

State of the Credit Union

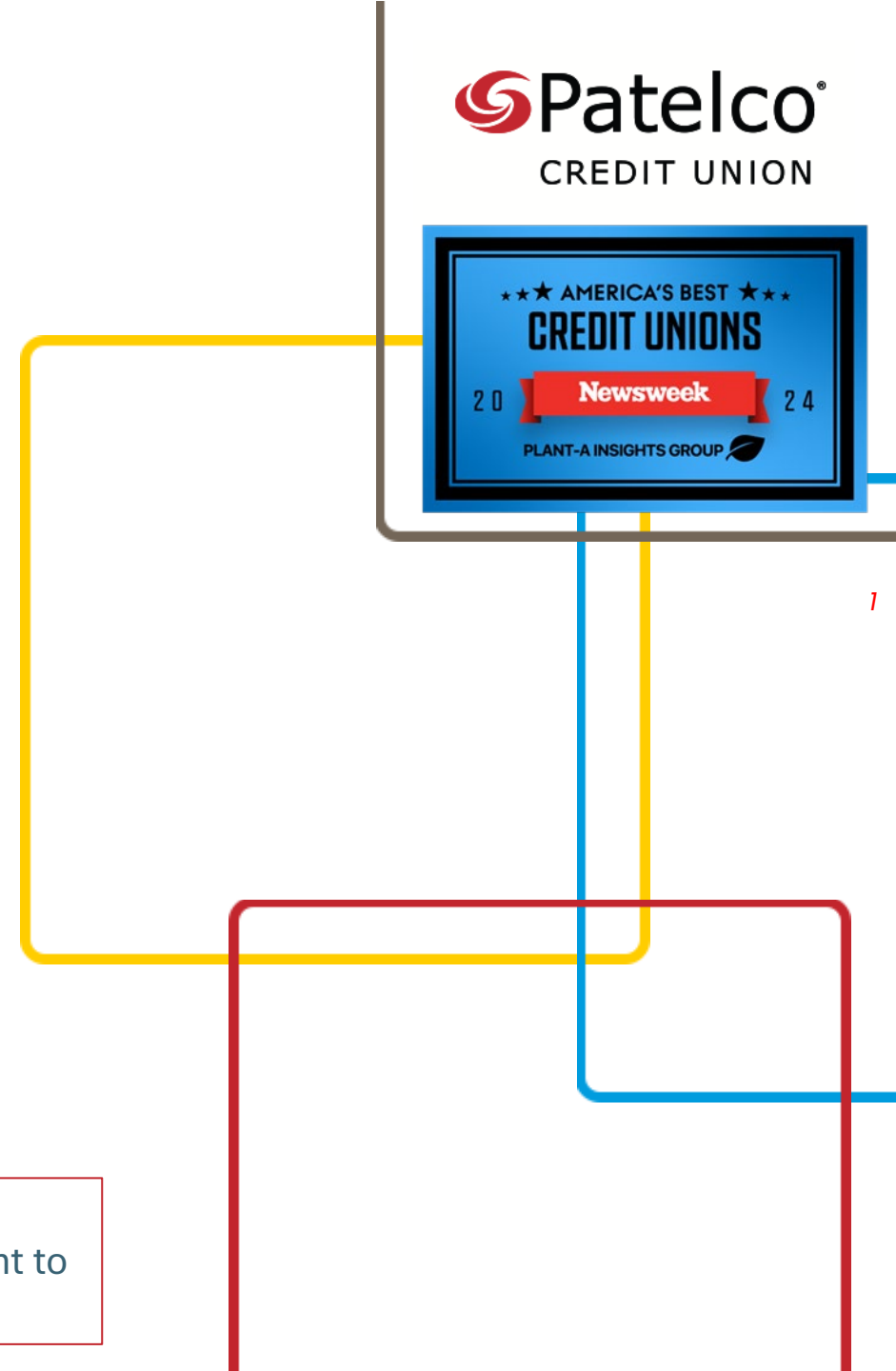
Building a Better Patelco

For our members, communities and team members

Our Year in Review

2024

From supporting our members through economic challenges to enhancing financial services and risk management practices, this year's progress reflects our commitment to your success.





Strengthening Our Members' Financial Health & Wellbeing



2024 | Navigating Uncertainty...

Patelco members faced a complex economy with challenges and resilience



Persistent inflation & reduced purchasing power



High interest rates



Higher unemployment
In California than
national avg.



Increasing income
divide



Higher housing costs



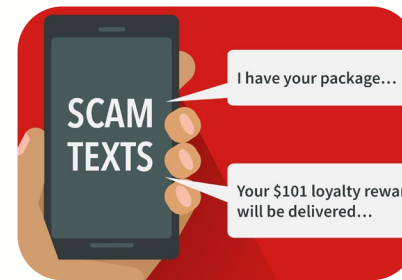
Higher energy & gas
expenses



Immigration policies &
labor strikes



Rapid adoption of AI



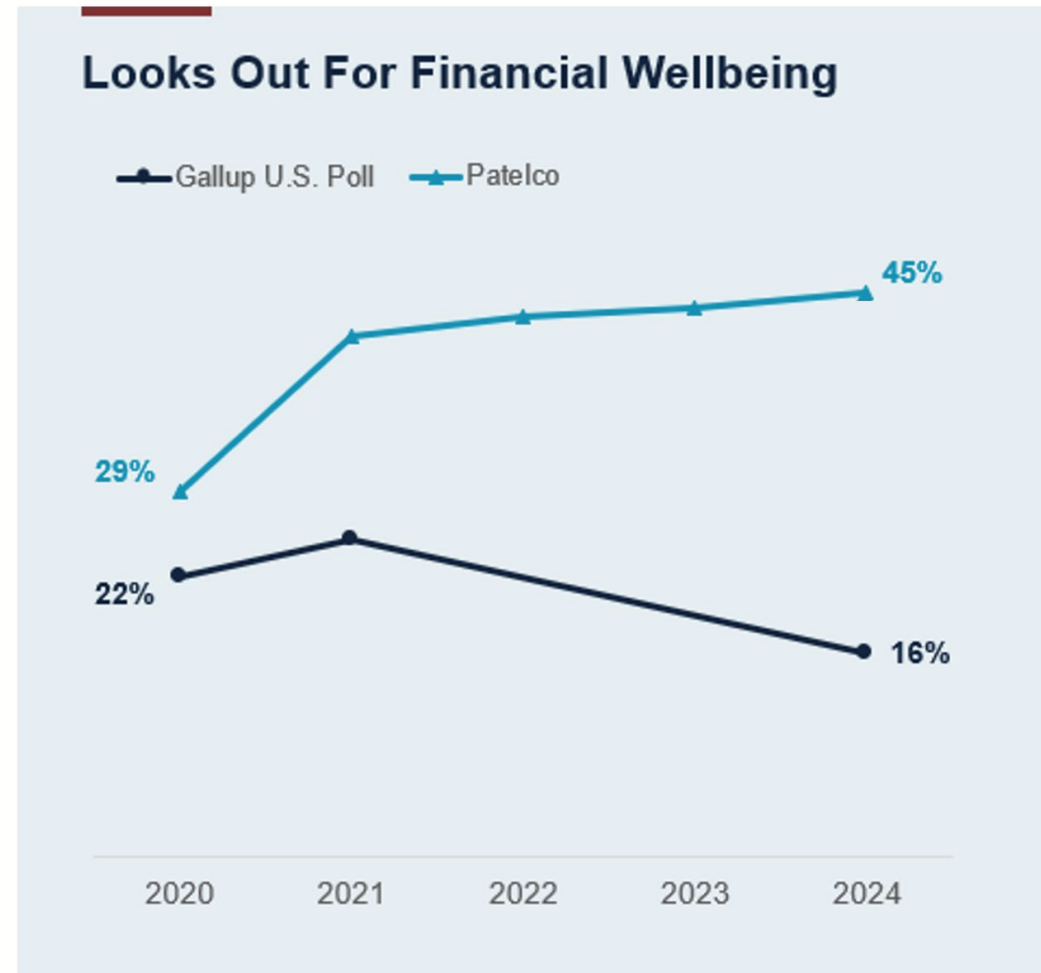
Unprecedented fraud
& scam levels



Sophisticated cyber
security threats

...And Patelco Members Confirm: Patelco Is Here For Their Financial Future

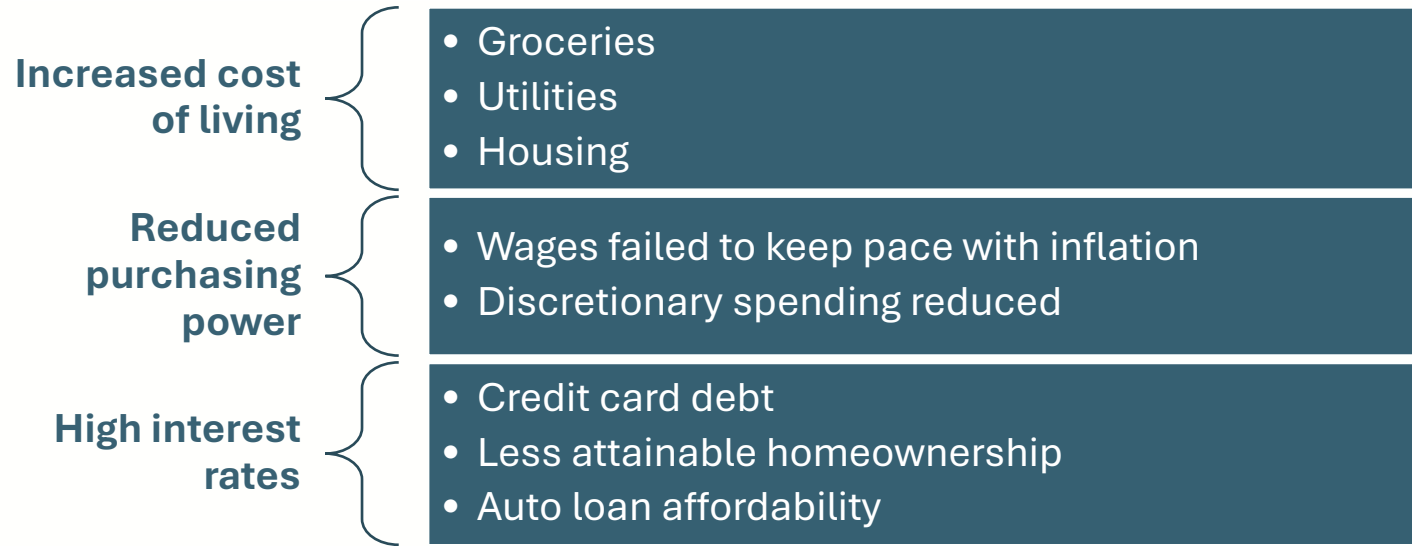
A recent Gallup survey shows that
Patelco Credit Union
boosts financial wellbeing 3x more
than the national average
for financial institutions.
45% vs 16%



Inflation | Significantly Impacted Patelco Members Day-to-Day Lives

“Inflation hits hardest where it hurts most: in the lives of everyday families trying to make ends meet.”

