

State Farm Federal Credit Union (SFFCU) Annual Membership Meeting Minutes
Thursday, March 25, 2021

Board Secretary Neil Jackson kicked off the meeting and welcomed members. He acknowledged that State Farm continues to work virtually due to the pandemic, and to protect the health and safety of all participants the meeting will be held virtually, with no in-person option. Neil continued by introducing the meeting agenda, and indicated questions should be submitted through the Skype instant message function to be addressed in a summary published after the meeting.

Board Chairperson Mike Mailloux verified that a quorum was present and called the meeting to order at 1:02 p.m. Central Time. Minutes of the 2020 Annual Meeting were approved as presented.

In his opening comments, Mike reflected on the past year and that while the impacts of COVID-19 had been different for each of us, we've come together, adjusted to our circumstances and are helping one another. He recognized the 85th Anniversary of the Credit Union and reinforced how SFFCU's mission remains true to G.J. Mecherle's original vision, and continues to be one of the highest utilized benefits within the Total Rewards package.

Mike provided insight into 2020 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. Mike reported that audits conducted by the NCUA, CliftonLarsonAllen, and the State Farm Internal Audit team confirmed that SFFCU adheres to sound business practices. Mike also referred to the **Supervisory Committee Report** prepared by **Committee Chairperson Kelly Dunn**, published in the 2020 Annual Report, which affirms how SFFCU does business.

Mike congratulated **President and CEO Tom DeWitt** on his 30-year anniversary with State Farm and expressed his sincere gratitude to SFFCU employees, leaders, and volunteers for their dedication and flexibility during the challenging year. He also thanked all members for their ongoing support and trust they have placed in SFFCU. Mike introduced **Chief Financial Officer Steve Gorrie** to share an update on SFFCU's financial position.

Steve shared that despite the challenges we've faced over the past year, SFFCU is financially strong and growing, and continues to help members by appropriately managing risks and providing value and relevance. In 2020, historic asset growth and solid net income produced strong results, which allowed SFFCU to add net worth.

Steve shared that assets grew from \$4.29 billion to \$5.14 billion in 2020. Investments, which make up the largest portion of assets, increased by approximately +\$864 million, or +25.9%, to a year-end \$4.2 billion. Steve thanked the Investments Department for their knowledge and experience as well as SFFCU employees who collectively serve members.

Steve reported a decrease in the loan portfolio of -2.3% in 2020, down from \$897 million to \$877 million. While the overall portfolio decreased, SFFCU provided members with \$424 million in loans last year. Members, as a whole, paid back more than they borrowed. Shares increased by +\$801.2 million in 2020, to a total of \$4.46 billion, or +21.9%. Member's equity, also referred to as net worth, grew from \$626 million to \$674 million in 2020. Total equity grew by +\$48 million. Net income experienced earnings of \$25.9 million, adding 7.6% to member's equity.

In terms of rates, Steve said that, as a benefit program, SFFCU strives to offer high dividends on savings and low rates on loans. He shared that in 2020 banks paid an average of 8 basis points on savings and credit unions paid an average of 16 basis points, while SFFCU paid 163 basis points on average. This resulted in nearly \$65.3 million in dividends paid to members. This corresponds to more than 20 times what banks pay, and more than 10 times that of other credit unions.

Steve indicated that as a result of COVID-19, the Federal Reserve cut interest rates by 150 basis points and provided multiple waves of government stimulus. At a time when members may have been feeling a financial pinch, SFFCU worked to intentionally keep share savings rates high. The Credit Union lagged the industry by keeping rates high and slowly lowering them over time. SFFCU's share savings rate pays more than 4.5 times the average 2-year bank CD, and provides immediate access to money. SFFCU did lower rates three times in 2020, but other financial institutions continued to drop as well. In terms of loans, when the pandemic hit, SFFCU responded by lowering auto loan rates by -50 basis points from 2.49% to 1.99% on all new and existing loans. SFFCU's 1.99% rate on autos was better than both credit union and bank averages by 130 and 264 basis points, respectively.

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

Jennifer reflected on the challenges of 2020 as well as the changes made to improve the member experience. The online and mobile banking platform was the biggest initiative in 2020. With Member Care Stations closed due to the pandemic, the new platforms provided members with a more intuitive, secure and flexible banking solution. She shared statistics for how members are embracing the new technology. SFFCU online and mobile banking usage shows 70.2 percent of registered online banking members actively log-in to their accounts, more than \$390 million is transferred each month, approximately 10,500 external accounts have been aggregated, 43 percent of logins are through a mobile device and nearly 11,000 checks were processed through Remote Deposit Capture. To help members with online and mobile banking functionality, resource guides and information for [desktop](#) and [mobile app](#) users have been published on the [Credit Union website](#).

