

TRUPARTNER CREDIT UNION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

WITH

INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Condition	3
Statements of Operations	4
Statements of Comprehensive Income (Loss)	5
Statements of Changes in Members' Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	9

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
TruPartner Credit Union, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of TruPartner Credit Union, Inc., which comprise the statements of financial condition as of December 31, 2016 and 2015, and the related statements of operations, comprehensive income (loss), changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

To the Board of Directors and Members of
TruPartner Credit Union, Inc.
Page 2

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TruPartner Credit Union, Inc. as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Whitmer & Company CPA's, LLP
Cincinnati, Ohio

February 14, 2017

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents (Note B)	\$ 6,131,609	\$ 13,741,756
Deposits in Corporate Credit Unions (Note C)	1,185,196	1,185,196
Time Deposits (Note D)	26,545,271	27,170,627
Investments Held-to-Maturity, Net (Note E)	31,273,089	33,544,112
Investments Available-for-Sale (Note F)	103,012	104,158
Other Investments (Note G)	2,892,159	2,769,696
Loans Receivable, Net of Allowance for Loan Losses (Note I)	73,381,596	65,582,943
Loans in Process of Foreclosure (Note I)	172,828	43,760
Loans in Process of Liquidation (Note I)	9,828	7,000
Accrued Interest Receivable	393,920	416,574
Premises and Equipment, Net (Note J)	3,118,101	3,153,150
American Share Insurance Deposit	1,750,923	1,741,503
Foreclosed Assets (Note K)	1,010,533	264,368
Core Deposit Intangible (Note S)	156,235	204,307
Prepaid Expenses and Other Assets	<u>1,038,409</u>	<u>663,511</u>
Total Assets	<u>\$ 149,162,709</u>	<u>\$ 150,592,661</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities		
Members' shares and savings accounts (Note M)	\$ 132,362,442	\$ 134,416,552
Line of credit (Note L)	-	-
Accrued expenses and other liabilities	<u>1,668,215</u>	<u>1,178,062</u>
Total Liabilities	<u>134,030,657</u>	<u>135,594,614</u>
Commitments and Contingent Liabilities (Note P)	<u>-</u>	<u>-</u>
Members' Equity, Substantially Restricted		
Regular reserves	3,379,315	3,244,164
Undivided earnings	5,267,558	5,267,558
Equity acquired in acquisition	6,482,924	6,482,924
Accumulated other comprehensive income	<u>2,255</u>	<u>3,401</u>
Total Members' Equity	<u>15,132,052</u>	<u>14,998,047</u>
Total Liabilities and Members' Equity	<u>\$ 149,162,709</u>	<u>\$ 150,592,661</u>

See accompanying notes and independent auditors' report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Interest Income		
Interest and fees on loans	\$ 4,320,968	\$ 4,432,672
Investment income	974,222	850,551
Total Interest Income	<u>5,295,190</u>	<u>5,283,223</u>
Interest Expense		
Members' shares and savings accounts	565,143	574,647
Interest on borrowed money	188	-
Total Interest Expense	<u>565,331</u>	<u>574,647</u>
Net Interest Income	4,729,859	4,708,576
Provision for Loan Losses	144,930	564,952
Net Interest Income after Provision for Loan Losses	<u>4,584,929</u>	<u>4,143,624</u>
Non-Interest Income		
Income from fees and charges	1,073,120	1,449,770
Insurance commissions	101,703	95,707
Income on rental of foreclosed assets	12,320	29,953
Total Non-Interest Income	<u>1,187,143</u>	<u>1,575,430</u>
Non-Interest Expense		
Compensation and benefits	2,289,814	2,415,396
Operations	2,354,116	2,489,551
Occupancy	398,100	430,488
Education and promotion	155,851	103,182
Core deposit intangible amortization	58,906	36,054
Professional and outside services	304,691	320,237
Foreclosed assets expense	90,655	290,886
Loss on sale of fixed assets	-	4,279
Loss on sale of foreclosed assets	21,022	101,111
Total Non-Interest Expense	<u>5,673,155</u>	<u>6,191,184</u>
Excess of Assets Acquired Over Liabilities Assumed in the Acquisition of CACU	<u>36,234</u>	<u>243,692</u>
Net Income (Loss)	<u>\$ 135,151</u>	<u>\$ (228,438)</u>

See accompanying notes and independent auditors' report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Net Income (Loss)	\$ 135,151	\$ (228,438)
Changes in net unrealized gain (loss) on securities available-for-sale	<u>(1,146)</u>	<u>(1,338)</u>
Total Comprehensive Income (Loss)	<u>\$ 134,005</u>	<u>\$ (229,776)</u>

See accompanying notes and independent auditors' report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Regular	Undivided	Equity	Accumulated	
	Reserves	Earnings	Acquired	Other	Total
	<u>Reserves</u>	<u>Earnings</u>	<u>in Acquisition</u>	<u>Comprehensive</u>	<u>Equity</u>
				<u>Income</u>	
Balances, December 31, 2014	\$ 3,244,164	\$ 5,495,996	\$ -	\$ 4,739	\$ 8,744,899
Comprehensive Income (Loss)	<u>-</u>	<u>(228,438)</u>	<u>6,482,924</u>	<u>(1,338)</u>	<u>6,253,148</u>
Balances, December 31, 2015	3,244,164	5,267,558	6,482,924	3,401	14,998,047
Comprehensive Income (Loss)	-	135,151	-	(1,146)	134,005
Transfer	<u>135,151</u>	<u>(135,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances, December 31, 2016	<u>\$ 3,379,315</u>	<u>\$ 5,267,558</u>	<u>\$ 6,482,924</u>	<u>\$ 2,255</u>	<u>\$ 15,132,052</u>

See accompanying notes and independent auditors' report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Net income (loss)	\$ 135,151	\$ (228,438)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	276,467	338,275
Amortization of premiums and discounts	11,185	140,474
Amortization of core deposit	58,906	36,054
Provision for loan losses (including negative shares)	192,139	618,179
Increase in merger purchase notes credit discount	-	382,628
Loss on sale of fixed assets	-	4,279
Loss on sale of foreclosed assets	21,022	101,111
Gain on investment of CUSO	-	(145,996)
Gain on merger	-	(243,692)
(Increase) decrease in interest receivable	22,654	(21,372)
(Increase) decrease core deposit	48,072	(204,307)
(Increase) decrease in prepaid expenses and other assets	(374,898)	190,441
Increase (decrease) in accrued expenses and other liabilities	490,153	(53,760)
Total adjustments	<u>745,700</u>	<u>1,142,314</u>
Net Cash Provided by (Used in) Operating Activities	<u>880,851</u>	<u>913,876</u>
Cash Flows from Investing Activities		
Proceeds from maturities of time deposits	9,201,000	9,162,000
Payments for the purchase of time deposits	(8,576,896)	(12,936,613)
Proceeds from investments held-to-maturity	35,865,000	22,960,000
Payments for investments held-to-maturity	(33,603,910)	(25,079,738)
(Increase) decrease in other investments	(122,463)	(134,400)
Principal repayments received from affiliate	-	43,602
(Increase) decrease in American Share Insurance deposit	(9,420)	(19,339)
Net (increase) decrease in consumer loans	(8,170,761)	930,863
Proceeds from sale of foreclosed assets	74,378	637,057
Decrease in value of foreclosed assets	-	210,962
Net (increase) decrease in foreclosed assets	(841,565)	(58,120)
Purchase of fixed assets	(241,418)	(852,664)
Net Cash Provided by (Used in) Investing Activities	<u>(6,426,055)</u>	<u>(5,136,390)</u>

