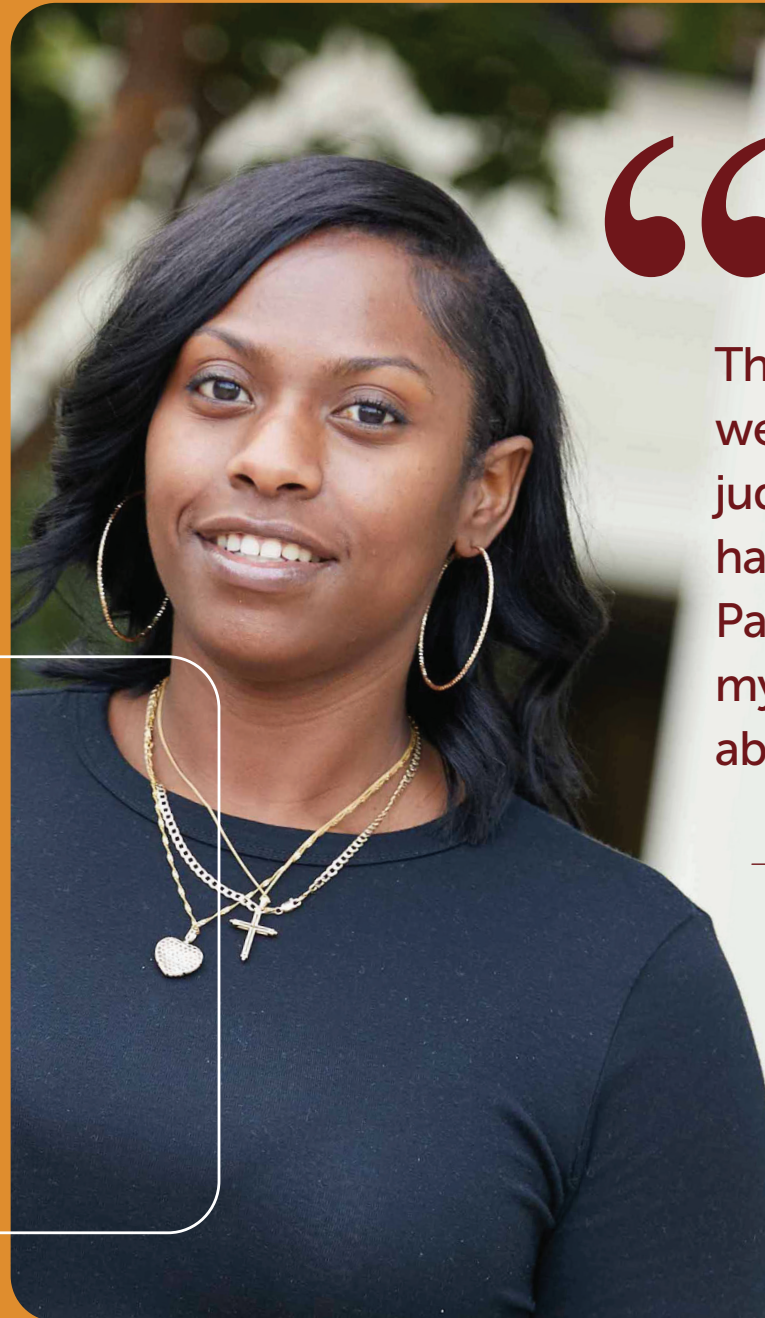


2021 Annual Report



“

The environment is so welcoming, there is no judgement. I'm really happy I walked into Patelco – it changed my thought processes about finances.”

— *Ausundra*, member since 2021



Board Chair's report

As we enter Patelco's 86th year and look back on 2021, we have significant achievements to highlight: reaching \$9 billion in assets entrusted to us by over 430,000 members. These numbers are important, but they're not why Patelco exists. Certainly, we are grateful for the opportunity our growth gives us to expand and upgrade our services and products. This includes being present across our Northern California communities with

local branches that now number 37 – as well as connecting with members at our Virtual Branch no matter where they are.

