



**SEVEN SEVENTEEN
CREDIT UNION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

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

SEVEN SEVENTEEN CREDIT UNION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors
Seven Seventeen Credit Union, Inc.

Opinion

We have audited the consolidated financial statements of Seven Seventeen Credit Union, Inc., which comprise the statements of financial condition as of December 31, 2025 and 2024 and the related statements of income, comprehensive income (loss), members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Seven Seventeen Credit Union, Inc. as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of Seven Seventeen Credit Union, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seven Seventeen Credit Union, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Seven Seventeen Credit Union, Inc.'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 Seven Seventeen Credit Union, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Doeren Mayhew Assurance

Tampa, Florida
March 16, 2026

SEVEN SEVENTEEN CREDIT UNION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION AS OF DECEMBER 31, 2025 AND 2024

Assets

	2025	2024
Cash and cash equivalents	\$ 142,189,753	\$ 93,983,694
Investments: (Note 2)		
Equity securities without readily determinable fair value	42,063,785	-
Available-for-sale debt securities (amortized cost of \$71,704,356 and \$102,154,949)	64,699,106	90,030,381
Held-to-maturity debt securities	4,973,000	5,428,000
Loans receivable, net of allowance for credit losses of \$22,834,000 and \$13,504,000 (Note 3)	1,611,144,910	1,458,132,669
Accrued interest receivable	6,243,846	6,014,827
Premises and equipment, net (Note 4)	19,801,118	20,473,963
National Credit Union Share Insurance Fund deposit	14,465,010	13,430,923
Split Dollar Life Insurance	11,608,778	27,814,821
Credit Union Owned Life Insurance	8,967,215	11,605,527
Prepaid and other assets	53,547,922	31,933,166
	\$ 1,979,704,443	\$ 1,758,847,971

Liabilities and Members' Equity

	2025	2024
Liabilities:		
Share and savings accounts (Note 5)	\$ 1,663,526,492	\$ 1,458,899,475
Borrowed funds (Note 6)	39,500,000	51,500,000
Accrued expenses and other liabilities	31,268,254	23,790,401
Total liabilities	1,734,294,746	1,534,189,876
Commitments and contingent liabilities (Note 7)		
Members' Equity: (Note 8)		
Undivided earnings	244,889,235	229,256,961
Accumulated other comprehensive loss	(7,005,250)	(12,124,578)
Equity acquired from business combinations	7,525,712	7,525,712
Total members' equity	245,409,697	224,658,095
	\$ 1,979,704,443	\$ 1,758,847,971

See accompanying notes to the consolidated financial statements

SEVEN SEVENTEEN CREDIT UNION, INC.

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Interest income:		
Loans receivable	\$ 98,293,190	\$ 88,433,102
Investment securities	1,622,104	1,842,011
Cash and interest bearing deposits	3,315,584	4,419,595
Total interest income	<u>103,230,878</u>	<u>94,694,708</u>
Interest expense:		
Dividends on share and savings accounts	27,723,738	26,894,946
Interest on borrowed funds	1,888,349	3,202,840
Total interest expense	<u>29,612,087</u>	<u>30,097,786</u>
Net interest income	73,618,791	64,596,922
Provision for credit losses	18,844,713	10,734,766
Net interest income after provision for credit losses	54,774,078	53,862,156
Non-interest income:		
Interchange income	9,414,492	9,062,468
Fees and charges	5,826,742	6,987,475
Commission income	3,297,813	3,073,672
Loan application fees	2,600,173	2,236,797
Other non-interest income	4,668,878	4,253,205
Total non-interest income	<u>25,808,098</u>	<u>25,613,617</u>
Non-interest expense:		
Compensation and employee benefits	36,299,055	37,904,788
Operations expense	18,793,973	17,532,436
Advertising and promotion expense	5,438,463	4,639,880
Loan servicing expense	1,669,964	1,647,503
Occupancy	2,748,447	2,560,229
Total non-interest expenses	<u>64,949,902</u>	<u>64,284,836</u>
Net income	<u>\$ 15,632,274</u>	<u>\$ 15,190,937</u>

See accompanying notes to the consolidated financial statements

SEVEN SEVENTEEN CREDIT UNION, INC.

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

	<u>2025</u>	<u>2024</u>
Net income	\$ 15,632,274	\$ 15,190,937
Other comprehensive income (loss)		
Net unrealized holding (losses)/gains on available for sale securities	5,854,798	1,649,553
Less reclassification adjustment for net losses/(gains) included in net income	<u>(735,470)</u>	<u>(1,124)</u>
	<u>5,119,328</u>	<u>1,648,429</u>
Comprehensive income	<u>\$ 20,751,602</u>	<u>\$ 16,839,366</u>

See accompanying notes to the consolidated financial statements

SEVEN SEVENTEEN CREDIT UNION, INC.