See accompanying notes and independent auditors' report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Financing Activities		
Advance on line of credit	1,451,543	-
Payment on line of credit	(1,451,543)	-
Net increase (decrease) in members' shares and savings accounts, net of acquisition	<u>(2,064,943)</u>	<u>744,042</u>
Net Cash Provided by (Used in) Financing Activities	<u>(2,064,943)</u>	<u>744,042</u>
Increase (Decrease) in Cash and Cash Equivalents	(7,610,147)	(3,478,472)
Cash and Cash Equivalents, Beginning of Year	<u>13,741,756</u>	<u>17,220,228</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,131,609</u>	<u>\$ 13,741,756</u>
Supplemental Cash Flow Disclosures:		
Cash paid for interest expense	\$ 565,331	\$ 574,647
Increase (decrease) in unrealized gain on securities available-for-sale	\$ (1,146)	\$ (1,338)
Loans transferred to foreclosed assets	\$ 844,204	\$ 58,120

See accompanying notes and independent auditors' report.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through February 14, 2017, the date which the financial statements were available to be issued.

Nature of Business

The TruPartner Credit Union, Inc.'s operations are principally related to holding deposits for and making loans to members of the Credit Union who are employees of selected groups in southwest Ohio. The Credit Union's primary source of income is interest generated from credit card, automobile and real estate loans to members.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (GAAP) 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 revenue and expenses during the reporting period. Specifically, management has made estimates based on assumptions for fair value of financial instruments and the assessment of other than temporary impairment on investments. Actual results could differ from those estimates.

Investment Securities

The Credit Union's investments in securities are classified and accounted for as follows:

Held-to-Maturity: Government and government agency bonds, notes and certificates 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 straight-line method over the period to maturity.

Available-for-Sale: Government and government agency bonds, notes and certificates are classified 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.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Unrealized gains and losses on securities available for sale are recognized as direct increases or decreases in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment (OTTI) losses, management considers 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, and 3) the intent and ability of the Credit Union to retain its investment in the issuer for 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.

The Credit Union does not maintain a trading portfolio.

Loans Held for Sale

The Credit Union had no loans held for sale at December 31, 2016 and 2015.

Loans to Members

Loans are reported at their recorded investment, which is the outstanding principal balance plus accrued interest and net of any unearned income, such as deferred fees or costs, charge-offs and unamortized premiums or discounts on originated loans. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. When principal interest is delinquent for 61 days or more, the Credit Union evaluates the loan for nonaccrual status.

After a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Subsequent collections of interest payments on nonaccrual loans are recognized as interest income unless ultimate collectability of the loan is in doubt. Cash collections on loans where ultimate collectability remains in doubt are applied as reductions of the loan principal balance and no interest income is recognized until the principal balance has been collected.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Allowance for Loan Losses

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Credit Union uses a disciplined process and methodology to establish the allowance for loan losses each month. To determine the total allowance for loan losses, management estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a pooled basis. The allowance for loan losses consists of amounts applicable to: (i) the new auto portfolio, (ii) the used auto portfolio, (iii) the other collateral portfolio, (iv) the first mortgage portfolio, (v) the home equity portfolio, (vi) the unsecured portfolio, (vii) the non participation business loans, (viii) the share secured portfolio, (ix) the credit card portfolio, and (x) the indirect loan portfolio. The allowance includes commercial loan participations that are risk rated using modeling techniques and adjusted periodically if it is determined that the risk has changed. The allowance also includes automobile loan participations that are to be segregated by new and used collateral. The allowance is based on the Credit Union's new and used loan allowance percentages as the Credit Union builds history and adjusts periodically.

To determine the balance of the allowance account, loans are pooled by portfolio segment and losses are modeled using historical experience and quantitative and other mathematical techniques over the loss emergence period. Management exercises significant judgment in determining the estimation method that fits the credit risk characteristics of each portfolio segment. The Credit Union uses internally-developed models in this process. Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions used to determine the allowance are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices and end-user controls are appropriate and properly documented.

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, member behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to or release balances from the allowance for loan losses. The Credit Union's allowance for loan losses is sensitive to risk ratings assigned to individually evaluated loans and economic assumptions and delinquency trends driving statistically modeled reserves. Individual loan risk ratings are evaluated based on each situation by experienced senior credit officers.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the models used to estimate incurred losses in those portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are credited to the allowance for loan losses.

Loan Charge-offs

For consumer loans, the Credit Union generally fully or partially charges down to the fair value of collateral securing the asset when:

- management judges the asset to be uncollectible;
- repayment is deemed to be protracted beyond reasonable time frames;
- the asset has been classified as a loss by either the Credit Union's internal loan review process or external examiners;
- the member has filed bankruptcy and the loss becomes evident owing to a lack of assets; or
- the loan is 180 days past due unless well secured and/or in the process of collection.

The Credit Union's charge-off policies by segment of the loan portfolio are as follows:

- *New Automobile Loans* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *Used Automobile Loans* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *Indirect - New & Used Automobile Loans* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *First Mortgage Loans* - The Credit Union generally writes down to the net realizable value when the loan is 180 days past due.
- *Real Estate Loans* - The Credit Union generally writes down to the net realizable value when the loan is 180 days past due.
- *Credit Cards* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *Other Loans* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *Participation Loans* - The Credit Union fully charges off when the primary source determines that a loss has been incurred.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Troubled Debt Restructurings

In situations where, for economic or legal reasons related to a member's financial difficulties, the Credit Union grants a concession for other than an insignificant period of time to the member that the Credit Union would not otherwise consider, the related loan is classified as a troubled debt restructuring (TDR). The Credit Union strives to identify members in financial difficulty early and work with them to modify to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where the Credit Union grants the member new terms that provide for a reduction of either interest or principal, the Credit Union measures any impairment on the restructuring, as previously noted for impaired loans.

In addition to the allowance for the pooled portfolios, the Credit Union develops a separate allowance for loans that are identified as impaired through a TDR.

Premises and Equipment

Land is carried at cost. Buildings, improvements, leasehold improvements, furniture, fixtures and equipment are carried at cost less accumulated depreciation and amortization. The building, furniture, fixtures, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the terms of the related leases.

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

American Share Insurance Deposit

The deposit in American Share Insurance is in accordance with the insurance company's regulations which require a deposit by each insured Credit Union in an amount equal to 1% of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated or it converts to insurance coverage from another source.

During 2016 and 2015, American Share Insurance did not charge a special premium assessment.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Foreclosed Assets

Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and property held for sale is carried at lower of the new cost basis or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of a property exceeds its fair value. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management and 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.

Members' Shares and Savings Accounts

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.

Members' Equity

The Credit Union is required by regulation to maintain a statutory reserve. This reserve, which represents a regulatory restriction of members' equity, is not available for the payment of interest.

Comprehensive Income (Loss)

Comprehensive income or loss consists of net income or loss and other comprehensive income or loss that includes unrealized gains and losses on securities available for sale.

