



2025 Audited Financials

Report of the Chairman

I am pleased to report that 2025 was another exceptional year for Alloya, reflecting the continued strength of the cooperative model and the steadfast support of our member credit unions. Guided by the Board of Directors and supported by a highly dedicated team, Alloya delivered strong results across its three strategic priorities: People and Culture, Member Service, and Financial Performance and Compliance.

During the year, particular emphasis was placed on strengthening the Financial Performance and Compliance pillar to further enhance Alloya's long-term safety, soundness and resilience. These efforts were complemented by continued progress as a top-tier employer of choice, including a full technology refresh that ensured employees are equipped with modern, secure tools to perform at the highest level.

From a member perspective, 2025 marked the third consecutive year of record-setting satisfaction, with an all-time-high Net Promoter Score of 91, placing Alloya firmly in the world-class category for service excellence. Financial performance was again very strong, with core earnings exceeding expectations, continued growth in retained earnings, and substantial value returned to members through dividends, Perpetual Contributed Capital distributions and fee waivers.

Alloya also advanced several important strategic initiatives in 2025, including the launch of its Enterprise Risk Management (ERM) 2.0, completion of the credit union network's first-ever multi-issuer prime auto loan asset-backed securitization, continued enhancements to cybersecurity and ongoing modernization of payments capabilities.

As we look ahead, Alloya is exceptionally well positioned for the future. With retained earnings now reaching nearly \$490 million and continued growth in Perpetual Contributed Capital, the organization has a strong foundation to support credit union success for years to come. On behalf of the Board of Directors, I thank our members and the Alloya team for another outstanding year.

David B. Suvall

February 26, 2026

Report of the CEO

Thanks to the continued support of its membership, 2025 was another outstanding year of performance for Alloya. Over the past year, the organization delivered strong results across all three strategic priorities while executing a deliberate shift toward strengthening financial performance, compliance and risk management.

People and Culture

Alloya continued to benefit from its remote-first hybrid model, with employee engagement remaining strong and consistent with prior-year results. Minimal voluntary turnover once again reinforced Alloya's reputation as an employer of choice and demonstrated the durability of a culture anchored in mission, values and mutual respect.

Member Service

Member service reached new heights in 2025. The member survey score increased to an all-time high of 4.97 out of 5.00, and the Net Promoter Score rose to 91, the highest in Alloya's history. These results reflect Alloya's continued focus on pairing responsive, relationship-based service with industry-leading technology to simplify members' operational lives.

Financial Performance and Compliance

Financial performance was again very strong. Net income exceeded \$63 million, even after excluding the impact of a significant fee waiver, and retained earnings increased by more than \$56 million after Perpetual Contributed Capital dividends. Net interest income remained the primary driver of earnings, supported by disciplined balance-sheet positioning.

Fee income continued to grow across Payments, Capital Markets, QCash and credit union service organization (CUSO) investments, while operating expenses remained in line with the approved budget. Alloya also made significant progress strengthening its Enterprise Risk Management framework, governance and alignment with the board-approved risk appetite.

Credit unions continue to demonstrate confidence in Alloya through increased engagement and ongoing investment in Perpetual Contributed Capital, which now exceeds \$300 million as of December 31, 2025. With retained earnings reaching nearly \$490 million, Alloya remains well positioned for sustained growth and long-term success.

Concluding Comments

In summary, **2025 was an exceptional year** that reinforced the strength of Alloya's strategic plan, the dedication of its people and the enduring value of the cooperative model. For more highlights from Alloya's historic year, I encourage you to review the latest *Report to the Membership*, available on our website. *Thank you* for your continued support.

Todd M. Adams

February 26, 2026

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ALLOYA CORPORATE FEDERAL CREDIT UNION

CONSOLIDATED FINANCIAL STATEMENTS

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

ALLOYA CORPORATE FEDERAL CREDIT UNION

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee, Board of Directors and Management
Alloya Corporate Federal Credit Union

Opinion

We have audited the consolidated financial statements of Alloya Corporate Federal Credit Union, which comprise the consolidated statement of financial condition as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in 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 Alloya Corporate Federal 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 Consolidated Financial Statements section of our report. We are required to be independent of Alloya Corporate 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 Alloya Corporate Federal Credit Union's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 Alloya Corporate 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 audit, significant audit findings, and certain internal control–related matters that we identified during the audits.

Report on Internal Control Over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Alloya Corporate Federal Credit Union's internal control over financial reporting as of December 31, 2025, based on criteria established in the Internal Control— Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 25, 2026, expressed an unmodified opinion.

Doeren Mayhew Assurance

Troy, Michigan
February 25, 2026

ALLOYA CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2025 AND 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,815,277,300	\$ 3,713,777,342
Investments:		
Available-for-sale securities (amortized cost of \$3,499,493,017 and \$2,934,149,665 as of December 31, 2025 and 2024, respectively) (Note 2)	3,487,419,870	2,877,728,525
Other investments (Note 3)	104,558,617	116,873,853
Loans, net of allowance for credit losses of \$1,211,617 and \$1,874,597 as of December 31, 2025 and 2024, respectively (Note 4)	245,861,287	309,949,588
Collateral assignment split dollar (CASD) (Note 7)	11,574,983	11,356,586
Goodwill	10,719,470	10,719,470
Intangible assets, net of amortization	12,240,137	13,373,811
Accrued income and other assets	36,951,434	36,601,664
Total assets	<u>\$ 7,724,603,098</u>	<u>\$ 7,090,380,839</u>
 <u>Liabilities and Members' Equity</u> 		
Liabilities:		
Members' shares (Note 5)	\$ 4,854,200,083	\$ 4,139,762,249
Members' certificates (Note 5)	1,319,015,435	1,491,870,459
Borrowings (Note 6)	700,000,000	700,000,000
Counterparty Collateral (Note 10)	9,255,000	24,485,000
Accrued interest expense and other accrued liabilities	32,316,266	30,101,563
Deposits in collection	18,838,886	14,503,304
Total liabilities	<u>6,933,625,670</u>	<u>6,400,722,575</u>
Commitments (Note 8)		
Members' equity:		
Perpetual contributed capital	303,854,093	290,491,122
Retained earnings	489,911,171	433,691,991
Accumulated other comprehensive income (loss)	(2,787,836)	(34,524,849)
Total members' equity	<u>790,977,428</u>	<u>689,658,264</u>
Total liabilities and members' equity	<u>\$ 7,724,603,098</u>	<u>\$ 7,090,380,839</u>

See accompanying notes to the consolidated financial statements.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

	2025	2024
Interest income:		
Investments	\$ 338,953,564	\$ 336,437,553
Loans to members	13,657,569	21,005,937
Total interest income	352,611,133	357,443,490
Interest expense:		
Members' shares and certificates	231,287,937	204,219,879
Borrowings	31,256,620	52,974,736
Total interest expense	262,544,557	257,194,615
Net interest income	90,066,576	100,248,875
Provision for credit losses	600,000	542,565
Net interest income after provision	89,466,576	99,706,310
Non-interest income:		
Payment and technology fee income, net of expense	20,606,005	18,719,797
Capital markets fee income, net of expense	18,218,989	16,840,581
Member solutions fee income, net of expense	5,928,046	5,001,593
Other income (expense) (Note 12)	(711,399)	(1,540,754)
Total non-interest income	44,041,641	39,021,217
Non-interest expense:		
Compensation and benefits	46,785,993	39,623,147
Professional and outside services	6,188,267	5,464,345
Training, travel and communications	5,310,236	5,442,985
Office operations	1,985,262	1,942,694
Office occupancy	1,478,525	1,592,469
Miscellaneous	2,198,660	2,291,886
Research and development	6,000,000	4,000,000
Total non-interest expenses	69,946,943	60,357,526
Net income	\$ 63,561,274	\$ 78,370,001

See accompanying notes to the consolidated financial statements.