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

	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Equity acquired from business combinations	Total
Balance, December 31, 2023	\$ 214,066,024	\$ (13,773,007)	\$ 7,525,712	\$ 207,818,729
Comprehensive Income	15,190,937	1,648,429	-	16,839,366
Balance, December 31, 2024	229,256,961	(12,124,578)	7,525,712	224,658,095
Comprehensive Income	15,632,274	5,119,328	-	20,751,602
Balance, December 31, 2025	\$ 244,889,235	\$ (7,005,250)	\$ 7,525,712	\$ 245,409,697

See accompanying notes to the consolidated financial statements

SEVEN SEVENTEEN CREDIT UNION, INC.

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

	2025	2024
Cash Flows From Operating Activities:		
Net income	\$ 15,632,274	\$ 15,190,937
Adjustments to reconcile net income to net cash:		
Provision for credit losses	18,844,713	10,734,766
Depreciation and amortization of premises and equipment	3,094,526	3,192,148
Urealized (gains)/losses on equity securities	(39,732)	-
(Gains) losses on sale of debt securities	735,470	1,124
Loss (gain) on sale of mortgage loans, net	(557,622)	(418,095)
Increase in cash surrender value of life insurance	(914,626)	(924,065)
Amortization of investment premiums/discounts	371,178	357,839
Changes in operating assets and liabilities:		
Accrued interest receivable	(229,019)	(405,914)
Prepaid and other assets	(21,614,756)	2,063,919
Accrued expenses and other liabilities	7,477,853	2,073,855
Net cash provided by operating activities	22,800,259	31,866,514
Cash Flows From Investing Activities:		
Purchases of:		
Equity securities	(42,024,053)	-
Held-to-maturity debt securities	(1,734,000)	(2,962,000)
Premises and equipment	(2,421,681)	(811,180)
Insurance policies	(22,265,072)	-
Proceeds from:		
Maturities, paydowns and sales of available-for-sale debt securities	29,343,955	16,114,758
Maturities and paydowns of held-to-maturity debt securities	2,189,000	3,910,000
Insurance policies	42,024,053	-
Mortgage loans sold	15,341,964	12,613,415
Net change in:		
Loans receivable, net of charge-offs	(186,641,296)	(147,793,762)
NCUSIF deposit	(1,034,087)	(1,063,939)
Net cash used in investing activities	(167,221,217)	(119,992,708)
Cash Flows From Financing Activities:		
Net change in share and savings accounts	204,627,017	144,928,376
Repayments of borrowings	(12,000,000)	(40,000,000)
Net cash provided by financing activities	192,627,017	104,928,376
Net Change in Cash and Cash Equivalents	48,206,059	16,802,182
Cash and Cash Equivalents at Beginning of Year	93,983,694	77,181,512
Cash and Cash Equivalents at End of Year	\$ 142,189,753	\$ 93,983,694
Supplemental Cash Flow Disclosure:		
Dividends and interest paid	\$ 29,657,624	\$ 31,344,781

See accompanying notes to the consolidated financial statements

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

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

Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. 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 credit losses (ACL) and valuation of securities.

Concentrations of Credit Risk

Participation in the Credit Union is limited to those who qualify for membership as defined in the Credit Union's bylaws. A significant amount of the Credit Union's business activity is with members who work or reside in and around the area of Northeast Ohio. Therefore, the borrowers' ability to repay loans may be affected by the economic climate of the overall geographical region where borrowers reside. However, the loan portfolio is well diversified, and the Credit Union does not have any significant concentration of credit risk, except unsecured loans, which by their nature, increase the risk of loss compared to those loans that are collateralized.

Comprehensive Income/(Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities are reported in a separate component of comprehensive income/(loss). Other comprehensive income/(loss) (OCI) relates to the change in the unrealized gain/(loss) on available-for-sale debt securities. When available-for-sale debt securities are sold, the gain or loss realized on the sale is reclassified from accumulated other comprehensive income/(loss) (AOCI) to the gain/loss on sale of investment securities reported in the consolidated statements of income.

Cash and Cash Equivalents

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

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Investment Securities

Equity Securities

These investments are reported at fair value. Fair value is generally based on quoted market prices or quoted market prices for similar assets. Realized and unrealized gains and losses are recognized in profits or losses through the consolidated statements of income.

Available-for-Sale Securities

Securities available-for-sale consist of securities not otherwise classified as trading securities or as securities to be held-to-maturity and are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income (loss).

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

Gains and losses on sales of available-for-sale securities are determined using the specific identification method. Purchase premiums are amortized, and discounts are accreted using the interest method of accounting.

Held-to-Maturity Securities

Securities classified as held-to-maturity consists of securities that management has the positive intent and ability to hold-to-maturity and are recorded at amortized cost.

