



**UNITED STATES SENATE  
FEDERAL CREDIT UNION**

**CONSOLIDATED FINANCIAL STATEMENTS**

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

# UNITED STATES SENATE FEDERAL CREDIT UNION

## TABLE OF CONTENTS

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	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Statements of Financial Condition	3
Consolidated Statements of Income	4
Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Members' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	9

## INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee, Board of Directors and Management  
**United States Senate Federal Credit Union**

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of United States Senate Federal Credit Union and its subsidiary, 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.

### 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 United States Senate Federal Credit Union, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Senate Federal Credit Union's ability to continue as a going concern for one year the date that the consolidated financial statements are available to be 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 United States Senate Federal Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Senate Federal 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  
April 21, 2026

# UNITED STATES SENATE FEDERAL CREDIT UNION

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

<b>Assets</b>	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 269,067,758	\$ 267,331,016
Available-for-sale debt securities (Note 2) (amortized cost of \$80,693,148 and \$69,370,522 as of December 31, 2025 and 2024, respectively)	75,474,040	61,829,900
Loans to members, net of allowance for credit losses of \$9,342,144 and \$11,033,734 as of December 31, 2025 and 2024, respectively (Note 3)	1,117,276,268	1,132,224,016
Accrued interest receivable	6,224,743	6,664,035
Other assets	18,826,281	16,706,737
Property and equipment (Note 4)	24,166,774	26,753,832
National Credit Union Share Insurance Fund (NCUSIF) deposit	12,398,162	13,013,652
Total assets	<b>\$ 1,523,434,026</b>	<b>\$ 1,524,523,188</b>
 <b><u>Liabilities and Members' Equity</u></b>		
Liabilities		
Members' shares and savings accounts (Note 5)	\$ 1,401,148,549	\$ 1,408,237,145
Accrued expenses and other liabilities	11,715,614	9,498,500
Total liabilities	1,412,864,163	1,417,735,645
Members' equity		
Undivided earnings	115,788,971	114,328,165
Accumulated other comprehensive loss	(5,219,108)	(7,540,622)
Total members' equity	110,569,863	106,787,543
Total liabilities and members' equity	<b>\$ 1,523,434,026</b>	<b>\$ 1,524,523,188</b>

See accompanying notes to consolidated financial statements

# UNITED STATES SENATE FEDERAL CREDIT UNION

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

	2025	2024
Interest income		
Loans to members	\$ 68,449,331	\$ 71,213,978
Interest income on cash equivalents	\$ 11,244,493	\$ 14,324,670
Investments	1,746,550	1,744,544
Total interest income	81,440,374	87,283,192
Interest expense		
Members' shares and savings accounts	39,873,028	42,603,347
Net interest income	41,567,346	44,679,845
Provision for credit losses (Note 3)	5,076,996	18,257,524
Net interest income after provision for credit losses	36,490,350	26,422,321
Non-interest income		
Interchange income	2,883,732	2,902,275
Fees and charges	859,869	893,980
Gain on sale of building	1,447,211	-
Other income	981,535	673,343
Total non-interest income	6,172,347	4,469,598
Non-interest expenses		
Compensation and benefits	21,549,585	18,973,462
Office operations	6,969,629	6,384,654
Loan servicing	5,473,281	5,142,302
Professional and outside servicing costs	3,492,166	3,326,746
Office occupancy	1,832,978	1,855,391
Other	1,884,252	1,599,258
Total non-interest expenses	41,201,891	37,281,813
Net income/(loss)	\$ 1,460,806	\$ (6,389,894)

See accompanying notes to consolidated financial statements

**UNITED STATES SENATE FEDERAL CREDIT UNION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Net income/(loss)	\$ 1,460,806	\$ (6,389,894)
Other comprehensive income		
Available-for-sale debt securities		
Net unrealized holding gains on available-for-sale debt securities	<u>2,321,514</u>	<u>1,054,985</u>
Other comprehensive income	<u>2,321,514</u>	<u>1,054,985</u>
Comprehensive income/(loss)	<u>\$ 3,782,320</u>	<u>\$ (5,334,909)</u>