ALLOYA CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Net income	\$ 63,561,274	\$ 78,370,001
Other comprehensive income:		
Net unrealized holding gains (losses) on investments classified as available-for-sale	44,347,993	28,762,254
Reclassification adjustments for gains (losses) included in net income	(12,610,980)	(16,096,859)
Other comprehensive income	31,737,013	12,665,395
Comprehensive income	\$ 95,298,287	\$ 91,035,396

See accompanying notes to the consolidated financial statements.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

	Perpetual Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance, December 31, 2023	\$ 282,979,911	\$ 362,542,640	\$ (47,190,244)	\$ 598,332,307
Net income	-	78,370,001	-	78,370,001
Perpetual contributed capital acquired from members	7,511,211	-	-	7,511,211
Dividends on perpetual contributed capital	-	(7,220,650)	-	(7,220,650)
Other comprehensive income	-	-	12,665,395	12,665,395
Balance, December 31, 2024	\$ 290,491,122	\$ 433,691,991	\$ (34,524,849)	\$ 689,658,264
Net income	-	63,561,274	-	63,561,274
Perpetual contributed capital acquired from members	13,362,971	-	-	13,362,971
Dividends on perpetual contributed capital	-	(7,342,094)	-	(7,342,094)
Other comprehensive income	-	-	31,737,013	31,737,013
Balance, December 31, 2025	\$ 303,854,093	\$ 489,911,171	\$ (2,787,836)	\$ 790,977,428

See accompanying notes to the consolidated financial statements.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

	2025	2024
Cash flows from operating activities:		
Net income	\$ 63,561,274	\$ 78,370,001
Adjustments:		
(Gain) Loss on financial instruments	(23,366)	52,185
Net amortization (accretion) of premiums and discounts on available-for-sale securities	(736,112)	7,788,580
Amortization of premiums on loan participations	507,813	489,335
Accretion of gains on terminated interest rate swaps	(2,485,153)	(2,353,599)
Amortization of intangible assets	1,133,673	1,133,673
Change in cash surrender value of CASD	(218,397)	(282,659)
Change in cash surrender value of GICs	(1,842,930)	(1,588,855)
Provision for credit losses	600,000	542,565
Changes in operating assets and liabilities:		
Change in accrued income and other assets	(349,770)	(1,845,390)
Change in accrued interest expense and other accrued liabilities	2,214,703	(394,382)
Total adjustments	(1,199,539)	3,541,453
Net cash provided by operating activities	62,361,735	81,911,454

See accompanying notes to the consolidated financial statements.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Cash Flows (Continued)

	2025	2024
Cash flows from investing activities:		
Proceeds from maturities and repayments of available-for-sale investments	\$ 1,006,978,324	\$ 473,851,362
Purchase of available-for-sale investments	(1,569,109,410)	(1,365,299,442)
Net change in loans to members	35,406,321	139,993,328
Net change in loan participations	28,514,960	24,023,356
Purchase of guaranteed investment contracts	(10,540,718)	-
Proceeds from maturities of GICs	10,540,718	10,303,291
Increase (decrease) in counterparty collateral	(15,230,000)	(15,700,000)
Net (increase) decrease in other investments	(49,575)	(25,595,889)
Net cash provided by (used in) investing activities	(513,489,380)	(758,423,994)
Cash flows from financing activities:		
Net change in members' shares and certificates	542,271,144	1,317,389,506
Change in deposits in collection	4,335,582	(9,584,993)
Net change in borrowings	-	(466,000,000)
Perpetual contributed capital raised	13,362,971	7,511,211
Dividends on perpetual contributed capital	(7,342,094)	(7,220,650)
Net cash provided by (used in) financing activities	552,627,603	842,095,074
Net change in cash and cash equivalents	101,499,958	165,582,534
Cash and cash equivalents, beginning of year	3,713,777,342	3,548,194,808
Cash and cash equivalents, end of year	\$ 3,815,277,300	\$ 3,713,777,342
<u>Supplemental Cash Flows Disclosure</u>		
Interest paid	\$ 261,900,494	\$ 258,728,858

See accompanying notes to the consolidated financial statements.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies

Organization

Alloya Corporate Federal Credit Union (the Credit Union) was chartered in October 2011 and provides liquidity, payment, investment, and member solutions services to credit unions and their affiliated organizations through a national field of membership. The Credit Union is primarily a “business to business” provider and is used by its members as their primary point of cash settlement and as a source for operational and term liquidity through an advised line of credit program. The Credit Union also offers a back-office technology solution, Premier View, which is an efficient and secure solution for members to process transactions such as wires, ACH, checks, international payments and coin and currency delivery to their branches and ATMs. The Credit Union further supports members by providing clearing, research, adjustment and compliance functions related to these transactions.

Alloya Solutions, LLC (AS) is a wholly-owned subsidiary of the Credit Union. AS offers services through CU Investment Solutions, LLC, a credit union service organization (CUSO) in which the Credit Union owns a minority interest. CU Investment Solutions, LLC, is registered with the Securities and Exchange Commission as a broker-dealer under the Securities Exchange Act of 1934. AS offers securities transactions to its customers, principally credit unions and CUSOs. AS also offers time deposit products to financial institutions through its partnership with Primary Financial Company, LLC, a CUSO in which the Credit Union owns a minority interest.

QCash Financial, LLC (QCash) is a wholly-owned subsidiary of the Credit Union. QCash offers a relationship-based lending platform that empowers credit unions to improve the financial well-being of their communities by providing small-dollar loans to their members without the use of a credit score, and with a decision to lend made at the time of application.

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. The significant accounting principles and policies used in the preparation of these consolidated financial statements, together with certain related information, are summarized below.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Credit Union and its wholly-owned subsidiaries, AS and QCash. All significant intercompany balances and transactions have been eliminated in consolidation.

Comprehensive Income/(Loss)

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in the carrying value of assets and liabilities are reported in other comprehensive income/(loss) (OCI). OCI is limited to the changes in unrealized gains/(losses) on available-for-sale securities and changes in the fair value of derivative transactions designated as cash flow hedges, if any. When available-for-sale securities are sold, any unrealized gains/(losses) included in accumulated other comprehensive income (AOCI) are reclassified into net income and are included in other income (loss) in the consolidated statements of income. Net gains/(losses) on derivative instruments designated as cash flow hedges are reclassified into earnings over the term of the instrument.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from the Federal Reserve Bank and other depository institutions, Fed Funds Sold, as well as coin and currency maintained at a courier warehouse. Amounts due from banks may, at times, exceed federally insured limits.

Federal Reserve Bank (FRB) – Excess Balance Account (EBA) Program

The Credit Union, as agent, entered into an EBA agreement with participating member credit unions and the FRB whereby the FRB opened EBAs for the benefit of the participants at the request of the agent. Accordingly, balances in the EBAs are not reflected in the Credit Union's consolidated financial statements. These balances totaled approximately \$5,183,124,000 and \$5,065,422,000 as of December 31, 2025 and 2024, respectively. Neither the participating member credit unions nor the agent may use the funds in the EBAs for general payments or other activities. The aggregate balance in the EBAs represents a deposit liability of the FRB due solely to the participants. The Credit Union is responsible for calculating and distributing interest payable to participants, and for potential damages owed to participants for any inaccuracy in calculating excess balances and interest.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Available-for-Sale Securities

Investment 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 needs, availability of and the yield on alternative investments, and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on securities classified as available-for-sale are recorded in OCI, except as discussed in the following paragraphs. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

The Credit Union evaluates available-for-sale investment securities in unrealized loss positions on a quarterly basis to determine if the decline in fair value below amortized cost is due to a credit loss or due to other factors, such as higher market interest rates or increased liquidity spreads. To make this determination, management reviews the amount of the unrealized loss, credit rating history, market trends of similar security classes, time remaining to maturity, and the source of principal and interest payments. If evidence of a credit loss is present, the Credit Union determines the amount of credit loss using a discounted cash flow analysis with an appropriate discount rate. Credit losses, if present, are recorded as an allowance with a corresponding charge to credit loss expense.

