



LAFAYETTE  FEDERAL
CREDIT UNION

MEMBERSHIP REPORT

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20 23

OUR MISSION & VISION

In 1935, when Lafayette Federal Credit Union first opened its doors in the nation's capital, it was known as the 1825 H Street Federal Credit Union. Our mission was to provide our members with tools to help them achieve financial security.

Today's world is much different than it was in 1935, but we remain steadfast to our original mission. We also recognize that the needs of our members have evolved since then, which is why our mission was updated in 2022 to reflect this as follows: **to 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 annual Membership Report provides us the opportunity to share with you what we achieved in 2023 as the result of our commitment to that mission. It is a look back, and a preview of what is ahead for our credit union. We are proud to be on this journey with you – and strive to be **your credit union for life.**



LAFAYETTE FEDERAL VOLUNTEERS

Board Members



**Nathan "Gus"
Siekierka**
Chair



Mary Jo Morris
Vice Chair



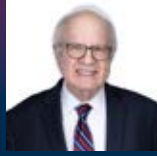
Leslie Poole
Treasurer



Thomas Harmon, IV
Secretary



Norman Cohen
Board Emeritus



Eric Benderson
Director



Lisa DeSoto
Director



William "Bill" Hills
Director



John Richter
Director



**Theodore "Teddy"
Vagias**
Director

Supervisory Committee Members



Heather Tuason
Chair 2024



William "Bill" Hills
Chair 2023



Kristin Earley



Walter Intlekofer



**Lawrence "Rusty"
Payne**

Dear Member,

At the beginning of 2023, few people predicted the year would end with the economy hovering in view of a soft landing, but here we are. While it appears inflation has cooled and interest rates have seemingly peaked, we are a long way from where we stood a year ago. Last year, people asked "How high will interest and inflation rates climb?" Today the question is "When will they come down and by how much?" Navigating an economic transition that has not been seen before has garnered our attention.

At Lafayette Federal, we are experiencing an exciting transition. The past few years have been a period of well-managed, quality growth for our credit union. To deliver even greater convenience to our members, we made substantial investments in our technical infrastructure, online banking platform, website, and service teams. Our commitment to convenience also extends to the products and services we offer. Because we want to be your credit union for life, our goal is to provide you with convenient, quality options for managing your finances online, in person, or with a handheld device. Anytime, and from anywhere.

Our assets have nearly tripled in size over the past five years, as has the size of our staff. Lacking an economic crystal ball, we envisioned 2023 as a year of modest but steady growth - and we more than succeeded, thanks to your ongoing support and the dedication of our talented team, who responded to the uncertainty with agility and flexibility. The result was a return on investment in 2023 that was twice the level of our peers. Looking ahead, we are actively planning to maintain that growth by expanding our presence and membership in our DMV, and delivering even more convenience to our members.

We are proud of what we are accomplishing, committed to providing you with the highest quality products and services, and grateful for the opportunity to serve the financial needs of our communities. The following report highlights our efforts in 2023 - achievements that are the result of your support and your membership, which is, and will always be, the foundation of our growth, success, and stability. Thank you.

TOP ACHIEVEMENTS FOR 2023

1. Investing in Technology: Cybersecurity and Data Governance + Exploring Opportunities in AI (Artificial Intelligence).

We are committed to staying vigilant against cyberthreats and maintaining the highest standards of data hygiene to protect your money, and guard your personal data against cyberattacks, breaches, and ransomware. These efforts to mitigate risk include fortifying our infrastructure with innovative technology and expanding our IT/cybersecurity staff. In 2023, we onboarded a new Data Vulnerability Management platform and Security Information and Event Management (SIEM) solution, thereby increasing the security of our systems and our ability to monitor data access and controls for maintenance, compliance, and cybersecurity measures.

Our investment in technology is a fundamental part of how we provide our members with the tools they need to manage their money. In 2023 we launched the Emerging Technology Committee and developed an Artificial Intelligence (AI) Policy for the credit union. We are not using AI in any way that impacts or interacts with our members or their finances. However, we acknowledge that as the technology evolves, AI has the potential to enrich our members' experiences. We want our members to have the benefits of the latest technological advances, and want to assure you that ethical considerations, risk management, and compliance will always be at the forefront of our discussions as we weigh the potential benefits of AI for the credit union and its members.

