

2022
**Annual
Report**





Board Chair's report

Patelco has stood strong since 1936, and our stability and mission are why our members' financial wellbeing will continue to be our focus, even as we enter our 87th year amidst economic uncertainty.

While the intensity of the pandemic eased in 2022, during the past year we saw the pressure of inflation and higher interest rates on our members, placing undue burdens on their households. As the Chair of the Board, my role is to lead the board in putting our members first, no matter the economic headwinds, to reinforce our purpose and mission of financial wellbeing for those we have the opportunity to serve, and to steer Patelco as a not-for-profit financial cooperative looking out for your interests.

As in 2022, the Federal Reserve has indicated that it plans to continue raising rates to fight inflation this year – which is good news for savers but challenging for those with variable rate debt. In 2022, we saw members challenged by increased spending and higher debt payments. Last year's rapid rise in interest rates meant borrowers' costs increased to high levels. For savers, they finally saw opportunities after decades of low rates. We responded by offering special share certificate promotions so our

members could take advantage of rising rates. We did see some increase in delinquency last year as well.

While some economists are forecasting a recession during 2023, there's also optimism for a pivot by the Fed later in the year towards lower rates. Some of you are primarily savers, some of you are borrowers, and many of you make full use of all that Patelco has to offer. Our steadfast commitment to improving the financial wellbeing of each of these groups will be our guide, and the Board will continue to guide Patelco so we can strengthen your ability to make sound choices during 2023's financial journey – whatever it may bring.

Jesse Rivera
Chair – Board of Directors



Our vision

To be the preeminent credit union that empowers our members to achieve financial freedom.

Our promise

To fuel hope and opportunity for lifelong financial wellbeing.

Our mission

To build our members' financial health and wellbeing.



President and CEO's report

2022 was a successful year for Patelco despite global economic challenges and continuing effects from the pandemic. Significantly, it was a successful year because of what we did for our members – not just because of the numbers we generated. While banks measure their success by their return to shareholders, we measure our success each year by how we benefited you as a member.

Credit unions were founded at a time when most Americans did not have access to financial services and credit. The charter design of credit unions was simple: a financial cooperative to provide credit for provident purposes and to help those of moderate means. The founding principles were simple too: “People helping people” and “not for profit, not for charity, but for service.” These tenets epitomize the credit union difference. Amidst the economic uncertainty and turmoil in the banking sector today, Patelco is more committed than ever to realizing these founding principles and enriching our members’ financial wellbeing. Here’s how we did that in 2022.

Enabling you to take advantage of higher interest rates

Higher interest rates were one of the significant newsmakers in 2022, as the Fed tried to reign in inflation. In response, we created three share certificate specials so that our members could take advantage of rising rates. With the wild swings of the market in 2022, it was even more important for our members’ financial wellbeing to have funds in NCUA-insured share certificates.

Responding to inflation

The downside to the high-rate environment was that it increased the cost of credit, and some members with variable rate debt struggled to make loan payments. Higher loan payments coupled with inflationary prices for necessary living

expenses challenged many of our members just to make ends meet; our team was there to help. In addition to working with members individually who called us for temporary loan relief, by the end of 2022 our Certified Financial Specialists had delivered more than 2,400 financial coaching sessions. Beyond our own membership, we also provided more than a thousand hours of financial education throughout the communities in our footprint – giving people the knowledge to make the right decisions.

Giving you the knowledge to fight fraud

Fraud also continued to make the news, with scams hitting unprecedented levels. It’s affecting our members, too – which is why we’ve expanded our fraud department and are boosting our efforts to educate members to help them avoid scams. We recently created a dedicated team accessible by phone so members can call to get an expert perspective on a situation that doesn’t feel right. We held fraud prevention clinics at area senior centers, and started a monthly newsletter highlighting the most recent scams and how to avoid them.

