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SEVEN SEVENTEEN CREDIT UNION, INC.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S COMMUNICATION

YEARS ENDED DECEMBER 31, 2023 and 2022

45 YEARS

Nearman
Maynard • Vallez
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Supervisory Committee
Seven Seventeen Credit Union, Inc.
Warren, Ohio

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of Seven Seventeen Credit Union, Inc. (the Credit Union), which comprise the statements of financial condition as of December 31, 2023 and 2022, and the related statements of income, changes in members' equity, comprehensive income, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2023 and 2022, 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.

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 Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Credit Union 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the Credit Union's ability to continue as a going concern for within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our responsibilities 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

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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 omission, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 these consolidated financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 the Credit Union'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 the Credit Union'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Nearman, Maynard, Vallez, CPAs, P.A.

Nearman, Maynard, Vallez, CPAs, P.A.
Miami, Florida
March 18, 2024

SEVEN SEVENTEEN CREDIT UNION INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

ASSETS

	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 24,420,629	$ 29,004,063
Available-for-sale debt securities (amortized cost $118,627,556 net of allowance for credit losses of $0 and amortized cost of $138,113,734)	104,854,549	120,877,458
Held-to-maturity debt securities, net of allowance for credit losses of $0 (fair value $6,145,730 and $9,250,341)	6,376,000	9,599,000
Other investments	57,145,322	21,096,247
Federal Home Loan Bank (FHLB) stock	3,586,700	5,027,500
Loans held-for-sale	3,205,105	207,500
Loans receivable, net of allowance for loan losses	-	1,272,586,010
Loans receivable, net of allowance for credit losses of ($11,663,000)	1,333,268,993	-
Accrued interest receivable	5,608,913	4,239,928
Premises and equipment, net	22,854,931	24,790,684
National Credit Union Share Insurance Fund deposit	12,366,984	11,578,717
Right-of-use assets	452,525	508,730
Other assets	59,996,534	41,095,235
Total Assets	$ 1,634,137,185	$ 1,540,611,072

LIABILITIES AND MEMBERS' EQUITY

	December 31, 2023	December 31, 2022
Liabilities		
Share and savings accounts	$ 1,313,971,099	$ 1,241,807,610
Borrowed funds	91,500,000	87,000,000
Interest payable	1,440,224	1,233,121
Lease liabilities	452,525	508,730
Accrued expenses and other liabilities	18,954,608	17,508,836
Total liabilities	1,426,318,456	1,348,058,297
Commitments and contingent liabilities		
Members' Equity		
Undivided earnings	214,066,024	205,122,520
Accumulated other comprehensive loss	(13,773,007)	(17,236,276)
Equity acquired from acquisitions	7,525,712	4,666,531
Total members' equity	207,818,729	192,552,775
Total Liabilities and Members' Equity	$ 1,634,137,185	$ 1,540,611,072

The accompanying notes are an integral part of these consolidated financial statements.

SEVEN SEVENTEEN CREDIT UNION INC.
CONSOLIDATED STATEMENTS OF INCOME

	December 31, 2023	December 31, 2022
Interest Income		
Interest on loans receivable	$ 72,931,514	$ 54,701,689
Interest on investments	3,675,084	2,350,386
Interest income	76,606,598	57,052,075
Interest Expense		
Dividends on share and savings accounts	14,119,629	3,264,712
Interest on borrowed funds	4,052,823	634,657
Interest expense	18,172,452	3,899,369
Net Interest Income	58,434,146	53,152,706
Provision for Credit/Loan Losses	8,540,083	3,452,762
Net Interest Income After Provision for Credit/Loan Losses	49,894,063	49,699,944
Non-Interest Income		
Card income	9,890,387	10,218,662
Service charges	8,058,547	7,311,849
Commission income	2,471,550	1,043,369
Loan Origination and servicing income	1,279,908	1,579,263
Other non-interest income	901,237	870,700
Gains on sale of loans, net	308,400	60,112
Gain on disposition of premises and equipment, net	19,308	4,000
Gains on sale of investments, net	105	697
Gain on disposition of assets acquired in liquidation, net	-	49,463
Non-interest income	22,929,442	21,138,115
Non-Interest Expense		
Compensation and employee benefits	35,479,385	34,014,472
Operations	14,777,011	11,960,808
Education and promotion	4,844,282	4,741,903
Occupancy	2,685,111	2,759,223
Professional and outside services	1,269,465	1,376,110
Loan servicing	428,415	446,233
Non-interest expense	59,483,669	55,298,749
Net Income	$ 13,339,836	$ 15,539,310

The accompanying notes are an integral part of these consolidated financial statements.

SEVEN SEVENTEEN CREDIT UNION INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN MEMBERS' EQUITY

COMPREHENSIVE INCOME

	December 31, 2023	December 31, 2022
Net Income	$ 13,339,836	$ 15,539,310
Other Comprehensive Income (Loss)		
Net unrealized holding gains/(losses) on securities arising during the year	3,463,374	(14,961,574)
Less reclassification adjustment for net gains included in net income	(105)	(697)
	3,463,269	(14,962,271)
Comprehensive Income	$ 16,803,105	$ 577,039

CHANGES IN MEMBERS' EQUITY

	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Equity Acquired From Acquisitions	Total
Balance, December 31, 2021	$ 189,583,210	$ (2,274,005)	$ 4,666,531	$ 191,975,736
Net income	15,539,310	-	-	15,539,310
Change in unrealized loss on securities	-	(14,962,271)	-	(14,962,271)
Balance, December 31, 2022	205,122,520	(17,236,276)	4,666,531	192,552,775
CECL Cumulative Effect Adjustment	(4,396,332)	-	-	(4,396,332)
Net income	13,339,836	-	-	13,339,836
Change in unrealized gain on securities	-	3,463,269	-	3,463,269
Equity acquired in merger	-	-	2,859,181	2,859,181
Balance, December 31, 2023	$ 214,066,024	$ (13,773,007)	$ 7,525,712	$ 207,818,729

The accompanying notes are an integral part of these consolidated financial statements.

SEVEN SEVENTEEN CREDIT UNION INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31, 2023	December 31, 2022
Cash Flows From Operating Activities		
Net income	$ 13,339,836	$ 15,539,310
Adjustments to reconcile net income to net cash:		
Provision for credit/loan losses	8,540,083	3,452,762
Depreciation of premises and equipment	3,155,557	2,591,179
Gain on sale of investments, net	(105)	(697)
Gain on disposition of premises and equipment, net	(19,308)	(4,000)
Gain on sale of mortgage loans, net	(308,400)	(60,112)
Gain on disposition of assets acquired in liquidation, net	-	(49,463)
Amortization of investment premiums/discounts	450,673	713,162
Amortization of loan premiums/discounts	24,522	29,910
Amortization of deferred loan origination fees/costs	6,454,592	5,496,880
Changes in operating assets and liabilities:		
Loans held-for-sale	(2,997,605)	197,091
Accrued interest receivable	(1,368,985)	(1,032,183)
Other assets	(18,901,299)	(61,092)
Dividends payable	207,103	780,750
Accrued expenses and other liabilities	1,445,772	(313,021)
Net cash provided by operating activities	10,022,436	27,280,476
Cash Flows From Investing Activities		
Purchases of:		
Available-for-sale debt securities	-	(25,663,430)
Held-to-maturity debt securities	-	(4,200,000)
FHLB stock	-	(2,410,000)
Premises and equipment	(1,219,804)	(4,651,785)
Proceeds from:		
Maturities, paydowns and sales of available-for-sale debt securities	19,035,610	25,591,588
Maturities and paydowns of held-to-maturity debt securities	3,223,000	3,428,000
Sale of FHLB stock	1,440,800	-
Sale of premises and equipment	19,308	4,000
Sale of mortgage loans	24,410,446	2,511,057
Sale of assets acquired in liquidation, net	-	161,063
Net change in:		
Other investments	(36,049,075)	89,272,528
Loans receivable, net of charge-offs	(105,710,153)	(264,726,455)
Assets acquired in liquidation	-	(55,800)
NCUSIF deposit	(788,267)	(539,649)
Acquisition activity	2,859,181	-
Recoveries on loans charged off	1,509,595	1,521,079
Net cash used in investing activities	(91,269,359)	(179,757,804)

The accompanying notes are an integral part of these consolidated financial statements.

SEVEN SEVENTEEN CREDIT UNION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31, 2023	December 31, 2022
Cash Flows From Financing Activities		
Net change in share and savings accounts	72,163,489	62,847,048
Proceeds from borrowings	104,500,000	87,000,000
Repayments of borrowings	(100,000,000)	-
Net cash provided by financing activities	76,663,489	149,847,048
Net Change in Cash and Cash Equivalents	(4,583,434)	(2,630,280)
Cash and Cash Equivalents at Beginning of Year	29,004,063	31,634,343
Cash and Cash Equivalents at End of Year	$ 24,420,629	$ 29,004,063
Supplemental Cash Flow Disclosure		
Dividends and interest paid	$ 17,965,349	$ 3,118,619

Supplemental Schedule of Noncash Investing and Financing Information

Except for the cash received, the balances acquired in the mergers as described in Note 15 of these financial statements are not included in the above because no cash was paid. Rather, only the transactions impacting cash flows after the date of acquisition are reflected in the corresponding sections (operating, investing, and financing) above.

The following schedule describes the Credit Union's noncash investing and financing activities relating to the mergers during the years ended December 31, 2023 and 2022, respectively.

	2023	2022
Cash received in merger	$ 96,597	$ -
Acquired assets, net of cash received	6,682,946	-
Assumed liabilities	(3,920,362)	-
Equity acquired in merger	$ 2,859,181	$ -

The accompanying notes are an integral part of these consolidated financial statements.

SEVEN SEVENTEEN CREDIT UNION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Organization

Seven Seventeen Credit Union, Inc. (the Credit Union) is a cooperative association incorporated in the State of Ohio for the purposes of promoting thrift among, and creating a source of credit for its members. Participation in the Credit Union is limited to those individuals that qualify for membership. The field of membership is defined in the Credit Union's Charter and Bylaws.

The Credit Union's wholly-owned credit union service organization (CUSO) subsidiary, Sound Financial Services, Inc. is engaged in providing maintenance and security services.

Principles of Consolidation

The consolidated financial statements (financial statements) include the accounts of Seven Seventeen Credit Union, Inc. and its wholly owned CUSO subsidiary. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (U.S. GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, Management has made estimates based on assumptions for fair value of assets and liabilities and the assessment of other than temporary impairment on investments. Actual results could differ from these estimates. Material estimates that are particularly subject to change in the near term include the determination of the allowance for loan losses (ALL), valuation of securities, and the fair value of financial instruments.

Basis of Presentation

The Credit Union follows the accounting standards set by the Financial Accounting Standards Board (FASB). The FASB establishes U.S. GAAP, as detailed in the Accounting Standards Codification (ASC), that are followed to ensure consistent reporting of the financial condition, results of operations and cash flows of the Credit Union.

Cash and Cash Equivalents

For purposes of the statement of financial condition and the statement of cash flows, cash and cash equivalents includes cash on hand, amounts due from financial institutions, and highly liquid debt instruments classified as cash which were purchased with maturities of three months or less. Amounts due from financial institutions may, at times, exceed federally insured limits.

Debt Securities

Debt securities are classified as held-to-maturity when the Credit Union has the positive intent and ability to hold the securities to maturity and are carried at amortized cost. Debt securities not classified as held-to-maturity are classified as available-for-sale. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in "Other Comprehensive (Loss) Income." Realized gains and losses on securities available-for-sale are included in "Other Noninterest Income" or expense and, when applicable, are reported as a reclassification adjustment in "Accumulated other comprehensive income (loss)." Gains and losses on sales of securities are determined using the specific identification method on the trade date. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity/call date.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The Credit Union monitors the investment security basis and has a process in place to identify securities that could potentially have a credit impairment that is other than temporary. This process involves analyzing the length of time and the extent to which the fair value has been less than the amortized cost basis, the market liquidity for the security, the financial condition and near-term prospects of the issuer, expected cash flows, and the Credit Union's intent and ability to hold the investment for a period of time sufficient to recover the temporary loss. The ability to hold is determined by whether it is more likely than not the Credit Union will be required to sell the security before its anticipated recovery. A decline in value due to a credit event that is considered other than temporary is recorded as a loss in "Non-interest income".

