

To the Supervisory Committee, Board of Directors and Management  
**Scott Credit Union**

We have audited the financial statements of Scott Credit Union (the Credit Union) as of and for the year ended December 31, 2025, and have issued our report thereon dated March 17, 2026. Professional standards also require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 10, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we consider the internal control of the Credit Union solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

You have designated an individual, with suitable skill, knowledge, or experience to oversee the financial statement preparation services and any other non-attest services we provide, evaluate the adequacy and results of the services, and accept responsibility for them.

## Significant Risks Identified

As part of the planning process for the audit engagement, the audit team evaluated the Credit Union's financial statements to assess risk on the audit engagement. As a result of our risk assessment, we identified the following areas of focus for our audit:

*Management and Improper Override of Controls:* The potential for management to override important controls in the Credit Union's internal control system is inherent in all audits and is a required assumption by the audit standards.

*Management's Estimate of the Allowance for Credit Losses:* The most significant estimate in the Credit Union's financial statements is the allowance for credit losses. Due to the potential impact of this estimate, the allowance for credit losses was identified as a significant risk during our planning process.

*Commercial Loans:* The potential for credit quality of commercial loans and the impact to the allowance for credit losses. Due to the potential impact of the credit quality, commercial loans were identified as a significant risk during our planning process.

These risks were considered in the design of our audit procedures and were used to focus our audit testing in the areas of highest risk.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Credit Union is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's judgments. Those judgments are normally based on 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 financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimates made by management relate to the allowance for credit losses.

Management's estimate of the allowance for credit losses is based on management's evaluation of the collectibility of the loan portfolio, including the nature of the loan portfolio, credit concentrations and trends in historical loss experience, specific impaired loans and economic conditions. We have performed tests of the allowance for credit losses to satisfy ourselves as to its reasonableness in relation to the financial statements taken as a whole.

Management's estimates of the fair value of investment securities are based upon third party pricing data and certain other assumptions pertaining to fair value. We have performed tests of the underlying information used in management's estimates.

Management's estimate of the defined benefit pension plan's projected obligation is based on the fair value of investment securities and actuarial studies. We reviewed the credentials of the actuary and confirmed their independence from management of the Credit Union. We also compared the fair value changes to expectations based on the changes in interest rates and market conditions over the past year to satisfy ourselves as to the reasonableness of the valuations.

### **Financial Statement Disclosures**

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the Credit Union's financial statements relates to the allowance for credit losses.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no such uncorrected misstatements requiring communication.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such corrected misstatements requiring communication.

## 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, which could be significant to the Credit Union's financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There have been no such circumstances.

## Representations Requested from Management

We have requested certain representations from management, which are included in the management representation letter dated March 17, 2026.

## Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Credit Union, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Credit Union's auditors.

## Internal Control Matters

In planning and performing our audit of the financial statements of the Credit Union as of and for the year ended December 31, 2025, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the 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.

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 financial

statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

A significant deficiency is a deficiency or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

*Doeren Mayhew Assurance*

Miami, Florida  
March 17, 2026



# SCOTT CREDIT UNION

## FINANCIAL STATEMENTS

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

# SCOTT CREDIT UNION

## TABLE OF CONTENTS

---

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Condition	3
Statements of Income	4
Statements of Comprehensive Income	5
Statements of Members' Equity	6
Statements of Cash Flows	7
Notes to the Financial Statements	8

## INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors  
**Scott Credit Union**

### Opinion

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

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Scott 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 Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Scott 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Scott 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Doeren Mayhew Assurance*

Miami, Florida  
March 17, 2026

# SCOTT CREDIT UNION

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

### Assets

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 339,357,061	\$ 357,176,233
Investments: (Note 2)		
Available-for-sale debt securities (amortized cost of \$178,917,164 and \$136,174,012)	172,442,220	122,756,803
Held-to-maturity debt securities	3,593,014	13,599,973
Loans receivable, net of allowance for credit losses of \$19,908,318 and \$19,338,233 (Note 3)	1,164,112,826	1,116,837,403
Accrued interest receivable	4,585,072	4,306,116
Premises and equipment, net (Note 4)	32,726,706	32,648,191
FHLB Stock	10,758,791	10,756,984
Split-Dollar Life Insurance Loans	29,712,330	28,948,399
Credit Union Owned Life Insurance (COLI)	13,575,698	12,889,205
Goodwill	8,270,843	8,270,843
National Credit Union Share Insurance Fund deposit	15,156,079	15,094,278
Prepaid and other assets	15,643,488	21,720,560
	<hr/>	<hr/>
Total Assets	\$ 1,809,934,128	\$ 1,745,004,988