And when we debuted our brand new website at the end of 2022, it had a refreshed fraud center, which we will regularly update. We also created an internal fraud resource center for our team so they can be better prepared to assist members. All this is paying off – we prevented \$1,859,754 potential fraud losses to members last year. And we’ll continue adapting and educating to protect you.

Empowering you to build your credit

We don't just support our members' wellbeing through supplementary offerings like education and anti-fraud consultations – we build it right into our products. In 2022, we continued offering our award-winning ScoreUp Credit Builder Loan.

With this loan, members get the chance to build up their credit score and save money at the same time, and it's available especially for those with little or no credit history, for as little as \$500. Each repayment is deposited into an associated savings account, which is available to the member when the loan is paid in full. To benefit a greater number of people in our communities, we partnered with 21 United Way centers to promote the credit- and savings-building loan.

Remaining involved in our communities

Our partnerships, like the one with United Way, remain an integral part of how we're involved in the broader communities in our footprint. Some of our highlights from 2022 included providing financial wellbeing workshops and one-on-one financial coaching at the SF City College Basic Needs Center, teaming up with United Way's Sparkpoint to help families increase their savings and reduce their debt, and supporting 41 financial wellbeing partners for our most impressionable community members: our youth.

Making it easier for you to do business with us

While supporting our communities and your wellbeing is important, we wouldn't be a successful financial institution if we didn't deliver a smooth day-to-day experience for members. Behind the scenes, we made technological improvements for our team so that we could serve you faster and more seamlessly – from infrastructure improvements at our branches to phone system upgrades to new cloud integration. On the front end, members experienced an improved account opening experience, three remodeled and new branches, and an entirely new website.

We're especially proud of our new [patelco.org](https://www.patelco.org) website, which we designed to make it faster for you to find the products, services, and information you need. We designed an updated navigation, better integrated educational financial content across the site, and created a more accessible experience for all our members. Our new site reflects significant work to adhere to the latest Americans with Disabilities Act (ADA) standards. Modernizing our services in these ways is critical so we remain competitive in today's market – and deliver what you and our members expect from a financial institution in 2023. This expands our reach into our communities and lets us bring our financial wellness difference to even more members.

As this Annual Report reflects, we have a rich history as a credit union serving our members and communities. Our ongoing success relies on how well we serve you, and with your trust we will continue our mission of supporting your financial wellbeing. We are thankful to be your trusted financial institution and are honored to serve you. Even amidst an uncertain global economy, we're here to deliver the products, services, and trusted advice that you need, and our focus on improving our members' financial wellness is job number one.



Erin Mendez
President & Chief Executive Officer



Our strength is your security

Patelco Credit Union has been proudly serving members and communities since 1936, through economic highs and lows. We are proud of our excellent financial position and, considering recent industry events, we want to assure our members that Patelco remains safe, sound, and highly liquid. Your deposits are insured in accordance with National Credit Union Association (NCUA) guidelines. Our capital position remains strong and beyond well-capitalized levels.

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Our roots are secure – and focused on you

There are many things that the Patelco team and leadership are proud of – but above all, it's who we serve and how we serve. For 86 years, we've served members in Northern California, including the Bay Area, Sacramento, and San Jose. Thanks to our loyal members, we are one of the largest credit unions in California, and our deposits continue to grow despite the uncertainty elsewhere. We have a diverse membership and serve people and our communities, in addition to the employees of over 1,100 large and small businesses throughout the United States. We are not reliant on a single business sector.

The credit union difference

As a credit union, we are owned by our members. And, like all credit unions, we were founded as a not-for-profit financial cooperative – meaning that our purpose is to benefit members, not profit stockholders. Credit unions by charter and design are more conservative than banks, and follow stringent NCUA safety and soundness guidelines. In their yearly report, the Credit Union National Association estimated that Patelco provided over \$122 million in direct financial benefits to our 440,000+ members in 2022 alone. If you break it down, that's a benefit of \$575 per member household, on average. And if you are a member with most of your financial relationships with Patelco (like checking, savings, auto and home loans), that direct financial savings is estimated to be \$1,773 for 2022.

