

75 YEARS



Sandia Laboratory
Federal Credit Union

2023 ANNUAL
REPORT

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Board Member



“

We pledge to deliver exceptional service and experiences that support our members at every stage of their financial journeys.

”

2023 IN REVIEW

We're not getting comfortable... we're just getting started.

As we reflect on the economic conditions that defined the past year – the twin pressures of high inflation and rapidly rising interest rates – we are proud to share that SLFCU is more resilient and responsive than ever.

SLFCU's guiding purpose is to redefine the cooperative spirit in financial services. This means we stand with you regardless of the nationwide economic challenges we may collectively face. We're expanding lending and raising deposit rates in communities where other financial institutions are scaling back, and our commitment to putting members first is unwavering. We're actively listening to your needs and empowering our employees to turn your feedback into meaningful outcomes that continually enhance your SLFCU experience..

In our 75th year, SLFCU has \$3.7 billion in assets and is more than 140,000 members strong. As a well-capitalized organization that balances risks and opportunities, we have overcome the storms that hit the financial industry in 2023. We trimmed costs where necessary, and the positive revenues we made are being reinvested to make us an even better and more responsive organization. For example, we stood ready to offer support programs to members whose livelihoods would have been adversely affected by a government shutdown. We also offered skip-a-pay options on loans during the holiday season, which received a record-breaking response, with more than 3,300 members taking advantage of this welcome respite at the busiest time of year.

From New Mexico to California and beyond, becoming an economic engine for the communities we serve is making a positive difference in the lives of our families, neighbors, and friends. In 2023, we provided more than \$750 million in loans to members, and we continued to reimagine our products to ensure they are meeting member needs. We introduced three great deposit offerings – the Power Money Market Account, the FLEX Account, and the MEGA Certificate – all with excellent rates to help members grow their savings more quickly. The result: Members earned almost \$27 million in dividends in 2023.

While rising interest rates are benefiting members seeking to invest funds, they have also made borrowing more expensive. In 2023, we responded by keeping our loan rates competitive, which made it possible for members to purchase over 11,000 vehicles. Members also took advantage of our low-rate credit card balance transfer offer to help them pay down debt more quickly. And businesses turned to SLFCU for \$244 million in loans to help them grow and prosper.

More than ever, we are focused on creating financial empowerment for our diverse membership. We will continue to deliver exceptional service and new experiences while taking care of our members at every stage of their financial journeys.

Thank you for the opportunity to serve you, and for the trust and loyalty you place in SLFCU.

Curt Nilsen
Board Chairperson

Stephanie Sherrodd
President and CEO



Members first.
75 years
and counting.

Celebrating Our Legacy And Building Yours

The SLFCU story began in October 1948 when a small group of forward-thinking employees at Sandia National Laboratories created a better way to manage their finances. Today, over 140,000 members from all walks of life trust SLFCU because we treat our members' financial well-being with the same care and concern that they do.

In this milestone year, Forbes named SLFCU a Best-in-State Credit Union for New Mexico for the sixth consecutive year, and BauerFinancial awarded us their Five-Star "Superior" rating for the 27th straight year. We were also recognized for the fourth time as one of New Mexico's Best Places to Work by Albuquerque Business First for our exceptional work culture that attracts and retains top talent.

To celebrate our anniversary and to thank our members for their continued support, we hosted SLFCU Member Appreciation Week in October. Festivities included an all-week treasure hunt, member-exclusive giveaways, and an anniversary party at our Jefferson branch in Albuquerque, with catered lunches for members at our Farmington and Livermore branches.

Looking forward, we're developing exciting new products designed to help members keep more of their hard-earned money and build their legacy. From business loans to mortgages, auto loans, and more, SLFCU is at the forefront of responsible lending, offering its members and communities financial education resources for successful money management.

Together, we are building something remarkable. For 75 years, we've been on a journey of growth and inclusivity. As we look toward the next 75 years, we believe in exploring uncharted territories, broadening our reach, and sharing the value of SLFCU with more people than ever.



Doubling Down on Growing Our Members' Money

Significant fluctuations in the national economy have impacted many SLFCU members. In a proactive response, we unveiled three new "inflation-fighter" products to help them enhance their savings: the Power Money Market Account, MEGA Certificate, and FLEX Account. Members are using these new products for saving needs such as establishing an emergency fund, contributing to a home down payment, boosting retirement savings, or even to save up for an unforgettable vacation.



