

Chairman & CEO's Message

As we look back on 2025, we are proud to share how Sound Federal Credit Union continued to serve our Members with care, discipline, and a strong commitment to financial safety and soundness, despite a challenging economic interest rate environment. While the year began with earnings pressure, thoughtful management actions, guided by Board oversight, led to improved financial performance and positive net income for the year. These outcomes reflect our deliberate approach to risk management and our responsibility to protect the long-term interests of our Members.

Throughout 2025, the Board and Management Team remained focused on responsibly managing the Credit Union's balance sheet to ensure continued stability for Members. Total assets declined modestly to approximately \$118.6 million as we intentionally prioritized liquidity, strong credit quality, and capital preservation over rapid growth. Loan originations adhered to prudent underwriting standards, and management closely monitored portfolio composition, interest rate exposure, and credit risk to safeguard the Credit Union's financial strength.

Our capital position and Net Worth strengthened steadily during the year, with ratios consistently improving within the "adequately capitalized" range. Careful expense management and operational efficiency remained key priorities, allowing us to control costs while continuing to invest in essential systems, internal controls, and

employee development. These efforts enhanced earnings stability in the second half of the year and positioned the Credit Union to better support Members well into the future.

Strong governance is foundational to the trust Members place in us. The Board of Directors maintained active oversight of strategy, financial performance, and risk management, while the management team executed within the Board-approved strategic plan and risk appetite. Through transparent reporting, ongoing monitoring, and timely action, emerging risks were addressed proactively and in alignment with regulatory expectations and best practices.

Beyond financial stewardship, Sound Federal Credit Union remained deeply committed to the communities our Members call home. Throughout 2025, our Board and employees volunteered their time and talents to support local organizations and initiatives, reinforcing our role as a Member-owned financial cooperative dedicated to making a positive impact.

As we move forward, the Board and Management Team remain focused on maintaining a strong capital foundation, managing our growth responsibly, and operating in a safe, sound, and compliant manner - always with the goal of delivering lasting value, stability, and service excellence for our Members and stakeholders.

Erik Larson, Chairman of the Board
Megan O'Marra Legault, President & Chief Executive Officer

2025 Annual Report

Supervisory Committee

As advocates for our Members, the Supervisory Committee is committed to ensuring that Sound Federal Credit Union operates with the highest standards of safety, soundness, and security. Our fiduciary responsibility is to act in the best interests of our Membership by providing independent oversight of the Credit Union's financial and operational activities.

Our commitment includes ongoing review of the Credit Union's financial statements and supplemental reports; information system audits and reviews, ensuring strong internal controls, and supporting compliance with applicable laws and regulations. Each year, the Supervisory Committee, acting independently of management and the Board of Directors, appoints an external accounting firm to perform an objective audit of the Credit Union's financial condition. For 2025, the firm Whittlesey was engaged to conduct this independent audit.

In addition to the annual external audit, we use Mainsail Trim Inc. to perform additional audits and reviews of high-risk areas that may warrant additional review. Additionally, in late 2025, we implemented an internal compliance and audit liaison staff position, that provides additional review of areas, working closely with the supervisory committee, ensuring continuous improvement and full oversight of Sound's financial and operating systems. Based on the annual audit and other reviews performed, I am pleased to report that Sound Federal Credit Union continues to be well managed and operating in a safe and sound manner.

Anthony Romano, Supervisory Committee Chair

Treasurer's Report

2025 was a year of focus, progress, and positive momentum. At year-end, Sound's total assets were \$118.6 million. Rather than pursuing rapid growth, we made a strategic decision to concentrate on quality - carefully managing expenses, strengthening our balance sheet, and improving overall financial performance. This measured approach helps ensure long-term stability for our members.

Lending remains a core part of how we support our community. Throughout 2025, we continued to provide access to responsible, competitive loan products while maintaining strong credit standards. We provided 394 high quality loans totaling \$16,210,107 during the year. Total loans ended the year at approximately \$91.7 million, reflecting our commitment to meeting members' needs while protecting the Credit Union's financial health.

One of the most encouraging outcomes of 2025 was our return to profitability. After a challenging start to the year, Sound generated \$153,939 in net income, driven by improved net interest income and careful control of operating expenses. Each quarter showed progress, confirming that the steps we took during the year were

effective and sustainable.

At December 31, 2025, Sound's total Equity was \$7.9 million, resulting in a Net Worth ratio of 6.68%. This level meets the regulatory definition of "adequately capitalized." Strengthening our capital position remains a key priority, and we continue working toward our long-term goal of achieving a well-capitalized Net Worth level above 7%.

