

**State Farm Federal Credit Union (SFFCU)**  
**Annual Membership Meeting Minutes**  
**Thursday, March 28, 2024**

**Board Secretary Teresa Herrera** welcomed members to the 2024 Annual Membership Meeting hosted live at CityLine in Richardson, TX and online via Zoom. She instructed members to submit questions to the email address: [CU-Comments@statefarm.com](mailto:CU-Comments@statefarm.com). Questions and answers will be addressed in a summary published after the meeting.

**Board Chairperson Holly Roberts** verified that a quorum was present and called the meeting to order at 1:03 p.m. Central Time. Minutes of the 2023 Annual Meeting were approved as presented.

In her opening comments, Holly shared the focus of the Board and leadership team was to build relationships, acumen and culture through open discussions on strategic topics and trends impacting State Farm associates and the credit union industry. While the Board has seen turnover recently due to retirements, they will continue to build on the foundation set by previous board members. Holly provided insight into 2023 credit union industry trends. Last year, assets, loans, and the total number of credit union members increased throughout the country, reinforcing how credit unions are helping people achieve their financial goals.

Conservative investments, solid policies and procedures, and legal/regulatory compliance are key priorities for SFFCU. Holly reported that audits conducted by the National Credit Union Administration, CliftonLarsonAllen, and the State Farm Internal Audit team confirmed that SFFCU adheres to sound business practices. She also referred to the **Supervisory Committee Report** prepared by **Committee Chairperson Shannon Moreland**, published in the **2023 Annual Report**, which affirms how SFFCU does business.

Holly recognized the hard work, dedication and commitment demonstrated by Credit Union leaders, staff and volunteers. She recognized **Treasurer Tamara Jacquot**, who will be stepping down from her role and who has served on the Board of Directors since 2012. Holly introduced **Chief Financial Officer Mike Mailloux** to share an update on SFFCU's financial position.

Mike indicated that while inflation, recession, Federal Reserve hikes and bank failures were major financial headlines in 2023, SFFCU remains financially strong and stable. The Credit Union continues to help members through offering relevant products and services while appropriately managing risks. In 2023, SFFCU experienced historic loan portfolio growth and added to its net worth. While shares decreased, the Credit Union returned \$31 million more in dividends to members than the previous year. He encouraged everyone to review the [2023 Annual Report](#) available on the SFFCU website.

Mike shared that assets fell from \$5.3 billion to \$4.3 billion in 2023. Investments, which make up the largest portion of assets, decreased by approximately \$995 million, or 24 percent, to a year-end \$3.2 billion. He thanked the Investments Department for their knowledge, experience, and partnership.

Mike reported an increase in the loan portfolio of \$65 million or 6.5 percent and provided members with \$511 million in loans and lines of credit. He thanked the lending team who navigated the significant increase in loan volume as well as SFFCU employees who collectively serve members.

**State Farm Federal Credit Union (SFFCU)**  
**Annual Membership Meeting Minutes**  
**Thursday, March 28, 2024**

SFFCU ended the year with a \$3.7 billion balance in our Shares portfolio. While a decrease of \$1.04 billion from 2022, this balance is consistent with the average ten-year period prior to 2022. Members capital, also referred to as net worth grew by \$8.8 million from \$664 million to \$672 million in 2023. Net income earnings were \$13.2 million.

In terms of rates, Mike reinforced that, as a benefit program, SFFCU strives to offer high dividends on savings and low rates on loans. SFFCU continues to see some of the rate trends we saw in 2023. Our model is different than most other financial institutions and reiterated that during cycles of upward rates, SFFCU traditionally lags in the short-term as we aren't in the same need for liquidity. We return between 70 – 80 percent of revenues to savers through our dividend rates. He shared that in 2023 banks paid an average of 21 basis points on savings, while SFFCU paid 275 basis points on average. This resulted in \$88.5 million in dividends paid to members. Throughout the second half of 2023 and first quarter of 2024, SFFCU continued to increase the dividend rate and narrowed the gap compared to average credit union rates and widened the gap over banks.

In terms of loans, Mike shared the continued elevated federal funds has had an impact on vehicle loan rates, however, SFFCU continues to show outstanding value. Through March 15, 2024, we are better than both credit union and bank averages by 130 and 200 basis points, respectively. Personal loan rates are approximately 250 basis points lower than the current average credit union and 275 basis points better than bank rates, which have now exceeded 11 percent on average. Nearly 40 percent of SFFCU personal loans are being used to help members consolidate debt and improve their financial well-being.

Mike reiterated the mission of SFFCU is to remain safe and relevant for members and reinforced how results from regulators and various internal and external audits provide evidence of the safety and soundness and resilience of SFFCU. Mike concluded by introducing **Chief Operating Officer Jennifer Fasking**.

