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Together:

*Empowering Our Members.
Expanding Our Impact.*



2025 ANNUAL REPORT

PREMIER AMERICA CREDIT UNION

Growing Together

Empowering & Expanding

For more than 68 years, Premier America Credit Union has remained committed to helping our members and communities thrive. In 2025, that commitment continued to grow as we expanded our reach, strengthened partnerships, and deepened our investment in the people and communities we serve.

Throughout the year, our teams worked to empower members through financial education, community engagement, and meaningful local impact. From financial wellness seminars to Bite of Reality simulations that help students build real-world money management skills, we hosted 71 financial education workshops reaching more than 3,000 individuals across our communities.

Our commitment to service was also evident through the efforts of our team members. During our annual Give Back Day, more than 300 team members volunteered over 1,200 hours supporting organizations focused on addressing food insecurity and providing essential resources to families in need. Across Santa Clarita, Ventura, Orange County, the San Fernando Valley, Monrovia, and Houston, our teams helped assemble thousands of food kits, process fresh produce, and serve more than 8,400 meals through our partnership with the Houston Food Bank.

Through the Premier America Foundation and our community partnerships, we contributed more than \$500,000 to local organizations and provided \$50,000 in direct donations to food pantries serving our neighborhoods. We also invested in the future of our communities by awarding \$56,000 in scholarships to 28 students pursuing higher education.

As Premier America continues to grow, so does our commitment to supporting the communities that have supported us for decades from the coastal communities of Ventura County and the San Fernando Valley to the expanding communities we now serve in Houston.

Together with our members, team members, and community partners, we remain focused on building stronger financial futures and creating lasting impact one member, one relationship, and one community at a time.



Give Back Day 2025

Over **300 Team Members** spread out on *Give Back Day* to support those most in need throughout our communities.



1,200+
Team Volunteer
Hours



71 FINANCIAL
EDUCATION
Workshops Reaching
3,000+ Individuals



\$50,000
In Direct Donations to
Local Food Pantries



\$500K+
Donated To Local
Organizations



6 BITE OF
REALITY
Events Hosted For
Our Community



Give Back
Annual Day of Service



28 AREA
STUDENTS
Awarded \$56,000
In scholarships



2025
READERS' CHOICE
AWARDS Recognition



Prevented
\$768K
in fraud losses

Together, We Make a Difference.



SANTA CLARITA:

Served food kits
& prepped fundraiser supplies



MONROVIA:

Helped 120+ vehicles
receive healthy food for their families



ORANGE COUNTY:

Processed 8,250 lbs.
of fresh produce and fresh food



VENTURA:

Assembled 5,500+
food support bags & kits



SAN FERNANDO VALLEY:

Packed 7,500+
food & fundraiser kits



HOUSTON:

8,419 Meals Served
Via Houston Food Bank

Chair's Message

The past several years have continued to test our communities. Ongoing economic uncertainty, a shifting interest-rate environment, and continued pressures on technology, security, and liquidity have required resilience and discipline. Fires caused tragic losses for our neighbors in Southern California, and our communities in Houston faced floods and freezes. Through it all, Premier America remained steady, responsive, and ready to serve. Your credit union was consistent in its commitment to supporting members not only during extraordinary moments of need, but also in the everyday financial decisions that shape their lives.

Competition for deposits remained intense throughout the year, and Premier America stayed focused on maintaining a strong, well-balanced financial foundation. This meant strategically shifting our deposit mix and fine-tuning our solutions to meet the needs of the diverse communities we serve.

We ended 2025 with assets totaling over \$3.2 billion. Despite a tough economic environment with elevated interest rates, we sustained a solid capital ratio of 9.84%, which remains



Joann Klonowski

Board Chair

significantly above the 7.0% benchmark that defines a well-capitalized corporation. In 2025, our net loss is attributed to our continued investment in our infrastructure, several unplanned non-recurring expenses, along with providing members with competitive dividends on their deposits.

In 2025, we also continued to deepen our partnership with California State University, Northridge - strengthening our shared commitment to access, education, and opportunity through ongoing engagement with students, staff, and the broader campus community.

As I close, I would like to commend the team for their continued dedication to the members of Premier America.

Thank you for your trust, your support, and for the privilege of serving as your Chair.

President's Message

As I enter my ninth year as President & CEO of Premier America Credit Union, I do so with an understanding of the challenges we have navigated in 2025 and a strong sense of confidence in the road ahead.

For nearly 69 years, member-owners of Premier America have come together with a shared belief in the power of cooperative finance - providing safe, responsible, and affordable financial services designed to help one another grow together. While much has changed since our founding as Litton Credit Union in 1957, one thing has remained constant: it is the unwavering commitment to putting you first and serving as your trusted financial partner through every stage of life.

While the past year tested our shared resilience, your credit union is emerging stronger, more agile, and better positioned for the future. 2025 was a year of purposeful investment in members, talent, technology, and the community. These were not short-term decisions, but strategic investments made with long-term, positive impact in mind.

As we look to 2026, we remain committed to being a place of stability, consistency, and



Rudy Pereira

President/CEO

genuine care. We will also continue to evolve to meet your changing needs.

This will be a significant year, as we expand our presence in Texas, and launch a new online banking platform and digital account opening application to make banking with Premier America simpler, faster, more secure, and more accessible than ever before. Our belief is clear: when we invest with intention and guide with purpose, our members and communities are better together.

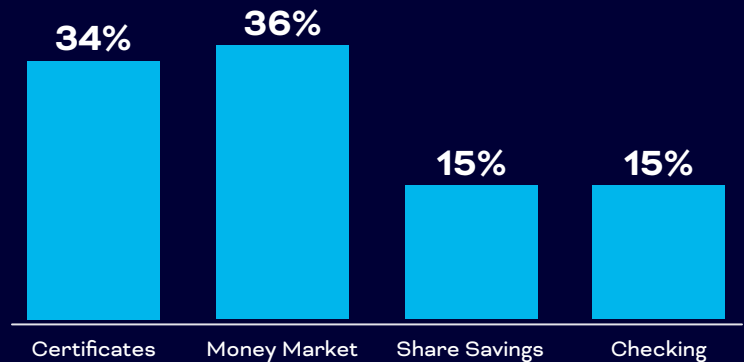
Thank you for your continued trust in Premier America Credit Union. Your belief in our mission and engagement in this cooperative movement makes our shared success not just possible, but enduring. We look forward to building an even stronger future together in 2026 and beyond.