2. Investing in Branches and Expanding Services

By every measure, our newly relocated McLean Financial Service Center has been a tremendous success since opening in October 2023. The new location prioritizes convenience, with ample, free onsite parking and our first drive-thru teller window and ATM. The spacious building allows our Mortgage, Business Banking, and Financial Planning teams to serve members onsite, and is our first location offering members the convenience and security of safe deposit boxes. The branch's excellent visibility has attracted new members at quadruple the rate of its previous location, and additional metrics are equally impressive: ATM usage has increased 500%; in-person visits by members are up 260%; adoption of our products and services is up twenty-fold, and we are thrilled to share with you that our deposit base at the new location grew 20% during its first quarter. The success we experienced in McLean serves as a blueprint for our future expansion goals.

Staying true to our investment in our branches, in July 2023 we reopened our Jack Welty branch in Washington, DC, which had been closed since the start of the pandemic. Prior to the reopening, we remodeled the lobby, updated the interior branding, and installed new teller equipment to support faster and expanded services at the teller window. We are pleased to have this special location open again for the convenience of our members working in the Ronald Reagan Building.

3. Investing in Communication

We listen to our members. Every year we conduct a survey to understand what we are doing well and what we need to work on. As a result of your feedback, we prioritized improving our communication platforms. At the beginning of 2023, we implemented a new, interactive system with innovative functionalities to support our call center, allowing us to better serve our members faster, with more efficiency, and improved security. This system interacts with our core data to access transactions, provide account verifications, and combine multiple communication channels including email, chat, callbacks, interactive voice response, and two-factor authentication, resulting in improved service capabilities and convenience. This system-wide integration also provides an additional layer of fraud prevention in the verification process and supports our internal operations with workforce management and data analytics.

4. Investing in Online and Mobile Banking: LFCU Website Enhancements & Improvements

We want your financial transactions to be smooth and seamless, whether you conduct them in person or online. Alongside the significant upgrades to our branches, we launched our fully updated website in March 2023, aimed at making online and mobile banking a quick and easy experience while providing a customized, member-centric journey, prioritizing your time and catering to your financial needs. The improvements included:

- **Intuitive Navigation**, ensuring LFCU's website has a clear, intuitive navigation structure that allows members to easily find essential information such as account details, loan information, and support resources through a user-friendly menu that guides members through the site with ease.
- **Mobile Responsiveness**, optimizing the website for use on smartphones and tablets. The responsive design ensures a consistent experience across various screen sizes, enhancing accessibility and convenience.

- **Enhanced Personalization Engine**, which transforms the website experience for visitors by displaying personalized content based on member interaction data such as their last-visited-page, geolocation, online banking data, and more.
- **Educational Resources and Financial Tools**, offering additional educational resources and financial tools to empower members in managing their finances effectively. This includes product calculators, financial literacy blog articles, FAQs, and interactive tools to help members make informed decisions about their finances.

These upgrades delivered impressive results in 2023, including significant increases in member adoption rates of Online Banking services and tools:

- 63% of our members now use Lafayette Federal's Online Banking system
- 52% of our members have switched from paper to electronic statements
- Online applications for new members doubled over 2022

5. Investing in Diversified Asset Management and Growth

We want our members to be confident in four things: the soundness of their financial institution; the security of their deposits; the convenience of doing business with us; and the management of their credit union's assets. Maintaining that confidence, especially in uncertain times, is our greatest responsibility to our members. In 2023, we took decisive steps to strengthen our current portfolio diversification strategy, enhance our asset management practices, lay the foundation for future growth and make visiting our branches more convenient for existing and future members. An additional component of this strategy is expanding our brick-and-mortar footprint to attract new deposits and members: in 2024, Lafayette Federal will open two new branches in Maryland. We also continue to actively look for opportunities to build our assets, membership and core deposits through possible mergers and acquisitions.