With the adoption of ASU 2016-13, expected credit losses on securities are measured on a collective basis by major security type. In addition to the major security types, management may further evaluate the qualitative factors associated with these securities to determine the expectation of credit losses, if any. Impairments below cost in the estimated fair value of individual debt securities that are attributable to credit losses are recorded through an allowance for credit losses. Such losses are limited to the amount that amortized cost exceeds fair value, even if the amount of the credit loss is greater. Impairments below cost attributable to other factors are realized in noninterest income in the consolidated statements of income. Gains and losses on the sale of debt securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

Unrealized gains and losses on debt securities available-for-sale are recognized as direct increases or decreases in other comprehensive income. Purchase premiums and discounts are typically recognized in interest income using the interest method over the terms of the securities. Management assesses the financial condition and near-term prospects of the issuer, industry and/or geographic conditions, credit ratings as well as other indicators at the individual security level. Impairments below cost in the estimated fair value of individual available-for-sale debt securities when there is an intent to sell or for which it more likely than not the Credit Union will be required to sell before the impairment is recovered, are realized in noninterest income in the consolidated statements of income. When there is not an intent to sell or it is more likely than not the Credit Union will not be required to sell the security before the impairment is recovered, management assesses whether the decline in fair value has resulted from credit losses or other factors. If the present value of discounted cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for available-for-sale credit losses is recorded. Such losses are limited to the amount that amortized cost exceeds fair value, even if the amount of the credit loss is greater. Any future changes in the allowance for credit losses is recorded as a provision for (reversal of) credit losses. Losses attributable to other factors are charged to accumulated other comprehensive income. Gains and losses on the sale of available-for-sale debt securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

Other Investments

Other investments are carried, as a practical expedient, at cost, less impairment, plus or minus changes resulting from observable price changes.

Federal Home Loan Bank (FHLB) Stock

The Credit Union, as a member of the FHLB of Cincinnati, is required to maintain a minimum stock investment with the FHLB based on a formula developed by the FHLB that considers the Credit Union's total assets and outstanding advances from the FHLB. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment. 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.

Visa Inc. Stock

As part of the restructuring of Visa, Inc., the Credit Union was issued shares of Class B Common Stock in Visa Inc. The shares represented by this issuance are fully paid and non-assessable. The Credit Union has a balance of 11,433 shares as of December 31, 2023. Currently, there is no readily available fair market value of the stock and therefore, the stock is not reflected in the Credit Union's financial statements. Once a readily available fair market value of the stock is available, the value of the stock will be reflected in the Credit Union's financial statements.

Loans Held-for-Sale

Loans originated and intended for sale in the secondary market are carried at the lower of amortized cost or fair value at December 31, 2023 and cost or fair value at December 31, 2022. Net unrealized losses are recognized in a valuation allowance by charges to income. All sales are made without recourse.

Loans Receivable

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at amortized cost, which is the outstanding principal balance net of any deferred fees or costs, charge-offs, and unamortized premiums or discounts on originated or purchased loans. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. When principal or interest is delinquent for 90 days or more, the Credit Union evaluates the loan for nonaccrual status.

After a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Subsequent collections of interest payments on nonaccrual loans are recognized as interest income unless ultimate collectability of the loan is in doubt. Cash collections on loans where ultimate collectability remains in doubt are applied as reductions of the loan principal balance and no interest income is recognized until the principal balance has been collected.

Loan fees and certain direct loan origination costs are deferred, and the net cost is recognized as an adjustment to interest income using the interest method over the contractual life of the loans, adjusted for estimated prepayments based on the Credit Union's historical prepayment experience.

Allowance for Credit Losses - Loans - Year ended December 31, 2023

As of January 1, 2023, the Credit Union adopted Accounting Standards Update 2016-13, "Financial Instruments - Credit Losses, Topic 326" (ASC 326) which replaces the incurred loss methodology that incorporated only known information as of the balance sheet date with a current expected credit loss (CECL) model. The CECL model is Management's estimate of lifetime expected credit losses for financial assets measured at amortized cost including loans receivables, held-to-maturity investments and off-balance sheet credit exposures such as conditionally cancelable unfunded commitments. The allowance for loan credit losses (ALCL) is estimated using quantitative methods that consider a variety of factors such as historical loss experience, the current credit quality of the portfolio and supportable forecasts of the economic outlook over the life of the loan. It is adjusted through a provision for credit losses charged to earnings. There are two components of the ALCL: reserves on pooled loans sharing risk characteristics (portfolio segments) and individually evaluated loans that do not fit within a portfolio segment.

The allowance for off-balance sheet risk is an estimated liability for losses on commitments expected to be funded over its estimated life and the likelihood that funding will occur. The Credit Union will report adjustments to the liability as a credit loss expense.

Management uses a disciplined process and methodology to establish the allowance for credit losses each month. To determine the total ALCL, Management estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans with similar risk factors (such as, but not limited to, loan type and structure, collateral type, leverage ratio, refinancing risk and origination quality) analyzed on a pooled basis. The ALCL consists of amounts applicable to the following loan types: (i) commercial; (ii) consumer; and (iii) residential real estate.

To determine the balance of the loan allowance account, loans are pooled by portfolio segment and losses are modeled using the Advanced Vintage, Probability of Default, Discounted Cash Flow and historical loss methods and quantitative adjustments, as deemed necessary, over the loss emergence period. Management exercises significant judgment in determining the estimation method that fits the credit risk characteristics of each portfolio segment. The Credit Union uses vendor-supplied and internally-developed methods in this process. Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions used to determine the allowance are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices, and end-user controls are appropriate and properly documented.

The establishment of the allowance for credit losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, member behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to or release balances from the allowance for credit losses. The Credit Union's allowance for loan credit losses is sensitive to risk ratings assigned to individually evaluated loans and economic assumptions and delinquency trends driving statistically modeled reserves. Individual loan risk ratings are evaluated based on each situation by experienced credit officers.

Management monitors differences between estimated and actual incurred credit losses. This monitoring process includes periodic assessments by management of loan portfolios and the models used to estimate incurred losses in those portfolios. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Credit exposures deemed to be uncollectible are charged against the ALCL. Accrued interest balances are reversed when a loan is placed in non-accrual status and therefore excluded from the ALCL calculation. Recoveries of previously charged off amounts are credited to the reserve.

Loan Charge-offs

Consumer and non real estate secured commercial loans are typically charged off no later than 180 days past due. Residential and commercial real estate loans are evaluated for charge-off on a case-by-case basis and are typically charged-off at the time of foreclosure. Past-due status is based on the contractual terms of the loans. In all cases, loans are placed on nonaccrual status or charged-off at an earlier date if the collection of principal and interest is considered doubtful.

Loan Modifications

In situations where, for economic or legal reasons related to a member's financial difficulties, the Credit Union grants a concession for other than an insignificant period of time to the member that the Credit Union would not otherwise consider, the related loan is classified as a loan modification. The Credit Union strives to identify members in financial difficulty early and work with them to modify to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral.

Allowance for Loan Losses - Year ended December 31, 2022

The allowance for loan losses is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses and decreased by charge-offs less recoveries. Management estimates the required allowance for loan losses balance using past loan loss experience, known and inherent risks in the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance for loan losses may be made for specific loans, but the entire allowance is available for any loan that, in Management's judgment, should be charged-off. Loan losses are charged against the allowance for loan losses when Management believes the uncollectability of a loan balance is confirmed.

The allowance for loan losses consists of specific and general components. The specific component relates to loans that are individually classified as impaired or loans otherwise classified as substandard or doubtful. The general component covers non-classified loans and is based on historical loss experience adjusted for current factors.

Due to the nature of uncertainties related to any estimation process, Management’s estimate of loan losses inherent in the loan portfolio may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated. In addition, the Credit Union’s regulator, as an integral part of its examination process, periodically reviews the Credit Union’s allowance for loan losses. The regulator may require the Credit Union to adjust the allowance for loan losses based on their judgments of information available to them at the time of their examination.

A loan is considered impaired when, based on current information and events, full payment under the loan terms is not expected. Impairment is generally evaluated in total for smaller-balance loans of similar nature such as residential mortgage, consumer, and credit card loans, but may be evaluated on an individual loan basis if deemed necessary. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. The Credit Union's policy for repossessing collateral is that when all other collection efforts have been exhausted, the Credit Union enforces its first lien holder status and repossesses the collateral. The Credit Union has full and complete access to repossessed collateral. Repossessed collateral normally consists of vehicles and residential real estate.

Premises and Equipment

Land is carried at cost. Buildings, furniture and equipment, are carried at cost, less accumulated depreciation. Buildings, furniture, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed, and major improvements and renovations are capitalized. Management reviews premises and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Gains and losses on disposals are included in current operations.

Credit Union Owned Life Insurance (COLI)

The Credit Union holds life insurance policies purchased on the lives of key members of management. In the event of death of one of these individuals, the Credit Union, as beneficiary of the policies, would receive a specified cash payment equal to the face value of the policy. Such policies are recorded at their cash surrender value, or the amount that can be currently realized as of the statement of financial condition date. The change in cash surrender value is an adjustment of premiums paid in determining the net expense or income recognized under the contracts for the year and is included in non-interest income.

Assets Acquired in Liquidation

Assets acquired in liquidation through repossession, foreclosure or other legal proceeding are initially recorded at the lower of the Credit Union's carrying amount or fair value less estimated selling cost at the date of repossession or foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After repossession or foreclosure, if the Credit Union continues to hold the asset or property held for sale, it is carried at the lower of the new cost basis or fair value less cost to sell. Impairment losses on the asset or property to be held and used are measured as the amount by which the carrying amount of the asset or property exceeds its fair value. Costs of significant asset or property improvements are capitalized, whereas costs relating to holding property are expensed. The portion of interest costs relating to development of real estate is capitalized. Valuations are periodically performed by Management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of the asset or property to the lower of its cost or fair value less cost to sell.

	December 31,	
	2023	**2022**
Foreclosed residential real estate property held for sale	$ -	$ -
Loans collateralized by residential real estate in the process of foreclosure	$ 141,034	$ 655,019

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 insurable 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.

Share and Savings Accounts

Shares include savings deposit accounts of the owners of the Credit Union. Share ownership entitles the members to vote in annual elections of the Board of Directors and on other corporate matters. Irrespective of the amount of shares owned, no member has more than one vote. As a natural person credit union, deposits that exceed the $250,000 NCUA insurance limit (uninsured shares) are subordinated to all other liabilities of the Credit Union upon liquidation except subordinated debt. Dividends on share and savings accounts, except for interest on certificates of deposit which is set in advance, is based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. Dividend rates on share and savings accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

Equity Acquired From Acquisitions

Equity acquired from acquisitions represents equity accounted for in accordance with the acquisition method of accounting. Under this accounting method undivided earnings of the acquiree are combined on the acquirer's statement of financial condition as a component of equity called equity acquired from acquisitions. This component of equity is considered part of net worth as defined by regulations established by the National Credit Union Administration.

Federal and State Tax Exemption

The Credit Union is exempt from most federal, state, and local taxes under the provisions of the Internal Revenue Code and state tax laws. However, the Credit Union is subject to unrelated business income tax. The Income Taxes Topic of the FASB ASC clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they meet the "more likely than not" standard for sustainability on examination by tax authorities. Management has determined there are no material uncertain tax positions.

The Credit Union wholly owns the consolidated CUSO. The income from the CUSO is subject to federal and state income taxes.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the members' equity section of the statements of financial condition.

Advertising Costs

Advertising costs are expensed as incurred.

Fair Value Measurements

The Credit Union categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 Inputs

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access at the measurement date.

Level 2 Inputs

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 Inputs

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Credit Union may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Subsequent Events

In preparing these financial statements, the Credit Union evaluated events and transactions for potential recognition or disclosure through March 18, 2024, the date on which the financial statements were available to be issued.

Reclassifications

Certain 2022 financial statement amounts have been reclassified to conform with classifications adopted in the current year. This reclassification did not have any change on net income or members' equity.

New Accounting Pronouncements

Accounting Standards Update (ASU) 2016-13, "Financial Instruments-Credit Losses," (Topic 326)

This ASU requires an approach based on expected losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale (AFS) debt securities and provides a simplified accounting model for purchased financial assets with credit deterioration since their origination.

The ASU requires credit unions to measure impairment on their existing loan portfolios on the basis of the current estimate of contractual cash flows not expected to be collected. The estimate of expected credit losses is based on relevant information about past events, including historical loss experience with similar assets, current conditions, and reasonable supportable forecasts that affect the expected collectability of the assets' remaining contractual cash flows. This new model is called the Current Expected Credit Loss (CECL) model.

