compared to December 31, 2024. The change was primarily driven by loan growth in the commercial loan portfolio.

	Consumer	Real Estate	Commercial	Total
Allowance for credit losses				
Beginning allowance	$ 2,586,363	$ 1,041,159	$ 1,018,422	$ 4,645,944
Charge-offs	(5,655,853)	(23,919)	-	(5,679,772)
Recoveries	1,085,947	60,554	8,210	1,154,711
Provision (recapture)	5,853,966	(574,016)	(624,271)	4,655,679
Ending balance	$ 3,870,423	$ 503,778	$ 402,361	$ 4,776,562

As of December 31, 2024, the allowance for credit losses totaled approximately $4,777,000, up approximately $131,000 compared to December 31, 2023. The net increase was driven by changes in the macroeconomic forecasts, specifically the inflationary pressures leading to sharp increases in interest rates and a slow-down of prepayment activity leading to longer weighted average lives on the consolidated statements of financial condition. In addition, the increase reflects unfavorable market conditions in the used auto market as values have gone down driving up losses upon default.

Continued

Age Analysis of Past Due Loans

The following table presents the aging of the recorded investment in past due loans at December 31, 2025:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans
Commercial						
Real estate	$ 1,722,455	$ 1,314,032	$ 5,495,191	$ 8,531,678	$ 223,455,924	$ 231,987,602
SBA	-	-	-	-	40,997,534	40,997,534
Real estate - participation	-	482,956	1,426,874	1,909,830	72,199,966	74,109,796
Secured	226,731	781,237	1,513,256	2,521,224	26,292,667	28,813,891
Consumer						
Indirect auto	2,100,879	219,792	665,959	2,986,630	110,453,599	113,440,229
Direct auto	523,162	77,191	115,389	715,742	66,060,779	66,776,521
Unsecured	792,923	261,834	607,704	1,662,461	30,312,737	31,975,198
Secured - participation	141,795	135,941	247,626	525,362	26,548,817	27,074,179
Other secured	289,320	441,866	388,477	1,119,663	11,028,457	12,148,120
Real estate						
Mortgage	2,219,522	86,057	687,331	2,992,910	337,070,081	340,062,991
Second mortgage	1,363,205	376,322	1,101,087	2,840,614	105,826,341	108,666,955
Total	$ 9,379,992	$ 4,177,228	$ 12,248,894	$ 25,806,114	$ 1,050,246,902	$ 1,076,053,016

The following table presents the aging of the recorded investment in past due loans at December 31, 2024:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans
Commercial						
Real estate	$ -	$ -	$ 199,532	$ 199,532	$ 222,273,677	$ 222,473,209
SBA	-	-	-	-	40,528,170	40,528,170
Real estate - participation	3,825,271	-	-	3,825,271	62,395,055	66,220,326
Secured	-	-	850,938	850,938	28,937,789	29,788,727
Consumer						
Indirect auto	1,033,640	332,158	517,149	1,882,947	145,899,108	147,782,055
Direct auto	312,136	57,477	201,519	571,132	64,945,183	65,516,315
Unsecured	460,865	422,817	862,789	1,746,471	39,677,583	41,424,054
Secured - participation	236,259	46,883	453,459	736,601	31,008,439	31,745,040
Other secured	343,168	101,900	1,075,004	1,520,072	11,735,756	13,255,828
Real estate						
Mortgage	1,685,803	1,409,761	1,961,258	5,056,822	356,879,114	361,935,936
Second mortgage	160,148	83,636	556,045	799,829	70,266,269	71,066,098
Total	$ 8,057,290	$ 2,454,632	$ 6,677,693	$ 17,189,615	$ 1,074,546,143	$ 1,091,735,758

Continued

Consumer and Real Estate Credit Quality

The Credit Union considers the performance of the loan portfolio and its impact on the allowance for credit losses on loans. For consumer and real estate loan classes, the Credit Union evaluates credit quality based on the aging status of the loan and payment activity.