For available-for-sale securities in unrealized loss positions that the Credit Union intends to sell, or will more likely than not be required to sell, before recovery of the unrealized loss, regardless of the reason for the decline in fair value, amortized cost is reduced to fair value with a corresponding charge to earnings.

Derivative Instruments

In the normal course of business, the Credit Union is subject to risk from fluctuations in market interest rates. The Company manages this risk through a program that includes the use of derivative financial instruments, primarily interest rate swaps. Counterparties to these contracts are major financial institutions. The Credit Union is exposed to credit loss in the event of non-performance by these counterparties. The Credit Union does not use derivative instruments for trading or speculative purposes.

The Credit Union uses interest rate swaps to offset the changes in fair value of certain member loans, available-for-sale investment securities and member certificates attributable to interest rate volatility.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

All of the Credit Union's outstanding derivative financial instruments are recognized at fair value in the consolidated statement of financial condition as an asset or liability. (See Note 10). The effect on earnings or other comprehensive income from recognizing the fair values of these derivative financial instruments depends on their hedge designation (or lack thereof), and their effectiveness in offsetting the exposures they are hedging. Changes in the fair values of derivative instruments that are not designated as hedges or do not qualify for hedge accounting treatment are reported in earnings.

For derivative instruments designated as fair value hedges, the gain or loss on the derivative, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in earnings. The Credit Union includes the gain or loss on the derivative and the offsetting gain or loss on the hedged item (i.e., fixed-rate investment, loan, or member certificate) in the same interest income or interest expense line item as the hedged item.

Accounting Standards Codification (ASC) 815 allows an entity to assume perfect effectiveness in a fair value hedging relationship of interest rate risk involving a recognized interest-bearing asset or liability and an interest rate swap if certain criteria are met (short-cut method). Utilizing the short cut method allows an entity to conclude that changes in fair value of the interest-bearing asset or liability attributable to the risk being hedged exactly offset those of the interest rate swap at inception and on an ongoing basis. The Credit Union has applied the short-cut method for derivative transactions designated as fair value hedges if they meet the criteria specified in the standard.

Changes in the fair values of derivatives used to reduce or eliminate adverse fluctuations in variable interest cash flows associated with a recognized asset or liability, or the variable cash flows of forecasted transactions are reported in OCI. Amounts in AOCI are reclassified into earnings when the related hedged items affect earnings or the hedged forecasted transactions are no longer probable.

The Company discontinues the use of hedge accounting prospectively when (1) the derivative instrument is no longer effective in offsetting changes in fair value or cash flows of the hedged item, (2) the derivative instrument expires, is sold, terminated, or exercised, or (3) designating the derivative instrument as a hedge is no longer appropriate. The gain or loss at the time of discontinuance is amortized into interest income over the remaining term of the derivative instrument.

Other Investments

FHLB Capital Stock is carried at cost and its disposition is restricted. Guaranteed investment contracts (funding agreements) are carried at cash surrender value. Refer to Note 3 for further details regarding these investments.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Other Investments (Continued)

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

Loans and Allowance for Credit Losses on Loans

Loans

Loans include loans to members, loan participations held for investment, net of allowance, and subordinated debt issued by member credit unions. Loans to members and subordinated debt are stated at the amount of unpaid principal. Interest is calculated using the simple-interest method on principal amounts outstanding and is recognized over the term of the loan or subordinated debt. The accrual of interest is discontinued when management believes that collection of interest is doubtful. The Credit Union reviews the loan portfolio for impairment on a regular basis.

Loan participations held for investment are initially recorded at cost as of the settlement date. An allowance for credit losses is established at purchase and the carrying value is reflected net of the allowance. Any difference between cost and par value at settlement date for loan participations is recorded as a premium or discount. The premium or discount is amortized or accreted into interest income using the interest method over the life of the loan pool. Accrued interest on the loan pools is recorded in interest income. Principal and interest payments on the loan pools are applied monthly to reduce loan participation asset and accrued interest balances, respectively. Loan participations are charged off when the selling/servicing credit union deems the balance uncollectible.

Refer to Note 4 for credit quality indicators used by the Credit Union as part of its ongoing monitoring of the credit quality of the loan portfolio.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Allowance for Credit Losses on Loans

In determining the appropriate allowance for credit losses on loans, the Credit Union applies the guidance contained in ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which requires the application of a current expected credit loss (CECL) model. The measurement of expected credit losses under CECL is required for financial assets measured at amortized cost, including loan receivables. It also applies to off-balance sheet exposures.

Under this approach, the allowance for credit losses on loans is deducted from the amortized cost basis so that the balance sheet reflects the net amount the Credit Union expects to collect. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized in net income as a credit loss expense or a reversal of credit loss expense. The methodologies used by the Credit Union to estimate the allowance for various loan types differ based on their characteristics.

Member Loans/Subordinated Debt - The Credit Union's loan portfolio, other than loan participations (see below), consists of loans made to member credit unions, CUSOs, and other affiliated organizations, as well as subordinated debt issued by natural person credit unions. The Credit Union has divided this portfolio into three types of loans based on risk characteristics: settlement loans, fixed-rate term loans, and subordinated debt. Each type requires significant judgment to determine the estimation method that best fits its credit risk characteristics. All loans are evaluated on an individual basis.

Settlement loans and fixed-rate term loans are generally secured by a blanket lien against the assets of the member credit union, CUSO or affiliate. In addition, the Credit Union may also require the member to pledge specific assets and/or share and certificate accounts before extending loan advances. Loans to members can be offset against the members' share and certificate accounts, if necessary. Subordinated debt represents unsecured loans made to natural person credit unions with an acceptable risk profile. Based on the creditworthiness of the borrowing credit unions and, if applicable, available collateral, no allowance was recorded for member loans or subordinated debt holdings as of December 31, 2025 and 2024. No member loans or subordinated debt holdings were considered collateral dependent as of December 31, 2025 and 2024. The Credit Union takes a dollar-for-dollar capital deduction, per regulation, for its subordinated debt holdings.

Loan Participations - Loan participations held for investment are percentage interests in pools of loans made to individuals by member credit unions. They are secured by vehicles or are unsecured. They were purchased without recourse, and the originating member credit union performs all loan servicing functions. The Credit Union records an allowance for credit losses on loans equal to the expected credit losses attributed to the current portfolio. The following approach is used by management to estimate expected credit losses on the loan participation portfolio.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Loan Participations (Continued)

Loan participations are segmented by loan pool and/or originating credit union. The Credit Union estimates the allowance using two methodologies – Weighted Average Remaining Maturity (WARM) method and the Probability of Default (PD) method. The WARM method establishes an annualized loss rate based on historical data and forecasted qualitative and economic factors. This loss rate is multiplied by the remaining weighted-average-life of the pool to arrive at a lifetime loss estimate. The PD method estimates losses at the loan level based on three components – probability of default, loss given default and exposure at default - and incorporates future economic conditions into its estimates. The recorded allowance for each loan participation pool reflects the higher of the two loss estimates.

