

LOUISIANA CORPORATE CREDIT UNION

Financial Statements

December 31, 2025 and 2024

(With Independent Auditor's Report Thereon)

LOUISIANA CORPORATE CREDIT UNION

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Condition	3
Statements of Income and Comprehensive Income	4
Statements of Changes in Members' Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 – 20



**GRIFFIN &
FURMAN** LLC
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of Certified Public Accountants
Society of Louisiana CPAs

Stephen M. Griffin, CPA
Robert J. Furman, CPA

Howard P. Vollenweider, CPA
Jessica S. Benjamin
Racheal D. Alvey
Michael J. Caparotta, CPA

Angela M. Warden

Michael R. Choate, CPA
Kent A. Berger, CPA

Independent Auditor's Report

To the Board of Directors and Supervisory Committee
of Louisiana Corporate Credit Union
Metairie, Louisiana

Opinion

We have audited the accompanying financial statements of Louisiana Corporate Credit Union (the Credit Union) which comprise the statements of financial condition as of December 31, 2025 and 2024, and the related statements of income and comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Credit Union and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Covington
205 E. Lockwood St.
Covington, LA 70433
Phone (985) 727-9924
Fax (985) 727-9975

Baton Rouge
2915 S. Sherwood Forest Blvd.,
Suite B
Baton Rouge, LA 70816
Phone (225) 292-7434
Fax (225) 293-3651

West Monroe
4900 Cypress St. #15
West Monroe, LA 71291
Phone (318) 397-2472

New Orleans
525 St Charles Ave,
New Orleans, LA 70130
Phone (504) 299-3434

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about the Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Griffin and Furman, LLC

Covington, Louisiana

April 27, 2026

LOUISIANA CORPORATE CREDIT UNION

Statements of Financial Condition

December 31, 2025 and 2024

Assets

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 83,588,140	66,788,674
Investment securities, available-for-sale	126,482,061	110,621,466
Federal Home Loan Bank stock	2,176,500	1,225,200
Other investments	428,950	398,295
Loans to members	1,127,092	1,082,247
Accrued interest receivable	563,332	493,345
National Credit Union Share Insurance Fund deposit	161,873	125,006
Property and equipment, net	24,809	3,515
Other assets	1,987,968	1,826,565
	<u>216,540,725</u>	<u>182,564,313</u>
Total assets	\$ 216,540,725	182,564,313

Liabilities and Members' Equity

Liabilities:

Members' shares and certificates	\$ 180,517,855	146,279,631
Line of credit	19,000,000	20,000,000
Accounts payable and other liabilities	557,093	638,427

Total liabilities	<u>200,074,948</u>	<u>166,918,058</u>
--------------------------	--------------------	--------------------

Members' equity, substantially restricted:

Perpetual contributed capital	7,546,354	7,546,354
Undivided earnings	9,546,113	9,157,526
Accumulated other comprehensive loss	(626,690)	(1,057,625)

Total members' equity	<u>16,465,777</u>	<u>15,646,255</u>
------------------------------	-------------------	-------------------

Total liabilities and members' equity	<u>\$ 216,540,725</u>	<u>182,564,313</u>
--	-----------------------	--------------------

See accompanying notes to the financial statements.

LOUISIANA CORPORATE CREDIT UNION

Statements of Income and Comprehensive Income

For the Years Ended December 31, 2025 and 2024

	2025	2024
Interest income:		
Cash and investments	\$ 10,941,053	8,725,018
Loans to members	14,286	287,009
Total interest income	10,955,339	9,012,027
Interest expense:		
Members' shares and certificates	7,712,686	5,919,482
Borrowed funds	1,074,129	1,147,598
Total interest expense	8,786,815	7,067,080
Net interest income	2,168,524	1,944,947
Non-interest income:		
Service charges and other fees	756,637	798,009
Miscellaneous operating income	-	1,072
Gain on disposition of investment securities, net	9,791	3,045
Total non-interest income	766,428	802,126
Non-interest expense:		
Compensation and benefits	1,142,734	1,007,510
Professional and outside services	717,712	712,614
Office occupancy and operations	141,482	137,851
Administrative expenses	189,109	136,148
Total non-interest expense	2,191,037	1,994,123
Net income	743,915	752,950
Other comprehensive income:		
Unrealized holding gains arising during period	430,935	1,318,057
Total other comprehensive income	430,935	1,318,057
Comprehensive income	\$ 1,174,850	2,071,007

See accompanying notes to the financial statements.