The transition to the CECL model will bring with it significantly greater data requirements and demand a more complex methodology to accurately account for expected losses under the new parameters. The transition will also require a significant increase in the allowance for loan and lease losses (ALLL) account balance. FASB has allowed for this one-time increase in the ALLL to come directly from undivided earnings, rather than reflected through the provision for loan losses expense account. The increase, or the adjustment to the ALLL, will reduce net worth, however it does spare a negative impact to the income statement. This ASU applies to all financial assets that are not accounted for at fair value and are exposed to potential credit risk.

The Credit Union implemented ASU 2016-13 "Financial Instruments-Credit Losses" and applicable subsequent standard updates impacting ASU 2016-13, effective January 1, 2023. As a result of this implementation, the Credit Union recorded an adjustment to the opening balance of retained earnings for the current audit period of $4,396,332.

ASU No. 2022-02 "Troubled Debt Restructurings and Vintage Disclosures"

On March 31, 2022, the FASB issued Accounting Standards Update (ASU) 2022-02, Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates troubled debt restructurings (TDR) reporting guidance under ASC 310-40 for institutions who have adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The update also amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination and adds new disclosure requirements for loan modifications made to a borrower experiencing financial difficulty.

ASU 2022-02 introduces new disclosure requirements for modifications of receivables to borrowers experiencing financial difficulty. The definition of "experiencing financial difficulty" was brought forward from the TDR guidance (ASC 310-40), so the same considerations can be applied to making that determination. Creditors should evaluate all modifications as either a new loan or the continuation of an existing loan under the general guidance on loan refinancing and restructuring in ASC 310-20-35-9 through 35-11. The new ASU specifically identifies four types of modifications to borrowers experiencing financial difficulty about which specific information must be disclosed:

- Principal forgiveness
- Interest rate reduction
- Other-than-insignificant payment delays
- Term extensions

Creditors should disclose the following by class of financing receivable: amortized cost, percentage by class, changes of contractual terms, and performance in the 12 months after modification.

Creditors should also disclose qualitative information about how the modifications and the debtors' subsequent performance factor into determining the allowance for credit losses.

For each reporting period, disclosure is required related to those modifications that defaulted and how those defaults are factored into determining the allowance.

The Credit Union implemented this update along with ASU 2016-13 on January 1, 2023.

NOTE 2: INVESTMENTS

Investments consist of the following:

Available-for-Sale Debt Securities

	December 31, 2023			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Federal agency mortgage-backed securities and collateralized mortgage obligations (CMOs)	$ 108,701,654	$ 1,260	$ (13,412,637)	$ 95,290,277
U.S. Government obligations and federal agency securities	9,925,902	-	(361,630)	9,564,272
Total	$ 118,627,556	$ 1,260	$ (13,774,267)	$ 104,854,549

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency mortgage-backed securities and CMOs	$ 126,214,779	$ 1,005	$ (16,626,688)	$ 109,589,096
U.S. Government obligations and federal agency securities	11,898,955	-	(610,593)	11,288,362
Total	$ 138,113,734	$ 1,005	$ (17,237,281)	$ 120,877,458

The Credit Union has agreed to pledge certain securities to Federal Reserve Bank of Cleveland as collateral under the Bank Term Funding Program. The current outstanding balance of the pledged securities was approximately $56,331,000 as of December 31, 2023.

Gross unrealized losses and fair value by length of time that the individual securities have been in a continuous unrealized loss position are as follows:

	As of December 31, 2023			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government obligations and federal agency securities	$ 61,782	$ (4,638)	$ 9,564,272	$ (361,629)
Federal agency mortgage-backed securities and CMOs	-	-	95,222,715	(13,408,000)
Total	$ 61,782	$ (4,638)	$ 104,786,987	$ (13,769,629)

	As of December 31, 2022			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Federal agency mortgage-backed securities and CMOs	$ 18,172,856	$ (1,536,354)	$ 91,409,490	$ (15,090,334)
U.S. Government obligations and federal agency securities	8,733,206	(256,556)	2,555,156	(354,037)
Total	$ 26,906,062	$ (1,792,910)	$ 93,964,646	$ (15,444,371)

There are a total of 73 and 80 securities with unrealized losses as of December 31, 2023 and 2022, respectively. The unrealized losses associated with these securities are considered temporary as the Credit Union has the ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in fair value.

The securities in an unrealized loss position at December 31, 2023, were impaired due to the current interest rate environment and not to increased credit risk. In estimating impairment losses, the Credit Union considers, among other things, the length of time and the extent to which the fair value has been less than cost, and the financial condition and near-term prospects of the issuer. The Credit Union does not intend to sell these investments, and it is more likely than not that the Credit Union will not be required to sell before a period of time sufficient to allow for any anticipated recovery in cost. All securities and certificates owned by the Credit Union are payable at par at maturity.

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of unrealized losses. The impairments are due primarily to rising interest rates in 2023. The Credit Union reviews all of its securities for impairment at least quarterly. The Credit Union determined that no additional impairment was associated with these securities on December 31, 2023.

The amortized cost and estimated fair value of debt securities by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

	December 31, 2023	
	Amortized Cost	**Fair Value**
Within 1 year	$ 4,999,333	$ 4,963,917
1 to 5 years	4,926,569	4,600,355
Subtotal	9,925,902	9,564,272
Mortgage-backed securities	108,701,654	95,290,277
Total	$ 118,627,556	$ 104,854,549

Mortgage-backed securities (MBS) classified as available-for-sale represent participation interest in pools of residential mortgage loans which are guaranteed by the U.S. Government, its agencies or instrumentalities. However, the guarantee of these types of securities relates to the principal and interest payments, and not to the market value of such securities.

MBS are issued by lenders, such as mortgage bankers, commercial banks, and savings and loan associations. Such securities differ from conventional debt securities, which provide for the periodic payment of interest in fixed amounts (usually semiannually) with principal payments at maturity or on specific dates. MBS provide periodic payments which are, in effect, a "pass-through" of the interest and principal payments (including any prepayments) made by the individual borrowers on the pooled mortgage loans. A MBS will mature when all the mortgages in the pool mature or are prepaid. MBS do not have a fixed maturity and their expected maturities may vary when interest rates rise or fall.

Held-to-Maturity Debt Securities

	December 31, 2023			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Certificates of deposit	$ 6,376,000	$ 430	$ (230,700)	$ 6,145,730

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit	$ 9,599,000	$ 1,853	$ (350,512)	$ 9,250,341

Gross unrealized losses and fair value by length of time that the individual securities have been in a continuous unrealized loss position at December 31, 2023 and 2022, are as follows:

	December 31, 2023			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificates of deposit	$ 1,055,538	$ (67,462)	$ 4,989,761	$ (163,238)

	December 31, 2022			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificates of deposit	$ 3,384,364	$ (70,636)	$ 5,616,124	$ (279,876)

There are a total of 34 and 38 securities with unrealized losses as of December 31, 2023 and 2022, respectively. The unrealized losses associated with these securities are considered temporary as the Credit Union has the ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in fair value.

The securities in an unrealized loss position at December 31, 2023, were impaired due to the current interest rate environment and not to increased credit risk. In estimating impairment losses, the Credit Union considers, among other things, the length of time and the extent to which the fair value has been less than cost, and the financial condition and near-term prospects of the issuer. The Credit Union does not intend to sell these investments, and it is more likely than not that the Credit Union will not be required to sell before a period of time sufficient to allow for any anticipated recovery in cost. All securities and certificates owned by the Credit Union are payable at par at maturity.

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of unrealized losses. The impairments are due primarily to rising interest rates in 2023. The Credit Union reviews all of its securities for impairment at least quarterly. The Credit Union determined that no additional impairment was associated with these securities on December 31, 2023.

The amortized cost and estimated fair value of securities by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

	December 31, 2023	
	Amortized Cost	Fair Value
Within 1 year	$ 3,910,000	$ 3,844,859
1 to 5 years	2,466,000	2,300,871
Total	$ 6,376,000	$ 6,145,730

Other Investments

	December 31,	
	2023	2022
Other deposits at corporate credit unions	$ 52,537,386	$ 18,224,274
Certificates of deposit	1,894,000	738,000
Perpetual capital at Corporate One Federal Credit Union	1,426,992	1,351,069
CUSO Investments	1,286,944	782,904
Total	$ 57,145,322	$ 21,096,247

Perpetual contributed capital is not subject to share insurance covered by the National Credit Union Share Insurance Fund or any other deposit insurer. The perpetual contributed capital is redeemable only at the option of corporate credit union provided regulatory approval is obtained. Perpetual contributed capital cannot be pledged against borrowings, has no scheduled maturity, and offers non-cumulative dividends.

NOTE 3: LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT/LOAN LOSSES

Loans Receivable

Loans receivable consist of the following:

	December 31,	
	2023	2022
Residential first mortgage real estate	$ 366,863,519	$ 360,050,648
Residential second mortgage real estate	132,355,670	112,833,607
Consumer secured	602,482,973	581,788,413
Consumer unsecured	63,168,403	59,139,520
Commercial real estate	177,344,120	160,447,664
Other commercial	2,717,308	2,656,158
	1,344,931,993	1,276,916,010
Allowance for credit losses	(11,663,000)	-
Allowance for loan losses	-	(4,330,000)
Loans receivable, net	$ 1,333,268,993	$ 1,272,586,010

	December 31,	
Included in the loan amounts above:	2023	2022
Deferred loan origination fees/costs, net	$ 2,871,984	$ 4,524,969
Premiums/discounts, net	$ (32,047)	$ 32,495

Allowance for Credit Losses - Loans - Year ended December 31, 2023

The Credit Union has an established methodology to determine the adequacy of the loan allowance for credit losses that assesses the risks and losses inherent in the Credit Union's portfolio. For purposes of determining the allowance for loan credit losses, the Credit Union segments certain loans in its portfolio by product type. The Credit Union's loans are segmented into the following pools: Commercial, Consumer and Residential Real Estate. The Credit Union also sub-segments these segments into classes based on the associated risks within those segments. Commercial Loans are divided into the following six classes: (a) commercial participations, (b) commercial real estate – mortgages, (c) commercial/secured, (d) commercial/unsecured LOC, (d) commercial/unsecured and (e) PPP. Consumer loans are divided into 10 classes: (a) new auto, (b) new auto (indirect), (c) other secured, (d) share secured, (e) student loans, (f) unsecured, (g) unsecured lines of credit, (h) used auto, (i) used auto (indirect) and (j) visa credit cards . In addition, residential real estate loans are divided into seven classes: (a) first mortgage, (b) first mortgage sell, (c) home equity, (d) home equity 1st position, (e) home equity insured, (f) home equity line of credit and (g) home equity line of credit – visa & KCU. Each class of loan requires significant judgment which includes assessing the size, complexity and available data to determine the CECL methodology that fits each portfolio segment. The Credit Union uses both internally developed and vendor supplied models in this process. Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions the Credit Union uses to determine the allowance are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices, and end-user controls are appropriate and properly documented.

The following are the factors the Credit Union uses to determine the balance of the allowance account for each segment or class of loans.

Consumer Loans

Consumer loans are primarily for personal use and are secured by a auto or other personal asset. These loan types are broken down into sub-segments (Auto, Consumer Secured, Consumer Secured-Share Secured, and Consumer Unsecured and Credit Cards) based on methodology.

Auto Loans

Auto loans are pooled by portfolio class and the Probability of Default methodology is applied to each sub-segment. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Consumer Secured

Consumer Secured loans include loans secured by deposits, recreational vehicles, motorcycles and other assets. These loans are not assessed at an underlying class level. The Probability of Default methodology is applied to each class. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Consumer Secured - Share Secured

Consumer Share Secured loans include loans secured by deposits. The Advanced Vintage methodology with a lookback period of 5 years is applied to this class. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Consumer Unsecured and Credit Cards

Unsecured consumer loans are pooled by portfolio class. The Probability of Default methodology is applied to the Unsecured and Credit Card classes. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Consumer-Student Loans

Student loans are pooled by portfolio class. The Advanced Vintage methodology with a lookback period of 14 years is applied to this class. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Residential Real Estate

Real Estate loans are primarily for personal, family or household use and are secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling. First Mortgage & Home Equity are "lump some" type loans while Home Equity Lines of Credit are revolving in nature. These loan types are broken down into sub-segments based on methodology.

