Patelco has stood strong for 84 years and has grown in financial strength through service to you, our members. Through pandemics, numerous market crashes and corrections, wars, natural disasters, recessions including the Great Recession, government shutdowns, and even Y2K, Patelco has stood by its members. Our commitment remains the same: putting your best interests first and building your financial wellness. We are a safe and stable credit union no matter the economic outlook, and our role as the Board of Directors is to assure the credit union fulfills our commitment and stays financially strong.

In 2019, Patelco made a major investment in buying a new headquarters at 3 Park Place in Dublin. The purchase was the largest capital expenditure ever by the credit union, and it provides the team with much-needed space to serve you today as well as to grow in the future. The new headquarters is designed around collaboration and provides more areas for community interaction as well.

All of us – from our branches to our investment advisors to our call center – coordinate each day to help you access superior financial tools that improve your financial wellness. We also listen carefully to you so we can learn about your unique financial challenges and opportunities. Listening to your needs and designing our products and services to meet them exemplifies our mission as a not-for-profit financial cooperative. When you join Patelco as a member, you learn what it means when we say that we put our members and our communities first.

In putting our communities first, we do what directly benefits our members and their respective local communities. In 2019, this included raising tens of thousands for Habitat for Humanity® and the San Francisco Housing Development Corporation to help families transform their lives, as well as our ongoing involvement supporting children’s health by contributing money and hundreds of volunteer hours to benefit local children’s hospitals.

As 2020 begins amidst the COVID-19 outbreak, we again are implementing our crisis management plan. It has been successful in the past in helping members, and it will be successful today. Just as with Patelco’s award-winning responses to victims of fires in California, hurricanes in Texas and Puerto Rico, and tornados in the Midwest, Patelco has a sensitivity in assisting our members as they deal with disasters.

At a time like this, it is good advice to step back, take a deep breath, and consider what we know and do not know. While we do not know the duration of this crisis in 2020, we do know we are prepared, we know we have successfully come through dozens of very challenging events in the past, we know we have deep financial strength that you have helped us build, we know our focus is on you our member, and we will, even now, continue to build for the future with new offerings, and new and better ways of service. Your board of directors is grateful that we are allowed to be fiduciaries of what hundreds of thousands of members, employees, and executives have built over 84 years. The board is committed to continuing to grow a solid financial foundation, be competitive within the financial services industry, and continue furthering the goal of enhancing members’ financial wellness.

Peter Hanelt
Chairman – Board of Directors
As we closed out 2019, we were thrilled that almost 370,000 members had deposited more than $6.1 billion with us, making our assets nearly $7.3 billion at year-end. This represents the trust that you have put in us to manage your money and, more importantly, to be your trusted advisor.

While this seems impressive, numbers are just numbers. What really matters is building your financial wellness.

Initiatives for Your Financial Wellness

In 2019 we continued our focus on building the financial wellness of our members and local communities with several initiatives. We expanded our Patelco at Work program, and successfully launched four new partnerships offering financial wellness to 15,000 partner employees — including our expert advice and access to free one-on-one financial planning and financial workshops.

Our branch managers are actively connecting with the people around their branches, going out into the community more than ever before to share Patelco’s mission at local expos and events. We’re increasing awareness of what makes credit unions special — and how Patelco in particular stands out because we design everything around the financial wellness of our members.

More than a dozen team members in our branches received training and certifications to offer financial counseling. We’re most excited when we introduce services like this, which have a direct impact on our members’ financial wellness. If you’d like to talk to one of our Certified Financial Specialists — about anything from creating a budget to saving up for college to building or repairing your credit — visit your local branch to set up a complimentary appointment.

Fewer Fees and Unique New Products

We really do look at all things from a financial wellness perspective — not only programs like those mentioned above but also our fees, products, and rates. We price for you first and for building necessary capital second. In 2014, we eliminated 39 fees that we felt didn’t contribute to our members’ wellness. As of December 1, 2019, we eliminated 9 more — fees that cost members over $370,000 a year. That’s 48 fees eliminated because our focus is on serving you and your best interests.