LOUISIANA CORPORATE CREDIT UNION

Statements of Changes in Members' Equity

For the Years Ended December 31, 2025 and 2024

	Perpetual Contributed Capital	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2024	\$ 7,546,354	8,744,131	(2,375,682)	13,914,803
Net income	-	752,950	-	752,950
Dividends paid on perpetual contributed capital	-	(339,555)	-	(339,555)
Change in unrealized loss on securities available-for-sale	-	-	1,318,057	1,318,057
Balance, December 31, 2024	7,546,354	9,157,526	(1,057,625)	15,646,255
Net income	-	743,915	-	743,915
Dividends paid on perpetual contributed capital	-	(355,328)	-	(355,328)
Change in unrealized loss on securities available-for-sale	-	-	430,935	430,935
Balance, December 31, 2025	\$ 7,546,354	9,546,113	(626,690)	16,465,777

See accompanying notes to the financial statements.

LOUISIANA CORPORATE CREDIT UNION

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Net income	\$ 743,915	752,950
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,256	6,493
Net amortization of premiums on investments	(207,755)	20,390
Gain on disposition of investment securities, net	(9,791)	(3,045)
Changes in operating assets and liabilities:		
Accrued interest receivable	(69,987)	(110,633)
Other assets	(161,403)	90,545
Accounts payable and other liabilities	(81,334)	66,905
Net cash provided by operating activities	219,901	823,605
Cash flows from investing activities:		
Purchase of available-for-sale investment securities	(71,746,133)	(38,200,494)
Proceeds from sales, maturities, and paydowns of available-for-sale investment securities	56,534,013	27,468,907
Redemptions of Federal Home Loan Bank stock	-	2,169,300
Purchases of Federal Home Loan Bank stock	(951,300)	(126,700)
Change in other investments	(30,655)	(5,205)
Principal collections, net of loans to members	(44,845)	8,534,818
Purchase of property and equipment	(27,544)	(1,905)
Net change in NCUSIF deposit	(36,867)	14,524
Net cash used by investment activities	(16,303,331)	(146,755)
Cash flows from financing activities:		
Net change in members' shares and certificates	34,238,224	56,713,825
Net repayments from borrowings	(1,000,000)	(18,000,000)
Dividends paid on perpetual contributed capital	(355,328)	(339,555)
Net cash provided by financing activities	32,882,896	38,374,270
Net increase in cash and cash equivalents	16,799,466	39,051,120
Cash and cash equivalents at beginning of year	66,788,674	27,737,554
Cash and cash equivalents at end of year	\$ 83,588,140	66,788,674
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	\$ 8,564,511	6,482,762

See accompanying notes to the financial statements.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

(1) Nature of Business

Louisiana Corporate Credit Union (the “Credit Union”) is a cooperative association organized in accordance with the provisions of the Louisiana Revised Statutes Section 6:641 *Credit Unions*, for the purpose of serving corporate accounts by providing money management services, creating a source of credit and offering various correspondent services to its members who are principally state and federally chartered credit unions located in the United States. The Credit Union competes with other asset management and investment companies, including other corporate credit unions. The Credit Union is chartered by the State of Louisiana (State) and regulated by the State as well as by the federal government through the National Credit Union Administration (NCUA), which also provides insurance on members’ deposits.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC).

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the assessment of other-than-temporary impairment on investments.

(c) Cash and Cash Equivalents

For purposes of financial statement classification, the Credit Union considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposit accounts.

The Credit Union maintains its cash in deposit accounts at various financial institutions. These balances, at times, may exceed federally insured limits. Management believes the credit risk associated with these deposits is minimal.

(d) Investment Securities

Debt securities not classified as trading or held-to-maturity are classified as available-for-sale and recorded at estimated fair value. Unrealized gains and losses are excluded from earnings and reported in other comprehensive income (loss). At December 31, 2025 and 2024, all debt securities were classified as available-for-sale. The Credit Union does not maintain a trading portfolio.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

Premiums and discounts on debt securities are amortized or accreted into interest income using the interest method over the contractual lives of the securities, adjusted for prepayments when applicable.