The following table presents the loan balance based on performance indication as of December 31, 2025 and 2024:

	As of December 31, 2025		As of December 31, 2024	
	Performing Loans	Non-Performing Loans	Performing Loans	Non-Performing Loans
Consumer				
Indirect auto	$ 112,774,270	$ 665,959	$ 147,264,906	$ 517,149
Direct auto	66,661,132	115,389	65,314,796	201,519
Unsecured	31,367,494	607,704	40,561,265	862,789
Secured - participation	26,826,553	247,626	31,291,581	453,459
Other secured	11,759,643	388,477	12,180,824	1,075,004
Total consumer	249,389,092	2,025,155	296,613,372	3,109,920
Real estate				
Mortgage	339,375,660	687,331	359,974,678	1,961,258
Second mortgage	107,565,868	1,101,087	70,510,053	556,045
Total real estate	446,941,528	1,788,418	430,484,731	2,517,303
Total	$ 696,330,620	$ 3,813,573	$ 727,098,103	$ 5,627,223

Non-Accrual Loans

Loans on which the accrual of interest has been discontinued or reduced amounted to approximately $12,250,000 and $6,678,000 as of December 31, 2025 and 2024, respectively.

Commercial Credit Quality

The Credit Union considers the performance of the loan portfolio and its impact on the allowance for credit losses on loans. For commercial loan classes, the Credit Union evaluates credit quality based on risk ratings assigned to each loan as described in Note 1.

The following table presents the loan balance for commercial loans based on risk rating as of December 31, 2025:

Credit grade	
Pass - Minimal Risk	$ 11,155,443
Pass - Low Risk	70,900,672
Pass - Moderate Risk	102,938,050
Pass - Acceptable Risk	143,019,821
Criticized - Special mention	39,316,385
Classified - Substandard	8,170,547
Classified - Doubtful	407,905
Classified - Loss	-
Total	$ 375,908,823

The following table presents the loan balance for commercial loans based on risk rating as of December 31, 2024:

Credit grade	
Pass - Minimal Risk	$ 8,433,203
Pass - Low Risk	72,725,956
Pass - Moderate Risk	91,934,582
Pass - Acceptable Risk	152,770,217
Criticized - Special mention	30,006,542
Classified - Substandard	3,139,932
Classified - Doubtful	-
Classified - Loss	-
Total	$ 359,010,432

Continued

Collateral-Dependent Loans

The table below summarizes the amortized cost basis of collateral-dependent loans by class of loans:

	As of December 31, 2025			
	Collateral Type Real Estate	Without an Allowance	With an Allowance	Allowance Allocation
Commercial	$ 15,402,086	$ 9,233,412	$ 6,168,674	$ 1,407,984

	As of December 31, 2024			
	Collateral Type Real Estate	Without an Allowance	With an Allowance	Allowance Allocation
Commercial	$ 7,672,131	$ 7,672,131	$ -	$ -

Note 4 – Property and Equipment

The principal categories of property and equipment may be summarized as follows:

	2025	2024
Land	$ 5,188,404	$ 6,845,174
Building and improvements	19,237,245	20,060,142
Furniture and equipment	11,998,152	12,581,333
Leasehold improvement	1,394,765	1,227,877
Total cost	37,818,566	40,714,526
Less accumulated depreciation	(9,579,711)	(9,375,848)
Undepreciated cost	$ 28,238,855	$ 31,338,678

Depreciation expense charged to operations was $2,376,386 and $2,421,010 for the years ended December 31, 2025 and 2024, respectively.

Continued

Note 5 – Right-of-Use Asset/Lease Liability

The Credit Union currently has leases which were entered into in the normal course of business for several of its financial centers and headquarters. The Credit Union's leases have remaining terms of up to 20 years. The Credit Union includes lease extension options in the lease term if it is reasonably certain that the Credit Union will exercise the option. The leases are classified as operating leases at the lease commencement date. The right-of-use asset represents the right to use an underlying asset for the lease terms and the lease liability represents the obligation to make lease payments arising from the leases. The right-of-use asset and lease liability are recognized at the lease commencement date based on the estimated present value of lease payments over the lease terms.

The Credit Union uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Credit Union's incremental borrowing rate is based on the FHLB advance rate. The weighted-average discount rate used to determine the lease liability was approximately 5.00%.

The total cost of operating leases, included in office occupancy expenses, was approximately $1,982,000 and $1,278,000 for the year ended December 31, 2025 and 2024, respectively. The future undiscounted lease payments approximate the following as of December 31, 2025:

Year Ending December 31st	
2026	$ 1,453,933
2027	1,696,115
2028	1,798,292
2029	1,775,583
2030	1,810,239
Thereafter	14,071,596
Total undiscounted cash flows	22,605,758
Less: present value discount	(7,854,533)
Total	$ 14,751,225

Continued

Note 6 – Borrowed Funds

The Credit Union has an available line-of-credit with Corporate One Federal Credit Union totaling $25,000,000. There were no amounts outstanding on the line-of-credit at December 31, 2025 and 2024. The arrangement calls for advances to be made at variable or fixed rates of interest. The arrangement also calls for advances to be paid on demand. The arrangement is secured by substantially all the Credit Union's assets. The arrangement has two borrowing options. One option is a settlement loan, which is automatically drawn upon when the balance in the Credit Union's settlement share account is not sufficient to cover the daily settlement activity. The second option is a demand loan, which is drawn upon when the Credit Union specifically requests a short-term loan from the entity. The effective interest rate for the demand loan is established based on the prevailing market rates at the time of borrowing.