Distribution of 2025 *Shares*

Total Shares

at Year End 2025

\$2,896,886,808



Member Shares

2024
\$3,037,923,622

2023
\$2,859,275,139

2022
\$3,085,994,979

Corporate *Information*

BOARD OF DIRECTORS

Joann Klonowski
Chair

Eva Gomez
Vice-Chair

Bill Hampel
Secretary/Treasurer

Mechelle Best
Director

William Cole
Director

Larry Colson
Director

Eric Goldner
Director

Gary Holmen
Director

Larry Martin
Director

SENIOR LEADERSHIP TEAM

Rudy Pereira
President/CEO

Michael Arcari
SVP, Chief Retail & Business Services Officer

Toni Daniels
SVP, Chief Risk & Compliance Officer

David Fitzgerald
SVP, Chief Lending Officer

Marci Francisco
SVP, Chief Experience Officer

Shelley Tam
SVP, Chief People Officer

Richard Pimentel
SVP, Chief Financial Officer

Jason Wolkove
SVP, Chief Technology Officer

AUDIT COMMITTEE

William Cole
Chair

Gary Holmen
Member

Tom Kelly
Member

Larry Martin
Member

Mike Lang
Committee Secretary

Russ Scrivner
Committee Liaison

COMPENSATION COMMITTEE

Eva Gomez
Chair

Joann Klonowski
Committee Member

Bill Hampel
Committee Member

Larry Colson
Committee Member

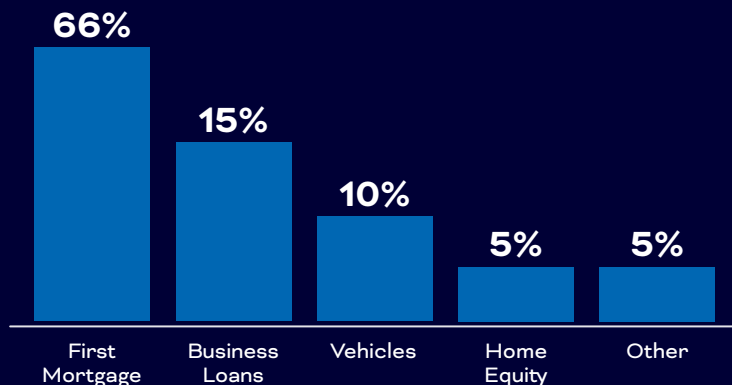
Shelley Tam
Committee Liaison

Distribution of 2025 *Loans*

Total Loans

at Year End 2025

\$2,626,299,869



Asset Size	2025	2024	2023
	\$3,286,605,407	\$3,419,579,544	\$3,473,374,774

Corporate *Information*

CREDIT OVERSIGHT COMMITTEE

Gary Holmen
Chair

Eva Gomez
Member

Bill Hampel
Member

Pamela Hanson
Member

Larry Martin
Member

Mark Murrah
Member

Andrea Shiloh
Member

David Fitzgerald
Committee Liaison

ENTERPRISE RISK MANAGEMENT COMMITTEE

Eric Goldner
Chair

William Cole
Member

Mechelle Best
Member

Larry Martin
Member

Tim Shi
Member

Toni Daniels
Committee Liaison

FINANCE COMMITTEE

Bill Hampel
Chair

Mechelle Best
Member

William Cole
Member

Larry Colson
Member

Eric Goldner
Member

Tim Shi
Member

Andrea Shiloh
Member

Richard Pimentel
Committee Liaison

NOMINATING COMMITTEE

Eric Goldner
Chair

William Cole
Committee Member

Larry Martin
Committee Member

Gary Holmen
Committee Member

Larry Colson
Committee Member

Marci Francisco
Committee Liaison

Financial *Statements*

STATEMENTS OF FINANCIAL CONDITION

Years ended December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 266,092,218	\$ 298,660,454
Investments		
Available-for-sale	254,650,856	288,313,263
FHLB stock and other	15,000,000	15,000,000
Loans, net	2,626,299,869	2,695,388,493
Accrued interest receivable	14,763,531	11,283,726
Premises and equipment, net	11,471,645	12,249,310
National Credit Union Share Insurance Fund (NCUSIF) deposit	28,148,305	29,361,584
Intangible assets, net	-	368,664
Other assets	70,178,983	68,954,050
Total Assets	\$ 3,286,605,407	\$ 3,419,579,544

Liabilities And Members' Equity

Liabilities		
Members' shares	\$ 2,896,886,808	\$ 3,037,923,622
FHLB borrowings	50,000,000	50,000,000
Accrued expenses and other liabilities	31,225,185	24,743,406
Total liabilities	\$ 2,978,111,993	\$ 3,112,667,028
Members' equity		
Retained earnings	\$ 323,496,508	\$ 332,143,839
Accumulated other comprehensive loss	(15,003,094)	(25,231,323)
Total members' equity	\$ 308,493,414	\$ 306,912,516
Total liabilities and members' equity	\$ 3,286,605,407	\$ 3,419,579,544

STATEMENTS OF OPERATIONS

Years ended December 31, 2025 and 2024

	2025	2024
Interest income		
Loans	\$ 129,907,598	\$ 132,837,705
Investments and cash equivalents	18,562,438	25,582,098
Total Interest Income	\$ 148,470,036	\$ 158,419,803
Interest expense		
Members' shares	\$ 71,860,803	\$ 90,993,285
FHLB Advances	2,019,985	2,031,084
Total interest expense	\$ 73,880,788	\$ 93,024,369
Net interest income	74,589,248	65,395,434
Provision for credit losses	10,092,000	216,000
Net interest income after provision for credit losses	\$ 64,497,248	\$ 65,179,434
Non-interest income		
Service charges and other fees	\$ 5,079,091	\$ 4,552,180
Credit/debit card interchange income	6,460,003	6,143,142
Investment brokerage commissions	3,499,896	3,161,192
Other	8,259,912	229,508
Total non-interest income	\$ 23,298,902	\$ 14,086,022
Non-interest expenses		
Salaries and benefits	\$ 53,552,485	\$ 50,835,297
Operations	37,935,525	32,583,436
Occupancy	4,955,471	4,882,277
Total non-interest expense	\$ 96,443,481	\$ 88,301,010
Net loss	\$ (8,647,331)	\$ (9,035,554)



We enjoy the **FRIENDLY SERVICE** at the Westlake branch.

