



2021
ANNUAL
REPORT



PERSONAL BANKING • SAVINGS ACCOUNTS • CONSUMER
LOANS AND LINES OF CREDIT • IRAS • CERTIFICATES
MORTGAGE LOANS AND LINES OF CREDIT • FAMILY
BANKING • AUTO LOANS • HEALTH SAVINGS ACCOUNTS
SOLAR LOANS • VIRTUAL BRANCH • FINANCIAL
MANAGEMENT • PRIVATE BANKING • RETIREMENT
PLANNING • DIGITAL INVESTING • BUSINESS
BANKING • CASH MANAGEMENT SERVICES • SBA LOANS
ASSET-BASED LENDING • COMMERCIAL LENDING
CONSTRUCTION LENDING • SOLAR COMMERCIAL
LENDING • INVESTMENT PROPERTIES



More than sixty years ago, a group of innovative Silicon Valley employees wanted a better way to manage their money. With a few thousand dollars and a couple of accounts, they formed a credit union dedicated to the financial success of its members. Tech CU is now one of the 100 largest credit unions in the U.S., with 10 full-service branches in the Bay Area, and an expanding digital footprint.

Grounded in serving the financial needs of our members, we are proud to offer some of the best deposit rates and very few fees - the fees we do have are among the lowest in the market. We will continue to invest our resources in order to deliver outstanding service and benefits to you, our members.

With our eyes looking forward, we decided it was time to refresh our brand. Why now? Over the years, in response to member needs, we've added a variety of specialized products not typically offered by credit unions including private banking, solar loans, small business banking, commercial banking, and much more.

Additionally, our family of brands offers further specialized services: **Tech Financial Management** provides professional investment advice and personalized private banking services; **Tech Capital** provides asset-based lending; and **Techsortium** combines the technology and convenience of fintechs with the lending power of multiple credit unions to the mutual benefit of both.

As such, we are taking steps to better reflect who we are today: **a member-focused organization with a unique membership, a wide array of product and service offerings, and strong market recognition.**

We started by refreshing our logo: what was once an aperture is now a lens, reinforcing our focus on meeting our members' needs and updating the colors to vividly present the full breadth of our innovative suite of products and services.

The new logo embodies small but powerful changes to better reflect the heart of who Tech CU is today.

A message from our CEO and Board Chair



Todd Harris
President and CEO



Mical Atz Brenzel
Chair of the Board of Directors

THANK YOU FOR MAKING IT OUR BEST YEAR YET!

2021 was a challenging year, but thanks to your patronage and the hard work of our employees, it was our best year yet. We slashed our fees to among the lowest in the market – our list of fees is now less than half the size of a typical credit union's fee schedule. We're also proud that more than half of our banking products and services have zero fees while our deposit rates are now among the highest in the market.

All of this is part of our continued commitment to always put our members first.

We want to thank you for your loyalty, trust, and support. The choices available for financial service providers continue to grow, and we appreciate the opportunity to provide solutions to your financial needs. We also want to thank our Board of Directors, Supervisory Committee, and staff for their commitment to supporting the objectives of the organization. A special thank you goes out to our branch staff, who reported to work on-site throughout the pandemic and went above and beyond to fully serve our members.



2021 ACHIEVEMENTS

We continued our unwavering commitment to ensuring our member experience is top-notch:

- We were named one of America's 2021 best-in-state credit unions by Forbes. Making the list means we received high marks on consumer trust, terms & conditions, branch services, digital services, customer service, and financial advice.
- We received nearly 400 five-star Yelp reviews, propelling us to more than 1,500 five-star reviews to date.
- We introduced Virtual Branch to all our members and booked more than 600 appointments – providing a convenient way to conduct banking business and meet members' needs remotely.
- We invested and made substantial improvements in our Member Contact Center. Despite staffing challenges due to COVID-19, we answered 87% of all calls within 2 minutes 22 seconds – a significant feat during a time when other industries extended their hold times or turned off phone queues entirely, forcing customers to non-interactive means of communication.

"I got a virtual appointment to refinance my existing auto loan and the banker went above and beyond to help secure the loan. She shared all relevant information and arranged for the loan application in no time. Her wealth of experience added a level of reassurance as we navigated the process."