### Liabilities and Members' Equity

	<u>2025</u>	<u>2024</u>
Liabilities:		
Share and savings accounts (Note 5)	\$ 1,609,678,304	\$ 1,567,795,914
Accrued expenses and other liabilities	29,473,734	24,707,575
Total liabilities	<hr/> 1,639,152,038	<hr/> 1,592,503,489
Commitments and contingent liabilities (Note 7)		
Members' Equity: (Note 8)		
Undivided earnings	173,253,937	161,915,615
Accumulated other comprehensive loss	(6,474,940)	(13,417,209)
Equity acquired from business combinations	4,003,093	4,003,093
Total members' equity	<hr/> 170,782,090	<hr/> 152,501,499
	<hr/>	<hr/>
Total Liabilities and Members' Equity	\$ 1,809,934,128	\$ 1,745,004,988

See accompanying notes to the financial statements

# SCOTT CREDIT UNION

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

	<b>2025</b>	<b>2024</b>
Interest income:		
Loans receivable	\$ 69,141,598	\$ 70,032,338
Investment securities	4,122,202	3,600,084
Cash and interest bearing deposits	24,255,100	21,863,165
Total interest income	97,518,900	95,495,587
Interest expense:		
Dividends on share and savings accounts	21,292,044	21,894,913
Interest on borrowed funds	8,117,530	9,261,011
Total interest expense	29,409,574	31,155,924
Net interest income	68,109,326	64,339,663
Provision for credit losses	12,816,282	19,399,871
Net interest income after provision for credit losses	55,293,044	44,939,792
Non-interest income:		
Interchange income	9,451,113	9,885,674
Fees and charges	7,079,444	7,858,074
Other non-interest income	2,647,164	2,835,387
Gain on sale of VISA stock	-	1,987,974
Loan late fees	1,347,839	1,440,003
Loan servicing income	972,449	1,448,676
Total non-interest income	21,498,009	25,455,788
Non-interest expense:		
Compensation and employee benefits	34,447,863	31,851,002
Operations expense	16,696,345	17,049,779
Occupancy expense	4,914,900	4,775,399
Loan servicing expense	3,960,677	4,142,399
Legal and professional expense	2,811,165	3,356,753
Advertising and promotion expense	2,621,781	2,476,971
Total non-interest expenses	65,452,731	63,652,303
Net income	\$ 11,338,322	\$ 6,743,277

See accompanying notes to the financial statements

# SCOTT CREDIT UNION

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

---

	<b>2025</b>	<b>2024</b>
Net income	<u>\$ 11,338,322</u>	<u>\$ 6,743,277</u>
Other comprehensive income		
Net unrealized holding gains on available-for-sale securities	6,462,380	2,081,319
Less reclassification adjustment for net losses included in net income	479,889	-
	<u>6,942,269</u>	<u>2,081,319</u>
Comprehensive income	<u>\$ 18,280,591</u>	<u>\$ 8,824,596</u>

See accompanying notes to the financial statements

# SCOTT CREDIT UNION

## 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	\$ 155,172,338	\$ (15,498,528)	\$ 4,003,093	\$ 143,676,903
Comprehensive Income	6,743,277	2,081,319	-	8,824,596
Balance, December 31, 2024	161,915,615	(13,417,209)	4,003,093	152,501,499
Comprehensive Income	11,338,322	6,942,269	-	18,280,591
Balance, December 31, 2025	\$ 173,253,937	\$ (6,474,940)	\$ 4,003,093	\$ 170,782,090

See accompanying notes to the financial statements

# SCOTT CREDIT UNION

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

	2025	2024
Cash Flows From Operating Activities:		
Net income	\$ 11,338,322	\$ 6,743,277
Adjustments to reconcile net income to net cash:		
Provision for credit losses	12,816,282	19,399,871
Depreciation and amortization of premises and equipment	2,739,404	2,760,068
Losses on sale of debt securities	479,889	-
Gain on sale of VISA stock	-	(1,987,974)
Proceeds from sale of mortgage loans	23,274,221	41,879,700
Increase in cash surrender value of life insurance	(686,493)	(624,915)
Amortization of investment premiums/discounts	(307,547)	(25,103)
Interest on split dollar life	(763,931)	(733,878)
Changes in operating assets and liabilities:		
Accrued interest receivable	(278,956)	193,884
Prepaid and other assets	6,077,072	11,387,736
Accrued expenses and other liabilities	4,766,159	(3,704,322)
Net cash provided by operating activities	59,454,422	75,288,344
Cash Flows From Investing Activities:		
Purchases of:		
Available-for-sale debt securities	(91,948,833)	-
FHLB Stock	-	(480,365)
Premises and equipment	(2,817,919)	(1,431,674)
Proceeds from:		
Maturities, paydowns and sales of available-for-sale debt securities	48,948,994	26,462,597
Maturities and paydowns of held-to-maturity debt securities	10,091,308	8,869,300
Sale of VISA stock	-	1,987,974
Redemption of FHLB Stock	(1,807)	-
Net change in:		
Loans receivable, net of charge-offs	(83,365,926)	74,612,508
NCUSIF deposit	(61,801)	(472,705)
Net cash (used in) provided by investing activities	(119,155,984)	109,547,635
Cash Flows From Financing Activities:		
Net change in share and savings accounts	41,882,390	23,300,982
Proceeds from borrowings	-	(25,000,000)
Net cash provided by (used in) financing activities	41,882,390	(1,699,018)
Net Change in Cash and Cash Equivalents	(17,819,172)	183,136,961
Cash and Cash Equivalents at Beginning of Year	357,176,233	174,039,272
Cash and Cash Equivalents at End of Year	<u>\$ 339,357,061</u>	<u>\$ 357,176,233</u>
Supplemental Cash Flow Disclosure:		
Dividends and interest paid	<u>\$ 29,715,525</u>	<u>\$ 30,891,930</u>

