

MINUTES
2025 Annual Meeting of the Members
COMMUNITY FIRST CREDIT UNION
April 29, 2025

CALL TO ORDER

At 3:01PM, Board Chair Carolyn Welch called the 66th Annual Meeting of Community First Credit Union to order. Ms. Welch recognized the members and employees joining the meeting virtually.

DETERMINATION OF QUORUM

Board Secretary Jason Scott reported that a quorum, as required under the Bylaws, was present.

APPROVAL OF MINUTES

The minutes of the 2024 Annual Meeting were presented, with copies on the Community First website available to all members. There being no questions or corrections to the minutes, Ms. Welch requested that they be approved as published.

BOARD CHAIR'S REPORT

Ms. Welch noted that the credit union ended 2024 with healthy earnings, very strong liquidity, and substantial accretion of regulatory net worth. Ms. Welch reported that Community First remains fiscally strong and sound with total assets that continue to place the credit union in the top 12% of all credit unions in the nation by asset size. Ms. Welch concluded by recognizing the volunteers serving on the Board of Directors and Supervisory Committee.

CEO'S REPORT

Mr. Johnson provided a report on the Credit Union's finances and operations for 2024 and discussed the impact of the "higher for longer" rate environment. Mr. Johnson reported that real estate and auto loan originations were challenging, with mortgage purchase activity nationwide at a 30-year low. Mr. Johnson reported year-end financials of \$806M in total assets, \$3.1 million in Net Income, and a regulatory Net Worth Ratio of 9.45%, and noted that these results reflect

disciplined financial stewardship and a focus on long-term strength. Mr. Johnson reported year-end Return on Assets (ROA) of 0.39%, outperforming the peer average of 0.36% of California credit unions between \$500M to \$1B in assets. Mr. Johnson reported that cost of funds finished 2024 at 1.58%, up from 1.03% in 2023, a necessary increase due to a very competitive operating environment, and delinquency rates improved dramatically to 1.00% at the end of 2024.

Mr. Johnson highlighted strategic highlights and innovation, including the launch of Early Pay, Rapid-Dough short-term lending, and Estate Planning services with Legal Karma, as well as the shift of Skip-a-Pay to digital banking, the elimination of APSN and NSF representment fees, and the investment of additional risk management features.

Mr. Johnson discussed the upcoming merger with Vocality Community Credit Union, with membership growth to over 68,000 and total assets in excess of \$900M, once complete. Mr. Johnson discussed upcoming strategic priorities in the economic uncertainty, including launching a Digital Account Opening solution, new digital banking enhancements, and continuing to deeper community involvement and partnerships.

TREASURER'S REPORT

Mr. Cochran reported year-end total assets of \$806M, reflecting a 1.4% decrease from the prior year, and reported that share growth declined by 1.86% compared to 2023. Mr. Cochran reported that the Consumer Price Index (CPI) rose by 2.9% for the year, above the Fed's long-term price stability target of 2.0%, and despite the marked increase in cost of funds, Net Interest Margin improved by 6 basis points in 2024 to 3.33%.

Mr. Cochran reported Allowance for Credit Losses of \$7.0 million at the end of 2024, representing a ratio of 1.21% to total loans. Mr. Cochran reported that the credit union ended the year with a very robust primary liquidity position of \$117M, or 14.5% of assets. The credit union had no outstanding borrowings on the balance sheet ending 2024. Mr. Cochran reported that the credit union is well positioned for 2025 and the future.

CREDIT MANAGER'S REPORT

Ms. Shumway reported that while organic loan origination proved challenging in 2024, the credit union ended the year with a very robust Loan to Share ratio of 80.57%. Ms. Shumway reported that auto loan balances declined from \$411 million to \$329 million at the end of 2024 and reported that the credit union substantially reduced the auto loan concentration risk in the loan portfolio, reducing concentration from 68% to 56%. Ms. Shumway reported that the reduction in auto loan balances was offset via the purchase of high-quality real estate participation loans; The diversification strategy to reduce auto loan concentration will continue to be a focus in 2025.

Ms. Shumway reported that the mortgage loan portfolio increased slightly despite a historically poor purchase market, finishing 2024 at \$167 million, up slightly from \$166 million at the end of 2023. A renewed focus on unsecured consumer lending continued to be a bright spot with portfolio balances increasing by 29%. Ms. Shumway reported reportable delinquencies dramatically improving from 1.45% at the end of 2023 to 1.00% in 2024. Ms. Shumway reported net charge-offs increased from \$2.8M in 2023 to \$4.1M in 2024.

SUPERVISORY COMMITTEE REPORT

Ms. Zhao Qiu, Chair of the Supervisory Committee, reported that the accounting firm of Doeren Mayhew Assurance to perform the annual financial statement audit. Ms. Zhao Qiu reported that it is the Supervisory Committee's opinion that the financial statements for Community First Credit Union as of December 31, 2024, provide a fair and accurate representation of the fiscal condition of the credit union.

REPORT OF THE NOMINATING COMMITTEE

Ms. Welch noted the Nominating Committee's candidates for open positions on the Board of Directors and Supervisory Committee, along with a bio for each candidate, had been included in the Annual Meeting materials. Ms. Welch reported that the Nominating Committee had complied with the Notice Provisions of Section 2 of the Bylaws.

Board of Directors Nominees

Kristen Madsen – 3-year Term, Ending in 2028
Jason Scott – 3-year Term, Ending in 2028
Jennifer Weiss – 3-year Term, Ending 2028

Supervisory Committee Nominees

Lori Angstadt – 3-year Term, Ending in 2028
David Williams – 3-year Term, Ending in 2028

ELECTION OF DIRECTORS AND COMMITTEE MEMBERS

Ms. Welch noted, "In accordance with paragraph D, of Section 2 of the Bylaws, as there were no more nominations than the number of vacant positions, those that have been nominated and qualified are declared duly elected."

ADJOURNMENT

Ms. Welch thanked the members and employees for their ongoing commitment to the credit union mission. Ms. Welch, noting there being no new business to conduct, called for a motion to adjourn the meeting.

It was **MOVED, SECONDED**, and **VOTED TO adjourn** the meeting.
Motion was **CARRIED UNANIMOUSLY**.

The 2025 Annual Meeting was **adjourned** at 3:32PM.