IDB GLOBAL
FEDERAL CREDIT UNION

Financial Statements

December 31, 2021 and 2020
(With Independent Auditors' Report Thereon)

DoerenMayhew
CPAs AND ADVISORS

2021

Annual Report

Engaging with our Members & Evolving with the Industry

IDB GLOBAL FEDERAL CREDIT UNION

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(With Independent Auditor's Report Thereon)

IDB GLOBAL FEDERAL CREDIT UNION

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Independent Auditor's Report

March 19, 2022

To the Supervisory Committee and Board of Directors
of IDB Global Federal Credit Union

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of IDB Global Federal Credit Union, which comprise the statements of financial condition as of December 31, 2021 and 2020, and the related statements of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IDB Global Federal Credit Union as of December 31, 2021 and 2020, 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 Audits of the Financial Statements section of our report. We are required to be independent of IDB Global 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 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 IDB Global Federal Credit Union's ability to continue as a going concern for one year after the date that the financial statements are issued.

Report on the Audits of the Financial Statements (Continued)

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IDB Global Federal Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IDB Global Federal Credit Union's ability to continue as a going concern for a reasonable period of time.

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

Doeren Mayhew

Doeren Mayhew
Miami, FL

IDB GLOBAL FEDERAL CREDIT UNION

STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2021 AND 2020

Assets	2021	2020
Cash and cash equivalents	$43,396,035	$54,819,272
Interest bearing deposits	5,749,000	10,180,000
Available-for-sale investments (Note 2)	181,962,732	155,097,350
Loans, net of allowance for loan losses (Note 3)	485,791,886	451,524,238
Accrued interest receivable	1,258,434	1,307,807
Prepaid and other assets	7,395,357	10,441,492
Property and equipment, net (Note 4)	87,359	146,468
National Credit Union Share Insurance Fund (NCUSIF) deposit	4,934,116	4,472,216
Total assets	$730,574,919	$687,988,843
Liabilities and Members' Equity		
Liabilities:		
Members' shares and savings accounts (Note 5)	$617,371,063	$572,844,616
Borrowed funds (Note 7)	23,578,266	27,127,859
Accrued expenses and other liabilities	2,493,793	1,772,491
Total liabilities	643,443,122	601,744,966
Commitments and contingent liabilities		
Members' equity:		
Regular reserve	4,300,000	4,300,000
Undivided earnings	83,625,429	79,341,496
Accumulated other comprehensive (loss)/income	(793,632)	2,602,381
Total members' equity	87,131,797	86,243,877
Total liabilities and members' equity	$730,574,919	$687,988,843

See accompanying notes to the financial statements.

IDB GLOBAL FEDERAL CREDIT UNION

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Interest income:		
Loans	$13,839,742	$14,400,297
Investment securities	1,753,115	2,196,101
Total interest income	15,592,857	16,596,398
Interest expense:		
Members' shares and savings accounts	2,607,156	2,996,369
Borrowed funds	242,302	310,222
Total interest expense	2,849,458	3,306,591
Net interest income	12,743,399	13,289,807
Provision for loan losses	—	528,000
Net interest income after provision for loan losses	12,743,399	12,761,807
Non-interest income:		
Fees and charges	1,369,231	1,253,409
Other income	365,471	150,130
Interchange income	157,205	123,113
Total non-interest income	1,891,907	1,526,652
Non-interest expenses:		
Compensation and benefits	6,145,930	5,892,765
Office operations	2,583,057	2,444,302
Professional and outside services	819,795	807,848
Other	522,136	440,946
Loan servicing	249,265	193,181
Office occupancy	31,190	38,560
Total non-interest expenses	10,351,373	9,817,602
Net income	$4,283,933	$4,470,857

See accompanying notes to the financial statements.

IDB GLOBAL FEDERAL CREDIT UNION

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Net income	$4,283,933	$4,470,857
Other comprehensive (loss)/income:		
Available-for-sale investments:		
Net unrealized holding (losses)/gains on available-for-sale investments	(3,396,013)	2,272,858
Reclassification adjustment for net investment gains included in net income	—	(45,123)
Other comprehensive (loss)/income	(3,396,013)	2,227,735
Comprehensive income	$887,920	$6,698,592

See accompanying notes to the financial statements.