But more importantly, we're proud of the underlying commitment that we have as a credit union, uniquely devoted to serving your interests and building your financial wellbeing. Unlike a for-profit bank or fintech that must make decisions to increase profits from customers in order to pay its investors, we are a not-for-profit financial cooperative, so our vision remains focused on serving you. As the Chair of the Patelco Board of Directors, I lead the Board in assuring that the credit union fulfills this vision, while at the same time staying financially strong.

Our key performance figures, published in this Annual Report as well as updated monthly on our website, speak to that financial strength and underlying soundness. In the second quarter of 2022, we once again find ourselves in tenuous times: inflation at its highest level in 40 years, a war in Ukraine, a volatile stock market, and the continuing, although diminishing, effects of the pandemic. In uncertain times like this, a strong financial partner committed to your financial wellness is more valuable than ever.

Putting your financial wellness and needs first is paramount to our work on the Board of Directors. Some of you are primarily savers, some of you are borrowers, some of you use our services for your day-to-day transactions, and many of you make full use of all that Patelco has

to offer. How do we meet the needs of each of these groups? By listening to you, and by cooperating with each other.

When we listen to you, we learn about your unique financial opportunities and challenges. And when we listen to each other as a team, we discover more ways to help you embrace your opportunities and meet your challenges. All of us – from our Board to our branches to our online banking team – cooperate to give you access to superior financial tools and knowledge.

That cooperation is what carried us through the pandemic as an organization, and what will carry us through the upcoming year as we tackle whatever difficulties inflation, the Ukraine war, and a volatile economy bring our way. As you navigate your own journey through 2022, we're committed to keeping you informed of how national and global events may affect you and your finances. This was something we adopted as part of our strategic focus during the pandemic – and your feedback that you valued the updates and perspectives we shared was overwhelming. Keeping you in mind is at the heart of our work, and we're grateful you've entrusted us with being a part of your financial journey.

Peter Hanelt
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

2021 was the second year of the pandemic – filled with opportunities for Patelco to put our values into action, while continuing to deliver the service and support you expect from us as the partner on your financial journey.

During the first year of the pandemic, we learned the importance of organization resilience, how to work remotely as a Patelco team, and ways to empathize and better connect with each other and you. Those

were strengths we carried into the continuing pandemic in 2021, maneuvering with the ever-changing rules and safety measures to a roller coaster job market to the increased costs that inflation brings. And now with the Ukraine/Russia war and the international and national response – all this has real effects on you, your finances, and your daily lives.

In a year of such uncertainties, many of you encountered situations where you weren't sure what to do next. I'm proud of the work our team did in listening and responding with care, while offering real options that would allow you to preserve and build your financial wellness.

An important component of our mission as a credit union is providing education and coaching to build that wellness. In 2021 we received nearly 1,500 requests for financial advice through our website alone. Our 19 Certified Financial Specialists held nearly 1,000 sessions with hundreds of members. We partnered with 27 new employers through our Patelco Credit Union at Work program, which offers expert advice and education for employees and a dedicated relationship manager.

Advancements in technology, shifts in the economy, and evolving consumer habits also accelerated in 2021. Renewing and transforming our products and services through these changes has become par for the course, and how we managed through these changes is a key way

we differentiated ourselves. When pandemic restrictions began in March 2020, we had no idea how long they would last. So when 2021 began with social distancing restrictions still in effect, we sharpened our focus on updating digital offerings to better serve you as well as attract new members.

Some of the digital updates we made in 2021 were subtle but meaningful ways of reducing friction in your day-to-day financial activities – like the ability to reset your card PIN at any Patelco ATM and to make prior year HSA or IRA contributions online, both of which used to require phone calls or branch visits. In response to feedback we heard from members, we increased the ease of account-to-account transactions, including instant account verification for linking external accounts. Mobile App upgrades that increased speed and efficiency included adding card claims, enhancing biometric logins, and refreshing Snapshot, which shows your balance at a glance without the need to log in. In 2021, these enhancements attracted 44,023 new and existing members to enroll in online banking and our Mobile App.