These new products represent some of the many ways we're looking out for our members' financial health. By offering products that return higher savings balances, our members have reserves to weather inflation or financial hardship – and when people can pay for unplanned expenses, the economy does better, too.

– Rick Anderson, SLFCU Executive Vice President





Power Money Market Account

Unlike traditional money market accounts, which earn higher rates on higher balances, SLFCU's Power Money Market Account offers higher rates on lower balances, up to \$2,500. The result is a significantly higher return than traditional savings accounts offer. This 'reverse-tier' type of account is proving popular because it offers a high yield without a high deposit balance - with the liquidity of a regular savings account. We added a limited-time cash back bonus when members make new money deposits to a new or existing Power Money Market Account.



MEGA Certificate

This term certificate for personal and business members offers a high return rate with only a 14-month commitment. MEGA Certificates can be opened with a minimum of \$5,000 in new money (that's money not already on deposit with SLFCU). Members with low-performing savings accounts elsewhere are moving their funds to MEGA Certificates to realize a significantly higher rate of return.



FLEX Account

SLFCU introduced the 16-month FLEX Account to provide both personal and business members with a way to earn competitive returns on their savings while maintaining access to their funds. A key feature of the FLEX Account is that up to 50% of a balance can be withdrawn once per calendar month without incurring a penalty.

A Shared Commitment to Service

At SLFCU, our purpose of reimagining the cooperative spirit starts with putting members first, always. Our branch, contact center, and lending teams are often viewed as being responsible for your experience, but all employees, whether they work at a branch or “behind the scenes,” play important roles.

Early in 2023, we re-affirmed our commitment to you, the member. The entire SLFCU team – every employee, at every level, in every department – came together to find opportunities to do better for you, whether the interaction occurs in person, over the phone, or online. From tellers to project managers, contact center representatives to IT technicians, business analysts to accountants, each employee understands their impact on the member experience and is taking action to continually improve it.

We act on your feedback.

SLFCU is committed to actively listening to you and to proactively enhancing your experience at every touchpoint. We are cultivating a workplace that prioritizes member needs to ensure that your suggestions and feedback are not only acknowledged, but are also incorporated into meaningful initiatives.

This “voice of the member” resonates throughout the Credit Union and drives the creation of impactful solutions. It serves as a cornerstone in shaping our product roadmaps and plays a pivotal role in elevating your SLFCU experience.

In 2023, member feedback led to several improvements, such as raising daily ACH transfer limits, removing the six-transfers-per-day limit in online banking, expanding our Contact Center team for shorter wait times, and offering in-person mortgage lenders at branches on weekends. And our new Rio Grande Crossing branch near Albuquerque’s Old Town was built in large part due to member requests for an SLFCU location in that area.

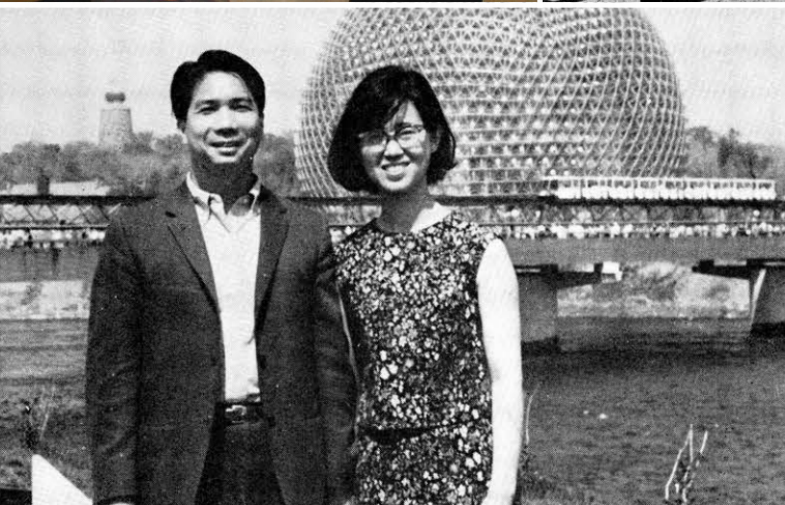
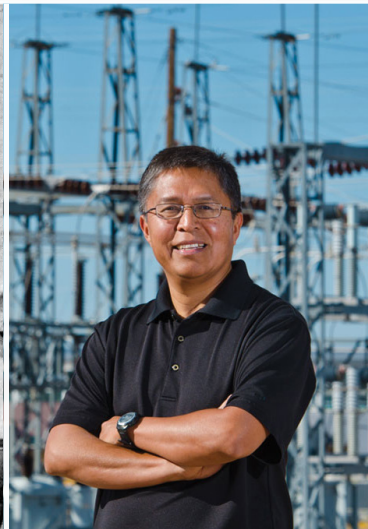
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Regardless of our role at the Credit Union, each of our actions influences the overall member experience. Sharing this ownership is pivotal in our collective journey toward continuous service improvement for our members.

