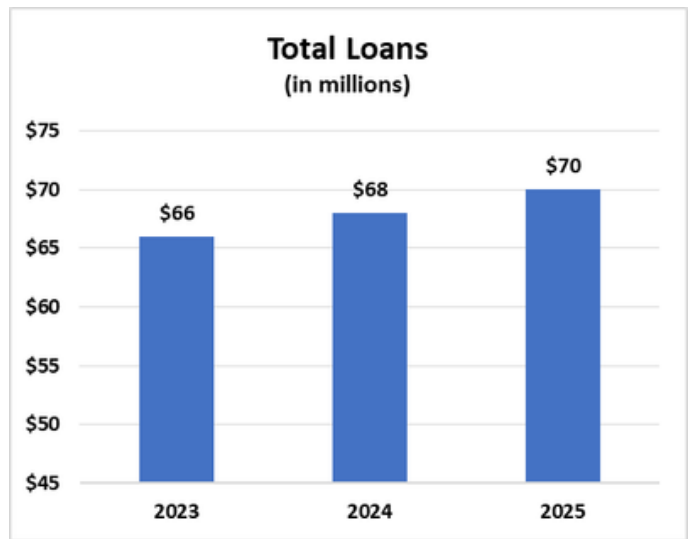
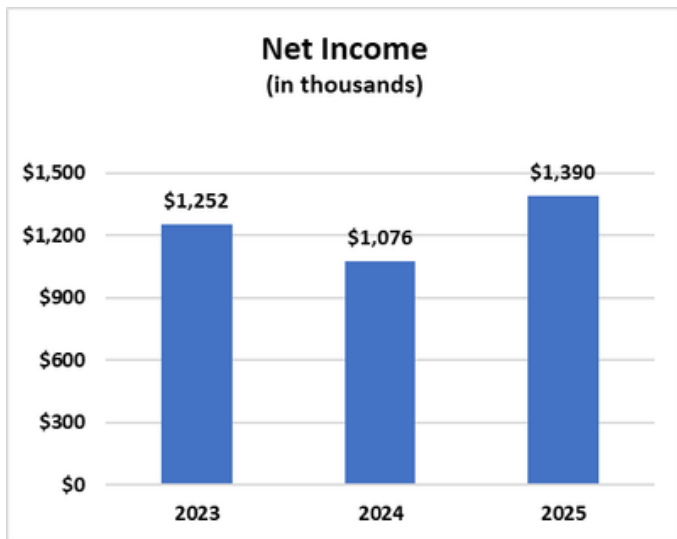
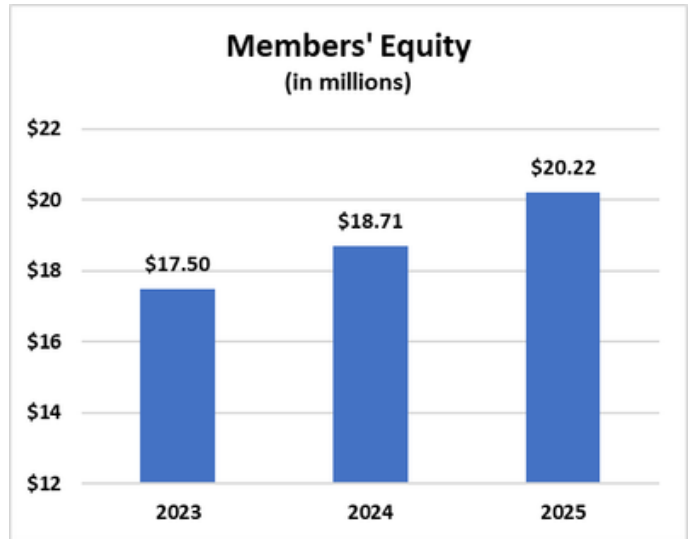
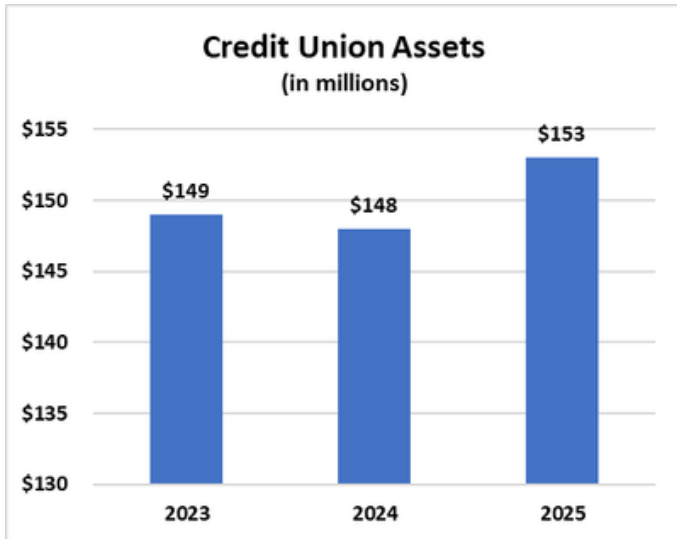


2025 Annual Report
A Legacy Honored. A Future Defined.



Financial Highlights



Our Mission

Hartford Federal Credit Union is the leading provider of high-quality financial products that delivers personalized service and value to strengthen the financial and general well-being of our members and the communities we serve.

2025 ANNUAL REPORT

From the President

Hartford Federal Credit Union is entering a defining moment in its history. In March 2026, I had the honor of stepping into the role of President & CEO, following the retirement of Ed Danek after an extraordinary 36-year tenure of leadership. Under Ed’s guidance, our Credit Union grew into one of the strongest and most respected institutions in the region. His vision, discipline, and unwavering commitment to our members have left a lasting foundation, and we extend our deepest gratitude for his decades of service.

Building on that legacy, our performance in 2025 reflects the strength and stability that have long defined Hartford Federal Credit Union. We were proud to earn a 5-Star “Superior” rating from *BauerFinancial Inc.* for the 34th consecutive year, maintaining our position among the top 5 percent of credit unions nationwide and continuing our distinction as a “Best of Bauer” institution. This recognition affirms our long-standing commitment to financial strength, stability, and prudent management.

Our financial results further reinforce this strong foundation. The Credit Union achieved record earnings and outperformed our peer group in capital strength and charge-off ratios. These achievements are the result of disciplined growth, prudent risk management, and a continued focus on long-term sustainability—ensuring we remain a dependable source of financial strength and support for our members in all economic environments.