See accompanying notes to the financial statements

# SCOTT CREDIT UNION

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

---

### Note 1 – Nature of Business and Significant Accounting Policies

#### Nature of Business

Scott Credit Union (the Credit Union) is a cooperative association organized in accordance with the provisions of the Federal Credit Union Act 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 who qualify for membership. The field of membership is defined in the Credit Union's Charter and Bylaws.

#### 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. 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 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 Southwestern Illinois and St. Louis County, Missouri. Therefore, borrowers' ability to repay loans may be affected by the economic climate of the region where they reside. However, the loan portfolio is well diversified, and the Credit Union does not have any significant concentration of credit risk, except for unsecured loans, which, by their nature, increase the risk of loss compared to collateralized loans.

#### 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) 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) to the gain/loss on sale of investment securities reported in the statements of income.

#### Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include 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.

#### Investment Securities

##### *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).

# SCOTT CREDIT UNION

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

---

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 other comprehensive income. In determining the credit portion, the Credit Union uses a discounted cash flow analysis, which includes evaluating the timing and amount of the expected cash flows. 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, (6) that the Credit Union does not intend to sell these securities, and (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 held-to-maturity 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 held-to-maturity 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.

### 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.

# SCOTT CREDIT UNION

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

---

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, special mention, 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.

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

**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.

# SCOTT CREDIT UNION

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

---

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 statements of financial condition reflect the net amount the Credit Union expects to collect. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net 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.

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 the timely reversal of outstanding interest through interest income.

# SCOTT CREDIT UNION

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

---

### 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, and (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. Buildings, 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 is in accordance with National Credit Union Administration 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 National Credit Union Administration Board. The National Credit Union Share Insurance Fund deposit is required to be reviewed for impairment, including consideration of the refundability of the deposit.

### Federal Home Loan Bank Participation Stock

The Credit Union is a member in the Federal Home Loan Bank (FHLB) of Chicago. The Credit Union owned 107,598 and 107,750 shares worth \$10,758,791 and \$10,756,984 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 on the statement of financial condition.

# SCOTT CREDIT UNION

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

---

### 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 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 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 the value of the deposit accounts.

### Goodwill

Goodwill acquired in a purchase business combination determined to have an indefinite useful life are not amortized but qualitatively assessed for impairment at least annually or more frequently if events and circumstances exist that indicate that an impairment assessment should be performed.

### 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 National Credit Union Administration 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 Combinations

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

# SCOTT CREDIT UNION

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

---

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

### 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 financial statements and related disclosures include evaluation of events up through and including March 17, 2026, which is the date the financial statements were available to be issued.

# SCOTT CREDIT UNION

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

### Note 2 – Investment Securities

#### 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
Mortgage-backed securities	\$ 95,562,532	\$ 854,034	\$ (4,396,103)	\$ 92,020,463
U.S. treasury securities	40,520,040	-	(929,515)	39,590,525
Collateralized mortgage obligations	24,725,172	107,119	(1,647,301)	23,184,990
Federal agency securities	14,883,840	-	(439,618)	14,444,222
Corporate Bonds	3,225,580	36,588	(60,148)	3,202,020
Total	\$ 178,917,164	\$ 997,741	\$ (7,472,685)	\$ 172,442,220

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities	\$ 46,547,340	\$ -	\$ (6,694,223)	\$ 39,853,117
U.S. treasury securities	55,750,687	-	(3,282,617)	52,468,070
Collateralized mortgage obligations	11,797,172	-	(2,210,643)	9,586,529
Federal agency securities	18,899,645	-	(1,076,190)	17,823,455
Corporate Bonds	3,179,168	3,251	(156,787)	3,025,632
Total	\$ 136,174,012	\$ 3,251	\$ (13,420,460)	\$ 122,756,803