Declines in the fair value of individual held to maturity debt investments below their cost that are deemed to be impaired are allocated to credit losses (which are reflected in earnings as realized losses). In determining whether impairment exists, management considers many factors, including: (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near term prospects of the issuer, (3) the current liquidity and volatility of the market for each of the individual investment categories, (4) the projected cash flows from the specific investment, (5) the financial guarantee and financial rating of the issuer, and (6) that the Credit Union does not intend to sell these securities, (7) it is likely that the Credit Union will not be required to sell before a period of time sufficient to allow for any anticipated recovery in fair value which may be the maturity date. The allowance for held-to-maturity debt securities is estimated using a CECL methodology. Any expected credit loss is provided through the allowance for credit loss on HTM securities and is deducted from the amortized cost basis of the security so that the balance sheet reflects the net amount The Credit Union expects to collect. Nearly all of the Credit Union's HTM debt securities are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Accordingly, there is a zero-credit loss expectation on these securities.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Investments in CUSOs

The Credit Union has investments in various CUSOs. The Credit Union uses the equity method of accounting for these investments when it is deemed that the Credit Union holds significant influence over the investee, which is assessed based on ownership percentage and other qualitative factors. For CUSO investments not meeting these requirements and without readily determinable fair values, the Credit Union carries them at cost minus impairment, if any. The balance is included in other assets on the consolidated statements of financial condition.

Loans Held for Investment

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

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

Certain loans for which repayment is expected to be provided substantially through the operation or sale of the loan collateral are considered to be collateral-dependent. Consumer collateral-dependent loans were deemed insignificant and intentionally omitted for disclosure purposes.

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

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

Pass – All loans that are considered to be of pass rated credit quality.

Watch – Loans within this risk category demonstrate an acceptable level of risk, albeit with inadequate ability to sustain major setbacks. They are characterized by declining trends, strained cash flow, and increasing leverage. These members generally have limited additional debt capacity. Management weakness may exist. These members should be able to obtain similar financing with comparable terms, although that ability may diminish in difficult economic times. Extension of additional credit should be done with caution and prudence as continued deterioration in the member's financial position may put repayment at risk.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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

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

Automobile and other consumer loans are generally charged off no later than 180-days past due. Residential mortgages and home equity loans are written down to the estimated fair value of the collateral at 180-days past due. Commercial loans are generally either charged off or written down to net realizable value at 180-days past due.

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

Borrowers that are experiencing financial difficulty and receive a modification in the form of principal forgiveness, interest rate reduction, an other-than-insignificant payment delay or a term extension in the current period need to be disclosed. The Credit Union may modify loans to borrowers experiencing financial difficulty as a way of managing risk and mitigating credit loss from the borrower. The Credit Union may make various types of modifications and may in certain circumstances use a combination of modification types to mitigate future loss. As of and for the years ended December 31, 2025 and 2024, modifications were deemed insignificant and intentionally omitted for disclosure purposes.

Allowance for Credit Losses on Loans

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

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

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

The Credit Union maintains an allowance for credit losses on off-balance sheet credit exposures. The Credit Union estimates expected credit losses over the contractual period in which the Credit Union is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Credit Union. The allowance for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit losses expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated life. The allowance for credit losses on off-balance sheet credit exposures was deemed insignificant and intentionally omitted for disclosure purposes.

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

Transfers of Financial Assets

The Credit Union accounts for transfers and servicing of financial assets in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 860, Transfers and Servicing. Transfers of financial assets are accounted for as sales only when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) assets have been isolated from the Credit Union, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Credit Union does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participation interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial assets, (2) from the date of transfer, all cash flows received, except any cash flows allocated as compensation or servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Premises and Equipment

Land is carried at cost. Building(s), furniture and equipment, and leasehold improvements are carried at cost, less accumulated depreciation and leasehold amortization. Building(s), furniture, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the respective leases. 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.

NCUSIF Deposit

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

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Federal Home Loan Bank Participation Stock

The Credit Union is a member in the Federal Home Loan Bank (FHLB) of Cincinnati. The Credit Union owned 33,939 and 36,333 shares worth \$3,393,900 and \$3,633,300 at December 31, 2025 and 2024, respectively, with quarterly stock and/or cash dividends. No ready market exists for the FHLB stock, and it has no quoted market value. This amount is included in prepaid and other assets.

Perpetual Contributed Capital (PCC)

The Credit Union maintains PCC accounts with Corporate One Federal Credit Union totaling \$1,426,992 as of December 31, 2025 and 2024, respectively. The PCC is not subject to share insurance coverage by the NCUSIF or other deposit insurer. The PCC is not releasable due to a merger, charter conversion or liquidation and is callable at the option of Corporate One Federal Credit Union. The PCC has a perpetual maturity and a non-cumulative dividend. The PCC is included within prepaid and other assets in the consolidated statements of financial condition.

