



2025 ANNUAL REPORT

MARCH 23, 2026

Prepared by:

Kenneth A. Arendt, President, CEO

Kevin Collins, Executive Secretary, COO



Reverend Father and Members of the Board of Directors of the First Catholic Slovak Union of the United States and Canada, it is my pleasure to present the 2025 report. Over the past three years, we have strengthened and modernized our Society, growing our assets by almost \$70 million and ensuring the financial stability needed to invest in initiatives that will benefit our members for generations.

Operating results experienced for the Society in 2025 were mixed, with modest growth and an unusual operational loss due to the additional reserve requirements mandated by the NAIC. The Operating losses that broke a long consecutive string of operating gains were mainly due to lower investment income and larger reserve demand. Investment income was adversely affected due to the economy; Bond income did not increase at the rate consistent with prior years. This accounted for the lack of increase in investment income enjoyed in prior years. The Society experienced slightly lower premium income than prior years, mostly from reduced annuity production. This appears to be an industry trend. Dividend payments to members of \$459,041 were consistent with prior years. Total asset value increased 2.0% (\$11,873,018) as reported on the Annual Statement. Due to uncertain economic conditions and interest rates, mixed insurer results were expected. Realized capital losses were \$2,009,660, while unrealized capital gains were \$1,309,976. Liabilities increased \$17,455,357 (3.3%) mainly resulting from the \$22,331,070 increase in Annuity Reserves. Surplus decreased 10.3%. Details follow:

TOTAL OPERATION GAIN AND CAPITAL GAINS\LOSSES) FOR 2025:

Net Loss.....	(\$6,019,374)
Realized Capital Gains\Losses.....	(\$2,009,660)
Net Income.....	(\$8,029,034)

Since 2009, the Society has employed the services of AQS (a fraternal benefit society experienced investment management firm) to assist in guiding its investment activity. There are no known items which would cause the financial results to be inaccurate.

FINANCIAL POSITION:

2025 Premium Income:

Life Insurance.....	\$ 5,663,135
Annuities	\$ 56,939,905

Total Premium

Income \$ 62,603,040

2025 Investment Income:

Government Bonds	\$ 759,391
Bonds	\$ 22,108,039
Preferred Stock	\$ 237,006
Common Stocks	
Un-Affiliates	\$ 100,360
Mortgage Loans	\$ 4,324,351
Real Estate	\$ 289,124
Certificate Loans	\$ 74,437
Short Term Investments	\$ 1,032,109

Total Investment

Income \$28,924,817

Investment Expenses:

Depreciation on Real Estate and Other Investment Expenses (Investment Taxes, License Fees, etc.).....	\$ (2,343,625)
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Net Premium and Investment

Income \$26,581,192

There were Deferred Capital Losses (IMR) of (\$87,323).

The surplus decrease of 10.3% was mainly due to the operating loss, and partially due to realized capital losses. These were partially offset by unrealized capital gains \$1,309,976. Total premium funds were used to purchase additional assets. Unrealized gains/(losses) were as follows:

(a) Common Stock (Unaffiliated)	\$ 43,856
(b) Other Invested Assets	\$ 1,266,120
	\$ 1,309,976

The following additional items affected Surplus:

AVR Decrease.....	\$ 1,113,553
Change in Non-Admitted Assets	\$ (10,254)
Accrued/Asset Adjustment	\$ 33,420
2025 Surplus Decrease	\$ (5,582,339)
2025 Surplus.....	\$ 48,836,152

Insurance in force decreased \$4,673,000 in 2025 (This is smaller than the five-year decrease of \$14,409,000). Increasing Life insurance production remains a challenge and a priority for future operational success.

The Society investments emphasize Bonds (81.2%), Mortgages (9.9%) and Other Invested Assets as its main investments. As noted earlier, bond interest income for 2025 was not up to usual standard. Other Invested Assets include Hedge Funds, Strategy and Situation Funds. The Society also owns a small amount of Preferred and Common Stocks.

The Society had \$29,900,846 of cash.