The amortized cost and estimated market value of debt securities at December 31, 2025, by contractual maturity, are shown below. Expected maturities on mortgage-backed securities and collateralized mortgage obligations 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
Due in less than one year	\$ 4,511,892	\$ 4,458,503
Due in one year to less than five years	38,459,445	37,108,116
Due in five years to less than ten years	15,618,016	15,628,532
Due in more than ten years	40,107	41,616
Collateralized mortgage obligations	24,725,172	23,184,990
Mortgage-backed securities	95,562,532	92,020,463
Total	\$ 178,917,164	\$ 172,442,220

# SCOTT CREDIT UNION

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

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		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
Mortgage-backed securities	\$ 9,189,294	\$ (107,121)	\$ 36,936,514	\$ (4,288,982)	\$ 46,125,808	\$ (4,396,103)
U.S. treasury securities	20,638,375	(14,331)	18,952,150	(915,184)	39,590,525	(929,515)
Collateralized mortgage obligations	9,520,298	(20,609)	9,043,905	(1,626,692)	18,564,203	(1,647,301)
Federal agency securities	-	-	14,444,222	(439,618)	14,444,222	(439,618)
Corporate Bonds	400,511	(8,360)	1,260,003	(51,788)	1,660,514	(60,148)
Total	\$ 39,748,478	\$ (150,421)	\$ 80,636,794	\$ (7,322,264)	\$ 120,385,272	\$ (7,472,685)

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
Mortgage-backed securities	\$ -	\$ -	\$ 39,853,117	\$ (6,694,223)	\$ 39,853,117	\$ (6,694,223)
U.S. treasury securities	-	-	52,468,070	(3,282,617)	52,468,070	(3,282,617)
Collateralized mortgage obligations	-	-	9,586,529	(2,210,643)	9,586,529	(2,210,643)
Federal agency securities	-	-	17,823,455	(1,076,190)	17,823,455	(1,076,190)
Corporate Bonds	-	-	2,747,083	(156,787)	2,747,083	(156,787)
Total	\$ -	\$ -	\$ 122,478,254	\$ (13,420,460)	\$ 122,478,254	\$ (13,420,460)

As of December 31, 2025 and 2024, the Credit Union's security portfolio consisted of 184 and 185 securities, 122 and 172 of which were in an unrealized loss position, respectively.

The Credit Union's mortgage-backed securities, collateralized mortgage obligations, U.S. treasury securities 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.

Unrealized losses on corporate bonds have not been recognized into income because the issuer(s) bonds are of high credit quality (rated AA or higher), management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuer(s) continues to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bond(s) approach maturity; therefore the Credit Union did not record expected credit loss.

# SCOTT CREDIT UNION

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

Proceeds from sales of debt securities classified as available-for-sale and gross realized gains and losses from those are as follows:

	For the years ended December 31,	
	2025	2024
Sale Proceeds	\$ 20,981,041	\$ -
Gross Gains	\$ -	\$ -
Gross Losses	\$ 479,889	\$ -

### 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
U.S. treasury securities	\$ 2,994,640	\$ -	\$ (31,910)	\$ 2,962,730
Certificates of deposit	497,000	-	-	497,000
Mortgage-backed securities	101,374	-	(1,402)	99,972
Total	\$ 3,593,014	\$ -	\$ (33,312)	\$ 3,559,702

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	\$ 12,409,899	\$ -	\$ (244,237)	\$ 12,165,662
Certificates of deposit	995,000	-	-	995,000
Mortgage-backed securities	195,074	-	(5,275)	189,799
Total	\$ 13,599,973	\$ -	\$ (249,512)	\$ 13,350,461

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

# SCOTT CREDIT UNION

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

	Amortized Cost	Fair Value
Due in less than one year	\$ 2,994,640	\$ 2,962,730
Due in one year to less than five years	497,000	497,000
Mortgage-backed securities	101,374	99,972
Total	\$ 3,593,014	\$ 3,559,702

Mortgage-backed securities are presented separately because they are not due at a single maturity date. These securities are collateralized by residential mortgage loans and are subject to periodic principal repayments. Actual maturities are likely to differ from contractual maturities because borrowers may prepay the underlying loans without penalty. Accordingly, the amounts presented above should not be considered indicative of the securities' expected maturities.

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 is 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
U.S. treasury securities	\$ -	\$ -	\$ 2,962,730	\$ (31,910)	\$ 2,962,730	\$ (31,910)
Mortgage-backed securities	-	-	99,972	(1,402)	99,972	(1,402)
Total	\$ -	\$ -	\$ 3,062,702	\$ (33,312)	\$ 3,062,702	\$ (33,312)

	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
U.S. treasury securities	\$ -	\$ -	\$ 12,165,662	\$ (244,237)	\$ 12,165,662	\$ (244,237)
Mortgage-backed securities	-	-	189,799	(5,275)	189,799	(5,275)
Total	\$ -	\$ -	\$ 12,355,461	\$ (249,512)	\$ 12,355,461	\$ (249,512)

As of December 31, 2025 and 2024, the Credit Union's security portfolio consisted of nine and 25 securities, seven and 21 of which were in an unrealized loss position, respectively.