- Unknown



Connecting Patelco members to resources

Delivered 11,884 financial health referrals through SpringFour partner. Top categories for referrals: Food Savings, Heating and Utility cost, Employment Services

Patelco Members Struggled

Early 2024, **5,700+** Patelco members were over 30 days late on their loan payments.

3x more members than 2021.

500 members each month were unable to make payments and were charged off.

Members had to prioritize which bills to pay first.

Leaving them **vulnerable to late fees and negative credit score**, amongst other stress.

Easing Our Members Burden During Difficult Times Is The Heartbeat Of Patelco

	<p>“Patelco is always looking out for us by always adding great products to your lineup. My latest favorite is Instant BackUp. Unfortunately, lately I have not been able to get a job that pays very well. I was getting a lot of bounced items. It’s cheaper to use Instant Backup then be charged the \$28 bounced fees.”</p>

	<p>“Patelco has always been so reasonable about the small things that go wrong with finances, missing a credit card payment or a momentary overdraft. I feel like your employees see me the way I see me, and not as a deadbeat or a criminal. Just someone who doesn’t make a lot of money and is working hard.”</p>

	<p>“Patelco puts energy into relationship building and looking out for their members. I never feel shamed because of my income level, and always given a change and tools to develop a strong financial foundation.”</p>

Activating Our Mission| Helping Our Members Is #1

Patelco created a taskforce and launched new initiatives to help our most stressed members

Increased outreach to struggling members

Developed member relief hub on Patelco.org

Targeted emails to most vulnerable members

Seminars focused on debt relief strategies and budgeting

Launched enhanced deferral program

Introduced credit card incentive pay-down program

Proactive care calls to 10.4k members
Launched innovative account solutions to help members having trouble making loan payments

12k visits since launch in mid-2024 providing financial hardship education and solutions

Helped 162k members avoid late fees with payment due dates reminders

Approximately 4k members registered, 1.3k actively participated in 4 webinars focused on topics to help manage financial stress

Over 10.3k members benefitted from 'Skip-A-Pay' or 'Loan Deferral' options for enhanced financial planning

Est. 9k+members received over \$87k in incentives
\$3.5 million high interest balances were paid off

Empowering Our Members to Save, Reduce & Manage Debt

Easing Member Stress

4.5k+ loan payment deferrals with \$166 million deferred

Made Payments More Affordable

by restructuring 356 loans

Rate Reductions

to 10.7k+ members for making on-time payments.

Enrolled nearly 4.9k new members in LevelUp program

Helped Members Establish or Re-build

a positive credit history and score while saving with 435 ScoreUp credit builder loans

Switch to Save

Lower credit card and personal loan rates helped members save an est. \$6.9 million in interest



Members saved with fixed lower rates on over 1.7k debt consolidation loans; ~\$25 million balances



Nearly 9.6k members used their Instant Backup line of credit (when short on funds) to pay for 244k+ transactions



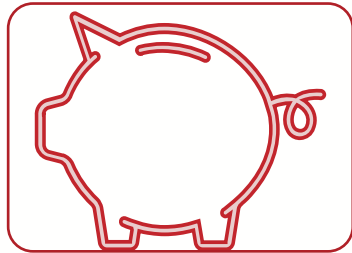
Reimbursed members over \$819k with our Patelco NSF fee cap

Expanding Financial Care

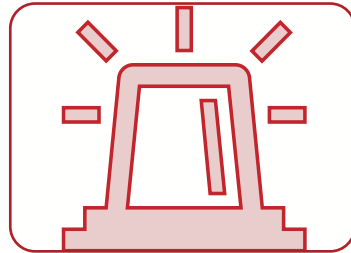
Our support extended to tailored conversations, tools, and services to further help our members



Certificates
Over 28k members benefited from higher certificate rates



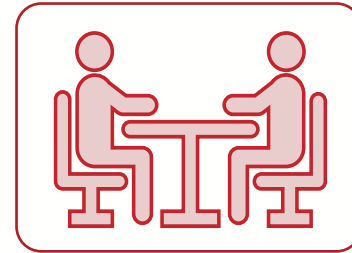
RoundUp Savings
5.7k+ members saved \$808k of their own money with our new checking feature



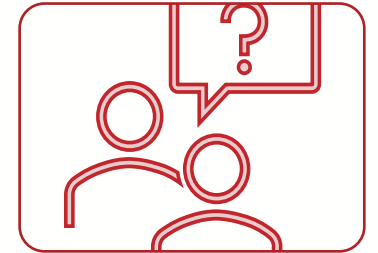
Account Alerts
95k members set up and used alerts to help manage their finances and stay in control



Financial Wellbeing Personalization
Sent 8.3k emails with over 21k financial wellbeing programs/service resources shared



Impactful Conversations
Branch team members had 12.4k+ financial wellbeing conversations (73% increase vs last year)



Complimentary Consultations
Certified Financial Specialist Program grew to 540 clients (+128% PY)

Delivering on Our Mission

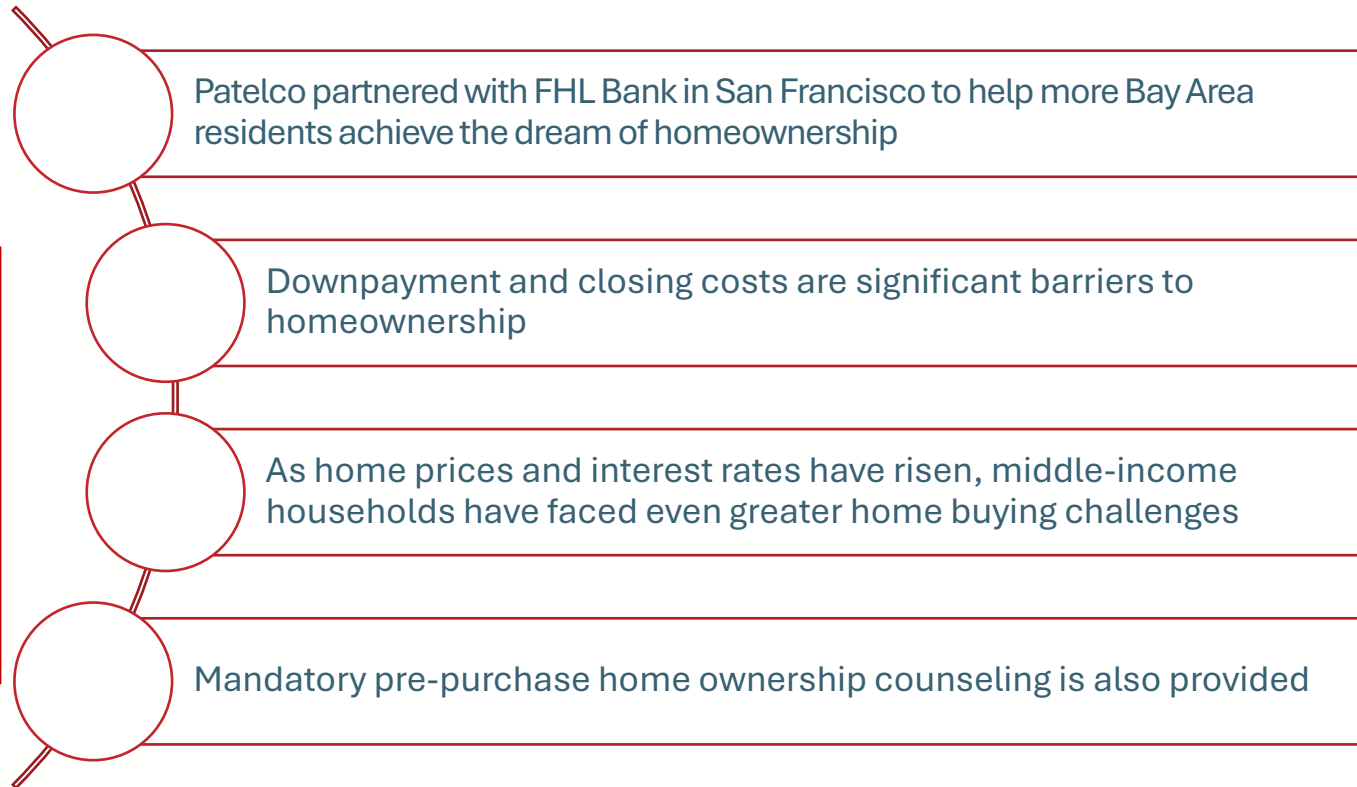
First-Time, Middle-Income Homebuyer Assistance matching grant program



Committed to fostering financial resilience and supporting the well-being of our members through homeownership.



**Patelco assisted
nine members
with grants
totaling
\$450,000.**



Member Care

Members can rely on Patelco to deliver information on what matters most

Monthly Fraud Prevention

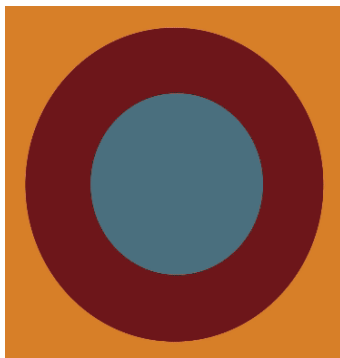
Economic Updates

Monthly FWB Newsletter Under 30 version

Budgeting, Saving, & Spending Tips

Digital Updates

Product Updates



Best-in-class financial wellbeing content

27 emails delivered

308k+ members engaged with each email

55% average open rate

vs. industry average of 35%

“I often get emails from Patelco of online information sessions which are helpful to my financial wellbeing.”

“Patelco has great outreach to its members. I always get great information with the weekly emails. I appreciate it so much. It’s not your average ‘marketing communication’. It doesn’t seem like spam like other institutions.”



Enhanced Fraud Support

Extra services to further protect members



Don't get spoofed

Scammers are pretending to be Patelco and asking for information. [Learn how to protect yourself here >](#)

Fraud Prevention

- Prevented over **\$13 million** in member losses
- Launched new fraud rules, preventing **\$1.7M** in member losses
- Over **2.1k Trusted Contacts** were added to member accounts significantly enhancing security and protection
- Implemented **24/7 fraud handling**

Expertise

- Over **5k members** received expert support for scam advice and fraud resolution from dedicated call center Fraud Experience team
- Delivered **robust elder financial exploitation training** for staff

Digital Initiatives

- Launched Modern **ID verification and liveness** checks during new member online account opening process to stop bad actors from joining Patelco. **Estimated savings of \$431k in fraud avoidance.**
- Enhanced Multi Factor Authentication (MFA) and **frictionless 'real-person' verification** during login
- **Outbound call branding** launched – calls from Patelco now appear as “Patelco Credit Union”

Communications

- **Proactively informed over 67k members** of incoming physical cards to protect from potential card theft fraud
- Sent **12 distinct emails to educate members** on the latest fraud trends
- **Ongoing fraud prevention education** within Patelco.org, Online Banking, Mobile App, Social Media, Branches, Radio Ads, Podcasts



**Advancing Community
Wellbeing with Purpose**



Delivering on Our Mission

Committed to financial education

Member Webinars & Podcast



- Nearly 14k registered for Patelco's monthly webinars that welcomed over 4.6k live attendees (+24% YOY)
- Recorded and published 17 podcast episodes in 2024, bringing total episodes to 34, and gained over 1.7k podcast additional downloads (+23% YOY)



Reaching Youth & the Community

- 212 financial wellness workshops and webinars (+32% YOY) delivered bringing financial wellness directly to over 3.5k attendees
- Held 3 Bite of Reality budgeting simulations for 188 teens
- Sponsored 6 local high schools and provided education to 698 students through Banzai financial education platform
- Banzai financial education content utilized for over 45k articles and calculators by members in 2024



Patelco Wins 2024
MasterCard® Segment Award
for 'Doing Well by Doing
Good' Impact



Connected to Our Community

Meeting the community where they are

- 65 major community events & cultural festivals executed with 27 Patelco branches resulting in 500+ new members
- Delivered 30 financial education workshops for college students at City College of San Francisco, College of San Mateo, Merritt, Chabot, Laney, Las Positas Colleges and more
- Supported the ITIN population with a taskforce made up of 14 team members that combined community activities and wellness presentations with the needed products and services. **Activities resulted in 121% growth in ITIN memberships.**



“The practical tools and foundation you shared were invaluable to our attendees; many expressed that they felt more empowered to take control of their financial futures.