Why you can count on us

Besides our mission and our NCUA insurance, our 86-year history means we've been through many cycles of economic ups and downs. And throughout that time, we have always focused on long-term viability so we can continue serving our members. By all traditional measures, we sit in a low-risk position today by regulatory standards. We remain transparent about our financials – you can always find our financial statements on our website at [patelco.org](https://www.patelco.org). Look for **About Patelco** in the main menu and then select **Financial Statements**.



Your personalized NCUA insurance coverage report

You can also visit the government's credit union website and use their Insurance Estimator at <https://mycreditunion.gov/insurance-estimator> for your customized report.

We are here for you

We try very hard to stay true to what we say and to live to our mission of building better financial lives for our members. During times like this, we're here more than ever to build your today and power your tomorrow. We help you manage your day-to-day financial life and strengthen your financial future in good times and bad.

You've made a great choice partnering with Patelco for your financial needs. Becoming a Patelco member is about forming a lifelong relationship with a financial partner and knowing that someone's got your back when you need it. We're grateful for your membership, and we want you to know that our team at Patelco works hard every day to support and improve your financial life — so that we may continue earning that trust. We realize you may still have questions, and we are here to answer them.

LEARN MORE



Read

At patelco.org, select **About Patelco** in the main menu and then select **Financial Statements**



Call

Dial **800.358.8228** to talk to the Patelco team



Meet

Meet face-to-face virtually from your home or office via patelco.org/VirtualBranch



Visit

Schedule an in-branch appointment at any of our 37 locations via patelco.org/locations

“

I appreciate having this experience and being able to learn about financial tools that I can use in life.”

— Genesys Works high school intern

Community involvement

Everything we do is deeply rooted in our people-before-profits philosophy, and that includes spending our time, talent, and finances to support local nonprofits and events that benefit our communities.

United Way’s SparkPoint

In 2022, we partnered with United Way’s SparkPoint centers, which help students and families meet basic needs and build their financial capability. Our Membership Development team provided financial workshops along with one-on-one coaching to help individuals gain the knowledge they needed to build a better financial future. We also shared our ScoreUp credit builder loan, which helps people improve their credit score while building their savings at the same time.

Genesys Works

In a first-of-its-kind partnership, we teamed up with Genesys Works to give paid internships to students from ten Bay Area high schools and two colleges. Ten students joined our call center team, and two students are working with our Technology team. These students are gaining valuable experience in the working world, learning new skills, and getting an inside look at how a financial institution runs. In addition to the job skills, the interns are also being trained with the financial knowledge they need to build their own financial wellbeing.



In 2022, Patelco...



served **1,302** volunteer hours



donated **\$139,000** to fight food insecurity



collected **20,431** pounds of food at the Alameda County Fair for food banks



sponsored the Cycle of Hope that raised **\$400,000** for Habitat for Humanity



helped build **4** houses with Habitat for Humanity



gave **\$65,000** to support children's health initiatives

2022 Tri-Valley Mayors' Summit

In 2022, it was Dublin's turn to host the Tri-Valley Mayors' Summit – and the Dublin Chamber of Commerce asked Patelco to host in the outdoor area of our headquarters. Nearly 300 people attended the event, "Collaborating to Improve the Tri-Valley." Mayors from Pleasanton, Dublin, Livermore, Danville, and San Ramon spoke at the event. By remaining involved with our local government and business leaders, we can better serve our local area and stay in touch with community issues and initiatives.



Patelco At Work

Patelco At Work is a no-cost Employee Assistance Program (EAP) to help employers offer personal finance as part of their overall benefits program. Unlike a traditional EAP program, we take a holistic approach to financial wellness, with Certified Financial Specialists providing 1:1 professional financial counseling, financial education, and products and services with better rates and low to no fees. For 86 years we've honored the trust of our members and are grateful for the opportunity to connect to employers throughout Northern California.