The Credit Union also participates in the Borrower-in-Custody program through the Federal Reserve Bank. The Credit Union has pledged select loans of approximately $177,700,000 at December 31, 2025 and may borrow up to approximately $154,000,000 of this outstanding balance. There are no outstanding borrowings as of December 31, 2025 and 2024.

The Credit Union had FHLB advance(s) totaling $50,000,000 and $100,000,000 as of December 31, 2025 and 2024, respectively. The advance as of December 31, 2025 bears interest at the fixed rate of 4.48%. The outstanding advances as of December 31, 2024 consisted of fixed rate borrowings with a weighted-average interest rate of 4.26%. FHLB advances are collateralized by all shares of FHLB stock owned by the Credit Union and eligible first mortgage loans under the blanket arrangement. First mortgage loans pledged for borrowings was approximately $424,200,000 and $478,000,000 as of December 31, 2025 and 2024, respectively. The Credit Union had additional borrowing capacity of approximately $174,400,000 under this arrangement at December 31, 2025.

These loans mature as follows:

2026	$ -
2027	50,000,000
2028	-
2029	-
2030	-
Thereafter	-
Total	$ 50,000,000

Note 7 – Members' Share and Savings Accounts

Members' share and savings accounts at December 31, 2025 and 2024 are summarized as follows:

	2025	2024
Regular shares	$ 275,741,418	$ 280,630,150
Share drafts	363,160,476	365,720,284
Money markets	170,948,992	169,905,419
Certificates of deposit	328,287,115	354,939,470
IRA shares	11,269,198	12,643,405
Total	$ 1,149,407,199	$ 1,183,838,728

Included in certificates of deposit above are nonmember certificates totaling approximately $36,300,000 and $46,800,000 at December 31, 2025 and 2024, respectively.

At December 31, 2025, scheduled maturities of certificates of deposit are as follows:

2026	$ 234,466,270
2027	44,243,716
2028	34,291,801
2029	7,697,218
2030	7,332,763
Thereafter	255,347
Total	$ 328,287,115

The aggregate amounts of members' savings accounts and certificates of deposit in denominations of $250,000 or more at December 31, 2025 and 2024, was approximately $68,000,000 and $70,200,000, respectively.

Note 8 – Members' Equity

The Credit Union is subject to various regulatory capital requirements administered by its primary federal regulator, the NCUA. Failure to meet the minimum regulatory capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that if undertaken, could have a direct material effect on the Credit Union's consolidated financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines involving quantitative measures of the Credit Union's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Effective January 1, 2022, federally insured, natural-person credit unions defined as “complex” will have to comply with the NCUA's risk-based capital (“RBC”) final rule which amends NCUA's Prompt Corrective Action (“PCA”) regulations, part 702, or the newly created Complex Credit Union Leverage Ratio (“CCULR”) rule. A credit union is defined as “complex” if the credit union's quarter-end total assets exceed $500,000,000, as reflected in its most recent Call Report. The rules require credit unions taking certain risks to hold capital commensurate with those risks. The RBC rule revises part 702 of NCUA's current regulations to establish an RBC ratio measure that is the percentage of a credit union's capital divided by the credit union's defined risk weighted asset base. This RBC rule more closely aligns NCUA's risk weights with those assigned by other banking agencies.

Accordingly, the RBC rule adopts a 10 percent RBC ratio level for “well capitalized” credit unions, and an 8 percent RBC ratio level for “adequately capitalized” credit unions. The CCULR rule simplifies the RBC rule requirements for complex credit unions that meet certain eligibility criteria by allowing them to choose between implementing the RBC rule or the CCULR. Credit unions that select CCULR instead of the RBC rule would have a minimum 9 percent leverage ratio requirement. A qualifying complex credit union opting into the CCULR framework calculates its CCULR in the same manner as its net worth ratio under NCUA's PCA regulations, part 702.