The Credit Union's mortgage-backed securities and U.S treasury 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 has the intent to hold these securities through to recovery of fair value, which may be maturity, therefore the Credit Union did not record expected credit loss.

# SCOTT CREDIT UNION

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

### Note 3 – Loans Receivables

The composition of loans to members is as follows:

	December 31,	
	2025	2024
Real Estate:		
First Liens	\$ 455,453,368	\$ 384,390,027
Second Liens	75,824,313	65,072,330
	531,277,681	449,462,357
Consumer:		
New vehicle	178,515,692	142,747,263
Used vehicle	350,886,476	398,813,853
Credit cards	37,363,590	41,475,141
Unsecured	10,269,191	11,352,755
Other secured	56,279,687	72,421,330
	633,314,636	666,810,342
Commercial:		
Real Estate	12,681,567	13,931,700
Other	385,483	640,558
SBA guaranteed	3,266,467	4,792,164
	16,333,517	19,364,422
	1,180,925,834	1,135,637,121
Net deferred (fees) and costs	3,115,957	1,534,541
Net premiums and (discounts)	(20,647)	(996,026)
	1,184,021,144	1,136,175,636
Less: Allowance for credit losses	(19,908,318)	(19,338,233)
Loans to members, net	\$ 1,164,112,826	\$ 1,116,837,403

### 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			
	Residential Real			
	Commercial	Estate	Consumer	Total
<i>Allowance for credit losses:</i>				
Beginning Balance, December 31, 2024	\$ 763,667	\$ 493,489	\$ 18,081,077	\$ 19,338,233
Provision for credit losses	(99,019)	152,575	12,762,726	12,816,282
Recoveries on previous credit losses	6,393	1,140	2,088,653	2,096,186
Loans receivable charged off	(139,165)	(86,640)	(14,116,578)	(14,342,383)
Ending Balance, December 31, 2025	\$ 531,876	\$ 560,564	\$ 18,815,878	\$ 19,908,318

# SCOTT CREDIT UNION

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

As of December 31, 2025, the allowance for credit losses totaled \$19,908,318, up approximately \$570,000 compared to December 31, 2024. The increase was driven by changes in the macroeconomic forecasts, specifically the inflationary pressures leading to sharp increases in interest rates and a slow-down of prepayment activity leading to longer weighted average lives on the balance sheet. 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			
	Commercial	Residential Real Estate	Consumer	Total
<i>Allowance for credit losses:</i>				
Beginning Balance, December 31, 2023	\$ 350,256	\$ 277,333	\$ 13,184,694	\$ 13,812,283
Provision for credit losses	548,228	306,371	18,545,272	19,399,871
Recoveries on previous credit losses	53,213	1,517	2,390,607	2,445,337
Loans receivable charged off	(188,030)	(91,732)	(16,039,496)	(16,319,258)
Ending Balance, December 31, 2024	\$ 763,667	\$ 493,489	\$ 18,081,077	\$ 19,338,233

As of December 31, 2024, the allowance for credit losses totaled \$19,338,233, up approximately \$5,526,000 compared to December 31, 2023. The day one impact of the adoption of CECL was an increase of \$1,932,817 to the allowance for credit losses. The remaining net change was due to nominal changes in portfolio size and mix. In addition, the increase reflects unfavorable market conditions in the used auto market as values have gone down driving up losses upon default.

# SCOTT CREDIT UNION

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

### 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 90 Days Past Due	Total Past Due	Current	Total
Real Estate:						
First Liens	\$ 4,354,658	\$ 919,344	\$ 1,267,338	\$ 6,541,340	\$ 448,912,028	\$ 455,453,368
Second Liens	669,286	95,233	215,303	979,822	74,844,491	75,824,313
Total	5,023,944	1,014,577	1,482,641	7,521,162	523,756,519	531,277,681
Consumer:						
New vehicle	1,932,839	668,627	843,599	3,445,065	175,070,627	178,515,692
Used vehicle	9,807,449	2,172,747	3,730,461	15,710,657	335,175,819	350,886,476
Credit cards	803,824	407,108	570,290	1,781,222	35,582,368	37,363,590
Unsecured	129,377	36,561	16,995	182,933	10,086,258	10,269,191
Other secured	1,480,263	582,300	808,753	2,871,316	53,408,371	56,279,687
Total	14,153,752	3,867,343	5,970,098	23,991,193	609,323,443	633,314,636
Commercial:						
Real Estate	-	-	-	-	12,681,567	12,681,567
Other	-	-	-	-	385,483	385,483
SBA guaranteed	43,301	-	-	43,301	3,223,166	3,266,467
Total	43,301	-	-	43,301	16,290,216	16,333,517
Grand Total	\$ 19,220,997	\$ 4,881,920	\$ 7,452,739	\$ 31,555,656	\$ 1,149,370,178	\$ 1,180,925,834