Our digital enhancements also looked beyond the day-to-day to our mission of building your financial wellness. We added savings goal alerts to the Mobile App, as well as the ability to see your FICO® score updated each month. Our new Virtual Branch allows you to meet with

us, one-on-one, confidentially, and from the comfort of your home or office – wherever that happens to be. These are just three of our many enhancements for wellness that we're planning for the digital space. Part of overall financial wellness includes greater knowledge about and control of your finances, which is why our digital team is currently working on adding enhanced card controls and card-related alerts, as well as direct online banking access for joint members – something many of you have been asking us for.

On the topic of listening to members, we heard many homeowners share their desire to unlock the value of their homes via home equity and refinancing. This led us to expand our Check My Rate feature to include home equity. With Check My Rate, existing and prospective Patelco members enjoy an easy, transparent experience of getting pre-qualified online with no impact to their credit scores. We also made special offers to qualified members with adjustable rate mortgages, converting them to fixed rate mortgages with no closing costs. Additionally, we were sensitive to shifts in family lifestyles, particularly as the number of people living at home grew larger for many households. In response, we started a partnership with RenoFi so we could be part of offering affordable, alternative solutions for Accessory Dwelling Unit (ADU) financing.

Through your engagement with us and the growth of the assets you've entrusted us with, we know that these features, products, and enhancements

made a difference to you. We also know that our offerings are meaningful to the Northern California communities we serve, as 44,317 new members joined in 2021 – for a total of 434,104 members by the end of December, an 8.91% increase from the year before. We're particularly proud of the 2,697 new members that came to us through Refer-A-Friend and of the 1,275 who joined in response to community engagement events. Our mission and purpose are what makes us different from other financial institutions and what drives trust with our members – which is ultimately responsible for the success of our Refer-A-Friend program, in which you share Patelco with your friends and family.

As we enter 2022, I think most of us will agree that trying to make predictions about what the year ahead will bring is not possible. I know it's not been an easy start to the year – particularly for the citizens of Ukraine, for those who are still directly affected by COVID-19, and for everyone struggling to pay for the rising costs of housing, food, and gas. The one thing that I can predict about 2022 is that our mission, members and team will continue to come first. We are trusted advisors that you depend upon and seek out for updates on the financial climate – something we've accomplished through personal interactions and our emails and webinars with timely information.

While staying true to our fundamentals, we also look forward to sharing our brand evolution with you in 2022. We are going to share deeper stories of who we are and how we serve you – including sharing more stories from members like you about how Patelco has made a difference in their lives. Most of all, we want you to continue to feel heard, to receive trusted advice and solutions from us, and to experience transparency and ease in your financial dealings. To retain that trust, we pledge to keep delivering our mission with the level of service that you've come to expect and appreciate. Our team remains focused on helping you meet the new challenges that an uncertain world and rocky economy may bring in 2022.

Erin Mendez
President & Chief Executive Officer



Stability during uncertain times

While 2021 saw the lifting of some pandemic restrictions, much remained uncertain, including employment, inflation, the market, and housing prices. That's why, via email newsletters, on our website, and on social media, we strove to keep you informed about how market conditions, economic developments, and government actions could affect your bottom line.

Promoting financial stability for members wasn't just about us talking – it was also about listening to you so we could have ongoing conversations. One of the most meaningful ways we brought this to life was through our Certified Financial Specialists. In 2021, over half of the 1,000+ counseling sessions were with members who had come back for a second or third meeting. 67% of these sessions focused on improving credit, organizing finances, and paying off debt – all actions that contribute to a greater sense of financial stability and wellbeing.

The continuing changes caused by the pandemic also meant we had a great increase in the number of calls we received in 2021. Our branch teams – who normally meet in-person with members – stepped up by handling calls from over 52,000 members. They also worked hard to keep up with changing safety protocols and restriction mandates while keeping our branches open as much as safely possible.

Additionally, we introduced live chat and our Virtual Branch (covered in more detail on page 12) so conversations were more convenient for you – giving you more options to contact us and be heard.