IDB GLOBAL FEDERAL CREDIT UNION

STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance, December 31, 2019	$4,300,000	$74,870,639	$374,646	$79,545,285
Net income	—	4,470,857	—	4,470,857
Other comprehensive income	—	—	2,227,735	2,227,735
Balance, December 31, 2020	4,300,000	79,341,496	2,602,381	86,243,877
Net income	—	4,283,933	—	4,283,933
Other comprehensive loss	—	—	(3,396,013)	(3,396,013)
Balance, December 31, 2021	$4,300,000	$83,625,429	($793,632)	$87,131,797

See accompanying notes to the financial statements.

IDB GLOBAL FEDERAL CREDIT UNION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Net income	$4,283,933	$4,470,857
Adjustments to net cash provided from operating activities:		
Provision for loan losses	—	528,000
Depreciation and amortization	77,108	151,909
Decrease/(increase) in:		
Prepaid and other assets	3,046,135	(1,123,538)
Accrued interest receivable	49,373	64,442
Increase/(decrease) in:		
Accrued expenses and other liabilities	721,302	(523,267)
Total adjustments	3,893,918	(902,454)
Net cash provided from operating activities	8,177,851	3,568,403

See accompanying notes to the financial statements.

IDB GLOBAL FEDERAL CREDIT UNION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Cash Flows (Continued)

	2021	2020
Cash flows from investing activities:		
Net change in loans	(578,575)	1,279,517
Purchase of loan participations	(33,689,073)	(10,812,435)
Proceeds from interest bearing deposits	10,180,000	22,516,000
Purchase of interest bearing deposits	(5,749,000)	(9,229,000)
Proceeds from the maturities, sales and repayment of available-for-sale investments	71,418,485	26,211,392
Purchase of available-for-sale investments	(101,679,880)	(126,138,701)
Increase in NCUSIF deposit	(461,900)	(414,743)
Purchase of property and equipment	(17,999)	(113,221)
Net cash used in investing activities	(60,577,942)	(96,701,191)
Cash flows from financing activities:		
Net change in members' shares and savings accounts	44,526,447	80,009,460
Proceeds from borrowed funds	—	20,001,100
Payments on borrowed funds	(3,549,593)	(4,829,265)
Net cash provided from financing activities	40,976,854	95,181,295
Net change in cash and cash equivalents	(11,423,237)	2,048,507
Cash and cash equivalents - beginning	54,819,272	52,770,765
Cash and cash equivalents - ending	$43,396,035	$54,819,272

Supplemental Information

Interest paid	$2,366,001	$3,786,575

See accompanying notes to the financial statements.

Note 1 - Nature of Business and Significant Accounting Policies

Organization

IDB Global Federal Credit Union (the Credit Union) is a cooperative association organized in accordance with the provisions of the Federal Credit Union Act for the purpose of promoting thrift among, and creating a source of credit for, its members. Participation in the Credit Union is limited to those individuals who qualify for membership including principally staff members, officers and retirees of Inter-American Development Bank (the Bank) and IDB Invest. The field of membership is defined by the Credit Union's Charter and Bylaws.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses for the periods then ended. Actual results could differ from those estimates. Estimates that are particularly susceptible to change include the determination of the allowance for loan losses and fair value of investments. The significant accounting principles and policies used in the preparation of these financial statements, together with certain related information, are summarized below.

Concentrations of Credit Risk

A significant amount of the Credit Union's business activity is with members who work for or have retired from the Bank or IDB Invest. The Credit Union's loan portfolio consists of approximately 92% and 91% of real estate secured loans as of December 31, 2021 and 2020, respectively. Therefore, the Credit Union may be exposed to credit risk by the economic climate of the overall geographical region in which borrowers work and reside and the nature of real estate loans.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities are reported in a separate component of comprehensive income/(loss). Other comprehensive income/(loss) is limited to the changes in unrealized gain/(loss) on available-for-sale investments. When available-for-sale investments are sold, the gain or loss realized on the sale is reclassified from accumulated other comprehensive income/(loss) to the gain or loss on sale of investments reported in the statements of income.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand and amounts due from banks (including cash items in the process of clearing). Amounts due from banks may, at times, exceed federally insured limits.

Interest Bearing Deposits

Interest bearing deposits are time deposits with financial institutions with an original maturity in excess of 90 days. These deposits are all 100% insured and no deposit to one individual institution exceeds $250,000.