Beyond financial performance, our commitment to community remains central to who we are. Throughout the year, we supported organizations that provide essential services and expand opportunities for those we serve, including the Joan C. Dauber Food Pantry, Mercy Housing & Shelter Corporation, The Village for Families & Children, The Salvation Army, Tunnel to Towers Foundation, and Safe Net Ministries. These efforts reflect our commitment to supporting the communities our members call home.

This year’s Annual Report theme, “**A Legacy Honored. A Future Defined.**” captures both where we have been and where we are going. While we honor the leadership and values that brought us here, we are equally focused on the future—enhancing our digital capabilities, expanding our reach, and continuing to elevate the member experience.

I am inspired by the dedication of our Board of Directors, volunteers, management team, and staff, whose commitment drives our continued success. Most importantly, I thank our members for the trust and loyalty you place in us every day.

Together, we will build on our strong foundation, honor our legacy, and move forward with purpose—continuing to serve as a trusted financial partner for generations to come.



Mary-Elizabeth Mazza
President & CEO

REPORTS

From the Chairperson

In 2025, Hartford Federal Credit Union made meaningful progress in advancing our strategic initiatives and enhancing our members' experience. By maintaining a focus on digital transformation, operational efficiency, and community engagement, we are positioning the Credit Union for sustainable growth and continued success in a rapidly evolving financial landscape.

Throughout the year, we laid the groundwork for several key digital initiatives that will be introduced in 2026. These include enhancements to our digital banking platform, upgrades to our Visa credit card program, Person-to-Person (Zelle) payments, debit card tokenization for digital wallets, and a redesigned website. Together, these advancements reflect our commitment to delivering a seamless, secure, and convenient banking experience for our members. We also launched targeted digital advertising efforts to support continued loan growth.

A significant milestone was the submission and subsequent approval of our charter expansion application by the National Credit Union Administration in early 2026. This expansion enables us to extend our services into the Northwest Hills Planning Region, which represents most of what was known as Litchfield County, allowing us to offer our value and service to more individuals and families.

Community impact remains central to our mission. In 2025, we expanded our financial education initiatives, providing resources on money management, credit improvement, and fraud prevention. By equipping individuals with the knowledge to make informed financial decisions, we help build stronger and more resilient communities.

We also remain focused on strengthening our organizational capabilities to support long-term success. By investing in our people, processes, and leadership structure, we are ensuring the Credit Union is well positioned to advance our long-term vision and deliver consistent value to our members. We extend our sincere appreciation to Ed Danek for his 36 years of leadership and the strong foundation he established. I ask you to join me in welcoming Beth Mazza as our new President and CEO. We are confident in Ms. Mazza's leadership as she guides the Credit Union into its next chapter.

On behalf of the Board of Directors, I thank our fellow Directors, committee members, management, and staff for their hard work and dedication. To our members, thank you for your continued trust. We remain committed to helping you achieve your financial goals.



Keisha Palmer
Chairperson of the Board

REPORTS

From the Treasurer

Hartford Federal Credit Union remains financially strong, demonstrating stability and disciplined growth despite ongoing economic uncertainty. Through careful planning and proactive balance sheet management, the Credit Union continued to expand its net interest margin while maintaining a strong focus on risk management.

For the year ended December 31, 2025, the Credit Union achieved net income of \$1,390,000, representing the highest annual core earnings in its history. Members' equity reached a record \$20,225,000, resulting in a capital ratio of 13.18 percent — more than 88 percent above the federal regulatory threshold of 7 percent for a well-capitalized credit union. This level of capital strength provides a meaningful buffer against economic volatility while supporting continued investment in products, services, and technology.

The loan portfolio grew by 4.2 percent to a record \$70,802,000, reflecting continued demand for lending products and our commitment to meeting the needs of our members. Total assets increased by 3.8 percent, driven by a combination of organic growth and strong earnings performance.

Our investment strategy also contributed positively to overall performance, with interest earned on investments increasing by 13 percent. Net interest income also rose by 13 percent to record levels, supported by disciplined pricing strategies and effective interest rate risk management.

With a balanced approach to growth and risk oversight, Hartford Federal Credit Union remains well positioned to navigate changing market conditions. We remain committed to preserving financial strength, maintaining prudent controls, and delivering long-term value to our members. With sound financial management, Hartford Federal Credit Union will continue to serve as a stable and trusted financial partner.



Steven LeFebvre
Treasurer

REPORTS

From the Supervisory Committee

The Supervisory Committee is responsible for overseeing the Credit Union's system of internal accounting, operational, and safeguard controls, as well as ensuring compliance with applicable laws and regulations.

In 2025, Hartford Federal Credit Union underwent a series of independent audits and assessments to evaluate the effectiveness of its internal controls and compliance programs, including:

- **Whittlesey PC** conducted an audit of the Credit Union's financial statements in accordance with Generally Accepted Auditing Standards for the year ended December 31, 2025. Their unmodified opinion, along with the audited financial statements, begin on page 6 of this Annual Report.
- **New England Automated Clearing House (NEACH) Payments Group** performed procedures related to compliance with the Bank Secrecy Act (BSA) and Office of Foreign Assets Control (OFAC) regulations in accordance with standards established by the American Institute of Certified Public Accountants. Their review concluded the Credit Union is in compliance with these regulations and resulted in a rating of "Strong."
- **Whittlesey PC** also conducted a review of internal controls related to Information Security and Technology, confirming compliance with National Credit Union Administration requirements.
- **CastleGarde, Inc.**, a firm specializing in IT risk management, conducted a comprehensive External Penetration and Vulnerability Assessment in accordance with recognized industry standards. Their assessment concluded that the Credit Union's information security environment presents a low level of risk.
- **NEACH Payments Group** conducted an Automated Clearing House audit in accordance with the National Automated Clearing House Association (NACHA) Operating Rules and Guidelines. The independent review determined full compliance with applicable rules and industry standards, with operational risk assessed as minimal.

Based on the results of these independent examinations, along with the Committee's ongoing oversight activities, we conclude that Hartford Federal Credit Union maintains an effective system of internal controls and operates in compliance with established policies and regulatory requirements.

We extend our appreciation to the Board of Directors, Supervisory Committee members, management, and staff for their continued commitment to maintaining the Credit Union's financial integrity and security.



