



2023

ANNUAL REPORT

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CEO/President's Letter

As I reflect on the past year, our world is a little different than a year ago when I wrote my first letter to you. The U.S. economy performed relatively well despite inflation, a looming recession, and the Fed tightening policies and raising interest rates. We also experienced a regional banking crisis due to interest rate risk and geopolitical volatility. All of this is a reminder of the financial uncertainty we continue to face. However, let me assure you that throughout 2023, State Farm Federal Credit Union (SFFCU) remained committed to maintaining a secure and financially strong credit union for our members, while providing relevant and valued products and services.

I realize audit results are not top of mind for many of our members. However, performance in audits and examinations is a key measure of a financial institution's stability. Once again, I'm pleased to share that SFFCU continues to excel in this area. We received very positive results and feedback this past year during the examination conducted by our federal regulator, the National Credit Union Administration (NCUA). We also performed extremely well in audits conducted by CliftonLarsonAllen LLP and the State Farm Internal Audit team.

Our emphasis on sound operating policies and procedures, conservative investment strategies and ensuring appropriate reserves for our risks helped us maintain a secure, compliant and financially strong credit union for you, our members.

In addition to financial stability, the Credit Union continues to focus on improving the member experience. A 2023 standout was our loan products and services. SFFCU loan products help members save through lower monthly payments. Our rates were (and remain) extremely competitive, and our members took advantage of the savings. To help streamline loan processes, we piloted our Auto Approval Program. This new service improves our time to service and speed of loan funding by providing instant conditional approval to qualified applicants when specific application and credit criteria are met.

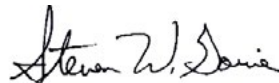
And, have you met Fin? Fin is our new virtual financial assistant that was launched on the SFFCU website late in the 4th quarter. It allows members and those interested in becoming a member to ask questions and get answers 24/7. We plan to expand Fin's services to our online and mobile banking platforms in 2024.

Every day, I watch our Credit Union staff live out our mission to improve our members' financial well-being through a select offering of quality products and remarkable service. Thanks to the hard work, dedication and commitment of our staff as well as volunteers, SFFCU performed well financially, operationally and strategically in 2023. Let me share a few highlights and successes of the past year:

- Members received over \$511 million in loans and lines of credit, resulting in a total loan portfolio in excess of \$1 billion — the highest in SFFCU history.
- More than \$88.5 million in dividends were paid to members.
- The Credit Union ended 2023 with \$4.3 billion in assets and a strong capital ratio of 15.52 percent.

I'm excited about the future and transformations we have planned in 2024. Thank you for your membership, loyalty and continued trust. Each and every person at SFFCU remains committed to providing remarkable service and helping our members achieve their financial goals – just as we've done for the past 88 years. We look forward to continuing to be a relevant State Farm benefit as well as your financial partner in the years ahead.

Respectfully submitted,



Steven W. Gorrie
CEO/President

Statement of Financial Condition

December 31, 2023 (unaudited)
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Assets

Cash and cash equivalents	\$13,752
Investments – held-to-maturity	\$182,856
Investments – available-for-sale	\$2,975,196
Loans	\$1,065,561
Less: allowance for credit losses	\$(5,808)
Other assets	\$102,521
Total assets	\$4,334,078

Liabilities

Accounts payable	\$122
Other liabilities	\$23
Total liabilities	\$145

Shares/deposits

Shares (regular)	\$3,534,549
All other shares and deposits	\$177,505
Total shares and deposits	\$3,712,054

Equity

Regular reserve	\$44,735
Other retained earnings	\$627,750
Acc. unrealized G & L on securities	\$(50,606)
Total equity	\$621,879
Total liabilities, shares and equity	\$4,334,078

Statement of Changes in Members' Equity

Balance – December 31, 2022	\$512,474
Comprehensive Income:	
Net Income	\$13,251
CECL implementation allowance for credit losses (ACL)	\$(4,456)
Other Comprehensive Gain:	
Change in unrealized gain/loss on securities available for sale	\$100,610
Total Comprehensive Income	\$109,406
Balance – December 31, 2023	\$621,879

Statement of Income

For the Period Ending December 31, 2023 (unaudited)
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Interest income

Interest on loans	\$40,424
Income on investments	\$68,730
Total interest income	\$109,154

Interest expense

Dividend expense – regular shares	\$84,353
Dividend expense – other shares/deposits	\$4,161
Total interest expense	\$88,514

Provision for loan and other losses	\$2,261
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Net interest income after provision for losses	\$18,380
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Non-interest income

SF Mutual Contributed Service Income	\$12,302
Other non-interest income	\$1,337
Non-interest income	\$13,639

Non-interest expense

Salaries and benefits – SF Mutual Contributed Service	\$11,173
Occupancy – SF Mutual Contributed Service	\$1,302
Travel and conference expense	\$74
Association dues	\$171
Contributions	\$42
Office operations	\$651
Office operations – SF Mutual Contributed Service	\$(173)
HR Budget costs	\$952
Information Systems & Technology	\$2,984
Marketing and Development	\$3
Loan servicing	\$642
Professional and outside services	\$194
Federal operating fee	\$530
Misc. operating expense	\$222
Total non-interest expenses	\$18,768
Net income	\$13,251

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 2023. 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.

Shannon Moreland
Chair – Supervisory Committee

Board of Directors

Holly Roberts
Chairperson..... Cincinnati, OH

Neil Jackson
Vice Chairperson..... Bloomington, IL

Teresa Herrera
Secretary Richardson, TX

Tamara Jacquot
Treasurer Bloomington, IL

Charlie Cardiff..... Dunwoody, GA

Kelly Dunn Bloomington, IL

Steve Gorrie Bloomington, IL

Rashawnda Harvey Richardson, TX

Jessica West Tempe, AZ

Supervisory Committee

Shannon Moreland Chairperson

Patty Kimberlin

Vance Sawyer

Hilary Wahlheim

Emma Wear