– Brett Slayden, SLFCU Senior Vice President of Retail Experience





A Shared Commitment to Service Continued from page 6

We proactively seek improvements.

We don't wait for you to tell us how we can improve. We are constantly thinking about ways to better serve you - and then acting upon them.

For example, we've broadened our lending criteria, simplified the loan pre-qualification process, and greatly reduced the time it takes to open a home equity loan in response to today's challenging economic environment. And by introducing savings account and certificate offerings with highly competitive rates, we're helping members grow their savings more quickly than ever before.

Another great example of our commitment is in how we have enhanced our approach to sensitive situations, such as the loss of a loved one. Taking on the day-to-day management of a passing family member's finances can be daunting. SLFCU wants to help facilitate the process and make it as stress-free as possible, so we have strengthened our bereavement resources to empower employees to act with more confidence and empathy.

In summary, our teams are deeply committed to understanding your needs, following up on your requests, and making it easier for you to manage your finances. We are working tirelessly to make changes both big and small, keeping our members at the heart of all our decisions. By living our values and putting members first, we believe we are building a solid foundation of trust and loyalty for the future.

Thank you to everyone who takes time to share your thoughts and ideas. Your voice matters.



The member experience is a fundamental aspect of our purpose, as well as a reflection of our values and principles as a cooperative. It requires us to put the needs and aspirations of our members first, and to be proactive, empathetic, and accountable every time they come to us for help or advice.

– Ann Baur, SLFCU Vice President of Retail Transformation



A part of our members' adventures
since their first adventures.



SLFCU by the Numbers

\$296,000,000



Total dollar amount of auto loans originated in 2023

\$180,000,000



Total dollar amount of mortgages and home equity loans originated in 2023

\$244,000,000



Total dollar amount of business loans originated in 2023

144,482

MEMBERS

5.45%

MEMBERSHIP NET GROWTH IN 2023

A Valued Partner for Employers

More than 1,400 companies in the Albuquerque area and the Bay Area of California make Sandia Laboratory Federal Credit Union a valuable part of their employee benefits package. And that value comes at no cost to the employer or employee. Chartered in 1948, SLFCU is a full-service, government-insured, member-owned financial institution dedicated to the financial success of our members. Employees of our partner companies regard their eligibility to join and use SLFCU services as a special benefit provided by their company.

For more information about company eligibility, please call 505.293.0500 or 800.947.5328, or visit slfcu.org/WhoCanJoin.