2025 Common Stocks value is \$1,377,628 (0.2% of assets).

The Society is a member of the Federal Home Loan Bank and has used funds available at very favorable low interest rates to help generate investment income. The funds acquired through the FHLB are managed by an asset management company. During 2025, FHLB advancements decreased to \$5,894,389.

There are no known items which would cause the financial results to be inaccurate.

Financial Position

Summary: Realized capital losses of \$2,009,660; plus, operating losses of \$6,019,374; less, unrealized gains of \$1,309,976; less \$1,113,553 of AVR decrease; decreased surplus by \$5,582,339 (change in non-admitted assets and accrual adjustments were \$33,166).

The Society's IMR now stands at a small negative \$25,920, and the AVR is at \$4,455,512. The common stock and real estate components of the AVR are at maximum. Overall, the AVR is at 77.5% of total maximum.

The Society's solvency ratio is 108.9%. When the IMR

and AVR are combined with surplus, the solvency ratio is 109.75% (slightly down from prior years).

The Society experienced total premium income that was 92.3% compared to the previous year. Annuity premium income was 91.9% compared to the previous year. Investment income decreased 1.4%.

Bonds are 81.2% (-1.1%) of the Society's assets, with an average maturity of 10.9 years. The Organization enjoys excellent bond quality with 97.6% of the bonds in the two highest NAIC rating classes. Preferred Stocks make up 0.8% of invested assets, and Common stock 0.2%, which serve to provide diversity and balance to the portfolio, as well as provide growth benefit potential in the market. Other assets consist of mortgages (9.9%); and all others (2.5%), including cash on hand of \$29,900,846. About 15.1% of the cash is in Government securities.

The most significant changes to liabilities were: policy reserves increased 6.2%; Deposit type accounts decreased 27.7% (lower FHLB loans), Funds held as Trustee increased .8%. The AVR decreased 20.0% partially due to the Realized Losses. The AVR is 77.5% of the 2025 maximum. Average lapse ratio is very favorable for the past 5 years. The Society enjoys loyal membership.

The Organization's total admitted assets are \$599,328,981, a 2.0% increase despite the lower premium and investment income production, but benefiting from lower annuity benefits. Five-year asset growth is \$68,391,913 or 12.9%.