# SCOTT CREDIT UNION

## NOTES TO THE 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
<b>Real Estate:</b>						
First Liens	\$ 2,703,675	\$ 408,301	\$ 1,071,744	\$ 4,183,720	\$ 380,206,307	\$ 384,390,027
Second Liens	292,797	391,911	350,296	1,035,004	64,037,326	65,072,330
Total	2,996,472	800,212	1,422,040	5,218,724	444,243,633	449,462,357
<b>Consumer:</b>						
New vehicle	3,495,480	483,917	542,706	4,522,103	138,225,160	142,747,263
Used vehicle	14,195,370	2,936,684	5,061,125	22,193,179	376,620,674	398,813,853
Credit cards	712,146	412,968	625,653	1,750,767	39,724,374	41,475,141
Unsecured	118,221	49,556	58,088	225,865	11,126,890	11,352,755
Other secured	2,655,496	424,909	752,561	3,832,966	68,588,364	72,421,330
Total	21,176,713	4,308,034	7,040,133	32,524,880	634,285,462	666,810,342
<b>Commercial:</b>						
Real Estate	-	-	-	-	13,931,700	13,931,700
Other	9,080	-	143,557	152,637	487,921	640,558
SBA guaranteed	51,450	-	430,671	482,121	4,310,043	4,792,164
Total	60,530	-	574,228	634,758	18,729,664	19,364,422
<b>Grand Total</b>	\$ 24,233,715	\$ 5,108,246	\$ 9,036,401	\$ 38,378,362	\$ 1,097,258,759	\$ 1,135,637,121

### 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.

# SCOTT CREDIT UNION

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

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	\$ 454,186,030	\$ 1,267,338	\$ 383,318,283	\$ 1,071,744
Second Liens	75,609,010	215,303	64,722,034	350,296
Total	\$ 529,795,040	\$ 1,482,641	\$ 448,040,317	\$ 1,422,040
Consumer:				
New vehicle	177,672,093	843,599	142,204,557	542,706
Used vehicle	347,156,015	3,730,461	393,752,728	5,061,125
Credit cards	36,793,300	570,290	40,849,488	625,653
Unsecured	10,252,196	16,995	11,294,667	58,088
Other secured	55,470,934	808,753	71,668,769	752,561
Total	\$ 627,344,538	\$ 5,970,098	\$ 659,770,209	\$ 7,040,133
Grand Total	\$1,157,139,578	\$ 7,452,739	\$ 1,107,810,526	\$ 8,462,173

### 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:

	As of the year ended December 31, 2025		
	SBA Guaranteed	Commercial Real Estate	Commercial Other
Credit Grade:			
Pass	\$ 1,499,337	\$ 11,627,548	\$ 442,910
Watch	263,006	1,054,020	3,688
Special Mention	519,432	-	-
Substandard	923,576	-	-
Doubtful	-	-	-
Total	\$ 3,205,351	\$ 12,681,568	\$ 446,598

# SCOTT CREDIT UNION

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

	As of the year ended December 31, 2024		
	SBA Guaranteed	Commercial Real Estate	Commercial Other
Credit Grade:			
Pass	\$ 2,011,933	\$ 13,756,264	\$ 561,593
Watch	508,839	175,436	78,965
Special Mention	739,532	-	-
Substandard	957,635	-	-
Doubtful	574,225	-	-
Total	\$ 4,792,164	\$ 13,931,700	\$ 640,558

### Non-accrual Loans

Loans on which the accrual of interest has been discontinued or reduced amounted to approximately \$7,453,000 and \$8,462,000 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	\$ 9,467,939	\$ 9,463,422
Buildings	38,958,003	37,640,376
Furniture and equipment	25,240,245	24,477,470
Leasehold improvements	2,074,754	2,030,120
Construction in process	106,134	65,241
	75,847,075	73,676,629
Less accumulated depreciation and amortization	(43,120,369)	(41,028,438)
Premises and equipment, net	\$ 32,726,706	\$ 32,648,191

### **Note 5 – Share and Savings Accounts**

	December 31,	
	2025	2024
Share draft accounts	\$ 404,635,869	\$ 386,503,117
Money market accounts	170,335,956	152,419,370
Share accounts	634,737,410	622,142,541
IRA share accounts	22,437,700	23,076,187
Certificate accounts	377,531,369	383,654,699
Total	\$ 1,609,678,304	\$ 1,567,795,914

# SCOTT CREDIT UNION

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

The scheduled maturities of certificate accounts are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 317,425,569
2027	33,353,692
2028	9,579,085
2029	11,188,797
2030	5,984,226
Total	<u>\$ 377,531,369</u>

The aggregate amount of members' time deposit accounts in denominations of \$250,000 or more was approximately \$44,011,000 as of December 31, 2025.

