KEMBA LOUISVILLE CREDIT UNION

92st ANNUAL MEETING REPORT

As of December 31, 2025

4017 Poplar Level Road • Louisville, KY 40213
502-459-1411 • 1-800-596-2210
KembaKy.org

Notes from the President's Desk

Over these past several years, we've endured a Pandemic, a strong bout of inflation, and a unpredictable labor market. But one thing that you, as a member of KEMBA Louisville Credit Union, can count on, is your credit union to be here to help guide you through the sometimes-tricky financial waters of everyday life. Our credit union prides itself on, not only helping Kroger associates, and their family members, but those who shop at Kroger, and their needs of the present, and dreams of the future. Who would have ever thought that your friends and neighbors that shop at Kroger's could help you purchase that first new car? Or assist in purchasing that new house? We understand that it's not always easy to save that hard-earned cash, but we're here to not only help with that much-needed loan, but we also provide a safe, secure place to save your nest egg. Did you know that your funds are secured for up to $500,000 by our credit union? The NCUA (National Credit Union Administration) insures your deposits up to $250,000, and your credit union provides an additional $250,000 in share insurance on your account through ESI, and at no cost to you! Your savings are never safer than they are now at your credit union.

As for the future, I'd like to end leaving a challenge to spread the word of all the great services we offer, and encourage your family, friends, and other neighborhood Kroger shoppers to check us out! A credit union is defined as a not-for-profit cooperative, and our community's success is built on neighborhood participation. As the adage states, "It takes a village!" Keep us in mind throughout the year for any financial services you might require.

Thank you for your continued support in our success!

Timothy A. Head

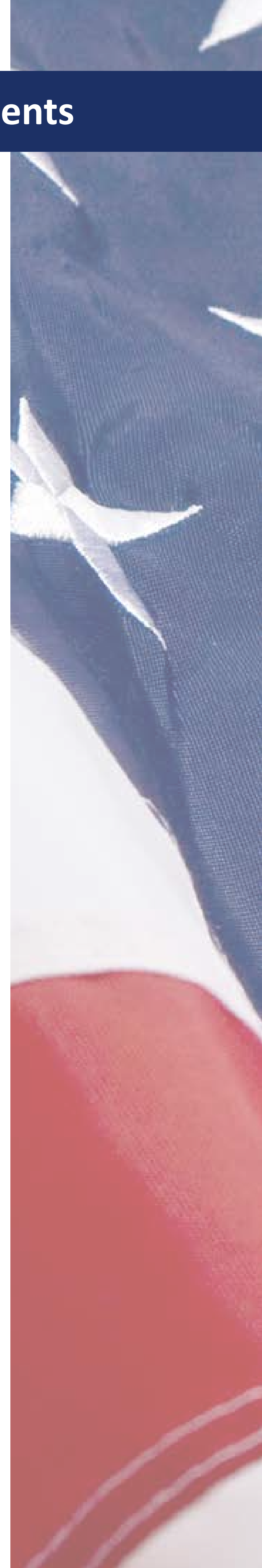
Timothy A. Head, CEO/President

Treasurer’s Report - Comparative Financial Statements

	December 31,2025	December 31, 2024
ASSETS		
LOANS TO MEMBERS (NET)	$12,212,145	$13,555,667
INVESTMENTS (NET)	$45,313,815	$43,115,061
CASH	$851,281	$1,125,780
LAND, BUILDING & EQUIPMENT	$331,684	$351,209
OTHER ASSETS	$259,504	$123,655
TOTAL	$58,968,429	$58,271,372
LIABILITIES & MEMBER EQUITY		
SHARES	$24,945,970	$25,185,581
SHARE DRAFT CHECKING	$10,619,273	$10,018,136
SHARE CERTIFICATES	$8,334,880	$8,081,581
IRA	$2,511,654	$2,556,328
CHRISTMAS CLUB	$100,285	$120,358
ACCOUNTS PAYABLE	$180,774	$446,555
DIVIDENDS PAYABLE	$9,000	$0
EQUITY	$12,160,115	$11,799,671
OTHER LIABILITIES	$106,480	$63,162
TOTAL	$58,968,431	$58,271,372