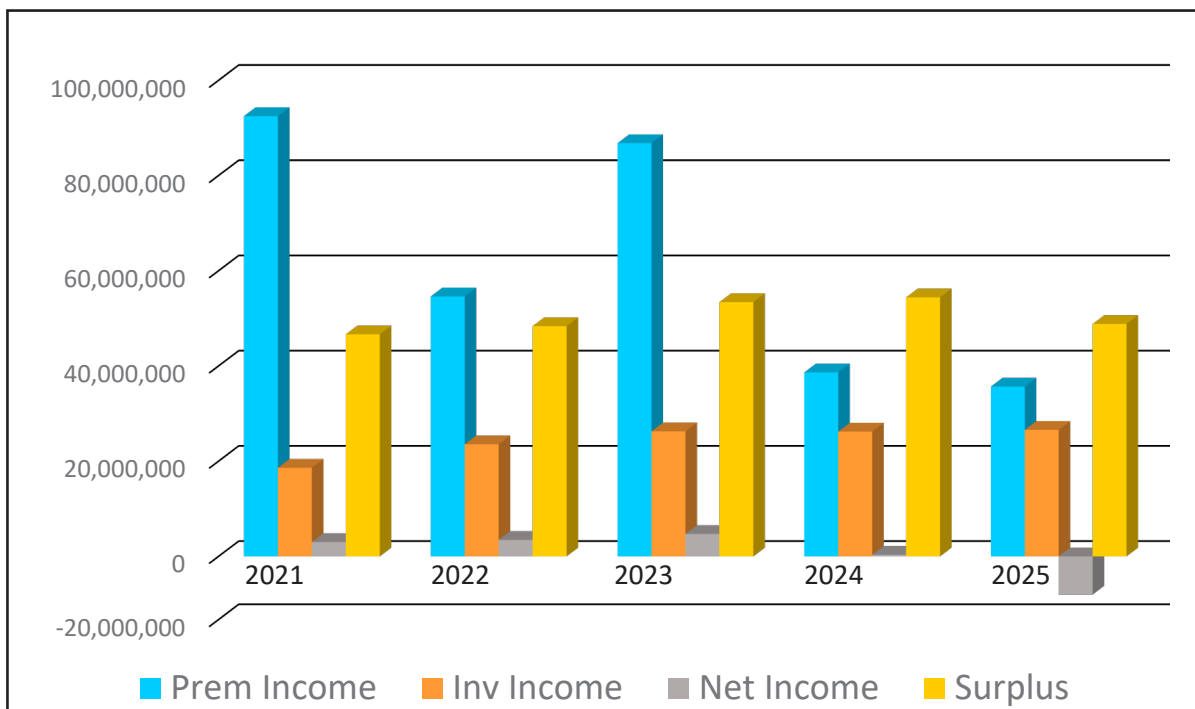
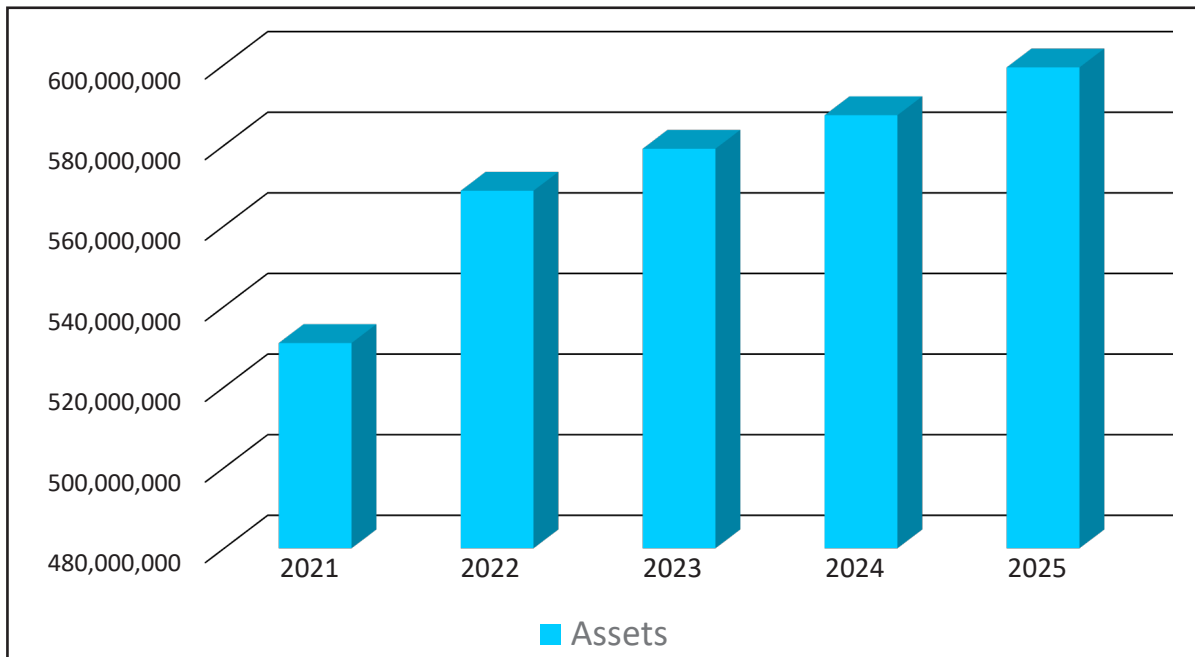
Operations

Life premium income decreased 2.5%, despite a 2.9% increase in Renewal Premium. Single life premium was higher by 2.6%. Annuity premium income decreased 8.1% and totaled \$34,365,042 versus \$37,374,411. Overall total premium income decreased 7.7%. Sales activity consists of contracted General Agencies, Independent Agents, and Member Agents. The Society had changes in the marketing area and continues its search for a Sales Director. Investment income was 1.4% higher, consistent with the overall asset growth but lower than prior years. Total income for the year was 4.1% lower.

