

CALL TO ORDER

Chairperson, Dr. Shirley Everett, introduced herself and welcomed everyone to the 64th Annual Membership Meeting. Mr. Feeny, Stanford Federal Credit Union (Stanford FCU) Board Member, reported there were over 70 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 64th 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 Agustin Araya, and Colleen Honigsberg. 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 these individuals as Stanford FCU's Board Chair. She stated their commitment to excellence makes Stanford FCU one of the best financial institutions around.

CHAIRMAN OF THE BOARD

Dr. Everett reassured the membership that Stanford FCU is safe and sound, ending 2023 with a capital ratio of over 10% which is well above the 7% required for credit unions to be well capitalized. Throughout the year, Stanford FCU responded to members' concerns regarding safety and soundness by being transparent in sharing its financial statements and creating a new safety and soundness webpage on Stanford FCU's website. Ms. Opp shared messages with the membership, affirming that Stanford FCU is conservatively managed with a focus on safety and soundness over profit.

Dr. Everett shared the following financial accomplishments for 2023:

- Membership grew by almost 3%, ending the year at 88,446.
- Member deposits grew by 2.5%, ending the year at \$3.1 billion. Over 70% of financial institutions had decreases in deposits for 2023.
- Over 38% of members are actively engaged at Stanford FCU.
- Regarding loan funding and growth, Stanford FCU had:
 - \$311 million in 1st mortgage loans.
 - \$30 million unsecured loans.
 - \$72 million in vehicle loans.
 - \$197 million Home Equity Lines of Credit.
 - 6.5% loan growth for the year.

Stanford FCU partners with multiple nonprofit organizations in the community along with offering an online tool for members to easily donate to charities directly from their Stanford FCU account. Stanford FCU will continue to focus on providing its members with service excellence. Member surveys allow Stanford FCU to continue to improve its services. In 2023, Stanford FCU achieved a Net Promoter Score (NPS) of 76.2. Any score over 50 is considered excellent. The banking industry average is 31.

Dr. Everett summarized the financial performance overview by stating Stanford FCU is well situated, balanced from an interest rate risk perspective, and positioned to safely and soundly serve its members now and well into the future. Updated financial information will be posted on the Stanford FCU website quarterly. Dr. Everett thanked the membership for being part of the Stanford Federal Credit Union family.

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 and her passion and commitment to Stanford FCU. Ms. Opp also welcomed everyone to Stanford FCU's 64th 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 credit unions are different due to how they are structured as a non-profit financial cooperative. Stanford FCU does not make a net income to distribute to a small group of investor/shareholders. Stanford FCU generates net income to build capital for safety and soundness. Beyond that, Stanford FCU's focus is on expanding service offerings and providing value in how loan and deposit products are priced. Stanford FCU operates on very minimal fees, much lower than for profit competitors and credit union peers. This difference results in the value members receive by banking with Stanford FCU to often be stronger than banking alternatives.

Ms. Opp mentioned her "Talk to Joan" email address, launched in 2023, that allows members direct access to Ms. Opp for whatever feedback and questions they have. This direct access makes Stanford FCU unique amongst the banking industry.

Ms. Opp shared with the membership the 2023 Operational achievements of Stanford FCU, along with the 2024 focus and initiatives. Technology differentiation initiatives drive Stanford FCU's focus. Following are initiatives completed and those planned in 2024 that were discussed.

2023

- AI driven chat, known as Stan, was introduced.
- Several online self-service features were introduced, such as certificate renewal, requests for cashier checks, request for a stop payment and adding a joint or beneficiary.

- A new Card Center was launched, consolidating card functions into one location within online banking.
- Prizeout was introduced, giving members an extra bonus on e-gift cards for places they regularly use.
- An on-demand virtual branch was launched, whereby members can zoom directly with staff members.
- A High Yield Checking Account was created to reward members who have their direct deposit with Stanford FCU and use Stanford FCU as their primary financial institution.
- How to videos were created and posted on the Stanford FCU website to assist members in how to use these newer online features.