Certain loans for which repayment is expected to be provided substantially through the sale of collateral are considered collateral-dependent. 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. Auto and consumer collateral-dependent loans in the loan participation portfolio are deemed insignificant and intentionally omitted for disclosure purposes.

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. Loans are classified as non-accrual when the credit union no longer expects to collect all amounts due according to the contractual terms of the loan agreement. The accrual of interest is ceased for loans placed on non-accrual status.

Goodwill and Other Intangible Assets

Goodwill and intangible assets acquired in a purchase business combination that are determined to have indefinite useful lives are not amortized. They are tested for impairment annually, or more frequently if events and circumstances indicate that an impairment test should be performed. The Credit Union has selected December 31 as the date to perform annual impairment tests and has identified the Credit Union as the reporting unit. Impairment, if any, is recognized in the period identified. Goodwill and the trade name intangible acquired as part of the QCash Financial, LLC purchase have indefinite lives and are not amortized. Based on the Credit Union's financial performance and overall financial position, no impairment was recorded for the years ended December 31, 2025 and 2024.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Goodwill and Other Intangible Assets (Continued)

Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. The customer relationship intangible acquired as part of the QCash Financial, LLC purchase is being amortized straight line over its estimated useful life of fifteen years, with annual expected amortization expense of approximately \$840,000 in 2026 and \$693,000 in each year from 2027 through 2030. Intangible assets on the statements of financial condition are presented net of accumulated amortization of \$3,960,000 and \$2,826,200 as of December 31, 2025 and 2024, respectively.

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. 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 Certificates

Members' shares and certificates are subordinated to all other liabilities of the Credit Union upon liquidation. Interest rates on members' shares and certificates are set by management based on a daily assessment of available earnings and are not guaranteed by the Credit Union.

Perpetual Contributed Capital (PCC)

PCC is a secondary capital instrument that is classified as equity in the consolidated statements of financial condition. PCC is not negotiable or assignable but may be transferred to another eligible member credit union under certain provisions. PCC may not be pledged or used as security for borrowing. PCC dividends are determined based on net earnings and the overall capital needs of the Credit Union. Additionally, PCC dividends are not guaranteed and may be suspended if earnings are negative and/or capital levels fall below regulatory and/or policy minimum levels.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Deposits in Collection

Deposits in collection represent deposits the Credit Union received on the last business day of the year that will be credited to member share accounts the following business day.

Revenue Recognition

The Credit Union's revenue within the scope of ASC 606, Revenue from Contract with Customers, is recognized and disaggregated within non-interest income in the consolidated statements of income. Descriptions of the Credit Union's revenues within the scope of ASC 606 are as follows:

Payment and technology fee income, net of expense: The Credit Union earns fee income from its members for transaction-based services in the form of both fixed monthly and per transaction fees. Transaction-based services include automated clearing house (ACH) and share- draft processing, coin and currency vault and delivery services, and wires. Transaction fees are recognized at the time the transaction is executed. Monthly fixed fees charged for access to these services are recognized in the month the services are provided.

Capital markets fee income, net of expense:

- The Credit Union earns servicing fees from its loan participation marketplace. Loan participation fee income is recognized when remittances are transmitted from the loan participation seller to the buyer through the marketplace.
- The Credit Union provides security safekeeping services to its members. Transaction-based income from security safekeeping is recognized at the time the transaction is executed. Monthly fixed fees are charged for access to safekeeping services and are recognized in the month the services were provided.
- The Credit Union, as agent, earns income from the FRB EBA program based on a spread between the rate paid by the FRB on EBA balances and the rate paid through to participants. Agent income is recognized in the month of activity.
- Income received for services provided by AS consists of commissions. Commission income for investment securities transactions is recognized in the month of trade activity. Commission income for time deposit sales through the SimpliCD program offered by Primary Financial Company, LLC is recognized over the life of the corresponding time deposit.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 1 - Significant Accounting Policies (Continued)

Member solutions fee income, net of expense: Income received from member solutions, comprised of automated lending solutions provided by QCash, consists primarily of fixed monthly service and support fees and per-loan-funded fees. Per-loan-funded fees are recognized at the time loans are funded. Monthly fixed service and support fees are recognized in the month the services were provided.

Research and Development Expense

In 2025 and 2024, the Credit Union elected to spend \$6,000,000 and \$4,000,000, respectively, in research and development costs for initiatives beneficial to its members. The expenses were largely investments in start-up entities or emerging technologies and solutions. Although it is possible that these efforts will provide future revenue streams or yield operational efficiencies, there is no guarantee that the investments will lead to viable solutions. Therefore, the Credit Union has decided to expense these costs as incurred.

Federal and State Tax Exemption

The Credit Union is exempt from most federal, state, and local taxes under the provisions of the Internal Revenue Code (IRC) and state tax laws. The Income Taxes Topic of the Financial Accounting Standards Board (FASB) ASC clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated as to whether they meet the “more likely than not” standard for sustainability on examination by tax authorities.

Reclassification

Certain amounts reported in the 2024 consolidated financial statements have been reclassified to conform with the 2025 presentation. Reclassification adjustments did not affect total members' equity or net income.

Subsequent Events

Management has evaluated subsequent events through February 25, 2026, the date the consolidated financial statements were available to be issued.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 2 - Investments – Available-for-Sale Securities

The amortized cost and estimated fair value of available-for-sale securities are as follows:

	As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
Asset-backed	\$ 1,483,567,466	\$ 8,909,240	\$ (997,930)	\$ 1,491,478,776
Agency mortgage-backed	1,499,660,407	8,307,356	(20,227,436)	1,487,740,327
SBA	47,978,161	362,602	(29,845)	48,310,918
Agency	281,683,737	734,575	(9,682,663)	272,735,649
Corporate notes	15,155,487	361,113	-	15,516,600
U.S. Treasury	171,447,759	778,754	(588,913)	171,637,600
Total	\$ 3,499,493,017	\$ 19,453,640	\$ (31,526,787)	\$ 3,487,419,870

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
Asset-backed	\$ 1,116,783,440	\$ 2,933,760	\$ (2,063,338)	\$ 1,117,653,862
Agency mortgage-backed	1,354,823,899	1,590,459	(35,235,483)	1,321,178,875
SBA	19,014,937	2,227	(123,631)	18,893,533
Agency	423,479,531	237	(23,834,513)	399,645,255
U.S. Treasury	20,047,858	309,142	-	20,357,000
Total	\$ 2,934,149,665	\$ 4,835,825	\$ (61,256,965)	\$ 2,877,728,525

Available-for-sale securities as of December 31, 2025, includes approximately \$309,860,000 (amortized cost) of assets designated in hedging relationships. Cumulative losses relating to the hedged risk on these investments of approximately \$9,285,000 were reclassified from AOCI to interest income to offset the gains recorded on the related interest rate swaps. Therefore, the ending net unrealized losses in AOCI related to investments not designated in hedging relationships is approximately \$2,788,000 as of December 31, 2025.