See accompanying notes to consolidated financial statements

# UNITED STATES SENATE FEDERAL CREDIT UNION

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

	Undivided Earnings	Accumulated Other Comprehensive (Loss)/Income	Total
Members' equity - December 31, 2023	\$ 120,718,059	\$ (8,595,607)	\$ 112,122,452
Net loss	(6,389,894)	-	(6,389,894)
Other comprehensive income	-	1,054,985	1,054,985
Members' equity - December 31, 2024	114,328,165	(7,540,622)	106,787,543
Net income	1,460,806	-	1,460,806
Other comprehensive income	-	2,321,514	2,321,514
Members' equity - December 31, 2025	\$ 115,788,971	\$ (5,219,108)	\$ 110,569,863

See accompanying notes to consolidated financial statements

# UNITED STATES SENATE FEDERAL CREDIT UNION

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

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Net income/(loss)	\$ 1,460,806	\$ (6,389,894)
Adjustments		
Provision for credit losses	5,076,996	18,257,524
Depreciation and amortization	1,874,134	1,724,700
(Gain) on sale of building	(1,447,211)	-
Net amortization and accretion on available-for-sale debt securities	173,125	232,572
Decrease/(increase) in assets		
Accrued interest receivable	439,292	(404,653)
Prepaid and other assets	(2,119,544)	(4,924,434)
Increase/(decrease) in liabilities		
Accrued expenses and other liabilities	2,217,114	(806,847)
Total adjustments	<u>6,213,906</u>	<u>14,078,862</u>
Net cash provided from operating activities	<u>7,674,712</u>	<u>7,688,968</u>

See accompanying notes to consolidated financial statements

# UNITED STATES SENATE FEDERAL CREDIT UNION

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

	<b>2025</b>	<b>2024</b>
Cash flows from investing activities		
Proceeds from the repayment, call, or maturity of available-for-sale debt securities	\$ 13,692,317	\$ 15,454,259
Purchase of available-for-sale debt securities	(25,188,068)	-
Purchase of loan participations	(66,362,111)	(87,758,173)
Proceeds from sale of Upgrade loans	-	33,350,638
Net change in loans to members	76,232,863	52,887,272
Purchase of property and equipment	(642,296)	(1,731,497)
Proceeds from sale of building	2,802,431	-
Change in NCUSIF deposit	615,490	(2,729,321)
Net cash provided from investing activities	1,150,626	9,473,178
Cash flows from financing activities		
Net change in members' shares and savings accounts	(7,088,596)	73,332,285
Net cash (used in)/provided from financing activities	(7,088,596)	73,332,285
Net change in cash and cash equivalents	1,736,742	90,494,431
Cash and cash equivalents - beginning	267,331,016	176,836,585
Cash and cash equivalents - ending	\$ 269,067,758	\$ 267,331,016
<b><u>Supplemental Information</u></b>		
Interest paid	\$ 40,103,392	\$ 41,953,207

See accompanying notes to consolidated financial statements

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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

#### Organization

United States Senate Federal Credit Union (the Credit Union) is a cooperative association organized in accordance with the provisions of the Federal Credit Union Act for the purpose 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 by the Credit Union's Charter and Bylaws.

#### Principles of Consolidation

The consolidated financial statements include the accounts of the Credit Union and the accounts of its wholly owned credit union service organization (CUSO), CU Strategic Services, LLC. The CUSO provides consulting and outsourcing services for other financial institutions. The CUSO also provides commercial loan underwriting and servicing. All significant intercompany accounts and transactions have been eliminated.

#### Use of Estimates

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

#### Concentrations of Credit Risk

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

#### 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) is limited to the changes in 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 investments 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 (including cash items in the process of clearing) and interest-bearing deposits in banks with an original maturity of 90 days or less including overnight deposits. Amounts due from banks may, at times, exceed federally insured limits.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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### Available-for-Sale Debt Securities

Debt securities are classified as available-for-sale when the Credit Union anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

The Credit Union evaluates its available-for-sale (AFS) investment securities portfolio on a quarterly basis 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. Credit related impairment on AFS securities is immaterial and intentionally omitted for disclosure.

### Loans to Members

Loans, net, are carried at unpaid principal balances, including unearned discounts, 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 commercial and consumer 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 the 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.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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Vehicle and other consumer loans are generally charged-off at 180-days past due. Residential mortgages and home equity loans are charged-off to the estimated fair value of the collateral at 180-days past due, unless in foreclosure. Commercial loans are generally either charged-off or written down to net realizable value at 90-days past due.