OPERATING INCOME		
INTEREST ON LOANS (NET)	$1,127,424	$1,127,039
INVESTMENT INCOME	$1,607,552	$1,353,703
OTHER INCOME	$320,956	$391,182
TOTAL	$3,055,932	$2,871,924
OPERATING EXPENSES		
SALARIES & BENEFITS	$785,213	$809,397
PROFESSIONAL SERVICES	$272,145	$242,038
OFFICE OPERATIONS	$903,806	$792,942
PROVISION FOR LOAN LOSSES	$297,649	$405,836
TOTAL	$2,258,813	$2,250,213
DIVIDENDS PAID TO MEMBERS	$436,676	$387,720
NON OPERATING EXPSE		($11,973)
NET INCOME	$360,443	$222,018

MEMBERS	4,092
LOAN ACCOUNTS	1,437
AVERAGE SAVINGS PER MEMBER	$11,264
AVERAGE LOAN BALANCE	$8,652



Secretary's Report

Minutes of the 91st Annual Membership meeting of the KEMBA Louisville Credit Union, held on May 14th, 2025, at the Riede Room, at Holy Family Church, across the street from the Credit Union main office.

Mark Edwards, Board Chair, welcomed all members and guests present.

Mr. Edwards asked for ten seconds of silence in memory of KEMBA members who have died during the past year.

The meeting was called to order at 6:28 PM.

Business Meeting: (As required by bylaw)

Establish a quorum is present. Board Secretary Steve Wine stated that 29 members and 1 guest were present for the business meeting.

A copy of the minutes of the 2024 Annual Meeting had been distributed to all present at the time of sign-in. There were no comments, questions, additions, or corrections. Mark Edwards asked for a motion that the reading of the minutes be dispensed with and that they be approved as presented. A motion made by Frank Polion, second by Don Diebold was made to dispense with the reading. Motion was approved by consensus with none opposed.

A copy of the reports of the Board of Directors, Treasurer, Credit Manager and Supervisory Committee for the 2024 operations were also distributed to all in attendance at sign in. Mark Edwards asked for a motion to dispense with the reading of these reports. A motion by Arlin Blair, with a second by Frank Polion, was made to dispense with the reading. Motion was approved by consensus with none opposed.

Old Business

Board Secretary Steve Wine reported to all in attendance that there was no old business for review.

New Business

Election of officers: Mark asked Tom Stokes to present the Nominating Committee Report. The nominating committee consisted of Tom Stokes (Chairman), Joe Cordaro, and Steve Wine. Tom reported that all three (3) incumbent board members, Kristen Hodges, Frank Polion, and Don Diebold had agreed to run for reelection to a 3-year term. The Nominating Committee reported no additional members expressed interest in running for the Board.

There being only one member nominated for each position open, Tom Stokes requested that the three candidates be elected by general consent. All members present approved by consensus the three nominees for the Board of Directors. There were none opposed. Kristen Hodges, Frank Polion, and Don Diebold are elected to 3-year terms by general consent.

Congratulations to Kristen, Frank, and Don.

Mark Edwards asked if there was any additional new business to discuss. Since there was no additional business, at which time Mark declared the business meeting adjourned.

The meeting adjourned at 6:35pm.

Mark thanked all for attending and to have a safe drive home!

The door prize drawings were now done.