### **Note 6 – Borrowed Funds**

#### Line-of-Credit

As of December 31, 2025 and 2024, the Credit Union maintained an unused line of credit with Alloya Corporate Federal Credit Union. The terms of the agreement require the pledging of all presently owned and later acquired unencumbered assets to Alloya Corporate Federal Credit Union as security for obligations under this line-of-credit agreement. The aggregate unused line of credit under this agreement was \$7,500,000 as of December 31, 2025 and 2024. There were no borrowings outstanding as of December 31, 2025 and 2024.

#### Federal Reserve Bank

The Credit Union participates in the Borrower-In-Custody program with the Federal Reserve. The Borrower-In-Custody program allows the Credit Union to pledge automobile loans as collateral for borrowing at rates determined by the lender at the time of borrowing. The collateral is valued monthly by the Federal Reserve based on the terms of the pledged loans. As of December 31, 2025, and 2024, the balance of loans pledged was approximately \$54,688,000 and \$56,110,000 respectively. The collateral value as of December 31, 2025, and 2024 was approximately \$42,029,000 and \$43,587,000 respectively. There were no outstanding borrowings as of December 31, 2025, and 2024.

The Federal Reserve Bank also allows the Credit Union to borrow against securities pledged as collateral. As of December 31, 2025, and 2024, the value of the pledged securities was approximately \$178,235,000 and \$141,886,000 respectively. The maximum amount that could be borrowed as of December 31, 2025, and 2024 was approximately \$164,494,000 and \$126,255,000 respectively. There were no outstanding borrowings as of December 31, 2025 and 2024.

The Credit Union may periodically utilize overnight borrowings from the Federal Reserve Bank as part of its liquidity and investment management strategy. There were no outstanding balances under these arrangements as of December 31, 2025 and 2024.

# SCOTT CREDIT UNION

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

---

### Federal Home Loan Bank

The Credit Union has pledged qualifying loans to secure advances under a blanket collateral agreement with the FHLB, which as of December 31, 2025, and 2024, had book values of approximately \$434,852,000 and \$369,279,000 respectively. Based on borrowing limitations, the amount available under the FHLB arrangement totaled approximately \$264,060,000 and \$226,450,000 as of December 31, 2025, and 2024 respectively. There were no borrowings outstanding as of December 31, 2025 and 2024.

### **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 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 \$127,932,000. 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 National Credit Union Administration. 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 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.

Federally insured, natural-person credit unions defined as "complex" will have to comply with the National Credit Union Administration's risk-based capital (RBC) final rule which amends National Credit Union Administration'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 National Credit Union Administration'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 National Credit Union Administration's risk weights with those assigned by other Banking agencies.

# SCOTT CREDIT UNION

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

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 National Credit Union Administration’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	\$ 177,258,488	9.79%	\$ 166,556,537	9.54%
Net Worth Classification	Well Capitalized		Well Capitalized	
Amounts needed to be classified				
as "well capitalized" per CCULR	\$ 162,894,072	9.00%	\$ 157,107,854	9.00%
as "well capitalized" per PCA	\$ 126,695,389	7.00%	\$ 122,194,997	7.00%
as "adequately capitalized" per PCA	\$ 108,596,048	6.00%	\$ 104,738,569	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 \$637,829 as of December 31, 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 is insignificant and intentionally omitted from disclosure.

### 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.

# SCOTT CREDIT UNION

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

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				
Mortgage-backed securities	\$ 92,020,463	\$ -	\$ 92,020,463	\$ -
U.S. treasury securities	39,590,525	39,590,525	-	-
Collateralized mortgage obligations	23,184,990	-	23,184,990	-
Federal agency securities	14,444,222	-	14,444,222	-
Corporate Bonds	3,202,020	-	3,202,020	-
Total available-for-sale	172,442,220	39,590,525	132,851,695	-
Total assets at fair value	\$ 172,442,220	\$ 39,590,525	\$ 132,851,695	\$ -

	Assets at Fair Value as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
Available-for-sale securities				
Mortgage-backed securities	\$ 39,853,117	\$ -	\$ 39,853,117	\$ -
U.S. treasury securities	52,468,070	52,468,070	-	-
Collateralized mortgage obligations	9,586,529	-	9,586,529	-
Federal agency securities	17,823,455	-	17,823,455	-
Corporate Bonds	3,025,632	-	3,025,632	-
Total available-for-sale	122,756,803	52,468,070	70,288,733	-
Total assets at fair value	\$ 122,756,803	\$ 52,468,070	\$ 70,288,733	\$ -

### **Note 11 – Employee Benefits**

#### Defined Contribution Plan

The Credit Union maintains a defined contribution plan that allows employees to defer a portion of their salary. Participation is limited to employees who meet specific length of service and age requirements. Discretionary contributions by the Credit Union are permitted. The expense related to this plan were \$1,148,197 and \$1,098,651 for the years ended December 31, 2025 and 2024, respectively.