Income Taxes

The Credit Union is exempt, by statute, from federal and state income taxes except for rental income and certain fees and services and other products and services which have been deemed by the Internal Revenue Service (IRS) in technical advice memorandums (TAM) released in March, 2007 to be unrelated to the specific entity's exempt purpose. As presented in the technical advice memorandums, the net taxable income from these products and services is subject to income taxes under the Unrelated Business Income Tax (UBIT) regulations.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Credit unions have litigated against the IRS positions noted in the TAMs, and courts declared in 2009 and 2010 that revenue from insurance products sold to members, which helps them protect their financial well-being, qualifies as exempt purpose income, contrary to the IRS position in the TAMs. The IRS has subsequently issued any clarifications of the positions taken in its TAMs, and the litigation did not resolve all items being disputed between the industry and the IRS. The court decision did clarify that revenue received from services provided to non-credit union members is unrelated business income.

The Credit Union adopted FASB Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes* and has evaluated its tax positions taken for all open tax years. Currently 2016, 2015, 2014 and 2013 tax years are open and subject to examination by the Internal Revenue Service. However, the Credit Union is not currently under audit nor has the Organization been contacted by the Internal Revenue Service.

Off-Balance-Sheet Credit Related Financial Instruments

In the ordinary course of business, the Credit Union has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Fair Value Measurements

The Credit Union follows the guidance of FASB ASC 825, *Financial Instruments*, and FASB ASC 820, *Fair Value Measurements*. This guidance permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes 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).

Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Total members' equity and net income are unchanged due to these reclassifications.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of funds due from financial institutions, corporate credit unions, the Federal Reserve and the Credit Union's change fund. For purposes of the statements of financial condition and the statements of cash flows, the Credit Union considers all highly liquid debt instruments with original maturities of three months or less and any certificates of deposit that do not contain early withdrawal penalties to be cash equivalents.

The composition of these investments at December 31 is as follows:

	<u>2016</u>	<u>2015</u>
Cash due from Financial Institutions	\$ 134,919	\$ 2,456,236
Cash due from Corporate Credit Unions	2,804,502	3,877,167
Cash due from Federal Reserve	2,380,100	6,428,444
Change Fund	<u>812,088</u>	<u>979,909</u>
 Total Cash and Cash Equivalents	 <u>\$ 6,131,609</u>	 <u>\$ 13,741,756</u>

NOTE C - DEPOSITS AT CORPORATE CREDIT UNION

The Credit Union has a total of \$3,989,698 on deposit at a Corporate Credit Union at December 31, 2016 and \$5,062,363 at December 31, 2015. The Credit Union is required to maintain permanent capital with the Corporate Credit Union as uninsured membership shares.

A summary of funds reported on the accompanying financial statements at December 31 is as follows:

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents (Note B)	\$ 2,804,502	\$ 3,877,167
Perpetual Capital at the Corporate Credit Union	<u>1,185,196</u>	<u>1,185,196</u>
 Total Deposits at Corporate Credit Union	 <u>\$ 3,989,698</u>	 <u>\$ 5,062,363</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

The weighted average yield and carrying value of all deposits in Corporate Credit Unions at December 31 are as follows:

	<u>2016</u>		<u>2015</u>	
	Weighted Average <u>Yield</u>	Carrying <u>Value</u>	Weighted Average <u>Yield</u>	Carrying <u>Value</u>
Deposits at the Corporate Credit Union	0.35%	<u>\$ 1,185,196</u>	0.35%	<u>\$ 1,185,196</u>

The carrying values of deposits at the Corporate Credit Union shown by contractual maturity at December 31 are summarized below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	<u>2016</u>	<u>2015</u>
No Maturity - Perpetual Capital Contributed	<u>\$ 1,185,196</u>	<u>\$ 1,185,196</u>

NOTE D - TIME DEPOSITS

The Credit Union has certificates at December 31, 2016 that bear interest ranging from 0.60% to 2.20% and have penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

The weighted average yields and carrying values of the time deposits at December 31 are as follows:

	<u>2016</u>		<u>2015</u>	
	Weighted Average <u>Yield</u>	Carrying <u>Value</u>	Weighted Average <u>Yield</u>	Carrying <u>Value</u>
Time deposits	1.38%	<u>\$ 26,545,271</u>	1.26%	<u>\$ 27,170,627</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

The carrying values of time deposits shown by contractual maturity are summarized below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	<u>2016</u>	<u>2015</u>
Maturity within One Year	\$ 9,649,686	\$ 7,060,815
Maturity after One Year through Five Years	<u>16,895,585</u>	<u>20,109,812</u>
	<u>\$ 26,545,271</u>	<u>\$ 27,170,627</u>

NOTE E - INVESTMENTS HELD-TO-MATURITY

The weighted average yields, amortized cost and estimated fair values of investments classified as held-to-maturity at December 31 are as follows:

	<u>Weighted Average Yield</u>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
December 31, 2016:					
FHLB	1.35%	\$ 4,742,463	\$ -	\$ 19,918	\$ 4,722,545
FHLMC	1.29%	16,257,010	-	164,060	16,092,950
FNMA	1.29%	7,497,819	-	38,451	7,459,368
FFCB	1.40%	2,504,880	-	40,980	2,463,900
Other Investment Accounts	0.07%	<u>287,752</u>	<u>-</u>	<u>-</u>	<u>287,752</u>
		<u>\$ 31,289,924</u>	<u>\$ -</u>	<u>\$ 263,409</u>	<u>\$ 31,026,515</u>
December 31, 2015:					
FHLB	1.26%	\$ 5,499,243	\$ 9,467	\$ -	\$ 5,508,710
FHLMC	1.41%	14,917,658	-	48,058	14,869,600
FNMA	1.27%	10,943,793	16,832	-	10,960,625
FFCB	1.48%	2,009,380	-	2,875	2,006,505
Other Investment Accounts	0.07%	<u>224,541</u>	<u>-</u>	<u>-</u>	<u>224,541</u>
		<u>\$ 33,594,615</u>	<u>\$ 26,299</u>	<u>\$ 50,933</u>	<u>\$ 33,569,981</u>

The above chart does not include the December 31, 2016 and 2015 unamortized balance of the mark to market adjustment of investments acquired at acquisition of \$16,835 and \$50,503, respectively, which is being amortized over twenty-seven months.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

The amortized cost and estimated fair value of investments held-to-maturity at December 31 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2016		2015	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
No Contractual Maturity	\$ 287,752	\$ 287,752	\$ 224,541	\$ 224,541
Maturity within One Year	4,270,018	4,271,183	23,584,395	23,569,255
Maturity after One through Five Years	<u>26,732,154</u>	<u>26,467,580</u>	<u>9,785,679</u>	<u>9,776,185</u>
	<u>\$ 31,289,924</u>	<u>\$ 31,026,515</u>	<u>\$ 33,594,615</u>	<u>\$ 33,569,981</u>

Information pertaining to securities with gross unrealized gains and losses at December 31 aggregated by investment category and length of time that individual securities have been in a continuous gain or loss position follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Gains/(Losses)	Fair Value	Gross Unrealized Gains/(Losses)	Fair Value	Gross Unrealized Gains/(Losses)

December 31, 2016:

FHLB	\$ 1,249,908	\$ (30)	\$ 3,472,637	\$ (19,888)	\$ 4,722,545	\$ (19,918)
FHLMC	1,516,010	2,384	14,576,940	(166,444)	16,092,950	(164,060)
FNMA	1,002,945	(461)	6,456,423	(37,990)	7,459,368	(38,451)
FFCB	<u>502,320</u>	<u>(728)</u>	<u>1,961,580</u>	<u>(40,252)</u>	<u>2,463,900</u>	<u>(40,980)</u>
	<u>\$ 4,271,183</u>	<u>\$ 1,165</u>	<u>\$ 26,467,580</u>	<u>\$ (264,574)</u>	<u>\$ 30,738,763</u>	<u>\$ (263,409)</u>

December 31, 2015:

FHLB	\$ 2,767,290	\$ 6,968	\$ 2,741,420	\$ 2,499	\$ 5,508,710	\$ 9,467
FHLMC	11,847,955	(40,190)	3,021,645	(7,868)	14,869,600	(48,058)
FNMA	8,455,410	19,482	2,505,215	(2,650)	10,960,625	16,832
FFCB	<u>498,600</u>	<u>(1,400)</u>	<u>1,507,905</u>	<u>(1,475)</u>	<u>2,006,505</u>	<u>(2,875)</u>
	<u>\$ 23,569,255</u>	<u>\$ (15,140)</u>	<u>\$ 9,776,185</u>	<u>\$ (9,494)</u>	<u>\$ 33,345,440</u>	<u>\$ (24,634)</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Management evaluates securities for other-than-temporary impairment on at least a quarterly basis and more frequently when economic or market concerns warrant such evaluation. Consideration is given to 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, and 3) the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of temporary unrealized gains and losses. These securities were purchased during 2011 through 2016 and the temporary gains and losses are due primarily to the rising and falling of market interest rates during that period. The Credit Union reviews all of its securities for impairment at least quarterly. The Credit Union has determined that there were no additional other-than-temporary impairments associated with these securities at December 31, 2016 and 2015.

NOTE F - INVESTMENTS AVAILABLE-FOR-SALE

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

	December 31, 2016			
	Weighted Average <u>Yield</u>	Amortized <u>Cost</u>	Gross Unrealized <u>Gain</u>	Estimated Fair <u>Value</u>
United Government Securities A-Bond Fund	1.36%	\$ <u>100,757</u>	\$ <u>2,255</u>	\$ <u>103,012</u>
	December 31, 2015			
	Weighted Average <u>Yield</u>	Amortized <u>Cost</u>	Gross Unrealized <u>Gain</u>	Estimated Fair <u>Value</u>
United Government Securities A-Bond Fund	1.69%	\$ <u>100,757</u>	\$ <u>3,401</u>	\$ <u>104,158</u>

There is no contractual maturity for this investment.

NOTE G - OTHER INVESTMENTS

The Credit Union has a whole life insurance policy issued by New York Life Insurance Company which is a funding mechanism used to offset employee benefit costs. The surrender value at December 31, 2016 and 2015 approximated \$2,892,159 and \$2,769,696, respectively.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE H - INVESTMENT IN CUSO

The Credit Union had invested in Central Financial Services, Inc., a Credit Union Service Organization (CUSO). An investment of \$125,000 each was made for the purchase of 250 shares of common stock constituting 50% ownership of the CUSO. This investment was accounted for using the equity method.

As part of the acquisition of CACU, TruPartner Credit Union, Inc. then owed 100% of the outstanding stock of the CUSO. During 2015, the CUSO was dissolved and all assets were absorbed by TruPartner Credit Union, Inc.

NOTE I - LOANS RECEIVABLE

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

	<u>2016</u>	<u>2015</u>
New Automobiles	\$ 3,333,542	\$ 2,436,733
Used Automobiles	14,220,486	12,304,324
Indirect-New & Used Automobiles	26,218	76,671
First Mortgages	11,453,660	10,731,558
Real Estate	6,373,155	7,317,367
Credit Cards	6,632,710	7,132,299
Automobile Loan Participations	8,263,987	-
Commercial Loan Participations	8,739,223	8,631,176
Student Loan Participations	1,473,761	1,150,064
Other	4,052,600	3,431,445
Purchased Notes (see following summary)	6,760,615	10,153,841
Member Business Loans	<u>2,577,456</u>	<u>3,012,300</u>
Total	73,907,413	66,377,778
Less: Allowance for Loan Losses	(343,161)	(744,075)
Loans in Process of Liquidation	(9,828)	(7,000)
Loans in Process of Foreclosure	<u>(172,828)</u>	<u>(43,760)</u>
Loans to Members, Net	<u>\$ 73,381,596</u>	<u>\$ 65,582,943</u>

Included in unsecured loans receivable are negative shares in the amount of \$36,949 and \$39,791 as of December 31, 2016 and 2015, respectively.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

A summary of purchased notes acquired as of December 31 is as follows:

	<u>2016</u>	<u>2015</u>
New Automobiles	\$ 600,072	\$ 986,012
Used Automobiles	1,346,721	2,528,263
First Mortgages	3,440,042	4,607,491
Real Estate	1,411,605	1,839,660
Other	<u>341,433</u>	<u>719,643</u>
 Total Purchased Notes	 7,139,873	 10,681,069
Less: Purchased Note Discounts		
Loan Credit Adjustment	(370,921)	(516,326)
Loan Discount Rate	<u>(8,337)</u>	<u>(10,902)</u>
 Purchased Notes, Net	 <u>\$ 6,760,615</u>	 <u>\$ 10,153,841</u>

A summary of estimated loan balances by principal maturity as of December 31 is as follows:

	<u>2016</u>	<u>2015</u>
No Contractual Maturity	\$ 9,551,113	\$ 3,174,756
Maturity within One Year	10,052,517	11,378,165
Maturity from One to Five Years	29,268,024	31,123,016
Maturity over Five Years	<u>24,509,942</u>	<u>19,907,006</u>
 Total Loans to Members	 <u>\$ 73,381,596</u>	 <u>\$ 65,582,943</u>

Loans on which the accrual of interest has been discontinued or reduced amounted to \$1,305,956 and \$1,382,003 at December 31, 2016 and 2015, respectively. If interest on those loans had been accrued at their original rates income would have been \$42,879 and \$164,759, respectively. All loans past due 61 days or more are on non-accrual status.

The Credit Union has no commitments to loan additional funds to borrowers whose loans have been modified.

The maximum term of a real estate loan is thirty years.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Certain officers, directors and employees of the Credit Union, including their immediate families, were loan customers during 2016 and 2015. Such loans were in the ordinary course of business at normal credit terms including interest rates and collateralization and do not represent more than a normal risk of collection. Total loans outstanding to these persons at December 31, 2016 and 2015 amounted to \$2,169,178 and \$2,450,605, respectively.

Loans in process of foreclosure were outstanding for \$172,828 and \$43,760 at December 31, 2016 and 2015, respectively. The estimated net realizable value of the collateral securing the loans in process of foreclosure at December 31, 2016 and 2015 were valued at \$172,828 and \$43,760 by the Credit Union.

Loans in process of liquidation were outstanding for \$9,828 and \$7,000 at December 31, 2016 and 2015, respectively. The collateral securing the loans in process of liquidation at December 31, 2016 and 2015 was valued at \$9,871 and \$7,000, respectively, by the Credit Union or subsequent sale of collateral.