Available-for-Sale Investments

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

Unrealized gains and losses on available-for-sale investments are recognized as direct increases or decreases in other comprehensive income. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the estimated fair value of available-for-sale securities below their cost that are other-than-temporary are reflected as realized losses in the statements of income. Factors affecting the determination of whether an other-than-temporary impairment has occurred include, among other things: (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near term prospects of the issuer, (3) the Credit Union does not intend to sell these securities, and (4) it is more likely than not that the Credit Union will not be required to sell before a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

Loans

Loans that the Credit Union has the intent and ability to hold for the foreseeable future are stated at unpaid principal balances, less an allowance for loan losses and net deferred loan origination fees and costs. Interest on loans is recognized over the terms of the loans and is calculated using the simple-interest method on principal amounts outstanding.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Loans (Continued)

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent. Interest income on non-accrual loans is recognized only to the extent cash payments are received. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

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

Allowance for Loan Losses

The allowance for loan losses (allowance) is an estimate of loan losses inherent in the Credit Union's loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Loan losses are charged off against the allowance when the Credit Union determines the loan balance to be uncollectible. Cash received on previously charged-off amounts is recorded as a recovery to the allowance.

The allowance is evaluated on a regular basis by management and is based upon management's periodic assessment of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Management has an established methodology to determine the adequacy of the allowance that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance, the Credit Union has segmented certain loans in the portfolio by product type. Loans are divided into the following segments: real estate and consumer. The Credit Union further disaggregates these segments into classes based on the associated risks within those segments. Real estate loans are divided into four classes: first mortgage, first mortgage participations, home equity lines of credit (HELOC), first trust, and HELOC, second trust. Consumer loans are divided into five classes: auto participations, unsecured participations, other consumer (primarily unsecured loans), vehicle, and credit card.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

The allowance consists of specific and general components. The specific component covers impaired loans and specific allowances are established for these loans based on a thorough analysis of the most probable source of repayment, including the present value of the loan's expected future cash flows, the loan's estimated market value, or the estimated fair value of the underlying collateral. The general component covers non-impaired loans and is based on historical losses adjusted for current factors. This actual loss experience is adjusted for economic factors based on the risks present for each portfolio segment or class of loans. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. These factors are inherently subjective and are driven by the repayment risk associated with each portfolio segment. The Credit Union maintains a separate general valuation allowance for each portfolio segment.

Real Estate and Consumer Segment Allowance Methodology

For loans not individually evaluated for impairment, the Credit Union determines the allowance on a collective basis utilizing historical losses adjusted for current factors. This actual loss experience is adjusted for economic factors, credit quality of the assets comprising the portfolio and the ongoing evaluation process based on the risks present for each portfolio segment or class of loans. As of December 31, 2021 and 2020, the historical loss time frame for each class was the average loss rate of the previous three years.

Impaired Loans

A loan is considered impaired when, based on current information and events, it is probable that the Credit Union will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

Impaired Loans (Continued)

When management identifies a loan as impaired, the impairment is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases, management uses the current fair value of the collateral, less selling costs, when foreclosure is probable, instead of discounted cash flows. If management determines that the value of the impaired loan is less than the recorded investment in the loan, impairment is recognized through an allowance estimate or a charge-off to the allowance.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Credit Union does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement.

Troubled Debt Restructurings (TDRs)

Under certain circumstances, the Credit Union will provide borrowers relief through loan restructurings. A loan restructuring represents a TDR if for economic or legal reasons related to the borrower's financial difficulties the Credit Union grants a concession to the borrower that it would not otherwise consider. Restructured loans typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above.

Real Estate and Consumer Credit Quality Indicators

The majority of the Credit Union's real estate and consumer loan portfolio is comprised of secured loans that are evaluated at origination on a centralized basis against standardized underwriting criteria. The ongoing measurement of credit quality of the real estate and consumer loan portfolios is largely done on an exception basis. If payments are made on schedule, as agreed, then no further monitoring is performed. However, if delinquency occurs, the delinquent loans are turned over to the Credit Union's collections department for resolution, which generally occurs fairly rapidly and often through repossession and foreclosure. Credit quality for the entire real estate and consumer loan portfolio is measured by the periodic delinquency rate, non-accrual amounts, and actual losses incurred.