The Credit Union evaluates available-for-sale debt securities for credit losses at each reporting date. Management considers factors such as the financial condition and near-term prospects of the issuer, industry and geographic conditions, and credit ratings. If the Credit Union intends to sell a security, or it is more likely than not that the Credit Union will be required to sell a security before recovery of its amortized cost basis, any impairment is recognized in earnings. If neither of these conditions exists, management evaluates whether a decline in fair value is attributable to credit losses or other factors. Credit-related impairment is recognized through an allowance for credit losses, while non-credit-related impairment is recognized in other comprehensive income (loss).

Gains and losses on the sale of securities are recorded on the trade date using the specific identification method.

Federal Home Loan Bank (FHLB) stock is carried at cost, as it does not have a readily determinable fair value and is restricted as to its marketability.

Other investments consist of two investments in credit union service organizations accounted for using the equity method. Primary Financial Company, LLC offers a program, SimpliCD, which enables the Credit Union's members to invest in and issue federally insured certificates of deposit. CU Business Group, LLC provides business lending and deposit consulting services to credit unions nationwide.

(e) Loans to Members

The Credit Union grants installment and demand loans to its members. Loans to members are stated at unpaid principal balances. Interest on loans, which is recognized on the accrual basis, is calculated based on the principal balance using rates as stipulated in the loan agreements. The Credit Union evaluates each member's credit worthiness on a case-by-case basis.

(f) Allowance for Credit Losses

The allowance for credit losses is based on management's evaluation of the collectability of the loans. The evaluation of management includes consideration of prior loan-loss experience, the results of internal review procedures, the current financial condition of the borrower, the quality of the collateral, and current economic conditions affecting the inherent collection risks of the loan portfolio. The accrual of interest is discontinued when management believes that the collection of interest is doubtful. The Credit Union has not historically incurred loan losses. Management believes no allowance for loan losses is necessary at December 31, 2025 and 2024, because loans are generally short-term in nature and secured by member deposits and other assets. The Credit Union does not grant unsecured loans. There were no losses or delinquent loans in 2025 and 2024.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

(g) **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Furniture and equipment and leasehold improvements generally depreciate using the straight-line method with useful lives ranging from three to seven years.

(h) **Impairment of Long-Lived Assets**

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management evaluates 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.

(i) **National Credit Union Share Insurance Fund Deposit**

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board.

(j) **National Credit Union Share Insurance Fund Insurance Premiums**

The Credit Union is required to pay an annual insurance premium equal to a percentage of its total insured shares as determined by the NCUA, unless the payment is waived or reduced by the NCUA Board. The NCUA Board waived the premium for the years ended December 31, 2025 and 2024.

(k) **Members' Shares and Certificates**

Members' shares and certificates are subordinated to all other liabilities of the Credit Union other than perpetual contributed capital and paid-in capital upon liquidation. Interest rates on members' shares and certificates are set by management under the direction of the Board of Directors.

(l) **Perpetual Contributed Capital**

Perpetual contributed capital (PCC) represents the investment required for membership capital voting rights and membership by credit unions. PCC is not negotiable or assignable but may be transferable to another eligible member credit union under certain provisions. PCC may not be pledged or used as security for borrowing. PCC dividends are determined based on net earnings and the overall capital needs of the Credit Union. Additionally, PCC dividends are not guaranteed and may be suspended if earnings are negative and/or capital levels fall below regulatory and/or policy minimum levels.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

(m) Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) that includes unrealized gains and losses on securities available-for-sale, which are also recognized as a separate component of members' equity.

(n) Revenue Recognition

The Credit Union recognizes a significant portion of its revenue from contracts with customers in accordance with ASC 606, *Revenue from Contracts with Customers*. The Credit Union generally satisfies its performance obligations on its contracts with customers as services are rendered, and the transaction prices are typically fixed, charged either on a periodic basis or based on activity. Since performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying ASC 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

Non-interest income includes fees from the Credit Union's members for transaction-based activities, such as account maintenance, share draft processing, wire transfers and ACH origination and receipt. These fees are recognized at the time the transaction is executed as that is the point in time the Credit Union fulfills the member's request. The Credit Union also acts as an agent for third-party vendors that provide investment and lending services and products. Upon completion of the sale of services or products to a member, the Credit Union receives fees from the third-party vendor. The performance obligation to the third-party vendor is satisfied and the fee income is recognized at that point in time.