We appreciate that they know our names and are very helpful.

— KATHY P.

Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years ended December 31, 2025 and 2024

	2025	2024
Net loss	\$ (8,647,331)	\$ (9,035,554)
Other comprehensive income:		
Net change in fair value of available-for-sale investments	10,228,229	5,976,142
Comprehensive income (loss)	\$ 1,580,898	\$ (3,059,412)

STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2025 and 2024

Retained earnings should only go up to the "total" column

	Regular Reserve	Other Appropriated	Unappropriated	Total	Accumulated Other Comprehensive Income (Loss)
Balance January 1, 2024	\$ 13,432,072	\$ 35,479,443	\$ 292,267,878	\$ 341,179,393	\$ (31,207,465)
Net loss	-	-	(9,035,554)	(9,035,554)	-
Net change in fair value of available-for-sale investments	-	-	-	-	5,976,142
Balance December 31, 2024	\$ 13,432,072	\$ 35,479,443	\$ 283,232,324	\$ 332,143,839	\$ (25,231,323)
Net loss	-	-	(8,647,331)	(8,647,331)	-
Net change in fair value of available-for-sale investments	-	-	-	-	10,228,229
Balance December 31, 2025	\$ 13,432,072	\$ 35,479,443	\$ 274,584,993	\$ 323,496,508	\$ (15,003,094)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Net loss	\$ (8,647,331)	\$ (9,035,554)
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of discount on securities, net	1,453,673	1,621,796
Amortization of intangible assets	368,664	665,770
Provision for credit losses	10,092,000	216,000
Depreciation and amortization of premises and equipment	1,679,508	2,247,513
Net change in:		
Accrued interest receivable	(3,479,805)	1,276,467
Other assets	(1,224,933)	(27,877,806)
Accrued expenses and other liabilities	6,481,779	(7,833,460)
Net cash provided by (used in) operating activities	\$ 6,723,555	\$ (38,719,274)

Cash flows from investing activities

Purchases of available-for-sale investments	-	(14,500,000)
Proceeds from maturity of available-for-sale investments	42,436,963	62,080,161
Net change in loans	58,996,624	236,038,161
Net change in NCUSIF Deposit	1,213,279	(795,236)
Purchases of premises and equipment	(901,843)	(1,439,059)
Net cash provided by investing activities	\$ 101,745,023	\$ 281,384,027

Cash flows from financing activities

Net change in members' shares	(141,036,814)	178,648,483
Repayment from Borrowings	-	(237,781,824)
Net cash used in financing activities	\$ (141,036,814)	\$ (59,133,341)
(Decrease) increase in cash equivalents	(32,568,236)	183,531,412
Cash and cash equivalents at beginning of year	298,660,454	115,129,042
Cash and cash equivalents at end of year	\$ 266,092,218	\$ 298,660,454

Supplemental cash flow information

Dividends paid on members' shares and interest paid on borrowed funds	\$ 73,880,788	\$ 93,024,369
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Independent *Auditor's Report*

Opinion

We have audited the financial statements of Premier America Credit Union, which comprise the statements of financial condition as of December 31, 2025 and 2024, and the related statements of operations, comprehensive income (loss), 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 Premier America 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Premier America 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 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 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 Premier America Credit Union's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit 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 an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Premier America 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 Premier America Credit Union's ability to continue as a going concern for a reasonable period of time.

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

Crowe LLP
Los Angeles, California
March 19, 2026.

Notes to *Financial Statements*

NOTE 1 – Nature Of Operations And Significant Accounting Policies

Nature of Operations: Premier America Credit Union (Credit Union) is a state-chartered credit union organized under the provisions of the California Credit Union Act. 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. During the year ended December 31, 2012, the Credit Union's defined field of membership was expanded as a result of the Credit Union's purchase and assumption of Telesis Community Credit Union (TCCU). During the year ended December 31, 2014, the Credit Union's defined field of membership was expanded as a result of the Credit Union's merger of NBCUniversal Employees Federal Credit Union (NBCU). During the year ended December 31, 2015, the Credit Union's defined field of membership was expanded as a result of the Credit Union's merger of Pacific Oaks Federal Credit Union (POFCU). Accordingly, the Credit Union's charter was amended to incorporate the field of memberships serviced by these credit unions. On February 13, 2017, the Credit Union's defined field of membership was expanded to include the whole Los Angeles County. On November 5, 2019, the Credit Union's defined field of membership was expanded to include Harris County, Texas.

A summary of the Credit Union's significant accounting policies is as follows:

Use of Estimates: The preparation of financial statements 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 income and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: The Credit Union has evaluated subsequent events through March 19, 2026, the date on which the financial statements were available to be issued.

Concentrations of Credit Risk: Most of the Credit Union's business activity is with its members, the majority of whom reside in or are employed in Southern California. The Credit Union may be exposed to credit risk from a regional economic standpoint, since a significant concentration of its borrowers work or reside in Southern California. Although the Credit Union has a diversified loan portfolio, borrowers' ability to repay loans may be affected by the economic climate of the overall geographic region in which borrowers reside.

Fair Value: The Accounting Standard Codification (ASC) defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. Fair value is a market-based measurement, not an entity-specific

measurement, and the hierarchy gives the highest priority to quoted prices in active markets. Fair value measurements are disclosed by level within the fair value hierarchy.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Valuation techniques are to be consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is as follows:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Significant other observable inputs other than Level 1 prices such as 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.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A summary of the Credit Union's financial instruments and other accounts subject to fair value, including methodologies and resulting values, is presented in Note 15.

Cash and Cash Equivalents: For the purpose of the statements of financial condition and cash flows, cash and cash equivalents include cash on hand, amounts due from financial institutions and highly liquid debt instruments classified as cash that were purchased with remaining maturities of three months or less.