Credit Union Owned Life Insurance (COLI)

The Credit Union holds life insurance policies for key members of management. In the event of death of the individuals, the Credit Union, as beneficiary of the policies, would receive a specified cash payment equal to the death benefit of the policies. The policies are recorded at cash surrender value, or the amount that can be currently realized in the consolidated statements of financial condition. The change in cash surrender value is an adjustment of premiums paid in determining the net expense or income recognized under the contract for the year and is included in non-interest income in the consolidated statements of income. The earnings from the policies are used to indirectly fund employee benefit obligations.

Split-Dollar Life Insurance Loans

The Credit Union has entered into split dollar insurance agreements which is a collateral assignment arrangement between the Credit Union and key employees. The agreement involves a method of paying for insurance coverage for the executives by splitting the elements of a life insurance policy. Under the agreement, the executives are the owners of the policies and make a collateral assignment to the Credit Union in return for a loan equal to the amount of premiums to be paid on behalf of the executives plus accrued interest at a specific rate. At the time of death, the Credit Union will be paid the loan amount plus accrued interest, and the balance of the insurance benefits will be paid to the executives' designated beneficiaries. The loan balance is based on the loan note and accrued interest accrued to date.

Benefit Prefunding Plan

Pursuant to NCUA Rules and Regulations, section 701.19, credit unions accumulating assets to pay for an employee benefit obligation may purchase investments that would otherwise be impermissible. Credit Unions may pre-fund the following items through such investments; premiums paid for group health plans, 401(k) matching contributions, premiums paid for group life and disability.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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 Business Combination(s)

Equity acquired from business combination(s) 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 business combination(s). This component of equity is considered part of net worth as defined by regulations established by the National Credit Union Administration.

Revenue from Contracts with Customers

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

Fees and Charges

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

Interchange Income

The Credit Union earns interchange fees from debit/credit cardholder transactions conducted through the payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Commission Income

The Credit Union recognizes investment and insurance commissions on a monthly basis upon receipt of the income as a result of the investment sales or policy issuance. Cancellations of insurance policies resulting in refunds of commissions are netted against monthly income activity reports and recorded on a monthly basis. Insurance and investment products' income are presented separately in non-interest income in the consolidated statements of income.

Income Taxes

The Credit Union is exempt from most Federal, state and local income taxes under the provisions of the Internal Revenue Code (IRC) and state tax laws. However, IRC Section 511 imposes a tax on the unrelated business income derived by state-chartered credit unions. Generally, these taxes are insignificant to the Credit Union.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Reclassification and Presentation

Certain balances in the 2024 presentation have been reclassified to conform to the 2025 presentation. There were no changes to total equity or net income as a result of the aforementioned.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including March 16, 2026, which is the date the consolidated financial statements were available to be issued.

Subsequent to the audit date, on January 2, 2026, the Credit Union merged with Teamsters Local 92 Federal Credit Union. Teamsters Local 92 Federal credit union's total assets, liabilities and member's equity approximated \$1,705,000, \$2,001,000 and negative \$296,000, respectively.

Subsequent to December 31, 2025, the Credit Union has entered into a merger agreement with Geauga Credit Union. The merger has regulatory approval and is scheduled for April 1, 2026.

Note 2 – Investment Securities

Equity securities without readily determinable fair value

	December 31,	
	2025	2024
LifeNotes Fund I	\$ 42,063,785	\$ -

Net equity securities profits (losses) are computed as follows:

	For the years ended December 31,	
	2025	2024
Unrealized gains/(losses) recognized on equity securities still held at the year end	\$ 39,731	\$ -
Net gains/(losses) recognized during the period on equity securities sold during the period	-	-
Equity securities profits (losses), net	\$ 39,731	\$ -

LifeNotes Fund I (the fund) is series trust formed under LifeNotes Statutory Trust, a trust formed under the Wyoming Statutory Trust Act. The fund is managed by Capaxa LLC – LifeNotes-Series 1. These funds are recorded as equity securities in accordance with ASC 321, measured at fair value using net asset value (NAV) as a practical expedient (Level 3 under ASC 820).

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Available-for-Sale Debt Securities

The following tables present the amortized cost and estimated fair value of investments:

	As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Collateralized mortgage obligations	\$ 30,821,884	\$ -	\$ (3,950,859)	\$ 26,871,025
Mortgage-backed securities	40,882,472	1,846	(3,056,237)	37,828,081
Total	\$ 71,704,356	\$ 1,846	\$ (7,007,096)	\$ 64,699,106

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency securities	\$ 2,000,000	\$ -	\$ (9,754)	\$ 1,990,246
U.S. treasury securities	2,944,182		(248,870)	2,695,312
Collateralized mortgage obligations	36,072,649	1,486	(5,476,291)	30,597,844
Mortgage-backed securities	61,138,128	-	(6,391,149)	54,746,979
Total	\$102,154,959	\$ 1,486	\$ (12,126,064)	\$ 90,030,381

