



2024 ANNUAL REPORT



LAPFCU

*Prepared for
Annual Member Meeting
January 22, 2024*



2024 AT A GLANCE

- ✓ Assets = \$1.4 billion
- ✓ Net income = \$2.9 million
- ✓ 46,000 members total,
1,649 new members in 2024
- ✓ Updated branches
- ✓ New debit cards
- ✓ New website
- ✓ New digital banking
- ✓ Expanded Membership Charter
+ City, State, County, Federal Agencies
+ All So Cal
- ✓ Faster transaction processing
- ✓ Member NPS = 64
- ✓ Associate NPS = 60

MISSION

To enhance the quality of life for the law enforcement community by serving as a trusted partner, providing rewarding financial solutions through exceptional service.

JUST CAUSE

A world where the law enforcement community is honored, respected, safe, and prosperous.

VALUES

Respect
Ownership
Integrity

Joint Report of the Chairman of the Board of Directors and the Chief Executive Officer

2024 was another successful year for LAPFCU. Our balance sheet remained healthy, and we completed several projects that will provide us with a strong base for growth.

Competition for deposits remained fierce, while consumer appetite for loans was lukewarm. The Federal Reserve slowly began to lower its overnight funds rate in September, but mortgage rates – which typically follow suit – hardly budged. We managed through this unusual environment by pricing loans and deposits as competitively as possible without losing money for the members, sensibly managing expenses, and driving toward positive net income.

At the forefront of these actions remained our commitment to meeting our members' financial needs and improving their quality of life. We continued to offer competitive rates on savings and loan programs, low fees, and unique programs for law enforcement professionals. We also proudly supported numerous law enforcement causes and events throughout the year. Below are a few summary highlights of our accomplishments.

FINANCIAL PERFORMANCE

Our total assets decreased from \$1.40 billion in 2023 to \$1.33 billion, as we grew deposits slightly by \$5 million. While overall loan balances were down slightly from \$772 million to \$757 million, we made over \$151 million in new loans to members in 2024.

We ended the year with a net worth ratio of 11.5%, well above the National Credit Union Administration's well-capitalized classification of 7.0%. Net income for the year was \$2.9 million, higher than last year due to controlling our operating expenses, and charging off fewer loans than in 2023.

REMODELING PROGRESS

We completed renovation of our Jesse A. Brewer Branch inside the Ahmanson

Recruit Training Center. The remodeled branch features a light and bright open concept layout, more privacy and better flow, thoughtful touches and displays, and a dynamic digital wall. The branch's aesthetic now aligns with that of our other branches, our website, and our digital services channels. The result is a more modern, inviting, cohesive experience.

The branch reopened on August 19, and we celebrated our move back on September 20 with food, giveaways, and prizes for members. There was a large turnout, and it was wonderful to see so many loyal, longtime members there. We sincerely thank our members for their patience and flexibility during the renovation process, and we thank our partners at Ahmanson Recruit Training Center for graciously accommodating us.

We also made enhancements to our Academy and Santa Clarita branches, and continued remodeling back offices at our headquarters in Van Nuys, where we completed renovations for our Payments, Business Intelligence, and Member Support teams.

WEBSITE REDESIGN

In April, we launched a redesigned website. The new site is clean and modern, with improved navigation, pages, and search functionality. It's easier and faster to find what you need, and you'll notice that the look and experience mirror that of our updated branches and new digital banking platform.

DEBIT CARD CONVERSION

After extensive planning and preparation, in January we started mailing out new debit cards as we transitioned to a new card provider and from Mastercard® to Visa®. This was a massive undertaking, as in total we eventually converted over 34,600 cards between January and mid-May. We are pleased to report that this process went smoothly for the vast majority of members, and we were able to gain operational efficiencies and cost savings by consolidating our credit and debit cards under one provider and a

more widely accepted brand. For those of you who experienced extended Member Contact Center hold times during this period due to higher call volumes, we greatly appreciate your patience and understanding.

7-DAY PROCESSING

In May, we implemented 7-day transaction processing. This provides members with greater speed and convenience, as payments to and from other institutions now occur seven days a week, including weekends. Even automatic payments are now processed on Saturdays and Sundays.

NEW DIGITAL BANKING PLATFORM

To provide members with the same modern, convenient, and reliable service they receive from our Member Contact Center and branches, we moved to a new digital banking platform in October. Some of the benefits of the new system include real-time account alerts, better search filters to help you quickly and easily find what you need, and more system uptime so that you can bank with us anytime, anywhere. We know change can sometimes take some getting used to, and we express our sincere gratitude for your flexibility and patience while we updated our systems.

EXPANDED MEMBERSHIP CHARTER

We received approval from our Board of Directors and the National Credit Union Administration to expand our field of membership to encompass city, county, state, and federal law enforcement agencies within all of Southern California. This represents a major step forward from our humble beginnings with a handful of LAPD officers. Since that inception, we've gained the size, strength, experience, and proficiency to broaden our mission to improve the financial wellbeing and overall quality of life of the law enforcement community. With an array of specialized programs for law enforcement, and an enhanced digital banking experience, we're up to the task and honored to serve more of those who serve.