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, low pass, special mention, substandard, doubtful and loss 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** – A loan with no existing or known potential weaknesses deserving of management's close attention.

**Watch** – A loan that otherwise meets the definition of a standard or minimum acceptable quality loan, but which requires more than normal attention due to any of the following items: deterioration of borrower financial condition less severe than those warranting more adverse grading, deterioration of repayment ability and/or collateral value, or less than average credit score. The loan is paid as agreed. If conditions persist or worsen, a more severe risk grade may be warranted.

**Special Mention** – A loan that has potential weakness that deserves management's close attention but does not warrant substandard classification. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of the Credit Union's credit position at some future date. Special mention loans are not adversely classified and do not expose the Credit Union to sufficient risk to warrant adverse classification.

**Substandard** – A loan that is not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Credits classified as substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. Well-defined weaknesses include a project's lack of marketability, inadequate cash flow or collateral support, or a project's failure to fulfill economic expectations. 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.

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

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

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 in order to mitigate future loss. Loan modifications were deemed insignificant and intentionally omitted for disclosure purposes.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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### Allowance for Credit Losses on Loans

The allowance for credit losses on loans is deducted from the amortized cost basis of a group of financial assets so that the consolidated statements of financial condition reflect the net amount the Credit Union expects to collect. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. Management estimates the allowance by projecting and multiplying together the probability-of-default and loss-given-default depending on economic parameters for each month of the remaining contractual term. Economic parameters are developed using available information relating to past events, current conditions, and economic forecasts. The Credit Union's economic forecast period is 24 months and afterwards reverts to a historical average loss rate on a straight-line basis over a 12-month period.

Historical credit experience provides the basis for the estimation of expected credit losses, with qualitative 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 environmental conditions, such as changes in legislation, regulation, policies, administrative practices or other relevant factors. Expected credit losses are estimated over the contractual term of the loans, adjusted for forecasted prepayments when appropriate. The contractual term excludes potential extensions or renewals. The methodology used in the estimation of the allowance for credit and lease losses, which is performed at least quarterly, is designed to be dynamic and responsive to changes in portfolio credit quality and forecasted economic conditions.

Each quarter the Credit Union reassesses the appropriateness of the economic forecasting period, the reversion period and historical mean at the portfolio segment level, considering any required adjustments for differences in underwriting standards, portfolio mix, and other relevant data shifts over time. The allowance for credit losses on loans is measured on a collective (pool) basis when similar risk characteristics exist. The portfolio segment represents the level at which a systematic methodology is applied to estimate credit losses.

Loans that do not share risk characteristics are evaluated on an individual basis. These include loans that are in nonaccrual 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 timely reversal of outstanding interest through interest income.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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### Other Assets

Other assets include prepaid assets and other miscellaneous assets. Prepaid assets are carried at cost less accumulated amortization using the straight-line method over the useful life.

### Central Liquidity Facility (CLF)

During the year-ended December 31, 2024, the Credit Union became a member of the CLF. As a member of the CLF, a government corporation within the NCUA that serves as a liquidity lender to credit unions with unusual liquidity shortfalls, the Credit Union is required to invest in stock of the CLF. The Credit Union's stock investment is equal to one-half of one percent of the Credit Union's paid-in and unimpaired capital and surplus. One-half of the stock requirement is paid to the CLF and the remaining one-half is held on call by the NCUA Board. Dividends are paid on the stock investment. The CLF is included within other assets in the consolidated statements of financial condition and approximated \$3,842,000 and \$3,450,000 as of December 31, 2025 and 2024, respectively. The CLF stock is carried at cost and its disposition is restricted. No market exists for the CLF stock, and it has no quoted market price.

### Federal Home Loan Bank (FHLB) Stock

As a member of the FHLB, the Credit Union is required to invest in stock of the FHLB. The Credit Union's minimum stock investment is based on a formula developed by the FHLB that considers the Credit Union's total assets and outstanding advances from the FHLB. The FHLB stock is carried at cost and its disposition is restricted. Based on its restricted nature, no ready market exists for this investment and it has no quoted market value. As of December 31, 2025 and 2024, the FHLB stock, included with prepaid and other assets in the consolidated statements of financial condition, approximated \$1,068,000 and \$1,022,000, respectively.

### Property and Equipment

Land is carried at cost. Buildings and building improvements and furniture and equipment are carried at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method based upon the useful lives of the related assets. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less.