Residential Real Estate-First Mortgage & Home Equity

Real Estate First Mortgage & Home Equity loans are pooled by portfolio class and the Discounted Cash Flow methodology is applied to each class. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate and Housing Price Index (HPI) for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Residential Real Estate-Home Equity Line of Credit

Real Estate Home Equity Lines of Credit loans are pooled by portfolio class and the Probability of Default methodology is applied to each class. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate and Housing Price Index (HPI) for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Residential Real Estate-Home Equity Insured

Real Estate Home Equity Insured loans are pooled by portfolio class and the Advanced Vintage methodology is applied to each class. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate and Housing Price Index (HPI) for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Member Business/Commercial

Member business/commercial loans include real estate loans secured by commercial and industrial properties, office or mixed-use facilities and other commercial assets for use in the normal course of a member's business and the Advanced Vintage methodology with a lookback period of up to 10 years is applied to each class. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate and Commercial Real Estate Sales Index and HPI for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

Member Business/Commercial Unsecured

Member business/commercial loans also include unsecured loans which are issued and supported by the owner’s credit worthiness, rather than by any form of collateral. These loans have been evaluated using the Discounted Cash Flow method. Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional quantitative and environmental multipliers to loan balances. During the year, the Credit Union has applied vendor supplied forecast factors based on the current unemployment rate and Commercial Real Estate Sales Index and HPI for the Metropolitan Statistical Areas (MSA) in which the borrower resides.

The Credit Union's Estimation Process

The Credit Union estimates credit losses under multiple economic scenarios to establish a range of potential outcomes for each criterion the Credit Union applies to the allowance calculation. Management applies judgment to develop its own view of loss probability within that range, using external and internal parameters with the objective of establishing an allowance for the losses inherent within these portfolios as of the reporting date.

Reflected in the portions of the allowance previously described is an amount for imprecision or uncertainty that incorporates the range of probable outcomes inherent in estimates used for the allowance, which may change from period to period. This amount is the result of the management's judgment of risks inherent in the portfolios, economic uncertainties, historical loss experience and other subjective factors, including industry trends, calculated to better reflect the Credit Union's view of risk in each loan portfolio. No single statistic or measurement determines the adequacy of the allowance for credit loss. Changes in the allowance for credit loss and the related provision expense can materially affect net income.

The total allowance reflects management's estimate of credit losses inherent in the loan portfolio at the balance sheet date. The Credit Union considers the allowance for credit losses adequate to cover credit losses inherent in the loan portfolio. The following table presents by portfolio segment, the changes in the allowance for credit losses.

	For the year ending December 31, 2023 As Reported Under ASC 326			
	Commercial	Residential Real Estate	Consumer	Total
Allowance for credit losses:				
Beginning balance, prior to adoption of FASB ASU 2016-13	$ 498,931	$ 151,514	$ 3,679,555	$ 4,330,000
Impact of adopting FASB ASU 2016-13	(205,606)	357,588	4,244,350	4,396,332
Provision for credit losses	57,724	342,162	8,140,197	8,540,083
Recoveries on previous credit losses	7,092	133,332	1,369,170	1,509,594
Loans receivable charged off	-	(49,673)	(7,063,336)	(7,113,009)
Off balance sheet transfer	-	-	-	-
Ending balance	$ 358,141	$ 934,923	$ 10,369,936	$ 11,663,000

Credit Quality Indicators - Consumer Credit Exposure

The following tables represent credit exposures by creditworthiness category as of December 31, 2023. The use of creditworthiness categories to grade loans permits management's use of migration analysis to estimate a portion of credit risk. The Credit Union's internal creditworthiness grading system is based on experiences with similarly graded loans. Category ratings are reviewed each quarter, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track the migration of loan performance. Loans that trend upward toward higher levels generally have a lower risk factor associated; whereas, loans that migrate toward lower ratings generally will result in a higher risk factor being applied to those related loan balances.

The Credit Union's internal risk ratings based on Credit Scores are as follows:

* **680 and above**-Member poses little to no additional risk.
* **640 to 679**-Member poses a nominal risk of loss.
* **600 to 639**-Member poses an increased risk of loss. Additional risk factors are based on migration analysis of this portfolio.
* **550 to 599**-Members are experiencing some degree of stress. Additional risk factors are based on migration analysis of this portfolio.
* **549 and below**-Members are showing above average risk. Additional risk factors are based on migration analysis of portfolio.
* **No Score**-Members for which a credit score has yet to be obtained will not be included in the risk assessment. The risk assessed by the class will be applied to these loans.

Credit Risk Profile by Creditworthiness Category by Class of Loan

	December 31, 2023			
	Auto Loans	Consumer Secured	Consumer Unsecured	Total
720 and above	$ 236,723,062	$ 82,778,386	$ 30,547,941	$ 350,049,389
680 to 719	76,480,743	27,146,683	13,345,190	$ 116,972,616
640 to 679	57,910,342	17,770,791	9,252,017	84,933,150
600 to 639	38,396,511	8,412,656	5,051,122	51,860,289
550 to 599	24,316,421	3,662,447	2,726,658	30,705,526
549 and below	14,705,235	2,078,623	1,326,552	18,110,410
No Score	3,999,478	3,410,138	259,408	7,669,024
Total	$ 452,531,792	$ 145,259,724	$ 62,508,888	$ 660,300,404

Credit Quality Indicators -Consumer Secured - Share Secured

Payment activity is reviewed by management on a quarterly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 90 days in the previous quarter.

Nonperforming loans also include certain loans that have been modified where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Credit Union's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions. Certain loans are classified as nonperforming at the time of modification and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally three months.

	December 31, 2023
	Consumer Secured - Share Secured
Performing	$ 5,319,803
Nonperforming	31,169
Total	$ 5,350,972

Credit Quality Indicators -Residential Real Estate & Commercial Credit Exposure

The following tables represent credit exposures by creditworthiness category as of December 31, 2023. The use of creditworthiness categories to grade loans permits management's use of migration analysis to estimate a portion of credit risk. The Credit Union's internal creditworthiness grading system is based on experiences with similarly graded loans. Category ratings are reviewed each quarter, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track the migration of loan performance. Loans that trend upward toward higher levels generally have a lower risk factor associated; whereas, loans that migrate toward lower ratings generally will result in a higher risk factor being applied to those related loan balances.

The Credit Union's internal risk ratings based on Credit Scores are as follows:

* **680 and above**-Member poses little to no additional risk.
* **640 to 679-**Member poses a nominal risk of loss.
* **600 to 639**-Member poses an increased risk of loss. Additional risk factors are based on migration analysis of this portfolio.
* **550 to 599**-Members are experiencing some degree of stress. Additional risk factors are based on migration analysis of this portfolio.
* **549 and below-**Members are showing above average risk. Additional risk factors are based on migration analysis of portfolio.
* **No Score**-Members for which a credit score has yet to be obtained will not be included in the risk assessment. The risk assessed by the class will be applied to these loans.

Credit Risk Profile by Creditworthiness Category by Class of Loan

	December 31, 2023			
	First Mortgage & Home Equity Loans	Home Equity Lines of Credit	Member Business & Commercial Unsecured	Total
720 and above	$ 281,888,903	$ 81,872,667	$ 67,551	$ 363,829,121
680 to 719	48,817,331	19,274,020	14,252	$ 68,105,603
640 to 679	22,824,112	11,737,944	165,532	34,727,588
600 to 639	12,100,033	5,474,437	53,451	17,627,921
580 to 599	4,857,975	2,442,471	-	7,300,446
579 and below	4,544,648	1,522,415	-	6,067,063
No Score	194,513	-	59,710	254,223
Total	$ 375,227,515	$ 122,323,954	$ 360,496	$ 497,911,965

Credit Quality Indicators - Real Estate and Commercial

Payment activity is reviewed by management on a quarterly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 90 days in the previous quarter.

Nonperforming loans also include certain loans that have been modified where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Credit Union's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions. Certain loans are classified as nonperforming at the time of modification and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally three months.

	December 31, 2023		
	Home Equity - Insured	Member Business / Commercial Secured	Total
Performing	$ 1,569,901	$ 179,700,932	$ 181,270,833
Nonperforming	97,819	-	97,819
Total	$ 1,667,720	$ 179,700,932	$ 181,368,652

Allowance for Loan Losses Account - Year Ended December 31, 2022

The following summarizes the activity in the allowance for loan losses account for the year ending:

	December 31, 2022			
	Commercial	Residential Real Estate	Consumer	Total
Allowance for loan losses:				
Beginning balance	$ 647,995	$ 180,353	$ 2,671,652	$ 3,500,000
Provision for loan losses	6,267	(41,326)	3,487,821	3,452,762
Recoveries on previous loan losses	22,704	132,598	1,365,777	1,521,079
Loans receivable charged off	(178,035)	(120,111)	(3,845,695)	(4,143,841)
Ending balance	$ 498,931	$ 151,514	$ 3,679,555	$ 4,330,000
Loans receivable:				
Individually evaluated for impairment	$ 4,016,796	$ 766,507	$ 270,566	$ 5,053,869
Collectively evaluated for impairment	159,087,026	472,117,748	640,657,367	1,271,862,141
Total loans receivable	$ 163,103,822	$ 472,884,255	$ 640,927,933	$ 1,276,916,010
Allowance for loan losses:				
Individually evaluated for impairment	$ 75,969	$ 53,949	$ 45,983	$ 175,901
Collectively evaluated for impairment	422,962	97,565	3,633,572	4,154,099
Total allowance for loan losses	$ 498,931	$ 151,514	$ 3,679,555	$ 4,330,000

Credit Quality Indicators

Loans are assessed for credit quality based on the contractual aging status of the loan and payment activity. Payment activity is reviewed by management on a quarterly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 90 days in the previous quarter.

Nonperforming loans also include certain loans that have been modified where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Credit Union's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions. Certain loans are classified as nonperforming at the time of modification and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period of time.

	December 31, 2022		
	Performing	Nonperforming	Total
Residential first mortgage real estate	$ 359,070,766	$ 979,882	$ 360,050,648
Residential second mortgage real estate	112,579,700	253,907	112,833,607
Consumer secured	580,215,214	1,573,199	581,788,413
Consumer unsecured	58,860,602	278,918	59,139,520
Commercial real estate	160,447,664	-	160,447,664
Other commercial	2,656,158	-	2,656,158
Total	$ 1,273,830,104	$ 3,085,906	$ 1,276,916,010

Past Due Loans by Class

The following tables present the aging of the recorded investment in past due loans by class of loans as of:

	December 31, 2023			
		60-89 Days	90 Days or >	
	Current	Past Due	Past Due	Total
Residential first mortgage real estate	$ 362,423,930	$ 2,733,417	$ 1,706,172	$ 366,863,519
Residential second mortgage real estate	131,436,044	282,530	637,096	132,355,670
Consumer secured	597,306,196	2,683,374	2,493,403	602,482,973
Consumer unsecured	62,275,796	337,809	554,798	63,168,403
Commercial real estate	177,344,120	-	-	177,344,120
Other commercial	2,657,505	59,803	-	2,717,308
Total	$ 1,333,443,591	$ 6,096,933	$ 5,391,469	$ 1,344,931,993

	December 31, 2022			
		60-89 Days	90 Days or >	
	Current	Past Due	Past Due	Total
Residential first mortgage real estate	$ 357,658,286	$ 1,412,480	$ 979,882	$ 360,050,648
Residential second mortgage real estate	112,298,084	281,616	253,907	112,833,607
Consumer secured	579,310,585	904,629	1,573,199	581,788,413
Consumer unsecured	58,608,587	252,015	278,918	59,139,520
Commercial real estate	160,447,664	-	-	160,447,664
Other commercial	2,656,158	-	-	2,656,158
Total	$ 1,270,979,364	$ 2,850,740	$ 3,085,906	$ 1,276,916,010

Nonaccrual Loans

The Credit Union generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, part of the principal balance has been charged off and no restructuring has occurred or the loans reach 90 days past due for all loan types.

When the Credit Union places a loan on nonaccrual status, the Credit Union reverses the accrued unpaid interest receivable against interest income and account for the loan on the cash or cost recovery method, until it qualifies for return to accrual status. Generally, the Credit Union returns a loan to accrual status when (a) all delinquent interest and principal become current under the terms of the loan agreement or (b) the loan is both well-secured and in the process of collection and collectability is no longer doubtful.

The Credit Union has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the member's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status, if applicable.

The following table presents the loans to members on nonaccrual status. The balances are presented by class of financing receivable.

	December 31,	
	2023	**2022**
Residential first mortgage real estate	$ 1,706,172	$ 979,882
Residential second mortgage real estate	637,096	253,907
Consumer secured	2,493,403	1,573,199
Consumer unsecured	554,798	278,918
Commercial real estate	-	-
Other commercial	-	-
Total	$ 5,391,469	$ 3,085,906

There were no loans 90 days or more past due and still accruing interest as of December 31, 2023.