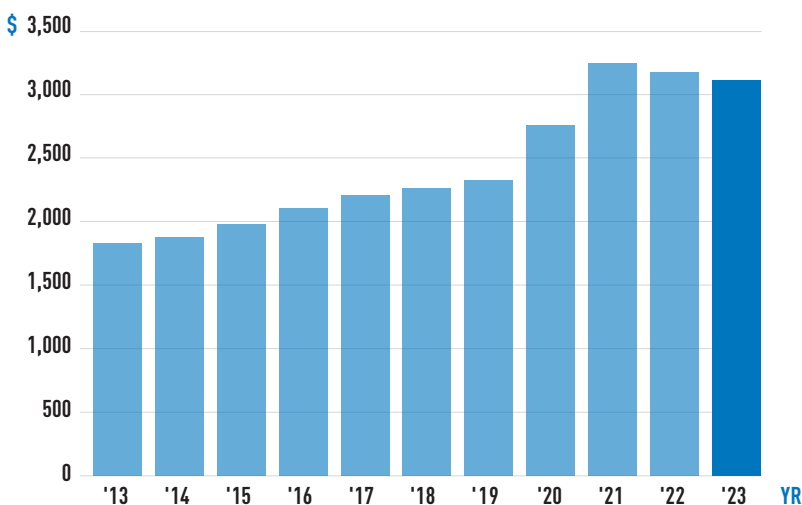
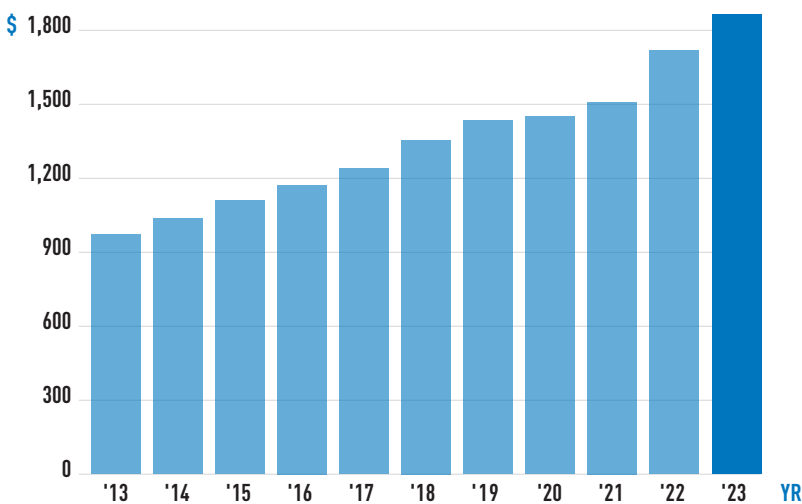
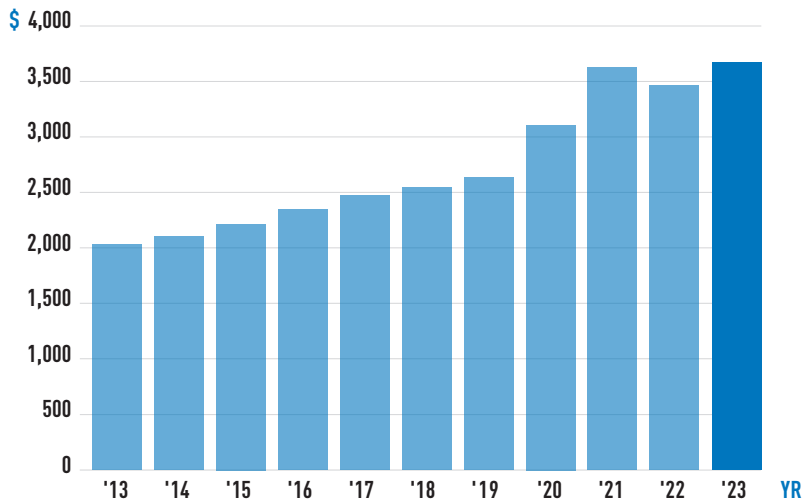
2023 Financial Highlights*

	2023	2022
Total Assets	\$3,766,637,073	\$3,462,666,000
Loans	2,033,988,956	1,719,119,000
Investments	1,381,557,543	1,567,107,000
Members' Share Accounts	3,112,316,834	3,203,530,000
Reserves and Undivided Earnings	393,395,944	397,723,000
Gross Income	143,463,156	116,864,000
Dividends Earned by Members	26,604,423	12,710,000
Net Income	4,130,002	24,557,000
Net Worth Ratio	10.47%	11.37%