The Credit Union reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Maintenance, repairs, and minor alterations are charged to current operations as expenditures occur and major improvements are capitalized.

### National Credit Union Share Insurance Fund (NCUSIF) Deposit

The deposit in the 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.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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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 periodically reviewed for impairment.

### Members' Shares and Savings Accounts

Members' shares are the savings deposit accounts of the owners of the Credit Union. Primary share ownership entitles the members to vote in annual elections of the Board of Directors. Irrespective of the number of shares owned, no member has more than one vote. Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' shares and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are set by the Asset and Liability Committee (ALCO) and approved by the Board of Directors, based on an evaluation of current and future market conditions.

### Income Taxes

The Credit Union is exempt, by the Internal Revenue Code Section 501(c)(1)(a)(i), from federal and state income taxes.

### Fees and Charges

The Credit Union's revenue from contracts with customers in the scope of ASC 606, Revenue from Contracts with Customers, is recognized and disaggregated within non-interest income in the consolidated statements of income. A description of the Credit Union's revenue streams accounted for under ASC 606 are as follows.

#### *Service Charges on Deposit Accounts*

The Credit Union earns fees from its deposits for transaction-based and account maintenance 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. Service charges on deposits are withdrawn from the member's account balance.

#### *Interchange Income*

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

### Subsequent Events

Management has evaluated subsequent events through April 21, 2026, the date the consolidated financial statements were available to be issued.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

### Note 2 – Available-for-Sale Debt Securities

The following table presents the amortized cost and estimated fair value of debt securities as of December 31, 2025:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale				
Commercial mortgage-backed securities (CMBS)	\$ 28,784,135	\$ -	\$ (3,293,297)	\$ 25,490,838
Mortgage-backed securities (MBS)	47,156,293	51,926	(1,880,370)	45,327,849
Collateralized mortgage obligations (CMOs)	4,752,720	-	(97,367)	4,655,353
Total	<u>\$ 80,693,148</u>	<u>\$ 51,926</u>	<u>\$ (5,271,034)</u>	<u>\$ 75,474,040</u>

The following table presents the amortized cost and estimated fair value of debt securities as of December 31, 2024:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale				
CMBS	\$ 31,245,694	\$ 2,167	\$ (3,617,492)	\$ 27,630,369
MBS	26,619,561	4,060	(3,228,224)	23,395,397
CMOs	11,505,267	-	(701,133)	10,804,134
Total	<u>\$ 69,370,522</u>	<u>\$ 6,227</u>	<u>\$ (7,546,849)</u>	<u>\$ 61,829,900</u>

As of December 31, 2025 and 2024, the Credit Union's available-for-sale portfolio consists entirely of commercial mortgage-backed securities, mortgage-backed securities, and collateralized mortgage obligations. These securities have no contractual maturity and return principal based on payments received on the underlying mortgages. These securities have expected weighted average lives of one to five years. However, return of principal may differ from expectation based on fluctuations in market interest rates, delinquency, foreclosures, and the underlying collateral values.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

Information pertaining to investments with gross unrealized losses as of December 31, 2025, aggregated by investment category and length of time that individual investments have been in a continuous loss position follows:

	Continuing Unrealized Losses for Less than 12 Months		Continuing Unrealized Losses for 12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale						
CMBS	\$ 2,943,257	\$ (27,282)	\$ 22,547,581	\$ (3,266,015)	\$ 25,490,838	\$ (3,293,297)
MBS	-	-	20,491,330	(1,880,370)	20,491,330	(1,880,370)
CMOs	-	-	4,655,353	(97,367)	4,655,353	(97,367)
Total	<u>\$ 2,943,257</u>	<u>\$ (27,282)</u>	<u>\$ 47,694,264</u>	<u>\$ (5,243,752)</u>	<u>\$ 50,637,521</u>	<u>\$ (5,271,034)</u>

Information pertaining to investments with gross unrealized losses as of December 31, 2024, aggregated by investment category and length of time that individual investments have been in a continuous loss position follows:

	Continuing Unrealized Losses for Less than 12 Months		Continuing Unrealized Losses for 12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale						
CMBS	\$ -	\$ -	\$ 23,960,580	\$ (3,617,492)	\$ 23,960,580	\$ (3,617,492)
MBS	-	-	23,074,415	(3,228,224)	23,074,415	(3,228,224)
CMOs	-	-	10,804,134	(701,133)	10,804,134	(701,133)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,839,129</u>	<u>\$ (7,546,849)</u>	<u>\$ 57,839,129</u>	<u>\$ (7,546,849)</u>

As of December 31, 2025, the investment portfolio included 68 investments, 52 of which had current unrealized losses which existed for longer than one year. As of December 31, 2024, the investment portfolio included 73 investments, 59 of which had current unrealized losses which existed for longer than one year. All of these securities are considered to be acceptable credit risks. Based upon an evaluation of the available evidence, including recent changes in market rates, credit rating information, and information obtained from regulatory filings, management believes the decline in fair value for these securities is temporary. In addition, the Credit Union does not have the intent to sell these debt securities, and it is not more-likely-than-not that they will be required to sell these debt securities prior to their anticipated recovery.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

The Credit Union's debt securities are issued by the U.S. Government and its Agencies. Therefore, unrealized losses on 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 ability and intent to hold these securities through to recovery of fair value, which may be maturity. Unrealized losses on investment securities are reviewed quarterly for indicators of credit impairment.

### Note 3 – Loans to Members

The composition of loans to members as of December 31, 2025 and 2024 is as follows:

	2025	2024
Consumer		
Vehicle	\$ 203,788,787	\$ 210,649,700
Unsecured	170,785,734	191,984,386
Other secured	3,324,870	2,740,833
Total consumer	377,899,391	405,374,919
Real estate		
First mortgage	265,817,750	260,554,804
Second mortgage	338,015,336	341,722,916
Total real estate	603,833,086	602,277,720
Commercial		
Real estate	134,230,494	130,649,232
Other	10,655,441	4,955,879
Total commercial	144,885,935	135,605,111
Total loans	1,126,618,412	1,143,257,750
Less: Allowance for credit losses	(9,342,144)	(11,033,734)
Loans to members, net	\$ 1,117,276,268	\$ 1,132,224,016

As of December 31, 2025 and 2024, the net deferred loan origination fees, costs and premiums paid on loans acquired included in the principal balances of loans above, approximated \$8,373,000 and \$9,591,000, respectively.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

### Allowance for Credit Losses

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment as of and for the year ended December 31, 2025:

	<u>Consumer</u>	<u>Real Estate</u>	<u>Commercial</u>	<u>Total</u>
Allowance				
Beginning allowance	\$ 8,939,719	\$ 1,344,712	\$ 749,303	\$ 11,033,734
Charge-offs	(7,829,103)	(370,996)	(120,000)	(8,320,099)
Recoveries	1,398,784	149,536	3,193	1,551,513
Provision for credit losses	<u>3,664,342</u>	<u>455,649</u>	<u>957,005</u>	<u>5,076,996</u>
Ending allowance	<u>\$ 6,173,742</u>	<u>\$ 1,578,901</u>	<u>\$ 1,589,501</u>	<u>\$ 9,342,144</u>

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment as of and for the year ended December 31, 2024:

	<u>Consumer</u>	<u>Real Estate</u>	<u>Commercial</u>	<u>Total</u>
Allowance				
Beginning balance	\$ 9,273,195	\$ 2,499,601	\$ 339,650	\$ 12,112,446
Charge-offs	(21,545,744)	(467,746)	-	(22,013,490)
Recoveries	2,070,723	606,531	-	2,677,254
Provision for credit losses	<u>19,141,545</u>	<u>(1,293,674)</u>	<u>409,653</u>	<u>18,257,524</u>
Ending allowance	<u>\$ 8,939,719</u>	<u>\$ 1,344,712</u>	<u>\$ 749,303</u>	<u>\$ 11,033,734</u>

The ACL related to loans totaled approximately \$9,342,000 at December 31, 2025 and \$11,034,000 at December 31, 2024. During the twelve months ended December 31, 2025, the ACL decreased approximately \$1,692,000 based on an updated economic outlook and changes in portfolio composition and credit quality. During the twelve months ended December 31, 2024, the ACL decreased approximately \$1,079,000 based on an updated economic outlook and changes in portfolio composition and credit quality.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