Investments: Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income (loss).

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized

Notes to *Financial Statements*

on the level-yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Allowance for Credit Losses – Available-For-Sale Securities: For available-for-sale debt securities in an unrealized loss position, the Credit Union first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Credit Union evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

Changes in the allowance for credit losses are recorded as provision for credit losses (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled \$1,085,541 at December 31, 2025 and is excluded from the estimate of credit losses.

Restricted Stock: The Credit Union is a member of the Federal Home Loan Bank (FHLB) system. Members are required to own a certain amount of stock based on the level of borrowings and other factors. Restricted stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Loans, Net: The Credit Union grants mortgage, commercial and consumer loans to members. The ability of the members to honor their contracts is dependent upon the general economic conditions of the area, among other factors. The Credit Union also purchases participations in loans originated by various other credit unions. All of these loan participations were

purchased without recourse and are secured by commercial and residential real estate and vehicles. The originating credit union performs all servicing functions on these loans.

Loans that the Credit Union has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, less an allowance for credit losses and net deferred origination fees and costs. Interest income on loans, except mortgage loans, is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. Standard mortgage interest calculation using compound interest method is used for mortgage loans.

The accrual of interest income on loans is discontinued at the time the loan is 90 days past due. Unsecured loans are charged off no later than 180 days past due. Past-due status is based on the contractual terms of the loan. Loans are generally placed on nonaccrual or charged off at an earlier date if the collection of principal and interest is considered doubtful.

All uncollected interest for charged-off loans is reversed against interest income. The interest on nonaccrual and charged-off loans is accounted for on the cash basis or cost-recovery method until qualifying for return to accrual. Loans are returned to accrual status when all of the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

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

Allowance for Credit Losses - Loans: The allowance for credit losses (ACL) is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

Notes to *Financial Statements*

When measuring the ACL on a collective basis, the Credit Union categorizes loans in to risk categories generally based on the nature of the collateral and the basis of repayment. These risk categories and the relevant risk characteristics are as follows:

Residential Real Estate – Real estate loans consist of first mortgage loans and second mortgage loans made to members using their primary residence or rental properties as collateral. Change in real property values and the borrower's repayment capacity are key risk factors that may affect the collectability of these loans, along with the condition of the collateral if foreclosed. The ACL evaluation considers credit score, loan-to-value (LTV), collateral value, and delinquency status.

Commercial – Commercial real estate (CRE) loans are primarily secured by owner and non-owner occupied commercial properties. These properties can include multi-family residential properties, faith based, office and industrial buildings, warehouses, small retail shopping centers and various special purpose properties, including hotels, and restaurants. The borrower's capacity to repay is a key risk factor that may affect the collectability of these loans, along with the nature, value, and condition of the collateral.

CRE lending generally involves higher loan principal amounts than other commercial or consumer loans, and the repayment of these loans is generally largely dependent upon the successful operation of the property securing the loan or the business conducted on the property securing the loan. CRE loans may be adversely affected by conditions in the real estate markets or in the general economy. The ACL evaluation considers the debt service coverage ratio (DSCR), LTV, collateral type, collateral value, and industry type.

Other commercial loans may be loans secured by business assets or may be unsecured and repayment is directly dependent upon the successful operation of the business and the borrower's ability to convert the assets to operating revenue. These loans may possess greater risk than most other types of loans should the repayment capacity of the borrower prove inadequate over time. Balance of the other commercial loans consist of automobile, equipment, and operating lines of

credit. The ACL evaluation considers credit score, LTV, and industry type.

Consumer – Auto loans include loans to members collateralized with new and used vehicles, including recreational vehicles. The borrower's repayment capacity is a key risk factor that may affect the collectability of these loans, along with the nature, value and condition of the collateral if repossessed. The ACL evaluation considers credit score, origination channel, term, and delinquency status.

Other consumer loans are mostly unsecured and typically have higher interest rates than secured loans to compensate for higher credit risk. The borrower's repayment capacity is the primary risk factor that affects the collectability of these loans due to the absence of collateral. These loans consist of consumer credit cards, personal lines of credit and other secured and unsecured loans. The ACL evaluation considers credit score and delinquency status.

The collectively evaluated portion of the ACL is calculated using four different methods based on loan type.

The discounted cash flow (DCF) model is used for certain commercial and consumer loans. Within the DCF model, a regression method is applied where loan-level data is captured to derive contractual cash flows. The cash flows are then modified for each loan or loan cohort by applying prepayment, default, and loss severity assumptions to derive estimate losses based on current economic conditions. The majority of the loan classes utilize regression models to calculate probability of defaults and loss severity assumptions, in which macroeconomic and other factors are correlated to historical defaults. The key factor is unemployment rates. The DCF model leverages economic projections on a national and local level.

The probability of default and loss given default (PD LGD) model is used for certain consumer and residential mortgage loans. Within the PD LGD model, a regression is utilized that considers a variety of data such as collateral value, credit scores, and future economic conditions through using reasonable and supportable forecasts from reputable independent sources.



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– **CODY C.**

Notes to *Financial Statements*

The vintage model is used for certain commercial and consumer loans. Across the loan pools, the calculation uses the original loan amount as the denominator in the base loss rate creation. This targets the percent of total originations expected to be lost in the remaining contractual terms for each origination year. The requirement includes matured / paid off loans as well as existing loans. This is considered to be a highly limited model which is heavily dependent on loan data requirements.

The weighted average remaining maturity (WARM) model is used for certain consumer loans. The methodology is considered to be simplistic in predicting losses and estimate paydown structure based on industry data. The model determines an average charge-off ratio over a specified number of historical years to determine the loss rate to be applied.

Management may apply qualitative adjustments on top of the collectively evaluated results obtained in the models in order to reflect its best estimate of lifetime losses. Both internal and external sources are considered when considering the required qualitative reserves to be applied in addition to the quantitative reserves of the allowance.

Loans that do not share same risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. This occurs when management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral which are based on the fair value of the collateral at the reporting date, adjusted for undiscounted selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that an extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Credit Union.

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 through provision for credit losses. 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 its estimated life.