In 2019 we also introduced a brand-new checking product called Patelco Plus Checking, designed to protect your identity and money, cut your costs, and boost your savings. We chose a robust suite of benefits for Plus Checking, including credit monitoring with ID theft protection and an online vault to secure sensitive information. To cut your costs, we added ATM fee rebates, exclusive discounts for everyday purchases, roadside assistance, and cell phone protection. And to boost your savings, it also comes with automatic round-up savings — we’ll round-up your total to the nearest dollar and transfer the difference into your savings account, then match 10% of the rounded-up amount — up to $500 per year.

Looking Ahead in 2020

In the midst of COVID-19 pandemic, this commitment to building your financial wellness matters more than ever. Even as the economy and world events have rocked the stock market and interest rates in the first quarter of 2020, our commitment remains unchanged. We’re still here to deliver the products, services and trusted advice that you need along your financial journey. Whether on the phone, online or at your local branch, we are here to serve. We’re proud to deliver extra solutions to support our members during these unprecedented circumstances — including delaying payments, increasing credit lines, waiving fees, and offering special loans. We know that you may be feeling some uncertainty during these turbulent times. We’re here for you every step along the way and look forward to getting through this together. We hope you and your loved ones stay safe and healthy.
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 well-being.

Our mission
To build our members’ financial health and well-being.
Members First, In Action

In 2014, we eliminated 39 fees that we felt didn’t contribute to our members’ wellness. On December 1, 2019, we eliminated 9 more – fees that cost members over $370,000 a year. That’s 48 fees we eliminated because we didn’t feel that they served our members’ best interests.

As we embark on this new year, in this new decade, we’re proud to focus on finding new ways to support our membership.
Improving our members’ financial well-being

Benefits returned to our membership

<table>
<thead>
<tr>
<th></th>
<th>Quantity</th>
<th>Estimated Return to Member</th>
<th>Estimated Return to Patelco</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD/IRA Specials</td>
<td>7,308 members</td>
<td>$3.62 million</td>
<td>$438 million balances</td>
</tr>
<tr>
<td>Money Market</td>
<td>26,754 new accounts</td>
<td>$867,459</td>
<td>$213.12 million balances</td>
</tr>
<tr>
<td>Disaster Relief Loans</td>
<td>103 new accounts</td>
<td>$21,037</td>
<td>$201,722 balances</td>
</tr>
<tr>
<td>Debt Consolidation Loans</td>
<td>3,426 new accounts</td>
<td>n/a</td>
<td>$41.95 million balances</td>
</tr>
<tr>
<td>LevelUp Program</td>
<td>11,262 enrolled members</td>
<td>9,873 members received rate reduction</td>
<td>n/a</td>
</tr>
<tr>
<td>Credit &amp; Debit Card Fraud Prevented</td>
<td>11,649 fraud attempts</td>
<td>n/a</td>
<td>$2,152,431 fraud prevented</td>
</tr>
<tr>
<td>Overdraft Protection Loan</td>
<td>158,608 total advances</td>
<td>$283,500 saved in overdraft fees</td>
<td>n/a</td>
</tr>
<tr>
<td>NSF Fee Cap Reimbursements</td>
<td>6,778</td>
<td>$189,784</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Total annual CU benefits per Member

- Q4 2015: $133
- Q4 2016: $181
- Q4 2017: $180
- Q4 2018: $253
- Q4 2019: $189

Total annual CU benefits per Member household

- Q4 2015: $252
- Q4 2016: $344
- Q4 2017: $377
- Q4 2018: $532
- Q4 2019: $397
Member engagement

24,462 vehicles financed
2,192 home loans financed
1,958 equity loans/lines financed
145 loans restructured to make payments more affordable
11,262 members enrolled in LevelUp program with 9,872 receiving rate reductions
631 deferrals completed for members (regular and disaster)