Impaired Loans

The Credit Union considers loans impaired when, based on current information, it is probable that the Credit Union will not collect all principal and interest payments according to contractual terms. Loans are evaluated for impairment in accordance with the Credit Union's portfolio monitoring and ongoing risk assessment procedures. Management considers the financial condition of the borrower, cash flow of the borrower, payment status of the loan, and the value of the collateral, if any, securing the loan. Generally, impaired loans do not include large groups of smaller balance homogenous loans such as residential real estate and consumer type loans which are evaluated collectively for impairment and are generally placed on nonaccrual status when the loan becomes 90 days past due as to principal or interest. Loans specifically reviewed for impairment are not considered impaired during periods of “minimal delay” in payment (90 days or less) provided eventual collection of all amounts due is expected. The impairment of a loan is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, or the fair value of the collateral if repayment is expected to be provided solely by the collateral. In appropriate circumstances, interest income on impaired loans may be recognized on a cash basis.

The following table includes the unpaid principal balances for impaired loans receivable with the associated allowance amount, if applicable. Also presented is the average ending principal balance of the impaired loans and the related allowance recognized during the time the loans were impaired.

	December 31, 2022		
	Unpaid Principal Balance	Related Allowance	Average Ending Principal Balance
With a related allowance recorded:			
Residential first mortgage real estate	$ 357,995	$ 46,477	$ 43,132
Residential second mortgage real estate	53,162	7,472	17,721
Consumer secured	202,764	42,393	9,217
Consumer unsecured	22,930	3,590	11,465
Commercial real estate	1,581,079	75,969	527,026
Other commercial	-	-	-
With no related allowance recorded:			
Residential first mortgage real estate	314,249	-	52,375
Residential second mortgage real estate	41,101	-	41,101
Consumer secured	34,652	-	4,950
Consumer unsecured	10,220	-	10,220
Commercial real estate	2,435,717	-	1,216,359
Other commercial	-	-	-
Total:			
Residential real estate	$ 766,507	$ 53,949	$ 41,886
Consumer	$ 270,566	$ 45,983	$ 8,455
Commercial	$ 4,016,796	$ 75,969	$ 802,759

Modified Loans under ASC 326

The amortized cost basis of loans that were both experiencing financial difficulty and modified during the year by class and by type of modification are disclosed below.

	For the year ending December 31, 2023			
	Residential Real Estate	Consumer Secured	Consumer Unsecured	Commercial
Interest rate reduction	$ -	$ 36,976	$ -	$ -

There were no loans that had a payment default during the year and were modified in the twelve months prior to that default during the year ended December 31, 2023.

At December 31, 2023, there are no commitments to lend additional funds to any member experiencing financial difficulties whose loan terms have been modified.

Troubled Debt Restructurings (TDR)

In situations where, for economic or legal reasons related to a member's financial difficulties, the Credit Union grants a concession for other than an insignificant period of time to the member that the Credit Union would not otherwise consider, the related loan is classified as a TDR. The Credit Union strives to identify members in financial difficulty early and work with them to modify to more affordable terms before their loan reaches nonaccrual status. These modified terms may include interest rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where the Credit Union grants the member new terms deemed to be a concession, the Credit Union measures any impairment on the restructuring using the methodology for individually impaired loans. Loans classified as TDRs are reported as impaired loans.

The following is a summary of information pertaining to troubled debt restructurings that occurred during the audit year ending:

	December 31, 2022			
	Troubled Debt Restructurings		Troubled Debt Restructurings That Subsequently Defaulted	
	Number of Loans	Post-Modification Balance	Number of Loans	Balance
Residential real estate	-	$ -	-	$ -
Consumer	5	35,615	-	-
Commercial	-	-	-	-
	5	$ 35,615	-	$ -

The pre-modification and post-modification balances for troubled debt restructurings are generally the same.

NOTE 4: PREMISES AND EQUIPMENT

	December 31, 2023	December 31, 2022
Land	$ 3,007,339	$ 3,007,339
Buildings	34,239,813	34,070,159
Furniture and equipment	19,866,350	18,926,336
Construction in process	67,069	19,939
	57,180,571	56,023,773
Less accumulated depreciation	(34,325,640)	(31,233,089)
Premises and equipment, net	$ 22,854,931	$ 24,790,684

NOTE 5: LEASES

The Credit Union evaluates contracts at inception to determine if an arrangement is or contains a lease. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial condition. The leases relate primarily to branches, office facilities, and equipment. Lease ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term. The leases do not provide an implicit rate, so the Credit Union uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is reevaluated upon lease modification. The lease ROU asset also includes initial direct costs and prepaid lease payments made, if any, less lease incentives, if any. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Credit Union will exercise that option. The Credit Union has elected the practical expedient not to separate lease and nonlease components for all of their branch and ATM leases. The leases have remaining lease terms of one year to five years, some of which include options to renew the lease for up to five additional years.

The Credit Union has elected the practical expedient for short-term leases (i.e. leases with an initial term of twelve months or less that do not contain a purchase option that is likely to be exercised), and thus are not recorded on the statements of financial condition. Lease payments are recognized in expense on a straight-line basis over the term of the lease.

Recognized rent expense associated with the leases is as follows:

	For the Year Ending December 31, 2023	2022
Operating lease cost:		
Fixed rent expense	$ 172,000	$ 171,600

Amounts recognized as right-of-use assets related to finance leases are included in Fixed assets, net in the accompanying statement of financial position, while related lease liabilities are included in Current portion of long-term debt and Long-term debt. Right-of-use assets and lease liabilities related to finance leases were as follows:

The following cash and non-cash activities associated with our leases were as follows:

	For the Year Ending December 31, 2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 158,537	$ 154,353
Non-cash investing and financing activities:		
Additions to right-of-use assets obtained from:		
New operating lease liabilities	$ 102,331	$ 663,083

The future payments due under operating and finance leases is as follows:

Year Ending December 31,	Operating Leases
2024	$ 173,700
2025	154,000
2026	91,500
2027	33,600
2028	24,000
Total lease payments	476,800
Imputed Interest	(24,275)
Total lease liability	$ 452,525

	As of December 31,	
Weighted average remaining lease term	**2023**	**2022**
Operating leases	3.71	3.49

Because generally the rate is not implicit in the lease, the Credit Union utilizes their incremental borrowing rate as the discount rate.

	As of December 31,	
Weighted average discount rate	**2023**	**2022**
Operating leases	3.45%	3.00%

NOTE 6: SHARE AND SAVINGS ACCOUNTS

	December 31,	
	2023	**2022**
Share draft accounts	$ 251,777,146	$ 256,191,291
Money market accounts	283,089,943	235,388,620
Share accounts	455,106,480	550,660,925
Certificate accounts	323,997,530	199,566,774
Total	$ 1,313,971,099	$ 1,241,807,610

The scheduled maturities of certificate accounts are as follows:

Year Ending December 31,	Amount
2024	$ 310,187,149
2025	6,288,565
2026	2,877,485
2027	1,460,449
2028	3,183,882
Total	$ 323,997,530

	December 31, 2023	December 31, 2022
Certificate accounts in denominations of $250,000 or more	$ 35,825,479	$ 17,186,843
Negative share and saving accounts that were reclassed to loans receivable	$ 346,329	$ 372,973

The National Credit Union Share Insurance Fund insures members' shares up to $250,000. This includes all account types, such as savings, checking, money market, and certificates of deposit. Individual Retirement Account coverage is an additional $250,000.

NOTE 7: EMPLOYEE BENEFITS

401(k) Plan

The Credit Union has a qualified, contributory 401(k) plan (Plan) covering substantially all full-time employees. The Plan allows employees to defer a portion of their salary into the Plan. The Credit Union matches a portion of employees' wage reductions. Plan costs are accrued and funded on a current basis.

	For the Year Ending December 31, 2023	For the Year Ending December 31, 2022
Credit Union contributions	$ 3,073,339	$ 2,902,523

Deferred Compensation Plan 457(b)

The Credit Union maintains non-qualified pension plans for a select group of Management. Participants are eligible based on approval by the Credit Union's Board of Directors. Under this plan, participants defer a portion of their compensation. The deferred compensation accounts are shown as both assets and liabilities on the Credit Union's financial statements and are available to creditors in the event of the Credit Union's liquidation.

	December 31, 2023	December 31, 2022
Retirement plan balance	$ 303,782	$ 240,073

Split Dollar Life Insurance

The Credit Union provides certain individuals with a supplemental executive retirement plan (Plan). The Plan is being funded via life insurance policies and split dollar loan agreements have been entered into with the participants of the executives covered under the Plan. As part of the split dollar loan agreements, the executives have assigned the policies to the Credit Union as collateral. This assignment secures repayment of any advances and accrued interest for the policy premiums and any other advances under any agreement. The loans have a fixed interest rate, with interest accrued monthly and capitalized as part of the total loan balance annually.

	December 31, 2023	December 31, 2022
Split dollar loans and accrued interest	$ 27,537,257	$ 27,262,463

Credit Union Owned Life Insurance (COLI)

The Credit Union has a Credit Union Owned Life Insurance (COLI) policies that are maintained to provide income to offset the cost of employee benefits.

	For the Year Ending December 31,	
	2023	2022
Balance of COLI policies	$ 10,959,026	$ 10,316,279

NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES

Legal Contingencies

The Credit Union is a party to various miscellaneous legal actions normally associated with financial institutions, the aggregate of which, in Management's opinion, would not be material to the Credit Union's financial condition.

Off-Balance-Sheet Risk

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend credit which include lines of credit, credit cards, and home equity lines that involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

The Credit Union's exposure to credit loss is represented by the contractual notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for loans recorded in the financial statements.

Unfunded loan commitments under lines-of-credit are summarized as follows:

	December 31,	
	2023	2022
Credit card lines	$ 107,945,182	$ 107,855,847
Revolving Open-End lines secured by residential properties	85,583,348	82,636,488
Unused Overdraft Protection Program	48,083,376	38,253,858
Commercial and construction loans	11,068,908	1,032,422
Unsecured Share Draft Lines of Credit	5,338,276	17,061,032
Total	$ 258,019,090	$ 246,839,647

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 and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis. The amount of collateral obtained to secure borrowing on the lines of credit is based on Management's credit evaluation of the member.

Unfunded commitments under lines-of-credit and revolving credit lines are commitments for possible future extensions of credit to existing members. These lines-of-credit are uncollateralized with the exception of home-equity loans and usually do not contain a specified maturity date and ultimately may not be drawn upon to the total extent to which the Credit Union is committed.

Concentrations of Credit Risk

The Credit Union may be exposed to credit risk from a regional economic standpoint, since a significant concentration of its borrowers work or reside in the Northeast Ohio area. However, the loan portfolio is well diversified and the Credit Union does not have any significant concentrations of credit risk except unsecured loans, which by their nature increase the risk of loss compared to those loans that are collateralized.

NOTE 9: RENTS UNDER OPERATING LEASES

The Credit Union leases office space to unrelated parties. These leases are classified as operating leases. Certain of these leases contain options to renew. The rental revenue includes reimbursement for various operating costs including common area maintenance, property taxes, and parking income.

	For the Year Ending December 31, 2023	2022
Rental Income	$ 28,558	$ 27,562

A summary of the minimum future rents under the operating leases that have remaining noncancelable lease terms in excess of one year are as follows:

Year Ending December 31,	Minimum Future Rents
2024	$ 11,363
2025	9,605
Total	$ 20,968

NOTE 10: BORROWED FUNDS

Lines-of-Credit

The Credit Union has an unused line-of-credit. The terms of the agreement require the pledging of all present and future loans and equipment as security for obligations under this line-of-credit agreement. The interest rate terms under this line-of-credit agreement are variable.

	December 31, 2023		December 31, 2022	
	Credit Limit	Balance	Credit Limit	Balance
Line-of-credit, Corporate One Federal Credit Union	$ 25,000,000	$ -	$ 10,000,000	$ -

Federal Reserve Bank

As a member of the Federal Reserve Bank of Cleveland (FRB), and in accordance with an agreement with them, the Credit Union is required to maintain qualified collateral for advances. Qualified collateral, as defined by the FRB, is free and clear of liens, pledges, and encumbrances. The total borrowing capacity was $366,776,862 and $289,938,081 as of December 31, 2023 and 2022, respectively.