ALLOWANCE FOR LOAN LOSSES

The Credit Union has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the Credit Union's portfolio. For purposes of determining the allowance for loan losses, the Credit Union segments certain loans in its portfolio by product type. The Credit Union's loans are segmented into the following pools: new automobiles, used automobiles, indirect-new and used automobiles, first mortgages, real estate, credit card and other. The Credit Union also sub-segments one of these segments into classes based on the associated risks within that segment. Other loans are divided into the following four classes: (a) other collateral, (b) unsecured, (c) lease, and (d) share secured. Each class of loan requires significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio segment. The Credit Union uses an internally developed model in this process. Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions the Credit Union uses to determine the allowance are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices, and end-user controls are appropriate and properly documented.

The following are the factors the Credit Union uses to determine the balance of the allowance account for each segment or class of loans.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Secured by Personal Property Loans

Secured by personal property loans are pooled by portfolio class and a historical loss percentage is applied to each class. The historical loss percentage time frame used is twelve months. This time frame is based on historical loss experience modeling and other quantitative and mathematical migration techniques over the loss emergence period.

Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional loss multipliers to loan balances.

Real Estate

Real estate loans are pooled by portfolio class and a historical loss percentage is applied to each class. The historical loss percentage time frame used is twelve months. This time frame is based on historical loss experience modeling and other quantitative and mathematical migration techniques over the loss emergence period.

Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional loss multipliers to loan balances.

Consumer Secured

Consumer secured loans include loans secured by shares, certificate of deposits and other investments. These loans are not assessed at an underlying class level. A historical loss percentage is applied to the segment. The historical loss period for 2016 was twelve months. The Credit Union has suffered few losses in this segment historically.

Consumer Unsecured and Credit Cards

Unsecured consumer loans are pooled by portfolio class and a historical loss percentage is applied to each class. The historical loss percentage time frame used is twelve months. This time frame is based on historical loss experience modeling and other quantitative and mathematical migration techniques over the loss emergence period.

Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional loss multipliers to loan balances.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Commercial Business Portfolio

Commercial business loans include loans primarily secured by commercial real estate and business property. These loans are not assessed at an underlying class level. A historical loss percentage is applied to the segment. The historical loss period for 2016 was twelve months. The Credit Union has suffered no losses in this segment historically.

Commercial Participation Loans

Commercial Participation offerings are reviewed and selected if the loan meets the Credit Union's criteria. These loans are risk rated under criteria established by CBS. The risk ratings are reviewed periodically and modified when necessary. The Credit Union adjusts the allowance on a monthly basis as a result of the ratings.

Automobile Loan Participations

Automobile loan participation offerings are reviewed by the loan department to ensure proper underwriting standards required by the Credit Union. These loans will be segregated by new and used autos within the portfolio. The portfolios report historical loss percentages based on the type of loan. These percentages are applied on a monthly basis and adjusted as needed.

Student Loan Participations

Student loan participation offerings are obtained and fully insured by Reliant Insurance. As the Credit Union is only participating in insured student loans, an allowance is not needed.

The Credit Union's Estimation Process

The balance of the allowance account for each loan segment is based on a twelve month rolling average for all but commercial loan participations. The balance of the allowance account for commercial loan participations is based upon their commercial risk rating.

Reflected in the portions of the allowance previously described is an amount for imprecision or uncertainty that incorporates the range of probable outcomes inherent in estimates used for the allowance, which may change from period to period. This amount is the result of the management's judgment of risks inherent in the portfolios, economic uncertainties, historical loss experience and other subjective factors, including industry trends, calculated to better reflect the Credit Union's view of risk in each loan portfolio. No single statistic or measurement determines the adequacy of the allowance for loan loss. Changes in the allowance for loan loss and the related provision expense can materially affect net income.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Loans by Segment

The total allowance reflects management's estimate of loan losses inherent in the loan portfolio at the balance sheet date. The Credit Union considers the allowance for loan losses of \$343,161 adequate to cover loan losses inherent in the loan portfolio at December 31, 2016.

The following presents the changes in the allowance for loan losses and the recorded investment in loans.

	<u>2016</u>	<u>2015</u>
Balance, Beginning of Year	\$ 744,075	\$ 388,089
Provision Charged to Operations (including negative shares)	192,139	618,179
Loans Charged Off	(841,322)	(408,459)
Recoveries	103,090	60,786
Transfers	<u>145,179</u>	<u>85,480</u>
Balance, End of Year	<u>\$ 343,161</u>	<u>\$ 744,075</u>

The following table presents, by portfolio segment, the net losses and required allowance for the year ended December 31, 2016.

	<u>12 Month Net Losses</u>	<u>Required Allowance</u>
Allowance for Loan Losses		
Real Estate Loans	\$ 13,699	\$ 12,979
New Vehicle Loans	5,050	5,964
Used Vehicle Loans	57,873	62,118
Other Unsecured Loans	22,667	26,254
Credit Card Loans	30,026	30,185
Commercial Business Participation Loans	<u>-</u>	<u>61,781</u>
Subtotal	<u>\$ 129,315</u>	199,281
Management Adjustment		<u>143,880</u>
Total Required Allowance		<u>\$ 343,161</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

CREDIT QUALITY INFORMATION

The following table represents credit exposures by creditworthiness category for the year ended December 31, 2016. The use of creditworthiness categories to grade loans permits management's use of migration analysis to estimate a portion of credit risk. The Credit Union's internal creditworthiness grading system is based on experiences with similarly graded loans. Category ratings are reviewed each quarter, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track the migration of loan performance. Loans that trend upward toward higher levels generally have a lower risk factor associated; whereas, loans that migrate toward lower ratings generally will result in a higher risk factor being applied to those related loan balances.

The Credit Union's internal risk ratings are based on Beacon Scores.

A+ 720 – above	Member poses little to no additional risk.
A 680 – 719	Member poses a nominal risk of loss.
B 640 – 679	Member poses more than a nominal risk but is not showing signs of financial stress. The additional risk based migration analysis of this part of the portfolio based on whether the migration of the portfolio is remaining constant or moving higher or lower.
C 600 – 639	Members are experiencing some degree of stress. Additional risk factors are based on migration analysis of this portfolio.
D 550 – 599	Members are showing above average risk. Additional risk factors are based on migration analysis of portfolio.
E 549 – below	Members are high risk. Additional risk factors are based on migration analysis of portfolio.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Credit Quality Indicators
As of December 31, 2016
Consumer Credit Exposure
Credit Risk Profile by Creditworthiness Category by Class of Loan

	<u>New Auto</u>	<u>Used Auto</u>	<u>Real Estate</u>	<u>Other</u>	<u>Total</u>
720 and above	\$ 2,788,670	\$ 6,082,918	\$ 7,283,101	\$ 1,373,589	\$ 17,528,278
680 to 719	753,578	2,289,204	1,687,260	557,076	5,287,118
640 to 679	195,836	2,490,918	1,697,506	650,822	5,035,082
600 to 639	49,974	1,602,188	631,849	502,466	2,786,477
550 to 599	116,443	1,232,506	440,302	264,234	2,053,485
549 and below	<u>2,107</u>	<u>709,041</u>	<u>266,362</u>	<u>137,867</u>	<u>1,115,377</u>
Total	<u>\$ 3,906,608</u>	<u>\$ 14,406,775</u>	<u>\$ 12,006,380</u>	<u>\$ 3,486,054</u>	<u>\$ 33,805,817</u>

The above table represents the credit quality indicators per loan category that the Credit Union has maintained. Amounts are not inclusive of all loans the Credit Union maintains.