The Credit Union evaluates the credit quality of loans in the real estate and consumer loan portfolio based primarily on the aging status of the loan and payment activity. Accordingly, non-accrual loans and loans modified under TDRs 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.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

Loan Charge-off Policies

Loan losses are charged off against the allowance when the Credit Union determines the loan balance to be uncollectible. Loans are typically charged off no later than 180 days past due, unless they are in foreclosure. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

Prepaid and Other Assets

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

Federal Home Loan Bank (FHLB) Stock

As a member of the FHLB, the Credit Union is required to invest in stock of the FHLB. The FHLB stock is carried at cost and its disposition is restricted. Based on its restricted nature, no ready market exists for this investment and it has no quoted market value. The FHLB stock was approximately $1,228,000 and $1,736,000 as of December 31, 2021 and 2020, respectively, and is included in prepaid and other assets.

Property and Equipment

Furniture and equipment is carried at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method based upon the useful lives of the related assets. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less. The Credit Union reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Maintenance, repairs, and minor alterations are charged to current operations as expenditures occur and major improvements are capitalized.

National Credit Union Share Insurance Fund (NCUSIF) Deposit

The deposit in the NCUSIF is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares. 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.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Members' Shares and Savings Accounts

Members' shares are the savings deposit accounts of the owners of the Credit Union. Share ownership entitles the members to vote in annual elections of the Board of Directors. Irrespective of the number of shares owned, no member has more than one vote.

Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' shares and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

Borrowed Funds

The Credit Union has borrowed funds outstanding from FHLB of Atlanta as of December 31, 2021 and 2020. The FHLB borrowed funds are secured by pledges of qualified collateral, as defined in the FHLB Statement of Credit Policy.

Regular Reserve

The Credit Union is required to maintain a statutory reserve (regular reserve) in accordance with the Federal Credit Union Act. This statutory reserve represents a regulatory restriction and is not available for the payment of interest.

Fees and Charges

The Credit Union earns fee and commission income from a range of services it provides to its members. Deposit fee income and interchange fee income are earned on the execution of financial services performed. This includes fees arising from 1) Participating in transactions with members and third-party financial institutions, such as interchange fee income for authorizing and settling member debit card transactions and member use of third-party ATMs; 2) Certain services initiated or requested by the member, including paper statement delivery fees, overdrawn account charges, insufficient funds charges, and stop payment fees.

Income Taxes

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

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments-Credit Losses. The ASU introduces a new accounting model, the Current Expected Credit Losses (CECL) model, which requires earlier recognition of credit losses. The FASB's CECL model utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the multiple existing impairment models, which generally require that a loss be incurred before it is recognized. The ASU will be effective for the Credit Union on January 1, 2023. Early application is permitted for annual periods beginning January 1, 2019.

Reclassifications

Certain 2020 financial statement amounts have been reclassified to conform with classifications adopted in 2021. Total members' equity and net income are unchanged due to these reclassifications.

Subsequent Events

Management has evaluated subsequent events through March 19, 2022, the date the financial statements were available to be issued. No significant such events or transactions were identified.

Note 2 - Available-for-Sale Investment Securities

The following table presents the amortized cost and estimated fair value of investments as of December 31, 2021:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
Commercial mortgage-backed securities (MBS)	$113,833,775	$493,108	($1,355,567)	$112,971,316
Collateralized mortgage obligations (CMOs)	18,879,284	119,959	(28,813)	18,970,430
Mortgage-backed securities	45,002,817	369,039	(293,733)	45,078,123
State and municipal securities	4,965,000	—	(97,251)	4,867,749
SBA securities	75,488	—	(374)	75,114
Total	$182,756,364	$982,106	($1,775,738)	$181,962,732

The following table presents the amortized cost and estimated fair value of investments as of December 31, 2020:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
Commercial MBS	$86,890,481	$1,470,851	($145,178)	$88,216,154
CMOs	17,341,671	242,524	—	17,584,195
Mortgage-backed securities	44,604,507	1,022,103	(8,992)	45,617,618
State and municipal securities	1,918,753	14,862	—	1,933,615
Corporate bonds	1,498,942	7,553	—	1,506,495
SBA securities	240,615	—	(1,342)	239,273
Total	$152,494,969	$2,757,893	($155,512)	$155,097,350

Note 2 - Available-for-Sale Investment Securities (Continued)

The amortized cost and estimated fair value of debt securities as of December 31, 2021, by contractual maturity, are shown below. Expected maturities on mortgage-backed securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-sale	
	Amortized Cost	**Fair Value**
State and municipal securities 1-5 years	$3,000,000	$2,958,115
State and municipal securities 5-10 years	1,965,000	1,909,634
Commercial MBS	113,833,775	112,971,316
CMOs	18,879,284	18,970,430
Mortgage-backed securities	45,002,817	45,078,123
SBA securities	75,488	75,114
Total	$182,756,364	$181,962,732