The majority of the Credit Union's revenue is not subject to ASC 606, including investment income, loan interest income, and gain on sales of investment securities, if any. The recognition of revenues from interest-earning assets is based on the underlying loan agreements, securities contracts, or other similar contracts.

Due to the nature of the services provided, the Credit Union does not incur costs to obtain contracts, and there are no material incremental costs to fulfill these contracts that should be capitalized. Additionally, there are no material contract assets or liabilities as the Credit Union does not typically enter into long-term contracts with its members.

(o) Income Taxes

The Credit Union is exempt by statute from federal and state income taxes, except for certain products and services deemed by the IRS to be unrelated to the Credit Union's exempt purpose. The Credit Union did not have unrelated business income for the years presented.

(p) Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$80,058 and \$32,713 for the years ended December 31, 2025 and 2024, respectively.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

(q) Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Credit Union has entered into off-balance sheet financial instruments in the form of commitments to extend credit. Such financial instruments are recorded in the financial statements when they become funded.

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

(r) Concentrations

The Credit Union may be exposed to credit risk from a regional economic standpoint because a significant concentration of its members is located in Louisiana. The Credit Union continually monitors operations, including loan and investment portfolios, for potential impairment. However, the loan portfolio is well diversified in terms of geographical location within Louisiana and the Credit Union does not have any significant concentrations of credit risk.

(3) Investment Securities

Securities Available-for-Sale

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

	<u>December 31, 2025</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
U.S. Agency securities	\$ 71,066,840	389,381	(229,277)	71,226,944
Mortgage-backed securities	54,823,525	65,258	(810,068)	54,078,715
Student loan asset-backed Securities	<u>1,218,391</u>	<u>-</u>	<u>(41,989)</u>	<u>1,176,402</u>
	<u>\$127,108,756</u>	<u>454,639</u>	<u>(1,081,334)</u>	<u>126,482,061</u>
	<u>December 31, 2024</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
U.S. Agency securities	\$ 64,678,020	363,456	(291,987)	64,749,489
Mortgage-backed securities	45,680,536	14,282	(1,105,892)	44,588,926
Student loan asset-backed securities	<u>1,320,536</u>	<u>-</u>	<u>(37,485)</u>	<u>1,283,051</u>
	<u>\$111,679,092</u>	<u>377,738</u>	<u>(1,435,364)</u>	<u>110,621,466</u>

At December 31, 2025 and 2024, investments held in safekeeping by FHLB of Dallas are available as collateral for the Credit Union's line of credit with the FHLB. See Note 8.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

The amortized cost and estimated fair value of debt securities, including mortgage-backed securities, at December 31, 2025, 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.

<u>Amounts Maturing</u>	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
In one year or less	\$ 4,959,968	4,896,777
After one year through five years	50,489,667	50,570,470
After five years through ten years	44,412,812	44,235,883
After ten years	<u>27,246,309</u>	<u>26,778,931</u>
	<u>\$127,108,756</u>	<u>126,482,061</u>

Information pertaining to securities with gross unrealized losses at December 31, 2025 and 2024, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	<u>December 31, 2025</u>					
	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>
U.S. Agency securities	\$ 7,603,905	(86,240)	26,312,356	(143,037)	33,916,261	(229,277)
Mortgage-backed securities	8,640,608	(74,523)	27,748,831	(735,545)	36,389,439	(810,068)
Student loan asset-backed securities	-	-	<u>1,176,407</u>	<u>(41,989)</u>	<u>1,176,407</u>	<u>(41,989)</u>
	<u>\$ 16,244,513</u>	<u>(160,763)</u>	<u>55,237,594</u>	<u>(920,571)</u>	<u>71,482,107</u>	<u>(1,081,334)</u>
	<u>December 31, 2024</u>					
	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>
U.S. Agency securities	\$ 16,791,501	(108,963)	16,349,402	(183,024)	33,140,903	(291,987)
Mortgage-backed securities	4,585,284	(41,127)	30,514,749	(1,064,765)	35,100,033	(1,105,892)
Student loan asset-backed securities	-	-	<u>1,283,051</u>	<u>(37,485)</u>	<u>1,283,051</u>	<u>(37,485)</u>
	<u>\$ 21,376,785</u>	<u>(150,090)</u>	<u>48,147,202</u>	<u>(1,285,274)</u>	<u>69,523,987</u>	<u>(1,435,364)</u>