Available-for-sale securities as of December 31, 2024, includes approximately \$324,669,000 (amortized cost) of assets designated in hedging relationships. Cumulative losses relating to the hedged risk on these investments of approximately \$21,896,000 were reclassified from AOCI to interest income to offset the gains recorded on the related interest rate swaps. Therefore, the ending net unrealized losses in AOCI related to investments not designated in hedging relationships is approximately \$34,525,000 as of December 31, 2024.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 2 - Investments – Available-for-Sale Securities (Continued)

The amortized cost and estimated fair value of available-for-sale securities as of December 31, 2025, by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

	<i>Available-for-sale Securities</i>	
	Amortized Cost	Fair Value
Within 1 year	\$ 88,464,602	\$ 87,671,424
1 to 5 years	282,424,010	275,301,940
Over 5 years	97,398,371	96,916,485
Asset-backed	1,483,567,466	1,491,478,776
Agency mortgage-backed	1,499,660,407	1,487,740,327
SBA	47,978,161	48,310,918
Total	\$ 3,499,493,017	\$ 3,487,419,870

The following tables represent concentration limits for investments based on parameters established by NCUA Regulation 704.5. Per NCUA regulation, Agency and GSE debt securities are not subject to capital or asset-based limits.

<i>Security Type:</i>	As of December 31, 2025		
	Fair Value	Capital-Based Limit	Asset-Based Limit
Auto loan/lease asset-backed	\$ 648,411,901	\$ 3,837,456,000	\$ 1,931,151,000
Credit card asset-backed	459,821,532	3,837,456,000	1,931,151,000
Agency - commercial mortgage-backed	868,305,870	2,302,474,000	1,158,690,000
FFELP student loan asset-backed	175,746,921	7,674,912,000	3,862,302,000
Agency - residential mortgage-backed	619,434,457	7,674,912,000	3,862,302,000
Other asset-backed securities	207,498,422	3,837,456,000	1,931,151,000
Corporate debt obligations	15,516,600	7,674,912,000	3,862,302,000
Agency and GSE debt (exempt)	492,684,167	-	-

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 2 - Investments – Available-for-Sale Securities (Continued)

	As of December 31, 2025	
	Fair Value	Regulatory Limit
<i>By Issuer:</i>		
AMXCA	\$ 101,097,965	\$ 383,746,000
CCCIT	100,639,611	383,746,000
Chase Issuance Trust	92,606,647	383,746,000
BACCT	87,920,922	383,746,000
VZMT	80,268,300	191,873,000
MetLife (GICs)	44,460,801	191,873,000
WFCIT	43,491,030	383,746,000

The following tables show the fair value and gross unrealized losses of available-for-sale securities aggregated by the length of time the individual securities have been in continuous unrealized loss positions.

	As of December 31, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Asset-backed	\$ 121,138,665	\$ (57,313)	\$ 42,519,691	\$ (940,617)	\$ 163,658,356	\$ (997,930)
Agency mortgage-backed	119,133,840	(183,326)	656,392,883	(20,044,110)	775,526,723	(20,227,436)
SBA	1,021,110	(1,668)	4,418,086	(28,177)	5,439,196	(29,845)
Agency	-	-	202,440,416	(9,682,663)	202,440,416	(9,682,663)
U.S. Treasury	50,672,000	(588,913)	-	-	50,672,000	(588,913)
	\$ 291,965,615	\$ (831,220)	\$ 905,771,076	\$ (30,695,567)	\$ 1,197,736,691	\$ (31,526,787)

	As of December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Asset-backed	\$ 131,509,282	\$ (297,105)	\$ 144,947,463	\$ (1,766,233)	\$ 276,456,745	\$ (2,063,338)
Agency mortgage-backed	277,605,684	(4,483,371)	702,925,766	(30,752,112)	980,531,450	(35,235,483)
SBA	10,413,594	(77,896)	6,721,237	(45,735)	17,134,831	(123,631)
Agency	48,147,334	(1,114,470)	350,973,125	(22,720,043)	399,120,459	(23,834,513)
	\$ 467,675,894	\$ (5,972,842)	\$ 1,205,567,591	\$ (55,284,123)	\$ 1,673,243,485	\$ (61,256,965)

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 2 - Investments – Available-for-Sale Securities (Continued)

Unrealized losses on securities issued by the U.S. Government and its Agencies, and Agency mortgage-backed securities, have not been recognized into 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 to recovery of fair value up to amortized cost, which may be maturity.

The Credit Union evaluates asset-backed securities and corporate notes in unrealized loss positions on a quarterly basis for indicators of impairment due to credit factors. There was no impairment related to credit loss factors recognized on asset-backed securities or corporate notes during the years ended December 31, 2025 and 2024. The decline in fair value is primarily due to differences between security yields and market interest rates. Additionally, the decline in fair value is expected to be recovered as securities approach their maturity date and/or market rates decline. Management has the intent and ability to hold these securities to recovery of fair value up to amortized, which may be maturity.

Note 3 - Other Investments

Other investments are comprised of the following as of December 31, 2025 and 2024:

	2025		2024
Guaranteed Investment Contracts	\$ 44,460,802	\$	42,617,871
CUSO Investments (Note 1)	7,235,694		6,938,120
Derivative Contracts (Note 10)	9,664,121		23,871,862
FHLB Capital Stock	31,500,000		31,500,000
Certificates of Deposit	11,698,000		11,946,000
Total	\$ 104,558,617	\$	116,873,853

Guaranteed Investment Contracts (Funding Agreements)

The Credit Union has entered into Guaranteed Investment Contracts (GICs) which are agreements whereby an insurance company guarantees a fixed rate of return in exchange for holding a deposit from the investor for the contracted period of time. GICs are accounted for using cash surrender value.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 3 - Other Investments (Continued)

FHLB Capital Stock

As a member of the FHLB system, the Credit Union is required to own a certain amount of stock based on its anticipated level of borrowings and other factors. Capital stock may be redeemed five years after written notice is provided to the FHLB. The Credit Union held capital stock issued by FHLB of Chicago of \$31,500,000 as of December 31, 2025 and 2024. FHLB Capital stock is carried at cost and its disposition is restricted.

Note 4 - Loans

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

	<u>2025</u>	<u>2024</u>
Member:		
Term loans	\$ 105,069,885	\$ 133,974,742
Settlement loans	75,235,482	80,796,153
	<u>180,305,367</u>	<u>214,770,895</u>
 Subordinated debt	 20,250,000	 20,250,000
 Loan participations		
Secured	46,479,807	76,648,719
Unsecured	37,730	154,571
	<u>46,517,537</u>	<u>76,803,290</u>
 Less: Allowance for credit losses	 <u>(1,211,617)</u>	 <u>(1,874,597)</u>
 Loans, net of allowance	 <u>\$ 245,861,287</u>	 <u>\$ 309,949,588</u>

Term loan balances include fair value losses of approximately \$372,000 and \$1,313,000 for the years ended December 31, 2025 and 2024, respectively. These losses are related to specific fixed-rate loans to members that are designated as hedged items for certain interest rate swaps (see Note 10).