Mission in action

Patelco also partnered with local universities to present a Patelco At Work webinar on the Public Service Student Loan Forgiveness Program. After the webinar, a member reached out, and our Financial Health Manager provided additional guidance – resulting in the member receiving forgiveness of over \$40,000 in student loan debt.

“

Thanks so much for the seminar you offered. There are few moments like that in the world today – when a large institution seeks to make a change in people's daily lives. I'm grateful!”

– Alice S., who received forgiveness for over \$40,000 in student debt after attending Patelco's presentation

In **2022**, the Patelco At Work team



partnered with **22** new companies



participated in **40+** community events across Northern California



conducted **69** onsite events at partner companies



reached **30,985** employees with educational programs

Serving our members' financial wellness

Benefits returned to our membership

	Q4 2018	Q4 2019	Q4 2020	Q4 2021	Q4 2022
Total annual CU benefits per Member	\$253	\$189	\$225	\$213	\$274
Total annual CU benefits per Member household	\$532	\$397	\$472	\$448	\$575

Product/Service	Quantity & Member Benefit
Fraud Cases Prevented	Prevented \$1,859,754 in losses in 4,234 cases
ScoreUp™ Credit Builder Loans	Opened 1,075 loans for 46-point average credit score increase
Loan Payment Deferrals	Eased member stress with 1,905 payment deferrals
LevelUp	Gave 11,158 members a lower rate for on-time payments
Debt Consolidation Loans	Provided 5,461 new loans to members with lower rates
Fee Savings	Saved over \$1 million in fees with overdraft protection
Fee Reimbursements	Reimbursed \$341,264 to 12,188 members for fees

Member engagement



BORROW RESPONSIBLY

Opened **24,778** vehicle loans to provide members with reliable transportation

Opened **550** home purchase loans with over **\$479 million** in balances

Refinanced 362 home loans with over **\$174 million** in balances

Gave **13,626** personal loans to help members cover costs and consolidate debt



IMPROVE WELLBEING

Conducted **96** financial wellbeing events reaching nearly **10,000** people

Delivered more than **2,400** financial coaching sessions

Supported **41** financial partners serving our youth

Reached **395** students who completed **340** financial wellbeing program hours



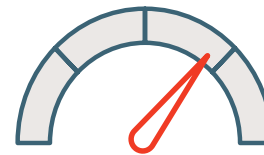
SAVE MONEY

Helped **1,149** members save **\$151,656** with Plus Checking round up feature

Returned a dividend of **\$339,257** to members on Money Market Accounts

Encouraged **13,125** members to open new Money Market Accounts

Opened **31,528** new Share Certificates with **\$1.6 billion** in balances



BUILD CREDIT

Gave **1,075** members new ScoreUp Credit Builder Loans

Helped members save **\$1,801,373** through ScoreUp

Increased credit scores for **66.5%** of ScoreUp account holders

Confirmed average credit score increase of **46** points for these account holders

Awards and recognition



California & Nevada Credit Union Leagues

Social Impact Award

Shaida Samimi,
Financial Wellness Partner

Bay Area News Group Best of Fremont

Best Credit Union

Style Magazine Readers' Choice Roseville Granite Bay Rocklin

Best Credit Unions

EBX Best of the East Bay

Best Credit Union

Gallagher's 2022 Benefits Strategy & Benchmarking Survey

Best-in-Class Employer

2022 Mac Awards

Social Media – Bronze: Member Quotes

Product Development – Gold: Virtual Branch

Diamond Awards

Member Quotes Social Campaign



AMERICAN BANKER

The Most Powerful Women
in Credit Unions, 2022

Erin Mendez, CEO

GOBankingRates

The 20 Best Credit Unions of 2022
Top 100 Banks Leading the US in 2022

Corporate Philanthropy

Top Donators of Profits
(percentage of 2021 profit donated: 9.9%)