MEMBER GIVEBACK

"People helping people" is the philosophic foundation of credit unions and defines the biggest difference between us and banks. Continuing to be a financial partner to our members, to share our profits with them, and to reinvest those profits into our shared communities are among our most important responsibilities. Our goal is to support your financial well-being by offering you tools and resources to succeed, including:

Member dividends

Last year, financial institutions engaged in a fierce competition across the globe to attract deposits. We competed, and our members won. In 2023, Lafayette Federal paid out **\$45,629,041** in member dividends, more than double the amount we paid out in 2022. We achieved this by offering our members multiple interest rate increases on certificates and Premier Savings accounts, as well as a special Thankgiving certificate promotion. The dividend rates we offered on our certificate accounts nearly quadrupled between the end of 2022 and the close of 2023, while the rates for our Premier Savings Accounts during that time nearly doubled.

Certificates of Deposit

In 2023, our certificates offered dividend and yield rates that were (and remain) among the highest in the nation, reaching interest levels not seen in decades. Members responded, the media paid attention, and we gained hundreds of new members as a result. We are pleased to share these 2023 numbers with you:

- Total certificates opened: 7,380
- Number of members opening new certificates: 3,367
- Certificates opened by new members: 912
- Total deposit value of new certificates opened in 2023: \$193,524,339.27

Savings and Checking Accounts

Our savings accounts also delivered for our members, offering rates nearly as high as those offered for certificates and among the highest offered across the nation: our Preferred Saving Accounts yielded more than 4%, and Premier Savings Account holders made yields approaching 5%. Similarly, competitive rates were available for Savings Accounts and our Variable and Fixed-Rate Coverdell Education Savings Accounts -- and still are!

Lafayette Federal members also earned a substantial dividend from their Primary Checking accounts with the continuation of our 2% bonus dividend, delivering a total 2.04% annual percentage yield, which includes our base dividend rate plus the member-exclusive bonus rate.

Unique Mortgage and Lending Programs

It is not surprising that higher interest rates have impacted the number of members seeking mortgages and loans in 2023, but our unique offerings remain attractive to members in the market for new homes, cars, recreational vehicles and boats, renovation projects, and personal loans. We also expanded our lending services for businesses (including SBA loans and lines of credit), loans for capital improvements and equipment financing, and opportunities for commercial real estate investors and developers.

FINANCIAL LITERACY

In 2023, we hosted in-person Financial Literacy Seminars for Select Employer Group employees and continued to offer our years-long Investment Webinars to members and non-members alike. We believe providing helpful tools and resources to our members and the larger community remains an important part of our "people helping people" philosophy. In 2023, we continued to focus on the following:

Home Ownership Financial Literacy Council

The Home Ownership Financial Literacy Council (HOFLC) is a not-for-profit organization created to provide its members with the necessary tools to successfully navigate the path to home ownership. Through this foundation, Lafayette Federal contributed more than \$100,000 towards resources centered around credit and home financing education to at least 2,000 college students in the Washington Metropolitan area.

Partnerships with Technology Platforms Enhancing Member Benefits

We are collaborating with third-party technology platforms to offer and broaden opportunities for current members and prospective members to improve their financial literacy and access to our products and services. These initiatives help our members by raising awareness of our products and boosting Lafayette Federal's online presence across multiple channels. These partnerships were instrumental in attracting new members and in setting a record for new certificates, while giving our members the opportunity to explore and compare loan options that will save them money.

COMMITMENT TO THE COMMUNITY

We believe part of being a valuable financial partner to our members is to be of value to their communities by providing our ongoing support.

Doing Our Part for the Environment

We held four Shred Events at select branches in 2023, with each one attracting successively more members shredding more paper! The total amount of paper shredded for recycling was 20,250 pounds! That represents 184 trees!

Additionally, our total internal conservation and recycling efforts prevented 99 cubic yards of waste from being sent to landfills, saved the equivalent of 2,769 gallons of oil, and conserved 230,729 gallons of water.

