

CALL TO ORDER

Chairperson, Dr. Shirley Everett, introduced herself and welcomed everyone to the 65th Annual Membership Meeting. Mr. Feeny, Stanford Federal Credit Union Board Member, reported there were over 100 members attending this meeting both in person and virtually, which is more than required for a quorum. The meeting was called to order at 5:30 pm.

INTRODUCTIONS

Dr. Everett welcomed all attendees to Stanford FCU's 65th Annual Membership Meeting, taking place in a hybrid format with both in person and Zoom options. Dr. Everett requested the attendees use the Q&A feature within Zoom to ask questions throughout the meeting. Questions will be responded to either at the end of the meeting or directly with the member via email after the meeting.

Dr. Everett introduced the Board members: Vice Chairperson Gregory Rosston, Treasurer Tana Hutchison, Secretary Dan Kolkowitz, members Agustin (Gus) Araya, Curtis Feeny, Joan Opp, Jonathan Dreyfus, and Robert (Bob) Reidy. The Supervisory Committee members, who oversee Stanford FCU's safety and soundness, are Chairperson Jessica Kennedy, Secretary Michael Tran Duff, members Kelly Wright, and Kimathi Marangu. Dr. Everett thanked her fellow Board Members, members of the Supervisory Committee, Stanford FCU Management and Staff, stating it is an honor to serve alongside this exceptional team of volunteers and dedicated SFCU staff. She stated their commitment to excellence makes Stanford FCU a premier financial institution.

CHAIRMAN OF THE BOARD

Dr. Everett stated 2024 proved to be a highly successful year for Stanford FCU (SFCU), sharing the following financial accomplishments:

- Membership grew by 3%, ending the year at over 91,000 members.
- Member deposits grew by 6% while many other institutions experienced negative growth. Silicon Valley Business Journal recently recognized SFCU as having the highest year over year deposit growth amongst all Bay Area credit unions.
- Net worth ended at nearly 10.5%, much higher than the NCUA regulator's threshold of 7%.
- Earnings for 2024 were very strong, amounting to \$36.5 million.

SFCU is committed to being safe and secure. In 2024, SFCU introduced the following initiatives to enhance member value, functionality and service:

- Granting new members Ambassador status for their first 90 days to allow them to experience the value of what our most engaged members receive. SFCU has been recognized as providing the highest value to members of any credit union in California and 9th in the country for credit unions > \$1 billion in assets.
- Ambassador status was enhanced with a credit card cash bonus program up to 5% cash back on certain purchases. This positions SFCU as a leader in competitive credit card offerings.

- A new online banking feature was introduced to allow digital card access immediately through mobile wallets.
- Account alerts were expanded to give members more options for monitoring their accounts.
- The HELOC program was expanded to provide solutions for 2nd homes, investment properties, and Accessory Dwelling Units (ADUs).
- Virtual branch operations have been optimized to ensure accessible real-time member support during business hours and through live chat.

A Net Promoter Score of 76.59 was achieved, with scores of 50 or more being considered excellent. The banking industry has an average score of 34. SFCU offers financial literacy, introducing reward points that can be redeemed for gift cards for modules completed online. SFCU continues to strategically align with several nonprofits in the Palo Alto community, such as the Lucille Packard Foundation, to sponsor events and facilitate impactful volunteer opportunities.

In closing, Dr. Everett stated Stanford FCU will continue to assess the value it provides while ensuring it operates safely. Dr. Everett introduced Ms. Joan Opp, President & CEO, to report on the state of the credit union.

STATE OF THE CREDIT UNION

Ms. Opp thanked Dr. Everett for her service as Stanford FCU Board Chair, her engagement and support of the values given to the membership. Ms. Opp also welcomed everyone to Stanford FCU's 65th annual membership meeting.

Ms. Opp introduced the Senior Executive Team: Brian Thornton, Chief Lending Officer; Brian Zeitler, Chief Information Officer; Deena Otto, Chief Operating Officer; Lecia Roundtree, Chief People Officer; Paul Jockisch, Chief Financial Officer.

Ms. Opp stated she would like to spend her time highlighting the foundation of who SFCU is as a not-for-profit financial cooperative, followed by the strategies SFCU is focusing on.

With the current administration's focus on tax reform, credit unions are focusing on protecting their tax-exempt status. SFCU is a not-for-profit financial cooperative owned by its members and does not have customers or shareholders. Its Board of Directors are unpaid volunteers. In this structure, SFCU does not pay federal or state income taxes. This structure benefits its members in the following ways:

- Net income is important in growing SFCU's net worth for safety and soundness while providing value in how products are priced. It allows SFCU to invest in its infrastructure and how services are delivered. Money that would go to taxes in a for profit institution can be redirected to the membership, with safety and soundness being prioritized over profits.
- Each member has rights in any major organizational change that SFCU makes, with their interests being represented by members who serve on the volunteer Board of Directors.

Ms. Opp asked members to help support the continuation of the credit union tax-exempt status by contacting their legislators via the Connect for the Cause website shared in a recent SFCU membership message. She thanked all those who have already done so.

Ms. Opp shared the following strategies SFCU is currently focusing on:

- Becoming members' primary financial institution and trusted financial partner.
- Being easy to do business with by deploying products and services through digital means anytime and anywhere.
- Providing members with outstanding value via competitive rates and low fees, functionality, responsiveness when assistance is needed, and personalized interactions.
- Attracting, developing and retaining engaged members.
- Working smart and being digitally progressive with the tools members use and the way products and services are delivered.