Premises and Equipment, Net: Land is carried at cost. Buildings, leasehold improvements, and furniture and equipment are carried at cost, less accumulated depreciation and amortization. Buildings and furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the lesser of the useful life of the assets or the expected terms of the related leases. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured. Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

National Credit Union Share Insurance Fund Deposit and Insurance Premium: The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, which, in prior years, required the maintenance of a deposit by each federally insured credit union in an amount equal to 1 percent of its insured members' shares. The deposit would be refunded to the Credit Union if its insurance coverage was terminated, if it converted its insurance coverage to another source, or if management of the fund was transferred from the NCUA Board.

Intangible Assets: Intangible assets consist of core deposit intangibles arising from whole credit union mergers, as well as purchase and assumptions, is amortized on an accelerated method over their estimated useful lives, which range from 7 to 10 years.



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Notes to *Financial Statements*

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Income Taxes: The Credit Union is exempt, by statute, from federal income taxes. However, the Credit Union is subject to Unrelated Business Income Tax (UBIT) on certain income resulting from business with nonmembers. Tax years prior to 2018 are not subject to examination by tax authorities. The Credit Union recognizes interest and/or penalties related to income tax matters in operations expense.

FASB ASC Topic 740, Income Taxes, provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken by the Credit Union, which must determine whether the tax positions are more likely than not to be sustained “when challenged” or “when examined” by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. As of and for the years ended December 31, 2025 and 2024, management has determined that there are no material uncertain tax positions requiring recognition in the financial statements.

Comprehensive Income: Comprehensive income consists of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale which are also recognized as separate components of members' equity.

Derivatives: At the inception of a derivative contract, the Credit Union designates the derivative as one of three types based on the Credit Union's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (“fair value hedge”), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow hedge”), or (3) an instrument with no hedging designation (“non-designated derivative”). The Credit Union elected option 1. For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change.

Accrued settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Accrued settlements on derivatives not designated are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Credit Union formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value hedges to specific assets and liabilities on the statements of financial condition.

The Credit Union also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are designated are highly effective in offsetting changes in fair values. The Credit Union discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability.

The Credit Union is exposed to losses if a counterparty fails to make its payments under a contract in which the Credit Union is in the net receiving position. The Credit Union anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All of the contracts to which the Credit Union is a party settle monthly or quarterly. In addition, the Credit Union obtains collateral above certain thresholds of the fair value of its derivatives for each dealer counterparty based upon their credit standing and the Credit Union has netting agreements with the dealers with which it does business.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net loss or shareholders' equity.

Notes to *Financial Statements*

NOTE 2 – Investments

Investments classified as available-for-sale consist of the following at December 31:

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
2025 U.S. government obligations and federal agency securities	\$ 269,653,950	\$ 176,588	\$ (15,179,682)	\$ 254,650,856
2024 U.S. government obligations and federal agency securities	\$ 313,544,586	\$ 168,169	\$ (25,399,492)	\$ 288,313,263

There were no sales of securities during the years ended December 31, 2025 and 2024.

At December 31, 2025 and 2024, there were 16 and 18 securities in an unrealized loss position with total fair value of approximately \$198,589,727 and \$233,179,955, respectively. At December 31, 2025, there were 14 securities in an unrealized loss position greater than 12 months with total fair value of

\$179,799,266. At December 31, 2024, there were 18 securities in an unrealized loss position greater than 12 months with total fair value of \$233,179,955. These securities are issued by the U.S. government and federal agencies. The decline in fair value is attributable to changes in interest rates, and not credit quality, and the Credit Union does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery. The Credit Union has determined that these securities with unrealized losses did not warrant an ACL at December 31, 2025 and 2024.

Investments by maturity as of December 31, 2025 are summarized as follows:

	Amortized Cost	Available-for-Sale Fair Value
Less than one year maturity	\$ 9,995,049	\$ 9,800,000
One to five years maturity	185,235,892	175,031,856
More than five years maturity	74,423,009	69,819,000
	\$ 269,653,950	\$ 254,650,856

	2025	2024
FHLB stock	\$ 15,000,000	\$ 15,000,000
	\$ 15,000,000	\$ 15,000,000

NOTE 3 – Loans Receivable, Net

Loans, net consist of the following at December 31:

	2025	2024
Residential real estate		
First mortgage loans	\$ 1,735,198,298	\$ 1,887,542,791
Second mortgage loans	120,635,724	107,102,844
Total real estate loans	1,855,834,022	1,994,645,635
Commercial loans		
Member business loans	347,854,211	342,041,584
Commercial participation loans	7,545,294	8,114,878
Other loans	26,358,366	37,443,544
Total commercial loans	381,757,871	387,600,006
Consumer loans		
Secured loans	262,483,600	261,280,057
Unsecured loans	142,881,645	71,012,605
Total consumer loans	405,365,245	332,292,662
Total loans receivable	2,642,957,138	2,714,538,303
Deferred net loan origination costs (fees)	5,193,689	(211,780)
Allowance for credit losses	(21,850,958)	(18,938,030)
	\$ 2,626,299,869	\$ 2,695,388,493

Recorded investment excludes deferred fees and costs, accrued interest receivable, and discounts on loans acquired for mergers, as they are considered immaterial.

The following presents, by portfolio segment, the changes in the allowance for credit losses in loans for the years ended December 31:

	Residential Real Estate	Commercial	Consumer	Total
2025				
Allowance for credit losses:				
Beginning balance	\$ 6,008,004	\$ 6,265,014	\$ 6,665,012	\$ 18,938,030
Provision for credit losses	(848,251)	(1,079,043)	12,019,294	10,092,000
Charge-offs	-	(32,641)	(8,318,652)	(8,351,293)
Recoveries	-	34,412	1,137,809	1,172,221
Ending balance	\$ 5,159,753	\$ 5,187,742	\$ 11,503,463	\$ 21,850,958

	Residential Real Estate	Commercial	Consumer	Total
2024				
Allowance for credit losses:				
Beginning balance	\$ 7,114,269	\$ 11,653,580	\$ 8,187,889	\$ 26,955,738
Provision for credit losses	(1,106,265)	(3,385,321)	4,707,586	216,000
Charge-offs	-	(2,156,996)	(7,981,778)	(10,138,774)
Recoveries	-	153,751	1,751,315	1,905,066
Ending balance	\$ 6,008,004	\$ 6,265,014	\$ 6,665,012	\$ 18,938,030

Notes to *Financial Statements*

At December 31, 2025 and 2024, the Credit Union had one collateral dependent loan with a value of \$3,540,441 secured by faith based commercial real estate.