Thank you once again for your support. I’m sure that with partners like you, we can continue to create lasting, positive change in our community.”

-Spirit Equity



Spotlight: Community Engagement Leaders

Honoring their dedication and impact

JOURNEY TO SUPPORT REFUGEES AND MIGRANTS: PATELCO IN NORTHERN CALIFORNIA

Patelco Credit Union prioritized community engagement as a first step in its journey to support refugees and migrants. Patelco serves communities across Northern California, including the Bay Area, Sacramento, and San Jose, as well as the employees of over 1,100 large and small

businesses throughout the country. As the largest credit unions in the U.S., Patelco has made a name for itself by proactively expanding services to underserved populations, such as first-generation high school and college students and individuals who have been formerly incarcerated.

Reaping the Positive Results of their Efforts

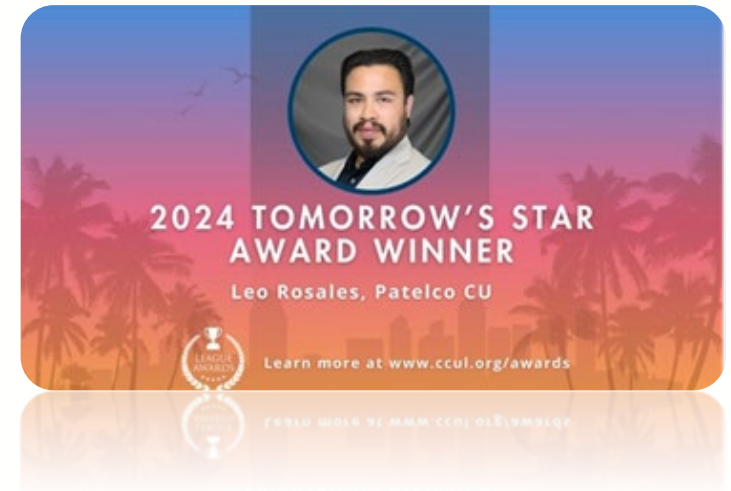
The results to date have validated the Membership Development Team's underlying conviction that proactively supporting the financial inclusion of migrants and refugees is a valuable long term business strategy for Patelco. They have also challenged internal negative conceptions about migrant populations, especially that they are poor, are not good savers, and would not be profitable members. The following statistics illustrate Patelco's experience with ITIN members:

- **ITIN members who have joined since launching the ITIN Task Force have the highest relative percentage of savings across Patelco.** ITIN members who joined Patelco during this time were highly engaged, with an average of nearly two deposit products per membership, over \$6,500 in balances, and 160 total loan products.



World Council of Credit Unions Study
Featured Shaida Samimi, Financial Wellness Partner

Study Also Recognized Membership Development Team's Efforts
Patelco was 1 of 5 credit unions globally featured in this study



2024 Tomorrow's Star Award Winner
Leo Rosales, Sr. Community Engagement Specialist
for Community Engagement efforts
California and Nevada Credit Union League

Financial Wellness Partnerships

Meaningful partnerships that support financial health

Employer Partners

- Patelco at Work launched 33 new partners, growing partnerships to over 110 and total employee reach to over 54k
- The team conducted 97 on-sites at company locations and delivered 122 financial wellness workshops for Patelco at Work partners
- Nearly 900 new members (+23%YOY) joined from Patelco at Work partners



Non-Profit Partnerships

Patelco launched SPARK Your Savings emergency savings grant program in partnership with United Way Bay Area and their SparkPoint Centers.

SPARK Your Savings helped low-income individuals establish an emergency fund and create savings habits to increase their financial wellness. Results included:

- 63 enrollees in the program
- 48 graduates who successfully achieved \$300 in emergency savings
- \$4.8k in grant payouts towards emergency savings



Service In Action



Together We Serve

- 43% of our team members volunteered 1.8k+ hours
- Bought 650 holiday gifts wrapped by 75 team members distributed to Bay Area families
- Hosted 3 blood drives providing 84 pints of blood to the community in the Bay Area and Merced
- Purchased and built 63 bikes for kids, providing a helmet with each one



Affordable Housing with Habitat for Humanity

- Hosted the Cycle of Hope at HQ helping Habitat for Humanity raise \$328k+
- Built and decorated 6 playhouses for low-income families



Children's Health

- Created 1.6k encouraging cards for kids staying in the hospital
- Donated 20 boxes of toiletries for their families



Creating Food Security

- Donated the equivalent of 150k+ meals
- Provided 628 volunteer hours to food banks



Industry Recognition



BEST OF BRENTWOOD 2024



Presented by Ameriprise Financial Institutions Group
Patelco Financial Solutions
at Patelco Credit Union
Director: Carolyn Wilson



Best Bad Credit Loans
Best Emergency Loans for Bad Credit

SAN FRANCISCO BUSINESS TIMES

Top 100 Corporate Philanthropists in the Bay Area

Ranked by 2023 cash contributions to Bay Area charities



Congratulations, You Are a 2024 Best-in-Class Employer!



Best Credit Union Personal Loans



Best credit union personal loan

Best for small home improvement projects

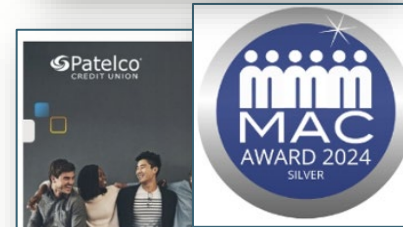
Diamond Awards

Patelco Credit Union
Animated Premium Social Posts



Tomorrow's Star Award: Honors the efforts of up-and-coming credit union leaders aged 35 and under, and encourages the development of future leaders.

- Leo Rosales, Senior Community Engagement Specialist at Patelco Credit Union.
- Leo Rosales, Senior Community Engagement Specialist at Patelco Credit Union.



Patelco created its inaugural **Patelco Money Under 30 Newsletter** to provide further resources to members on financial education.



10 Most Respected Credit Unions in America for 2024

Patelco Credit Union

#1 Credit Union for Charitable Giving



Products & Services That Matter Most



Creating Opportunities for Member Savings

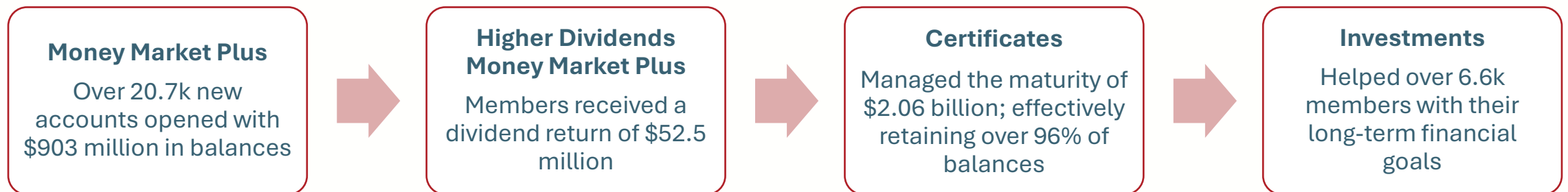
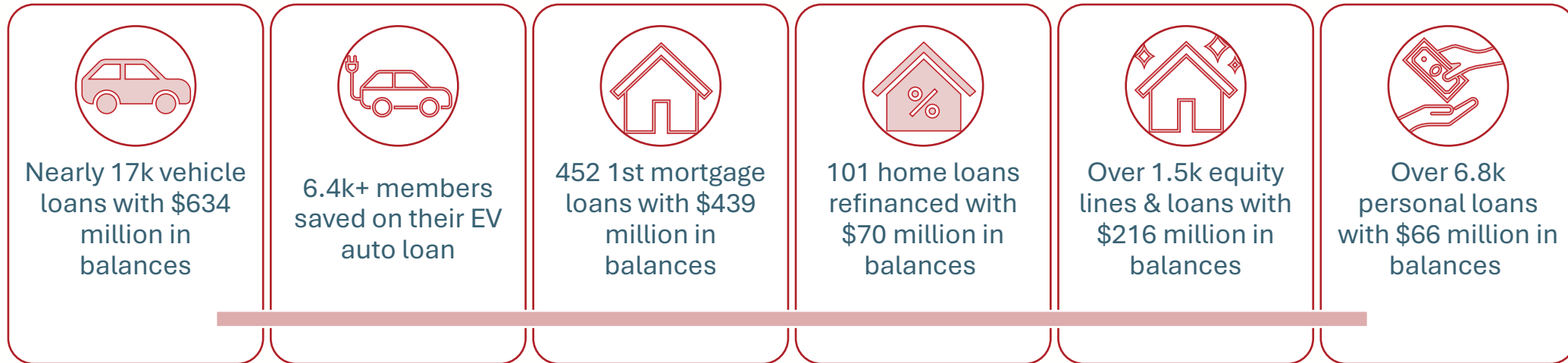
Total Members
498,784

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2024 Member Benefits										
Total CU benefits per member	\$133	\$181	\$180	\$253	\$189	\$225	\$234	\$274	\$319	\$282
Total CU benefits per high-use member household	\$252	\$344	\$377	\$532	\$397	\$472	\$491	\$575	\$669	\$592

Plus, loyal members who used Patelco for most of their banking needs **received over \$1,500 in direct financial benefits in 2024**

Everyday Patelco Solutions

Supporting savings and responsible borrowing for financial stability





Optimizing Delivery Channels & Feedback Loops to Better Connect with Members



Delivery Channel Enhancements

Strengthening the value and connection to every member we serve

Patelco Branch Network

- New Branch Taskforce Team: skill development and real-world experience while optimizing our business through the insights of our frontline team members
- Specialized training for front line team members: 1) empathy 2) life stages & tailoring conversations 3) enhanced Patelco value proposition 4) economy & rate change impact 5) core deposit products
- Supported 190 change initiatives
- Rolled out new member application platform pilot to improve and speed up the new account opening process

Virtual Branch

- Expanded members served to over 13k virtually
- Connected with over 1.6k community business owners to share information about Patelco's new Business Banking products and services

Chat

- Over 153k member chat sessions & strong member satisfaction at 81%
- Received over 280k member questions

Call Center

- Voice Biometric authentication assisted enrollment and scoring launched with 2.3k+ member enrollments
- MCC repeat calls reduced by 32% vs last year
- Balance Transfer automation resulted in 219 hours of savings
- MCC recovered to pre-incident wait times and service levels within 90 days (average wait time of 3 minutes and abandon rates below 9%)
- Revised the Smart Teller menu routing resulted in a 20% increase in first contact resolution

“When I called and had an issue, they directed me to the right department. They are very understanding and sensitive.”