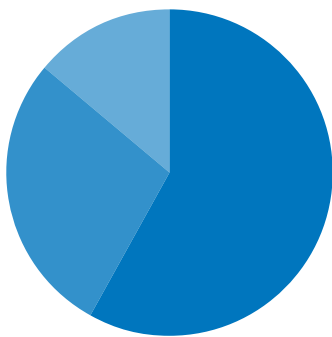
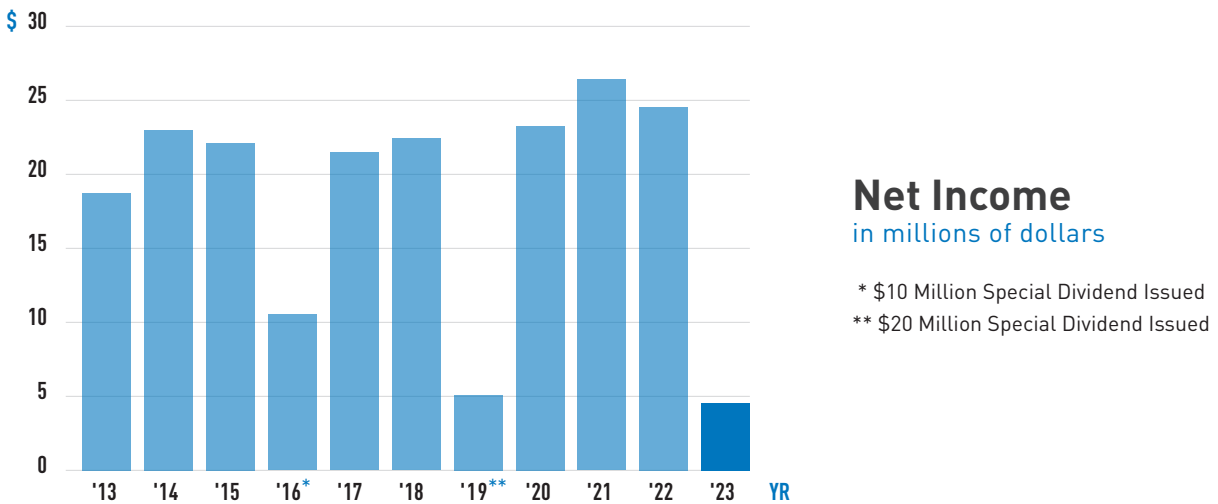
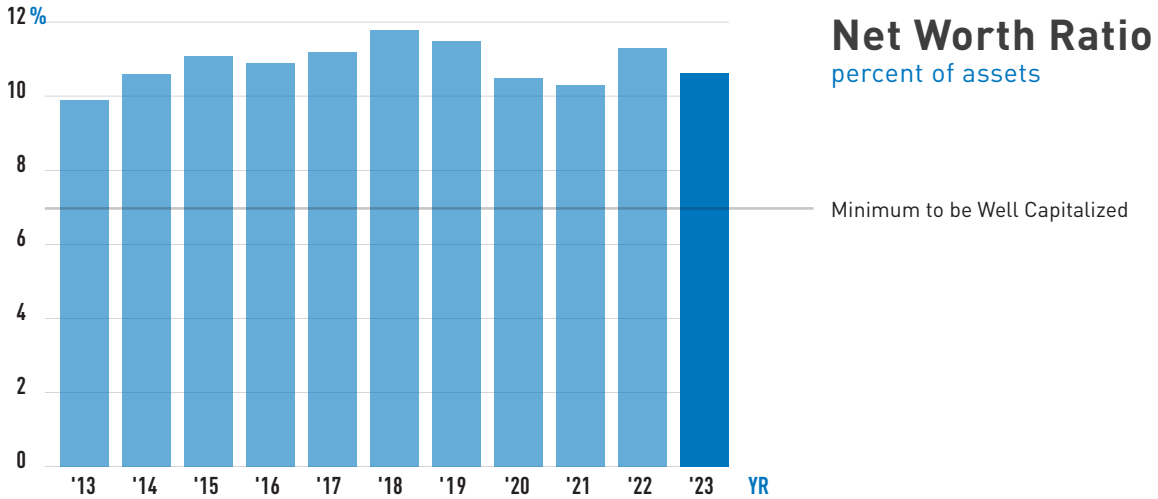
*Unaudited



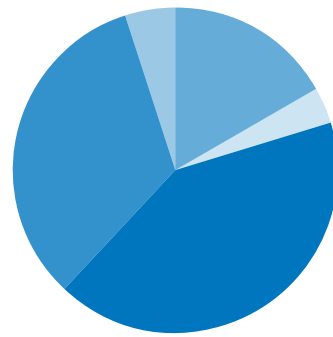
2023 Finances



2023 Finances



- 58.06% Interest on Loans
- 28.07% Interest on Investments
- 13.87% Other Income



- 33.96% Personnel
- 26.92% Operating/Non-operating Expense
- 18.54% Dividends to Members
- 3.93% Loan Loss Prevention
- 2.88% Undivided Earnings/Reserves

Balance Sheet

Year Ended
December 31, 2023
(unaudited)

Year Ended
December 31, 2022
(audited)