Ms. Opp stated SFCU is continuously recognized as being the California credit union with the highest return to member value score and 9th overall in the country for credit unions > \$1 billion in assets. This score is calculated by an independent third party. When SFCU does not meet members' expectations, our goal is service recovery and learning how to make the experience better. SFCU encourages member feedback and communication, with one channel being via email directly to Ms. Opp –

TalkToJoan@sfcu.org.

In closing, Ms. Opp stated SFCU reached its 65th anniversary in serving members and is in the 100th largest credit unions in the country. She thanked the volunteer Board of Directors and Supervisory Committee for their leadership and dedication. The entire Stanford FCU staff was thanked for their hard work every day in trying to meet member expectations and improve SFCU members' financial lives. Ms. Opp, on behalf of the Board and Executive Team, thanked the Stanford FCU membership for their trust and confidence in Stanford FCU and choosing to do their financial transactions with Stanford FCU.

Ms. Opp introduced Paul Jockisch, Chief Financial Officer, to present the 2024 Financial highlights.

Stanford FCU 2024 FINANCIAL OVERVIEW

Mr. Jockisch thanked everyone for being present. Mr. Jockisch emphasized Stanford FCU's focus on financial safety while offering member value. Members can and should expect SFCU to provide them with the best value in banking through low fees, great rates and positive experiences with SFCU's technology. SFCU must also perform as a strong and stable financial institution, one that does not take unnecessary risks with members' money.

Mr. Jockisch shared the following financial highlights of 2024:

- Uninsured deposits are those balances above the NCUA government insured amount of \$250,000. At the end of 2024, 15% of SFCU deposits were uninsured, much lower than the 94% for Silicon Valley Bank and 64% for First Republic Bank, who both collapsed in the last couple of years. SFCU operates and will continue to operate in a way that focuses on keeping members' deposits safe by placing safety and soundness first over making a profit.
- Net worth is the amount of retained earnings, accumulated since the inception of Stanford FCU, as a percentage of total asset. SFCU's net worth is 10.48% or roughly \$455 million. This can be viewed as a savings account that can be used in times of economic uncertainty or losses and is well past the 7% considered to be well capitalized.

- Looking at Asset Quality, SFCU has only 0.17% of its loan portfolio being delinquent, and 0.12% of its loan portfolio being charged off in 2024. These metrics increased slightly from 2023 but considering the many economic challenges of layoffs in the tech industry, impact of inflation tariffs and interest rates, SFCU feels it is their job to help members who need to borrow. The diligent underwriting of the lending team and quality of the members make SFCU's credit risk one of the lowest in the country.
- SFCU is one of the most efficient credit unions as demonstrated through its operating expense ratio of 1.52%. This allows SFCU to return more of its profits to its members.
- Return on Assets ended 2024 at 0.86% or almost \$36.5 million in net income during a year when many of SFCU's peers struggled with profitability.
- Non-interest income ratio ended 2024 at 0.21%, declining over time as SFCU makes low fees one of its guiding principles. Following is a summary of these financial savings:
 - Stanford FCU saved its members \$1.8 million in insufficient funds fees (NSFs) in 2024.
 - \$800,000 in fees such as wires, ATMs and loan fees were rebated to members in 2024.

Mr. Jockisch concluded that in uncertain times, SFCU strives to continue giving its members great value while also keeping SFCU financially safe. Mr. Jockisch thanked the membership for their trust in SFCU for 65 years. Mr. Jockisch turned the meeting back over to Dr. Everett.

MINUTES

Dr. Everett reported the Board of Directors approved the 2024 Annual Meeting Minutes in May 2024, which were emailed to all members with the invitation to this year's Annual Membership Meeting. These are also available at sfcu.org/meeting, along with this year's meeting agenda and the 2024 Annual Report.

Dr. Everett asked if there were any objections to the Board of Directors approving the 65th Annual Membership Meeting Minutes, to please speak up or send a question through Zoom Q&A. No objections were received.

Dr. Everett stated the 2024 Annual Report was also shared with the membership via the annual meeting email. If there were any questions about the annual report, Dr. Everett asked for these to be submitted through the Zoom Q&A. No questions were received.

OLD BUSINESS

Dr. Everett reported there was no unfinished business from the 2024 Membership meeting to discuss.

NEW BUSINESS

Dr. Everett asked the members to submit any new business through Zoom Q&A. No new business was submitted.

NOMINATIONS REPORT

Dr. Everett stated the Board Nominations Committee is comprised of Chair Curtis Feeny, members Tana Hutchison, Gus Araya, and Dan Kolkowitz. Mr. Feeny provided the committee report on the Board nominations.

Mr. Feeny stated there were no nominations by petition from the membership at large. The Board Nominations Committee nominated the following persons to stand for election to the Board of Directors, each for a 3-year term, and notified the membership in accordance with the bylaws:

Mr. Greg Rosston

Mr. Bob Reidy

Mr. Jon Dreyfus

Mr. Feeny noted the by-laws of the credit union do not allow for nominations from the floor, declared the slate elected and congratulated the Directors. He then turned the meeting back to Dr. Everett.

MEMBER Q&A

Dr. Everett stated that any additional questions received through Zoom Q&A will be answered by email within the next week.

ADJOURNMENT

Dr. Everett thanked everyone present for attending the 65th Annual Membership Meeting. Dr. Everett stated Stanford FCU is committed to providing its members with service excellence.

Dr. Everett requested a motion to conclude the meeting, with the motion and a second being received from members present.

Dr. Everett declared the meeting adjourned at 6:10 pm.