### Age of Analysis of Past Due Loans

The following table presents the aging of the recorded investment in past due loans and loans on non-accrual as of December 31, 2025:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans
Consumer						
Vehicle	\$ 1,184,028	\$ 126,253	\$ 527,801	\$ 1,838,082	\$ 201,950,705	\$ 203,788,787
Unsecured	3,126,849	1,943,136	2,959,406	8,029,391	162,756,343	170,785,734
Other secured	-	-	-	-	3,324,870	3,324,870
	<u>4,310,877</u>	<u>2,069,389</u>	<u>3,487,207</u>	<u>9,867,473</u>	<u>368,031,918</u>	<u>377,899,391</u>
Real estate						
First mortgage	1,710,037	2,333,984	1,033,738	5,077,759	260,739,991	265,817,750
Second mortgage	2,348,459	1,446,054	7,574,257	11,368,770	326,646,566	338,015,336
	<u>4,058,496</u>	<u>3,780,038</u>	<u>8,607,995</u>	<u>16,446,529</u>	<u>587,386,557</u>	<u>603,833,086</u>
Commercial						
Real estate	1,358,643	-	352,063	1,710,706	132,519,788	134,230,494
Other	-	-	-	-	10,655,441	10,655,441
	<u>1,358,643</u>	<u>-</u>	<u>352,063</u>	<u>1,710,706</u>	<u>143,175,229</u>	<u>144,885,935</u>
<b>Total</b>	<u><u>\$ 9,728,016</u></u>	<u><u>\$ 5,849,427</u></u>	<u><u>\$ 12,447,265</u></u>	<u><u>\$ 28,024,708</u></u>	<u><u>\$ 1,098,593,704</u></u>	<u><u>\$ 1,126,618,412</u></u>

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

The following table presents the aging of the recorded investment in past due loans and loans on non-accrual as of December 31, 2024:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans
Consumer						
Vehicle	\$ 586,717	\$ 322,094	\$ 318,137	\$ 1,226,948	\$ 209,422,752	\$ 210,649,700
Unsecured	2,342,025	861,461	1,447,779	4,651,265	187,333,121	191,984,386
Other secured	-	-	-	-	2,740,833	2,740,833
	<u>2,928,742</u>	<u>1,183,555</u>	<u>1,765,916</u>	<u>5,878,213</u>	<u>399,496,706</u>	<u>405,374,919</u>
Real estate						
First mortgage	1,957,569	164,577	462,106	2,584,252	257,970,552	260,554,804
Second mortgage	2,350,534	410,377	3,335,183	6,096,094	335,626,822	341,722,916
	<u>4,308,103</u>	<u>574,954</u>	<u>3,797,289</u>	<u>8,680,346</u>	<u>593,597,374</u>	<u>602,277,720</u>
Commercial						
Real estate	-	-	-	-	130,649,232	130,649,232
Other	-	-	352,063	352,063	4,603,816	4,955,879
	<u>-</u>	<u>-</u>	<u>352,063</u>	<u>352,063</u>	<u>135,253,048</u>	<u>135,605,111</u>
<b>Total</b>	<u><b>\$ 7,236,845</b></u>	<u><b>\$ 1,758,509</b></u>	<u><b>\$ 5,915,268</b></u>	<u><b>\$ 14,910,622</b></u>	<u><b>\$ 1,128,347,128</b></u>	<u><b>\$ 1,143,257,750</b></u>

Loans on which the accrual of interest has been discontinued or reduced approximated \$12,447,000 and \$5,915,000 as of December 31, 2025 and 2024, respectively. There were no loans 90 days or more past due and still accruing interest as of December 31, 2025 or 2024.

### Consumer and Real Estate Credit Quality

The Credit Union considers the performance of the loan portfolio and its impact on the allowance. For consumer and real estate loan classes, the Credit Union evaluates credit quality based on the aging status of the loan and payment activity. Accordingly, non-accrual loans are considered to be in a non-performing status for purposes of credit quality evaluation.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

The following tables present the consumer and real estate loan balances based on performance indication as of December 31, 2025 and 2024:

	As of December 31, 2025		As of December 31, 2024	
	Performing Loans	Non-Performing Loans	Performing Loans	Non-Performing Loans
Consumer				
Vehicle	\$ 203,260,986	\$ 527,801	\$ 210,331,563	\$ 318,137
Unsecured	167,826,328	2,959,406	190,536,607	1,447,779
Other secured	3,324,870	-	2,740,833	-
Total consumer	374,412,184	3,487,207	403,609,003	1,765,916
Real estate				
First mortgage	264,784,012	1,033,738	260,092,698	462,106
Second mortgage	330,441,079	7,574,257	338,387,733	3,335,183
Total real estate	595,225,091	8,607,995	598,480,431	3,797,289
Total	<u>\$ 969,637,275</u>	<u>\$ 12,095,202</u>	<u>\$ 1,002,089,434</u>	<u>\$ 5,563,205</u>

### Commercial Credit Quality

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

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

	Real Estate	Other	Total
Credit grade			
Pass	\$ 116,860,009	\$ 10,655,441	\$ 127,515,450
Watch	13,929,575	-	13,929,575
Special Mention	-	-	-
Substandard	3,440,910	-	3,440,910
Total	<u>\$ 134,230,494</u>	<u>\$ 10,655,441</u>	<u>\$ 144,885,935</u>

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	Real Estate	Other	Total
Credit grade			
Pass	\$ 117,297,792	\$ 4,907,280	\$ 122,205,072
Watch	7,139,940	48,599	7,188,539
Special Mention	2,770,590	-	2,770,590
Substandard	3,440,910	-	3,440,910
Total	\$ 130,649,232	\$ 4,955,879	\$ 135,605,111

### Note 4 – Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and amortization, and is summarized as of December 31, 2025 and 2024 by major classification as follows:

	2025	2024
Land	\$ 1,745,000	\$ 2,422,532
Buildings and building improvements	24,183,498	26,790,951
Furniture and equipment	14,699,199	14,620,733
Leasehold improvements	680,025	680,025
	41,307,722	44,514,241
Less accumulated depreciation and amortization	(17,140,948)	(17,760,409)
	\$ 24,166,774	\$ 26,753,832

Depreciation and amortization charged to office operations and office occupancy expense was approximately \$1,874,000 and \$1,725,000 for the years ended December 31, 2025 and 2024, respectively.

### Note 5 – Members' Shares and Savings Accounts

Members' shares and savings accounts are summarized as follows as of December 31, 2025 and 2024:

	2025	2024
Share accounts	\$ 185,179,674	\$ 180,917,052
Share draft accounts	203,266,017	197,959,228
Money market accounts	210,843,094	209,121,643
Individual retirement accounts (IRAs)	9,353,570	8,807,233
Share, business and IRA certificates	792,506,194	811,431,989
	\$ 1,401,148,549	\$ 1,408,237,145

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

As of December 31, 2025, scheduled maturities of share, business and IRA certificates are as follows:

	<u>2025</u>
Within one year	\$ 297,985,269
1 to 2 years	171,473,572
2 to 3 years	164,599,804
3 to 4 years	151,571,287
4 to 5 years	6,876,262
	<u>\$ 792,506,194</u>

The aggregate amount of members' time deposit accounts in denominations of \$250,000 or more as of December 31, 2025 and 2024 was approximately \$294,001,000 and \$299,120,000, respectively.

### Note 6 – Employee Benefits

#### 401(k) Plan

All employees who have completed three consecutive months from their date of employment are eligible to participate in a 401(k) plan. Employee contributions to the plan are subject to certain limits established by the Internal Revenue Service and they are 100% vested in their own contributions. The Credit Union matches employee contributions dollar-for-dollar up to 3% of the employees' salary and matches \$0.50 for every dollar of employee contribution above 3% up to 5% of the employees' salary. Employees are 100% vested in this contribution. Additional Credit Union contributions can be made at the discretion of the Board of Directors. Employees become 100% vested in these discretionary contributions after five years of service. The Credit Union's contributions to the 401(k) plan approximated \$1,467,000 and \$1,056,000 for the years ended December 31, 2025 and 2024, respectively.

### Note 7 – Borrowed Funds

#### Federal Home Loan Bank (FHLB) of Atlanta

The Credit Union maintains a line-of-credit agreement with the FHLB of Atlanta. The terms of the agreement provide the Credit Union with the capacity to borrow up to a certain percentage of eligible first mortgage loans. Based on borrowing limitations, the Credit Union's available borrowing capacity was approximately \$172,578,000 and \$163,324,000 as of December 31, 2025 and 2024, respectively. There were no outstanding borrowings under this line-of-credit agreement as of December 31, 2025 and 2024.