ASSETS

Loans to Members	\$2,033,988,956	\$1,719,119,000
Less: Allowance for Credit Losses	(17,703,845)	(7,392,000)
Cash and Cash Equivalents	186,184,736	31,732,000
Investments, Net of Mark to Market Adjustments	1,381,557,543	1,567,107,000
Accrued Interest Receivable	3,971,163	8,298,000
Building, Land and Equipment, Net	48,207,515	47,146,000
Deposit with NCUSIF	27,677,986	28,848,000
Other Assets	102,753,019	67,808,000
Total Assets	\$3,766,637,073	\$3,462,666,000

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable and Other Liabilities	\$32,896,472	\$37,029,000
Total Liabilities	457,677,419	107,029,000
Members' Share Accounts	3,112,316,834	3,203,530,000
Reserves and Undivided Earnings		
Regular Reserves	20,395,711	20,395,000
Undivided Earnings	373,000,233	377,328,000
Accumulated Other Comprehensive Income (Loss)	(196,753,125)	(245,616,000)
Total Liabilities and Members' Equity	\$3,766,637,073	\$3,462,666,000

Income Statement

	Year Ended December 31, 2023 (unaudited)	Year Ended December 31, 2022 (audited)
INTEREST INCOME		
Interest on Loans	\$83,289,990	\$59,049,000
Interest on Investments	40,271,866	36,487,000
Total Interest Income	123,561,856	95,536,000
INTEREST EXPENSE		
Dividend Expense	26,604,423	12,710,000
Interest on Borrowed Funds	19,599,881	7,000,000
Net Interest Income	77,357,551	75,826,000
Provision for Loan Losses	5,639,347	2,532,000
Net Interest Income After Provision for Loan Losses	71,718,204	73,294,000
NON-INTEREST INCOME		
Interchange Income	11,315,015	10,609,000
Negative Balance Fees	2,596,475	2,448,000
Other Non-interest Income	5,989,809	8,271,000
Total Non-interest Income	19,901,300	21,328,000
Income Before Operating Expenses	91,619,504	94,622,000
OPERATING EXPENSES		
Compensation and Employee Benefits	48,864,874	36,989,000
Office Occupancy	3,494,994	3,795,000
Office Operations	11,557,942	10,735,000
Professional and Outside Services	11,951,031	11,187,000
Educational and Promotional	2,572,325	1,044,000
Credit Card Rebates	2,087,600	1,977,000
Other	7,207,570	5,047,000
Total Operating Expenses	87,736,336	70,774,000
Operating Income	3,883,167	23,848,000
Non-operating Income (Expenses)	246,834	709,000
Net Income	\$4,130,002	\$24,557,000

Statistical and Comparative Data

	2023 SLFCU	2022 SLFCU	Average CU With Assets of \$1 Billion or More*
Members	144,482	137,015	233,938
Assets	\$3,766,637,073	\$3,462,666,000	\$3,891,683,850
Assets Per Member	26,070	25,272	16,951
Total Savings Per Member	21,541	23,381	14,137
Dollars Loaned Per Member	14,078	12,547	12,395
Operating Expenses (Less Provision for Loan Losses) to Average Assets	2.43%	2.0%	2.8%
Employees Per Million Dollars of Assets	0.13	0.13	0.14
Net Worth Ratio	10.47%	11.37%	10.86%
Loans Outstanding to Shares	65.4%	53.7%	87.7%
Loans Outstanding to Assets	54%	49.6%	73.1%
Delinquent Loans to Outstanding Loans	0.39%	0.24%	0.73%
Dividends to Gross Income	18.5%	10.9%	21.1%

*Data from the America's Credit Union's September 30, 2023 Report

Supervisory Committee

Chairperson:

Jenni Pandazis

Committee Members:

Aaron Lobato, Lesley Caldwell, Andrew Steele, Violetta Kempainen, David Diller (Alternate), Chris Dye (Alternate)

The Supervisory Committee has retained the certified public accounting firm of RSM US, LLP to conduct an independent audit of SLFCU's financial statements. At the completion of the audit, the full report will be available at the Credit Union's administrative office for review by the membership.

In addition, at the direction of the Supervisory Committee, both internal audit staff and independent audit firms are utilized to evaluate and improve the effectiveness of the Credit Union's risk management, internal control, and governance processes.





Sandia Laboratory Federal Credit Union




Insured by NCUA

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Celebrating our legacy.
And building yours.

slfcu.org
505.293.0500 • 800.947.5328
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