Description	Maturity Date	Interest Rate	December 31, 2023	2022
Loan No. 1	05/03/24	4.70%	$ 40,000,000	$ -

Federal Home Loan Bank

As a member of the Federal Home Loan Bank of Cincinnati (FHLB), and in accordance with an agreement with them, the Credit Union is required to maintain qualified collateral for advances. Qualified collateral, as defined in the FHLB Statement of Credit Policy, is free and clear of liens, pledges, and encumbrances. The FHLB has established a Credit Availability at 40% and 50% of total assets for the Credit Union as of December 31, 2023 and 2022, respectively. For purposes of the Credit Availability, total assets is based upon the most recent quarterly financial information submitted by the Credit Union to their regulatory agency. The FHLB has established a Credit Availability of $202,115,500 and $212,107,830 as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the outstanding balances, maturities, and interest rates of these loans were as follows:

			December 31,	
Description	**Maturity Date**	**Interest Rate**	**2023**	**2022**
Adv No. 33	08/10/28	4.51%	$ 4,500,000	$ -
Adv No. 25	03/30/23	3.52%	-	20,000,000
Adv No. 26	05/19/23	4.74%	-	10,000,000
Adv No. 27	04/19/23	4.71%	-	10,000,000
Adv No. 28	11/10/27	4.24%	15,000,000	15,000,000
Adv No. 29	05/22/26	4.50%	20,000,000	20,000,000
Adv No. 30	03/21/25	4.52%	12,000,000	12,000,000
			$ 51,500,000	$ 87,000,000

Scheduled maturities of borrowed funds are as follows:

Year Ending December 31,	**Amount**
2024	$ 40,000,000
2025	12,000,000
2026	20,000,000
2027	15,000,000
2028	4,500,000
Total borrowings	$ 91,500,000

NOTE 11: CAPITAL REQUIREMENTS

The Credit Union has elected to use the Complex Credit Union Leverage Ratio (CCULR) as the determining net worth classification for regulatory purposes as of December 31, 2023. 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 institution's category.

Key aspects of the Credit Union's minimum capital amounts and ratios are summarized as follows:

	December 31, 2023		December 31, 2022	
	Amount	**Ratio**	**Amount**	**Ratio**
Regulatory Net Worth	$ 224,537,278	13.69%	$ 209,789,051	13.62%
Complex Credit Union Leverage Ratio		13.69%		13.62%
Net Worth Classification	Well Capitalized		Well Capitalized	

The Credit Union uses a permitted optional method to calculate regulatory net worth. The Credit Union uses the optional method of using the average of daily assets over the preceding calendar quarter to calculate total assets at quarter end of regulatory net worth calculations.

NOTE 12: RELATED PARTY TRANSACTIONS

The balance of certain related party transactions with directors, committee members and executives are as follows:

	December 31,	
	2023	**2022**
Loans	$ 599,046	$ 302,997
Shares	$ 2,081,424	$ 1,476,916

NOTE 13: FAIR VALUE MEASUREMENTS

Recurring Basis

The Credit Union uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Credit Union measures fair value, refer to Note 1 - Significant Accounting Policies. The following tables present the balances of the assets and liabilities measured at fair value on a recurring basis:

	December 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Available-for-sale investments	$ 104,854,549	$ -	$ 104,854,549	$ -

	December 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Available-for-sale investments	$ 120,877,458	$ -	$ 120,877,458	$ -

Available-for-Sale Securities: Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, or on discounted cash flow models based on the expected payment characteristics of the underlying instruments.

NOTE 14: REVENUE RECOGNITION

Revenue is recorded when earned, which is generally over the period services are provided and no contingencies exist. The following summarizes the Credit Union’s revenue recognition policies as they relate to certain noninterest income line items in the Consolidated Statement of Income.

Card Income

Card income includes fees such as interchange, cash advance, annual, late, over-limit and other miscellaneous fees. Uncollected fees are included in customer card receivables balances with an amount recorded in the allowance for loan and lease losses for estimated uncollectible card receivables. Uncollected fees are generally written off when a card receivable reaches 180 days past due.

Service Charges

Service charges include fees for insufficient funds, overdrafts and other banking services. Uncollected fees are included in outstanding loan balances with an amount recorded for estimated uncollectible service fees receivable. Uncollected fees are generally written off when a fee receivable reaches 60 days past due. Investment and brokerage services revenue consists primarily of asset management fees and brokerage income.

Other Non-Interest Income

Other non-interest income includes income from various sources. The amounts from these various sources are not significant revenue source and excluded from the scope of FASB's revenue guidance.

Rental Income

The Credit Union leases office space to third parties. Rental income is recognized evenly over the life of lease as it is earned. The rental revenue includes reimbursement for various operating costs including common area maintenance, property taxes, and parking income.

Commission Income

Commission Income includes commissions the Credit Union earns on insurance products and or investment products sold to Credit Union members by third parties.

Loan Origination Servicing Income

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned.

NOTE 15: ACQUISITION

Effective December 1, 2023, the Credit Union completed the merger of Youngstown City Schools Credit Union, the acquiree in this business combination. Youngstown City Schools Credit Union was a state-chartered credit union located in Youngstown, Ohio, founded as a cooperative association for the purposes of promoting thrift among and creating a source of credit for its members. The reason for the merger is to promote thrift among its members, further consistent with the purpose when founded. The merger is a business combination of two mutual entities accounted for in accordance with the provisions of acquisition method accounting. The application of acquisition method accounting requires that the acquiree credit union's assets and liabilities be recorded at fair value. The difference between the fair value of assets and liabilities obtained during the merger is reflected in either a bargain purchase gain or goodwill. In addition, the acquirer, in a combination of mutual entities, recognizes the acquiree's net assets as a direct addition to equity in its statement of financial position, not as an addition to retained earnings. Based on the asset size of Youngstown City Schools Credit Union, the amortized cost is equivalent to its fair market value and is reflected in the attached audited financial statements. In addition, merged equity as a result of the merger approximated $2,859,000.

☆☆☆☆☆

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COMMUNICATING MATTERS RELATED TO A CREDIT UNION'S INTERNAL CONTROL OVER FINANCIAL REPORTING

Supervisory Committee
Seven Seventeen Credit Union, Inc.
Warren, Ohio

In planning and performing our audit of the consolidated financial statements of Seven Seventeen Credit Union, Inc. (the Credit Union) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Credit Union's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, we do not express an opinion on the effectiveness of the Credit Union's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow Management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Credit Union's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be a material weakness. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of Management, the Board of Directors, the Supervisory Committee, and the Regulators, and is not intended to be, and should not be, used by anyone other than these specific parties.

The accounting principles and auditing standards referred to throughout this report and used to conduct our audit are those principles and standards generally accepted in the United States of America and promulgated by the American Institute of Certified Public Accountants.

Nearman, Maynard, Vallez, CPAs, P.A.

Nearman, Maynard, Vallez, CPAs, P.A.
Miami, Florida
March 18, 2024

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MATTERS REQUIRED TO BE COMMUNICATED TO THE SUPERVISORY COMMITTEE

Supervisory Committee
Seven Seventeen Credit Union, Inc.
Warren, Ohio

As part of our responsibility under accounting pronouncements, certain matters are required to be communicated by the CPA Firm to those charged with governance. We are responsible for communicating significant matters related to the financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. In addition, we are responsible for determining the overall audit strategy and the audit plan including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence. The following summarizes those matters required to be communicated to the Supervisory Committee.

Our Responsibility under U. S. Generally Accepted Auditing Standards
As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements prepared by Management are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal controls of the Credit Union. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

Independence
Generally accepted auditing standards require independence for all audits. Relevant matters to consider in reaching a conclusion about independence include circumstances or relationships that create threats to auditor independence and the related safeguards that have been applied to eliminate those threats or reduce them to an acceptable level.

It is the policy of our firm that all Associates be familiar with and adhere to the independence, integrity, and objectivity policies of the firm. In this regard, any transaction, financial interest, event, circumstance, or action that would impair the firm’s independence is prohibited. We are familiar with the AICPA’s Code of Professional Conduct and subsequent auditing standards, and their interpretations and rulings which require that we are independent in fact and in appearance. All of our Associates are required to sign an Independence Representation Form when hired and annually thereafter. In addition, we inform all Associates on an ongoing basis whenever a new client engages our services so that our Associates can review their independence with the new client at that time. Any conflicts must be reported to the Quality Control Director. For the period covered by the attached audited consolidated financial statements, all of our Associates involved in this engagement are independent of your Credit Union.

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In accordance with our professional standards for this engagement, it is required that ***all*** Associates of Nearman, Maynard, Vallez, CPAs, P.A. who were involved in this engagement, are ***independent*** and no conflict of interest exists between our Associates and the Credit Union, its staff, and any of its representatives, and we have not assumed any management responsibilities. All Associates of Nearman, Maynard, Vallez, CPAs, P.A. were independent in fact and appearance with this engagement and no conflict of interest exists.

It is the responsibility of Management to make all management decisions and perform all management functions with the information provided to them as a result of this engagement and designate a competent individual to oversee the services preferably within senior management, who possesses suitable skill, knowledge, and/or experience to oversee any financial statement preparation services, bookkeeping services, tax services, or other services Nearman, Maynard, Vallez, CPAs, P.A. provides. Management should assess and be satisfied that such an individual understands the services to be performed, the scope, risk, and frequencies of activities which is sufficient to oversee them. These management decisions and functions include but are not limited to, accepting responsibility for the implementation of and/or the decision to implement the results of the services performed and to evaluate the adequacy of procedures performed and the findings resulting from the performance of those procedures. They also conduct ongoing monitoring activities. It is also part of Management's responsibility for designing, implementing, and maintaining the process of internal controls and to monitor those internal controls to assess the quality of their performance over time. Monitoring activities are procedures performed to assess whether components of internal control are present and functioning. Monitoring can be accomplished through ongoing evaluations or separate evaluations, or some combination of the two. Ongoing evaluations are generally defined, as routine operations built into the Credit Union's business processes and performed on a real-time basis. Ongoing evaluations, including managerial activities and everyday supervision of employees, monitor the presence and functioning of the components of internal control in the ordinary course of managing the business.

Significant Accounting Policies
Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised Management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Credit Union are described in Note 1 to the consolidated financial statements. The Credit Union implemented ASU 2016-13 "Financial Instruments-Credit Losses" during the audit period. As a result of the implementation, the Credit Union recorded a one-time entry from Undivided Earnings to the Allowance for Loan Loss account in the amount of $4,396,332 effective January 1, 2023. We noted no transactions entered into by the Credit Union during the year that were both significant and unusual or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates
Accounting estimates are an integral part of the consolidated financial statements prepared by Management and are based on Management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We have evaluated and considered Management's judgments and accounting estimates as part of our audit procedures.

Significant Audit Adjustments
For the purposes of this letter, the professional standards define a significant audit adjustment as a proposed correction of the consolidated financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Credit Union that could potentially cause future consolidated financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current consolidated financial statements. We proposed

no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Credit Union's financial reporting process.

Significant Unusual Transactions
For the purposes of this letter, the professional standards define a significant unusual transaction as those that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature. To our knowledge, there were no such transactions.

Uncorrected Misstatements
Our audit procedures are designed to accumulate all known and likely misstatements identified during the audit. There is a possibility that immaterial misstatements, considered to us to be trivial, may have been identified during the audit. In addition, these uncorrected misstatements could potentially cause future-period consolidated financial statements to be materially misstated. Any such immaterial misstatements would have been discussed with Management at the conclusion of the audit.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with Management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants
In some cases, Management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the Credit Union's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with Management each year prior to retention as the Credit Union's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit
Serious difficulties encountered in dealing with Management that relate to the performance of the audit are required to be brought to the attention of the Supervisory Committee. We encountered no difficulties in dealing with Management in performing our audit.

We appreciate this opportunity to be of service to the Credit Union and wish to express our appreciation for the cooperation and assistance we received from Management and the entire Credit Union staff during our audit. If we can be of any further assistance, please contact us.

Nearman, Maynard, Vallez, CPAs, P.A.

Nearman, Maynard, Vallez, CPAs, P.A.
Miami, Florida
March 18, 2024

OTHER REPORTABLE MATTERS

Supervisory Committee
Seven Seventeen Credit Union, Inc.
Warren, Ohio

During our audit, we became aware of the following matters that we feel should be reported. We believe that the related comments may lead to opportunities for strengthening internal controls, operating efficiencies, and/or improving accounting applications. The following summarizes our comments and suggestions regarding those matters. We will review the status of these comments during our next audit engagement.

We have already discussed these comments and suggestions with various Credit Union personnel, and we would be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

During our review of assets acquired in liquidation, we noted the credit union collection department did not have a current balance of repossessed automobiles and the associated net realizable values of those automobiles available as of December 31, 2023. The repossessed automobile balances should be adjusted to the lower of the loan balance or the net realizable value. The net realizable value is based on the current fair market value of the vehicle based on its current condition. Differences between the loan balance and a lower net realizable value should be written off against the allowance for loan losses. Additionally, repossessed assets should be reclassified as "other assets" in the financial statements since they are now owned by the Credit Union.