There were no new modifications to loan terms in 2025 and 2024.

The following presents, by credit quality indicator, the commercial loan portfolio as of December 31:

	2025		2024			
	Member Business Loans	Participation Loans	Total Business Loans	Member Business Loans	Participation Loans	Total
Pass /Watch	\$ 374,212,577	\$ 4,004,853	\$ 378,217,430	\$ 379,485,128	\$ 4,574,437	\$ 384,059,565
Special mention	-	-	-	-	-	-
Substandard	-	3,540,441	3,540,441	-	3,540,441	3,540,441
Doubtful	-	-	-	-	-	-
Loss	-	-	-	-	-	-
	\$ 374,212,577	\$ 7,545,294	\$ 381,757,871	\$ 379,485,128	\$ 8,114,878	\$ 387,600,006

Management regularly reviews and risk grades commercial real estate loans in the Credit Union's portfolio. The risk grading system allows management to classify assets by credit quality in accordance with Credit Union policy. The Credit Union's internal risk grading system definition is as follows:

Pass: The loan is risk rated as highest, superior, excellent, good, acceptable or minimum acceptable quality and contains no well-defined deficiencies or weaknesses.

Special Mention: The loan has potential weaknesses that deserve management's close attention. The loan is usually current but shows some sign of deterioration. It generally has one or more of the following weaknesses: collateral value has declined and loan-to-value exceeds policy maximum; most recent year-end financial information shows a loss; debt-service coverage ratio is materially less than policy guidelines; debt to tangible net worth exceeds 5:1 and quick ratio is less than 1:1 or shows a trend of overdrafts. The business credit rating is below 68 or payable aging exceeds acceptable levels. The guarantor's(s') FICO drops below 660 or recent late payments show a negative trend.

Substandard: The loan is inadequately protected by the current net worth and paying capacity of the obligor or the collateral pledged, if any. Loans classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of debt. They are characterized by the distinct possibility that the Credit Union will sustain some loss if the deficiencies are not corrected.

Doubtful: The loan has all the weaknesses inherent in a loan classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions and values highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific factors that may work to the advantage and strengthening of the loan, its collateral, refinancing plans, etc., its classification as a loss is deferred until a more exact status is determined.

Loss: The loan classified as loss is considered uncollectible and is of such little value that its continuance as a loan is not warranted. This classification does not necessarily mean that the loan has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may occur in the future.

The following presents, by credit quality indicator, the residential real estate and consumer loan portfolio as of December 31:

	2025			2024		
	Performing	Non-performing	Total	Performing	Non-performing	Total
Residential real estate:						
First mortgage loans	\$ 1,714,063,686	\$ 21,134,612	\$ 1,735,198,298	\$ 1,857,484,247	\$ 30,058,544	\$ 1,887,542,791
Second mortgage loans	119,206,301	1,429,423	120,635,724	105,590,011	1,512,833	107,102,844
Consumer:						
Secured loans	257,854,196	4,829,404	262,683,600	257,074,235	4,205,822	261,280,057
Unsecured loans	140,237,944	2,643,701	142,881,645	69,746,729	1,265,876	71,012,605
	\$ 2,231,162,127	\$ 30,037,140	\$ 2,261,199,267	\$ 2,289,895,222	\$ 37,043,075	\$ 2,326,938,297

Management reviews on a regular basis the performance of the residential real estate and consumer loan portfolio. Residential real estate and consumer assets are evaluated on the basis of performing and nonperforming assets. Nonperforming assets are defined as assets that are past due in excess of 60 days and loans placed on nonaccrual status at an earlier date when collection of principal and interest is doubtful.

The following is an aging analysis of the recorded investment of classes of loans as of December 31:

2025	61-90 Days	>90 days	Total Past Due	Current	Total
Residential real estate:					
First mortgage loans	\$ 1,053,030	\$ 20,081,582	\$ 21,134,612	\$ 1,714,063,686	\$ 1,735,198,298
Second mortgage loans	127,389	1,302,034	1,429,423	119,206,301	120,635,724
Commercial:					
Member business loans	-	-	-	347,854,211	347,854,211
Participation loans	-	-	-	7,545,294	7,545,294
Other loans	7,769	857	8,626	26,349,740	26,358,366
Consumer:					
Secured loans	2,200,529	2,628,875	4,829,404	257,854,196	262,683,600
Unsecured loans	1,167,676	1,476,025	2,643,701	140,237,944	142,881,645
	\$ 4,556,393	\$ 25,489,373	\$ 30,045,766	\$ 2,612,911,372	\$ 2,642,957,138

2024	61-90 Days	>90 days	Total Past Due	Current	Total
Residential real estate:					
First mortgage loans	\$ 9,557,419	\$ 20,501,125	\$ 30,058,544	\$ 1,857,484,247	\$ 1,887,542,791
Second mortgage loans	541,231	971,602	1,512,833	105,590,011	107,102,844
Commercial:					
Member business loans	-	-	-	342,041,584	342,041,584
Participation loans	-	3,540,441	3,540,441	4,574,437	8,114,878
Other loans	128,234	309,831	438,065	37,005,479	37,443,544
Consumer:					
Secured loans	1,961,650	2,244,172	4,205,822	257,074,235	261,280,057
Unsecured loans	631,552	634,324	1,265,876	69,746,729	71,012,605
	\$ 12,820,086	\$ 28,201,495	\$ 41,021,581	\$ 2,673,516,722	\$ 2,714,538,303

All loans are placed on non-accrual at 60 days past due. At December 31, 2025 and 2024 all non-accrual loans were provided an allowance for credit loss. At December 31, 2025 and 2024, there were no loans on non-accrual past due less than 60 days. At December 31, 2025 and 2024 there were no loans past due 60 days or more and still accruing interest.