Sahil K., Yelp



More than 1,500
Five-Star Yelp
Reviews

Thanks to our resilient business model

and strong member participation, we had a solid year financially as well. In 2021, we:

- Originated \$550 million in home loans and financed over \$1.1 billion in solar loans, helping 31,504 members with their home financing needs.
- Originated commercial real estate, construction, Small Business Administration, and commercial & industrial loans totaling over \$49 million.
- Provided an additional \$43 million in Paycheck Protection Program (PPP) loans, helping hundreds of local businesses obtain the funding they needed to keep their businesses open.
- Originated commitments for our specialized asset-based business lending totaling \$18 million through Tech Capital, our wholly-owned subsidiary.
- Increased Tech Financial Management assets under management by \$41 million or 13% to \$356 million.

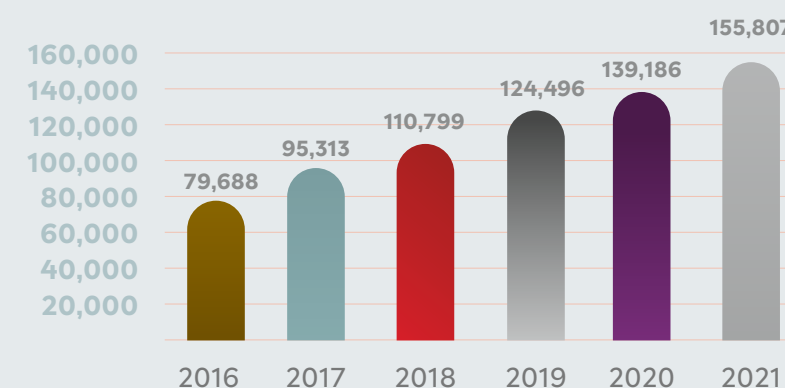
In addition, we launched a commercial and industrial (C&I) lending program tailored to provide banking services for middle-market businesses, which in late 2021 had already generated \$4.5 million in new loan commitments.

Lastly, we launched a proprietary loan participation and servicing platform branded as Techsortium. Techsortium allows us to optimize our balance sheet while simultaneously providing Tech CU with increased loan generation capacity—ultimately fueling incremental revenue that enables us to keep our deposit rates high and our fees low.

“Tech CU is a true advisor to our company. What began with working capital needs grew into a full-service relationship: high support, understanding of the tech ecosystem, and competitive products.”

*- Hemant Asher, COO & CFO of Enquero Inc., and Tech CU Business Banking member**

Membership



156K

MEMBERS AND
GROWING

*abbreviated quote

What's Next

As we are writing this, we are just finishing the implementation of a brand refresh to better reflect how we conduct business and to show **who we are today: a member-focused organization** with a unique membership, a wide array of product and service offerings that rival those of national banks, and strong market recognition.

We will continue to build upon our unique business model (retail, commercial, wholesale, financial management), which has provided us with solid earnings and a strong capital base.

We also plan to continue our work toward **WOWing** our members by creating a more seamless and intuitive digital experience.

While the last two years of lockdowns have hindered our efforts to expand our physical footprint to new geographies, in 2022, circumstances allowing, we will be able to make progress with our Boise expansion. Regardless of our ability to open a branch(es) in Boise, we will be **expanding our digital footprint in Boise** and are working on plans for an additional out-of-state digital expansion.

We are also launching a **partnership with Sharks Sports & Entertainment** aimed at raising our visibility, growing our membership, and enhancing our community involvement.

Our goal through all of these initiatives is to **stay focused on your member experience**, and as

we continue to grow, we'll **give back to you through lower fees, better rates, and a strong commitment to helping our community**. We thank you for letting us be your financial partner and look forward to continuing to serve you in the years ahead.

"I made the move to Tech CU some years ago after complete exhaustion of working with big banks...My experiences over the last few years have been so good that I have transitioned all my banking services to them. This review not only covers the branch staff but also all the customer service reps as well. Great work Tech CU team!"