“I can contact Patelco and get a compassionate response.”

“Since there are no branches near my home, having access to the virtual branch has been a great add-on.”

“I had excellent service, prompt and responsive and achieved what I set out to accomplish. Thank you for the CHAT option!”

Digital & Online Banking Enhancements

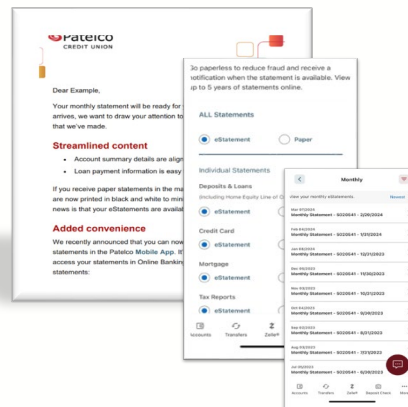
Greater ease and convenience for busy lives

Self serve tools

- **Self-serve Instant BackUp®** provides access to immediate overdraft protection
- Comprehensive self-serve **Loan Payoff** tool
- **Recurring payments** for variable-rate mortgage and HELOC accounts
- Convenient **Certificate Renewal tool** allows members to skip a trip to the branch and renew their share certificate up to 30 days prior to maturity date
- **Full rollout of online wire** – 60% now member initiated
- **Digital demo videos** were viewed over 17k

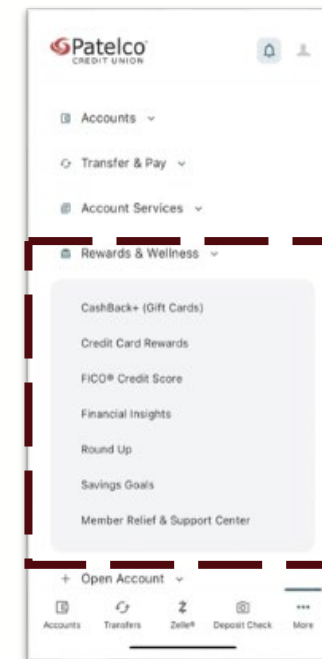
Easy-to-access statements

- **Statements** now available in **Mobile App**
- **Simplified eStatement enrollment** process makes going paperless quick and easy



Seamless navigation refresh

- Refreshed, **intuitive navigation** with new Rewards & Wellness category



Problem Resolution Improvements

We are at our best when members need us most

Addressing the Gaps

Implemented closed-loop messaging for critical member requests to ensure timely communication and clear resolution

Aligned service level agreements organization wide to ensure a member-centric approach across all channels

Enabled team to resolve issues at first contact, minimizing member handoff and improved experience

Re-engineered key processes to reduce friction and stress

Focused on identifying the root cause of complaints and quickly implementing effective solutions

Listening, Learning, Improving

Surveys

- 8.2k+ members took surveys after they interacted with Patelco
- Over 4.6k comments provided; all read and shaping our actions

CEO Breakfast

- 23 CEO Breakfasts and Lunches with our CEO & Patelco team to gather insights from front-and back-office teams
- Meetings yielded over 150 pieces of feedback, leading to 36 improvements and 20 more in progress

Listening Post

- Received over 580 submissions from team members on enhancing experience, process, and technology
- Led to 69 improvements in the member experience and team member experience

Complaint & Problem Resolution System

- Formal process for capturing member complaints
- Improved first contact resolution with a 50% reduction of internal queue transfers



Security Incident



June 29th Security Incident

Our unwavering focus was on protecting our members, ensuring members had access to their funds and providing transparent communications

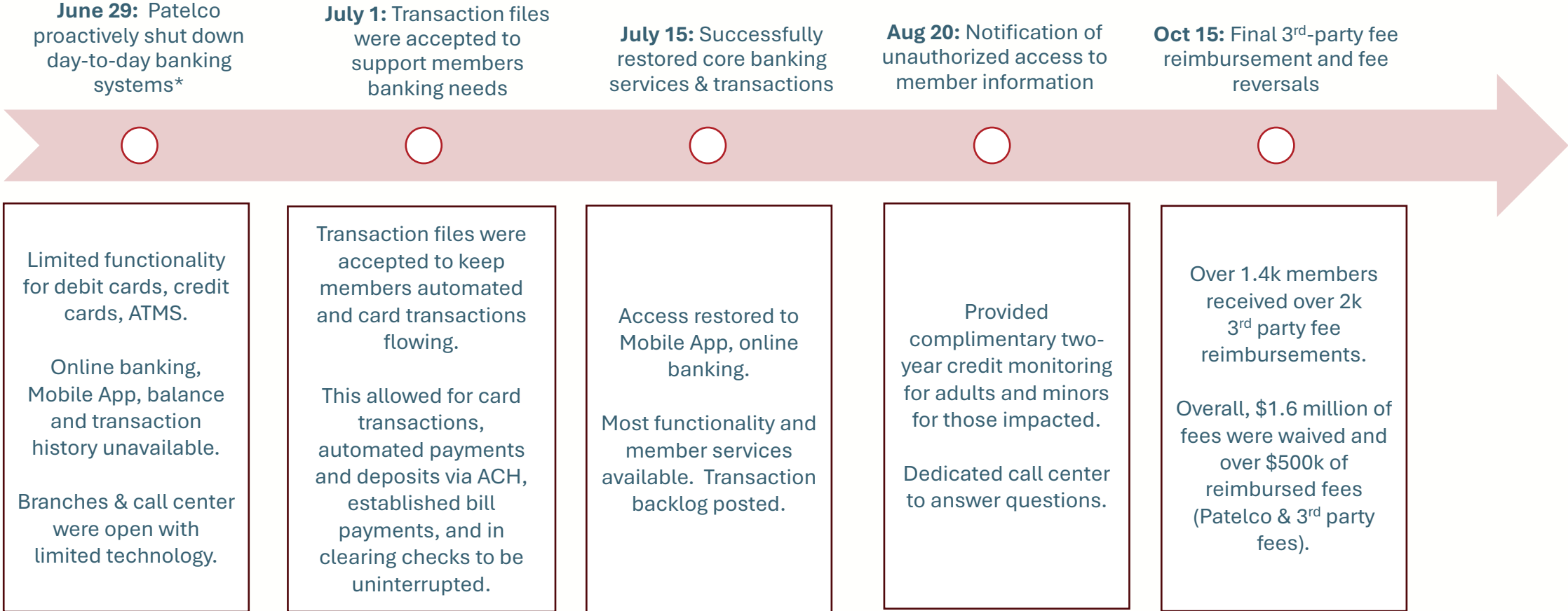


From start to finish, informing members with care and clarity



June 2024 Ransomware Attack

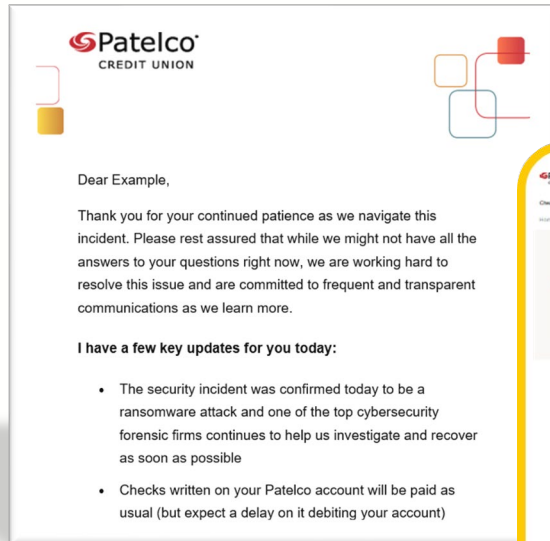
Timeline of events



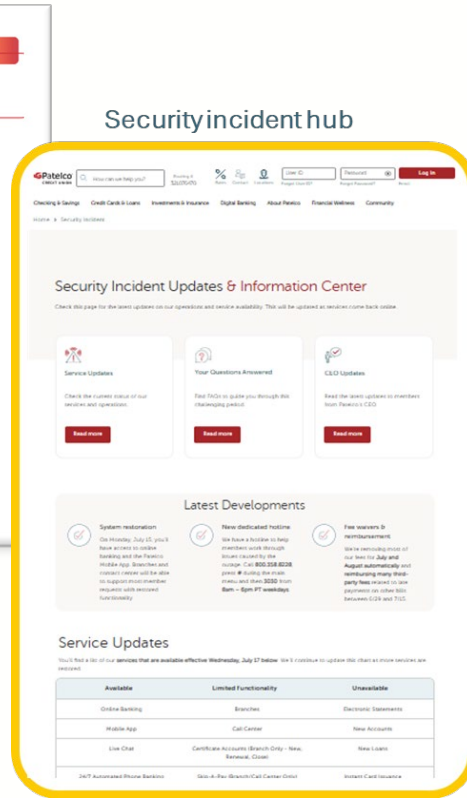
* Patelco did not pay the ransom demanded by the threat actor as it was determined that they were connected to a sanctioned entity.

