LAFAYETTE FEDERAL
CREDIT UNION

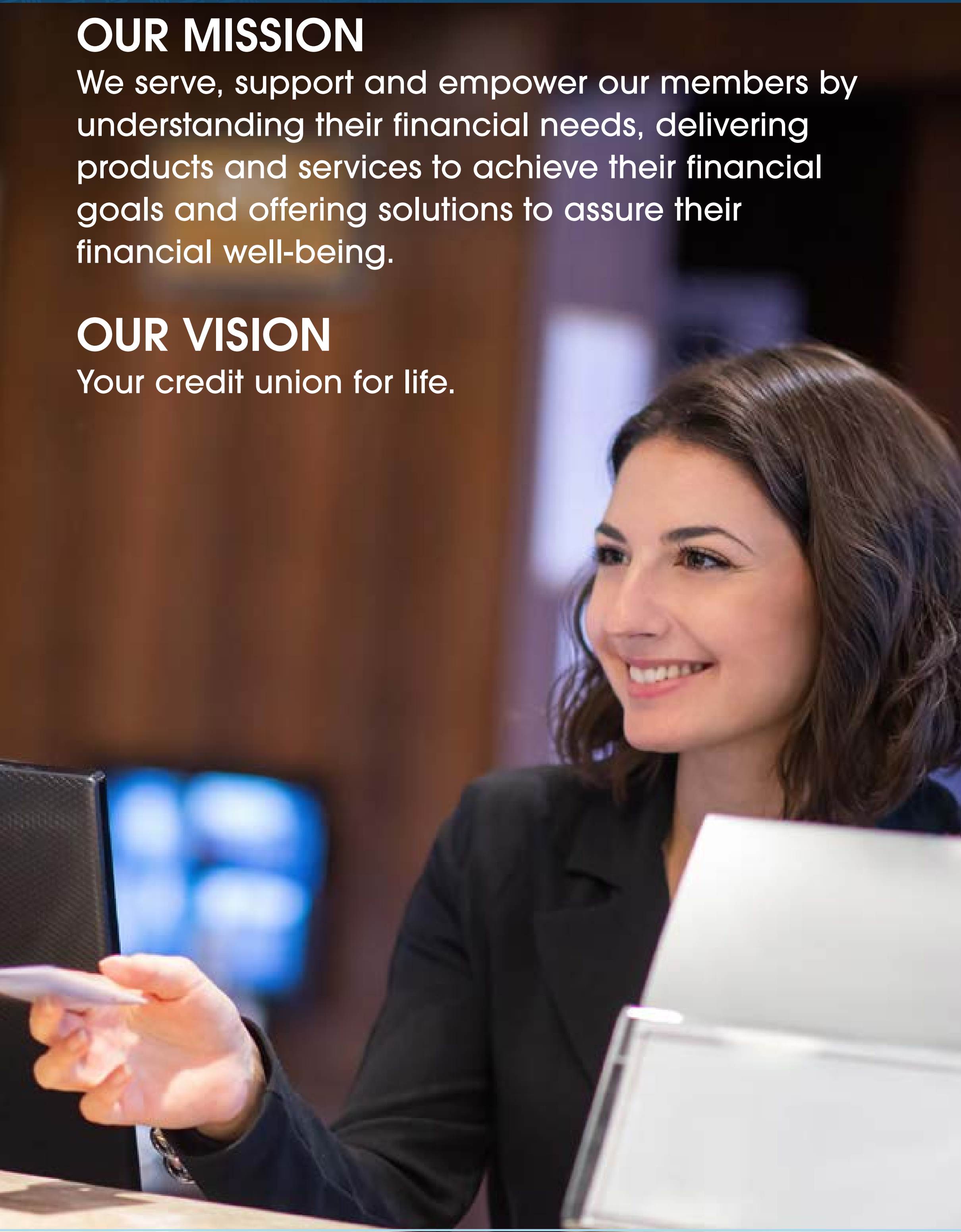
2025 ANNUAL REPORT

OUR MISSION

We serve, support and empower our members by understanding their financial needs, delivering products and services to achieve their financial goals and offering solutions to assure their financial well-being.

OUR VISION

Your credit union for life.



A MESSAGE FROM OUR BOARD CHAIR

Looking back, 2025 reinforced what has become increasingly clear over the past several years: we are operating in a financial environment defined less by predictability and more by resilience, adaptability, and disciplined decision-making. While many economic indicators suggested signs of stabilization, pressures from interest rates, deposit competition, and shifting borrowing behavior continued to challenge financial institutions across the country.