Information pertaining to investments with gross unrealized losses as of December 31, 2021, aggregated by investment category and length of time that individual investments have been in a continuous loss position follows:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
Available-for-sale:						
Commercial MBS	$35,385,700	($430,804)	$23,184,843	($924,763)	$58,570,543	($1,355,567)
CMOs	6,522,693	(28,813)	—	—	6,522,693	(28,813)
Mortgage-backed securities	29,703,261	(253,200)	2,924,916	(40,533)	32,628,177	(293,733)
State and municipal securities	4,867,749	(97,251)	—	—	4,867,749	(97,251)
SBA securities	—	—	75,114	(374)	75,114	(374)
Total	$76,479,403	($810,068)	$26,184,873	($965,670)	$102,664,276	($1,775,738)

Note 2 - Investments (Continued)

Information pertaining to investments with gross unrealized losses as of December 31, 2020, aggregated by investment category and length of time that individual investments have been in a continuous loss position follows:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale:						
Commercial MBS	$24,392,692	($145,178)	$—	$—	$24,392,692	($145,178)
Mortgage-backed securities	7,018,740	(8,992)	—	—	7,018,740	(8,992)
SBA securities	—	—	239,273	(1,342)	239,273	(1,342)
Total	$31,411,432	($154,170)	$239,273	($1,342)	$31,650,705	($155,512)

Unrealized losses on securities issued by the U.S. Government and its Agencies 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 through to recovery of fair value, which may be maturity.

There were no sales of investments classified as available-for-sale during the year ended December 31, 2021. Proceeds from the sales of investments classified as available-for-sale approximated $5,500,000 during the year ended December 31, 2020. Gross gains of approximately $45,000 were realized from the sales during the year ended December 31, 2020.

Other-Than-Temporary Impairment (OTTI)

The Credit Union conducts periodic reviews of investment securities to determine whether OTTI has occurred. While all securities are considered, the securities primarily impacted by OTTI testing are corporate bonds, and state and municipal securities. For each security, a review is conducted to determine if an OTTI has occurred. To determine if unrealized losses are other-than-temporary, the Credit Union considers underlying collateral and estimated net realizable value in order to determine the impact on cash flows. The Credit Union records the expected credit loss as a charge to earnings. During the years ended December 31, 2021 and 2020, the Credit Union did not record any OTTI.

Note 3 - Loans

The composition of loans as of December 31, 2021 and 2020 is as follows:

	2021	2020
Real estate:		
First mortgage	$406,973,839	$390,820,872
First mortgage participations	30,447,056	10,812,435
HELOC, first trust	5,052,829	4,797,862
HELOC, second trust	5,150,415	5,541,457
	447,624,139	411,972,626
Consumer:		
Auto participations	14,946,476	26,748,781
Unsecured participations	9,986,131	—
Other consumer	10,914,232	11,238,401
Vehicle	1,680,458	1,278,382
Credit card	1,713,512	1,403,457
	39,240,809	40,669,021
	486,864,948	452,641,647
Less: Allowance for loan losses	(1,073,062)	(1,117,409)
Loans, net	$485,791,886	$451,524,238

Note 3 - Loans (Continued)

Allowance for Loan Losses

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment as of and for the year ended December 31, 2021:

	Real Estate	Consumer	Total
Allowance for loan losses:			
Beginning balance	$301,275	$816,134	$1,117,409
Charge-offs	—	(72,749)	(72,749)
Recoveries	—	28,402	28,402
Provision for loan losses	—	—	—
Ending balance	$301,275	$771,787	$1,073,062
Ending balance, individually evaluated for impairment	$—	$7,895	$7,895
Ending balance, collectively evaluated for impairment	301,275	763,892	1,065,167
Ending allowance	$301,275	$771,787	$1,073,062

The following table presents a summary of the recorded investment in loans by portfolio segment as of December 31, 2021:

	Real Estate	Consumer	Total
Loans:			
Ending balance, individually evaluated for impairment	$—	$46,708	$46,708
Ending balance, collectively evaluated for impairment	447,624,139	39,194,101	486,818,240
Total loans	$447,624,139	$39,240,809	$486,864,948

Note 3 - Loans (Continued)