The following table presents performing and nonperforming real estate loans based on payment activity for the year ended December 31, 2016. Payment activity is reviewed by management on a quarterly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent are greater than 60 days in the previous quarter.

	<u>First Mortgages</u>	<u>Real Estate</u>
Performing	\$ 11,209,262	\$ 6,015,322
Nonperforming	<u>244,398</u>	<u>357,833</u>
Total	<u>\$ 11,453,660</u>	<u>\$ 6,373,155</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

AGE ANALYSIS OF PAST DUE LOANS TO MEMBERS BY CLASS

Following is a table which includes an aging analysis of the recorded investment of past due loans to members as of December 31, 2016.

Credit Quality Information
Age Analysis of Past Due Loans to Members by Class of Loan to Member
As of December 31, 2016

	30-60 Days Past <u>Due</u>	61-180 Days Past <u>Due</u>	Greater Than 181 Days <u>Past Due</u>	<u>Current</u>	Total Loans to <u>Member</u>
New Automobiles	\$ -	\$ -	\$ -	\$ 3,333,542	\$ 3,333,542
Used Automobiles	164,618	344,012	123,999	13,587,857	14,220,486
Indirect-New & Used Auto	-	-	-	26,218	26,218
First Mortgages	62,706	232,073	12,325	11,146,556	11,453,660
Real Estate	128,049	203,442	154,391	5,887,273	6,373,155
Credit Card	43,353	49,905	33,756	6,505,696	6,632,710
Automobile Loan Participations	-	-	-	8,263,987	8,263,987
Commercial Participations	-	-	-	8,739,223	8,739,223
Student Loan Participations	25,149	25,944	12,010	1,410,658	1,473,761
Other	89,486	85,133	28,966	3,849,015	4,052,600
Purchased Notes	-	-	-	6,760,615	6,760,615
Member Business Loans	-	-	-	2,577,456	2,577,456
Total	<u>\$ 513,361</u>	<u>\$ 940,509</u>	<u>\$ 365,447</u>	<u>\$ 72,088,096</u>	<u>\$ 73,907,413</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

IMPAIRED LOANS

The Credit Union considers a loan to be impaired when, based on current information and events, the Credit Union determines that the Credit Union will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. Determination of impairment is treated the same across all classes of loans. When the Credit Union identifies a loan as impaired, the Credit Union measures the impairment 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, the Credit Union uses the current fair value of the collateral, less selling costs when foreclosure is probable, instead of discounted cash flows. If the Credit Union determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), the Credit Union recognizes impairment through an allowance estimate or a charge-off to the allowance. The Credit Union determines impairment based on a 61 day default period and all loans classified as TDRs.

When the ultimate collectability of the total principal of an impaired loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

NONACCRUAL LOANS

The Credit Union generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, part of the principal balance has been charged off and no restructuring has occurred or the loans reach over 60 days past due.

When the Credit Union places a loan on nonaccrual status, the Credit Union reverses the accrued unpaid interest receivable against interest income and account for the loan on the cash or cost recovery method, until it qualifies for return to accrual status. Generally, the Credit Union returns a loan to accrual status when (a) all delinquent interest and principal become current under the terms of the loan agreement, or (b) the loan is both well-secured and in the process of collection and collectability is no longer doubtful.

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 nonaccrual status, if applicable.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

The following table presents the loans receivable on nonaccrual status by allowance for loan loss segments as of December 31, 2016.

Used Autos	\$ 468,011
First Mortgages	244,398
Real Estate	357,833
Credit Cards	83,661
Student Loans	37,954
Other Unsecured	<u>114,099</u>
	<u>\$ 1,305,956</u>

NOTE J - PREMISES AND EQUIPMENT

Principal categories of premises and equipment as of December 31 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Land and Improvements	\$ 988,992	\$ 981,992
Building and Improvements	4,739,043	4,518,080
Furniture, Fixtures and Equipment	<u>3,147,497</u>	<u>3,144,778</u>
Total Premises and Equipment	8,875,532	8,644,850
Accumulated Depreciation	<u>(5,757,431)</u>	<u>(5,491,700)</u>
Premises and Equipment, Net	<u>\$ 3,118,101</u>	<u>\$ 3,153,150</u>

Depreciation expense for the years ended December 31, 2016 and 2015 amounted to \$276,467 and \$338,275, respectively.

NOTE K - FORECLOSED ASSETS

The balances of real estate acquired through foreclosure (foreclosed assets) are stated separately on the statement of financial condition. At December 31, 2016 and 2015, the Credit Union had foreclosed assets owned with gross balances of \$1,010,533 and \$264,368. At December 31, 2016 and 2015, the estimated net realizable value of the properties is \$1,010,533 and \$264,368, respectively.

**TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE L - LINE OF CREDIT

The Credit Union maintains a line of credit with Corporate One Credit Union, Inc. The line of credit provides for short-term borrowings up to \$5,000,000. Interest accrues on the unpaid balance of the principal until paid. The line of credit is renewable semi-annually with interest charged at prevailing rates. The line is collateralized by substantially all of the Credit Union's assets.

There was no outstanding loan balance as of December 31, 2016 and 2015.

There was interest expense on borrowed funds of \$188 in 2016 and no interest expense in 2015.

NOTE M - MEMBERS' SHARES AND SAVINGS ACCOUNTS

Members' shares and savings accounts at December 31 are summarized with the weighted average rate as follows:

	<u>2016</u>	<u>Rate</u>	<u>2015</u>	<u>Rate</u>
Share Drafts	\$ 22,091,676	.00%	\$ 21,900,255	.00%
Share Accounts	48,710,809	.15%	48,694,781	.15%
IRA and Share Certificates	26,638,154	.99%	29,313,518	.91%
Money Market Shares	29,645,994	.54%	29,297,636	.54%
IRA Shares	<u>5,275,809</u>	.68%	<u>5,221,194</u>	.68%
	<u>\$ 132,362,442</u>		<u>\$ 134,427,384</u>	

The above summary does not include the unamortized balance at December 31, 2015 of the interest rate adjustment of shares and savings accounts acquired at acquisition of \$10,832, which is being amortized over thirteen months. This was fully amortized by December 31, 2016.