Jennifer shared current results of the COVID-19 Member Support initiatives that launched April 2, 2020. Designed to support members financially impacted by COVID-19, the program includes a member relief loan providing up to \$3,000 in emergency funding with no payments due for 90 days. Nearly \$1 million has been provided to nearly 600 members under this program. Modifications and deferments to existing loan terms also have been offered to many members, resulting in deferments and/or temporary payment reductions on 1,360 loans representing more than \$26.7 million in balances. In addition to COVID-19 support, on February 19, 2021 the Credit Union launched a new Disaster Relief Loan Program. The features are similar to the COVID-19 support and is designed to help members experiencing financial hardships due to natural disasters. Since this new program began, SFFCU has helped 89 members and loaned more than \$153,000 during a time when members needed immediate help.

Jennifer provided her perspective about the re-opening of the Member Care Stations. SFFCU is monitoring the re-entry plans of the Enterprise as State Farm works through the details of those plans. The safety and well-being of employees and members are key components in the decision making process for when the Member Care Stations will open. Communications to our field of membership will be made on the Credit Union website, Enterprise Message Center and through our online and mobile banking platforms.

Jennifer thanked the Credit Union staff for their resilience, dedication and commitment to helping members. She also thanked members for their input and perspectives, and for placing their trust in SFFCU. She concluded by introducing **President and CEO Tom DeWitt**.

Tom opened by discussing how the Credit Union found creative ways to help our members and deliver on what had been planned, despite the many challenges in 2020. It was both a year of resiliency and reflection for SFFCU.

Tom reviewed highlights from 2020, which included SFFCU handling almost 240,000 phone calls, engaging with members in more than 11,000 secured message interactions through our online and mobile banking system and welcoming 5,000 new members. He shared how the COVID-19 Member Support and Disaster Relief Program epitomized the credit union's purpose...a not-for-profit, member-owned, cooperative institution that exist to serve its members. Additionally, SFFCU provided in excess of \$424 million to members in loans and lines of credit, while paying members more than \$65 million in dividends. SFFCU remains financially strong, ending the year with \$5.1 billion in assets (the first year SFFCU has exceeded the \$5 billion mark) and a capital position of 12.3 percent.

Tom reflected on the timing of the SFFCU online and mobile banking platform launch, and encouraged members to download the mobile app and use online banking if they have not done so already. He mentioned that 2020 was a year of reflection and shared details that work on the SFFCU long-term strategy had begun to help guide the Credit Union in identifying products, services, and technologies that will provide additional member value. As part of the work, the SFFCU mission, vision, goals and guiding principles were refreshed to help align business decisions with our long-term direction.

Tom re-iterated the plans for opening Member Care Stations will be dependent on *how* and *when* the enterprise returns to its facilities, and he emphasized safety for employees and members is the utmost priority for re-entry. He concluded by thanking members, the HR Executive Team, SFFCU Board of Directors, employees, volunteers, and leaders for making SFFCU one of the most popular benefit programs in the State Farm Total Rewards package. Tom turned over the meeting to **Board Secretary Neil Jackson** to present the **Nominating Committee Report and Slate of Candidates for Board positions**.

Neil, representing the Nominating Committee, presented the slate of candidates nominated to fill three open positions for three-year terms on the Board of Directors. Those candidates were **Dean Danklefsen**, **Tamara Jacquot**, and **Mike Mailloux**. Because no additional nominations had been submitted for the three vacancies, Neil recommended the nominees be declared elected by acclamation. Mike Mailloux accepted the slate and the recommendation, declaring the nominees elected.

In closing, Mike reiterated that as a member-owned institution, it is all the members who make SFFCU a great benefit for employees, agents, retirees, and family members. Mike concluded by thanking members, on behalf of the Board and Management team, for the trust they place in SFFCU and for taking time to attend the SFFCU Annual Meeting.

Mike entertained a motion to adjourn. The meeting adjourned at 1:40 p.m. Central Time.

Respectfully Submitted,

A handwritten signature in black ink that reads "Caroline Johnson". The signature is written in a cursive style with a large, looped initial "C".

Caroline Johnson, Credit Union Analyst

A handwritten signature in black ink that reads "Neil Jackson". The signature is written in a cursive style with a large, looped initial "N".

Neil Jackson, Board Secretary