We recommend that repossessed assets be reclassified as "other assets" in the financial statements at the lower of the loan balance or net realizable value.

This report is intended solely for the information and use of the Supervisory Committee, Management, Board of Directors, and others within the organization and should not be used by anyone other than these specified parties.

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Miami, Florida
March 18, 2024

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INDEPENDENT AUDITOR'S REPORT ON THE GRAPHICAL ANALYSIS

Supervisory Committee
Seven Seventeen Credit Union, Inc.
Warren, Ohio

We have audited the consolidated financial statements of Seven Seventeen Credit Union, Inc. as of and for the year ended December 31, 2023, and our report thereon dated March 18, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on page A-1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The graphical analysis, which is the responsibility of Management, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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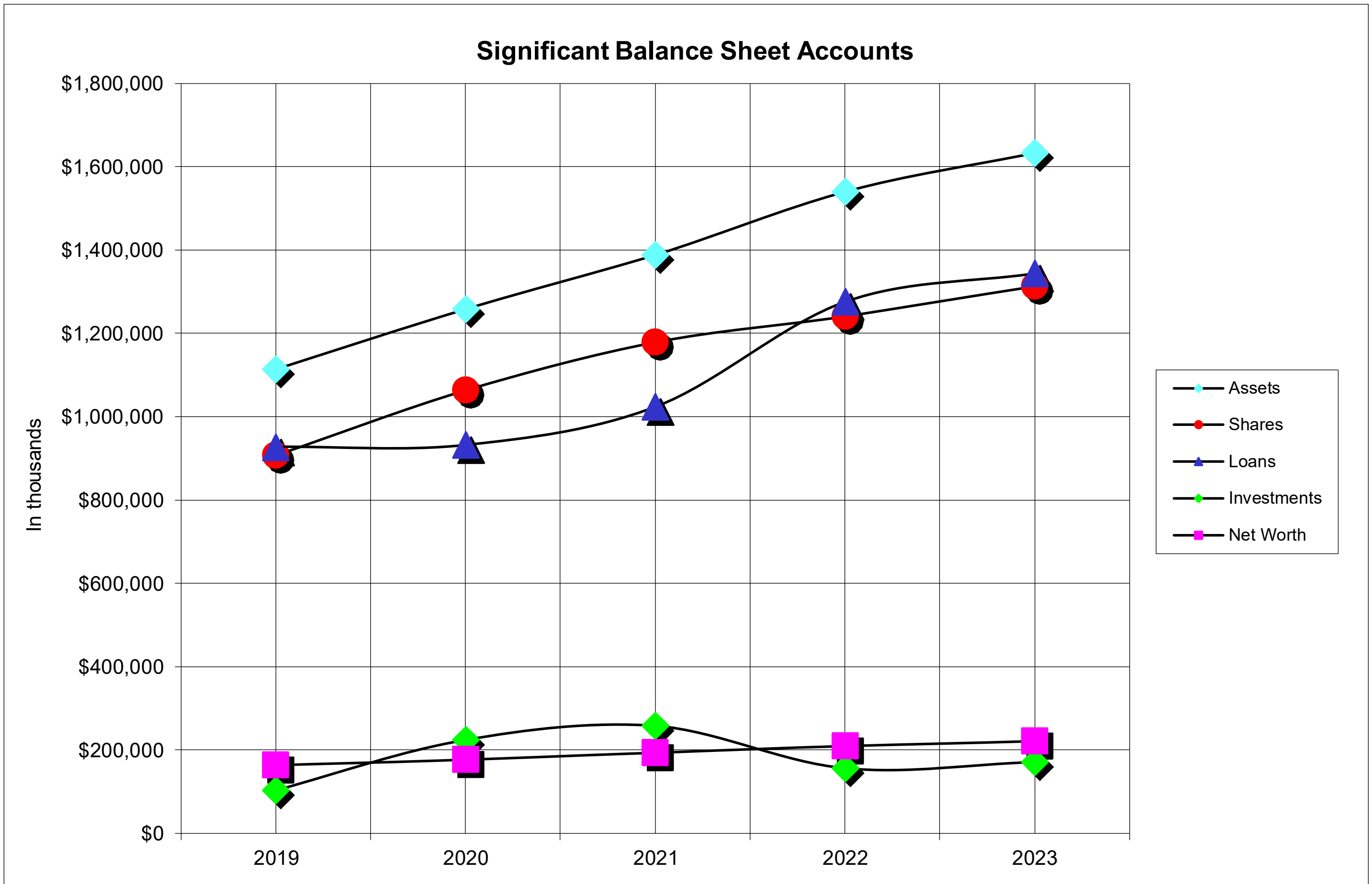
Seven Seventeen Credit Union Inc.
December 31, 2023
Graphical Analysis

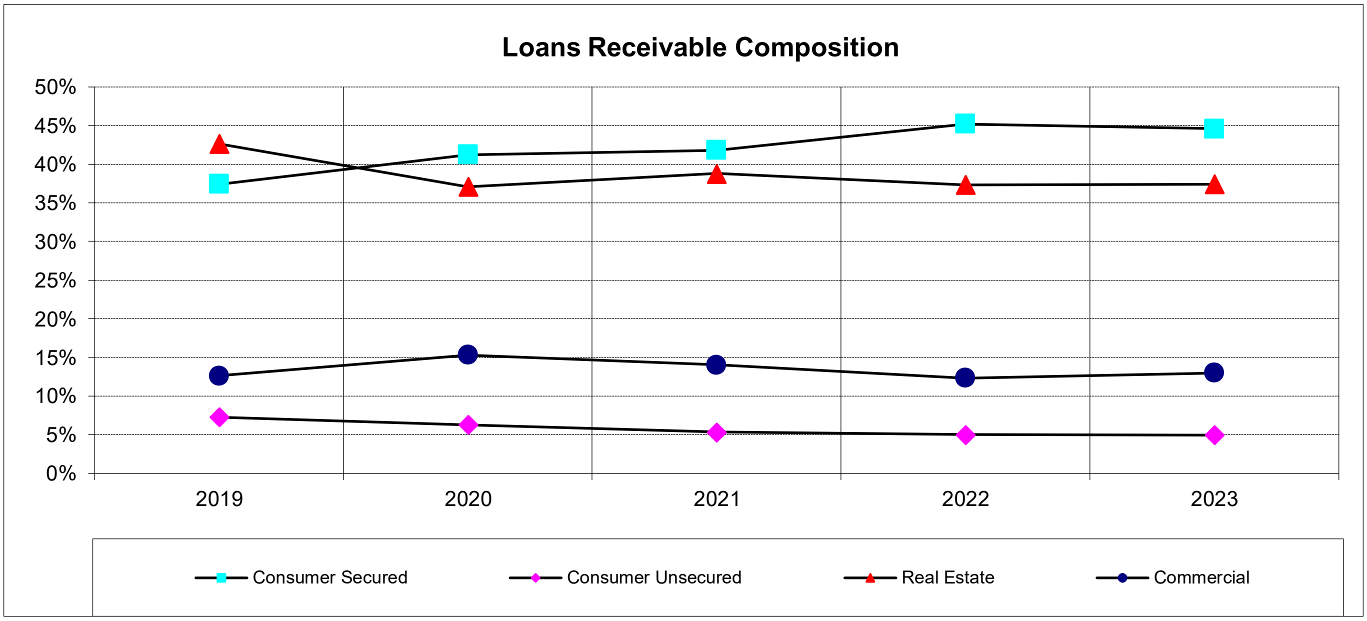
Peer Group Asset Range: 1b - 5b

	December 31, 2022			December 31, 2023		
Changes	**Dollar Change**	**Percentage Change**		**Dollar Change**	**Percentage Change**	**Peer Group Average**
Assets	$ 151,400,546	10.9%	$	93,526,113	6.1%	5.8%
Loans Receivable	$ 252,604,879	24.7%	$	68,015,983	5.3%	13.2%
Investments	$ (101,693,422)	(39.4%)	$	15,362,366	9.8%	(11.4%)
Shares	$ 62,847,048	5.3%	$	72,163,489	5.8%	2.1%
Net Worth	$ 15,539,310	8.0%	$	11,802,685	5.6%	9.5%

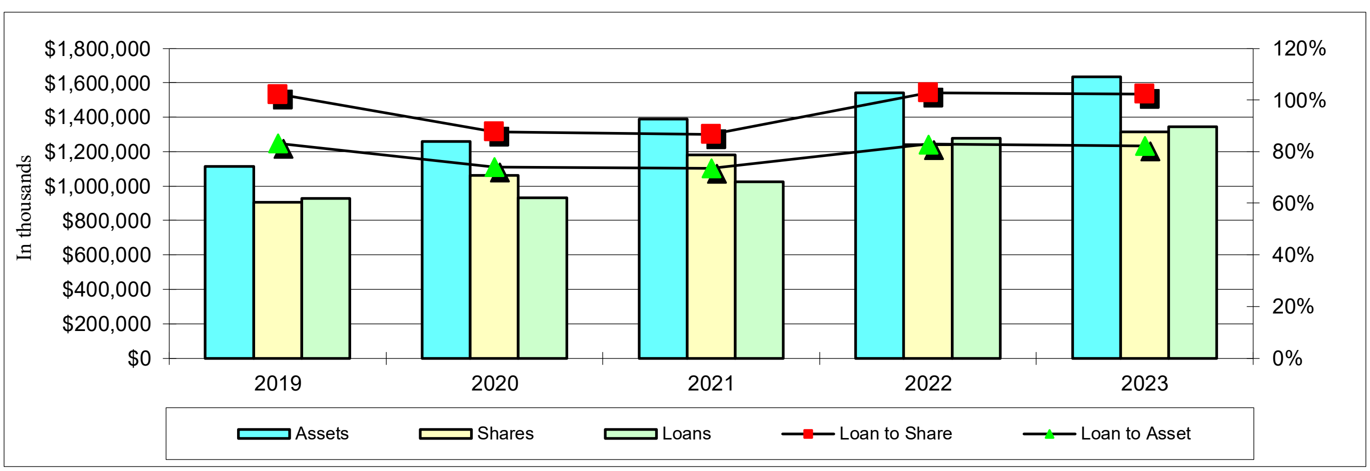


Unaudited, this information is for discussion purposes only.

Loans Receivable Mix	December 31, 2022 Balance	Percentage of Total	December 31, 2023 Balance	Percentage of Total	Peer Group Average
Consumer Secured	$ 577,689,526	46%	$ 599,580,546	45%	39%
Consumer Unsecured	63,864,316	5%	67,052,493	5%	7%
Real Estate	477,120,589	37%	503,447,831	37%	43%
Commercial	158,241,579	12%	174,851,123	13%	11%
Total	$1,276,916,010	100%	$ 1,344,931,993	100%	100%



Other Loan Ratios	December 31, 2022	2023	Peer Group Average
Loan to Share	102.8%	102.4%	86.5%
Loan to Asset	82.9%	82.3%	72.6%