*– Brian C., Yelp**

*abbreviated quote



TECH CU IS FOCUSED ON:

- **OUR MEMBERS**, offering a full breadth of products and services to meet each member's unique life objectives.
- **SERVICE**, through our highly competent and seasoned staff we earned member rankings that landed us on the exclusive list of Forbes 2021 Best-In-State Credit Unions.
- **EASY ACCESS**, when and where our members need us: virtually, in-branch, or online.
- **COMMUNITY**, committed to the well-being of the communities we serve.
- **TRANSPARENCY**, with no hidden fees and no "gotcha."
- **EFFICIENCY**, in how we steward our members' money and in how we value our members' time.
- **GROWTH**, to ensure a stable and resilient future.

HIGHLIGHTS



Serving 15 Counties in California

Ranked among the TOP 5 best-performing credit unions in CA for 5 years, with 3 of those years in the #1 spot*

Ranked among the TOP 30 best-performing credit unions in the U.S. for 5 years*

Ranked one of the 100 LARGEST credit unions in the U.S.**



\$17.5 billion
in deposit transactions

MISSION

WOW members and empower their financial success

CORE VALUES

ACCELERATE

We view challenges as opportunities

COLLABORATE

We are vested in the success of each other and our members

INNOVATE

We challenge the status quo

CULTIVATE

We recognize potential

Originated

\$49MM

in business loans

156 THOUSAND MEMBERS

Originated

\$18MM

in asset-based loans

Originated

\$1.1 Billion
in solar loans

\$4.1 Billion
in Assets

Answered



87%

of all calls to our Member Contact Center within 2 minutes 22 seconds

Low or No Fees
+

Great Rates



Conducted more than

600

Virtual Branch appointments

*S&P Global Market Intelligence

**<https://www.creditunionsonline.com/largest100creditunions.html>



Focused on Our Community

Tech CU is committed to sparking action and helping our communities thrive. We focus on causes related to Technology Access, STEAM Education, Financial Empowerment, and Health & Wellness because we believe that if we can align our missions, visions, and values for maximum impact, we will be able to make a huge difference in people's lives.

2021 Community Impact Highlights include:

TECHNOLOGY ACCESS

- Provided iPads and a matching grant to Peninsula Volunteers, Inc. (PVI) enabling seniors without a technology device to connect to the internet. Tech CU also facilitated training on device use and internet safety.

- Partnered with the YWCA Golden Gate Silicon Valley to provide Amazon Fire tablets to children to support their virtual and hybrid learning needs.
- Funded the purchase of laptops for Recovery Café San Jose's Learning Lab, helping its members learn basic computer skills, so they can better navigate community resources as they search for future employment.

STEAM

- Supported the Morgan Autism Center's Starry Starry Night event and helped fund shade coverings for an outdoor play structure and sound garden, allowing students to participate in music, dance, and schoolwide activities year-round.

- Partnered with San Jose State University Center for Banking and Financial Services which hosts SJSU's Networking Success from the Executive Suite. Tech CU employees taught workshops on topics such as preparing for in-person and virtual interviews and understanding the real estate climate.
- Supported first-generation college students by sponsoring Breakthrough Silicon Valley's Southern California college tour as well as the "Are You Smarter Than a Breakthrough Student?" trivia benefit event, which we're proud to say Tech CU won for the second year in a row.
- Sponsored the Tech Interactive Tech Challenge, which invites teams of students in grades 4-12 to use the engineering design process to solve a real-world problem.

- Donated funds to SV Creates, which aims to raise the value and visibility of the creative sector, and increase access to arts and creativity.

HEALTH & WELLNESS

- Partnered with Second Harvest of Silicon Valley to help provide 126,462 healthy meals to families in our community.
- Helped West Valley Community Services (WVCS) fight poverty by sponsoring its Chefs of Compassion event, which challenges well-known local chefs to prepare a three-course dinner inspired by ingredients found in the WVCS food pantry, and donated funds to purchase canopy tents for use during community outreach.

"Many of the children we serve are still engaged in hybrid learning where tablets/laptops are vital to support distance learning. Many families are using their parents' phones to do schoolwork, which is not conducive to learning. Tech CU's support of our mission and its donations have allowed us to secure approximately 20 Amazon Fire kids tablets to make learning remotely easier. Thank you."

- Jaime Woods, Director of Philanthropy at YWCA Golden Gate Silicon Valley

- Sponsored the SVLG Turkey Trot, which raises money to help local charities provide housing, healthcare, and healthy meals for our neighbors in need.