26,464 members opened Money Market accounts
7,860 members invested in CD specials
Members saved $118,197 of their own money through the Plus Checking Round-Up feature

158 more members invested in their future through Patelco Financial Solutions

B O R R O W  R E S P O N S I B L Y

P L A N  P U R P O S E F U L L Y

S A V E  D I L I G E N T L Y
2019 Corporate social responsibility

**Affordable Housing**

Donated $72,500 to Habitat for Humanity for the Women’s Leadership Build, Financial Wellness Classes and sponsoring the Cycle of Hope. We also supported the San Francisco Housing Development Corporation.

35 volunteers and 162 volunteer hours

**Healthy Nutrition**

Collected 4,809 pounds of food from team members and members to support 8 food banks in Northern California. We changed our food collection in every branch and at our headquarters to the summer which helped our food banks stay stocked all year long.

Donated $5,000 with 87 volunteers providing 224 hours.

**Children's Health**

Donated $153,020, 399 volunteer hours and 114 volunteers to St. Jude Children’s Research Hospital®, Children’s Miracle Network, March of Dimes, UCSF Benioff Children’s Hospital, the Patelco Sports Complex, and the Wender Weis Foundation for Children.
**FINANCIAL LITERACY**

Educated 3,453 participants while doing 104 presentations for 36 organizations

Small Talk for Big Changes educational videos were seen by 59,452 viewers.

**WEEK OF GIVING**

Donated $57,000 to five food banks and distributed directly back to our members

**OTHER CHARITABLE CONTRIBUTIONS**

Donated 3,000 pairs of socks to Open Heart Kitchen, Livermore Homeless Refuge, and Tri-Valley Haven.

Donated $9,250 to organizations such as the YWCA, Team Giving and the Jenny Red Golf Tournament.

Contributed $21,365 in aid to North Valley Catholic Social Service for wildfire relief via Pets of Patelco.
Community impact

At Patelco, we’ve continued our mission to help improve our members’ financial well-being and better our communities. We focus on Affordable Housing, Children’s Health, Food Insecurity, and Financial Literacy. Through donations of money and goods, volunteer hours and special programs, like disaster relief, we’ve continued to uplift the communities we serve and truly make a difference.

Habitat for Humanity and Financial Education

As a long-time supporter of Habitat for Humanity we wanted to expand that partnership and add our expertise – financial literacy – to our partnership. Our home loan experts enhanced Habitat’s First-Time Home Buyer classes with their expertise and support. And we offered financial education classes – with a different topic and location every month – so those waiting for housing and those who already have housing can build their financial security. Both Habitat families and Patelco members took advantage of these opportunities in equal numbers proving that this partnership works!

Week of Giving

During one week in December, our employees were empowered to identify members they felt could use a special touch and a small act of kindness in the form of a gift card. Giving back to our members directly put a spotlight on the thoughtfulness our team brings to work every day to help our members achieve financial health and well-being. The week culminated in large donations to Food Banks reaching every area we serve to meet the needs of food insecurity.

The impact from our giving in 2019 left a powerful and distinct mark in the footprint of our communities and a lasting impression on our employees. We are proud to be active in the community through our volunteer activities, our community partnerships and by responding to unexpected needs.
785 Total volunteer hours

$317,635 Total dollar contribution
Helping our members live their best financial life

Aki | Member for 22 years
“If I think about it, over the course of 22 years, I’ve probably saved thousands of dollars in fees.”

Jerry | Member for 15 years
“They give me the best advice without looking for personal gain.”
Dylan | Member for 4 years

“Everyone’s so genuine. It’s just a real intimate experience banking with Patelco and that’s why I love it so much.”

Elmer | Member for 40+ years

“Patelco is part of my financial strategy.”
New branches

Sunnyvale

In November 2019, we opened our newest branch in Sunnyvale, California designed to further serve the communities of Silicon Valley. This branch was inspired by our members-first, partnership-driven philosophy to always keep our member’s best financial interests at heart.