John Riley
Supervisory Committee Chairman

Guy Drapeau
Gloria Myers

REPORTS

From the Loan Officer

Hartford Federal Credit Union had a strong year for loans in 2025, reaching record-high balances of \$70,802,000, up \$2,800,000 from the prior year. This growth reflects our ongoing commitment to providing accessible, competitive financing options to meet the evolving needs of our members.

The overall quality of the loan portfolio remains strong. Net charge-offs were 0.14 percent, significantly below the peer group average of 0.45 percent, demonstrating the effectiveness of our underwriting practices and ongoing portfolio management. The delinquency ratio was 1.55 percent, reflecting a modest increase over historical levels. This increase is primarily driven by a small number of large real estate loans with low loan-to-value ratios. In these cases, the outstanding balances remain well below the value of the underlying properties, limiting potential risk to the Credit Union. Importantly, net charge-offs remain exceptionally low, reflecting sound credit management and the continued commitment of our members to meeting their financial obligations, even in a challenging economic environment.

Digital advertising efforts played a meaningful role in supporting loan growth, generating over \$900,000 in auto loan volume during the year. In addition, our “*Less Than Perfect Credit*” auto lending program continued to provide opportunities for individuals who may not qualify with other lenders, reinforcing our focus on financial inclusion and responsible lending.

We also began the process of upgrading our credit card program, positioning the Credit Union to deliver an improved member experience in 2026.

Our lending success is driven by a dedicated team committed to delivering personalized service and helping members make informed financial decisions. We remain focused on responsible growth, expanding access to credit, and supporting the long-term financial well-being of those we serve.

Thank you for your continued trust in Hartford Federal Credit Union.



Racquel Pelow
Vice President – Lending

To the Supervisory Committee
Hartford Federal Credit Union
Hartford, Connecticut

Opinion

We have audited the accompanying financial statements of Hartford Federal Credit Union (the "Credit Union"), which comprise the statements of financial condition as of December 31, 2025 and 2024, and the related statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the Credit Union's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the 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 the 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.



Hartford, Connecticut
March 9, 2026

STATEMENTS OF FINANCIAL CONDITION

December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 12,905,288	\$ 7,244,882
Investments:		
Available for sale debt securities (note 3)	22,986,992	25,251,289
Held to maturity debt securities (note 4)	23,424,207	31,879,439
Interest bearing deposits (note 2)	18,623,000	10,308,000
Permanent capital deposit	276,850	276,850
Other investments	371,174	392,968
Loans, net of allowance for credit losses of \$918,263 and \$930,435 at 2025 and 2024, respectively (notes 5 and 6)	69,883,524	67,047,356
Accrued interest receivable (notes 3, 4 and 5)	443,256	460,281
Property and equipment, net (note 8)	2,582,575	2,864,635
Deposit in NCUSIF	1,269,683	1,253,386
Other assets	631,886	824,605
 Total assets	 \$ 153,398,435	 \$ 147,803,691
 Liabilities and Members' Equity		
Liabilities:		
Members' shares and savings accounts (note 7)	\$ 130,106,057	\$ 126,303,452
Accounts payable and accrued expenses	2,544,247	2,344,731
Operating lease liabilities (note 9)	523,237	652,739
 Total liabilities	 133,173,541	 129,300,922
 Members' equity (note 13)	 20,224,894	 18,502,769
 Total liabilities and members' equity	 \$ 153,398,435	 \$ 147,803,691

The accompanying footnotes are an integral part of the financial statements.

STATEMENTS OF INCOME

For the Years Ended December 31, 2025 and 2024

	2025	2024
Interest income		
Interest on loans	\$ 3,872,819	\$ 3,576,617
Interest on investments	2,433,895	2,156,060
Total interest income	6,306,714	5,732,677
Interest expense		
Dividends	621,808	689,321
Net interest income	5,684,906	5,043,356
Provision for credit losses	85,000	100,000
Net interest income after provision for credit losses	5,599,906	4,943,356
Non-interest income/(loss)		
Fees, charges and other	2,893,528	2,903,433
Employee retention credits	113,926	-
Net income/(loss) on investments sales	1,518	(22,710)
Total non-interest income	3,008,972	2,880,723
Total income	8,608,878	7,824,079
Operating expenses		
Compensation and benefits	4,201,771	3,866,016
Travel and conferences	48,399	51,351
Office occupancy	630,035	611,885
Office operations	1,705,553	1,676,462
Educational and promotional	215,238	108,472
Loan servicing expense	241,647	237,158
Professional and outside services	89,358	105,058
Operating fees	27,967	29,170
Miscellaneous operating expense	59,167	62,775
Total operating expenses	7,219,135	6,748,347
Net income	\$ 1,389,743	\$ 1,075,732

The accompanying footnotes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Comprehensive income		
Net income	\$ 1,389,743	\$ 1,075,732
Other comprehensive income/(loss):		
Net change in unrealized gain/loss on available for sale securities	<u>332,382</u>	<u>(70,070)</u>
Total comprehensive income	<u>\$ 1,722,125</u>	<u>\$ 1,005,662</u>

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the Years Ended December 31, 2025 and 2024

	<u>Statutory Reserve</u>	<u>Undivided Earnings</u>	<u>Equity Acquired Through Merger</u>	<u>Accumulated Other Comprehensive (Loss)/Income</u>	<u>Total</u>
Balance, January 1, 2024	\$ 972,131	\$ 15,481,998	\$ 1,175,211	\$ (132,233)	\$ 17,497,107
Net income	-	1,075,732	-	-	1,075,732
Other comprehensive loss:					
Net change in unrealized gain/loss on available for sale securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,070)</u>	<u>(70,070)</u>
Balance, December 31, 2024	972,131	16,557,730	1,175,211	(202,303)	18,502,769
Net income	-	1,389,743	-	-	1,389,743
Other comprehensive income:					
Net change in unrealized gain/loss on available for sale securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,382</u>	<u>332,382</u>
Balance, December 31, 2025	<u>\$ 972,131</u>	<u>\$ 17,947,473</u>	<u>\$ 1,175,211</u>	<u>\$ 130,079</u>	<u>\$ 20,224,894</u>