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 4 - Loans (Continued)

Allowance for Credit Losses on Loans (Allowance)

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:

	Member Loans/ Sub Debt	Loan Participations	Total
Beginning allowance	\$ -	\$ 1,874,597	\$ 1,874,597
Charge-offs	-	(1,464,872)	(1,464,872)
Recoveries	-	201,892	201,892
Provision for credit losses	-	600,000	600,000
Ending Allowance	<u>\$ -</u>	<u>\$ 1,211,617</u>	<u>\$ 1,211,617</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:

	Member Loans/ Sub Debt	Loan Participations	Total
Beginning allowance	\$ -	\$ 2,471,515	\$ 2,471,515
Charge-offs	-	(1,362,862)	(1,362,862)
Recoveries	-	223,379	223,379
Provision for credit losses	-	542,565	542,565
Ending Allowance	<u>\$ -</u>	<u>\$ 1,874,597</u>	<u>\$ 1,874,597</u>

Aging of Past Due Loans

The following table presents the aging of past due loans 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
Member:						
Term Loans	\$ -	\$ -	\$ -	\$ -	\$ 105,069,885	\$ 105,069,885
Settlement	-	-	-	-	75,235,482	75,235,482
Subordinated debt	-	-	-	-	180,305,367	180,305,367
Loan participations:						
Secured	1,049,982	419,862	558,075	2,027,919	44,451,888	46,479,807
Unsecured	-	2,895	-	2,895	34,835	37,730
Total	<u>\$ 1,049,982</u>	<u>\$ 422,757</u>	<u>\$ 558,075</u>	<u>\$ 2,030,814</u>	<u>\$ 245,042,090</u>	<u>\$ 247,072,904</u>

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 4 - Loans (Continued)

The following table presents the aging of past due loans 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
Member:						
Term Loans	\$ -	\$ -	\$ -	\$ -	\$ 133,974,742	\$ 133,974,742
Settlement	-	-	-	-	80,796,153	80,796,153
	-	-	-	-	214,770,895	214,770,895
Subordinated debt	-	-	-	-	20,250,000	20,250,000
Loan participations:						
Secured	1,417,315	462,709	665,092	2,545,116	74,103,603	76,648,719
Unsecured	-	671	2,348	3,019	151,552	154,571
Total	\$ 1,417,315	\$ 463,380	\$ 667,440	\$ 2,548,135	\$ 309,276,050	\$ 311,824,185

Non-performing loans on which the accrual of interest has been discontinued or reduced were insignificant as of December 31, 2025 and 2024.

Credit Quality Indicators

As part of the ongoing monitoring of the credit quality of the member loan portfolio, the Credit Union evaluates all lines of credit on an annual basis by reviewing members' financial condition and key ratios. A watch list is created consisting of members that represent a credit risk or a concentration risk to the Credit Union. The following criteria are used to determine whether a loan will be placed on the watch list.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 4 - Loans (Continued)

Credit Quality Indicator:

- Capital ratio below 6%
- Negative earnings as of the prior year end and most recent quarter end, and a capital ratio below 9%
- Negative earnings as of the prior year end and most recent quarter end, a delinquency ratio above 4%, and a capital ratio below 10%

Concentration Risk Indicator:

- Line of credit in excess of 30% of the Credit Union's total members' equity
- Outstanding loan balance in excess of 10% of the Credit Union's total outstanding loan balance

The Credit Union evaluates the credit quality of the loan participation portfolio based primarily on the aging status of the loan and payment activity. Accordingly, non-accrual loans and loans modified under troubled debt restructurings that are past due in accordance with the loans' original contractual terms are considered to be in a non-performing status for purposes of credit quality evaluation.

Member credit unions on the watch list have lines of credit of approximately \$1,930,990,000 and \$2,134,568,000, and outstanding loan balances of approximately \$87,541,000 and \$98,100,000 as of December 31, 2025 and 2024, respectively. Primarily due to a strong collateral position, the Credit Union has never experienced a loss on a loan to a member.

The Credit Union recorded no net gains or losses for the year ended December 31, 2025 on early prepayment of loans. The Credit Union recorded net losses of approximately \$340,000 on early prepayment of loans for the year ended December 31, 2024. These amounts are included in capital markets fee income in the consolidated statements of income.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 5 - Members' Shares and Certificates

Members' shares and certificates are summarized as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Daily shares	\$ 4,854,200,083	\$ 4,139,762,249
Share certificates	1,319,015,435	1,491,870,459
Total	<u>\$ 6,173,215,518</u>	<u>\$ 5,631,632,708</u>

The aggregate balance of members' certificates in denominations that meet or exceed \$250,000 was approximately \$1,204,421,000 as of December 31, 2025.

Scheduled maturities of members' certificates as of December 31, 2025, are as follows:

	<u>2025</u>
Within 1 year	\$ 803,274,435
1 to 2 years	131,944,000
2 to 3 years	160,336,000
3 to 4 years	126,173,000
4 to 5 years	97,288,000
	<u>\$ 1,319,015,435</u>

Note 6 - Lines of Credit

The Credit Union has access to secured, unsecured and repurchase lines of credit. The secured lines of credit require pledging of qualifying assets as collateral, and the total amount of the lines are determined based on the value of collateral as defined in the applicable agreements. There was \$700,000,000 outstanding as of December 31, 2025 and 2024 on the secured lines of credit. The carrying amount (fair value) of securities held as collateral related to the outstanding borrowings as of December 31, 2025 was \$1,399,814,000. The carrying amount of securities held as collateral on unused lines was \$93,801,000 as of December 31, 2025.

The Credit Union has established a repurchase line of credit agreement secured by unencumbered, qualified investment securities. The interest rate charged varies depending on the collateral provided and the current market conditions. There were no borrowings outstanding under this agreement as of December 31, 2025 and 2024.

The Credit Union has established unsecured federal funds agreements with various financial institutions. The agreements provide for aggregate borrowings of up to \$120,000,000 as of December 31, 2025 and 2024, and interest rates are determined by the lending financial institutions. There were no borrowings outstanding under these agreements as of December 31, 2025 and 2024.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 7 - Employee Benefit Plans

401(k) and Profit-Sharing Plan

The Credit Union sponsors a defined contribution plan (Plan) established under Section 401(k) of the Internal Revenue Code. This Plan allows employees to contribute up to the Internal Revenue Service maximum allowable percentage of their compensation. The Credit Union matches 100% of the first 4% contributed by employees. Matching contributions were approximately \$1,126,000 and \$978,000 for the years ended December 31, 2025 and 2024, respectively. In addition, the Credit Union may elect to make a discretionary contribution to the Plan annually. This election requires approval by the Credit Union's Board of Directors. The Credit Union made discretionary contributions of approximately \$978,000 and \$935,000 for the years ended December 31, 2025 and 2024, respectively.

Collateral Assignment Split Dollar (CASD)

The Credit Union provides supplemental retirement benefits for certain Credit Union Executives through an arrangement the Internal Revenue Service (IRS) refers to as "collateral assignment split dollar" (CASD). Although the IRS requires CASD to be reported as loans, CASD is not an actual loan. There is neither a transfer of funds to the participant nor an obligation for the participant to repay funds. Instead, the Credit Union recovers its outlays plus interest from the underlying policy. The recovery right is a key advantage of CASD. With traditional deferred compensation, the Credit Union pays the benefit from corporate assets, never to recover those dollars. With CASD, the Credit Union recovers not only its outlays, but also interest.

In a CASD, the Credit Union deposits dollars directly into a life insurance policy, with the Credit Union holding a lien on the policy to ensure repayment. At specified times and subject to vesting requirements, the participant may borrow from the cash value of the policy to supplement retirement income (provided there are sufficient policy values). Borrowing is carefully monitored and limited to assure that the policy will remain in effect until the participant's death and will pay a death benefit at least sufficient to repay the Credit Union's outlays plus interest. Any remaining death proceeds are divided between the Credit Union and the participant's beneficiary as agreed upon by the parties. The CASD is recorded at the cash surrender value on the consolidated statements of financial condition.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 8 - Off-Balance Sheet Risk and Commitments

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. The Credit Union's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments.

