

Celebrating the Legacy of 85 Years



San Angelo Federal Credit Union
85th Annual Membership Meeting
March 21, 2024

San Angelo Federal Credit Union
Annual Membership Meeting
Friday, April 28, 2023

A special meeting of the San Angelo Federal Credit Union Board of Directors was held on Friday, April 28, 2023 for the 84th Annual Membership Meeting at the Credit Union office. Board members present were Brandon Sanders, Javier Barrera, Chip Sayers, Tina Dierschke and Deb Michalewicz. Board members Monica Schniers, and Mason Matthews was absent. President, Laura Whisenhunt was also present. Supervisory Committee members present were Pete Madrid Jr, and Stephanie Collins. Other employees and several members were present: Brianna Aguirre, Billie Tracy, Rosy Martinez, Raquel Biera, Karen Collins, Ron Lewis, Rusty Meurer, and Edna Ramirez. Ms. Michalewicz was appointed as Acting Secretary.

Mr. Sanders called the meeting to order at 12:08 pm and declared a quorum was present.

New Business. The board members reviewed the annual meeting report packet (Attachment A, pg 1-8).

Mr. Sayers moved to approve the 2022 Annual meeting minutes. Mr. Madrid Jr seconded the motion.

Motion carried. Consensus to not read the committee reports, as the members received the report packet and Ms. Whisenhunt noted it was also published on the SAFCU website. Mr. Sanders presented the Nominating Committee report and asked for nominations from the floor. Mr. Sayers moved to cease nominations. Mr. Lewis seconded the motion. Motion carried. Mr. Sayers moved to approve the returning Board members for three-year terms: Javier Barrera, Tina Dierschke, and Mason Matthews. Mr. Sanders seconded the motion. Motion carried.

Mr. Sanders reviewed the current Board officers. Mr. Sayers nominated Brandon Sanders as Board Chairman, and Ms. Dierschke seconded the motion. Mr. Sanders nominated Chip Sayers as the Board Vice Chairman, and Mr. Lewis seconded the motion. Ms. Dierschke nominated Ms. Schniers as the Board Secretary, and Ms. Michalewicz seconded the motion. Mr. Sanders nominated Tina Dierschke as the Board Treasurer, and Mr. Sayers seconded the motion. Mr. Lewis made a motion to elect the existing slate of officers as they have agreed to serve in their respective positions. Mr. Madrid Jr seconded the motion. Motion carried.

The 2023 Board Officers are as follows: Chairman – Brandon Sanders; Vice Chairman – Chip Sayers; Secretary – Monica Schniers; Treasurer – Tina Dierschke.

The Board members discussed liaison for committees: Brandon Sanders agreed to remain as BOD liaison for the Credit Committee and Javier Barrera agreed to remain as BOD liaison for the Supervisory Committee.

Roundtable. The Board complimented the staff on a job well done for the annual meeting in conjunction with a member appreciation day. A total of 129 members enjoyed the lunch provided by Richie's Hibachi and visited with other members during the parking lot picnic.

Adjournment. Mr. Barrera made a motion to adjourn the meeting, and Mr. Sayers seconded the motion. Motion carried. Mr. Sanders adjourned the meeting at 12:16 pm.

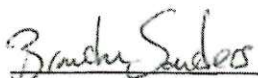
Door Prize drawing was held at 3 pm via FaceBook live:

Ten members won \$25 cash prize: J. Fischer, M. Garza, F. Delacruz, S. Ausmus, G. Biera, D. Lombrana, R. Martinez, S. Kuhn, A. Perez, and H. Howard.

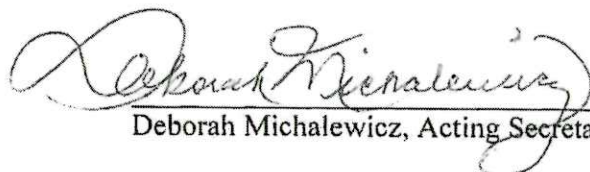
Six members won \$50 cash prize: J. Guajardo, F. Martinez, M. Carnes, D. Rodriguez, M. Daniels, and Z. Gonzales. The \$100 cash prize winner was S. Barnes.

Six non-cash prize winners were: B. Trevino won the Mini Waffle Maker, R. Guajardo won the Sports Blender, R. Lewis won the Insulated grocery tote-bag, I. Perez won the Gym duffle bag with water bottle, S. Juarez won the Insulated cooler w/ picnic blanket, and J. Losoya won the Variety Sports activity bag.