(continued)

Joint Report of the Treasurer of the Board of Directors and the Chief Financial Officer

2024 continued to be a challenging year for the industry with rates remaining elevated, placing pressure on margins and liquidity. Despite that, LAPFCU continued to effectively manage financial resources to meet the needs of our members, while providing value and exceptional service. We continued to benefit from our partnership with our members and their ongoing demand for our products and services and are pleased to report that LAPFCU delivered a positive financial performance in 2024.

We provided competitive rates on both our savings and loan products and greater convenience for members. As a result, we saw continued demand for loans and maintained strong deposit balances. The Credit Union recognized net income of \$2.9 million, which helped to grow our net worth to a record high of \$153 million. Our net worth ratio increased too and remained strong at 11.5%, well above the National Credit Union Administration's "well-capitalized" threshold of 7.0%.

We extended \$151 million in loans to our members, contributing to an overall loans balance for the credit union

of \$757 million. Member deposits balances increased and remained strong at \$1.17 billion. Investments decreased to \$529 million from runoff, contributing to stronger liquidity for the credit union that allowed us to retire all but \$40 million of borrowings.

Overall, total assets ended the year at \$1.3 billion and net income of \$2.9 million exceeded expectations. We are pleased with our solid financial results for 2024. We remain a safe and secure financial institution for our members' finances, while providing rewarding financial solutions through exceptional service.

In closing, we would like to thank our Directors and other Officials, the Credit Union associates, and especially our members for the continued success of LAPFCU.

Tyler Izen
Treasurer, Board of Directors

Julie Kim
Senior Vice President of Finance / CFO

Joint Report of the Chairman of the Board of Directors and the Chief Executive Officer (cont.)

MEMBERS RECOMMENDING LAPFCU TO FAMILY & FRIENDS

We're pleased to report members rated us very highly in 2024. On our annual member survey, which was completed by 1,900 members, two out of three members stated they would recommend LAPFCU to their family and friends. This is a higher percentage than 81% of other credit unions throughout the country.

Similarly, we're happy to say that our own associates gave us high marks as an employer, with 60% saying they'd recommend us to friends and family. Research has shown a strong positive correlation between high employee satisfaction and high customer satisfaction.

2025 PREVIEW

We are well positioned to meet our members' financial needs and to fulfil our mission now and in the future. In 2025, we will focus on deepening relationships with our current members, continuing to add new members, and improving operational efficiencies.

Our Member Benefits program has been upgraded and we will be rolling out those changes in 2025. A new, simplified program includes benefits that are proportionate to member participation in the Credit Union. The deeper your

relationship with LAPFCU, the more the program will reward you. We will also introduce improvements to our checking accounts – simplified offerings with fewer requirements and clearer benefits.

As always, we thank our associates, board of directors, and most of all, our members. It is our honor and privilege to serve those who serve. You have our sincere gratitude for the sacrifices you make to keep our communities safe.

Andre Plummer
Chair, Board of Directors

John Roemer
President & CEO

Statement of Financial Condition (Thousands)

Assets	12/24	12/23
Loans	\$757,158	\$772,764
Deferred Mortgage & Participation Fees	1,129	460
Allowance for Loan Losses	(5,879)	(5,964)
Cash On Hand	8,106	8,669
Investments	529,104	584,624
Fixed Assets	14,426	12,937
Other Assets	27,130	26,713
Total Assets	\$1,331,174	\$1,400,203
Liabilities & Members' Equity		
Members' Savings	\$1,168,547	\$1,163,120
Payables	45,393	130,434
Other Liabilities	10,678	9,035
Reserves and Undivided Earnings	106,556	97,613
Total Liabilities and Members' Equity	\$1,331,174	\$1,400,203

(Unaudited)

Statement of Income and Expense (Thousands)

	12/24	12/23
Interest Income	\$64,370	\$61,817
Interest Expense	21,704	20,320
Net Interest Income	42,667	41,497
Provision for Loan Losses	2,851	4,597
Net Interest Income After Provision for Loan Losses	39,816	36,900
Non-Interest Income	8,946	10,994
General & Administrative Expenses	45,826	46,474
Net Income from Operations	2,936	1,421
Less: NCUSIF Premium & Corporate Stabilization Fund Assessments	0	0
Net Income	\$2,936	\$1,421

(Unaudited)

Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors and is currently comprised of a member of the Board of Directors, who serves as the Committee Chair, and two volunteer members. Together they function as the Credit Union's audit committee.

The Supervisory Committee fulfilled its responsibilities in 2024 by:

- Retaining a nationally certified public accounting firm to conduct the Credit Union's annual audit in accordance with generally accepted auditing standards to ensure the financial statements of the Credit Union adhere to generally accepted accounting principles.
- Working together with the Credit Union's Internal Audit department, which reviews in detail the financial and operational components of the Credit Union, to ensure that internal controls are in place and policies and procedures are followed.
- Reviewing compliance risk assessments.
- Meeting with Credit Union management to evaluate the Credit Union's compliance efforts regarding changing laws and regulations.
- Hiring outside firms to conduct a comprehensive Bank Secrecy Act/OFAC/USA Patriot Act audit, a pension audit, and information technology and security audits.