Substantially all of these securities with gross unrealized losses are either guaranteed by the U.S. Government or secured by mortgage loans or student loans. These unrealized losses relate principally to current interest rates for similar types of securities. Because the Credit Union does not intend to sell the investments and it is more likely than not that the Credit Union will not be required to sell the investments before recovery of their amortized cost basis, which may be at maturity, the Credit Union does not consider those investments to be impaired at December 31, 2025 and 2024.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

(4) Loans to Members

At December 31, 2025, loans consisted of two demand line of credit loans to member credit unions, both of which originated during 2025. These loans are short-term in nature and were collected subsequent to year-end.

The Credit Union has not established an allowance for credit losses at December 31, 2025 and 2024, as all outstanding loans are secured by member assets and there has been no history of loan losses. Additionally, there were no delinquent, impaired, or modified loans as of December 31, 2025 and 2024.

Refer to Note 2 for a description of the Credit Union's accounting policies related to loans and the allowance for credit losses.

(5) Property and Equipment

At December 31, 2025 and 2024, property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 164,815	137,265
Leasehold improvements	<u>8,039</u>	<u>8,039</u>
	172,854	145,304
Less: accumulated depreciation	<u>(148,045)</u>	<u>(141,789)</u>
	<u>\$ 24,809</u>	<u>3,515</u>

Depreciation expense was \$6,256 and \$6,493 for the years ended December 31, 2025 and 2024, respectively.

(6) Leases

The Credit Union leases its main office facilities under an operating lease through 2028. At December 31, 2025 and 2024, right-of-use assets and lease liabilities, which are included in other assets and accounts payable and other liabilities, respectively, totaled approximately \$146,630 and \$204,193, respectively. Operating cash flows from operating leases total approximately \$62,000 in both 2025 and 2024.

Operating lease expenses were \$63,822 and \$63,249 for the years ended December 31, 2025 and 2024, respectively, and are included in office occupancy and operations in the Statements of Income and Comprehensive Income (Loss).

Additional information about the Credit Union's lease is as follows for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term-operating lease	2.75 years	3.75 years
Weighted average discount rate-operating lease	5.05%	5.05%

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

Future minimum lease payments as of December 31, 2025 are as follows:

	<u>2025</u>
2026	\$ 63,381
2027	64,533
2028	<u>48,400</u>
	<u>\$ 176,313</u>

(7) Members' Shares and Certificates

At December 31, 2025 and 2024, members' shares and certificates consisted of the following:

	<u>2025</u>	<u>2024</u>
Daily shares	\$ 164,950,855	133,006,631
Fixed callable certificates	5,567,000	3,273,000
Nonmember deposits	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 180,517,855</u>	<u>146,279,631</u>

During 2025, the Credit Union issued \$2,294,000 of callable, fixed rate share certificates. Of those certificates \$1,545,000 mature in February 2026 and \$749,000 mature in March 2026, if not called prior by the Credit Union.

The aggregate amounts of members' shares and certificates over \$250,000 were \$164,939,072 and \$120,976,466 as of December 31, 2025 and 2024, respectively.

(8) Borrowed Funds

The Credit Union maintains a line of credit as follows:

	<u>December 31, 2025</u>	
<u>Lender</u>	<u>Outstanding Balance</u>	<u>Available Balance</u>
Federal Home Loan Bank	\$ <u>19,000,000</u>	\$ <u>88,867,282</u>
	<u>December 31, 2024</u>	
<u>Lender</u>	<u>Outstanding Balance</u>	<u>Available Balance</u>
Federal Home Loan Bank	\$ <u>20,000,000</u>	\$ <u>71,086,231</u>

Advances and borrowings from the FHLB are required to be collateralized by securities held in safekeeping by the FHLB (see Note 3). At December 31, 2025 and 2024, the Credit Union had securities held in safekeeping at the FHLB with fair values of approximately \$117.8 million and \$102.6 million, respectively, which provided an unused borrowing capacity of approximately \$88.8 million and \$71.0 million, respectively. The interest rate is priced daily based on the FHLB

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

of Dallas' discount note market and was 3.62% and 4.59% at December 31, 2025 and 2024, respectively.