“We are proud to expand to Sunnyvale to better serve the communities of Silicon Valley and beyond,” said Erin Mendez, Patelco President and CEO. “At Patelco, we’re committed to providing innovative and efficient solutions that will allow us to aid our members as they build financial strength in a more tailored, personal way. We’re especially excited to foster these experiences with our technology-focused communities of the Silicon Valley in mind.”

Novato

In May of 2019, Patelco opened its new branch in Novato, California to enable the Credit Union to better serve our members with modernized facilities and amenities that foster connection with the greater community. This location is also part of Patelco’s aim to help our members live their best financial lives by being there for them every step of the way, both in person and online.
Patelco is proud to have opened the doors to our new headquarters in Dublin, California to accommodate our rapidly growing workforce while furthering our mission to improve the financial health and well-being of our members throughout Northern California. The larger office space is a proud reflection of our team’s efforts in serving our members. It will also help our team members lead balanced lives, thanks to its more convenient access to public transportation, shops, restaurants and additional outdoor space.

Patelco has spent the last year remodeling the building at 3 Park Place to accommodate nearly half of our 750 team members (and counting) in Northern California. The remodel also includes private offices for members to meet with financial health counselors, along with classroom space for Patelco and its non-profit partners to provide financial well-being classes and seminars for the broader community.

After a very successful grand opening celebration, we’ve been excited to get to work serving our membership in what will be Patelco’s home for years to come. We’d like to thank our dedicated members, community partners, and Dublin Mayor David Haubert for giving us such a warm welcome to the community.
In 2019, we surpassed $7.290 billion in assets, making us the 22nd largest credit union in the United States, based on total assets. This financial position has allowed us to continue supporting our members’ financial well-being through competitive rates, and in 2019 we granted our members over $2.3 billion in loans, including over $1.4 billion in home loans. We remain committed to helping members in all our California communities to achieve their financial goals.

Richard Wada
Chief Lending Officer

Chief Financial Officer’s report

As we look forward to Patelco’s 84th year serving our members, I am pleased to report that our institution continues to be financially healthy and well positioned for the future. In 2019, we grew our assets to over $7.290 billion while our total equity grew to $760.2 million. In addition to increasing assets and equity, we also increased deposits and loans granted to our members. This is in line with our long-standing mission to support our members’ financial well-being, and these figures reflect our members’ preference for Patelco as their trusted financial partner.

Susan Gruber
Chief Financial Officer

Credit Lending Officer’s report

In 2019, we surpassed $7.290 billion in assets, making us the 22nd largest credit union in the United States, based on total assets. This financial position has allowed us to continue supporting our members’ financial well-being through competitive rates, and in 2019 we granted our members over $2.3 billion in loans, including over $1.4 billion in home loans. We remain committed to helping members in all our California communities to achieve their financial goals.

Richard Wada
Chief Lending Officer
Key performance figures

**ASSETS**
Assets increased further to $7.290 billion in 2019

**NET WORTH**
Net worth continues to increase

**TOTAL MEMBERSHIP**
Membership is growing each year

**NET CHARGE-OFFS AND DELINQUENCIES**
Asset quality has remained stable
## 2019 Consolidated Financial Statements

For Year Ending 12/31/2019 *(in thousands)*

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 393,192</td>
</tr>
<tr>
<td>Reverse repurchase agreements, at fair value</td>
<td>225,000</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
</tr>
<tr>
<td>Marketable equity securities, at fair value</td>
<td>17,667</td>
</tr>
<tr>
<td>Available-for-sale debt securities, at fair value</td>
<td>785,517</td>
</tr>
<tr>
<td>Other securities</td>
<td>23,694</td>
</tr>
<tr>
<td>Loans, net</td>
<td>5,533,227</td>
</tr>
<tr>
<td>Loans held for sale, at fair value</td>
<td>50,066</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>16,196</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>98,741</td>
</tr>
<tr>
<td>National Credit Union Share Insurance Fund deposit</td>
<td>57,621</td>
</tr>
<tr>
<td>Goodwill</td>
<td>24,410</td>
</tr>
<tr>
<td>Other assets</td>
<td>65,009</td>
</tr>
</tbody>
</table>