As Lafayette Federal moves closer to its centennial, our commitment to innovation, accessibility, and security remains unwavering. Throughout 2025, we remained focused on meeting the evolving needs of our growing membership through meaningful investments in both our physical and digital infrastructure. Our continued growth is reflected not only in our financial strength, but also in the expanding ways we serve and support our members.

In 2025, we expanded our physical presence with the opening of the Fallsgrove Financial Service Center in Rockville, Maryland and continued preparations for our future Great Falls, Virginia location, extending access for members. These strategic investments reflect our belief that strong digital capabilities and meaningful in-person service are not mutually exclusive, but rather complementary components of an exceptional member experience. At a time when much of the financial services industry continues to reduce branch footprints, Lafayette Federal remains committed to increasing accessibility for the communities we serve.

At the same time, we continued strengthening our digital and service infrastructure capabilities. Investments in AI-supported contact center tools, enhanced fraud prevention measures, and modernized lending and onboarding platforms improved efficiency while preserving the personalized service our members value and expect. Throughout the year, management remained focused on balancing growth with prudent risk management in an increasingly complex and evolving economic environment.

Security continued to be a top priority in 2025. As fraud threats intensified across the financial sector, Lafayette Federal further strengthened its information-security posture, protecting member data and maintaining trust through proactive monitoring, employee training, and ongoing technology investments designed to protect member information and maintain the trust our members place in us every day.

We also remained committed to delivering meaningful value to members. Competitive dividend strategies supported deposit growth while ensuring the liquidity necessary to responsibly fund loans and invest in the long-term strength and sustainability of the credit union. These decisions reflect careful stewardship of member resources and a disciplined, long-term strategic perspective.

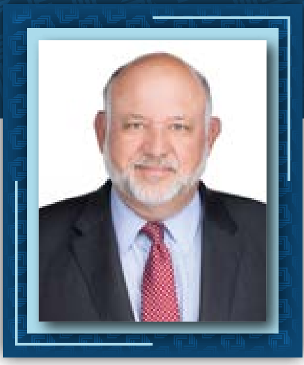
Detailed insights into our financial performance and strategic priorities are shared in the following messages from our President/CEO, Treasurer, and committee chairs.

I extend my sincere gratitude to my fellow board members, the Supervisory Committee, our management team, and our dedicated employees. Most importantly, thank you to our members for your continued trust and confidence in Lafayette Federal Credit Union.

Lafayette Federal remains committed to safeguarding your assets, supporting your financial wellbeing, and continuing the tradition of service that has defined our organization for generations.

Respectfully submitted,

Mary Jo Morris, Chair, Board of Directors



A MESSAGE FROM OUR **PRESIDENT/CEO**

Dear Members,

As we close 2025, I am proud of the strength, resilience, and momentum Lafayette Federal Credit Union continues to demonstrate. In an environment marked by economic uncertainty and heightened competition, your credit union remained focused on disciplined growth, exceptional service, and long-term value for members.

2025 also marked Lafayette Federal's 90th anniversary year, an important milestone that reflects nine decades of service, trust, and financial partnership with our members. Since 1935, Lafayette Federal has remained committed to helping members achieve financial wellbeing while continuing to evolve alongside the communities we serve. Reaching this milestone is a testament to the loyalty of our members, the dedication of our employees, and the steady leadership of our Board of Directors.

Throughout the year, we continued investing in the member experience through deliberate investments designed to improve accessibility, convenience, and operational excellence. We expanded access through our Fallsgrove branch, advanced digital capabilities, and strengthened our contact center and fraud-prevention operations. These investments are not short-term initiatives; they are part of a deliberate strategy to ensure Lafayette Federal remains relevant, secure, and responsive for decades to come.

Financially, Lafayette Federal closed the year with $2.151 billion in assets and a strong capital position, reflecting years of careful planning and prudent management. Our lending, deposit, and operational teams worked together to balance growth with risk, ensuring we remain well positioned regardless of market conditions. These results reflect the discipline, collaboration, and long-term strategic focus that continue to guide our organization forward.

Equally important, we continued to deliver real value to members through competitive rates, modern tools, and trusted guidance. Independent analysis continues to show that credit union membership provides meaningful financial benefits, and we are proud to return that value to you through better pricing and service.

As we move into 2026, our focus remains clear: sustainable growth, thoughtful innovation, and an unwavering commitment to our mission of serving, supporting, and empowering our members. Thank you for your continued trust and loyalty. We are honored to remain your credit union for life.

Warm regards,

B. John Farmakides

B. John Farmakides, President/CEO

A MESSAGE FROM OUR TREASURER

As Treasurer of Lafayette Federal Credit Union, I am pleased to provide an overview of our financial condition and performance for the year ended December 31, 2025.