ALM Credit Union Times Luminaries 2022

Short List – Product Innovation



Corporate Counsel

2022 Honorees

Angela Jeffers,
SVP – General Counsel



American Banker

Credit Unions with the Most Deposits
Credit Unions with the Largest Portfolios of Loans and Leases
Credit Unions with the Most Assets
Credit Unions with the Largest Credit Card Portfolios
Credit Unions with the Largest Portfolios of Home Equity Loans
Credit Unions with the Largest Portfolios of First Mortgage Loans

The Financial Brand

Top 100 Credit Unions:

- on Instagram
- on Twitter
- on Facebook
- on YouTube

Chief Financial Officer's report

As we look forward to Patelco's 87th year serving members, we remain in a strong financial position to serve our members. In 2022, we grew our Total Assets to \$9.1 billion, while our Net Worth grew to over \$900 million, or a 10% Net Worth Ratio, significantly exceeding the 7% Well Capitalized threshold established by the NCUA.

As of March 31, 2023, over 90% of our members' deposits were insured, and we have grown our cash balances to over \$1 billion and maintained over \$3 billion in available borrowing capacity.

Our strong financial standing enables us to continue our mission supporting members' financial wellbeing during this uncertain economic environment.



Rolland Jurgens
Chief Financial Officer

Chief Lending Officer's report

Although 2022 saw increasing rates as the Fed fought inflation, we continued supporting our members' financial wellbeing through competitive rates on our loans. In 2022, we granted our members over \$2.4 billion in loans, including a record \$570 million in home equity loans and lines, positioning Patelco as the top-ranked home equity credit union lender in the Northern California region we operate in. Additionally, we helped 1,075 members improve their credit score and simultaneously build their savings through our innovative ScoreUp loan, which deposits loan proceeds into the borrower-owned savings account and releases them after loan payments are made.

We remain committed to helping members in all our California communities achieve their financial goals by continuing to offer competitive rates and innovative lending products.