Respectfully Submitted,



Brandon Sanders, Chairman



Deborah Michalewicz, Acting Secretary

Board of Director's Report

On behalf of the Board of Directors, thank you for being members and owners of San Angelo Federal Credit Union. I would also like to thank my fellow board members for their dedication to our credit union. United in leadership, we are responsible for ensuring SAFCU has a capable, qualified, and transparent management team; without hesitation, I can assure you we do. The strength of the entire team's commitment is integral to our long-term well-being, sustainability, and prosperity.

In addition to establishing policies and ensuring that SAFCU adheres to pertinent laws, regulations, and sound business practices, we are also charged with making sure new products and services are developed as needed.

SAFCU performed exceptionally well in 2023. One of the benefits of credit union membership is the opportunity to share in the profits. Our members are always our top priority and whenever we can, in keeping with our credit union mission, we will distribute profits back to you. Last year, SAFCU balanced investment and loans, to generate a record-breaking net income of \$579,541.88. With the continued success of our credit union, we can offer financial products and services that help enhance your life, improve our delivery channels, and expand our community outreach.

- One of the primary indicators of how well our members are receiving the products and services we offer is our growth in assets and membership. As reflected in the Statement of Financial Condition, the 2023 year-end assets are at \$35,946,268. Membership increased by 1.68% and now stands at 4,085;
- Loan growth increased by 6%. This reflects the competitive rates SAFCU can offer our members, despite the upward trend in interest rates we've seen nationally. Charged off loans slightly decreased, and delinquencies remained low at 0.18%. This is a reflection of your strong commitment to honor your financial obligations;
- We target segments of our community where we can make the greatest impact. Helping with financial literacy and the account management for our members who are most vulnerable is one way we can do that - we loaned \$51,366 to members who utilized our Lifesaver loans, as an alternative to payday lending;
- We want to offer better resources that allow us to focus more attention on our members using the safest, most secure, and most convenient technology available - we continue to offer our members an electronic signature option to help members complete their loan documents. Members enjoy the ease and convenience of all our online services to stay connected to their account. Mobile app users increased from 804 in January 2023 to a total of 872 by year end;
- As a financial cooperative, one of our priorities is to actively engage in organizations that support institutions like us. Our membership with the Cornerstone League, our regional credit union association, allows us to benefit from the advocacy, education, tools, and resources that are designed to support our endeavors, and, by extension, YOU – our members.

Our volunteer Board of Directors is a diverse group of talented individuals with a broad range of financial and executive expertise, who are dedicated to the overall success of SAFCU.

The last several years have presented many changes and challenges, but they also taught us that we are more than capable of facing an evolving economy in 2024. We certainly look forward to the opportunities to demonstrate our value proposition.

Sincerely,

Brandon Sanders

Board of Directors

Brandon Sanders, Chairman
Chip Sayers, Vice Chairman
Tina Dierschke, Treasurer
Monica Schniers, Secretary

Javier Barrera, Member
Mason Matthews, Member
Deborah Michalewicz, Member

Supervisory Committee Report

The Supervisory Committee is responsible for making sure the credit union's financial records are in order and that internal controls are in place to protect the assets of the credit union and its members. The basic responsibilities of the Supervisory Committee are spelled out by the National Credit Union Administration (NCUA), the federal agency that regulates all federally chartered and federally insured credit unions. In general, the committee is constituted to act as an independent body to monitor and evaluate the quality of the credit union's finances, operations, and decisions. The members of the Supervisory Committee are appointed by the Board of Directors.

The annual 2023 Supervisory Committee Audit was conducted by WayPoint Financial Services. Additional audits of credit union records are required to ensure that we are in compliance with the Bank Secrecy Act (BSA), Customer Identification Program (CIP), Office of Foreign Assets Control (OFAC), Automatic Clearing House (ACH), and Anti-Money Laundering (AML). The auditors may have recommendations for the Supervisory Committee and the Board of Directors to assist the credit union in complying with NCUA rules and regulations, along with internal controls for SAFCU policies. Credit Union Resources, Inc. will perform the member account verification for member's March 31, 2024 statements. We ask you to contact the Supervisory Committee if, at any time, you discover any account discrepancies. Please notify SAFCU when you move to a different address or change phone numbers, so we can successfully reach you to avoid delays or problems. The Supervisory Committee selects a random sample each month to contact members from new accounts, closed accounts, and paid off loans. We also perform regular surprise cash verification with the tellers, as well as audit a random sample of address changes and new loans.