Total member benefits were 10.8% lower primarily because of a 14.0% decrease in annuity benefits paid. There was a 4.8% decrease in surrenders paid; 1.4% decrease in Death benefits. Life reserve demand was 3.9% lower, and annuity reserve demand was \$7,870,091 (54.4%) higher, consistent with the lower annuity premium production and benefit activity, plus the lower CARVM allowance. Total Operation Expenses were 7.4% higher. Commissions were 10.9% lower, reflecting the decrease in annuity premium production. General Expenses were 12.1% higher. Management continues to monitor expenses, and expense levels in relation to income. Dividends to members were \$459,041 which is 4.3% higher than the prior year. The Society realized a loss from operations of \$6,019,374, after payment of dividends.

**Listed Below is a Five-Year Comparison of
Assets, Premium Income, Investment Income, Net Income and Surplus**

	2021	2022	2023	2024	2025
Assets	530,937,088	568,716,615	579,134,399	587,455,963	599,320,981
Premium Income	92,488,251	54,622,568	86,814,655	38,660,760	35,683,839
Investment Income	18,621,567	23,556,485	26,274,799	26,223,885	26,581,192
Net Income	3,022,244	3,473,008	4,729,876	357,391	(8,029,034)
Surplus	46,657,607	48,374,546	53,424,728	54,418,491	48,836,153



Net Loss was \$8,029,034. The AVR decreased by \$1,113,553, primarily due to realized capital losses.

There are no known items which would cause the financial results to be inaccurate.

Cash Flow and Liquidity

The items which provide liquidity are \$29,900,846 of cash, \$1,377,628 of common stock, \$63,644,849 of bonds maturing in less than one year; over \$35,000,000 of premium income; and over \$26,000,000 of investment income. Expected outgo for benefit payments, commissions, dividends and expenses are about \$45,557,000, if the same amount of withdrawals are incurred in 2026. The Society enjoyed \$17,477,208 of positive operation cash flow in 2025.

The Society experienced larger than normal operating losses, mainly due to annuity reserve increases and lower CARVM relief. Asset growth in 2025 was favorable. The net investment rate of return, although somewhat affected by the fluctuating interest rates available in 2025, will be at a higher level. The Society markets no other major interest

sensitive products other than annuities. There are no plans for any major expenses or outlays.

Risk Based Capital

The Risk Based Capital calculations indicate that total adjusted capital is \$53,491,664. The total for 50% of the calculated RBC was \$7,424,499. The RBC ratio was affected by the inclusion of new bond calculation factors introduced in 2021 into the RBC calculation.

The Society had three Insurance Regulatory Information System ratios outside NAIC designated ranges; Net and Gross change in Capital and Surplus and Net Income to Total Income. The items have been covered in this report.

Total security trading activity was \$203,156,108 (+\$76,986,482) in 2025 (higher than 2024 activity due to the 2025 economy).

Insurance in Force

The Society recorded a decrease of \$4,673,000 of insurance in-force. Insurance in-force has decreased 4.1% since 2021.

Financial Summary

In 2025 the insurance membership decreased by 865 members, attributed to death claims, cash withdrawals, and expelled policies, compared to a decrease of 1,232 members in 2024. The number of life insurance certificates issued decreased by 1,151 in 2025, compared to a loss of 1,090 in 2024.

At year-end, the society held 7,838 active annuity contracts with a total annuity account cash value of \$430.66 million, up from \$413.58 million in 2024. This represents a 4.1% year-over-year increase, continuing the upward trajectory illustrated in the annuity cash value growth trend.

Insight from the Growth Trend

Despite a modest slowdown in growth during 2022–2023, annuity cash values rebounded and accelerated through 2024 and 2025. This pattern highlights the resilience of the annuity portfolio and reflects both member retention and disciplined financial management. The consistent rise in cash value over the past five years underscores the long-term strength and stability of FCSU Financial's annuity products.