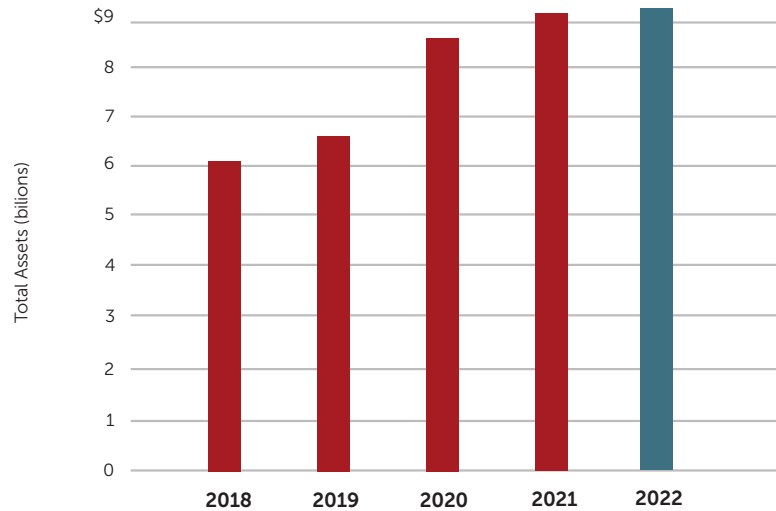
Richard Wada
Chief Lending Officer



Key performance figures

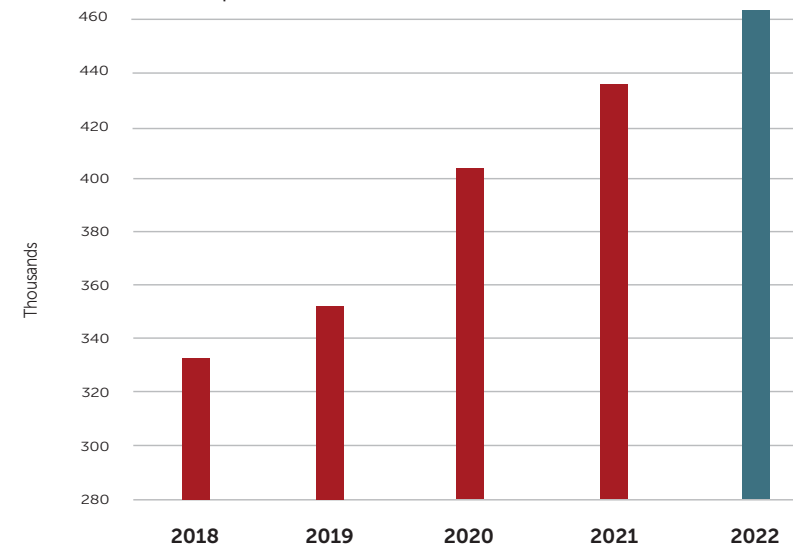
ASSETS

Assets increased further to \$9.10 billion



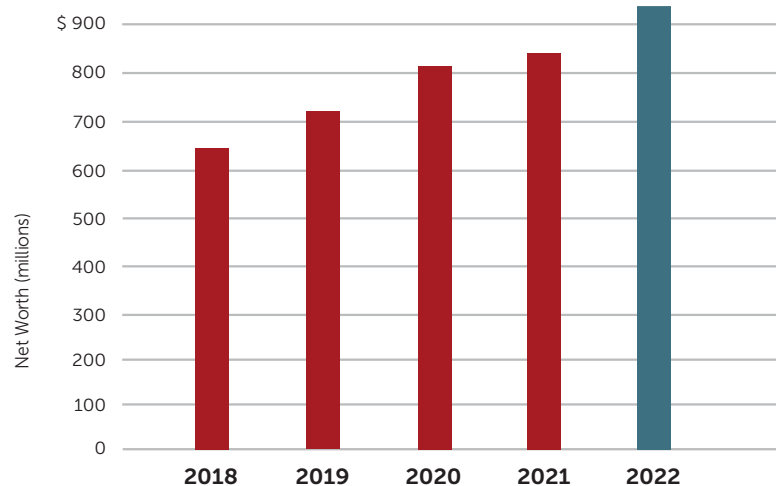
TOTAL MEMBERSHIP

Membership reached over 463,000



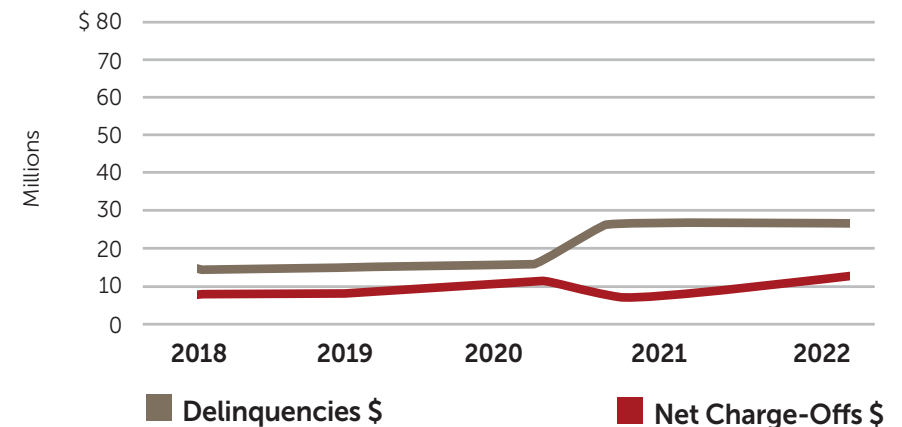
NET WORTH

Net worth increased to over \$900 million



NET CHARGE-OFFS AND DELINQUENCIES

Asset quality has remained stable



2022 Condensed Consolidated Financial Statements

Statement of Financial Condition (in thousands)

As of December 31, 2022 (unaudited)