(9) Employee Benefit Plans

(a) Defined Contribution Retirement Plans

The Credit Union sponsors a defined contribution safe harbor 401(k) retirement plan for all eligible employees. All full-time employees with one year of service are eligible, and vesting is graduated over six years. The Credit Union makes matching contributions equal to 100% of the participant's first 5% of salary contributed. The Credit Union may also make discretionary contributions at the direction of management. The plan includes a safe harbor non-elective contribution equal to 3% of eligible compensation. This safe harbor contribution is fully vested to the participants. During the years ended December 31, 2025 and 2024, the amount contributed by the Credit Union and charged to expense was \$65,084 and \$64,230, respectively.

(b) Supplemental Executive Retirement Plan

The Credit Union provides for a supplemental retirement benefit for an executive by entering into a collateral assignment split dollar plan with the executive. The executive is the policy owner of a life insurance policy, and the Credit Union advances the premiums due under the policy. The Credit Union also executed a limited recourse term promissory note in which the principal outstanding equals the premiums paid by the Credit Union on behalf of the executive. Pursuant to the note, the executive collaterally assigned the policy cash value of the insurance policy to the Credit Union. Total split-dollar loans outstanding at December 31, 2025 and 2024, were \$971,718 and \$961,976, respectively, and are included in other assets in the accompanying Statements of Financial Condition. Termination of the plan occurs upon events specified in the plan agreement. At the termination of the plan, the Credit Union is entitled to repayment of the outstanding loans under the note which may be repaid from the proceeds of the cash value of the policy or the death benefit.

(10) Related Party Transactions

In the normal course of business, the Credit Union makes loans to member credit unions with common directors and principal officers. These loans are made on the same terms, including interest rate and collateral, as those prevailing at the time for similar loans with other members. Loan balances outstanding from related parties at December 31, 2025 and 2024, were \$0 and \$0, respectively. Members' shares and certificates from related parties at December 31, 2025 and 2024, amounted to \$55,612,025 and \$59,769,268, respectively.

(11) Commitments and Contingencies

Financial Instruments with Off-Balance Sheet Credit Risk

The Credit Union is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Statements of Financial Condition. The contract or notional

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

amounts of those instruments reflect the extent of involvement the Credit Union has in particular classes of financial instruments.

The Credit Union's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit 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 on-balance-sheet instruments.

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 counterparty. Collateral generally consists of the total assets of the member.

Advised lines of credit are commitments for possible future extensions of credit to existing members. These lines of credit are collateralized 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.

Standby letters of credit are conditional commitments issued by the Credit Union to guarantee the performance of a member credit union to a third party. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to members. Standby letters of credit reduce a member credit union's advised line of credit.

At December 31, 2025 and 2024, the following financial instruments were outstanding whose contract amounts represent credit risk:

	<u>2025</u>	<u>2024</u>
Advised lines of credit - unused	\$ 141,222,000	143,001,000
Standby letters of credit – unused	<u>7,392</u>	<u>7,392</u>
	<u>\$ 141,229,392</u>	<u>143,008,392</u>

At December 31, 2025 and 2024, advised lines of credit – unused includes \$46,520,000 and \$39,500,000 to credit unions with common directors and principal officers.

The Credit Union, as agent, has entered into Excess Balance Account (EBA) agreements with participating member credit unions and the Federal Reserve Bank, whereby the Federal Reserve Bank opened EBA accounts for the benefit of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in the Credit Union's financial statements. These balances totaled \$3,000,000 and \$8,000,000 as of December 31, 2025 and 2024, respectively. The aggregate balance in the EBA represents a deposit liability of the Federal Reserve Bank solely to the participants. The Credit Union, as agent, is responsible for calculating and distributing the interest payable to each participant on the participant's excess balance.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

Other

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there currently are such matters that will have a material effect on the financial statements.

During 2009, the Credit Union impaired and charged off 100% of its investment in U.S. Central Federal Credit Union, which was placed in conservatorship by the NCUA on March 20, 2009. The Credit Union is entitled to available recoveries after satisfaction of all liabilities of the liquidation estate based on its pro-rata share of member contributed capital. The Credit Union was issued a claim certificate in the total amount of \$7,144,197. During the years ended December 31, 2025 and 2024, the Credit Union received no payments related to the claim certificate.

The Credit Union has not received any further payments through April 1, 2026. The remaining claims after the aforementioned payments is \$674,370; however, no assurance can be provided as to the ultimate amount, if any, to be recovered at this time. Further distributions will be evaluated by the liquidating agent on a semi-annual basis on June 30 and December 31 of each year.