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

	Amortized Cost	Fair Value
Collateralized mortgage obligations	\$ 30,821,884	\$ 26,871,025
Mortgage-backed securities	40,882,472	37,828,081
Total	\$ 71,704,356	\$ 64,699,106

Information pertaining to securities with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

	As of December 31, 2025					
	Continuing Unrealized Losses For Less than 12 Months		Continuing Unrealized Losses For 12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Collateralized mortgage obligations	-	-	26,871,024	(3,950,859)	26,871,024	(3,950,859)
Mortgage-backed securities	-	-	37,823,195	(3,056,237)	37,823,195	(3,056,237)
Total	\$ -	\$ -	\$64,694,219	\$ (7,007,096)	\$ 64,694,219	\$ (7,007,096)

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

As of December 31, 2024

	Continuing Unrealized Losses For		Continuing Unrealized Losses		Total	
	Less than 12 Months		For 12 Months or More		Fair Value	Unrealized Losses
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses		
Federal agency securities	\$ -	\$ -	\$ 1,990,246	\$ (9,754)	\$ 1,990,246	\$ (9,754)
U.S. treasury securities	-	-	2,695,312	(248,870)	2,695,312	(248,870)
Collateralized mortgage obligations	-	-	30,592,437	(5,476,291)	30,592,437	(5,476,291)
Mortgage-backed securities	-	-	54,746,979	(6,391,149)	54,746,979	(6,391,149)
Total	\$ -	\$ -	\$ 90,024,974	\$ (12,126,064)	\$ 90,024,974	\$ (12,126,064)

As of December 31, 2025 and 2024, the Credit Union's security portfolio consisted of 60 and 72 securities, 59 and 71 of which were in an unrealized loss position, respectively.

The Credit Union's mortgage-backed securities, collateralized mortgage obligations and federal agency securities are issued by the U.S Government and its Agencies. Therefore, unrealized losses on these securities, if any, have not been recognized in income because of the implicit guarantee of the principal balances of these securities by the U.S Government and its Agencies. The decline in fair value is primarily due to differences between security yields and market interest rates. Additionally, the decline in fair value is expected to be recovered as securities approach their maturity date and/or market rates decline. Management does not intend to sell these securities, and it is more likely than not that the Credit Union will not be required to sell them before recovery of their amortized cost. Accordingly, no allowance for credit losses has been recorded.

Held-to-Maturity Debt Securities

The following tables present the amortized cost and estimated fair value of investments:

	As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit	\$ 4,973,000	\$ 15,890	\$ (18,835)	\$ 4,970,055

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit	\$ 5,428,000	\$ 19,190	\$ (70,899)	\$ 5,376,291

The amortized cost and estimated market value of debt securities at December 31, 2025, by contractual maturity, are shown below.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

	Amortized Cost		Fair Value
Due in less than one year	\$ 3,636,000	\$	3,629,055
Due in one year to less than five years	1,337,000		1,341,000
Total	\$ 4,973,000	\$	4,970,055

Information pertaining to securities with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position, are as follows:

As of December 31, 2025					
	Continuing Unrealized Losses For Less than 12 Months		Continuing Unrealized Losses For 12 Months or More		Total
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value Unrealized Losses
Certificates of deposit	\$ 1,006,812	\$ (18,835)	\$ -	\$ -	\$ 1,006,812 \$ (18,835)

As of December 31, 2024					
	Continuing Unrealized Losses For Less than 12 Months		Continuing Unrealized Losses For 12 Months or More		Total
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value Unrealized Losses
Certificates of deposit	\$ 665,970	\$ (31,029)	\$ 1,380,130	\$ (39,870)	\$ 2,046,100 \$ (70,899)

As of December 31, 2025 and 2024, the Credit Union's security portfolio consisted of 22 and 29 securities, 6 and 14 of which were in an unrealized loss position, respectively.

The Credit Union's certificates of deposits are insured by the U.S Government and its Agencies. Therefore, unrealized losses on these certificates, if any, have not been recognized in income because of the implicit guarantee of the principal balances of these securities by the U.S Government and its Agencies. The decline in fair value is primarily due to differences between certificate yields and market interest rates. Additionally, the decline in fair value is expected to be recovered as certificates approach their maturity date and/or market rates decline. Management has the intent to hold these certificates through to recovery of fair value, which may be maturity, therefore; the Credit Union did not record expected credit loss.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 3 – Loans Receivables

The composition of loans to members are as follows:

	December 31,	
	2025	2024
Real Estate:		
First Liens	\$ 433,659,582	\$ 400,553,704
Second Liens	173,541,121	154,110,794
	607,200,703	554,664,498
Consumer:		
New vehicle	169,022,464	104,946,773
Used vehicle	446,199,782	400,997,617
Credit cards	37,802,422	38,359,570
Unsecured	41,142,778	32,158,318
Other secured	130,584,874	142,204,098
	824,752,320	718,666,376
Commercial:		
Real Estate	199,830,296	195,776,934
Other	2,195,591	2,528,861
	202,025,887	198,305,795
Less: Allowance for credit losses	(22,834,000)	(13,504,000)
Loans to members, net	\$ 1,611,144,910	\$ 1,458,132,669

Included in the above loan balances are deferred loan origination fees and costs of \$3,045,661 and \$3,784,377 as of December 31, 2025 and 2024, respectively.