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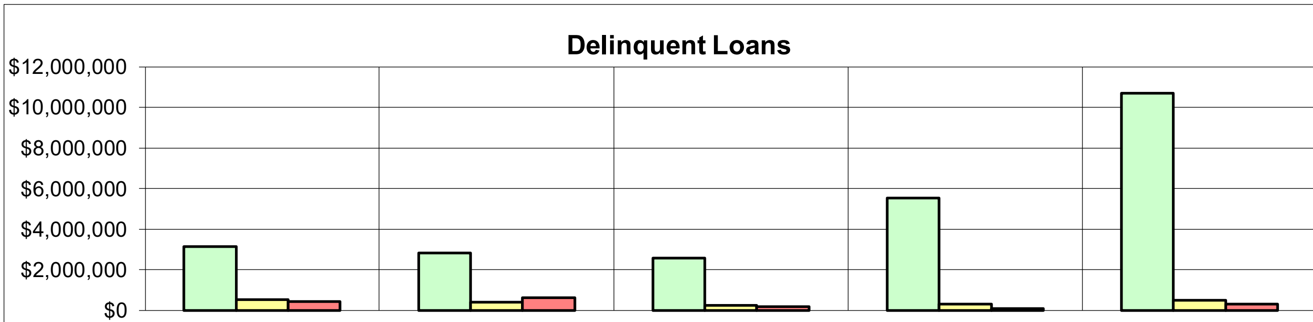
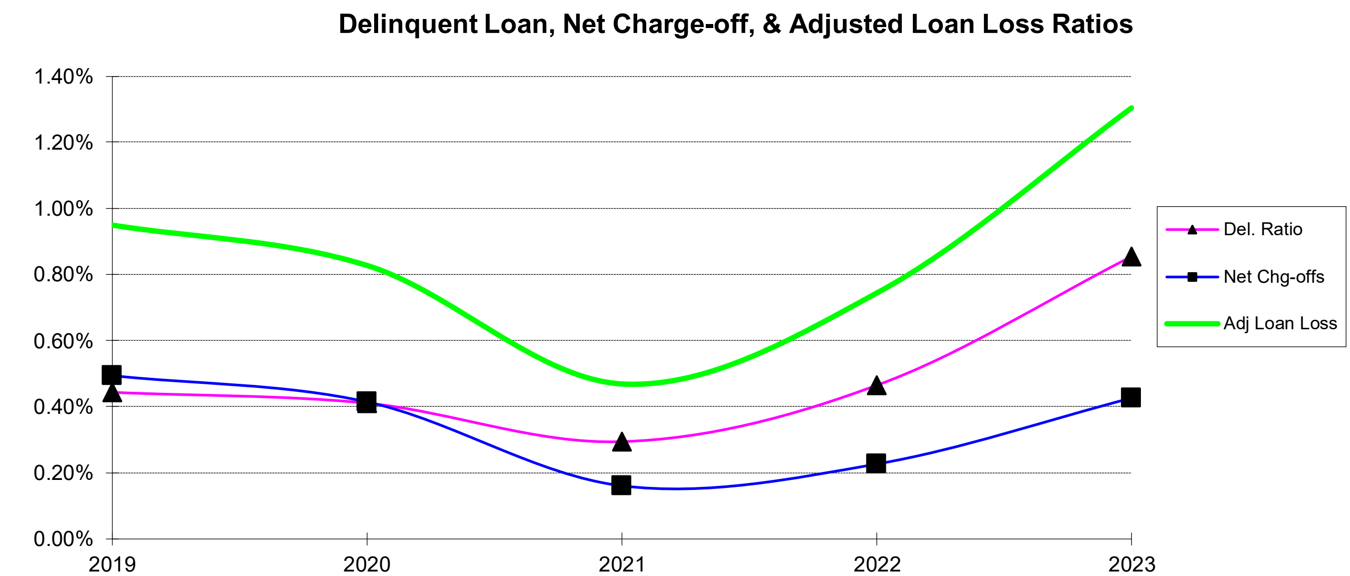
Delinquent Loans	December 31, 2022	December 31, 2023	Dollar Change
Delinquent 60 -179 days	$ 5,544,132	$ 10,685,619	$ 5,141,487
Delinquent 180 - 359 days	302,279	505,023	202,744
Delinquent 360 days >	90,235	297,760	207,525
Total	$ 5,936,646	$ 11,488,402	$ 5,551,756



	2019	2020	2021	2022	2023
60 - 179	3,144,802	2,825,100	2,583,147	5,544,132	10,685,619
180 - 359	525,865	391,220	254,069	302,279	505,023
360 +	448,121	620,124	180,102	90,235	297,760

Loan Performance Ratios	December 31, 2022	December 31, 2023	Peer Group 2022	Peer Group 2023
* Delinquent Loans > 60 days / Total Loans	0.46%	0.85%	0.42%	0.53%
* Net Charge-offs / Average Loans	0.23%	0.43%	0.21%	0.39%
**Adjusted Loan Loss Ratio	0.74%	1.30%	0.57%	0.86%

** ((Del. Loans > 60 days + Net Chg-offs) / Avg. Loans)

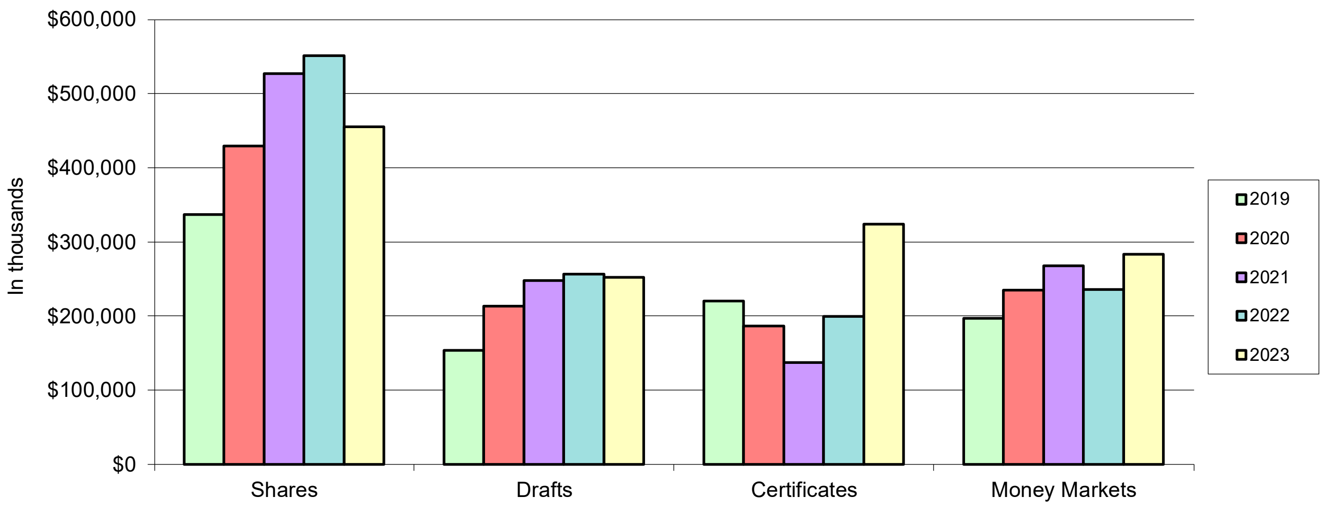


Unaudited, this information is for discussion purposes only.

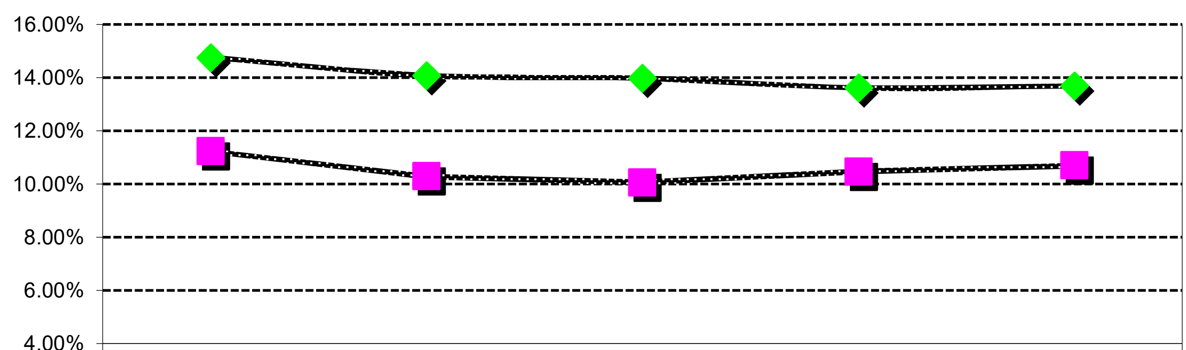
* - Key Financial Performance Ratio

Share Mix	December 31, 2022 Balance	Percentage of Total	December 31, 2023 Balance	Percentage of Total	Peer Group Average
Shares	$ 550,660,925	44%	$ 455,106,480	34%	38%
Drafts	256,191,291	21%	251,777,146	19%	22%
Certificates	199,566,774	16%	323,997,530	25%	23%
Money Markets	235,388,620	19%	283,089,943	22%	17%
Total	$ 1,241,807,610	100%	$ 1,313,971,099	100%	100%

Share Composition



Net Worth Ratio	December 31, 2022	December 31, 2023	Basis Point Change	Peer Group Average
* Net Worth / Total Assets	13.62%	13.69%	7	10.70%



	2019	2020	2021	2022	2023
Peer Group	11.23%	10.29%	10.06%	10.47%	10.70%
Credit Union	14.76%	14.08%	13.98%	13.62%	13.69%

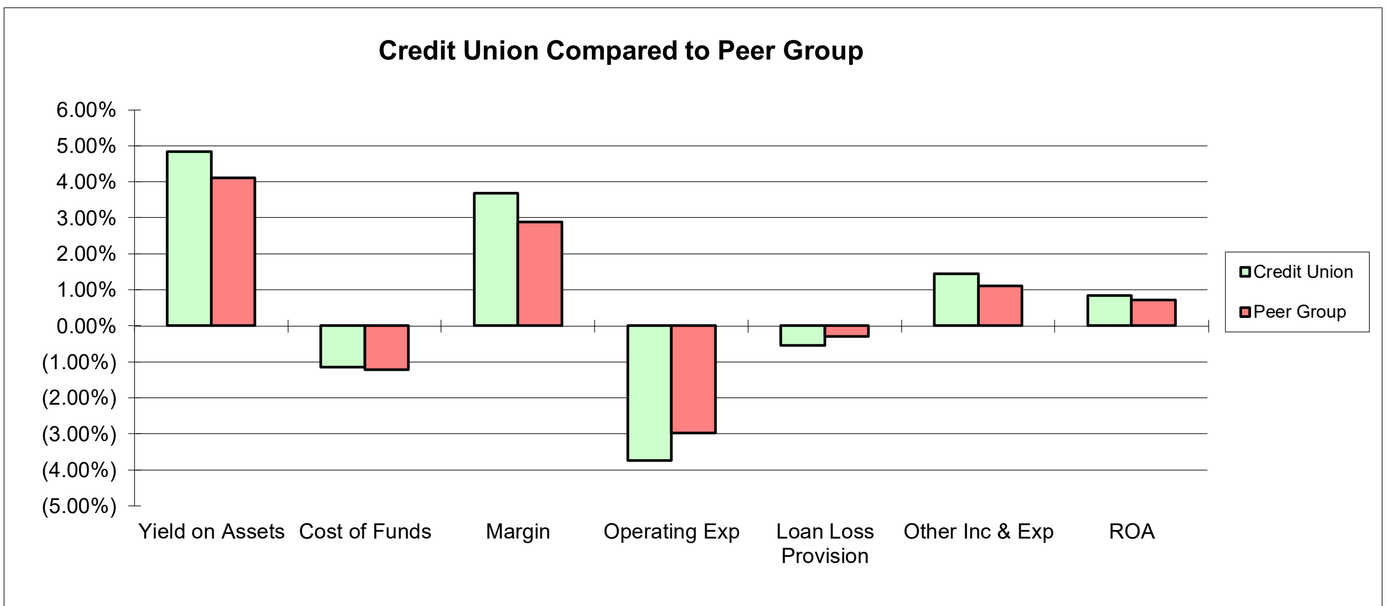
Unaudited, this information is for discussion purposes only.

*** - Key Financial Performance Ratio**

Credit Union	<A>			<B>	<A> - <B>
	For the Period Ended December 31,		**Basis Point Change**	**Peer Group Average**	**Basis Point Comparison to Peer Group**
Profitability Ratios	**2022**	**2023**			
Yield on Assets / Average Assets	3.89%	4.83%	94	4.10%	73
Cost of Funds / Average Assets	(0.27%)	(1.14%)	(87)	(1.22%)	8
Net Interest Margin	3.62%	3.69%	7	2.88%	81
Operating Expenses / Average Assets	(3.77%)	(3.75%)	2	(2.98%)	(77)
Provision for Loan Loss / Average Assets	(0.24%)	(0.54%)	(30)	(0.30%)	(24)
Non-interest income / Average Assets	1.44%	1.44%	-	1.11%	33
* Return on Average Assets (ROA)	1.05%	0.84%	(21)	0.71%	13
Combined Operating Expense Ratio & Other Income/Expense Ratio	(2.33%)	(2.31%)	2	(1.87%)	(44)

Peer Group			
	For the Period Ended December 31,		**Basis Point Change**
Profitability Ratios	**2022**	**2023**	
Yield on Assets / Average Assets	3.15%	4.10%	95
Cost of Funds / Average Assets	(0.42%)	(1.22%)	(80)
Net Interest Margin	2.73%	2.88%	15
Operating Expenses / Average Assets	(2.90%)	(2.98%)	(8)
Provision for Loan Loss / Average Assets	(0.15%)	(0.30%)	(15)
Non-interest income / Average Assets	1.21%	1.11%	(10)
* Return on Average Assets (ROA)	0.89%	0.71%	(18)
Combined Operating Expense Ratio & Other Income/Expense Ratio	(1.69%)	(1.87%)	(18)

Key Ratio Summary	
Del. Loans	0.85%
Net Chg-offs	0.43%
Net Worth	13.69%
ROA	0.84%



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*** - Key Financial Performance Ratio**

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