Commitments

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 and are extended as advised lines of credit, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2025, the members' unused lines of credit approximated \$15,366,710,000. The Credit Union also had letters of credit outstanding with members in the amount of \$30,376,000 as of December 31, 2025. The Credit Union evaluates each members' creditworthiness on a case-by-case basis. The amount of collateral obtained 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. Failure to meet a minimum capital requirement would require the Credit Union to submit a plan of action to correct the shortfall. Additionally, NCUA could require an increase in capital to specific levels, reduction of interest, and/or ceasing or limiting the Credit Union's ability to accept deposits.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 9 - Regulatory Capital (Continued)

The current regulations encourage the Credit Union to build retained earnings to at least 250 basis points by providing the following incentives if this is achieved:

- All Perpetual Contributed Capital (PCC) will be included in Tier 1 capital. If the 250 basis point threshold is not met, PCC in excess of retained earnings minus 200 basis points of daily average net assets, will be excluded from Tier 1 capital.
- Expanded authorities for corporate credit unions to engage in the following activities:
 - Short sales
 - Purchases of principal-only stripped MBS securities
 - Dollar roll transactions
 - Purchase certain foreign investments
 - Engage in derivative transactions
 - Purchase loan participations from natural person credit unions

The Credit Union's retained earnings and other equity ratio is 6.25% and 6.30% as of December 31, 2025 and 2024, respectively. The ratio was higher than the regulatory minimum for the years ending December 31, 2025 and 2024, allowing the Credit Union to include all PCC as regulatory Tier 1 capital.

The NCUA has defined regulatory capital to include the following:

- Tier 1 Capital:
 - Retained earnings, plus
 - PCC, less:
 - Intangible assets that exceed one-half percent of the corporate credit union's moving daily average net assets,
 - Investments, both equity and debt, in unconsolidated CUSOs,
 - PCC or Nonperpetual Capital Accounts (NCA) maintained at another corporate credit union,
 - PCC received from federally insured credit unions that causes PCC minus retained earnings, all divided by moving daily average net assets, to exceed two percent when a corporate credit union's retained earnings ratio is less than two and one-half percent,
 - Subordinated debt instruments issued by natural person credit unions.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 9 - Regulatory Capital (Continued)

- Tier 2 capital includes the following:
 - Unamortized non-perpetual capital
 - Allowance for loan losses calculated under GAAP up to a maximum of 1.25% of risk-weighted assets
 - Any PCC deducted from Tier 1 capital
 - Forty-five percent of net unrealized gains (holding gains exceeding holding losses) on available-for-sale equity securities with readily determinable fair values. NCUA may disallow such inclusions in the calculation of Tier 2 capital if NCUA determines that the securities are not prudently valued.
- Total capital includes Tier 1 and Tier 2 capital.

The Credit Union's capital amounts used in the calculations for regulatory capital as of December 31, 2025 and 2024, are as follows:

	2025	2024
Total regulatory retained earnings	\$ 489,911,171	\$ 433,691,991
Perpetual contributed capital	303,854,093	290,491,122
Investments in unconsolidated CUSOs	(7,235,694)	(6,938,120)
Subordinated debt	(20,250,000)	(20,250,000)
Tier 1 capital before PCC exclusion	766,279,570	696,994,993
PCC exclusion - effective December 2017	-	-
Tier 1 capital	\$ 766,279,570	\$ 696,994,993
Tier 1 capital	\$ 766,279,570	\$ 696,994,993
Non-perpetual capital	-	-
Allowance for loan losses	1,211,617	1,874,597
PCC excluded from Tier 1 capital	-	-
45% of unrealized net gain on equity	-	-
Total capital	\$ 767,491,187	\$ 698,869,590
Moving daily average net assets	\$ 7,839,718,063	\$ 6,888,556,803
Monthly moving average net risk-weighted assets (MMANRA)	\$ 1,787,282,302	\$ 1,245,241,459

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 9 - Regulatory Capital (Continued)

Capital ratio	2025	2024	Minimum level to be classified as adequately capitalized	Minimum level to be classified as well capitalized
Leverage ratio (1)	9.77%	10.12%	8.00%	8.00%
Tier 1 risk based (2)	42.87%	55.97%	4.00%	6.00%
Total risk-based capital (3)	42.94%	56.12%	8.00%	10.00%
Retained earnings ratio (4)	6.25%	6.30%	3.00%	3.00%

Calculations (Capital/Denominator):

(1) = TIC/MDANA

(2) = TIC/MMANRA

(3) = TC/MMANRA

(4) = Retained earnings/MDANA

TIC = Tier 1 capital

MDANA = Moving daily average net assets

TC = Total capital

MMANRA = Moving monthly average net risk-weighted assets

As of December 31, 2025 and 2024, the Credit Union met all capital requirements under Section 704.3 of NCUA Regulations.

Note 10 - Derivatives

Derivatives as of December 31, 2025 and 2024 are comprised of seventeen and twenty-five interest rate swaps, respectively. Interest rate derivative assets are included in other investments in the consolidated statements of financial condition. Interest rate derivative liabilities are included in accrued interest expense and other accrued liabilities in the consolidated statements of financial condition.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 10 - Derivatives (Continued)

The following tables summarize the fair value of derivatives on a gross basis:

	As of December 31, 2025		
	Notional/ Contract Amount	Fair Value	
		Gross Derivative Assets	Gross Derivative Liabilities
Interest rate swaps:			
Fair value hedges:			
Receive fixed/pay floating	\$ 140,000,000	\$ 46,632	\$ -
Pay fixed/receive floating	308,932,000	9,922,430	(637,118)
Undesignated:			
Receive fixed/pay floating	-	-	-
Pay fixed/receive floating	25,000,000	332,176	-
Total	\$ 473,932,000	\$ 10,301,238	\$ (637,118)

	As of December 31, 2024		
	Notional/ Contract Amount	Fair Value	
		Gross Derivative Assets	Gross Derivative Liabilities
Interest rate swaps:			
Fair value hedges:			
Receive fixed/pay floating	\$ 410,000,000	\$ 787,705	\$ (52,739)
Pay fixed/receive floating	343,132,000	21,957,883	-
Undesignated:			
Receive fixed/pay floating	-	-	-
Pay fixed/receive floating	35,000,000	1,179,013	-
Total	\$ 788,132,000	\$ 23,924,601	\$ (52,739)

The Credit Union's strategy for the use of interest-rate swaps is to hedge the interest rate risk associated with specific fixed-rate member loans, available-for-sale investment securities and member certificates. This strategy effectively swaps the fixed-rate interest income or expense for variable-rate interest income or expense, thereby reducing the Credit Union's exposure to interest rate fluctuations. The Credit Union has elected to use fair value accounting for interest rate derivatives purchased prior to 2020 (i.e. no hedge accounting designation). There were net gains realized on these derivatives of approximately \$23,000 and \$22,000 for the years ended December 31, 2025 and 2024, respectively.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 10 - Derivatives (Continued)

Derivative transactions entered into after January 1, 2021, have been designated as fair value hedges, and effectiveness is being measured using the short-cut method (see Note 1), which assumes perfect effectiveness. Total losses recognized on these swaps were approximately \$13,361,000 and are included in interest income on the consolidated statements of income along with the offsetting \$13,361,000 of net gains on the underlying member loans, member certificates and available-for-sale securities. During 2025 and 2024, the Credit Union terminated certain interest rate swaps and realized gains totaling \$13,748,000 which are being accreted into interest income over the original terms of the agreements. As of December 31, 2025, the balance of the gains remaining to be accreted to interest income is approximately \$7,509,000.

Derivative Collateral

The Credit Union has interest rate swaps with JPM and PNC Bank. Depending on whether a counterparty relationship is in a net gain or net loss position, the Credit Union either receives cash collateral from or posts cash collateral with, respectively, with these counterparties. As of December 31, 2025, the Credit Union was in receipt of cash collateral from JPM and PNC Bank of \$4,815,000 and \$4,440,000, respectively. As of December 31, 2024, the Credit Union was in receipt of cash collateral from JPM and PNC Bank of \$11,795,000 and \$12,690,000, respectively.