The accompanying footnotes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Net income	\$ 1,389,743	\$ 1,075,732
Adjustments to reconcile net income to net change in cash and cash equivalents from operating activities:		
Provision for credit losses	85,000	100,000
Loss on disposal of fixed assets	4,384	(13,622)
Depreciation	269,282	262,088
Net accretion of discounts and premiums on securities	(51,910)	(52,508)
Loss on sale of debt securities	(1,518)	22,710
Change in operating assets and liabilities:		
Accrued interest receivable	17,025	44,242
Other assets	167,872	124,324
Accounts payable and accrued expenses	224,363	711,368
Net change from operating activities	2,104,241	2,274,334
 Cash flows from investing activities		
Proceeds from maturities and sales of available for sale debt securities	5,460,205	3,411,079
Purchases of available for sale debt securities	(2,901,958)	(12,958,333)
Proceeds from maturities and sales of held to maturity debt securities	8,547,092	8,535,367
Proceeds from other investments	21,794	2,589
Purchases of property and equipment	(121,108)	(86,216)
Net change in interest bearing deposits	(8,315,000)	(4,628,000)
Net change in loans to members	(2,921,168)	(2,359,442)
NCUSIF deposit	(16,297)	59,711
Net change in cash and cash equivalents from investing activities	(246,440)	(8,023,245)
 Cash flows from financing activities		
Net change in members' shares and savings accounts	3,802,605	(2,448,387)
Net change in cash and cash equivalents	5,660,406	(8,197,298)
Cash and cash equivalents at beginning of year	7,244,882	15,442,180
Cash and cash equivalents at end of year	\$ 12,905,288	\$ 7,244,882
 Supplemental disclosures		
Dividends paid on members' shares	\$ 621,808	\$ 689,321
Noncash investing and financing activities:		
Net change in unrealized gain/(loss) on available for sale debt securities	\$ 332,382	\$ (70,070)

The accompanying footnotes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Hartford Federal Credit Union (the “Credit Union”) is chartered under the Federal Credit Union Act and is administratively responsible to the National Credit Union Administration (“NCUA”). The Credit Union provides a variety of financial services, principally related to holding deposits and for making loans to its members. Participation in the Credit Union is limited to those individuals that qualify for membership. The field of membership is defined in the Credit Union’s Charter and Bylaws.

Subsequent Events – Management has monitored and evaluated subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended December 31, 2025 through March 9, 2026, the date on which the financial statements were available to be issued.

Significant Accounting Policies – The Credit Union follows the accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB establishes generally accepted accounting principles (“GAAP”) that are followed to ensure consistent reporting of the financial condition, results of operations, and cash flows of the Credit Union.

Use of Estimates in the Preparation of Financial Statements – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. An estimate that is particularly critical and susceptible to change in the near term is the allowance for credit losses. Actual results could differ from those estimates.

Cash and Cash Equivalents – For the purpose of the statements of financial condition and the statements of cash flows, cash and cash equivalents include cash on hand and amounts due from financial institutions. Amounts due from Eastern Corporate Federal Credit Union (“EasCorp”), the Credit Union’s primary financial institution will generally exceed federally insured limits. The NCUA share insurance coverage on deposits in corporate credit unions is limited to \$250,000.

Permanent Capital Deposit – The Credit Union has deposited funds with EasCorp and Alloya Corporate Federal Credit Union (“Alloya”) in order to conduct certain business transactions. The deposit can only be redeemed by another credit union purchasing the deposit.

Investments – The Credit Union’s investments are classified and accounted for as follows:

Available for Sale: Debt securities which the Credit Union anticipates could be sold in response to rate changes, liquidity risks, availability of, and the yield on, alternative investments and other market and economic factors. These securities are reported at fair value.

Held to Maturity: Investments which the Credit Union has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts which are recognized in interest income using the effective interest method over the period to maturity. Sales of held to maturity investments made within 90 days of maturity are permitted under GAAP.

Interest Bearing Deposits: Investments in this category do not meet the definition of a debt or equity security under GAAP. These investments are interest bearing term deposits with a stated maturity that management has elected to classify as investments.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other: Investments in this category do not meet the definition of a debt or equity security under GAAP. The Credit Union has investments in FHLB stock and the NCUA's Central Liquidity Facility. These investments are recorded at cost and management performs an annual impairment analysis on other investments and determined the carrying amounts are a reasonable estimate of fair value.

Credit Losses on Securities – The Credit Union performs a qualitative evaluation for securities. The Credit Union has determined that an allowance for credit losses is not required as the debt securities are U.S. treasury notes and are guaranteed by the Federal Government of the United States. For available for sale debt securities where estimated fair value was below amortized cost, such declines were deemed non-credit related, and recorded as an adjustment to accumulated other comprehensive income. Non-credit related declines in fair value of available for sale debt securities can be attributed to changes in interest rates and other market related factors.

Gains and losses on the sale of investment securities are recorded on the trade date and are determined using the specific identification method.

Loans to Members – Loans to members are stated at unpaid principal balances, less an allowance for credit losses. Interest on loans is recognized over the term of the loan and is calculated using the effective interest method on principal amounts outstanding.

The accrual of interest on loans is discontinued after such loans are 90 days or more past due or earlier when concern exists as to the ultimate collectability of principal or interest, unless the credit is well secured and in process of collection. Past-due status is based on contractual terms of the loan. Uncollectible interest previously accrued is reversed against interest income when a loan becomes more than 90 days past due. Income is subsequently recognized only to the extent that cash payments are received until, in management's judgement, the borrower's ability to make periodic interest and principal payments is re-established, in which case the loan is returned to accrual status.

Allowance for Credit Losses – The allowance for credit losses for loans ("ACL") is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. The Credit Union has elected to exclude accrued interest receivable from the amortized cost basis in the estimate of the ACL. The provision for credit losses reflects the amount required to maintain the ACL at an appropriate level based upon management's evaluation of the adequacy of collective and individual loss reserves. The Credit Union's methodologies for determining the adequacy of ACL are set forth in a formal policy and take into consideration the need for a valuation allowance for loans evaluated on a collective pool basis which have similar risk characteristics, as well as allowances that are tied to individual loans that do not share risk characteristics and are individually evaluated. The Credit Union increases its ACL by charging the provision for credit losses on its statements of income. Losses related to specific assets are applied as a reduction of the carrying value of the assets and charged against the ACL when management believes the non-collectability of a loan balance is confirmed. Recoveries on previously charged off loans are credited to the ACL.