I am constantly asked about my wellbeing, which makes me feel like I am important. It also makes me feel like [Patelco] cares because it isn't a dropped conversation. It's an extended conversation."

Michael | Member since 2019



ScoreUp™ Credit Builder Loan

Our commitment to our communities' and our members' financial health and wellbeing isn't limited to education or our work with nonprofits – it's also baked into our products. In many cases, that comes in the form of better rates and low (or no) fees.

And we recently created a special new product: our ScoreUp™ Credit Builder Loan. This loan is especially for members with no credit, little credit or who want to improve their credit score. By making manageable monthly payments on time, members can establish a positive credit history – while also growing their savings at the same time.

Members were thrilled with the opportunity – and 2021 saw this loan grow 120% in new accounts. Ausundra, who's pictured on the cover, raised her credit score by 89 points within months of opening ScoreUp. And it wasn't just our members who responded – Patelco won the national Louise Herring Award (for credit union philosophy in action), and was recognized for innovation by the Credit Union Business News, Callahan & Associates, and CUBroadcast.

HOW IT WORKS

- no fees and a fixed low rate
- loan amounts from \$500 to \$5,000
- variable terms from 6 to 36 months
- no credit history needed to qualify
- monthly payments added to savings account
- savings available at loan payoff



Your ScoreUp Credit Builder program looks out for my wellbeing."

Christine | Member since 2020

“Patelco Credit Union has been a steadfast partner to Habitat for Humanity for nearly 10 years in achieving our vision of a world where everyone has a decent place to live.”

Janice Jensen | President and CEO, Habitat for Humanity East Bay/Silicon Valley



Serving our communities

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 that serve the communities where we and our members work and live.

Children’s Health

- Supported Children’s Miracle Network to benefit UCSF Benioff, UC Davis, and Valley Children’s Hospitals
- Served as exclusive raffle ticket distribution site for the St. Jude® Dream Home giveaway, raising funds to support their children’s health programs that count local kids as patients
- Sponsored UCSF Benioff Children’s Hospital holiday celebrations to bring joy to patients

Food Security

- Helped our community food bank and family services partners meet increased needs caused by the pandemic – including raising funds for 420,000 meals
- Held a Virtual Food Drive that raised funds for 50,000 meals for Northern California food banks
- Hosted multiple fundraising events so our food bank partners could provide nourishing meals and purchase higher quality ingredients for cancer patients

Affordable Housing

- Supported Habitat for Humanity in their mission to provide reliable and affordable housing within the communities around our branches
- Served as the Presenting Sponsor for the Habitat for Humanity East Bay/Silicon Valley’s Cycle of Hope event, helping raise nearly \$250,000

Financial Education

- Educated 6,600 participants through 25 webinars, including co-presentations at 15 partner organizations – a 300% increase in participation over 2020
- Reached people through 400,000+ views on social media with financial quick tip videos



2021 Awards



Product Awards

Louise Herring Award – ScoreUp™ Credit Builder Loan

MagnifyMoney – Best of Money Market and IRA Savings Accounts

Social Media

The Financial Brand – Best of Social Media Rankings

CUNA Diamond Award, Social Media – CU Story series

Overall Awards

American Banker – Best Credit Unions

GOBankingRates – Best Credit Unions

WalletHub – Best Credit Unions

Bankrate – Best Credit Unions

Member-Voted Awards

Reader’s Choice – Marin, Novato and Folsom

Reader’s Choice – Roseville, Granite Bay and Rocklin

Best of – Milpitas

Best of – Brentwood, Fremont and East Bay

Philanthropic Recognition

San Francisco Business Times – Top 100 Bay Area Corporate Philanthropist

Technology Recognition

Finalytics.ai – #4 in Digital Experience

Serving our members along their financial journey



Leo | Member since 2020

"Patelco made it super easy to do what we needed to do. There's no red tape. I really could tell the difference between Patelco and a big bank because Patelco was just so inviting, knowledgeable and treated you like family first and foremost."