Board of Directors Report

KEMBA Louisville CU found ways to successfully navigate the rough waters. Net income for the year ended at $360,443. Our savings rate went up slightly (1.23%), while our loans decreased (9.25%). In 2025, the Credit Union took full advantage of the opportunities available to produce solid returns. With interest rates leveling off, the Credit Union has been returning much of the proceeds to the members by having the highest share rates in town, remaining competitive on the certificates offered. Find a higher certificate rate, let us try to match it! One of the credit union's most important virtues is its equity strength. The credit union's "rainy day fund" allows us to withstand any income difficulties and allows us to plan for bright future. *You can also help!* Encourage your friends and family to take advantage of the fantastic savings and loan products that we offer. We are here to financially strengthen our members, now, more than ever before! We are now open to all Kroger Plus members, and their families, in the Louisville Marketing Division.

KEMBA continues to participate in shared branching as an option for all members across the state. Shared branching allows members traveling all over the United States access to their funds at no cost to you. There are Shared Branching Service Centers and Outlets throughout the country, especially in the Southeast. Members continue to have free access to 5/3 ATM machines as well as ATMs through the Alliance One Network. We want access to be as convenient as possible for all our members.

Financial Standards Group completed the Supervisory Audit, and no significant operating issues were noted. Financial Standards Group continues to conduct quarterly audits, including the Bank Secrecy Act and Safe Act audits to ensure compliance as needed. FSG also conducted an ACH audit in 2025 and found that KEMBA follows safe and sound practices in this area of member services.

"Service" is a priority with us. The credit union helped our members by protecting their personal privacy, sponsoring a Community Shred Day in May, and providing free self-serve shredding at our vendor/partner, Greenway Shredding, daily, at their Louisville location. We've added online loan/membership applications to enhance our availability and better meet our members' needs. Taking advantage of our array of services has never been easier, and safer!

In 2025, the credit union took another step in maintaining a safe, secure place to save by insuring member deposits over and above the NCUA $250,000, to $500,000, with the additional $250,000 insured by ESI (Excess Share Insurance Corporation).

Thank you for your continued support. We strive to be ***your primary financial institution.*** We welcome feedback from all members. Together, we can help with your present and future borrowing and savings needs to ensure a secure financial future.

Mark Edwards, Chairperson
Tom Stokes, Vice-Chairperson
Steve Wine, Secretary
Joe Cordaro, Treasurer
Frank Polion, Director
Kristen Hodges, Director
Don Diebold, Director

Credit Manager's Report

In 2025, the Credit Union's loan volume decreased. Overall, loan volume was down $1,616,903, and the total number of loans was down 460. While these numbers are better than the Pandemic years, there's definite room for improvement. We're moving in the right direction, but we still have a good way to go.

The total number of signature loans were down 244, while the volume was up approximately $389,636. Comparatively speaking, auto lending was down, with the credit union financing 14 less new vehicles, and 10 less used vehicles, with volumes down $279,966 for new vehicles, and down over $815,676 for used vehicles. Our loan volume for non-purchase money on the 1st mortgages was down $26,000 for 2025. Our 2nd mortgage loans were down by $101,020 in 2025.

While signature and auto loans are our forte', it is important to remember that the credit union offers a full range of loan products, whether it be signature, new or used auto, mortgage loans, motorcycles, boats, RVs or home improvements, or share-pledge loans.

The Credit Union will continue to strive to be your primary financial institution for both lending and savings. Encourage others to make our Credit Union, the "go to" place for all your financial needs! In the coming months, watch for our new loan promotions and member opportunities.

As a member, even if you're not necessarily looking for a loan, you can help.

(a) When you are thinking about a loan, look to us first!

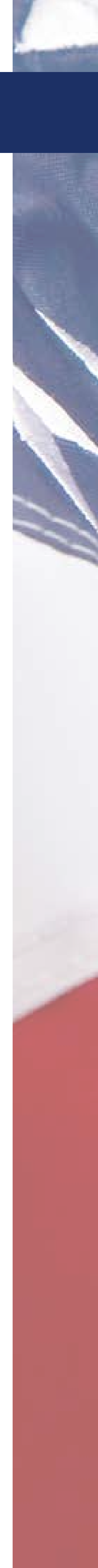
(b) Remind your family members and other coworkers that we are available, and here to help! NOW, all Kroger Plus Card holders in the Kroger Louisville Marketing Division are eligible for membership. As a cooperative, we are here to offer better savings rates and lower loan rates than most.