Note 11 - Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB ASC provides a framework for measuring fair value that requires an entity to derive fair value from the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date within the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. To increase consistency and comparability in fair value measurements and related disclosures, a three-level hierarchy prioritizes the inputs to valuation techniques used to measure fair value. Highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), then to inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2), and finally the lowest priority to unobservable inputs (Level 3).

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.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 11 - Fair Value Measurements (Continued)

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

Level 3 inputs are unobservable inputs for the asset or liability which reflect the Credit Union's own assumptions about the assumptions market participants would use in pricing the asset or liability. Assumptions about risk include risk inherent in a particular valuation technique used to measure fair value, including pricing models and/or discounted cash flow methodologies.

The methodologies and associated inputs used may produce a fair value calculation that may not be indicative of net realizable value or be reflective of future fair values. While the Credit Union believes its valuation methods and associated inputs are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Available for Sale Securities

Asset-backed, Agency-mortgage backed securities, SBA securities, Agency and Corporate Notes – These securities are classified as Level 2 in the fair value hierarchy and are valued based on quoted market prices for assets of similar vintage and underlying collateral in the marketplace.

U.S. Treasury obligations are classified as Level 1 in the fair value hierarchy and are valued based on quoted market prices for identical assets that the Credit Union has the ability to access at the measurement date.

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 11 - Fair Value Measurements (Continued)

Other Assets/Liabilities

Hedged Fixed-Rate Loans – These loans are classified as Level 2 in the fair value hierarchy and are valued based on discounted cash flow analysis using the SOFR curve.

Hedged Fixed-Rate Member Certificates – These certificates are classified as Level 2 in the fair value hierarchy and are valued based discounted cash flow analysis using the SOFR curve.

Interest Rate Swaps – Interest rate swaps are classified as Level 2 in the fair value hierarchy and are valued based on discounted cash flow analysis using the SOFR swap rate.

The following tables set forth by level, within the fair value hierarchy, the Credit Union’s financial instruments measured at fair value on a recurring basis.

	Assets at Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Asset-backed securities	\$ -	\$ 1,463,580,262	\$ -	\$ 1,463,580,262
Agency - mortgage backed	-	1,487,740,327	-	1,487,740,327
SBA	-	48,310,918	-	48,310,918
Agency securities	-	101,026,080	-	101,026,080
Corporate notes	-	15,516,600	-	15,516,600
U.S. Treasury Securities	71,598,997	-	-	71,598,997
Hedged fixed-rate securities	100,038,603	199,608,083	-	299,646,686
Total available-for-sale securities	171,637,600	3,315,782,270	-	3,487,419,870
Hedged fixed-rate loans	-	24,627,886	-	24,627,886
Derivative Assets:				
Interest rate contracts	-	10,301,238	-	10,301,238
Total assets at fair value	\$ 171,637,600	\$ 3,350,711,394	\$ -	\$ 3,522,348,994
Liabilities:				
Hedged fixed-rate member certificates	-	140,046,632	-	140,046,632
Derivative Liabilities:				
Interest rate contracts	-	637,118	-	637,118
Total liabilities at fair value	\$ -	\$ 140,683,750	\$ -	\$ 140,683,750

ALLOYA CORPORATE FEDERAL CREDIT UNION

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

Note 11 - Fair Value Measurements (Continued)

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Available-for-sale securities:				
Asset-backed securities	\$ -	\$ 1,117,653,862	\$ -	\$ 1,117,653,862
Agency - mortgage backed	-	1,321,178,875	-	1,321,178,875
SBA	-	18,893,533	-	18,893,533
Agency securities	-	98,409,547	-	98,409,547
U.S. Treasury Securities	20,357,000	-	-	20,357,000
Hedged fixed-rate securities	-	301,235,708	-	301,235,708
Total available-for-sale securities	20,357,000	2,857,371,525	-	2,877,728,525
Hedged fixed-rate loans	-	53,696,092	-	53,696,092
Derivative Assets:				
Interest rate contracts	-	23,924,601	-	23,924,601
Total assets at fair value	\$ 20,357,000	\$ 2,934,992,218	\$ -	\$ 2,955,349,218
Liabilities:				
Hedged fixed-rate member certificates	-	410,734,966	-	410,734,966
Derivative Liabilities:				
Interest rate contracts	-	52,739	-	52,739
Total liabilities at fair value	\$ -	\$ 410,787,705	\$ -	\$ 410,787,705

Certain assets and liabilities may be required to be measured at fair value on a non-recurring basis. These non-recurring fair value measurements usually result from the application of lower of cost or market accounting or the write-down of individual assets due to impairment. There were no assets or liabilities measured at fair value on a non-recurring basis as of December 31, 2025 and 2024.

Note 12 – Other Income (Expense)

The Credit Union holds a 13.2% interest in the U.S. Central Asset Management Estate, which resulted in the receipt of four cash distributions in 2021 and 2022 totaling \$211,500,000. For the year ended December 31, 2023, the Credit Union received two additional distributions totaling \$18,216,000. The Credit Union expects additional recoveries in future years of approximately \$3,300,000.

In December 2025 and 2024, the Credit Union waived all billed fees to member credit unions at a cost of approximately \$3,037,000 and \$2,889,000, respectively. Other miscellaneous income, including net gains on financial instruments, net income from equity investments in CUSOs, rental income, and income on CASD balances totaled approximately \$2,326,000 and \$1,348,000 for the years ended December 31, 2025 and 2024, respectively.

* * * End of Notes * * *

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee, Board of Directors and Management
Alloya Corporate Federal Credit Union

Opinion on Internal Control Over Financial Reporting

We have audited Alloya Corporate Federal Credit Union's internal control over financial reporting as of December 31, 2025, based on criteria established in the Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, Alloya Corporate Federal Credit Union maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in the Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the consolidated financial statements of Alloya Corporate Federal Credit Union, and our report dated February 25, 2026, expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of Alloya Corporate Federal Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Doeren Mayhew Assurance

Troy, Michigan
February 25, 2026



**Alloya Corporate Federal Credit Union
Management Report on Annual Report
2025**

We, the undersigned, certify that:

1. We have reviewed the annual report (2025 audited financial statements) of Alloya Corporate Federal Credit Union (Alloya);
2. Based on our knowledge, the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of Alloya as of, and for, the periods presented in the report;
3. We, the certifying officers, are responsible for preparing Alloya's annual financial statements, including reports filed in accordance with regulatory reporting (based on the 5310 Corporate Credit Union Call Report Instructions), for establishing and maintaining an adequate internal control structure and procedures for financial reporting, and for complying with the laws and regulations relating to safety and soundness in the following areas: affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends, and regulatory reporting that meets full and fair disclosure and have:
 - a. Designed such internal controls over financial reporting, or caused such internal controls to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and regulatory purposes in accordance with the 5310 Corporate Credit Union Call Report Instructions, utilizing the COSO (2013) internal control framework;
 - b. Evaluated the effectiveness of such internal controls and procedures; and
 - c. Concluded that there were no material changes or weaknesses in financial reporting, including reports filed in accordance with regulatory reporting (based on the 5310 Corporate Credit Union Call Report Instructions), and internal controls that materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting in 2025, and, based on our knowledge, that Alloya is in compliance with the above designated safety and soundness laws and regulations during 2025.

Date: February 26, 2026

Signed by:

56544F0BAFD9471...

Todd M. Adams, CEO

Signed by:

8399EE24708241E...

Doug Hoelscher, CFO