Allowance for Loan Losses

The following table presents the activity in the allowance and a summary of the allowance by portfolio segment as of and for the year ended December 31, 2020:

	Real Estate	Consumer	Total
Allowance for loan losses:			
Beginning allowance	$222,582	$441,021	$663,603
Charge-offs	—	(79,255)	(79,255)
Recoveries	—	5,061	5,061
Provision for loan losses	78,693	449,307	528,000
Ending allowance	$301,275	$816,134	$1,117,409
Ending balance, individually evaluated for impairment	$—	$51,602	$51,602
Ending balance, collectively evaluated for impairment	301,275	764,532	1,065,807
Ending allowance	$301,275	$816,134	$1,117,409

The following table presents a summary of the recorded investment in loans by portfolio segment as of December 31, 2020:

	Real Estate	Consumer	Total
Allowance for loan losses			
Ending balance, individually evaluated for impairment	$603,971	$107,568	$711,539
Ending balance, collectively evaluated for impairment	411,368,655	40,561,453	451,930,108
Total loans	$411,972,626	$40,669,021	$452,641,647

Note 3 - Loans (Continued)

Impaired Loans

The table below summarizes key information for impaired loans as of and for the year ended December 31, 2021:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
Consumer:				
Vehicle	$46,708	$46,708	$7,895	$23,354

The table below summarizes key information for impaired loans as of and for the year ended December 31, 2020:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
Real Estate:				
HELOC, first trust	$603,971	$603,971	$—	$603,971
Consumer:				
Vehicle	$107,568	$107,568	$51,602	$107,568
Totals:				
Real Estate	$603,971	$603,971	$—	$603,971
Consumer	107,568	107,568	51,602	107,568
Total	$711,539	$711,539	$51,602	$711,539

Note 3 - Loans (Continued)

Age Analysis of Past Due Loans

The following table presents the aging of the recorded investment in past due loans and loans on non-accrual as of December 31, 2021:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans
Real estate:						
First mortgage	$672,121	$359,979	$—	$1,032,100	$405,941,739	$406,973,839
First mortgage participations	—	—	—	—	30,447,056	30,447,056
HELOC, first trust	—	—	—	—	5,052,829	5,052,829
HELOC, second trust	—	—	—	—	5,150,415	5,150,415
	672,121	359,979	—	1,032,100	446,592,039	447,624,139
Consumer:						
Auto participations	168,887	31,865	53,425	254,177	14,692,299	14,946,476
Unsecured participations	5,123	—	—	5,123	9,981,008	9,986,131
Other consumer	18,157	79,851	—	98,008	10,816,224	10,914,232
Vehicle	1,788	—	—	1,788	1,678,670	1,680,458
Credit card	50,627	7,531	7,444	65,602	1,647,910	1,713,512
	244,582	119,247	60,869	424,698	38,816,111	39,240,809
Total	$916,703	$479,226	$60,869	$1,456,798	$485,408,150	$486,864,948

Loans on which the accrual of interest has been discontinued or reduced approximated $63,000 as of December 31, 2021. There were no loans 90 days or more past due and still accruing interest as of December 31, 2021.

Note 3 - Loans (Continued)

Age Analysis of Past Due Loans (Continued)

The following table presents the aging of the recorded investment in past due loans and loans on non-accrual as of December 31, 2020:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans
Real estate:						
First mortgage	$513,050	$—	$—	$513,050	$390,307,822	$390,820,872
First mortgage participations	—	—	—	—	10,812,435	10,812,435
HELOC, first trust	23,564	—	603,971	627,535	4,170,327	4,797,862
HELOC, second trust	—	—	—	—	5,541,457	5,541,457
	536,614	—	603,971	1,140,585	410,832,041	411,972,626
Consumer:						
Auto participations	225,129	8,996	107,567	341,692	26,407,089	26,748,781
Other consumer	29,773	4,323	—	34,096	11,204,305	11,238,401
Vehicle	—	—	—	—	1,278,382	1,278,382
Credit card	18,209	5,533	—	23,742	1,379,715	1,403,457
	273,111	18,852	107,567	399,530	40,269,491	40,669,021
Total	$809,725	$18,852	$711,538	$1,540,115	$451,101,532	$452,641,647

Loans on which the accrual of interest has been discontinued or reduced approximated $712,000 as of December 31, 2020. There were no loans 90 days or more past due and still accruing interest as of December 31, 2020.