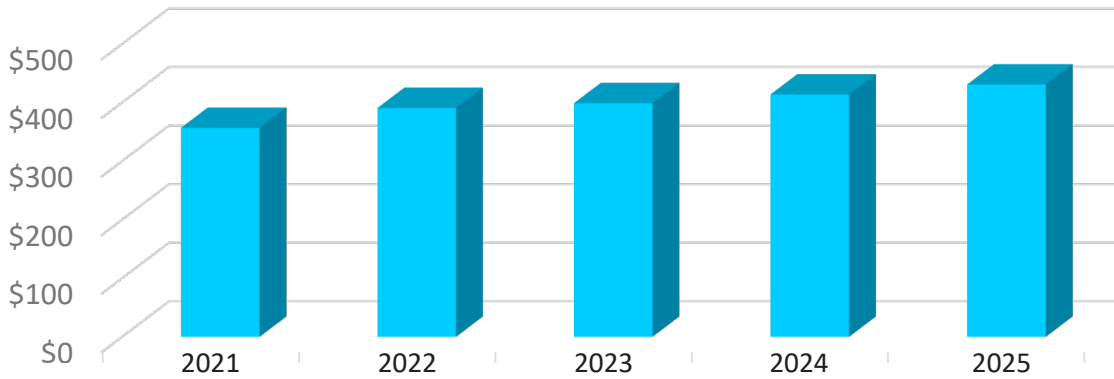
FCSU's insurance and annuity portfolio contains many products, which suit all insurance and annuity needs. The Membership and Marketing Team, along with our actuarial firm, Miller & Newberg Inc., and our Financial Consulting Firm, ENDePersis Fraternal Consulting, LLC, continues to explore avenues to improve and enhance our existing products and develop new products.

The Executive Secretary and the Home Office staff are developing new methods to expand our search for new independent insurance agents to sell our products. We have over 350 agents with signed contracts with our Society and they are making our products available to their clients. Our agents have access to our agent portal which allows them to view their client's accounts online. Our independent agents receive monthly emails on our annuity rates and insurance products. We are also developing a new method of paying commissions to the agents.

Insurance Rates, Rules & Recommender's

New insurance premium rates and application forms have been created to align with the updated mortality table used in developing our insurance products. The updated 2025 Commissioners Standard Ordinary (CSO) Table, adopted by the National Association of Insurance Commissioners (NAIC), has been in effect starting January 1, 2025. Additionally, in 2021, the NAIC required us to update all our annuity suitability applications to ensure compliance with the states in which we are licensed. This was a significant undertaking, as we maintain application variations for multiple states, including Florida, South Carolina and Texas. We are proud of the joint efforts of our staff with our Financial Consulting Firm to accomplish this task. All annuity applications and supporting documentation has been updated.

Historical Annuity Cash Value Growth (in millions)



2021	2022	2023	2024	2025
356.69	390.57	398.77	413.58	430.66

Annuity cash values show steady growth averaging around 4% annually .

In addition, all Life Insurance applications have also been updated. Again, there are multiple state variations and a short and long form for each. Now that this project is complete, we can no longer accept applications on the old forms.

FCSU, like other fraternal benefit societies and insurers, is required by the states in which it operates to comply with the changes adopted by the NAIC. Since the 1940s, the insurance industry has been regulated by state laws to protect policyholders. These regulations are designed to ensure that insurance rates are not excessive, while also preventing rates from being set too low, which could lead to insurer insolvency and an inability to meet financial obligations to policyholders. Insurance regulations help

prevent unfair discrimination against policyholders based on factors unrelated to the risks being insured.

Our experienced Home Office staff is ready to assist with any questions regarding rates, application completion, or our insurance and annuity products. To enhance member service and improve efficiency, we offer an automatic premium payment service, allowing members to have their premiums automatically deducted from their bank accounts. Additionally, annuity holders can take advantage of automatic deposit for their annuity checks. For added convenience, they can pay or deposit only. For the convenience of our members, we accept Visa, MasterCard and Discover for premium payments, loan payments and newspaper subscriptions. We offer online premium payments, and annuity deposits through the members portal.