Included in the above loan balances are premiums and discounts of \$(8,004) and \$(23,287) as of December 31, 2025 and 2024, respectively.

Allowance for Credit Losses

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment:

	For the year ended December 31, 2025			
	Commercial	Residential Real Estate	Consumer	Total
<i>Allowance for credit losses:</i>				
Beginning Balance, December 31, 2024	\$ 1,490,443	\$ 126,609	\$ 11,886,948	\$ 13,504,000
Provision for credit losses	88,089	(141,569)	18,898,193	18,844,713
Recoveries on previous credit losses	-	200,668	2,192,991	2,393,659
Loans receivable charged off	-	(58,415)	(11,849,957)	(11,908,372)
Ending Balance, December 31, 2025	\$ 1,578,532	\$ 127,293	\$ 21,128,175	\$ 22,834,000

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

As of December 31, 2025, the allowance for credit losses totaled approximately \$22,834,000, up approximately \$9,330,000 compared to December 31, 2024. The increase was driven by changes in the macroeconomic forecasts, specifically the increased recessionary indicators along with higher delinquency and net charge-offs in comparable peers in the Credit Unions geographical area. In addition, the increase reflects unfavorable market conditions in the used auto market as values have gone down driving up losses upon default.

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment:

	For the year ended December 31, 2024			
	Residential Real			Total
	Commercial	Estate	Consumer	
<i>Allowance for credit losses:</i>				
Beginning Balance, December 31, 2023	\$ 358,141	\$ 934,923	\$ 10,369,936	\$ 11,663,000
Provision for credit losses	1,094,703	(861,919)	10,501,982	10,734,766
Recoveries on previous credit losses	37,599	106,782	1,869,482	2,013,863
Loans receivable charged off	-	(53,177)	(10,854,452)	(10,907,629)
Ending Balance, December 31, 2024	\$ 1,490,443	\$ 126,609	\$ 11,886,948	\$ 13,504,000

As of December 31, 2024, the allowance for credit losses (ACL) totaled approximately \$13,504,000, up \$1,841,000 compared to December 31, 2023. The decrease/increase was driven by increases in delinquency and net charge-offs experienced during the year. The remaining net change was due to nominal changes in portfolio size and mix.

Age Analysis of Past Due Loans

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

	As of the year ended December 31, 2025					
	30-59 Days Past Due	60-89 Days Past Due	Greater than		Current	Total
			90 Days Past Due	Total Past Due		
Real Estate:						
First Liens	\$ 4,549,242	\$ 1,712,269	\$ 2,419,933	\$ 8,681,444	\$ 424,978,138	\$ 433,659,582
Second Liens	713,034	806,145	1,443,297	2,962,476	170,578,645	173,541,121
Total	5,262,276	2,518,414	3,863,230	11,643,920	595,556,783	607,200,703
Consumer:						
New vehicle	1,488,647	461,893	467,411	2,417,951	166,604,513	169,022,464
Used vehicle	9,880,596	3,855,853	5,763,009	19,499,458	426,700,324	446,199,782
Credit cards	447,034	239,070	532,614	1,218,718	36,583,704	37,802,422
Unsecured	454,158	290,056	454,461	1,198,675	39,944,103	41,142,778
Other secured	1,868,432	1,074,515	1,645,191	4,588,138	125,996,736	130,584,874
Total	14,138,867	5,921,387	8,862,686	28,922,940	795,829,380	824,752,320
Commercial:						
Real Estate	5,513,003	-	4,455	5,517,458	194,312,838	199,830,296
Other	-	-	-	-	2,195,591	2,195,591
Total	5,513,003	-	4,455	5,517,458	196,508,429	202,025,887
Grand Total	\$ 24,914,146	\$ 8,439,801	\$ 12,730,371	\$ 46,084,318	\$ 1,587,894,592	\$ 1,633,978,910