Note 3 - Loans (Continued)

Real Estate and Consumer Credit Quality

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

The following tables present the recorded investment based on performance indication as of December 31, 2021 and 2020:

	As of December 31, 2021		As of December 31, 2020	
	Performing Loans	Non-performing Loans	Performing Loans	Non-performing Loans
Real estate:				
First mortgage	$406,973,839	$—	$390,820,872	$—
First mortgage participations	30,447,056	—	10,812,435	—
HELOC, first trust	5,052,829	—	4,193,891	603,971
HELOC, second trust	5,150,415	—	5,541,457	—
	447,624,139	—	411,368,655	603,971
Consumer:				
Auto participations	14,893,051	53,425	26,641,214	107,567
Unsecured participations	9,986,131	—	—	—
Other consumer	10,914,232	—	11,238,401	—
Vehicle	1,680,458	—	1,278,382	—
Credit card	1,706,068	7,444	1,403,457	—
	39,179,940	60,869	40,561,454	107,567
Total	$486,804,079	$60,869	$451,930,109	$711,538

Note 4 - Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and amortization, and is summarized as of December 31, 2021 and 2020 by major classification as follows:

	2021	2020
Furniture and equipment	$405,696	$2,009,511
Leasehold improvements	423,097	423,097
	828,793	2,432,608
Less accumulated depreciation and amortization	(741,434)	(2,286,140)
	$87,359	$146,468

Depreciation and amortization charged to office operations expense was approximately $77,000 and $152,000 for the years ended December 31, 2021 and 2020, respectively.

Note 5 - Members' Shares and Savings Accounts

Members' shares and savings accounts are summarized as follows as of December 31, 2021 and 2020:

	2021	2020
Share draft accounts	$121,766,001	$114,362,517
Share accounts	366,370,423	329,247,775
Share certificates	129,234,639	129,234,324
	$617,371,063	$572,844,616

As of December 31, 2021, scheduled maturities of share certificates are as follows:

	2021
Within one year	$97,961,834
1 to 2 years	11,535,685
2 to 3 years	5,527,658
3 to 4 years	4,827,003
4 to 5 years	5,540,931
over 5 years	3,841,528
	$129,234,639

The aggregate amount of members' time deposit accounts in denominations of $250,000 or more was approximately $53,082,000 as of December 31, 2021.

Note 6 - Employee Benefits

Defined Contribution 401(k) Plan

The Credit Union provides a 401(k) plan, which covers substantially all of the Credit Union's employees who are eligible as to age and length of service. A participant may elect to make contributions of up to the applicable Internal Revenue Service limitations of the participant's annual compensation. The Credit Union makes discretionary contributions as approved by the Board of Directors. The Credit Union's contributions to the plan were approximately $502,000 and $478,000 during the years ended December 31, 2021 and 2020, respectively.

Note 7 - Borrowed Funds

Federal Home Loan Bank of Atlanta (FHLB)

As of December 31, 2021 and 2020, the Credit Union had access to a pre-approved secured line of credit from the FHLB, secured by eligible one-to-four family first trust mortgage loans, as defined in the FHLB Statement of Credit Policy. The carrying value of pledged first trust mortgage loans approximated $327,896,000 and $315,464,000 as of December 31, 2021 and 2020, respectively. The unused line of credit under this agreement was approximately $159,053,000 and $139,143,000 as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Credit Union had outstanding borrowed funds with the FHLB of $23,578,266 and $27,127,859, respectively. The interest rates ranged between 0.95% and 2.09% for advances outstanding as of December 31, 2021. The interest rates ranged between 0.95% and 2.09% for advances outstanding as of December 31, 2020. All borrowed funds have a fixed rate of interest and weighted average interest rates of 1.07% and 1.14% as of December 31, 2021 and 2020, respectively. The repayment schedule of the advances as of December 31, 2021 are as follows:

Maturity	Amount
Within 1 year	$21,067,552
1 to 2 years	1,135,714
2 to 3 years	300,000
3 to 4 years	650,000
4 to 5 years	425,000
	$23,578,266

Note 8 - Contingent Liabilities

Off-Balance-Sheet Risk

The Credit Union is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the statements of financial condition.

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2021, the total unfunded commitments under such lines of credit was approximately $31,979,000. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the member.