Ausundra | Member since 2021

"I felt defeated, didn't see a way out of my financial situation, and I was literally drowning. [My Certified Financial Specialist] kept in contact with me. She motivated me. She let me know when I fell off our plan that it was okay, as long as I got right back to it. I could see a light finally."



Debra | Member since 1986

"There is such a sense of comfort knowing that when you have that kind of financial institution supporting you like Patelco Credit Union, that you have so many options in your life and you're able to truly, I think, live a fuller life."

Alicia | Member since 2019

"When I walk into Patelco Credit Union, I feel greeted and seen, and heard when I have an issue."



Member engagement



BORROW RESPONSIBLY

732 loans for home purchases with over **\$626 million** in balances

2,306 home loans refinanced with over **\$1.05 billion** in balances

26,601 vehicle loans to help members with reliable transportation



MANAGE DEBT / FEES

Reimbursed **9,776** members **\$273,728** with Patelco's NSF fee cap

Provided **127,696** advances of overdraft protection to save our members over **\$1 million** in fees

Helped members save with lower rates on **4,470** new debt consolidation loans



SAVE MONEY

Made it easier for **1,095** members to save **\$136,511** with Plus Checking round up

Returned a dividend of **\$402,296** to members on Money Market Accounts

Encouraged **19,576** members to save **\$295 million** in new Money Market Accounts



IMPROVE WELLBEING

Eased member stress with **2,128** loan deferrals worth **\$58.9 million**

Restructured **220** loans to make payments more affordable

Gave **12,173** members rate reductions for making on-time payments

“

I was blown away to find out that even while I'm traveling, I can still be helped by someone live. Patelco is the future of banking!”

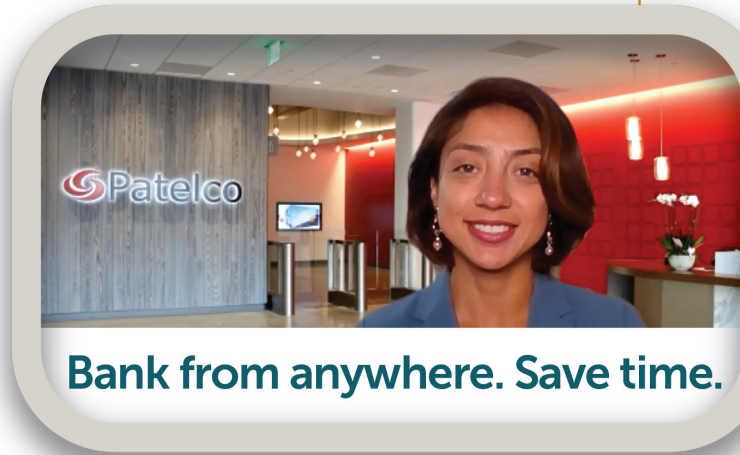
Krystal | Member since 2016

Serving you from anywhere at our Virtual Branch

2021 was Patelco's 85th year of serving members. But even though we're 85 years old, we're constantly innovating – which is why we debuted our Virtual Branch to better serve members no matter where they are. With the Virtual Branch, members can use our website to schedule an appointment (via Zoom) with a live person from Patelco, or begin an appointment on-demand during business hours. It's the next best thing to being at a branch in person because it provides face-to-face, personalized service. And members can do any transaction normally handled at a branch, from wherever they are – whether at home, the office or even on vacation.

OUR VIRTUAL BRANCH...

- served our first member in January 2021
- met with 3,000+ members last year
- opens new products for current members plus brand new memberships
- plans to add specialists for Mortgage, Investments, and IRA/HSA in 2022



Experience the Patelco Virtual Branch today at patelco.org/VirtualBranch

Chief Financial Officer's report

As we look forward to Patelco's 86th year serving our members, I am pleased to report that our institution continues to be financially healthy and well-positioned for the future – even after a tumultuous year. In 2021, we grew our assets to over \$9.0 billion, while our total equity grew to \$841.8 million. In addition to increasing assets and equity, we also increased deposits and loans granted to members. This is in line with our long-standing mission to support our members' financial wellness, and these figures reflect our members' preference for Patelco as their trusted financial partner.