The National Credit Union Administration (NCUA) exam was effective 12/31/2022, which monitors major risk and regulatory compliance areas of the credit union. Overall, SAFCU's transaction, credit, interest rate, liquidity, strategic, compliance, and reputation risks are low to moderate and remain unchanged. We are proud to report SAFCU experienced no data breaches in 2023 and we continue to ensure that your data remains secure.

The Board of Directors, the staff, and all the committees work diligently to help achieve the strategic goals and standards set forth for the credit union each year. We strive to give the highest quality of service that we, as member volunteers, can provide to see that you, our member, receive the very best at San Angelo Federal Credit Union.

Sincerely,

Pete Madrid Jr.

Supervisory Committee Members

Pete Madrid Jr, Chairman
Judy Martin, Secretary
Stephanie Collins, Member

Victor Hassell, Member
Irma Rodriguez, Member
Javier Barrera, Board Liaison

Credit Committee Report

During 2023, SAFCU recognized growth of \$1.3 million in the overall loan portfolio, with \$12.9 million in new money loaned. Our dedicated Credit Committee reviewed 401 member applications that did not meet policy criteria and were able to approve 244 of those applications, which translates to a 60% approval rating.

The loan officers continue to focus on the member's and the credit union's best interest in mind regarding vehicle pricing that may exceed vehicle value; with careful valuation along with considering risks while staying within the credit union's policies. The credit union is confident that we have a strong loan portfolio with minimal instances of negative equity. The number of charge-offs slightly decreased while the delinquency ratio reduced by half, with SAFCU well below the 2.62% average consumer default rate, based on consumer loans in the U.S. per Statistics, as of December 2023.

We saw a change in the financial economy with an increase in interest rates, insurance premiums and a volatile stock market. We have also seen an increase in Emergency / Payday Loan Requests. Although the credit union's interest rates and loan income level are up, we have passed that onto our members in the form of higher deposit rates. Mortgage lending overall is showing a decline due to rate hikes as well; however, we added 3 new mortgage loans to our portfolio in 2023. The Loan Department continues to make the necessary adjustments to ensure that SAFCU remains strong for our members during these uncertain times.

SAFCU is blessed to have all of YOU.... members, volunteers, and staff!

The following table compares:	<u>2022</u>	to	<u>2023</u>
Number of loans approved	1,742		1,678
Amount of loans approved	\$12,640,468		\$12,900,199
Outstanding loan balance	\$21,591,520		\$22,919,832
Income from loans	\$915,590		\$1,148,652
Delinquency Ratio	0.32%		0.18%
Loan / Asset Ratio	58.50%		63.70%
Charge Offs	\$28,540		\$26,537

Sincerely,

Victor Vasquez

Credit Committee Members

Victor Vasquez, Chairman
Tony Meza, Secretary
Pat Organ, Member

Tony Hill, Member
Dennis Urbantke, Member
Brandon Sanders, Board Liaison

President's Report

We all know that credit unions are different from Banks. That is why we are here today. As members, you are equal owners, and we are accountable to YOU! Being informed on our current state of affairs so that you can make informed decisions and participate with your vote. We appreciate you taking the time out of your busy schedule to take an active role in your Credit Union.

This is our first in-person annual meeting since the pandemic; members have recognized and valued the credit union difference and have appreciated the ways SAFCU has helped them through these past several years with fewer disruptions. While we've seen some improvements to the economy, we recognize that challenges remain and have caused the financial industry to develop more innovative and efficient processes. We are dedicated to listening to your suggestions and exploring the best ways to support you as you navigate these circumstances. SAFCU was chartered 85 years ago, and we are committed to serving YOU! We hope the technical advancements we have made will help you feel confident about the security of your money and your ease of access to it. As a Federally insured credit union with NCUA, your deposits are protected and insured up to \$250,000 per individual depositor. That is our first priority – YOUR financial success.