Note 9 - Regulatory Capital

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's 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 in *NCUA Regulations*) to total assets (as defined in *NCUA Regulations*). Credit unions are also required to calculate a Risk-Based Net Worth Requirement (RBNWR) which establishes whether or not the Credit Union will be considered "complex" under the regulatory framework. The Credit Union's RBNWR as of December 31, 2021 and 2020 was 7.87% and 7.34%, respectively. The minimum requirement to be considered complex under the regulatory framework is 6.00%. Management believes, as of December 31, 2021 and 2020, that the Credit Union meets all capital adequacy requirements to which it is subject.

Note 9 - Regulatory Capital (Continued)

As of December 31, 2021, 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 ratio of 7.00% of assets. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

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

	As of December 31, 2021		As of December 31, 2020	
	Amount	Ratio/ Requirement	Amount	Ratio/ Requirement
Actual net worth	$87,925,429	12.04%	$83,641,496	12.16%
Amount needed to be classified as "adequately capitalized"	$43,834,495	6.00%	$41,279,331	6.00%
Amount needed to be classified as "well capitalized"	$51,140,244	7.00%	$48,159,219	7.00%
Amount needed to meet the minimum RBNWR	$57,496,246	7.87%	$50,498,381	7.34%

Because the RBNWR is less than the net worth ratio, the Credit Union retains its original category. Further, in performing its calculation of total assets, the Credit Union used the quarter end option, as permitted by regulation.

Risk-Based Capital and Complex Credit Union Leverage Ratio Rules

Effective January 1, 2022, federally insured, natural-person credit unions defined as "complex" will have to comply with the NCUA's risk-based capital ("RBC") final rule which amends NCUA's Prompt Corrective Action ("PCA") regulations, part 702, or the newly created Complex Credit Union Leverage Ratio ("CCULR") rule. A credit union is defined as "complex" if the credit union's quarter-end total assets exceed $500,000,000, as reflected in its most recent Call Report. The rules require credit unions taking certain risks to hold capital commensurate with those risks. The RBC rule revises part 702 of NCUA's current regulations to establish a RBC ratio measure that is the percentage of a credit union's capital divided by the credit union's defined risk-weighted asset base. This RBC rule more closely aligns NCUA's risk weights with those assigned by other Banking agencies. Accordingly, the RBC rule adopts a 10 percent RBC ratio level for "well capitalized" credit unions, and an 8 percent RBC ratio level for "adequately capitalized" credit unions. The methodology for assigning risk weights in the RBC rule primarily accounts for credit risk and concentration risk.

Note 9 - Regulatory Capital (Continued)

Risk-Based Capital and Complex Credit Union Leverage Ratio Rules (Continued)

The CCULR rule simplifies the RBC rule requirements for complex credit unions that meet certain eligibility criteria by allowing them to choose between implementing the RBC rule or the CCULR. Credit unions that select CCULR instead of the RBC rule would have a minimum 9 percent leverage ratio requirement in 2022 and that requirement would increase to a minimum of 10 percent in 2024. A qualifying complex credit union opting into the CCULR framework calculates its CCULR in the same manner as its net worth ratio under NCUA's PCA regulations, part 702. Management has evaluated the impact of these rules and determined they do not change its current classification under PCA.

Note 10 - Fair Values Measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this guidance are described below.

Basis of Fair Value Measurements

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

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

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

Note 10 - Fair Values Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis

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

	Assets at Fair Value as of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale:				
Commercial MBS	$—	$112,971,316	$—	$112,971,316
CMOs	—	18,970,430	—	18,970,430
Mortgage-backed securities	—	45,078,123	—	45,078,123
State and municipal securities	—	4,867,749	—	4,867,749
SBA securities	—	75,114	—	75,114
	$—	$181,962,732	$—	$181,962,732

	Assets at Fair Value as of December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale:				
Commercial MBS	$—	$88,216,154	$—	$88,216,154
CMOs	—	17,584,195	—	17,584,195
Mortgage-backed securities	—	45,617,618	—	45,617,618
State and municipal securities	—	1,933,615	—	1,933,615
Corporate bonds	—	1,506,495	—	1,506,495
SBA securities	—	239,273	—	239,273
	$—	$155,097,350	$—	$155,097,350

Note 11 - Related Party Transactions

Loans

In the ordinary course of business, the Credit Union grants loans to certain directors and executive officers. Such loans were approximately $9,164,000 and $7,432,000 as of December 31, 2021 and 2020, respectively.

Deposits

Deposits of Credit Union directors and executive officers were approximately $3,846,000 and $5,832,000 as of December 31, 2021 and 2020, respectively.

* * * End of Notes * * *