Susan Gruber

Susan Gruber
Chief Financial Officer

Chief Lending Officer's report

While 2021 was a turbulent year for financial institutions, Patelco finished the year as the 23rd largest credit union in the United States based on total assets. This financial position allowed us to continue supporting our members' financial wellness throughout the challenges of an uncertain economy and the continuing COVID-19 pandemic. We continued to offer competitive rates, and in 2021 granted our members over \$3.4 billion in loans. The housing market remained strong, and Patelco was able to lend over \$2.2 billion in home loans to help members refinance at a lower rate, buy a new home, and finance home improvements. This put us in the top 40 mortgage lenders in our county footprint, and among the top 3 lenders for home equity.

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

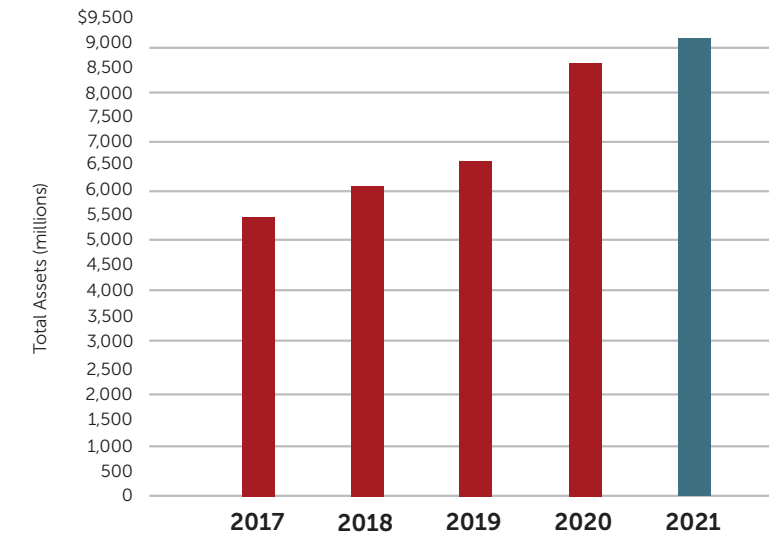
Richard Wada

Richard Wada
Chief Lending Officer

Key performance figures

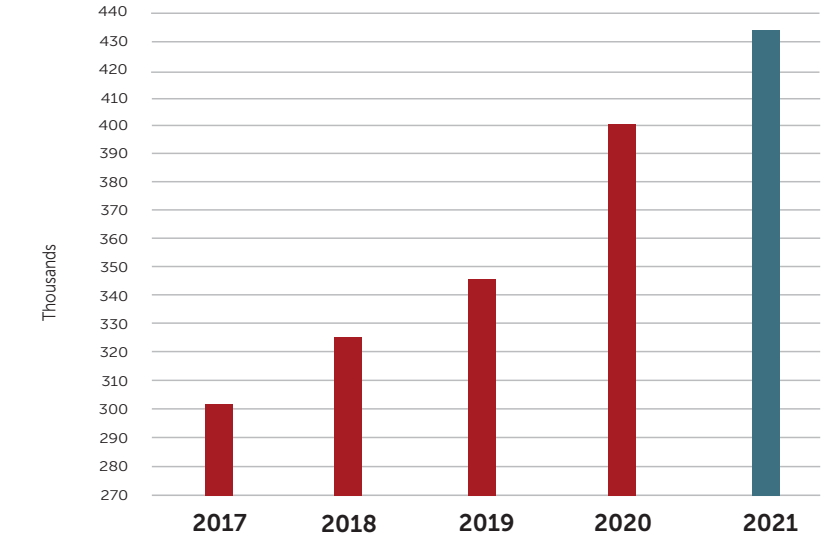
ASSETS

Assets increased further to \$9.048 billion



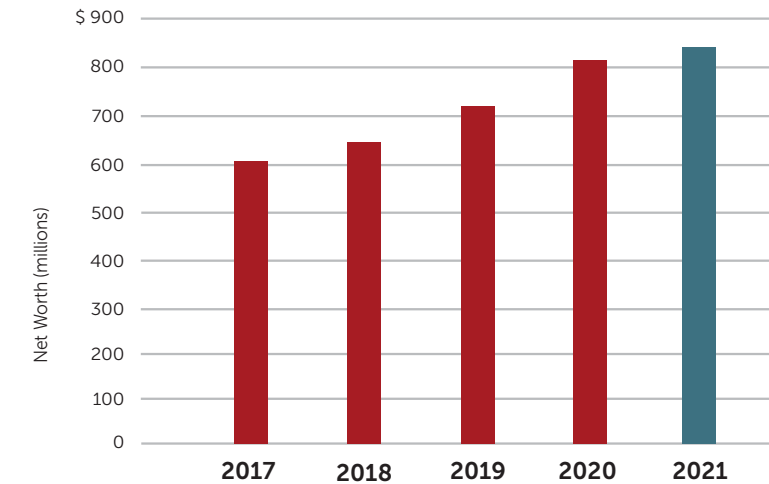
TOTAL MEMBERSHIP

Membership reached over 434,000



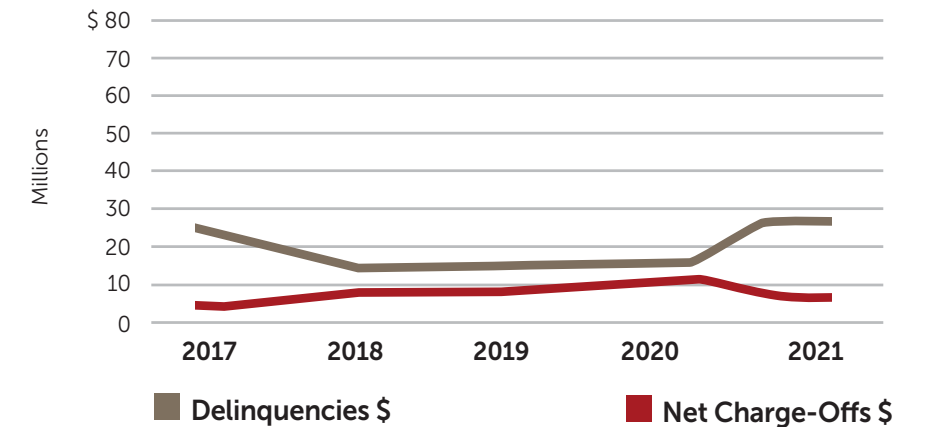
NET WORTH

Net worth increased to over \$841 million



NET CHARGE-OFFS AND DELINQUENCIES

Asset quality has remained stable



2021 Consolidated Financial Statements

For Year Ending 12/31/2021 (in thousands)