The aggregate amount of members' shares and savings accounts over the insured limit of \$250,000 at December 31, 2016 and 2015 is \$9,217,273 and \$1,865,744, respectively.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

	<u>2016</u>	<u>2016</u>
No Contractual Maturity	\$ 105,724,289	\$ 105,113,867
Maturity within One Year	17,571,806	16,631,923
Maturity after One through Five years	<u>9,066,347</u>	<u>12,681,594</u>
	<u>\$ 132,362,442</u>	<u>\$ 134,427,384</u>

A summary of IRA and share certificates by interest rate at December 31 is as follows:

	<u>2016</u>	<u>2015</u>
0.00% - 0.99%	\$ 16,491,707	\$ 19,914,839
1.00% - 1.49%	6,328,784	5,054,388
1.50% - 1.99%	1,619,449	1,597,757
2.00% - 2.49%	936,592	1,545,301
2.50% - 2.99%	<u>1,261,622</u>	<u>1,201,233</u>
	<u>\$ 26,638,154</u>	<u>\$ 29,313,518</u>

At December 31, 2016, scheduled maturities of IRA and share certificates are as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 and thereafter</u>
0.00% - 0.99%	\$ 13,907,740	\$ 2,421,993	\$ 161,974	\$ -
1.00% - 1.49%	2,813,130	1,146,861	1,470,901	897,892
1.50% - 1.99%	261,754	645,548	44,400	667,747
2.00% - 2.49%	589,183	209,668	94,207	43,534
2.50% - 2.99%	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,261,622</u>
	<u>\$ 17,571,807</u>	<u>\$ 4,424,070</u>	<u>\$ 1,771,482</u>	<u>\$ 2,870,795</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

At December 31, 2015, scheduled maturities of IRA and share certificates are as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 and thereafter</u>
0.00% - 0.99%	\$ 12,802,080	\$ 7,056,311	\$ 56,448	\$ -
1.00% - 1.49%	2,447,336	779,832	1,178,806	648,414
1.50% - 1.99%	526,579	206,754	631,735	232,689
2.00% - 2.49%	720,460	469,335	220,617	134,889
2.50% - 2.99%	<u>135,468</u>	<u>-</u>	<u>-</u>	<u>1,065,765</u>
	<u>\$ 16,631,923</u>	<u>\$ 8,512,232</u>	<u>\$ 2,087,606</u>	<u>\$ 2,081,757</u>

Interest expense on members' shares and savings accounts at December 31 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Share Certificates	\$ 192,849	\$ 219,818
IRA Shares	40,130	35,933
IRA Certificates	83,405	86,937
Money Market Shares	165,692	157,441
Share Accounts	<u>83,067</u>	<u>74,518</u>
	<u>\$ 565,143</u>	<u>\$ 574,647</u>

Included in members' shares and savings accounts at December 31, 2016 and 2015 are shares of \$3,701,396 and \$4,108,788, to directors, officers, employees and other related parties of the Credit Union. These share accounts were opened in the ordinary course of business and are paid interest at normal rates.

NOTE N - RELATED PARTY TRANSACTIONS

Virtually all employees and members of the Board of Directors have deposit and loan accounts at the Credit Union. The terms of transactions involving these accounts (e.g., interest rates charged and paid) are comparable to other members' accounts. The aggregate loan and share balances of these loans are disclosed in the preceding notes.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE O - RETIREMENT PLANS

The Credit Union adopted an IRC 401(k) profit sharing plan for substantially all eligible employees as of January 1, 1997. The Credit Union matches a percentage of the employees' deferrals under the 401(k) provision of the plan. Effective January 1, 2006, the plan was amended to allow the Board to determine the amount of the employer base contribution (if any) that will be made each year for participants employed by the Credit Union at year end. For the years ended December 31 the Credit Union contributed the following amounts:

	<u>2016</u>	<u>2015</u>
401(k) match	<u>\$ 75,637</u>	<u>\$ 70,380</u>
Discretionary profit sharing contribution	<u>\$ -</u>	<u>\$ -</u>

NOTE P - COMMITMENTS AND CONTINGENT LIABILITIES

The Credit Union is a party to various legal actions normally associated with financial institutions, the aggregate effect of which, in the opinion of management and legal counsel, would not be material to the financial condition or results of operations of the Credit Union.

Financial Instruments with Off-Balance-Sheet Risk

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 notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for loans recorded in the financial statements.

Unless otherwise noted, the Credit Union does not require collateral or other security to support financial instruments with credit risk.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Following is a summary of the Credit Union's financial instruments with contract amounts representing credit risk at December 31. The annual percentage rate for credit cards can change upon a thirty day notice to the membership but is considered a fixed rate of interest.

	<u>2016</u>		<u>2015</u>	
	<u>Variable</u>	<u>Fixed Rate</u>	<u>Variable</u>	<u>Fixed Rate</u>
Line of Credit	\$ 2,323,716	\$ 746,135	\$ 1,131,072	\$ 477,917
Credit Cards	<u>-</u>	<u>12,608,521</u>	<u>-</u>	<u>8,472,973</u>
	<u>\$ 2,323,716</u>	<u>\$ 13,354,656</u>	<u>\$ 1,131,072</u>	<u>\$ 8,950,890</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 and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. 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 counter party. Collateral held generally consists of certificates of deposit, share accounts, automobiles and real estate.

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

Financial Instruments with Concentrations of Credit Risk

The Credit Union has approximately 550 sponsor groups. Most of the Credit Union's business activity is with its members and their immediate families. Membership is open to all residents of Hamilton County, Ohio. The total loans outstanding to those members at December 31, 2016 and 2015 are listed on the statement of financial condition. The Credit Union's policy for requiring collateral is dependent upon the type of loan requested. Adequate collateral is required for all vehicles, share secured, home equity, first mortgage or other collateralized loan requests.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Cash and Investments in Excess of Insured Limits

At December 31, 2016 and 2015, deposits in a Corporate Credit Union totaled \$3,628,237 and \$4,696,707, respectively, per the Corporate Credit Union's records. Funds are insured up to \$250,000 except the capital accounts which are uninsured. At December 31, 2016 and 2015, the Credit Union had funds on deposit at a Corporate Credit Union in excess of insured limits in the amount of \$3,378,237 and \$4,446,707, respectively, which includes the Perpetual Capital Contributed in the amount of \$1,185,196.

At December 31, 2016 and 2015, deposits other financial institutions exceeding the insured limit of \$250,000 totaled \$134,919 and \$2,077,671, respectively, per the financial institution's records.

Geographical Concentration of Credit Risk

The Credit Union maintains four offices in the Greater Cincinnati area. The Credit Union is dependent upon the economy in the area.

NOTE Q - REGULATORY CAPITAL

The Credit Union is subject to various regulatory net worth requirements. 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 principles. 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 the regulations) to total assets (as defined). Credit unions are also required to calculate a Risk-Based Net Worth (RBNW) Requirement which establishes whether or not the Credit Union will be considered "complex" under the regulatory framework. The minimum ratio to be considered complex under the regulatory framework is 6%. Management believes, as of December 31, 2016, that the Credit Union meets all capital adequacy requirements to which it is subjected.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

As of December 31, 2016, the Credit Union is categorized 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% of assets and meet any applicable RBNW Requirement. There are no conditions or events since the calculation date that management believes have changed the Credit Union’s category.

The Credit Union’s actual capital amounts and ratios at December 31, 2016 and 2015 are also presented in the table below.