Despite continued economic uncertainty and heightened competitive pressures across the financial services industry, Lafayette Federal concluded 2025 as a strong, well-capitalized, and resilient institution. Throughout the year, management successfully navigated a challenging operating environment characterized by deposit volatility, cautious consumer borrowing, and ongoing interest-rate sensitivity, particularly within the mortgage lending market.

At year-end 2025, Lafayette Federal reported total assets of $2.15 billion. Share balances closed the year at $1.871 billion, reflecting temporary fluctuations primarily associated with brokered certificate maturities. The credit union's loan-to-share ratio increased to 82.01%, demonstrating continued demand for lending while maintaining sound liquidity management practices.

Lafayette Federal maintained a strong financial position throughout 2025, ending the year with a GAAP capitalization rate of 12.04%, well above the NCUA's 7.0% "well-capitalized" threshold. Including the allowance for loan losses, overall capitalization reached 14.08%, reflecting the credit union's disciplined and conservative approach to capital management.

Credit quality remained a key area of focus as management continued to proactively monitor economic conditions and maintain appropriate reserves in alignment with CECL requirements. The allowance for credit losses totaled $43.80 million at year-end, providing strong coverage of delinquent loans.

Lending activity also remained steady during the year, with continued strength in mortgage lending driven by member demand and market conditions. Mortgage originations significantly outpaced consumer and commercial lending activity, supporting Lafayette Federal's ongoing commitment to helping members achieve their financial goals.

In closing, Lafayette Federal entered 2026 well-positioned to continue serving as your trusted financial partner. We extend our sincere gratitude to our members for their continued confidence and trust in Lafayette Federal Credit Union. The Board of Directors, Supervisory Committee, Management Team, and staff remain committed to prudent financial stewardship, regulatory compliance, and the long-term financial health and stability of your credit union.

Respectfully submitted,

Leslie Poole, Treasurer, Board of Directors

A MESSAGE FROM OUR CREDIT COMMITTEE

The Credit Committee, comprised of Volunteers and Directors on the Board, working closely alongside Lafayette Federal's management team, continues to focus on providing members with lending options, resources, and expertise that support their financial wellbeing while maintaining sound underwriting and portfolio management practices.

Throughout 2025, shifting interest rates and cautious borrower behavior influenced loan demand across the industry. Despite these conditions, Lafayette Federal maintained a healthy, diversified loan portfolio and continued to offer industry-leading mortgage, consumer, and commercial lending programs. Whether assisting members with the purchase of a first home, refinancing an existing mortgage, or meeting consumer and commercial borrowing needs, Lafayette Federal remained committed to delivering competitive products and personalized service.

Mortgage lending remained a cornerstone of our strategy, supported by enhanced systems, experienced lending staff, and specialized programs such as the Essential Workers Mortgage. These offerings allowed us to meet members where they are, while managing interest-rate risk and credit risk.

At year-end 2025, Lafayette Federal's loan portfolio totaled approximately $1.53 billion, reflecting continued growth. Lending operations successfully navigated audits and regulatory examinations during the year, reinforcing sound underwriting standards and transparency while supporting ongoing enhancements to lending policies, procedures, and operational controls designed to ensure clarity, consistency, and long-term portfolio strength.

As we move through 2026, the Credit Committee remains committed to evolving our lending programs responsibly, leveraging technology and data-driven insights while maintaining the personalized service our members expect. We look forward to continuing to earn your trust and supporting your borrowing needs while ensuring the continued strength, stability, and security of Lafayette Federal Credit Union.

Respectfully submitted,

Heather Tuason

Heather Tuason, Chair, Credit Committee

A MESSAGE FROM OUR SUPERVISORY COMMITTEE

Lafayette Federal Credit Union's Supervisory Committee is an independent body of member volunteers appointed by the Board of Directors. The Committee's primary responsibility is to ensure that the credit union's assets are safeguarded and that management operates in compliance with established policies, procedures, and regulatory requirements.

The Committee fulfills its responsibilities by overseeing the credit union's financial reporting, internal controls, and audit functions. This includes ensuring that an annual audit of Lafayette Federal's financial statements is conducted by an independent, licensed auditing firm, that required filings with the National Credit Union Administration (NCUA) are completed, that members' accounts are verified, and that member and regulatory inquiries are appropriately addressed.

In 2025, the Committee continued to meet regularly, both independently and in conjunction with the Board, to carry out its oversight responsibilities. An independent audit of Lafayette Federal's financial statements was completed, and we are pleased to report that an unqualified opinion was issued, affirming the accuracy and integrity of the credit union's financial condition.

The Committee also maintained oversight of internal audit activities and risk management practices, supporting the Board and management in strengthening operational effectiveness, compliance, and internal controls. These efforts are particularly important as Lafayette Federal continues to grow and evolve in scale and complexity.