Assets

Cash and cash equivalents	\$ 808,066
Reverse repurchase agreements, at fair value	200,000
Investments	
Marketable equity securities, at fair value	111,019
Available-for-sale debt securities, at fair value	1,785,363
Other securities	23,069
Loans, net	5,753,772
Loans held for sale, at lower of cost or fair value	26,563
Accrued interest receivable	17,434
Property and equipment, net	104,281
National Credit Union Share Insurance Fund deposit	72,532
Goodwill	24,410
Other assets	121,473

Total Assets **\$ 9,047,982**

Liabilities and Members' Equity

Liabilities

Members' shares	\$ 7,898,508
Borrowings	235,000
Accrued expenses and other liabilities	72,706

Total liabilities **8,206,214**

Members' Equity

Retained earnings	869,603
Accumulated other comprehensive loss	(27,835)

Total members' equity **841,768**

Total Liabilities and Members' Equity **\$ 9,047,982**

Statement of Income

Interest Income

Loans	\$ 201,958
Investments and cash equivalents	16,390

Total interest income **218,348**

Interest Expense

Dividends	56,783
Borrowings	6,165

Total interest expense **62,948**

Net Interest Income 155,400

Provision for Loan Losses 1,460

Net Interest Income After Provision for Loan Losses **153,940**

Noninterest Income

Service charges and other fees	14,005
Merchant card and other network income	14,362
Net gains on sales of loans	12,501
Net gain on sale of investments	1,191
Other noninterest income	12,347