**Total assets** $ 7,290,340

### Liabilities and Members’ Equity

#### Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ shares</td>
<td>$ 6,130,175</td>
</tr>
<tr>
<td>Borrowings</td>
<td>350,000</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>49,980</td>
</tr>
</tbody>
</table>

**Total Liabilities** $ 6,530,155

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ equity</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>783,854</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(23,669)</td>
</tr>
</tbody>
</table>

**Total members’ equity** $ 760,185

**Total liabilities and members’ equity** $ 7,290,340

### Interest

#### Interest income:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>$ 211,877</td>
</tr>
<tr>
<td>Investments and cash equivalents</td>
<td>31,481</td>
</tr>
</tbody>
</table>

**Total interest income** $ 243,358

#### Interest expense:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>67,863</td>
</tr>
<tr>
<td>Borrowings</td>
<td>5,170</td>
</tr>
</tbody>
</table>

**Total interest expense** $ 73,033

#### Net interest income after provision for loan losses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>170,325</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>12,300</td>
</tr>
</tbody>
</table>

**Net interest income after provision for loan losses** $ 158,025

### Noninterest income:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges and other fees</td>
<td>15,635</td>
</tr>
<tr>
<td>Merchant card and other network income</td>
<td>27,213</td>
</tr>
<tr>
<td>Net gains on sales of loans</td>
<td>5,450</td>
</tr>
<tr>
<td>Change in fair value of loans originated for sale</td>
<td>518</td>
</tr>
<tr>
<td>Net gain on mortgage hedging</td>
<td>499</td>
</tr>
<tr>
<td>Net gain on sale of investments</td>
<td>501</td>
</tr>
<tr>
<td>Other noninterest income</td>
<td>6,611</td>
</tr>
</tbody>
</table>

**Total noninterest income** $ 56,427

### Noninterest expense:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>81,530</td>
</tr>
<tr>
<td>Operations</td>
<td>42,058</td>
</tr>
<tr>
<td>Loan servicing</td>
<td>13,083</td>
</tr>
<tr>
<td>Occupancy</td>
<td>12,826</td>
</tr>
<tr>
<td>Net loss on sale and disposal of other real estate owned (OREO) and other assets</td>
<td>80</td>
</tr>
</tbody>
</table>

**Total noninterest expense** $ 149,577

**Net income** $ 64,875
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, 2019. 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, 2019, and the results of their operations for the year then ended, in accordance with U.S. generally-accepted accounting principles.

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, 2019. 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.

Debbie Chaw

Debbie Chaw
Chairperson – Audit & Risk Committee
Leadership Team

Board of Directors

Peter Hanelt
Chairman
Business Consultant, CPA

Jesse Rivera
First Vice Chair
Segal Consulting

Debbie Chaw
Second Vice Chair
Cal State East Bay

Race Chen
Treasurer
Consultant

Laura Chambers
Secretary
Airbnb

Colleen Cabey
Director
Attorney at Law

Robert McCormish
Director
TeamCo Advisors, LLC

Jeffrey Parks
Director
RPM Mortgage

Vickie Rath
Director
American Ratings Corporation

Emily Schubert
Director
LinkedIn

Tracey Scott
Director
Housing Executive

Garick Zillgitt
Director
Insurance Executive

Executive Team

Erin Mendez
President
Chief Executive Officer

Susan Gruber
Executive Vice President
Chief Financial Officer

Kal Majmundar
Senior Vice President
Chief Technology Officer

Susan Makris
Senior Vice President
Chief Administrative Officer

Melissa Morgan
Senior Vice President
Chief Retail Officer

Richard Wada
Senior Vice President
Chief Lending Officer

2019 ANNUAL REPORT