Security Incident Emails

Communications were sent consistently to help reassure members



Over 290k members regularly read each of our 12 incident updates



Over 545k visits to Security Updates and Information Center

“The Patelco team has gone above and beyond to deliver excellent member service to generate restored confidence among members.
A natural outcome of this would be members feeling more supported/cared for.”
- Gallup partner



Cyber Security Program

Enhanced enterprise controls to protect Patelco and members

During Security Incident

Worked with leading cyber security forensic firm & law enforcement

Meticulously examined, rebuilt and bolstered systems with additional detection and protection tools

Post Security Incident

Made strategic investments in advanced tools, teams and partners

Fortifying risk management practices and protocols



Financial Strength



Financial Safety and Soundness

**Patelco is well
capitalized**

**Patelco's liquidity is
very strong**

**Patelco has a Net
Worth Ratio of
10.40%**

Net Worth is the capital Patelco holds and is central to its ability to absorb unexpected losses

The Net Worth Ratio describes the capital Patelco holds relative to its total assets

**Patelco has a Risk-
Based Capital Ratio
of 17.30%**

The Risk-Based Capital Ratio measures capital relative to the risk exposure of the underlying assets

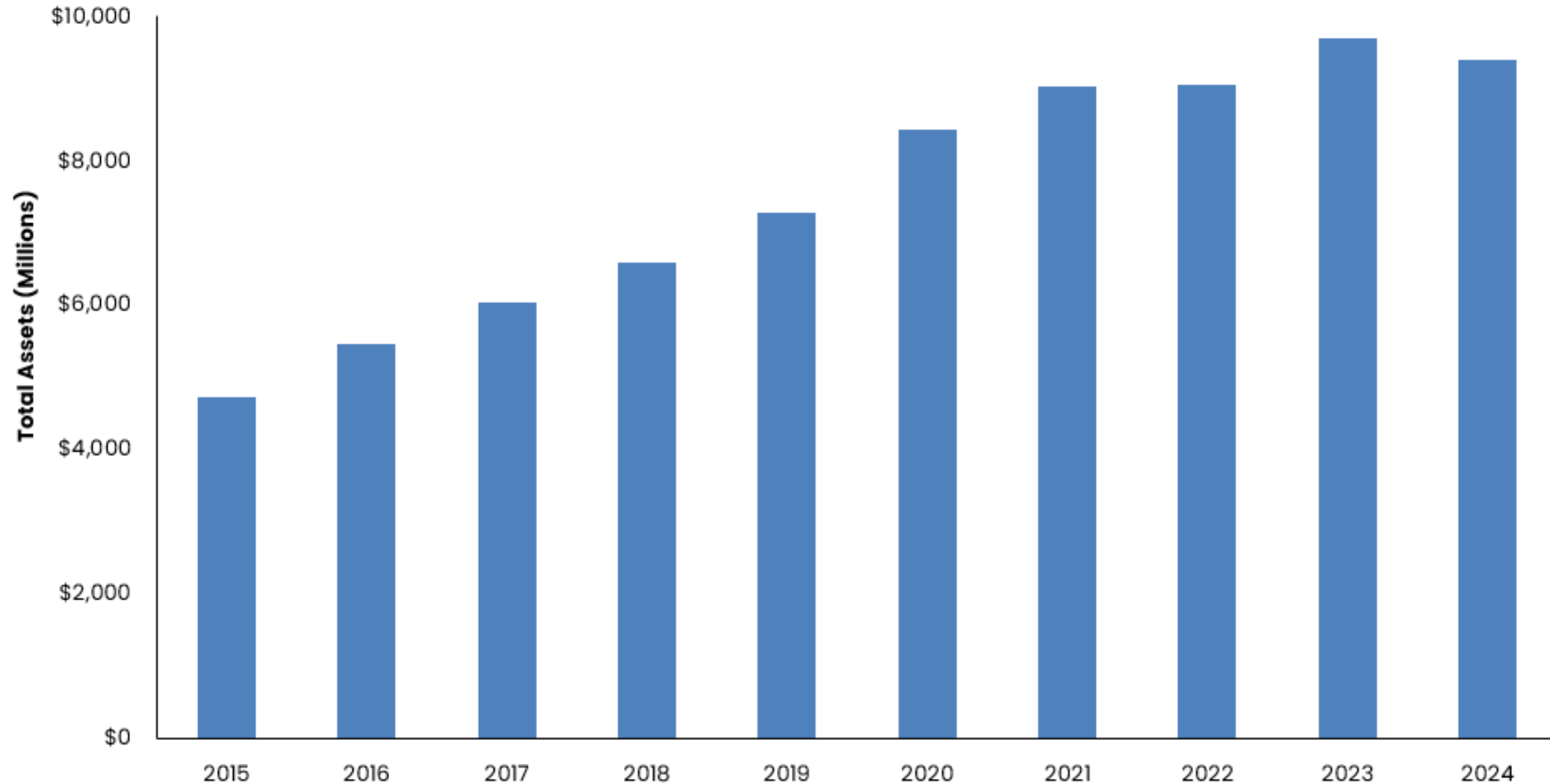
NCUA considers credit unions with a minimum net worth ratio of 7% and a minimum risk-based capital ratio of 10% to be well capitalized

**Patelco has total
liquidity over \$4.1
billion**

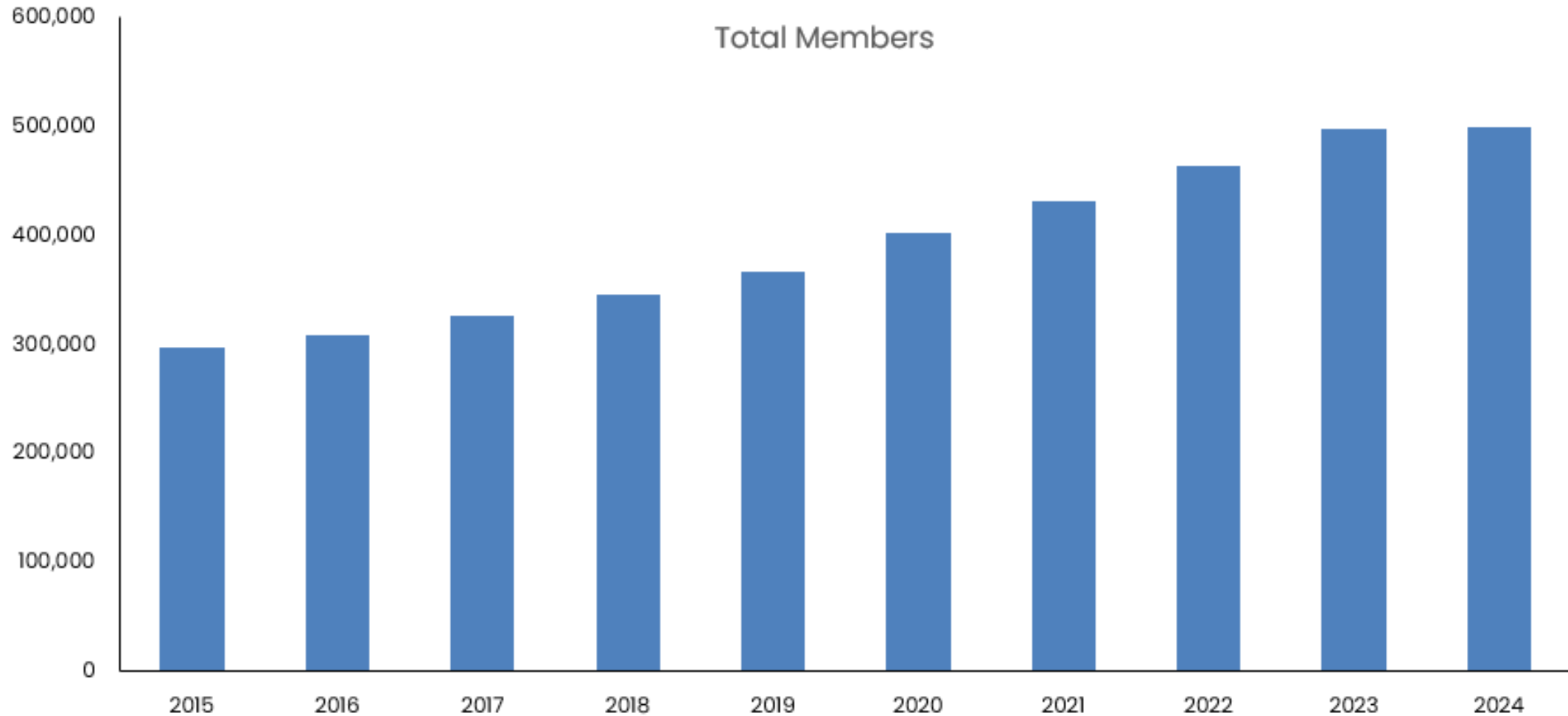
Includes cash, unpledged securities and remaining borrowing capacity