	<u>Actual</u>		<u>To be Adequately Capitalized under the Prompt Corrective Action Provisions</u>		<u>To be Well Capitalized under the Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
December 31, 2016	\$15,132,052	10.15%	≥\$8,949,763	≥6.0%	≥\$10,441,390	≥7.0%
December 31, 2015	\$14,998,047	9.96%	≥\$9,035,560	≥6.0%	≥\$10,541,486	≥7.0%

NOTE R - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements*, provides framework for measuring fair value that requires an entity to determine fair value based on exit price in the principal market for the asset or liability being measured. 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 entity 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 and or liabilities.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

The estimated fair values of the Credit Union's financial instruments at December 31, none of which are held for trading purposes, are as follows:

	2016		2015	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:				
Cash and cash equivalents	\$ 6,131,609	\$ 6,131,609	\$ 13,741,756	\$ 13,741,756
Deposits in a corporate credit union	1,185,196	1,185,196	1,185,196	1,185,196
Time deposits	26,545,271	26,545,271	27,170,627	27,170,627
Investments held-to-maturity	31,273,089	31,026,515	33,544,112	33,569,981
Investments available-for-sale	103,012	103,012	104,158	104,158
Other investments	2,892,159	2,892,159	2,769,696	2,769,696
Loans receivable	73,564,252	73,564,295	65,633,703	65,633,703
Accrued interest receivable	393,920	393,920	416,574	416,574

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Financial Liabilities:

Members' shares and savings accounts	\$132,362,442	\$132,362,442	\$134,416,552	\$134,416,552
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Off-balance-sheet Credit Related Financial Instruments:

Commitments to extend credit	\$ -	\$ 15,678,372	\$ -	\$ 10,081,962
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The carrying amounts in the preceding table are included in the statement of financial condition under the applicable captions.

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

- *Cash and cash equivalents:* The carrying amounts reported in the statement of financial condition for cash and cash equivalents approximate those assets' fair values.
- *Deposits in a corporate credit union:* The carrying amounts reported in the statement of financial condition approximate fair values because of the short maturities of those instruments.
- *Time deposits:* The fair values of investments are based on quoted market prices for those or similar investments.
- *Investments held-to-maturity:* Fair values of securities are usually based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.
- *Investments available-for-sale:* Fair values of securities are usually based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.
- *Loans to Members:* Fair value has not been discounted for future cash flows expected to be received for a loan or group of loans using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. This method considers interest rate changes and credit risk changes within the discount rate chosen.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

- *Accrued interest receivable:* The carrying amounts of accrued interest approximate the fair values.
- *Members' Share Deposits:* The fair value of share drafts, regular savings and money market accounts is the amount payable on demand at the reporting date. The fair value of individual retirement accounts and certificates of deposit has not been discounted for future cash flows using the market rates offered as of December 31 for similar deposits with the same remaining maturities.
- *Loan Commitments:* Commitments to extend credit were evaluated and fair value was determined using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest and the committed rates.

The Credit Union has no financial instruments that are held or issued for trading purposes.

Fair Value of Financial Instruments Measured on a Recurring Basis

Fair values of assets and liabilities measured on a recurring basis are as follows:

	<u>Fair Value Measurements at December 31, 2016 Using:</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Time deposits	\$ 26,545,271	\$ -	\$ 26,545,271	\$ -
Investments held-to-maturity	31,026,515	31,026,515	-	-
Investments available-for-sale	103,012	103,012	-	-
Other investment	2,892,159	-	2,892,159	-

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

	<u>Fair Value Measurements at December 31, 2015 Using:</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Time deposits	\$ 27,170,627	\$ -	\$ 27,170,627	\$ -
Investments held-to-maturity	33,569,981	33,569,981	-	-
Investments available-for-sale	104,158	104,158	-	-
Other investment	2,769,696	-	2,769,696	-

NOTE S - ACQUISITION

On March 31, 2015, TruPartner Credit Union, Inc. (formerly Cincinnati Central Credit Union, Inc.) acquired Communicating Arts Credit Union, Inc. (CACU). CACU was a state chartered privately insured credit union serving employees or former employees principally of Greater Cincinnati publishing companies, information media, fine arts, visual arts, and performing arts, providing services primarily related to holding deposits for and making loans to members of the Credit Union.

The acquired assets and assumed liabilities were measured at estimated fair values, as required by FASB under Business Combinations. Management made significant estimates and exercised significant judgment in accounting for the acquisition. Management measured loan fair values based on loan file reviews, appraised collateral values, expected cash flows and historical loss factors of CACU. Real estate acquired through foreclosure was primarily valued based on appraised collateral values. TruPartner Credit Union, Inc. also recorded an identifiable intangible asset representing the core deposit base of CACU based on a third party's evaluation of the cost of such deposits relative to alternative funding sources. The third party used significant estimates including the average lives of depository accounts, future interest rate levels and cost of servicing various depository products. The third party used market quotations to fair value investment securities.

The business combination resulted in the acquisition of loans with and without evidence of credit quality deterioration. CACU's loans were deemed impaired at the acquisition date, if it was not expected to receive all contractually required cash flows due to concerns about credit quality.

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Such loans were fair valued and the difference between contractually required payments at the acquisition date and cash flows expected to be collected was recorded as a nonaccretable difference. At the acquisition date, TruPartner Credit Union, Inc. recorded a nonaccretable difference of \$527,227. The method of measuring carrying value of purchased loans differs from loans originated by the Credit Union (originated loans), and as such the Credit Union identifies purchased loans and purchased loans with a credit quality discount and originated loans at amortized cost.

CACU's loans were valued by discounting both expected principal and interest cash flows using an observable discount rate for similar instruments that a market participant would consider in determining fair value. Additionally, consideration was given by the third party's best estimates of default rates and payment speeds. At acquisition, CACU's loan portfolio was discounted for \$12,826.

The following table summarizes the fair market value of the assets acquired and the liabilities assumed at the acquisition date of March 31, 2015:

Recognized amounts of identifiable assets acquired and liabilities assumed

Assets

Loans	\$ 22,698,367
Interest Rate Adjustment	(12,826)
Loan Contra Account	(646,681)
	<u>22,038,860</u>
Cash & Overnight Deposits	4,547,673
Total Investments	26,579,895
Furniture, Fixtures & Equipment (Net)	-
Leasehold Improvements (Net)	-
Other Real Estate Owned	60,000
ASI	648,733
Perpetual Contributed Capital	455,487
Other Investment Insurance	2,590,496
CUSO Investment	52,282
Accrued Interest	227,431
Prepaid & Receivables	140,357
Other Assets	1,016
Value of Core Deposits	<u>240,362</u>
Total Assets	<u><u>\$ 57,582,592</u></u>

**TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

Liabilities

Non Maturity Deposits	\$ 39,710,148
Time Deposits	10,397,180
Other Liabilities	<u>748,648</u>
Total Liabilities	<u>\$ 50,855,976</u>

Equity

Total Equity	<u>\$ 6,726,616</u>
Overall Market Valuation	<u>6,482,924</u>
Value of Financial Assets and Liabilities	<u>6,726,616</u>
	<u>\$ (243,692)</u>

The Credit Union recorded core deposit intangibles associated with the purchase of CACU totaling \$240,362. Identifiable intangibles are amortized to their estimated residual values over the expected useful lives. Such lives are also periodically reassessed to determine if any amortization period adjustments are required. During the year ended December 31, 2015, no such adjustments were recorded. The identifiable intangible asset consists of a core deposit intangible which is being amortized on an accelerated basis over the useful life such asset.

As of December 31, 2015, the estimated future amortized expense for the core deposit intangible was:

2016	\$ 48,072
2017	48,072
2018	48,072
2019	48,072
2020	<u>12,019</u>
Total	<u>\$ 204,307</u>

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

The amounts of CACU revenue and earnings included in TruPartners' statement of operations for the year ended December 31, 2015, and the revenue and earnings of the combined entity had the acquisition date been January 1, 2015, is as follows:

	<u>Revenue</u>	<u>Earnings</u>
Actual from 1/1/2015 - 3/31/15	\$ 601,171	\$ 75,455