Throughout the year, we remained focused on what matters most to our Members - personal service, competitive loan and savings rates, and low fees. By investing carefully in our operations and making thoughtful organizational improvements, we've positioned Sound Federal Credit Union for greater consistency and improved performance.

As we continue to progress in 2026, we do so with confidence and clarity. We are building on a stronger financial foundation, guided by prudent management and a deep commitment to our Members. Thank you for trusting Sound Federal Credit Union as your financial partner and for being an important part of our continued success.

Loan Report

The Loan Department is responsible for carefully reviewing each Member's request for credit to ensure it supports a prudent and productive purpose. This includes confirming that the Member has both the intent and ability to repay the loan, that all requested terms and amounts align with lending policies established by the Board of Directors, and that every loan complies with applicable federal and state laws and regulations. The department is also responsible for managing past-due accounts, making asset quality a top priority for the lending team. Our Collections personnel have worked diligently with Members to assist with hardships and create payment arrangements or rewrite loans specific to their individual circumstances. Our goal is to keep delinquencies below 1% and we are happy to report that we ended 2025 with a delinquency rate of .83%, below the national average of .94%.

During 2025, Sound Federal Credit Union approved 394 loan requests totaling more than \$16.2 million. These approvals included consumer loans, lines of credit, and mortgage loans provided through our business relationship with Mortgage Markets CUSO. At year-end, total loans outstanding amounted to \$91,747,441.

Each Loan Officer is committed to serving all Members fairly, consistently, and responsibly. By adhering to these principles, the lending team helps protect the Credit Union's financial strength and safeguard the collective investment of our membership.

Sound Lending Team

Loans

\$16.2M in loans issued in 2025
394 Loans approved and funded
\$91M Total Loan Portfolio

Treasurer's Report

\$118M Assets
\$153,938 Net Income
6.68% Net Worth

Our Numbers

6.64 out of 7 Star Member Favorability Rating
\$1.7M Paid Out in Dividends & Interest
22.7% Reduction in Expenses from 2024
40+ Supported Organizations

Our Locations

Stamford
Norwalk
Virtual



2025 Annual Report



Statement of Condition

Assets	2024	2025
Net Loans to Members	\$95,132,375	\$91,250,579
Cash & Equivalents	\$5,674,301	\$4,833,392
Investments	\$5,342,794	\$4,580,698
Fixed Assets	\$7,673,194	\$7,149,226
All Other Assets	\$10,785,863	\$10,750,361
TOTAL ASSETS	\$124,608,527	\$118,564,256

Liabilities & Member Equity	2024	2025
Accounts Payable & Liabilities	\$6,187,829	\$4,600,242
Member Shares & Deposits	\$110,671,936	\$106,056,511
Reserves & Undivided Earnings	\$7,748,762	\$7,907,503
TOTAL LIABILITIES & MEMBER EQUITY	\$124,608,527	\$118,564,256

Statement of Income

	2024	2025
Interest on Loans	\$6,682,933	\$6,553,218
Investment Income	\$607,355	\$519,579
Other Income	\$1,316,891	\$1,170,489
TOTAL INCOME	\$8,607,179	\$8,243,286

	2024	2025
Operating Expenses	\$7,060,542	\$6,117,439
Provision for Loan Losses	\$1,183,493	\$202,021
Dividends & Interest	\$2,064,913	\$1,769,888
TOTAL EXPENSES	\$10,308,948	\$8,089,348
NET EARNINGS	-\$1,701,769	\$153,938

Officials & Officers

Board of Directors
 Erik Larson, Chairperson
 Lisa Reynolds, Vice Chairperson
 Peter Lucia, Treasurer
 Tania Barnes, Secretary
 Ruth Cavayero
 Daniel Colleluori
 Shelley Hall
 David Hartman
 Peter Privitera
 Pamela Scott
 Robert Westervelt

Supervisory Committee
 Anthony Romano, Chairman
 Teresa Drew
 Judith Isidro-Dickson

Management Team
 Megan O'Marra Legault, CEO/President
 Faith Fuller-Hayden, CFO
 Stephen Tedesco, EVP Member Engagement
 Kiki Johnson, Director of Administration
 Mikilah Worsley, Senior Vice President of Operations
 Carolyn Evans, Vice President, Consumer Lending
 Shirley Heredia, Vice President, Residential Lending
 Maria Davis, Vice President, Project Management
 Antonia Perez, Vice President, Compliance



Sound Federal Credit Union
 37 North Avenue
 Norwalk, CT 06851
 203-977-4701 800-648-1523
www.mysoundcu.org