We appreciate the ongoing cooperation and professionalism of Lafayette Federal's management, staff, and volunteers. The Supervisory Committee remains committed to upholding the highest standards of oversight in service to the credit union and its members.

Respectfully submitted,

Cheryl Heller, Chair, Supervisory Committee

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2025 AND 2024

		2025		2024
(Dollars in thousands)				
ASSETS				
Cash and due from financial institutions	$	483,033	$	275,945
Debt securities available-for-sale, at fair value (amortized cost of $1,552 and $2,017 as of December 31, 2025 and 2024, respectively)		1,543		1,985
Loans, net of allowance for credit losses of $43,801 and $56,204 as of December 31, 2025 and 2024, respectively		1,474,455		1,537,841
Federal Home Loan Bank stock, at cost		1,399		1,369
NCUSIF deposit		13,093		13,530
Premises and equipment, net		19,193		14,740
Accrued interest receivable		8,796		8,328
Credit union-owned life insurance ("CUOLI")		24,695		24,128
Loan servicing rights		69,333		81,672
Lease right of use asset		6,321		6,841
Other assets		48,981		32,417
Total assets	**$**	**2,150,842**	$	1,998,796
LIABILITIES AND MEMBERS' EQUITY				
Liabilities				
Members' share and savings accounts	$	1,870,462	$	1,705,417
Uninsured secondary capital		13,500		15,000
Lease Liabilities		6,510		7,008
Accrued interest payable and other liabilities		14,866		38,135
Total liabilities		**1,905,338**		1,765,560
Members equity				
Regular reserve		4,812		4,812
Appropriated undivided earnings		240,701		228,457
Accumulated other comprehensive loss		(9)		(33)
Total members' equity		**245,504**		233,236
Total liabilities and members' equity	**$**	**2,150,842**	$	1,998,796

The financial statements presented here are unaudited and do not represent a complete set.
A complete set of audited financial statements is available in the credit union offices.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
(Dollars in thousands)		
INTEREST INCOME		
Loans, including fees	$ 117,851	$ 117,327
Securities	15,841	16,086
Total interest income	**133,692**	133,413
Interest expense:		
Members' share and savings accounts	66,026	65,029
Federal Home Loan Bank advances	1	22
Uninsured secondary capital	764	816
Total interest expense	**66,791**	65,867
Net interest income	**66,901**	67,546
Provision for credit losses	**18,300**	37,000
Net interest income after provision for loan losses	**48,601**	30,546
Non-interest income:		
Fees and service charges	2,465	2,360
Other service charges	626	641
Interchange income	830	870
Gain on sales of mortgage loans	18	26
Gain (loss) on sale of consumer loans	(3,859)	(9)
Earnings from cash surrender value CUOLI	567	392
Loan servicing fees, net of amortization and change in fair value	16,463	15,151
Other income	3,373	2,082
Total non-interest income	**20,483**	21,513
Non-interest expense:		
Salaries and employee benefits	32,788	27,618
Professional and outside services	9,504	9,240
Equipment maintenance and depreciation	3,008	2,400
ATM, credit and debit card processing	2,000	1,773
Occupancy expense	2,057	1,833
Telephone expense	898	1,028
Marketing and advertising expense	2,996	1,347
Other operating expenses	3,589	2,902
Total non-interest expense	56,840	48,141
NET INCOME	**$ 12,244**	$ 3,918

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CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

YEARS ENDED DECEMBER 31, 2025 AND 2024

	Regular Reserve	RETAINED EARNINGS Appropriated Undivided Earnings	Undivided Earnings	Accumulated Other Comprehensive (Loss)	Total Members' Equity
Balance at January 1, 2024	$ 4,812	$ 224,539	$ –	$ (82)	$ 229,269
Net income	–	–	3,918	–	3,918
Other comprehensive loss	–	–	–	49	49
Transfers, net	–	3,918	(3,918)	–	–
Balance at December 31, 2024	4,812	228,457	–	(33)	233,236
Net income	–	–	12,244	–	12,244
Other comprehensive income	–	–	–	24	24
Transfers, net	–	12,244	(12,244)	–	–
Balance at December 31, 2025	$ 4,812	$ 240,701	$ –	$ (9)	$ 245,504

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BRANCH LOCATIONS

Mon - Fri | **8:30 a.m. - 4:00 p.m.**
Saturday | **9:00 a.m. - 12:00 p.m.**

Saturday hours at select branch locations.
Learn more at LFCU.ORG/BRANCHES.

Main Number: **(301) 929-7990**

FIND A BRANCH LOCATION AT LFCU.ORG/BRANCHES

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