Assets

Cash and Cash Equivalents	\$ 550,718
Investment Securities, Available for Sale	1,669,558
Investment Securities, Other	44,088
Loans, Net	6,442,444
Accrued Interest Receivable	24,160
Property and Equipment, Net	100,049
National Credit Union Share Insurance Fund Deposit	73,423
Goodwill	24,410
Other Assets	144,836

Total Assets **\$ 9,073,686**

Liabilities

Members' Shares	\$ 8,056,625
Borrowings	200,000
Accrued Expenses and Other Liabilities	70,646

Total Liabilities **8,327,271**

Members' Equity

Retained Earnings	\$ 913,203
Accumulated Other Comprehensive Loss	(166,788)

Total Members' Equity **746,415**

Total Liabilities and Members' Equity **\$ 9,073,686**

Statement of Income (in thousands)

For the Year Ended December 31, 2022 (unaudited)

Interest Income

Loans	\$ 229,107
Investments and Cash Equivalents	34,756
Total Interest Income	263,863

Interest Expense

Dividends	39,042
Borrowings	4,514
Total Interest Expense	43,556

Net Interest Income 220,307

Provision for Loan Losses 18,851

Net Interest Income After Provision for Loan Losses **201,456**

Noninterest Income

Service Charges and Other Fees	16,504
Card and Other Network Fees	17,276
Net (Loss) on Investment Securities	(6,053)
Net Gain on Sale of Loans	2,966
Other Noninterest Income	16,026
Total Noninterest Income	46,719

Noninterest Expense

Compensation and Benefits	98,549
Operations	58,178
Occupancy	20,227
Loan Servicing	4,046
Total Noninterest Expense	181,000

Net Income **\$ 67,175**

Audit & Risk Committee's report

The Audit & Risk Committee of the Board of Directors provides valuable oversight in monitoring Patelco Credit Union's financial safety and soundness, ensuring the safeguarding of its assets, and overseeing Patelco's compliance with various financial and regulatory requirements. In fulfilling these responsibilities, the Committee regularly meets (at least four times a year) to review internal audit reports, examinations by regulatory agencies, other third-party reports on internal controls, as well as risk-based monitoring reports. In addition, the Committee appointed the independent audit firm of Moss Adams LLP, Certified Public Accountants, to perform an audit of Patelco's consolidated financial statements for the year ending December 31, 2022. The unaudited condensed consolidated statements of financial condition and income appear in this Annual Report and audited consolidated financial statements can be obtained by submitting an e-mail request to annualmeeting@patelco.org.

We wish to express our appreciation to the executive leadership team and all staff for their continued support.

Garick Zillgitt

Garick Zillgitt
Chair – Audit & Risk Committee



Board of Directors



L to R: Race Chen, Robert McCormish, Tracey Scott, Jesse Rivera, Debbie Chaw, Erin Mendez, Peter Hanelt, Garick Zillgitt, Vickie Rath, Jeffrey Parks, Colleen Cabey

Jesse Rivera
Board Chair
Segal Consulting

Garick Zillgitt
First Vice Chair
Insurance Executive

Debbie Chaw
Second Vice Chair
VP, Admin & Finance

Vickie Rath
Treasurer
Financial Consultant

Tracey Scott
Secretary
Housing Executive

Colleen Cabey
Director
Attorney at Law

Race Chen
Director
Consultant

Peter Hanelt
Director
Business Consultant, CPA

Robert McCormish
Director
Metamorphosis Wines

Erin Mendez
Director
Patelco Credit Union

Jeffrey Parks
Director
CrossCountry Mortgage

Executive Team

Erin Mendez
President
Chief Executive Officer

David Fong
Senior Vice President
Internal Audit

Angela Jeffers
Senior Vice President
General Counsel

Rolland Jurgens
Chief Financial Officer

Kal Majmudar
Chief Technology Officer

Susan Makris
Chief Administrative Officer

Melissa Morgan
Chief Retail Officer

Richard Wada
Chief Lending Officer