Total noninterest income **54,405**

Noninterest Expense

Salaries and benefits	86,090
Operations	45,997
Loan servicing	6,264
Occupancy	17,225

Total noninterest expense **155,576**

Net Income **\$ 52,770**

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 holds quarterly meetings to review internal audit reports, examinations by regulatory agencies, as well as other third-party reports on internal controls. The Committee also reviews the Credit Union's monthly financial reports. In addition, the Committee appointed the independent audit firm of Moss Adams, LLP to perform an audit of Patelco's consolidated financial statements for the year ending December 31, 2021. The results of this audit are reflected in their Independent Auditor's report, which appears in the Annual Report, and the Committee is in agreement with its conclusions.

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

Garick Zillgitt

Garick Zillgitt

Chairperson – Audit & Risk Committee

Independent Auditor's report

At the request of the Audit & Risk Committee, Moss Adams LLP, certified public accountants, has performed an audit of Patelco's consolidated financial statements as of and for the year ending December 31, 2021. In their opinion, the consolidated financial statements to the left present fairly, in all material aspects, the consolidated financial positions of Patelco Credit Union and subsidiaries as of December 31, 2021, and the results of their operations for the year then ended, in accordance with US generally-accepted accounting principles.



Serving our members' financial wellness

Benefits returned to our membership

	Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021
Total annual CU benefits per Member	\$180	\$253	\$189	\$225	\$213
Total annual CU benefits per Member household	\$377	\$532	\$397	\$472	\$448

Product/Service	Quantity & Member Benefit
Card Fraud Cases Prevented	10,137 cases saved \$2.8 million
ScoreUp™ Credit Builder Loans	1,242 loans to build and repair credit
Switch to Save™	8,668 members saved on personal loans or credit cards
LevelUp	9,711 new members enrolled for lower rates
Robotic Process Automation (RPA)	40+ automations saved members hundreds of hours
Certified Financial Specialists	1,000+ sessions for 360+ members
Wellbeing Seminars	25 seminars reached 6,600+ participants
Financial Quick Tips Videos	400,000+ views on social media

Executive Team



EXECUTIVE TEAM

L to R: Kal Majmundar, Angela Jeffers, Melissa Morgan, Erin Mendez, Richard Wada, Susan Gruber, Susan Makris, David Fong

Erin Mendez
President
Chief Executive Officer

David Fong
Senior Vice President
Internal Audit

Susan Gruber
Chief Financial Officer

Angela Jeffers
Senior Vice President
General Counsel

Kal Majmundar
Chief Technology Officer

Susan Makris
Chief Administrative Officer

Melissa Morgan
Chief Retail Officer

Richard Wada
Chief Lending Officer

Leadership Team



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

Board of Directors

Peter Hanelt

Board Chair
Business Consultant, CPA

Garick Zillgitt

First Vice Chair
Insurance Executive

Debbie Chaw

Second Vice Chair
VP, Admin & Finance

Vickie Rath

Treasurer
Financial Consultant

Jesse Rivera

Secretary
Segal Consulting

Colleen Cabey

Director
Attorney at Law

Race Chen

Director
Consultant

Robert McCormish

Director
Metamorphosis Wines

Erin Mendez

Director
Patelco Credit Union

Jeffrey Parks

Director
RPM Mortgage

Tracey Scott

Director
Housing Executive

Executive Team

Erin Mendez

President
Chief Executive Officer

David Fong

Senior Vice President
Internal Audit

Susan Gruber

Chief Financial Officer

Angela Jeffers

Senior Vice President
General Counsel

Kal Majmundar

Chief Technology Officer

Susan Makris

Chief Administrative Officer

Melissa Morgan

Chief Retail Officer

Richard Wada

Chief Lending Officer