In accordance with state regulations, commissions will no longer be paid to non-licensed recommenders who sell insurance or annuity policies for FCSU Financial. Only licensed agents are eligible to receive commissions. Non-licensed recommenders will receive a \$25 referral fee for each insurance policy issued, provided that underwriting is complete and the first-year premium has been paid. This referral fee applies to the following policies: Whole Life or Single Premium Whole Life policies with a face amount of \$5,000 or more, and Term policies with a face amount of \$25,000* or more (excluding JEP policies).

A \$25 referral fee will be paid to non-licensed recommenders for each annuity policy once underwriting is complete and the policy has been issued. The referral fee applies to annuity policies with a deposit of \$2,000 or more.

In 2025, we continued to encourage our current recommenders to obtain their state insurance license. Typically, obtaining a full insurance license requires passing an exam and completing continuing education classes

APPLICATION FOR INDIVIDUAL LIFE INSURANCE

FIRST CATHOLIC SLOVAK UNION of the United States of America and Canada
 Herein called FCSU
 6611 Rockside Road, Suite 300, Independence, Ohio 44131
 800.233.6662 - fcsu@fcsu.com - www.fcsu.com

APPLICATION FOR INDIVIDUAL ANNUITY

FIRST CATHOLIC SLOVAK UNION of the United States of America and Canada
 Herein called FCSU
 6611 Rockside Road, Suite 300, Independence, Ohio 44131
 800.233.6662 - fcsu@fcsu.com - www.fcsu.com

We Are Licensed in 38 States:

Alaska	Florida	Kansas	Minnesota	New Jersey	Rhode Island	Vermont
Arkansas	Georgia	Kentucky	Missouri	New York	South Carolina	Virginia
Arizona	Idaho	Maine	Nebraska	North Carolina	Tennessee	Wisconsin
Colorado	Illinois	Maryland	Nevada	Ohio	Texas	
Connecticut	Indiana	Massachusetts	New Hampshire	Oklahoma	Utah	
Delaware	Iowa	Michigan		Pennsylvania	West Virginia	

to maintain the license. A full license allows a person to solicit any amount of insurance or annuity products without restrictions. In some states, individuals may apply for a restricted fraternal license, which does not require an exam or continuing education classes, but it limits the types and amounts of insurance or annuity products that can be sold.

To support this initiative, we are offering an incentive plan for recommenders and any member interested in becoming a state-licensed insurance agent. The FCSU will cover 50% of the cost to obtain a life insurance/annuity license in their state, including the cost of required courses and the license fee (which varies by state). Additionally, based on productivity, the FCSU will cover 50% of the renewal cost. If you are interested in becoming a licensed agent in your state, please contact the Home Office for more information.

Branch Requirements

The Home office will continue to merge inactive branches with active branches. This is an ongoing procedure since many of our branch officers are unable to continue to service the members in their branches. Regional Directors are encouraged to contact the branches in their region. The information we obtain will be used to find out how we

can better serve our branches.

Per FCSU bylaws, branches are still required to meet the requirements set forth by our FCSU Convention to qualify for the branch stipend. We encourage our branch officers that if they are unable to perform their duties and cannot find anyone in their branches to take over their duties, to call the Home Office. We will try to merge them with an active branch. For those branches that do not wish to merge, the Home Office can offer you guidelines as to how you can meet the requirements and receive the stipend. The requirements for the financial obligations (bylaw section 4.05) has been mailed to all branch officers and published in the *Jednota* newspaper as a reminder of the expectations for each branch. The Board of Directors strongly recommended that branches hold in person or virtual meetings to help increase attendance. A virtual meeting will count as a meeting towards the branch stipend.

Prepared by:

Kenneth A. Arendt, President, CEO
Kevin Collins, Executive Secretary, COO

The Economic Success of Our Society Depends on Four Key Factors:

Effectively selling and promoting our insurance and annuity products to boost premium income

Managing our investment portfolio to increase investment returns

Controlling our operating expenses

Exploring new ways to attract new members

The addition of new members is essential to our continued growth.