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

	As of the year ended December 31, 2024					
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current	Total
Real Estate:						
First Liens	\$ 10,030,963	\$ 1,423,920	\$ 2,443,740	\$ 13,898,623	\$ 382,290,342	\$ 396,188,965
Second Liens	1,435,110	282,998	896,686	2,614,794	151,496,000	154,110,794
Total	11,466,073	1,706,918	3,340,426	16,513,417	533,786,342	550,299,759
Consumer:						
New vehicle	1,193,550	250,570	147,590	1,591,710	103,355,063	104,946,773
Used vehicle	9,122,146	2,958,012	3,385,677	15,465,835	382,126,392	397,592,227
Credit cards	558,182	267,260	494,217	1,319,659	37,039,910	38,359,569
Unsecured	333,746	113,698	417,543	864,987	31,224,768	32,089,755
Other secured	1,712,886	671,834	665,502	3,050,222	138,351,415	141,401,637
Total	12,920,510	4,261,374	5,110,529	22,292,413	692,097,548	714,389,961
Commercial:						
Real Estate	8,612	-	16,995	25,607	199,760,366	199,785,973
Other	-	-	-	-	3,399,886	3,399,886
Total	8,612	-	16,995	25,607	203,160,252	203,185,859
Grand Total	\$ 24,395,195	\$ 5,968,292	\$ 8,467,950	\$ 38,831,437	\$ 1,429,044,142	\$ 1,467,875,579

Consumer and Real Estate Credit Quality

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

The following tables present the loan balance based on performance indication:

	As of December 31, 2025		As of December 31, 2024	
	Performing Loans	Non-performing Loans	Performing Loans	Non-performing Loans
Real Estate:				
First Liens	\$ 431,239,649	\$ 2,419,933	\$ 393,745,225	\$ 2,443,740
Second Liens	172,097,824	1,443,297	153,214,108	896,686
Total	\$ 603,337,473	\$ 3,863,230	\$ 546,959,333	\$ 3,340,426
Consumer:				
New vehicle	168,555,053	467,411	104,799,183	147,590
Used vehicle	440,436,773	5,763,009	394,206,550	3,385,677
Credit cards	37,269,808	532,614	37,865,352	494,217
Unsecured	40,688,317	454,461	31,672,212	417,543
Other secured	128,939,683	1,645,191	140,736,135	665,502
Total	\$ 815,889,634	\$ 8,862,686	\$ 709,279,432	\$ 5,110,529
Grand Total	\$ 1,419,227,107	\$ 12,725,916	\$ 1,256,238,765	\$ 8,450,955

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Commercial Credit Quality

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

The following tables present the loan balance for commercial loans based on risk rating:

Credit Grade:	As of the year ended December 31, 2025	
	Commercial Real	
	Estate	Commercial Other
Pass	\$ 187,374,708	\$ 2,141,015
Watch	7,962,681	-
Substandard	4,492,907	-
Total	\$ 199,830,296	\$ 2,141,015
Credit Grade:	As of the year ended December 31, 2024	
	Commercial Real	
	Estate	Commercial Other
Pass	\$ 185,194,776	\$ 2,511,866
Watch	5,793,537	-
Substandard	4,788,621	16,995
Total	\$ 195,776,934	\$ 2,528,861

Non-accrual Loans

Loans on which the accrual of interest has been discontinued or reduced amounted to approximately \$12,726,000 and \$8,451,000 in consumer, real estate, and commercial loans as of December 31, 2025 and 2024, respectively.

Note 4 – Premises and Equipment

	December 31,	
	2025	2024
Land	\$ 3,596,359	\$ 3,007,339
Building(s)	35,304,495	34,414,503
Furniture and equipment	21,274,924	20,379,480
	60,175,778	57,801,322
Less accumulated depreciation and amortization	(40,374,660)	(37,327,359)
Premises and equipment, net	\$ 19,801,118	\$ 20,473,963

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 5 – Share and Savings Accounts

	December 31,	
	2025	2024
Share draft accounts	\$ 277,771,915	\$ 251,176,950
Money market accounts	390,105,056	345,922,674
Share accounts	399,262,020	399,487,128
IRA share accounts	14,633,091	17,233,870
Certificate accounts	581,754,410	445,078,853
Total	\$ 1,663,526,492	\$ 1,458,899,475

The scheduled maturities of certificate accounts are as follows:

Year Ending December 31,	Amount
2026	\$ 483,839,583
2027	71,791,426
2028	8,329,079
2029	6,101,259
2030	11,693,063
Total	\$ 581,754,410

The aggregate amount of members' time deposit accounts in denominations of \$250,000 or more was approximately \$143,407,000 as of December 31, 2025.

Included in the above totals are nonmember shares and certificate accounts totaling approximately \$87,578,000 and \$24,226,000 as of December 31, 2025 and 2024, respectively.

Note 6 – Borrowed Funds

Line-of-Credit

As of December 31, 2025 and 2024, the Credit Union maintained an unused line of credit with Corporate One Federal Credit Union. The terms of the agreement require the pledging of all presently owned and later acquired unencumbered assets to the FHLB of Cincinnati as security for obligations under this line-of-credit agreement. The aggregate unused line of credit under this agreement was \$25,000,000 as of December 31, 2025 and 2024. There were no borrowings outstanding as of December 31, 2025 and 2024.