Giving to Others

We are proud to continue our Annual Charity Golf Tournament benefitting Children's Miracle Network. Our 15th annual event raised \$42,765.78, thanks to the participation of our sponsors, members, and staff. We thank you for helping to better the lives of the children and families served by the Children's Miracle Network. We are pleased to report these efforts have raised more than \$1.1 million for this worthy organization.

MILESTONES

Assets

In 2023, our assets grew to \$ 1,952,849,486 - an 11.91% increase over 2022 - solidifying our status in this extremely competitive asset category and furthering our ability to benefit from increasing economies of scale. This growth improves our ability to serve your financial needs.

Solid Financial Performance

As a result of continuing our prudent lending practices and conservative fiscal management, we remained well-capitalized with a capital rate of 12.49% as of December 31, 2023. In addition, with our continued dedication to meeting the borrowing needs of our members, Lafayette Federal maintained attractive loan rates which generated a total of \$1.56 billion in residential, consumer, and commercial loans during 2023.

Internal Growth & Performance

We are growing! Our new hires in 2023 represent a 17% increase in Lafayette Federal staff. We also promoted many of our people into new roles, reaffirming our intent to foster career growth and opportunity (that's just one reason why next year's report will proudly note USA Today named Lafayette Federal as one of the Best Places to Work in 2024!).

LOOKING AHEAD

2024 is already proving to be a remarkable year for Lafayette Federal Credit Union:

More Branches to Serve You

We are excited to have brand new Lafayette Federal branches opening this year in Greenbelt and Falls Grove, MD, providing local services for our members who live or work in these areas and creating opportunities to attract new members to our credit union. These branches are part of our footprint expansion strategy, designed to provide greater convenience and develop new markets in the National Capital Region.

Tap to Pay Card Enhancement

As a result of member feedback, we are getting ready to launch new credit cards with tap to pay functionality—a touchless, more secure way to use your credit and debit card accounts. Tap to pay is incredibly convenient, saving you time in check-out lines and point-of-sale terminals while reducing your exposure to fraud by creating a unique encryption code for every transaction. Tap to pay can also be used on many smart phones, adding another layer of speed.

Improved Account Opening Experience

Members have also given us feedback on their onboarding experience, and we are listening. We are actively working on making it an easier, faster process to become a member of Lafayette Federal Credit Union. Reducing pain points, leveraging technology, saving time, and keeping your information safe and secure while making membership more convenient, are our top priorities for this initiative.

Additional Financial Tools

We are partnering with Savvy Money to provide members with free online access to their credit score in real-time, their full credit report, and other benefits including personal guidance and easy-to-use digital tools. All designed to help you achieve your financial goals; after all, this remains be our number one goal.

Every day, we stay true to our commitment to develop new products and enhanced services to meet your changing needs. Our investments in technology and security ensure your information is safe and secure. For nearly ninety years, our dedication to our members has remained unwavering: to work hard every day to earn your trust and your business, deliver value and convenience, and offer exceptional service. Thank you—for choosing Lafayette Federal as your financial partner, and your credit union for life.

Respectfully,

B. John Farmakides, President/CEO

2023 Community Involvement & Social Responsibility

CHILDREN'S MIRACLE NETWORK

We donated over
\$42,000

and have provided more than **\$1 MILLION** in charitable donations over the lifetime of our organization's fundraising efforts.

FINANCIAL LITERACY WORKSHOPS

23 virtual workshops covering topics of retirement, investment, budgeting, credit management and financial recovery.

ENVIRONMENTAL RESPONSIBILITY

Our 2023 recycling and shredding efforts have saved:



2,769
gallons of oil



230,729
gallons of water



600
trees



99
cubic yards of landfill waste

Employee Benefits

EMPLOYEE KNOWLEDGE

3,467 of training hours for Lafayette Federal employees

FINANCIAL WELLNESS

Competitive 401k/retirement benefits
Group educational sessions
One-on-one consultations

EMPLOYEE WELLNESS

Vision & Dental Coverage • Competitive Medical Insurance



Physical
Wellness



Seminars and
educations



Free FitBit
devices



Walking
challenges