As of 12/31/2024, 95% of deposits are insured by the NCUA

Total Assets

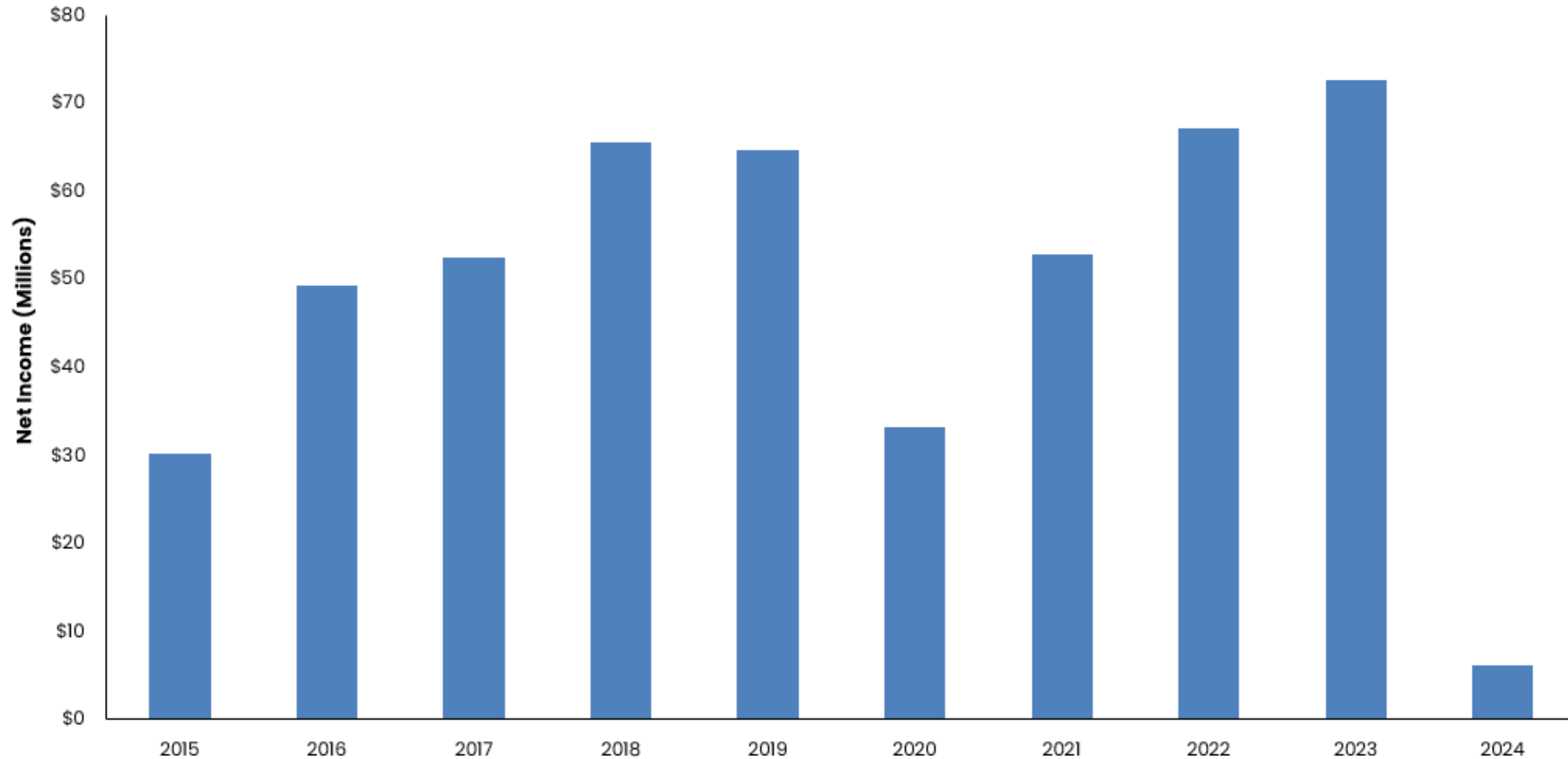


Membership



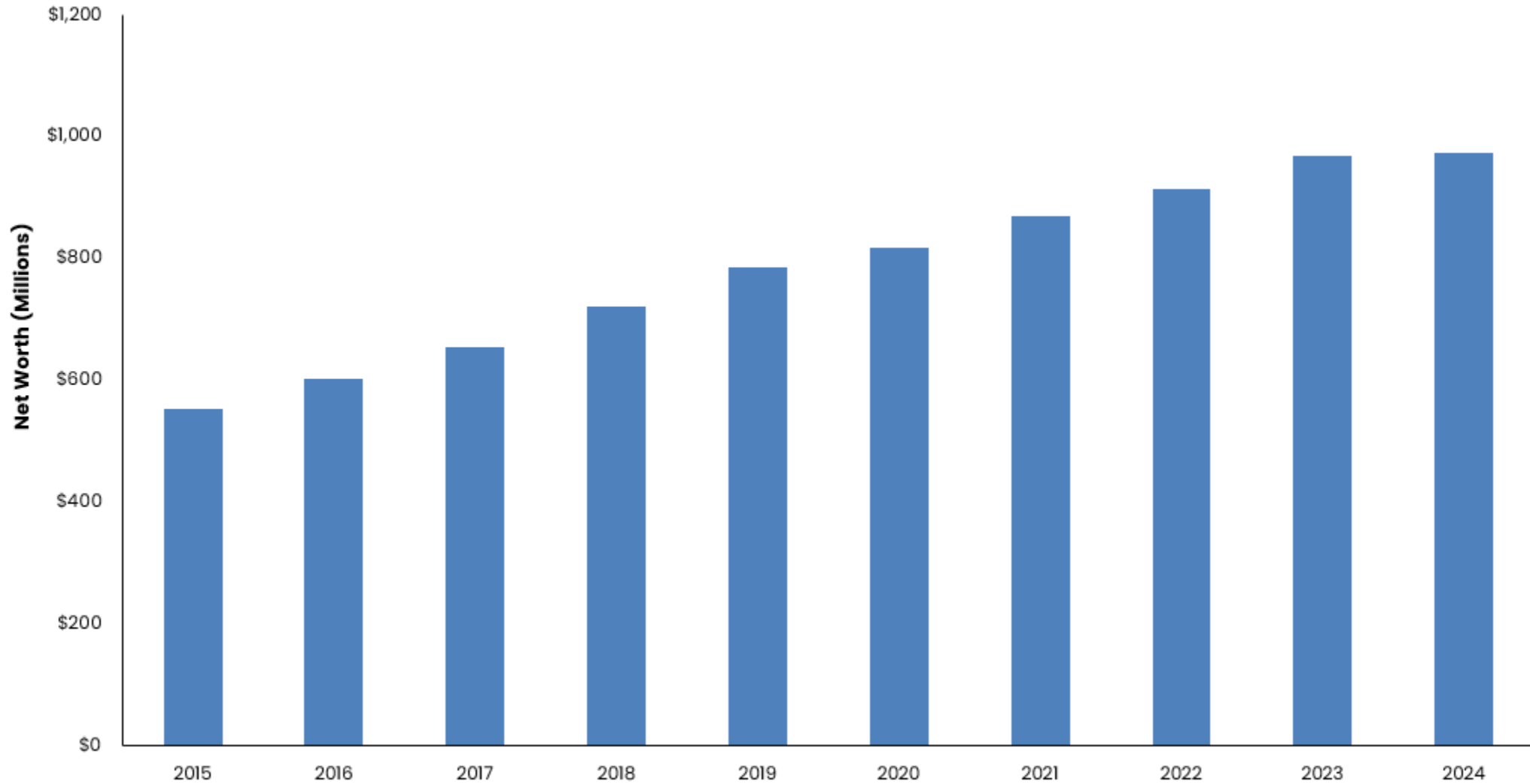
Note: 5,844 memberships were closed in 2024 due to first party fraud resulting from the Security Incident.

Net Income

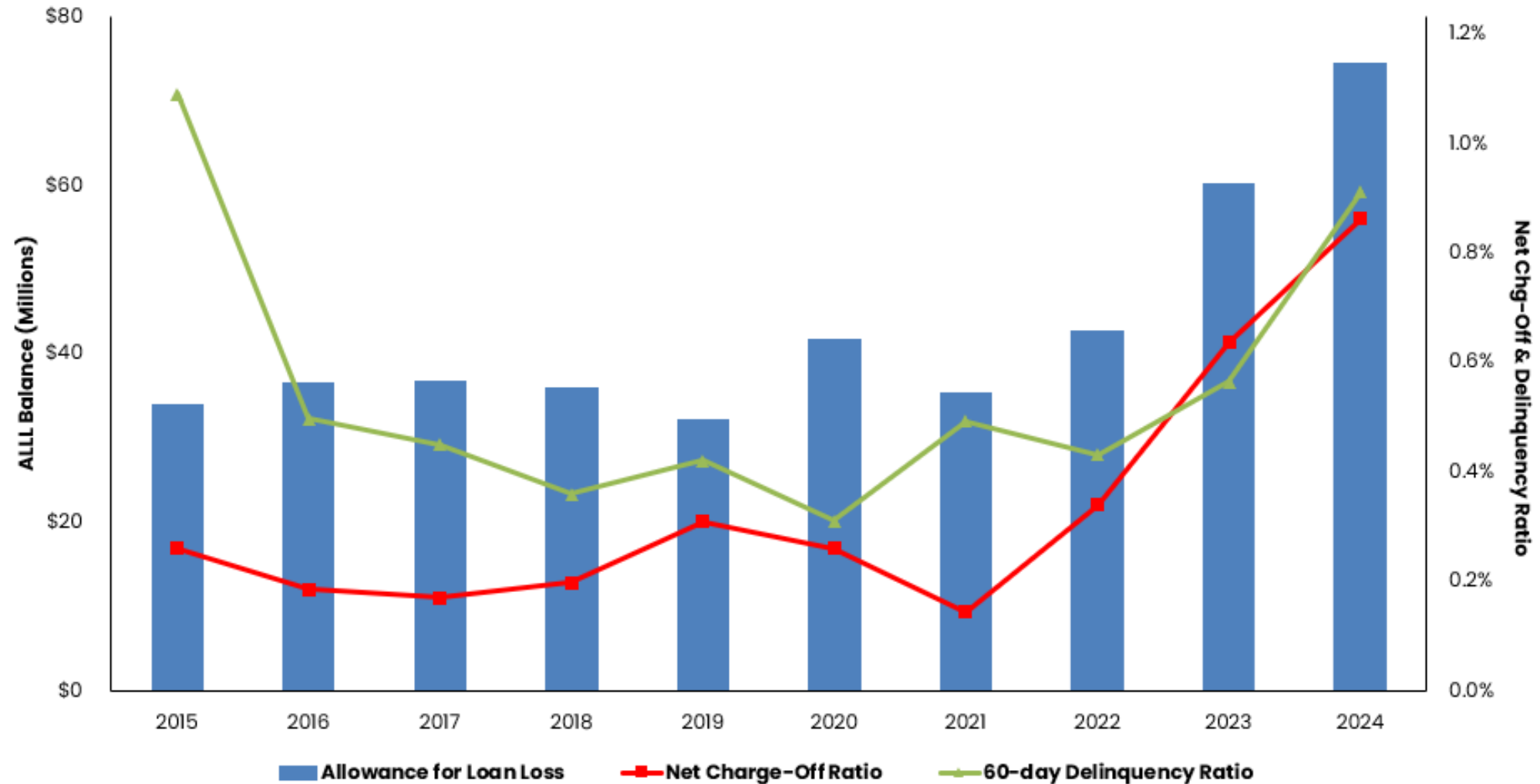


Note: The Security Incident impact to Net Income is estimated to be (\$64 million) which decreases the ROA by 68 bps.