Jennifer shared that the Credit Union has invested and focused on the member experience over the past several years. One of the biggest ways SFFCU has shown its value was through the ability to meet member needs through its lending products. SFFCU continued to experience record loan growth in 2023. In addition to expanding the loan portfolio to more than \$1 billion, the Credit Union lending area handled 20,589 loan applications, booked 12,503 loans for more than \$423 million, processed 25,623 Line of Credit advances totaling \$78.6 million and maintained a loan approval rate of 75 percent.

In addition to meeting members' needs through our products, Jennifer shared new services that are enhancing the member experience. Some are behind the scenes such as the new underwriting tool and telephony upgrade. However, some efforts are more visible. The Auto Approval Program enables SFFCU to auto approve applications after business hours and over weekends and holidays. Members no longer must wait until we are open to receive a decision. And, Fin, SFFCU's new virtual financial assistant launched in late 2023. Fin provides 24/7 assistance on the Credit Union website and online banking platform. It is scheduled to be added to the mobile app soon. Since the first of the year, Fin has engaged with approximately 4,500 members, understood 89 percent of the questions asked and was able to answer more than 61 percent of all inquiries. In addition to Fin, SFFCU staff handled 33,471 chat conversations in 2023.

**State Farm Federal Credit Union (SFFCU)**  
**Annual Membership Meeting Minutes**  
**Thursday, March 28, 2024**

In 2024, the Credit Union will switch its core banking software platform to a new system. Along with this change, member statements also will receive a refreshed look and feel.

The core banking system upgrade will happen later in the third quarter 2024. One of the benefits of the upgrade is simplified processes, which is a win-win for both members and staff. SFFCU is striving to minimize impacts and disruptions and members will receive communications closer to implementation. This change will not impact the online banking platform or mobile app access that members currently use today.

Jennifer thanked SFFCU staff for their dedication and commitment to helping members. She also thanked members for their feedback, which will help the Credit Union make improvements, and for placing their trust in SFFCU. She concluded by introducing **President and CEO Steve Gorrie**.

Steve began by reinforcing commitment to the SFFCU mission of ensuring financial well-being for our members. He reviewed 2023 operations activity and SFFCU highlights which included the handling of nearly 187,000 phone calls, more than 33,000 online chats, communicated through nearly 6,500 secured messages and welcomed more than 6,600 new members. Additionally, SFFCU provided more than \$511 million to members in loans and lines of credit, while paying members \$88.5 million in dividends last year. SFFCU remains financially strong and stable, ending the year with \$4.3 billion in assets and a capital position of 15.5 percent. He reinforced the high marks SFFCU received during examinations by regulators.

Steve provided perspective on current financial topics that are relevant in today's economic environment. He talked about the safety and soundness of the Credit Union, 2023 bank failures and regulators' actions as well as SFFCU's rate response over the past year. Due to our commitment to staying focused on our priorities and our business model, Steve shared SFFCU is well-positioned for success and serving the needs of members well into the future.

Steve discussed SFFCU's modernization efforts. While often thought of as technology changes, modernization includes changes to business capabilities and simplified process that will ultimately lead to a better experience for our members. He indicated the new core banking system will help SFFCU evolve with changing business needs and positions the Credit Union for growth. Steve also emphasized the Credit Union's commitment to the safety and protection of its members and encouraged members to take advantage of security features offered such as two-factor authentication and account alerts.

Steve reflected on SFFCU's great history as one of the longest serving benefits at State Farm, and our desire to continue to be one of the best benefits offered to members of the State Farm family. He concluded by thanking SFFCU staff for their hard work and dedication as well as the HR&D Executive Team, the SFFCU Board of Directors, the Supervisory Committee, and the Young Adult Advisory Committee for their leadership, guidance, perspective, and support. He also thanked members for the trust they place in SFFCU in supporting their financial goals. Steve turned over the meeting to **Board Secretary Teresa Herrera** to present the **Nominating Committee Report and Slate of Candidates for Board positions**.

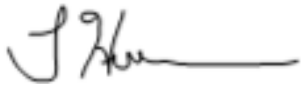
**State Farm Federal Credit Union (SFFCU)**  
**Annual Membership Meeting Minutes**  
**Thursday, March 28, 2024**

Teresa, representing the Nominating Committee, presented the slate of candidates nominated to fill three open positions for two- and three-year terms on the Board of Directors. Those candidates were **Charlie Cardiff, Kelly Dunn, and Jessica West**. Because no additional nominations had been submitted for the vacancies, Teresa recommended the nominees be declared elected by acclamation. **Board Chairperson Holly Roberts** accepted the slate and the recommendation, declaring the nominees elected.

In closing, Holly expressed hope that members walk away from the meeting with confidence in their Credit Union investment and that SFFCU is committed to providing a remarkable experience. She concluded by thanking members, on behalf of the Board and Management team, for taking time to attend the SFFCU Annual Membership Meeting.

Holly made a motion to adjourn the meeting and the motion was seconded. The meeting adjourned at 1:50 p.m. Central Time.

Respectfully Submitted:



Teresa Herrera, Board Secretary

Approved:



Holly Roberts, Board Chairperson