



2020

ANNUAL REPORT

Federally Insured by NCUA

CEO/President's Letter

As we began January 2020, I was filled with anticipation and excitement about what we had planned for the upcoming year. Then, in just a few short months, we all watched as the world came to a near standstill. Crisis, chaos and unprecedented times were consistent headline themes. However, amid the massive disruption to business and our own personal lives, I watched our State Farm Federal Credit Union (SFFCU) employees remain steadfast in our mission to improve our members' financial well-being through a select offering of quality products and remarkable service. As I reflect on the past year, anticipation and excitement have been replaced with optimism, pride and resilience. Even with all the challenges in 2020, we found creative ways to deliver on what we had planned, and we helped our members in ways we could not have imagined.

Despite COVID-19, we rolled out our new online banking and mobile platform on schedule. The timing of this new functionality could not have been better for our members. With Member Care Stations closed, our new online banking system and mobile app provided members with additional access to our services and products. New features such as an improved interface, remote check deposit capture, biometric login capability and dedicated apps for Apple and Android have garnered overwhelmingly positive feedback from members. 70.2 percent of our users are actively logging into their accounts using the online banking system.

Supported by staff who quickly adjusted to working from their homes, SFFCU introduced the COVID-19 Member Assistance Program. The program was launched to help members experiencing financial hardship. In addition to making accommodations on existing loan accounts, we funded 535 COVID-19 emergency loans for more than \$884,000 in 2020.

Amid the change, we delivered strong results:

- The Credit Union ended 2020 with more than \$5.1 billion in assets, marking the first year we eclipsed the \$5 billion mark. Additionally, we ended the year with a strong capital ratio of 12.34 percent.
- Members received over \$424 million in loans and lines of credit, resulting in a total loan portfolio in excess of \$876 million.
- More than \$65.3 million in dividends were paid to members.

A key measure of success for any financial institution is to receive positive findings from audits and examinations. Two internal audits, our external CPA Financial Statement Audit and our annual National Credit Union Administration (NCUA) examination all took place virtually this year. In each case, staff adapted to the circumstance, collaborated well with each group and SFFCU received the highest ratings available.

Thank you for choosing SFFCU. For 85 years, the Credit Union has been committed to improving the financial well-being of its members. We sincerely appreciate the trust and confidence you place in us to help you plan for and achieve your financial goals.

Respectfully submitted,



Thomas W. DeWitt
CEO/President

Statement of Financial Condition

December 31, 2020 (unaudited)

(000's)

Assets

Cash and cash equivalents	\$6,077
Investments – held-to-maturity	\$ 130,688
Investments – available-for-sale	\$4,073,621
Loans	\$876,505
Less: allowance for loan losses	(\$4,757)
Other assets	\$56,022
Total assets	\$5,138,155

Liabilities

Accounts payable	\$134
Other liabilities	\$15
Total liabilities	\$149

Shares/Deposits

Shares (regular)	\$4,253,682
All other shares and deposits	\$210,274
Total shares and deposits	\$4,463,956

Equity

Regular reserve	\$44,735
Other retained earnings	\$589,181
Acc. unrealized G & L on securities	\$40,134
Total equity	\$674,050
Total liabilities, shares and equity	\$5,138,155

Statement of Changes in Members' Equity

Balance – December 31, 2019	\$626,353
Comprehensive income:	
Net income	\$25,869
Other comprehensive gain:	
Change in unrealized gain/loss on securities available for sale	\$21,828
Total comprehensive income	\$47,697
Balance – December 31, 2020	\$674,050

Statement of Income

For the Period Ending December 31, 2020 (unaudited)

(000's)

Interest Income

Interest on loans	\$31,710
Income on investments	\$65,827
Total interest income	\$97,537

Interest Expense

Dividend expense – regular shares	\$62,198
Dividend expense – other shares/deposits	\$3,149
Total interest expense	\$65,347

Provision for loan losses **\$3,062**

Net interest income after provision for losses **\$29,128**

Non-interest Income

SF Mutual Contributed Service Income	\$12,890
Other non-interest income	\$1,754
Total non-interest income	\$14,644

Non-interest Expense

Salaries and benefits – SF Mutual Contributed Service	\$10,419
Occupancy – SF Mutual Contributed Service	\$1,850
Travel and conference expense	\$11
Association dues	\$147
Contributions	\$23
Office operations	\$784
Office operations – SF Mutual Contributed Service	\$621
HR budget costs	\$2,368
Marketing and development	\$55
Loan servicing	\$710
Professional and outside services	\$160
Share insurance premium (NCUSIF)	\$0
Federal operating fee	\$649
Misc. operating expense	\$105
Total non-interest expenses	\$17,903
Net income	\$25,869

Supervisory Committee Report

The Supervisory Committee is responsible for ensuring that the Board of Directors and management of the State Farm Federal Credit Union (SFFCU) meet required financial reporting objectives, establish practices and procedures sufficient to safeguard members' assets, and operate in compliance with governing laws and regulations.

In order to meet these responsibilities, the Committee engaged CliftonLarsonAllen LLP, an independent public accounting firm, to perform a financial audit and verification of member accounts in 2020. The final report is expected later this year and will be available upon request by contacting the Credit Union.

The Supervisory Committee also oversees internal audits to ensure SFFCU operations are in compliance with SFFCU's policies and procedures and that internal controls are in place to protect member assets.

In addition, examiners from regulatory agencies such as the National Credit Union Administration (NCUA) conduct separate reviews to evaluate the performance and risk profile of the Credit Union.

We would like to express our appreciation to the Board, management and staff of the Credit Union for their continued support.

The Supervisory Committee works in the best interest of you. We are proud to volunteer our time and services to the members of the Credit Union. If we can be of any assistance, please contact the Committee.

Kelly Dunn

Chair – Supervisory Committee

Board of Directors

Mike Mailloux

Chairperson Bloomington, IL

Holly Roberts

Vice Chairperson Cincinnati, OH

Neil Jackson

Secretary..... Washington, DC

Tamara Jacquot

Treasurer..... Bloomington, IL

Jeffrey Attwood..... Richardson, TX

Dean Danklefsen..... Tulsa, OK

Thomas W. DeWitt Bloomington, IL

Rashawnda Harvey Richardson, TX

Teresa Herrera..... Richardson, TX

Supervisory Committee

Kelly DunnChairperson

Patty Kimberlin

Shannon Moreland

Vance Sawyer

Hilary Wahlheim