2024

- Continue to offer competitive deposit rates and meeting the loan needs of the members.
- Continue to focus on technology to make it easy to do business that is convenient and personalized.
- An AI decisioning tool will be launched to expedite the loan decisioning process.
- A new Card dispute process will be launched to ease the pain when unauthorized transactions occur.
- A new Online mobile account redesign will be launched, focusing on onboarding features to better help with the onboarding process.
- Continue to create self service formats to assist with taking care of your banking needs when you want.

In closing, Ms. Opp thanked the volunteer Board of Directors and Supervisory Committee for their leadership, dedication, and support. The entire Stanford FCU staff was thanked for their hard work and passion in delivering excellent service to improve Stanford FCU 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 that you choose to do your financial transactions with Stanford FCU. Stanford FCU will strive to continue earning that trust and confidence you place.

Ms. Opp introduced Paul Jockisch, Chief Financial Officer, to present the 2023 Financial highlights.

Stanford FCU 2023 FINANCIAL OVERVIEW

Mr. Jockisch thanked everyone for being present. Mr. Jockisch emphasized Stanford FCU's focus on financial safety while offering member value for things such as low fees, great rates and positive interaction with Stanford FCU's technology. Financial highlights include:

- Uninsured deposits are those balances above the NCUA government insured amount of \$250,000. At the end of 2023, 15% of Stanford FCU deposits were uninsured, much lower than the 93.8% for Silicon Valley Bank and 67.4% for First Republic Bank. Stanford FCU 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. Stanford FCU's net worth is 10.09% or roughly \$418 million. This can be viewed as a savings account that can be used in times of economic uncertainty or losses.
- Looking at Asset Quality, Stanford FCU has only 0.12% of its loan portfolio being delinquent, and 0.05% of its loan portfolio being charged off in 2023. These metrics increased slightly from 2022 but are still one of the lowest in the country and are a testament to the great membership at Stanford FCU.
- Stanford FCU is one of the most efficient credit unions as demonstrated through its operating expense ratio of 1.46%. This allows Stanford FCU to return more of its profits to its members.
- Return on Assets ended 2023 at 0.93% or almost \$38 million in net income.
- Non-interest income ratio ended 2023 at 0.21%, declining over time as Stanford FCU makes low fees one of its guiding principles. Following is a summary of these financial savings:
 - Stanford FCU saved its members \$1.4 million in insufficient funds fees (NSFs) in 2023.
 - \$1 million in fees such as wires, ATMs and loan fees were rebated to members in 2023.
 - \$23 million in fees have been rebated to members in the past 10 years.
- In 2023 alone, Stanford FCU paid out \$1.3 million to ambassador members who used their Stanford FCU credit cards due to the additional 1% cash back reward given to this membership group.
- Stanford FCU has made \$10 million in donations to its community in the past 10 years while giving \$4 million in support of Stanford Alumni over the past 5 years.

Mr. Jockisch concluded that in uncertain times, Stanford FCU strives to continue in giving its members great value while also keeping Stanford FCU as financially safe as possible. Mr. Jockisch thanked the membership for their trust in Stanford FCU and their continued support. Mr. Jockisch turned the meeting back over to Dr. Everett.

MINUTES

Dr. Everett reported the Board of Directors approved the 2023 Annual Meeting Minutes in May 2023, 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 2023 Annual Report.

Dr. Everett asked if there are any objections to the Board of Directors approving the 2023 Annual Membership Meeting Minutes, to please speak up or send a question through Zoom Q&A. No objections were received.

Dr. Everett stated the 2023 Annual Report was also shared with the membership via the annual meeting email. If there are 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 2023 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 Robert Reidy, and Shirley Everett. 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:

Ms. Tana Hutchison

Mr. Agustin Araya

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

MEMBER Q&A

One question was received asking how Stanford FCU is integrating generative AI in the member website and amplifying employee productivity. Ms. Opp responded an AI Agent (STAN) has been implemented on the Stanford FCU website and answers 50% of the member chats. Loan decisioning is using an AI tool called ZestAI to make underwriting these loans more efficient. Other knowledge based tools are being evaluated to assist staff with their efficiency. Stanford FCU will continue to evaluate how generative AI can enhance the employee and/or member experience as the technology evolves.

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 64th Annual Membership Meeting. Dr. Everett stated Stanford FCU is committed to providing its member 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.