The Credit Union has elected to use the Complex Credit Union Leverage Ratio as the determining net worth classification for regulatory purposes as of December 31, 2025 and 2024. The Credit Union has the option to change this election on a quarterly basis. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

As of December 31, 2025, the most recent call reporting period, the NCUA categorized the Credit Union as “well capitalized” under the regulatory framework for prompt corrective action. To be categorized as “well capitalized” the Credit Union must maintain a minimum net worth ratio of 7.00% of assets. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

Continued

The Credit Union's actual and required net worth amounts and ratios are as follows:

	As of December 31, 2025		**As of December 31, 2024**	
	Amount	Ratio/ Requirement	Amount	Ratio/ Requirement
Actual net worth	$ 129,792,335	9.62%	$ 128,261,385	8.99%
Amount needed to be classified				
as "well capitalized" per CCULR	$ 121,543,681	9.00%	$ 128,368,521	9.00%
as "well capitalized" per PCA	$ 94,533,974	7.00%	$ 99,852,415	7.00%
as "adequately capitalized" per PCA	$ 81,029,120	6.00%	$ 85,579,014	6.00%

In the quarter ended December 31, 2024, the Credit Union fell below the CCULR net worth ratio requirement of 9 percent. That said, the NCUA and Code of Federal Regulations states that a credit union that ceases to meet CCULR requirements is provided with a two-quarter grace period, where they are still eligible to use the CCULR framework. If CCULR requirements are met (a net worth ratio above 9 percent) at the end of two quarters from the end of the quarter where a deficiency was found, the credit union may continue to use the CCULR framework. In this case, the net worth ratio fell below 9 percent for the quarter ended December 31, 2024, and as of June 30, 2025, the ratio was above 9%.

Note 9 – Related Party Transactions

The majority of employees and all members of the Board of Directors have member accounts at the Credit Union, including share, deposit and loan accounts. The terms of transactions involving these accounts (i.e., rates charged and paid) are comparable to other members.

Note 10 – Split Dollar Plans

The Credit Union has split dollar collateral assignment loan agreements with former executives, whereas the Credit Union paid the annual life insurance premiums during the executives' years of service on behalf of the executives. The executives are the sole owners of the policies and assigned the life insurance policies as collateral to the Credit Union. The loans were made with recourse and is expected to be repaid from the death benefit of the policies.

Continued

Note 11 – Commitments and Contingent Liabilities

Off-Balance Sheet Risk

The Credit Union is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition.

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2025, the total unfunded commitments under such lines-of-credit was approximately $148,000,000. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the member.

The Credit Union is a party to various legal actions normally associated with collections of loans and other business activities of financial institutions, the aggregate effect of which, in management's opinion, would not have a material adverse effect on the financial condition or results of operations of the Credit Union.

Note 12 – Fair Value Measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under this guidance are described below:

Basis of Fair Value Measurements

Level 1 – Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Valuation is based on inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. Level 3 assets and liabilities include financial instruments whose value is determined by using pricing models, discounted cash flow methodologies, or similar techniques.

Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis at December 31, 2025 and 2024 are summarized as follows:

	Fair Value Measurements at December 31, 2025, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
Available-for-sale debt securities				
Mortgage-backed securities	$ -	$ 20,182,492	$ -	$ 20,182,492
Corporate debt securities	-	18,530,904	-	18,530,904
U.S. Treasury obligations	11,647,972	-	-	11,647,972
Federal agency securities	-	382,132	-	382,132
Municipal debt securities	-	4,665,623	-	4,665,623
Negotiable certificates of deposit	-	2,258,805	-	2,258,805
Collateralized mortgage obligations	-	22,997,139	-	22,997,139
Total	$ 11,647,972	$ 69,017,095	$ -	$ 80,665,067

	Fair Value Measurements at December 31, 2024, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
Available-for-sale debt securities				
Mortgage-backed securities	$ -	$ 22,979,109	$ -	$ 22,979,109
Corporate debt securities	-	28,510,621	-	28,510,621
U.S. Treasury obligations	16,658,246	-	-	16,658,246
Federal agency securities	-	746,929	-	746,929
Municipal debt securities	-	5,378,585	-	5,378,585
Negotiable certificates of deposit	-	1,724,047	-	1,724,047
Collateralized mortgage obligations	-	5,229,241	-	5,229,241
Total	$ 16,658,246	$ 64,568,532	$ -	$ 81,226,778

Continued

Note 13 – Loan Servicing

The Credit Union sells loans to investors and retains the servicing. The Credit Union owns the right to service these loans and has subservicing agreements on these loans after the final sale. The Credit Union was servicing approximately $129,100,000 and $105,700,000 at December 31, 2025 and 2024, respectively.