Net Worth

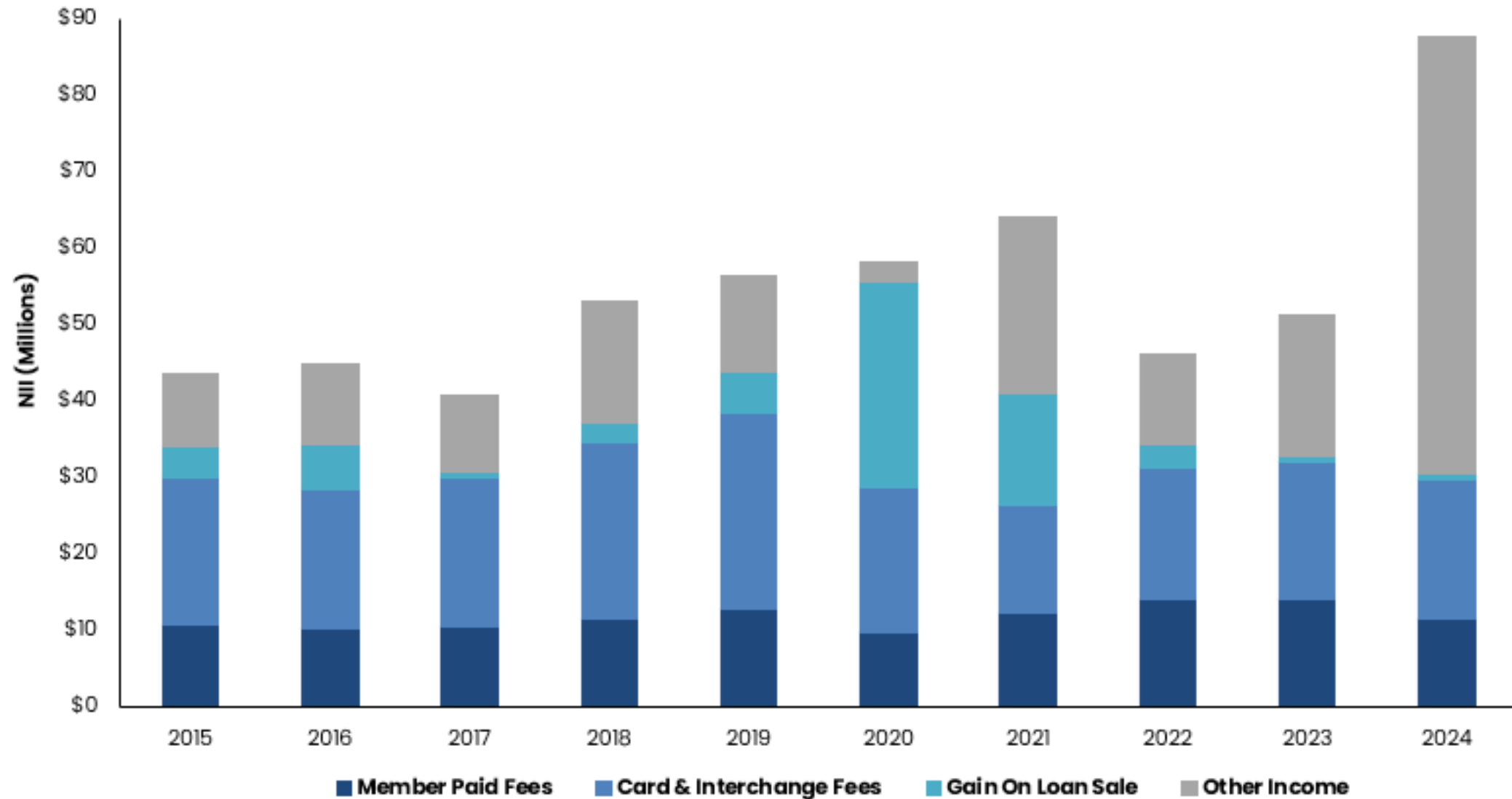


Credit Quality

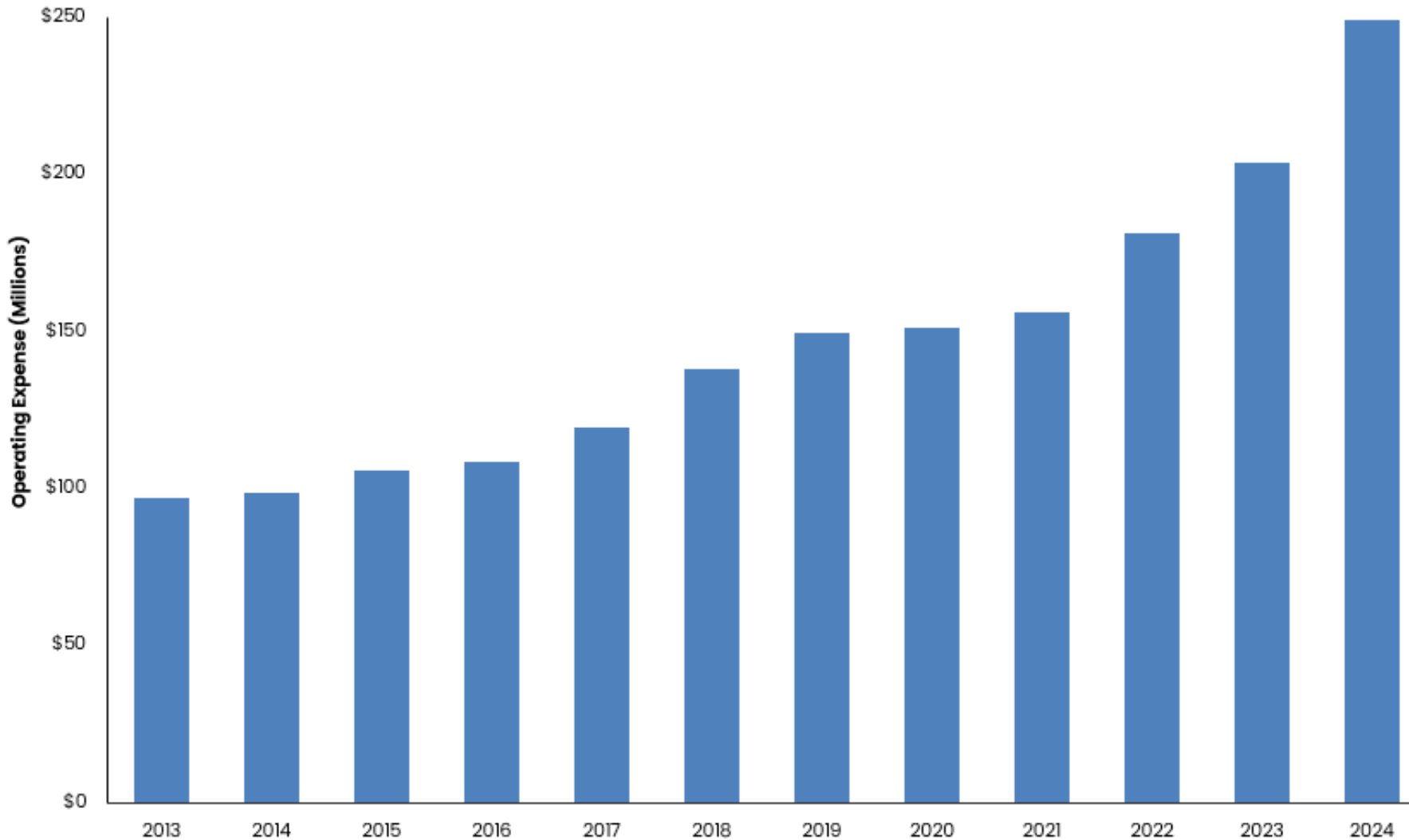


Note: The Security Incident impact to Net Charge-Offs is estimated to be \$3 million which increases the Net-Charge-Off Ratio by 4 bps.

Non-Interest Income

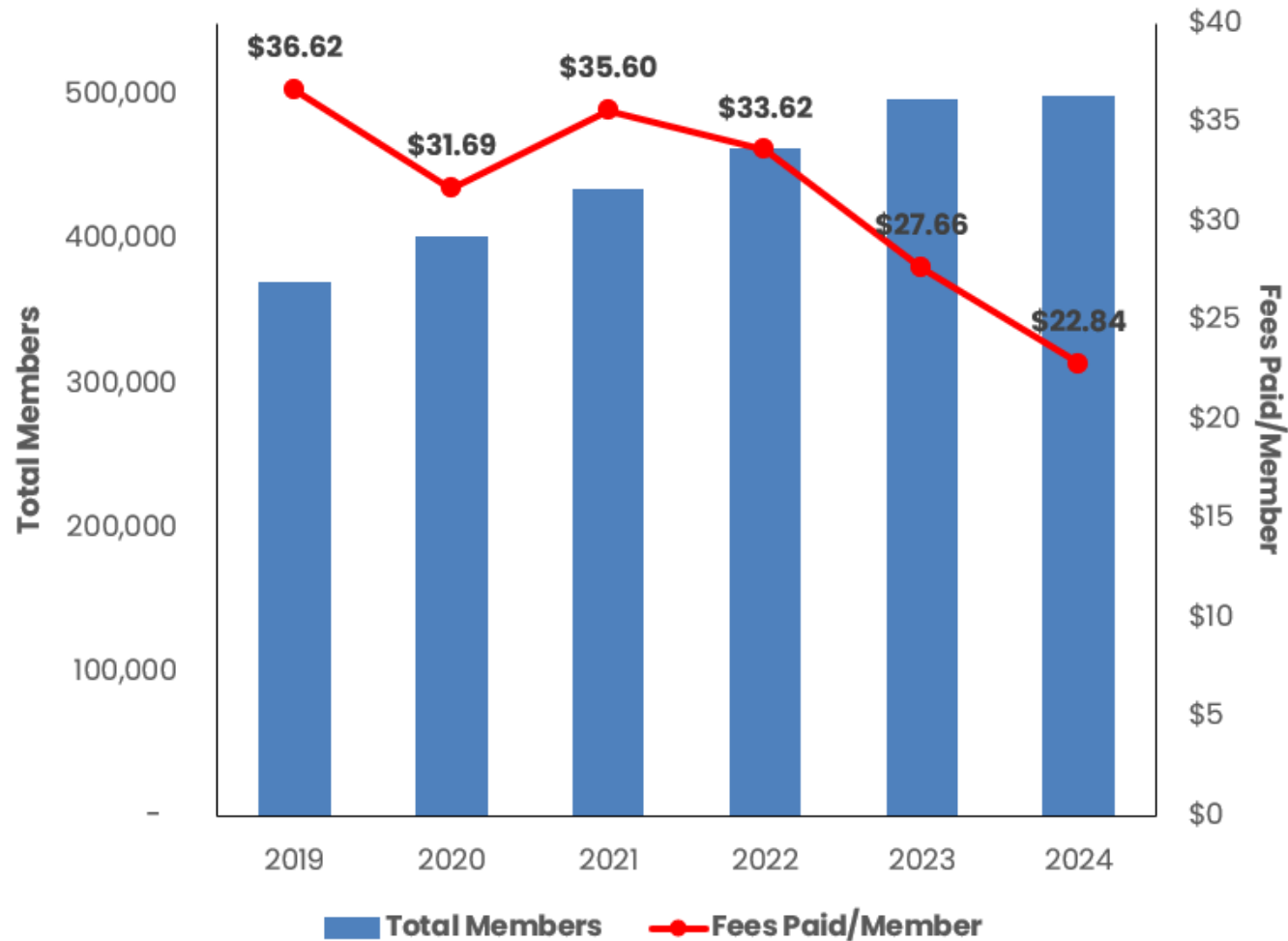


Operating Expenses



Note: Security Incident resulted in \$40 million of additional operating expenses, increasing the operating expense ratio by 43bps.

Fees Paid per Member



Note: Security Incident resulted in \$1.6 million of waived fees and \$0.5 million of reimbursed fees.