March 17, 2026

To the Supervisory Committee, Board of Directors and Management  
**Scott Credit Union**

This letter is intended to inform the Supervisory Committee, Board of Directors and management about the performance of the annual member account verification of Scott Credit Union. Specifically, we performed the verification of members' accounts for Scott Credit Union as of September 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the requirements of NCUA Regulation Part 715.8.

The accompanying Summary details the results of the verification process. Please file this document with the Supervisory Committee's records. The examiners may request to review this document during their next examination.

If you have any questions, please contact Chris Vallez, CPA, at (305) 537-5182.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Vallez".

Chris Vallez, CPA  
Principal, Financial Institutions Group  
Miami, Florida

## Scott Credit Union Member Account Verification Summary

In conjunction with the opinion audit of Scott Credit Union as of and for the year ended 12/31/2025 , Doeren Mayhew Assurance performed a verification of members' accounts as of 9/30/2025. Doeren Mayhew Assurance obtained deposit and loan AIREs files and/or other deposit and loan trial balances from the Credit Union as of the verification date. A reconciliation of the AIREs files and/or other trial balances was performed to the financial statements to ensure completeness of the population as of the verification date. Selections were then made from loans and shares using IDEA data extraction software.

For certain deposits and loans, we prepared a positive verification. A letter was sent to each member requesting them to compare their records to the account information on the letter and respond whether any discrepancies are observed or not. Alternate procedures were performed on positive verification letters not returned and/or letters returned indicating a discrepancy.

For other deposits and loans, we prepared negative verifications. A letter was sent to each member requesting them to compare their records to the account information on the letter and respond only if any discrepancies are observed. Alternate procedures were performed on negative verification letters returned indicating a discrepancy, returned undeliverable due to an incorrect mailing address, certain accounts included in the selection where the member has requested no correspondence and/or accounts in bankruptcy. All verification letters were prepared and mailed, along with a postage-paid return envelope, to the respective members by Doeren Mayhew Assurance.

A summary of the results of our verification procedures are as follows:

### SHARE VERIFICATION SUMMARY

NEGATIVE CONFIRMATIONS	Item Count		Dollar Amount	
	No.	% of Total	Amount	% of Total
Returned without exception	-	-	\$ -	-
Returned with exceptions:				
• Exceptions cleared, no misstatements	2	0.8%	156,411	1.3%
• Misstatements detected	-	-	-	-
Unable to confirm, post office returns, no mail accounts:				
• Alternate procedures performed no misstatements	2	0.8%	124,404	1.0%
• Misstatements detected	-	-	-	-
No replies, presumed correct	232	98.3%	11,710,600	97.7%
Total negative confirmations	236	100.0%	11,991,415	100.0%
TOTAL CONFIRMATIONS	236		\$ 11,991,415	
<b>SHARE ACCOUNT TOTALS</b>	<b>242,061</b>		<b>\$ 1,573,724,167</b>	
<b>% Confirmed</b>		<b>0.1%</b>		<b>0.8%</b>

### LOAN VERIFICATION SUMMARY

POSITIVE CONFIRMATIONS	Item Count		Dollar Amount	
	No.	% of Total	Amount	% of Total
Returned without exception	1	16.7%	\$ 188,676	3.0%
Returned with exceptions:				
• Exceptions cleared, no misstatements	5	83.3%	6,078,244	97.0%
• Misstatements detected	-	-	-	-
Nonreplies (including no mail accounts and post office returns):				
• Alternate procedures performed, no misstatements	-	-	-	-
• Misstatements detected	-	-	-	-
<b>Total positive confirmations</b>	<b>6</b>	<b>100.0%</b>	<b>\$ 6,266,920</b>	<b>100.0%</b>
NEGATIVE CONFIRMATIONS	Item Count		Dollar Amount	
	No.	% of Total	Amount	% of Total
Returned without exception	-	-	\$ -	-
Returned with exceptions:				
• Exceptions cleared, no misstatements	1	0.6%	74,700	0.6%
• Misstatements detected	-	-	-	-
Unable to confirm, post office returns, no mail accounts:				
• Alternate procedures performed no misstatements	2	1.1%	11,128	0.1%
• Misstatements detected	-	-	-	-
No replies, presumed correct	176	98.3%	12,930,873	99.3%
<b>Total negative confirmations</b>	<b>179</b>	<b>100.0%</b>	<b>13,016,701</b>	<b>100.0%</b>
<b>TOTAL CONFIRMATIONS</b>	<b>185</b>		<b>\$ 19,283,621</b>	
<b>LOAN ACCOUNT TOTALS</b>	<b>64,766</b>		<b>\$ 1,007,312,001</b>	
<b>% Confirmed</b>		<b>0.29%</b>		<b>1.91%</b>