The ACL is measured on a collective pool basis when similar risk characteristics exist. In estimating the component of the ACL for loans that share common risk characteristics, loans are pooled based on the loan types and areas of risk concentration. For loans evaluated collectively as a pool, the ACL is calculated using the weighted average remaining maturity ("WARM") method. The WARM method utilizes a historical average annual charge-off rate containing credit loss information over a historical lookback period that is used as a foundation for estimating the ACL for the remaining outstanding balances of loans in a segment at a particular statement of financial condition date. In the event there is insufficient historical loan data to establish a reliable credit loss rate, peer credit union data may be utilized to establish credit loss rates.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

The calculation of the ACL is adjusted using qualitative factors to compensate for additional areas of uncertainty inherent in the portfolio that are not directly reflected in the Credit Union's historical credit losses, and may include adjustments for changes in environmental and economic conditions, and other relevant factors in near to medium term of time.

Portfolio segmentation is defined as the level at which an entity develops and documents a systematic methodology to determine its ACL. The method for determining the ACL described above is used to determine the ACL in each portfolio segment in the Credit Union's loan portfolio. The Credit Union has designated the following portfolio segments of loans:

Residential Real Estate – Residential real estate loans consist of residential first and second mortgages with fixed rates, hybrid mortgages which have an initial, fixed-rate period followed by an adjustable rate period and variable rate home equity lines of credit.

Vehicle – Vehicle loans consist of new and used automobiles at fixed interest rates.

Personal – Personal loans consist of unsecured and share/certificate secured loans and overdrawn share accounts at fixed interest rates.

Loans that do not share risk characteristics with other loans in the portfolio are individually evaluated for a required ACL and are not included in the collective evaluation. Factors involved in determining whether a loan should be individually evaluated include, but are not limited to, the financial condition of the borrower and the value of the underlying collateral. Expected credit losses for loans evaluated individually are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, when the Credit Union determines that foreclosure is probable, the expected credit loss is measured based on the fair value of the collateral as of the reporting date, less estimated selling costs. The Credit Union assesses these loans on each reporting date to determine whether repayment is expected to be provided substantially through the operation or sale of the collateral when the borrower is experiencing financial difficulty.

Allowance for Credit Losses – Off-Balance Sheet Commitments – The estimate of the ACL for off-balance sheet commitments provides a liability for current estimated credit losses for the unused portion of collective pools of off-balance sheet credit exposures expected to be funded, except for unconditionally cancellable commitments for which no reserve is required. The ACL for off-balance sheet commitments includes reserve factors that are consistent with the ACL methodology for loans using the expected loss factors and an estimated utilization or probability of draw factor, which are based on historical experience. Changes in the ACL for off-balance sheet commitments are reported as a component of the provision for credit losses in the income statements. The allowance for credit losses for off-balance sheet commitments is not material to the financial statements and has not been recorded.

Other Property Owned – Properties acquired through or in lieu of loan foreclosure or repossession are initially recorded at lower of cost or fair value less estimated selling cost at the date of acquisition. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for credit losses. After foreclosure or repossession, valuations are periodically performed by management and property held for sale is carried at the lower of the new cost basis, or fair value less the cost to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases – The Credit Union assesses all of its leases as either an operating lease or a financing lease. Both operating leases and financing leases are recorded and disclosed separately as a right to use asset and a lease liability. Management of the Credit Union determined that all of the Credit Union’s leases are operating leases. Operating lease right of use assets are recorded in property and equipment, and the lease liability is presented separately within liabilities.

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

Maintenance and repairs are expensed, and major improvements and renovations are capitalized. Management reviews premises and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Gains and losses on disposals are included in current operations.

National Credit Union Share Insurance Fund (“NCUSIF”) Deposit and Insurance Premiums – The deposit in the NCUSIF is in accordance with NCUA regulations, which require the maintenance of a deposit by each federally insured credit union in an amount equal to one percent of its insured members' shares, less any reportable impairment. 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. The Credit Union is also required to pay an annual insurance premium equal to one-twelfth of one percent of total insured members’ shares, unless the payments are waived or reduced by the NCUA Board.

Members’ Shares and Savings Accounts – Members' shares are the savings accounts of the owners of the Credit Union. Share ownership entitles the members to vote in the annual elections of the Board of Directors and on other corporate matters. Irrespective of the amount of shares owned, no member has more than one vote. Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Dividends on members' shares are not guaranteed by the Credit Union. Dividend rates are based on an evaluation of current and future market conditions.

Comprehensive Income/Loss – Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the members’ equity section of the statements of changes in members’ equity.

Federal and State Income Taxes – The Credit Union is exempt, by statute, from federal and state income taxes.

Fair Value – The Credit Union is required to account for certain assets at fair value. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the Credit Union in an orderly transaction between market participants. The guidance also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

Level 1 – Asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2 – Asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 3 – Assets and liabilities whose value is calculated by the use of pricing models and/or discounted cash flow methodologies utilizing significant unobservable inputs, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

The following methods and assumptions were used to estimate the fair value of each class:

Available for Sale Debt Securities – Fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability. All available for sale debt securities have been classified as Level 2.

Individually Evaluated Loans – Individually evaluated loans are generally not recorded at fair value on a recurring basis. Periodically, the Credit Union records nonrecurring adjustments to the carrying value of collateral dependent loans based on fair value measurements when establishing the allowance for credit losses. Such amounts are generally based on the fair value of the underlying collateral supporting the loan and, as a result, the carrying value of the loan less the calculated valuation amount does not necessarily represent the fair value of the loan. Collateral is typically valued using appraisals or other indications of value based on recent comparable sales of similar properties or other assumptions. Estimates of fair value based on collateral are generally based on assumptions not observable in the marketplace and therefore such valuations have been classified as Level 3.

Advertising – The Credit Union directly expenses costs associated with advertising as they are incurred.

Concentration of Credit Risk – Most of the Credit Union's business activity is with its members who reside in or are employed in the Hartford County, Connecticut area. 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 the Hartford, Tolland, and Middlesex Counties of Connecticut. However, management of the Credit Union believes that the loan portfolio is well-diversified and is not exposed to any significant concentrations of credit risk. The Credit Union's policy for repossessing collateral is that when all other collection efforts have been exhausted, the Credit Union enforces its lien holder status and repossesses the collateral. Repossessed collateral normally consists of vehicles and residential real estate.

Reclassification – Certain amounts in prior periods have been reclassified to conform with current year presentation. These reclassifications changed only the reporting categories and did not affect the Credit Union's operating results or financial condition.