Notes to *Financial Statements*

NOTE 4 – Premises And Equipment, Net

Premises and equipment, net, are summarized as follows at December 31:

	2025	2024
Land	\$ 3,731,593	\$ 3,731,593
Building	16,106,297	15,840,712
Leasehold improvements	7,868,798	7,856,738
Furniture and equipment	10,296,581	10,163,286
	38,003,269	37,592,329
Accumulated depreciation and amortization	(26,531,624)	(25,343,019)
	\$ 11,471,645	\$ 12,249,310

NOTE 5 – Leases

The Credit Union enters into leases in the normal course of business primarily for financial centers, back office operations locations, business development offices, information technology data centers, and information technology equipment. The Credit Union's leases have remaining terms ranging from one to seven years some of which include renewal or termination options to extend the lease for up to 5 to 15 years with 5 year options and some of which include options to terminate the lease within 60 days written notice. In addition, the Credit Union has entered into subleases for space in certain vacated branch locations, the terms of which are three years.

Rental expense for the years ended December 31, 2025 and 2024, for all facilities leased under operating leases, totaled approximately \$2,231,984 and \$2,161,213, respectively.

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2025 are as follows:

2026	\$ 1,583,815
2027	1,478,963
2028	1,284,166
2029	939,071
2030	395,779
Thereafter	1,473,310
Total undiscounted lease payments	7,155,104
Less: imputed interest	739,815
Net lease liabilities	\$ 6,415,289

NOTE 6 – Intangible Assets

Acquired Intangible Assets: Acquired intangible assets were as follows at year end:

	2025		2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Core deposit intangibles	\$ 9,578,765	\$ 9,578,765	\$ 9,578,765	\$ 9,210,101

Aggregate core deposit intangible amortization expense was approximately \$368,664 and \$553,056 for 2025 and 2024, respectively.

NOTE 7 – Members' Shares

Members' shares are summarized as follows at December 31:

	2025	2024
Share savings accounts	\$ 438,165,526	\$ 469,601,878
Share checking accounts	428,712,597	416,326,837
Money market accounts	1,017,729,635	802,036,595
Individual retirement accounts (IRAs)	24,008,882	24,201,324
Regular and IRA certificates	988,270,168	1,325,756,988
	\$ 2,896,886,808	\$ 3,037,923,622

Share certificates by maturity as of December 31, 2025 are summarized as follows:

No contractual maturity	\$ -
0 - 1 year maturity	913,146,794
1 - 2 year maturity	50,288,545
2 - 3 year maturity	11,792,398
3 - 4 year maturity	10,425,939
4 - 5 year maturity	2,616,492
	\$ 988,270,168

The aggregate amount of certificates in denominations of \$250,000 or more at December 31, 2025 and 2024 is approximately \$260,072,506 and \$395,473,328, respectively.

Notes to *Financial Statements*

NOTE 8 – Borrowed Funds

The Credit Union utilizes a demand loan agreement with the FHLB. The terms of the agreement call for pledging a portion of the Credit Union's real estate loan portfolio totaling \$743,826,767 and \$1,191,756,337, with maximum borrowing capacity of \$793,826,767 and \$899,306,081 at December 31, 2025 and 2024, respectively.

Advances from the Federal Home Loan Bank were as follows as of December 31:

	2025	2024
Overnight advances with no maturity, fixed rate of 4.04%	\$ 50,000,000	\$ 50,000,000
Total	\$ 50,000,000	\$ 50,000,000

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances.

Payments over the next five years are as follows:

2026	\$ 50,000,000
------	---------------

The Credit Union has a borrowing agreement with the FRB's Discount Window. The total borrowing limit under this agreement is based on any amount that can be pledged as collateral to cover any such advances. At December 31, 2025, there were \$240,255,856 of federal agency securities pledged as collateral. At December 31, 2024, there were \$273,789,513 of federal agency securities pledged as collateral. At December 31, 2025 and 2024, there were no borrowings under this agreement.

NOTE 9 – Off-Balance Sheet Activities

Some financial instruments, such as loan commitments, credit lines, and overdraft protection, are issued to meet member financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

Unfunded loan commitments under lines of credit at December 31 are summarized as follows:

	2025	2024
Credit card	\$ 141,119,317	\$ 140,423,603
Home equity	82,288,831	82,288,497
Other lines of credit	24,005,459	22,195,434
	\$ 247,413,607	\$ 244,907,534

NOTE 10 – Commitments And Contingent Liabilities

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

NOTE 11 – Employee Benefits

Defined Contribution Plan: The Credit Union has a 401(k) retirement plan that allows employees to defer a portion of their salary into the 401(k) plan. The Credit Union matches a portion of employees' wage reductions. Retirement costs are accrued and funded on a current basis. The Credit Union contributed approximately \$2,902,394 and \$1,867,722 to the plan for the years ended December 31, 2025 and 2024, respectively.

NOTE 12 – Members' Equity

The Credit Union is subject to various regulatory capital requirements administered by the NCUA and the California Department of Financial Protection and Innovation (DFPI). 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 guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines that involve quantitative measures of the Credit Union's assets, liabilities and certain off-balance sheet items as calculated under U.S. GAAP. The Credit Union calculates capital ratios based on the average balances for the most recent four quarters. The Credit Union's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Notes to *Financial Statements*

As of December 31, 2025 and 2024, the NCUA categorized the Credit Union as “well capitalized” under the regulatory framework. To be categorized as “well capitalized,” the Credit Union must maintain a minimum net worth ratio of 9% as of December 31, 2025 and 2024 of assets in accordance with the CCULR framework. There are no conditions or events since that notification that management believes have changed the Credit Union’s category.

Under the rule, the CCULR minimum requirement is 9% or greater with no transition. If the Credit Union adopted the CCULR framework and in subsequent periods no longer met the qualifying criteria, it would be required to meet the qualifying criteria within two calendar quarters or comply with the risk-based capital ratio requirements.