(12) Fair Value Measurements

The Credit Union uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

U.S. GAAP also establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. These levels are as follows:

Level 1

Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

Level 2

Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3

Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

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

	<u>December 31, 2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Agency securities	\$ -	71,226,944	-	71,226,944
Mortgage-backed securities	-	54,078,715	-	54,078,715
Student loan asset-backed securities	-	<u>1,176,402</u>	-	<u>1,176,402</u>
	<u>\$ -</u>	<u>126,482,061</u>	<u>-</u>	<u>126,482,061</u>

	<u>December 31, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Agency securities	\$ -	64,749,489	-	64,749,489
Mortgage-backed securities	-	44,588,926	-	44,588,926
Student loan asset-backed securities	-	<u>1,283,051</u>	-	<u>1,283,051</u>
	<u>\$ -</u>	<u>110,621,466</u>	<u>-</u>	<u>110,621,466</u>

The Credit Union's available-for-sale debt securities are measured on a recurring basis through a model used by the Credit Union's investment custodian. All the debt security price adjustments meet Level 2 criteria at December 31, 2025 and 2024. Pricing models use actively quoted rates, prepayment models, and other underlying credit and collateral data, including data from similar issues in active markets.

(13) Regulatory Capital

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. 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. The risk-based capital requirements are as follows:

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

- *Leverage Ratio* (4% to be adequately capitalized, 5% to be well capitalized) - the ratio of Tier 1 core capital to Moving Daily Average Net Assets (MDANA). Tier 1 core capital is defined as the sum of undivided earnings and perpetual contributed capital, adjusted for certain exclusions.
- *Tier 1 Risk-Based Capital Ratio* (4% to be adequately capitalized, 6% to be well capitalized) - the ratio of Tier 1 core capital to the Moving Monthly Average Net Risk-weighted Assets (MMANRA).
- *Total Risk-Based Capital Ratio* (8% to be adequately capitalized, 10% to be well capitalized) - the ratio of total capital (undivided earnings, perpetual contributed capital or non-perpetual capital, adjusted for certain exclusions) to MMANRA.

Failure to meet minimum capital requirements would require the Credit Union to submit a plan of action to correct the shortfall. Additionally, NCUA could require an increase in capital to specific levels, reduction of interest, and ceasing or limiting the Credit Union's ability to accept deposits.

The Credit Union's actual and required ratios for December 31, 2025 and 2024, are as follows:

	<u>Actual</u>		<u>Minimum to be Adequately Capitalized Under Prompt Corrective Provisions</u>		<u>Minimum to be Well Capitalized Under Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
<u>December 31, 2025</u>						
Leverage capital	\$ 16,663,517	7.49%	8,898,483	4.00%	11,123,103	5.00%
Tier 1 risk-based capital (Tier 1 core capital to MMANRA)	\$ 16,663,517	52.37%	1,272,822	4.00%	1,909,233	6.00%
Total risk-based capital (Total capital to MMANRA)	\$ 16,663,517	52.37%	2,545,644	8.00%	3,182,056	10.00%
Retained earnings (Retained earnings to MDANA)	\$ 9,546,113	4.29%	1,001,079	0.45%	N/A	N/A
<u>December 31, 2024</u>						
Leverage capital	\$ 16,305,585	9.95%	6,556,208	4.00%	8,195,260	5.00%
Tier 1 risk-based capital (Tier 1 core capital to MMANRA)	\$ 16,305,585	53.24%	1,225,063	4.00%	1,531,329	6.00%
Total risk-based capital (Total capital to MMANRA)	\$ 16,305,585	53.24%	2,450,126	8.00%	3,062,658	10.00%
Retained earnings (Retained earnings to MDANA)	\$ 9,157,526	5.59%	737,190	0.45%	N/A	N/A

As of December 31, 2025 and 2024, the Credit Union met all capital requirements under Section 704.3 of the NCUA Regulations.

LOUISIANA CORPORATE CREDIT UNION

Notes to the Financial Statements

December 31, 2025 and 2024

(14) Subsequent Events

Management has evaluated subsequent events through April 27, 2026, the date which the financial statements were available to be issued and determined that no other matters required additional disclosure in the financial statements. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.