NOTE 2 – INTEREST BEARING DEPOSITS

Interest bearing deposits consist of certificates of deposits held in financial institutions. Certificates are generally nonnegotiable and nontransferable and may incur penalties for withdrawal prior to maturity. The Credit Union intends, and has ability, to hold these deposits until maturity. The book values of interest bearing deposits, by maturity, are summarized as follows as of December 31, 2025 and 2024:

	2025	2024
Less than one year	\$ 7,108,000	\$ 1,240,000
Between one and three years	10,780,000	7,598,000
Between three and five years	735,000	1,470,000
	<u>\$ 18,623,000</u>	<u>\$ 10,308,000</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 3 – AVAILABLE FOR SALE DEBT SECURITIES

The Credit Union's available for sale debt securities are as follows:

U.S. Treasury Notes	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
At December 31, 2025	\$ 22,856,913	\$ 309,427	\$ (179,348)	\$ 22,986,992
At December 31, 2024	\$ 25,453,592	\$ 85,090	\$ (287,393)	\$ 25,251,289

The following table summarizes the gross unrealized losses and fair value by length of time that the individual available for sale debt securities have been in a continuous unrealized loss position:

U.S. Treasury Notes	Less than 12 months		12 Months or greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At December 31, 2025	\$ 986,406	\$ (6,051)	\$ 1,305,352	\$ (173,297)	\$ 2,291,758	\$ (179,348)
At December 31, 2024	\$ 5,481,797	\$ (26,375)	\$ 3,723,301	\$ (261,018)	\$ 9,205,098	\$ (287,393)

Contractual maturities of available for sale debt securities are as follows as of December 31, 2025:

	Amortized Cost	Fair Value
Due within one year	\$ 6,996,794	\$ 7,056,934
Due after one year through five years	14,867,658	14,943,652
Due after five years through ten years	992,461	986,406
	<u>\$ 22,856,913</u>	<u>\$ 22,986,992</u>

The Credit Union elected to exclude accrued interest receivable from the amortized cost basis of available for sale debt securities disclosed throughout this footnote. As of December 31, 2025 and 2024, accrued interest receivable for available for sale debt securities totaled \$142,063 and \$151,531, respectively, and is included in the accrued interest receivable line on the Credit Union's Statements of Financial Condition.

NOTE 4 – HELD TO MATURITY DEBT SECURITIES

The Credit Union's held to maturity debt securities are as follows:

U.S. Treasury Notes	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
At December 31, 2025	\$ 23,424,207	\$ -	\$ (738,035)	\$ 22,686,172
At December 31, 2024	\$ 31,879,439	\$ -	\$ (1,657,583)	\$ 30,221,856

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 4 – HELD TO MATURITY DEBT SECURITIES (CONTINUED)

The following table summarizes the gross unrealized losses and fair value by length of time that the individual held to maturity debt securities have been in a continuous unrealized loss position:

U.S. Treasury Notes	Less than 12 months		12 Months or greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
At December 31, 2025	\$ -	\$ -	\$ 22,686,172	\$ (738,035)	\$ 22,686,172	\$ (738,035)
At December 31, 2024	\$ -	\$ -	\$ 30,221,856	\$ (1,657,583)	\$ 30,221,856	\$ (1,657,583)

Contractual maturity of held to maturity debt securities are as follows as of December 31, 2025:

	Amortized Cost	Fair Value
Due within one year	\$ 10,983,422	\$ 10,801,613
Due after one year through five years	11,944,927	11,444,325
Due after five years through ten years	495,858	440,234
	<u>\$ 23,424,207</u>	<u>\$ 22,686,172</u>

The Credit Union elected to exclude accrued interest receivable from the amortized cost basis of held to maturity debt securities disclosed throughout this footnote. As of December 31, 2025 and 2024, accrued interest receivable for held to maturity debt securities totaled \$63,006 and \$108,992, respectively, and is included in the accrued interest receivable line on the Credit Union's Statements of Financial Condition.

NOTE 5 – LOANS TO MEMBERS

The composition of loans to members is as follows as of December 31:

	2025	2024
Residential real estate loans:		
Fixed rate	\$ 45,470,095	\$ 43,417,287
Hybrid	1,665,172	2,034,207
Home equity lines of credit, variable rate	7,587,982	7,022,364
	<u>54,723,249</u>	<u>52,473,858</u>
Vehicle loans	<u>12,907,669</u>	<u>12,066,279</u>
Personal loans:		
Share secured	22,559	26,458
Credit card loans, unsecured	2,076,392	2,210,977
Other consumer loans, primarily unsecured	1,071,918	1,200,219
	<u>3,170,869</u>	<u>3,437,654</u>
	70,801,787	67,977,791
Allowance for credit losses	(918,263)	(930,435)
	<u>\$ 69,883,524</u>	<u>\$ 67,047,356</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 5 – LOANS TO MEMBERS (CONTINUED)

The Credit Union elected to exclude accrued interest receivable from the amortized cost basis of loans disclosed throughout this footnote. As of December 31, 2025 and 2024, accrued interest receivable for loans totaled \$153,359 and \$141,760, respectively, and is included in the accrued interest receivable line on the Credit Union's Statements of Financial Condition.

Certain officers and directors of the Credit Union have incurred indebtedness in the form of loans as members. A summary of the changes in loans made to officers and directors is as follows for the years ended December 31:

	2025	2024
Balance, beginning of the year	\$ 652,813	\$ 631,968
New loans	384,973	77,579
Repayments	(83,465)	(56,734)
Balance, end of the year	\$ 954,321	\$ 652,813

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES

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

	2025				
	Real estate	Vehicles	Personal	Unallocated	Total
Beginning balance	\$ 264,588	\$ 169,993	\$ 335,861	\$ 159,993	\$ 930,435
Charge offs	-	(50,591)	(80,998)	-	(131,589)
Recoveries	2,173	1,813	30,431	-	34,417
Provision for credit losses	12,659	167,077	(85,764)	(8,972)	85,000
Ending balance	\$ 279,420	\$ 288,292	\$ 199,530	\$ 151,021	\$ 918,263
	2024				
	Real estate	Vehicles	Personal	Unallocated	Total
Beginning balance	\$ 204,621	\$ 150,221	\$ 350,850	\$ 162,419	\$ 868,111
Charge offs	-	(31,240)	(107,591)	-	(138,831)
Recoveries	69,375	4,173	27,607	-	101,155
Provision for loan losses	(9,408)	46,839	64,995	(2,426)	100,000
Ending balance	\$ 264,588	\$ 169,993	\$ 335,861	\$ 159,993	\$ 930,435