### Note 8 – 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.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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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 were approximately \$212,320,000. 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 9 – Regulatory Capital**

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.

Federally insured, natural-person credit unions defined as "complex" will have to comply with the NCUA's risk-based capital ("RBC") final rule which amends NCUA's Prompt Corrective Action ("PCA") regulations, part 702, or the newly created Complex Credit Union Leverage Ratio ("CCULR") rule.

A credit union is defined as "complex" if the credit union's quarter-end total assets exceed \$500,000,000, as reflected in its most recent Call Report. The rules require credit unions taking certain risks to hold capital commensurate with those risks. The RBC rule revises part 702 of NCUA's current regulations to establish an RBC ratio measure that is the percentage of a credit union's capital divided by the credit union's defined risk weighted asset base. This RBC rule more closely aligns NCUA's risk weights with those assigned by other Banking agencies.

Accordingly, the RBC rule adopts a 10 percent RBC ratio level for "well capitalized" credit unions, and an 8 percent RBC ratio level for "adequately capitalized" credit unions. The CCULR rule simplifies the RBC rule requirements for complex credit unions that meet certain eligibility criteria by allowing them to choose between implementing the RBC rule or the CCULR. Credit unions that select CCULR instead of the RBC rule would have a minimum 9 percent leverage ratio. 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 not selected the CCULR alternative as of December 31, 2025 or 2024, and therefore, must meet the RBC and net worth requirements of the RBC final rule.

As of December 31, 2025, the most recent call reporting period, the NCUA categorized the Credit Union as "well capitalized" under the regulatory framework for PCA. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	<b>As of December 31, 2025</b>					
	Actual		To be Classified as "Well Capitalized"		To be Classified as "Adequately Capitalized"	
			Ratio/ Requirement		Ratio/ Requirement	
	Amount	Ratio	Amount	Requirement	Amount	Requirement
Net worth - December 31, 2025	\$ 115,788,971	7.60%	\$ 106,640,382	7.00%	\$ 91,406,042	6.00%
Risk-based capital	\$ 112,732,953	10.81%	\$ 104,330,244	10.00%	\$ 83,464,195	8.00%
	<b>As of December 31, 2024</b>					
	Actual		To be Classified as "Well Capitalized"		To be Classified as "Adequately Capitalized"	
			Ratio/ Requirement		Ratio/ Requirement	
	Amount	Ratio	Amount	Requirement	Amount	Requirement
	Net worth - December 31, 2024	\$ 114,898,775	7.53%	\$ 106,716,623	7.00%	\$ 91,471,391
Risk-based capital	\$ 112,360,895	10.60%	\$ 106,000,844	10.00%	\$ 84,800,675	8.00%

To calculate the net worth ratio as of December 31, 2025 and 2024, the Credit Union used the quarter end option, as permitted by regulation, in performing its calculation of total assets. Total risk-weighted assets used to calculate the Credit Union's RBC ratio as of December 31, 2025 and 2024 were approximately \$1,043,302,000 and \$1,060,008,000, respectively. As of December 31, 2024, total assets and net worth were increased by the CECL transition provision amount of approximately \$571,000 as required by regulation.

Management believes, as of December 31, 2025 and 2024, that the Credit Union meets all capital adequacy requirements to which it is subject.

### **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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

# UNITED STATES SENATE FEDERAL CREDIT UNION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2025 AND 2024

The three levels of the fair value hierarchy under this guidance are described below:

### Basis of Fair Value Measurements

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

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

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

### Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized as follows:

		<b>As of December 31, 2025</b>			
		Level 1	Level 2	Level 3	Total
Available-for-sale debt securities					
CMBS	\$	-	\$ 25,490,838	\$ -	\$ 25,490,838
MBS		-	45,327,849	-	45,327,849
CMOs		-	4,655,353	-	4,655,353
Total	\$	-	\$ 75,474,040	\$ -	\$ 75,474,040

		<b>As of December 31, 2024</b>			
		Level 1	Level 2	Level 3	Total
Available-for-sale debt securities					
CMBS	\$	-	\$ 27,630,369	\$ -	\$ 27,630,369
MBS		-	23,395,397	-	23,395,397
CMOs		-	10,804,134	-	10,804,134
Total	\$	-	\$ 61,829,900	\$ -	\$ 61,829,900