Federal Reserve Bank Discount Window

The Credit Union has a line-of-credit with the Federal Reserve Bank of Cleveland's Discount Window. The Credit Union has agreed to pledge certain auto loans to the Federal Reserve Bank as collateral under the Discount Window. The current outstanding balance of the auto loans were \$571,847,493 and \$463,552,543 as of December 31, 2025 and 2024, respectively. The lendable collateral value of the auto loans were \$411,248,017 and \$338,762,532 as of December 31, 2025 and 2024, respectively as part of the Discount Window program, the Federal Reserve will lend at an interest rate established at an interest rate determined on date of borrowing. There were no advances outstanding as of December 31, 2025 and 2024.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Federal Home Loan Bank

The Credit Union is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. The Credit Union has pledged qualifying loans, agency securities, and municipal securities to secure advances under a blanket collateral agreement with the FHLB, which as of December 31, 2025 and 2024, had book values of \$671,686,000 and \$630,932,000, respectively. Based on borrowing limitations, the amount available under the FHLB arrangement totaled approximately \$230,285,812 and \$197,293,971 as of December 31, 2025 and 2024, respectively.

The Credit Union had outstanding borrowings with the FHLB with a weighted average interest rate of 4.40% and 4.43% at December 31, 2025 and 2024, respectively. All borrowings have a fixed rate of interest ranging between 4.24% and 4.52% at December 31, 2025 and 2024, respectively.

The repayment schedule of all the above borrowings as of December 31, 2025 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 20,000,000
2027	15,000,000
2028	4,500,000
Total	<u>\$ 39,500,000</u>

Note 7 – Commitments and Contingent Liabilities

Off-Balance-Sheet Risk

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

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2025, the total unfunded commitments under such lines-of-credit was approximately \$274,850,000. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the member.

Note 8 – Capital Requirements

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

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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

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

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

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

	As of December 31, 2025		As of December 31, 2024	
	Amount	Ratio	Amount	Ratio
Regulatory Net Worth	\$ 252,414,948	12.75%	\$ 238,233,462	13.53%
Net Worth Classification	Well Capitalized		Well Capitalized	
Amounts needed to be classified				
as "well capitalized" per CCULR	\$ 178,173,400	9.00%	\$ 158,462,235	9.00%
as "well capitalized" per PCA	\$ 138,579,311	7.00%	\$ 123,248,405	7.00%
as "adequately capitalized" per PCA	\$ 118,782,267	6.00%	\$ 105,641,490	6.00%

Management believes, as of December 31, 2025 and 2024, the Credit Union meets all capital adequacy requirements to which it is subject. Total assets and net worth were increased by the CECL transition provision amount of \$0 and \$1,450,789 of December 31, 2025 and 2024, respectively, as required by regulation.

Note 9 – Related Party Transactions

Virtually all employees and members of the Board of Directors have member accounts at the Credit Union, both deposit accounts and loan accounts. The terms of transactions involving these accounts (i.e., rates charged and paid) are comparable to other members. The balance of certain related party transactions with directors, committee members and executives are insignificant and intentionally omitted from disclosure.

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 10 – Fair Value Measurements

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

Basis of Fair Value Measurements

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

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

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined by using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

Assets Measured at Fair Value on a Recurring Basis

	Assets at Fair Value as of December 31, 2025			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
Federal agency securities	\$ -	\$ -	\$ -	\$ -
U.S. treasury securities	-	-	-	-
Collateralized mortgage obligations	26,871,025	-	26,871,025	-
Mortgage-backed securities	37,828,081	-	37,828,081	-
Total available-for-sale	64,699,106	-	64,699,106	-
Total assets at fair value	\$ 64,699,106	\$ -	\$ 64,699,106	\$ -

SEVEN SEVENTEEN CREDIT UNION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

	Assets at Fair Value as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
Federal agency securities	\$ 1,990,246	\$ -	\$ 1,990,246	\$ -
U.S. treasury securities	2,695,312	2,695,312	-	-
Collateralized mortgage obligations	30,597,844	-	30,597,844	-
Mortgage-backed securities	54,746,979	-	54,746,979	-
Total available-for-sale	90,030,381	2,695,312	87,335,069	-
Total assets at fair value	\$ 90,030,381	\$ 2,695,312	\$ 87,335,069	\$ -

Fair Value Measurements of Assets and Liabilities Measured on a Recurring Basis at Reporting Date Using Significant Unobservable Inputs (Level 3):

	Years Ended December 31,	
	2025	2024
LifeNotes Fund I		
Beginning balance	\$ -	\$ -
Total gains or losses (realized/unrealized)	39,731	-
Purchases, issuances, and settlements	42,024,054	-
Ending balance	\$ 42,063,785	\$ -
Change in unrealized gains/losses relating to assets held at the reporting date	\$ -	\$ -

Note 11 – Employee Benefits

Defined Contribution 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. The expense related to this plan was \$3,165,582 and \$3,217,175 for the years ended December 31, 2025 and 2024, respectively.