The allowance for credit losses is considered by management of the Credit Union as adequate to cover expected losses inherent in the loan portfolio at December 31, 2025 and 2024. However, no assurance can be given that the Credit Union will not sustain credit losses that exceed the allowance, or that subsequent evaluation of the loan portfolio, in light of then-prevailing factors, including economic conditions, credit quality of the assets comprising the portfolio and the ongoing evaluation process, will not require significant changes in the allowance for credit losses.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 6 – ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Loan portfolio aging analysis – The Credit Union assesses credit quality based on the contractual aging status of loans and payment activity. The following tables set forth certain information with respect to loan portfolio delinquencies by loan class and amount at December 31:

	2025					Total
	0-29 days	30-59 days	60-179 days	180-359 days	Over 360 days	
Real estate	\$ 53,663,128	\$ 104,079	\$ 198,176	\$ 566,007	\$ 191,859	\$ 54,723,249
Vehicle loans	12,632,948	146,612	115,480	12,629	-	12,907,669
Personal	3,147,524	13,173	5,471	4,701	-	3,170,869
	<u>\$ 69,443,600</u>	<u>\$ 263,864</u>	<u>\$ 319,127</u>	<u>\$ 583,337</u>	<u>\$ 191,859</u>	<u>\$ 70,801,787</u>

	2024					Total
	0-29 days	30-59 days	60-179 days	180-359 days	Over 360 days	
Real estate	\$ 50,943,385	\$ 732,286	\$ 568,874	\$ 62,320	\$ 166,993	\$ 52,473,858
Vehicle loans	11,838,032	162,910	58,621	6,716	-	12,066,279
Personal	3,371,358	41,500	24,796	-	-	3,437,654
	<u>\$ 66,152,775</u>	<u>\$ 936,696</u>	<u>\$ 652,291</u>	<u>\$ 69,036</u>	<u>\$ 166,993</u>	<u>\$ 67,977,791</u>

Collateral Dependent – The only loans the Credit Union determined are collateral dependent are vehicle loans which the secured vehicle serves as the primary source of repayment and real estate loans which are secured by real property which serves as the primary source of repayment. The amount of collateral dependent loans were \$276,139 and \$330,379, respectively, as of December 31, 2025 and 2024.

Loans on non-accrual status – The Credit Union has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the member's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into non-accrual status, if applicable. As of December 31, 2025 and 2024, no loans past due 90 days or more are accruing interest.

The following summarizes loans by segment on nonaccrual status as of December 31:

	2025			2024		
	Without an Allowance	With an Allowance	Total	Without an Allowance	With an Allowance	Total
Real estate	\$ 746,716	\$ 76,224	\$ 822,940	\$ 735,867	\$ 62,320	\$ 798,187
Vehicle loans	21,158	73,595	94,753	11,064	34,883	45,947
Personal	-	9,545	9,545	-	-	-
	<u>\$ 767,874</u>	<u>\$ 159,364</u>	<u>\$ 927,238</u>	<u>\$ 746,931</u>	<u>\$ 97,203</u>	<u>\$ 844,134</u>

There were no loans past due more than 90 days and accruing interest as of December 31, 2025 and 2024.

For the years ended December 31, 2025 and 2024, loans modified to borrowers that experienced financial difficulty were insignificant, and there were no significant loans that had a payment default and were modified in the previous twelve months to borrowers that experienced financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 7 – MEMBERS' SHARES AND SAVINGS ACCOUNTS

A summary of member shares and savings accounts is as follows as of December 31:

	2025	2024
Shares	\$ 58,016,056	\$ 60,036,972
Money market accounts	28,105,955	28,691,835
Certificates	10,486,894	6,063,755
Share drafts	28,011,114	26,153,491
Individual retirement accounts	4,444,270	4,263,168
Club accounts	1,041,768	1,094,231
	<u>\$ 130,106,057</u>	<u>\$ 126,303,452</u>

Time deposits (certificates and individual retirement accounts certificates) mature as follows at December 31:

	2025	2024
Less than one year	\$ 10,250,380	\$ 5,401,271
Between one and three years	1,243,600	951,713
Between three and five years	98,406	376,210
	<u>\$ 11,592,386</u>	<u>\$ 6,729,194</u>

Non-member certificates were \$-0- and \$248,000 as of December 31, 2025 and 2024, respectively.

The aggregate amount of time deposits which meet or exceed \$250,000 as of December 31, 2025 and 2024 was \$2,321,483 and \$1,079,545, respectively.

Certain officers and directors of the Credit Union have deposits with the Credit Union. Deposits held by officers and directors totaled \$594,429 and \$487,186 at December 31, 2025 and 2024, respectively.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows as of December 31:

	2025	2024
Land	\$ 705,295	\$ 705,295
Building and improvements	2,965,085	2,921,320
Furniture and equipment	1,391,019	1,843,787
Leasehold improvements	567,081	543,387
Operating lease right of use assets	523,237	652,739
	6,151,717	6,666,528
Accumulated depreciation	(3,569,142)	(3,801,893)
	<u>\$ 2,582,575</u>	<u>\$ 2,864,635</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 9 – OPERATING LEASES

The Credit Union has entered into two leasing agreements with different terms and payments. The right-of-use assets and lease liabilities are as follows as of December 31:

	2025	2024
Operating lease right-of-use assets included in property and equipment	\$ 523,237	\$ 652,739
Operating lease liabilities	\$ 523,237	\$ 652,739
Weighted-average remaining lease term in years	5.6 years	6.2 years
Weighted-average discount rate	2.12%	2.16%
Operating lease cost	\$ 132,300	\$ 140,857
Operating cash flows for payment of operating leases	\$ 142,260	\$ 152,572

Future lease payments are scheduled to be paid as follows:

For the year ending December 31, 2026	\$ 145,535
2027	103,217
2028	59,835
2029	61,032
2030	62,252
Thereafter	122,769
Total	554,640
Less interest	(31,403)
Present value of lease liabilities	\$ 523,237

NOTE 10 – RETIREMENT PLANS

The Credit Union has a defined contribution pension plan for the benefit of its employees. The plan contains both Money Purchase and 401(k) plan components that are funded individually. Participation in the Money Purchase plan component is limited to all full-time employees who meet specific length of service and age limitations. Participation in the 401(k) plan component allows employees to defer a portion of their salary into the 401(k) plan. The Credit Union matches a portion of the employees' wage reductions and makes additional contributions to the plan on the employees' behalf. Contribution expense, related to these plans, for the years ended December 31, 2025 and 2024, was \$338,105 and \$263,545, respectively.