Since credit unions are not-for-profit financial cooperatives and, unlike banks, have no shareholders demanding a market return of their investment, we can pass profits on to our members in the form of lower loan interest rates, higher yields on savings and fewer/lower fees. We are proud of how far we've come, and our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and servant hearts of everyone involved in the operation of our credit union. Because of the work we've all done together, your Credit Union is doing very well, despite the pandemic and certain lingering economic challenges. SAFCU can report a fantastic profit of \$579,542 for 2023. We remain a strong credit union with an overall net worth ratio of 10.21% (total capital/total assets). We are proud to continue supporting our community by participating in the following 2023 activities:

- Sponsor the West Texas Longhorn Association at the San Angelo Stock Show and Rodeo;
- Support our City of San Angelo and Tom Green County employee appreciation days;
- Participate in "Halloween at the Y" and distribute candy & SAFCU prizes to the community;
- For our Christmas project, SAFCU employees fulfilled wish lists for six children from the Children's Advocacy Center "Christmas for Kids" program, adopted several families from the Family Shelter, and fulfilled 8 wishes from Meals for the Elderly. We are also thankful for the many member donations that came in to support these three local charities!

We are YOUR credit union, here to serve YOU, our members, and we couldn't do it without your input and involvement! YOU are integral to our Credit Union's success, and we are sincerely grateful that you have chosen SAFCU as your financial partner. We will continue to explore innovative products and service solutions to enhance your financial life. Our dedicated employees embrace our values and goals and deliver excellent member service. Because – We're small enough to know your name...but we're BIG on YOU!

Sincerely,
Laura Whisenhunt

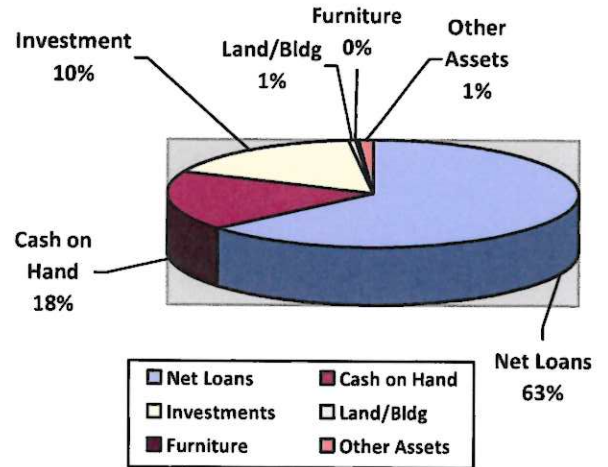
San Angelo Federal Credit Union Staff:

Laura Whisenhunt, President / CEO	Michelle Morrison, Accounting Manager
Patti Hunt, Vice President of Lending	Jenny Vigil, Loan Officer
Tonya Virtue, Loan Manager	Maresha Johnson, Teller Supervisor
Brianna Aguirre, Member Services Manager	Raquel Biera, Teller
Billie Jo Tracy, Loan Assistant / Loan MSR	Rosy Martinez, Teller
	Maricela Rangel, Teller

Statement of Financial Condition for 2023

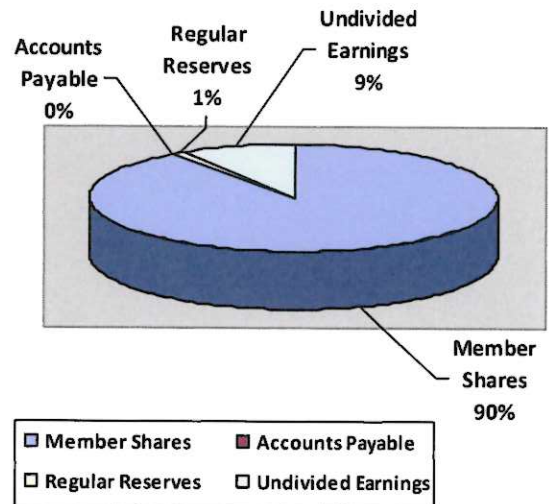
Assets:

Net Loans to Members	\$22,892,870.73
Cash on Hand	\$6,389,589.62
Investments	\$5,961,713.95
Land and Building	\$229,641.39
Furniture and Equipment	\$31,134.05
Other Assets	\$441,318.74
Total Assets	\$35,946,268.48



Liabilities and Capital:

Member Shares	\$32,105,023.96
Accounts Payable	\$169,603.57
Regular Reserves	\$357,773.69
Undivided Earnings	\$3,313,867.26
Total Liabilities & Capital	\$35,946,268.48



Distribution of Income:

Total Gross Income	\$1,909,122.69
Operations	- \$1,226,699.36
Dividends	- \$ 102,881.45
Net Income	\$ 579,541.88