**Industry Comparisons
As of Dec 31, 2024**



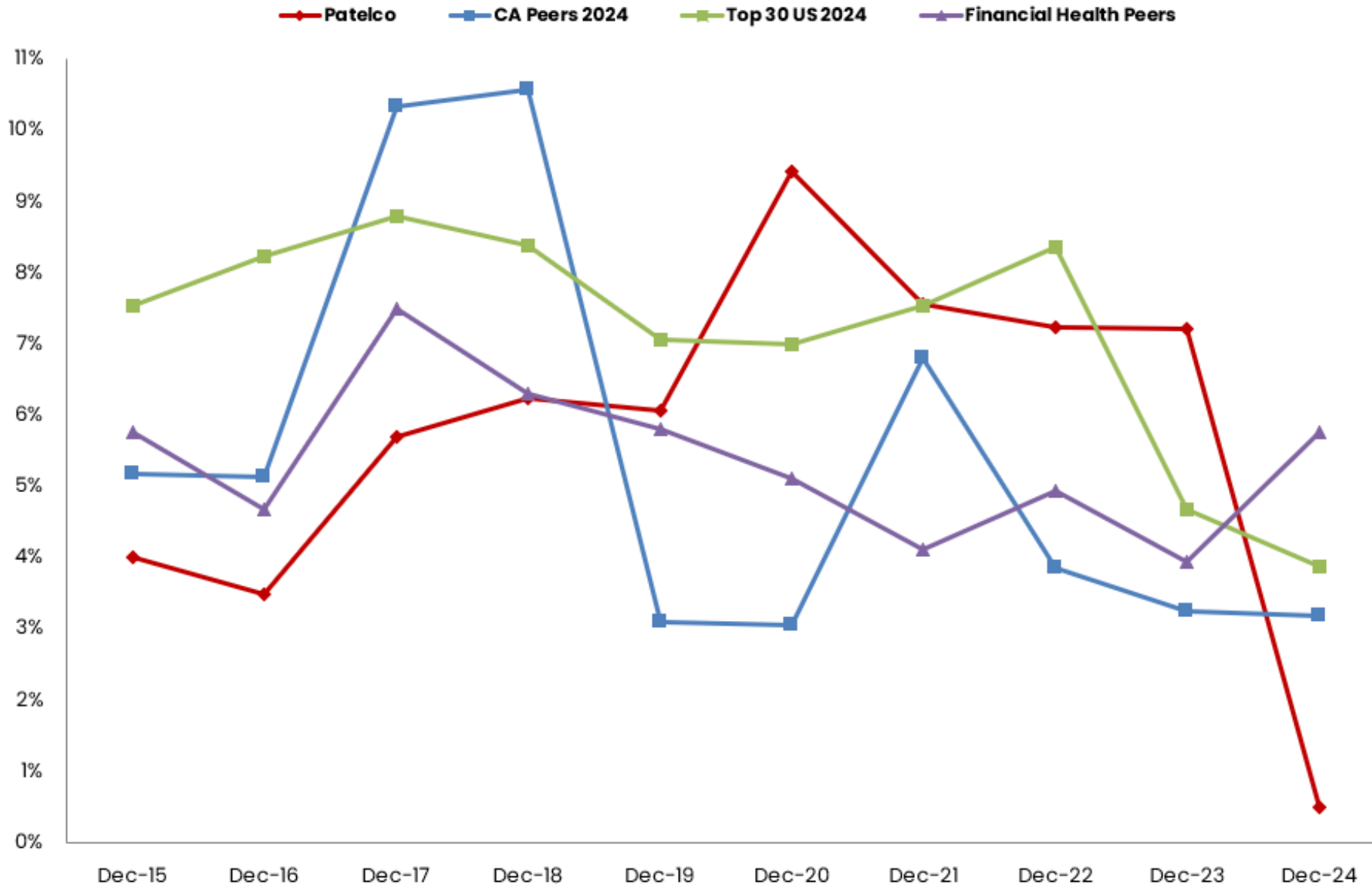
2024 Industry Comparison

Full Year Results*	Patelco	CA Peers 2024 Peer Average	Top 30 US 2024 Peer Average	Financial Health Peer Average	CA Banks \$1-50B	USA Banks \$1-50B
Interest Income	4.60%	4.39%	4.95%	5.22%	5.01%	5.36%
Interest Expense	2.11%	1.80%	2.23%	2.05%	1.84%	2.18%
Net Interest Margin	2.49%	2.59%	2.72%	3.17%	3.17%	3.18%
Provision for Loan Loss	0.74%	0.34%	0.64%	0.70%	0.14%	0.21%
Non-Interest Income	0.92%	0.97%	0.92%	1.22%	1.65%	1.13%
Operating Expense Ratio	2.60%	2.71%	2.48%	3.26%	2.62%	2.70%
Return on Assets**	0.06%	0.52%	0.52%	0.43%	1.45%	1.12%

* All metrics based on average annual assets

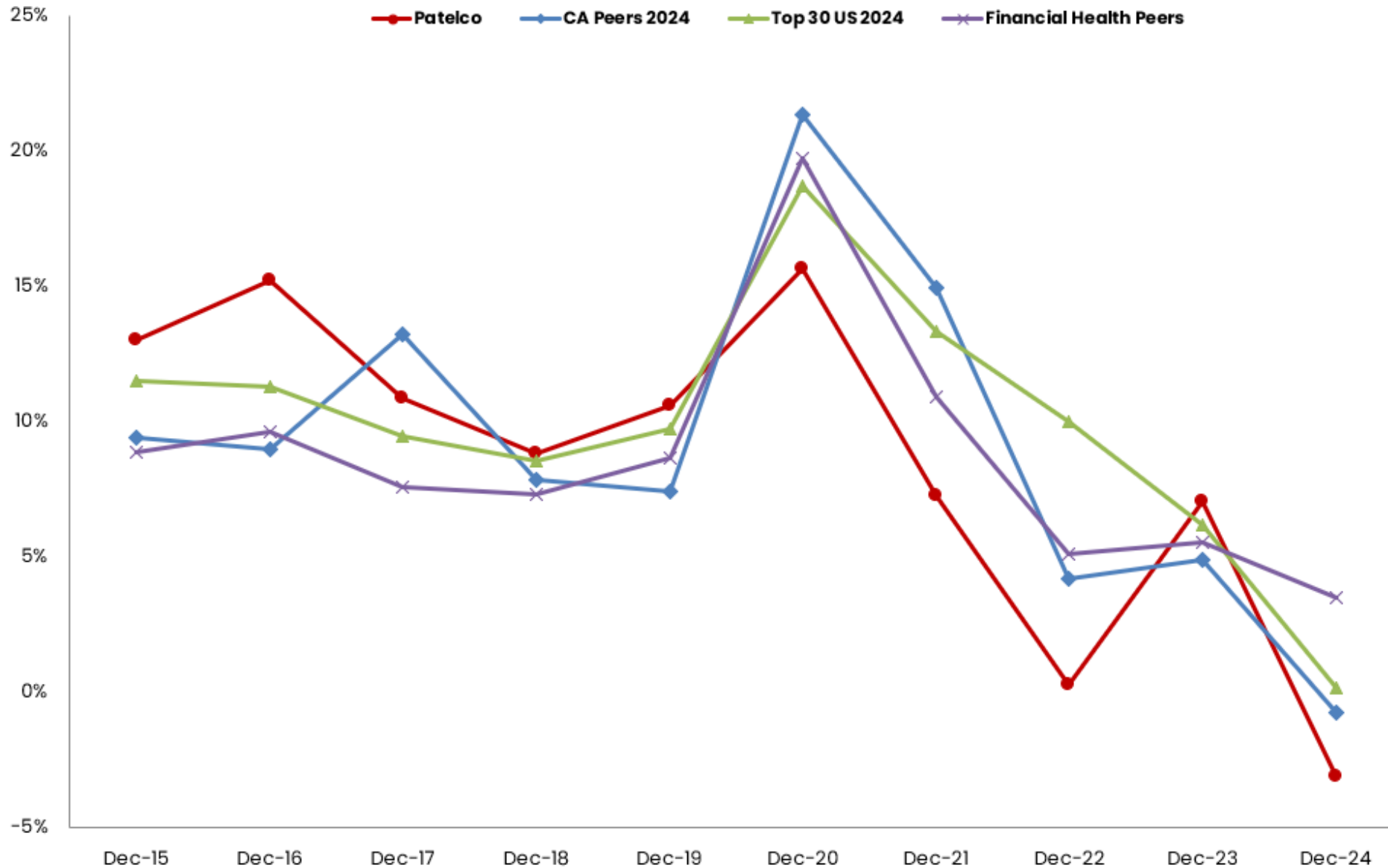
** Bank results include tax expense

Membership Growth Comparison



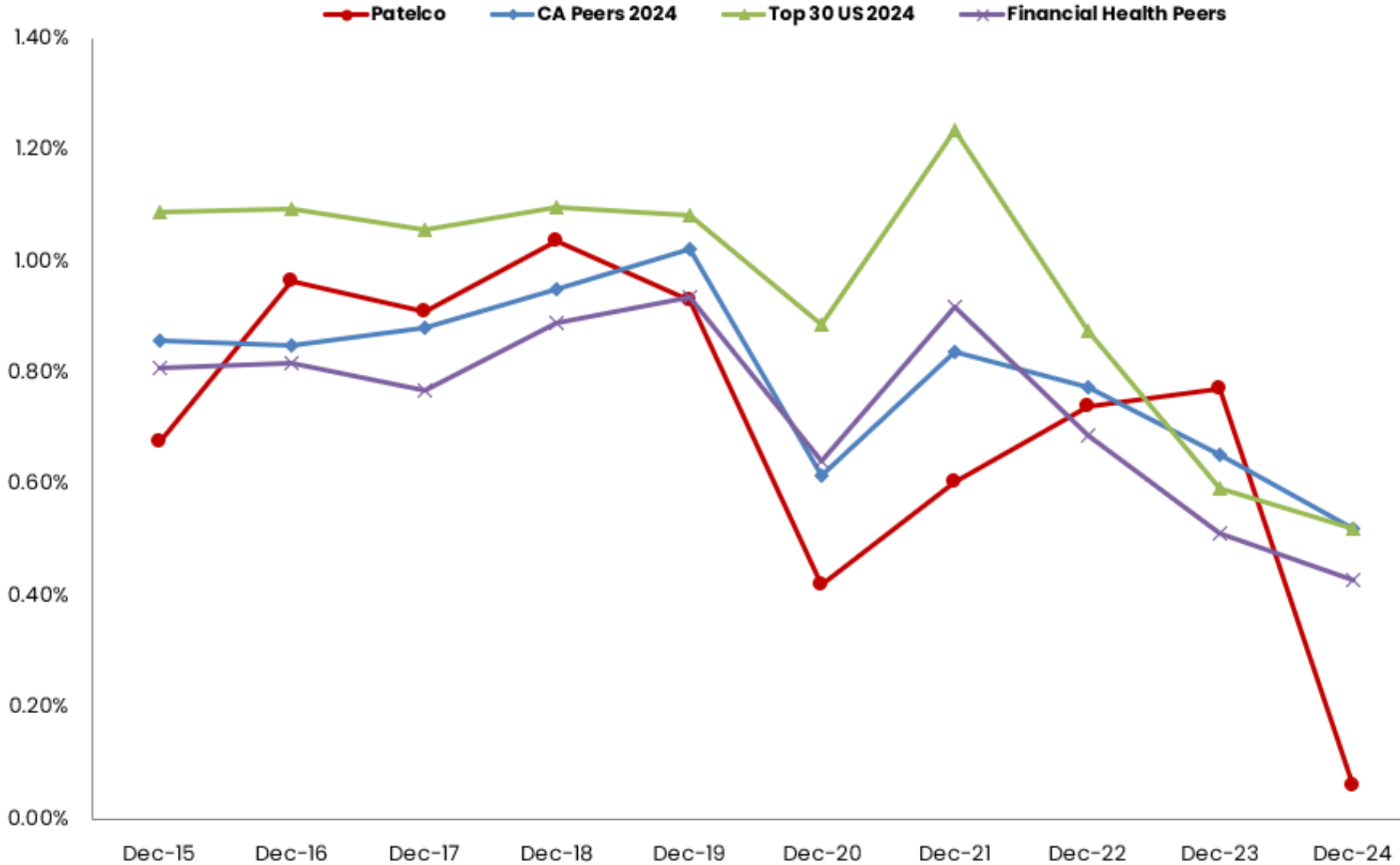
10 Yr. Avg.
Patelco: **5.75%**
CA Peers 2024: **5.45%**
Top 30 US 2024: **7.15%**
Financial Health: **5.39%**

Asset Growth Comparison



10 Yr. Avg.
Patelco: **8.57%**
CA Peers **9.16%**
Top 30 US: **9.90%**
Financial Health: **8.69%**

Return on Assets Comparison



10 Yr. Avg.
Patelco: **0.71%**
CA Peers: **0.80%**
Top 30 US: **0.95%**
Financial Health: **0.74%**

Thank you