The Credit Union has deferred compensation agreements with certain members of the executive management team which provide benefits payable to each individual employee if they remain employed by the Credit Union through certain contractual dates. The benefits are subject to forfeiture if employment is terminated for cause as defined in the agreements. The Credit Union expensed \$114,500 and \$125,200 for the years ended December 31, 2025 and 2024, respectively.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 11 – FAIR VALUE MEASUREMENTS

The following tables present the balances of the assets measured at fair value on a recurring basis:

<u>Available for Sale U.S. Treasury Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
At December 31, 2025	<u>\$ -</u>	<u>\$ 22,986,992</u>	<u>\$ -</u>
At December 31, 2024	<u>\$ -</u>	<u>\$ 25,251,289</u>	<u>\$ -</u>

The following tables present the balances of the assets measured at fair value on a non-recurring basis:

<u>Individually Evaluated Loans</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
At December 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,139</u>
At December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,379</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend credit which include lines of credit, credit cards and home equity lines that involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

The Credit Union's exposure to credit loss is represented by the contractual amount of those instruments. The Credit Union uses the same credit policies in making commitments as it does for loans recorded in the financial statements.

The following table is a summary of financial instruments whose contract amounts represent credit risk at December 31:

	<u>2025</u>	<u>2024</u>
Secured home equity lines of credit	\$ 13,484,199	\$ 12,720,496
Credit card lines	7,775,930	6,389,201
Unsecured lines of credit	669,053	706,233
Overdraft protection program commitments	3,963,514	3,872,167
	<u>\$ 25,892,696</u>	<u>\$ 23,688,097</u>

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. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained if deemed necessary by the Credit Union upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held generally consists of automobiles, and real estate.

Unfunded commitments, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and ultimately may not be drawn upon to the total extent to which the Credit Union is committed.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

NCUA Central Liquidity Facility – The Credit Union joined the NCUA Central Liquidity Facility (“CLF”) during 2023 by purchasing capital stock in the CLF. The CLF is an instrumentality of the Federal Government owned by member credit unions. The purpose of the CLF is to provide liquidity needs to credit unions. As a member of the CLF, the Credit Union has the capacity to borrow funds as needed with typical maturity dates of 90 days secured by the Credit Union’s assets. The borrowing rates and repayment terms are established when funds are advanced. At December 31, 2025 and 2024, there were no outstanding borrowings, and the Credit Union had the ability to borrow approximately \$53 million and \$55 million, respectively.

Line of Credit – The Credit Union maintains a line-of-credit with EasCorp in the total amount of \$10,000,000, of which \$1,000,000 is committed. \$2,400,000 of the total line is available to the Credit Union without the requirement to pledge collateral. The line-of-credit is fully collateralized by securities pledged by the Credit Union. A rate will be determined at the time funds are borrowed. At December 31, 2025 and 2024, there were no outstanding borrowings.

Legal Contingencies – The Credit Union is a 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 13 – 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 financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union’s assets, liabilities, and certain off-balance-sheet items as calculated under generally accepted accounting practices. The Credit Union’s capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth (as defined) to total assets (as defined). Management believes, as of December 31, 2025 and 2024, that the Credit Union meets all capital adequacy requirements, to which it is subject.

As of December 31, 2025, the most recent call reporting period, the NCUA categorized the Credit Union as “well capitalized” under the regulatory framework for prompt corrective action. To be categorized as “well capitalized”, the Credit Union must maintain a minimum net worth of 7% of assets and meet any applicable Risk-Based Net Worth Requirement, (“RBNWR”). There are no conditions or events since that notification that management believes have changed the Credit Union’s category.

The Credit Union’s actual capital amounts and ratios are also presented in the following table:

	Actual Net Worth		To be adequately capitalized under the Prompt Corrective Action Provisions		To be well capitalized under the Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	December 31, 2025	\$ 20,094,815	13.10%	\$ 9,203,906	6%	\$ 10,737,890
December 31, 2024	\$ 18,705,072	12.66%	\$ 8,868,221	6%	\$ 10,346,258	7%

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE 14 – EMPLOYEE RETENTION TAX CREDITS

The Coronavirus Aid, Relief, And Economic Stability Act (“CARES Act”) provides an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes. In 2024 the Credit Union determined it was eligible for an additional amount of ERC relating to 2021. During the year ended December 31, 2025, the Credit Union recorded a total of \$113,926 of ERC related income.

Board of Directors

Keisha Palmer, Chairperson
Susan Glazier, Vice Chairman
Steven LeFebvre, Treasurer
Gloria Myers, Secretary

Alison Faye Johnson
Thomas Potter
Galo Rodriguez
Stuart Rosenberg

Supervisory Committee

John Riley, Committee Chairman
Guy Drapeau & Gloria Myers

Management Team

Mary-Elizabeth Mazza
President &
Chief Executive Officer

James Kane
Senior Vice President
Operations

Lucas Manzi
Senior Vice President
Chief Financial Officer

Racquel Pelow
Vice President
Lending

Taylor Carlson
Assistant Vice President
Compliance & Loss Mitigation

Stephen Foy
Assistant Vice President
Branch Operations

Emily Harriman
Assistant Vice President
Marketing & Communications

Stacey Marsh
Assistant Vice President
Controller

Paul McLaughlin, Jr.
Assistant Vice President
Lending

Jacob Bohr
Information Technology
Manager

Shamim Bhatti
Farmington Valley
Branch Manager

John Bitar
Stafford
Branch Manager

Kaydia Stewart
Main Office
Branch Manager

Alysha Wanczyk
South Windsor
Branch Manager

Tyler Wyslick
Human Resources
Coordinator

Professional Staff

Darlene Acosta
Jacob Arnone
Basil Dyer
Tyrahn Franklin
Robie Gaston
Devon Henry
Elaine Libert

Jaina Pam Lima Cano
Katesha Muldoon
Aiesha Norman
Rosemarie Pelletier
Marisol Perez
Matthew Perez
Samantha Perez

Laurie Persechino
Keitha Pollutro
Kaci Stonier-Torres
Fareaa Usman
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