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

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

	2025		2024	
	Amount	Ratio Requirement	Amount	Ratio Requirement
Amount needed to be classified as “well capitalized”	\$ 293,249,184	9.00%	\$ 305,661,746	9.00%
Actual net worth	\$ 323,496,508	9.84%	\$ 333,355,829	9.81%

NOTE 13 – Related-Party Transactions

In the normal course of business, the Credit Union extends credit and shares products and services to directors, audit and other committee members, and executive officers. The aggregate loans to related parties at December 31, 2025 and 2024 are approximately \$5,166,313 and \$4,642,944, respectively. Shares from related parties at December 31, 2025 and 2024 amounted to approximately \$2,891,290 and \$3,369,528, respectively.

NOTE 14 – Derivatives

The Credit Union utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

Fair Value Hedges: Interest rate swaps with notional amounts totaling \$109.3 million and \$545.4 million as of December 31, 2025, and interest rate swaps with notional amounts totaling \$100 million, \$122.7 million and \$612.6 million as of December 31, 2024 were designated as fair value portfolio layer hedges of certain fixed rate pre-payable loans. The hedges were determined to be effective during all periods presented. The Credit Union expects the hedges to remain effective during the remaining terms of the swaps.

The following table presents the amounts recorded on the statements of financial condition related to cumulative basis adjustments for fair value hedges as of December 31:

Line Item in the Statements of Financial Condition in Which the Hedged Item is Included	Carrying Amount of the Hedged Assets (Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets (Liabilities)	
	2025	2024	2025	2024
Loans ^(a)	\$ 1,223,473,479	\$ 1,321,358,119	\$ 5,013,813	\$ (9,181,978)

(a) These amounts represent the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. The amounts of the last of layer designated as the hedged items was \$563,736,712 and \$835,349,062 as of December 31, 2025 and 2024, respectively.

The Credit Union presents derivative position gross on the statements of financial condition. The following table reflects the derivatives recorded on the statements of financial condition as of December 31:

	2025		2024	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives designated as hedges:				
Interest rate swaps related to member loans	\$ 654,739,712	\$ (4,241,031)	\$ 835,349,062	\$ 9,618,256
Total included in other assets (other liabilities)		\$ (4,241,031)		\$ 9,618,256

The effect of fair value hedge accounting on interest income for the year ended December 31, 2025 and 2024 was \$4,926,112 and \$13,522,943, respectively.

Notes to *Financial Statements*

NOTE 15 – Fair Value

The Credit Union uses the following methods and significant assumptions to estimate fair value:

Investments: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Collateral Dependent Loans: The fair value of collateral dependent loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals primarily utilize the comparable sales approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Impaired loans are evaluated on a monthly basis for additional impairment and adjusted accordingly. These fair values are obtained from external sources and are not generally adjusted by management and unobservable fair value inputs are not available to management.

Assets and liabilities measured at fair value on a recurring basis, including financial assets and liabilities for which the Credit Union has elected the fair value option, are summarized below:

2025	Total	Level 1	Level 2	Level 3
U.S. government obligations and federal agency securities	\$ 254,650,856	\$ 254,650,856	\$ -	\$ -

2024	Total	Level 1	Level 2	Level 3
U.S. government obligations and federal agency securities	\$ 288,313,263	\$ 288,313,263	\$ -	\$ -

There were no transfers between Level 1 and Level 2 during 2025 and 2024.

Assets measured at fair value on a non-recurring basis are summarized below:

Carrying value at December 31				
2025	Total	Level 1	Level 2	Level 3
Collateral dependant loans:				
Member business	\$ 3,540,441	\$ -	\$ -	\$ 3,540,441

2024	Total	Level 1	Level 2	Level 3
Collateral dependant loans:				
Member business	\$ 3,540,441	\$ -	\$ -	\$ 3,540,441



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Branch *Locations*

Main Office

19867 Prairie St.
Chatsworth, CA 91311

Burbank - Empire Center

1633 N. Victory Place
Burbank, CA 91504

Burbank - Hollywood Way

521 N. Hollywood Way, Suite E
Burbank, CA 91505

Camarillo

761 Daily Drive, Suite 100
Camarillo, CA 93010

California State University, Northridge (CSUN)

18111 Nordhoff Street, Northridge, CA 91330
(Located inside the Campus Store Complex)

Granada Hills

18001 Chatsworth St.
Granada Hills, CA 91344

Oxnard - North Oxnard

1921 N. Oxnard Blvd.
Oxnard, CA 93036

Port Hueneme

627 W. Channel Islands Blvd.
Port Hueneme, CA 93041

Reseda

19315 Saticoy Street, Unit A
Reseda, CA 91335

Santa Clarita

26508 Bouquet Canyon Rd.
Santa Clarita, CA 91350

Santa Monica - ATM Only

1776 Main St.
Santa Monica, CA 90401

Simi Valley - Erringer

1778 Erringer Rd.
Simi Valley, CA 93065

Simi Valley - Tapo

2643 Tapo Canyon Rd.
Simi Valley, CA 93063

Thousand Oaks

173 N. Moorpark Road, Suite C
Thousand Oaks, CA 91360

Universal Studios

100 Universal City Plaza, Building 1320-1, Suite 140
Universal City, CA 91608

Ventura

1794 S. Victoria Avenue, Unit B
Ventura, CA 93003

Warner Center

6020 Canoga Ave.
Woodland Hills, CA 91367

Westlake Village

111 S. Westlake Boulevard, Suite 109
Westlake Village, CA 91362

Woodland Hills (Northrop Grumman)

21240 Burbank Boulevard, Mail Station W89
Woodland Hills, CA 91367

Houston

9630 Westheimer Road, Suite 850
Woodlake Square Shopping Center
Houston, TX 77063

9211 Jones Rd.
Houston, TX 77065 — *Coming Soon*

1400 W 43rd St.
Houston, TX 77018 — *Coming Soon*

8720 Spring Cypress Rd.
Spring, TX 77379 — *Coming Soon*

Rankin Center

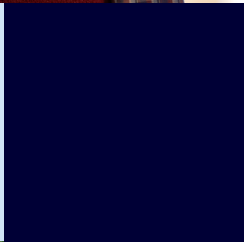
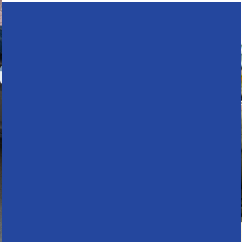
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