Brian Shean, Loan Officer – NMLS #1134207

Lucy Kirkpatrick, Operations Manager – NMLS # 1140548

Timothy A Head, Credit Manager – NMLS #2065544

Supervisory Committee Report



The responsibility of the Supervisory Committee is to ensure that the business affairs of your credit union are properly handled according to state and federal law and within the policies established by the Board of Directors.

The Supervisory Committee is required to perform an annual audit to assure that KEMBA Louisville Credit Union is operated in a manner that conforms to generally accepted accounting principles. The Supervisory Committee approves an outside firm conducting this annual audit. KEMBA has renewed a three-year contract with Financial Standards Group to complete this annual audit. This renewal guarantees our audit fee for three years through June 30th, 2028. The renewal contract was for the same audit fee as the previous three-year contract, which adds additional value when working with an audit firm that specializes in credit unions. We look forward to continuing our relationship with FSG.

Financial Standards Group performed the most recent audit as of June 30th, 2025. All results were reviewed by both Supervisory members and the Board of Directors with the management team. The audit was also reviewed by the Kentucky Department of Financial Institutions, as well as the National Credit Union Administration examiners. It was determined that the credit union is operating in a safe and secure manner.

Financial Standards Group, Inc., has also been retained to continue to conduct quarterly supervisory audit. On a quarterly basis, FSG continues to review internal controls on many issues to ensure procedures are followed regarding member account maintenance, closures and follow-up verification. In addition to reviewing member accounts, other audit reviews include invoices, loans, cash reconciliations and any other issues that can be safety and soundness concerns. No exceptions were noted during these audits.

KEMBA Louisville Credit Union is also mandated to conduct several specific audits annually. Since it is best to have these audits done by a 3rd party other than internally by staff, KEMBA has FSG perform these as well. Financial Standards Group conducted an Independent Audit of Bank Secrecy Act (BSA), Member Identification Program (MIP) and Office of Foreign Asset Control (OFAC) in December 2025. The results produced no exceptions.

FSG has been retained to conduct an annual ACH (Automated Clearing House) audit commencing with 2017 and annually in the following years. This audit as of June 2025 was done in September 2025. This is required by financial institutions who settle member financial activity using the ACH network. It was determined that KEMBA is performing these transactions in a secure manner. No exceptions were noted.

KEMBA is required to have all staff, board members, and supervisory members attend annual training to ensure that the Bank Secrecy Act requirements are being adhered to. This is to ensure that issues regarding potential terroristic activity that involve financial activity are being monitored and reported to appropriate government agencies. This year the training was conducted by a joint effort from the Kentucky and Tennessee Credit Union Leagues. Training certificates were signed and logged for reference during the exam performed by the Kentucky Department of Financial Institutions.

Every two years the Supervisory Committee does an account verification. The Supervisory Committee conducted account verification in September 2025, as of the end of the third quarter. The next account verification will be conducted after the third quarter of 2027. FSG, our current audit firm, was contracted to conduct the Account Verification. The Supervisory Committee, in conjunction with them, thoroughly researched all account questions and found them all satisfactory, with no exceptions.

It is the opinion of the Supervisory Committee that the KEMBA Louisville Credit Union is in a sound financial position, and the affairs of the credit union are being managed in a business-like manner and in accordance with the requirements of the law.

Richard Osborne, Chair
David Konrad, Member
Matt Johnson, Member

Mission Statement

KEMBA Louisville Credit Union strives to be our members' primary financial institution, by serving them in a prompt, confidential and efficient manner. Our goal is to enhance our members' fiscal lives with competitive savings and loan products.