As an independent body, the Supervisory Committee also investigates members' concerns not resolved to their satisfaction by management. Members are encouraged to send any comments or inquiries regarding your concerns or the financial condition of the Credit Union to the Supervisory Committee. You may submit an online inquiry through the Contact Page of the LAPFCU website or you may address your correspondence to:

LAPFCU Supervisory Committee

P.O. Box 14452

Van Nuys, CA 91409

All member communications are handled with the utmost confidentiality.

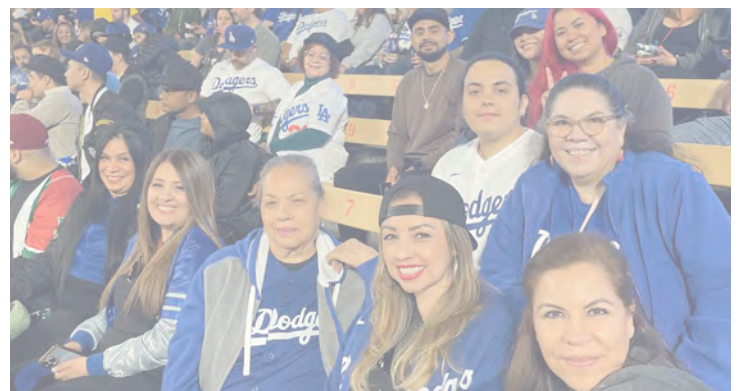
We are pleased to inform you that 2024 reports from the NCUA examiners and external auditors, as well as the work performed by the Internal Audit department gave Los Angeles Police Federal Credit Union a clean bill of health. Your Credit Union continues to maintain high levels of financial safety and soundness while providing exceptional member service.

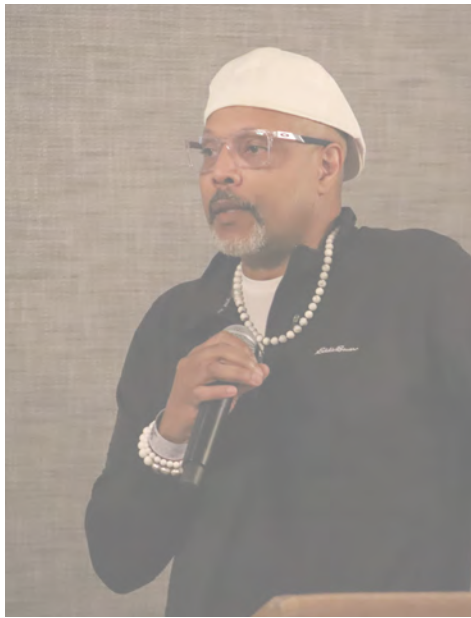
We thank our Board of Directors, the management team, and our associates for their dedication. We especially want to thank our members for your continued support. The Committee members are proud to volunteer our time to serve the members of LAPFCU and to be associated with such an outstanding organization. We look forward to serving you in 2025.

Glynn Martin
Committee Chair

Johnny Gil
Member

Bill Young
Member





LAPFCU Convenience Services

Mobile Banking

The LAPFCU Mobile Banking App is available in the App Store and on Google Play.

Online Banking – lapfcu.org

Effortlessly manage all aspects of your accounts online, pay bills and manage your finances.

CODE 3 Touchtone Banking

Call 877-MY-LAPFCU (877-695-2732) to access your accounts and conduct transactions via phone. Or, speak to a representative 24/7.

CO-OP® Shared Branches

Access your accounts and perform transactions at almost 5,000 shared branch locations. Make deposits, loan payments and more.

CO-OP® ATM Network

Enjoy access to 25,000 Surcharge-Free CO-OP Network ATMs.

Branch Locations

Academy Branch (ATM)

1880 N. Academy Dr.
Los Angeles, CA 90012
Monday - Friday, 8 a.m. - 5 p.m.

Jesse Brewer Branch (ATM)

5651 West Manchester Ave.
Los Angeles, CA 90045
Monday - Friday, 8 a.m. - 5 p.m.

Van Nuys Branch (ATM)

16150 Sherman Way
Van Nuys, CA 91406
Monday - Friday, 8 a.m. - 5 p.m.

Santa Clarita Branch (ATM)

19195 Golden Valley Road
Santa Clarita, CA 91387
Monday - Friday, 9 a.m. - 5 p.m.

Police Station ATMs

LAPFCU operates deposit-taking ATMs at all LAPD police stations.

Member Contact Center

P.O. Box 10188
Van Nuys, CA 91410
24 Hours a Day, 7 Days a Week
(877) 695-2732

24-Hour Lending Center

(877) 695-2732, press 3

LAPFCU

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Financial Services Provider*

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Additional insurance of up to \$250,000 on your savings accounts is provided by American Share Insurance, a credit union-owned share guaranty corporation.