- Advocated for affordable housing by donating funds to SV@Home, which allowed them to host dozens of virtual workshops, webinars, and creative community engagement opportunities to bring awareness to Silicon Valley's housing challenges and solutions.

- Partnered with Family Giving Tree to donate more than 350 backpacks filled with school supplies and more than 150 holiday gifts to families in need.

Tech CU is also proud to invest heavily in our employees' civic and professional leadership skills—with numerous employees on committees and nonprofit boards throughout California. We look forward to continuing to invest in our community in the years to come.

ADDITIONAL COMMUNITY PARTNERS

Bay Area Council
Cancer CAREpoint
Destination: Home
Downtown Streets Team
Habitat for Humanity
Happy Hollow Foundation
San Jose Museum of Art
SPUR
Valley Medical Center Foundation

COMMUNITY RECOGNITION

- Recognized as one of the top philanthropic companies in Silicon Valley by the Silicon Valley Business Journal for the 7th year in a row
- Named one of the top philanthropic companies by the San Francisco Business Times for the 5th year in a row
- Commended for its community service and corporate social responsibility efforts for the 4th year in a row by the Communitas Awards

A message from our Chief Financial Officer



Richard Hanz
Chief Financial Officer
Focused on Strong Financial Performance

Serving our members through strong financial performance is always our goal, and I'm pleased to report that 2021 was our best year yet. Having a strong financial footing means we are well-positioned to manage through the looming inflation while continuing to offer some of the most favorable rates and fees in our market.

Key indicators of our financial success include:

- We achieved a 1.91% return on assets, almost doubling last year's result of 0.99%. This was accomplished as assets grew 11.7%, and we ended 2021 with assets just over \$4.1 Billion.
- Net income for the year was a record \$78.8 million, compared with the \$36.4 million in 2020 – an increase of \$42.4 million, or 116%.

- Revenue improved \$42.6 million, largely from growth and gains from the sale of solar loans.
- Notwithstanding the low rate environment that persisted through 2021, our dividend rates remained some of the highest in our local market.
- Provision expense for loan losses was lower at \$4.0 million compared to \$13.6 million in 2020 – a year-over-year decrease of \$9.6 million. The credit union was able to release additional reserves set aside in 2020 on loans to members adversely impacted by public health restrictions when determined that most members were able to resume scheduled payments.
- Operating expense increased year-over-year by \$10 million, or 15.7%. Despite this, our efficiency ratio¹ improved to 46.6% from 55.52%.

- Our credit quality measures continued to be very good. Total reportable delinquent loans remained low at 0.26% – with a coverage ratio² of 338%. Standing at 0.86% of total loans, our allowance for loan loss remains at the high end of our peer group.

Credit quality and strong financial performance are two of the most important factors in establishing the level of a financial institution's safety and soundness. The net worth ratio is another measure used to assess safety and soundness, and is derived/impacted by two factors: the rate of asset growth; and the rate of net income growth.

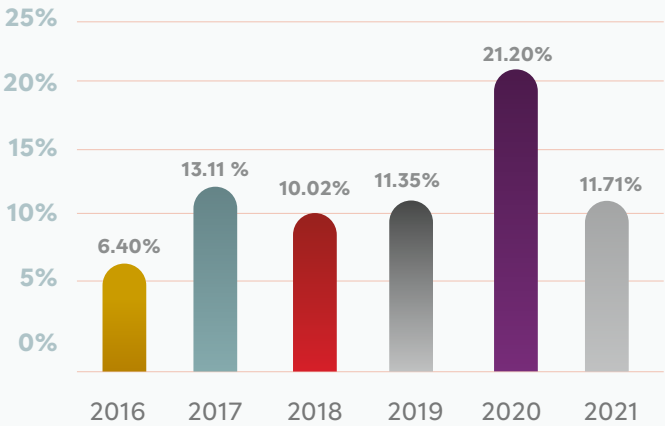
In 2021, the net worth ratio increased due to remarkable net income growth of 116%, even with strong asset growth of 11.7%. The net worth ratio ended the year at 10.66%; and exceeding The National Credit Union Administration's benchmark of 7%, the standard used to identify well-capitalized credit unions, the highest rating the NCUA conveys.

We look forward to staying focused on our financial strength so that we can continue to invest in our members through innovative products and services; as well as to give back to our communities.

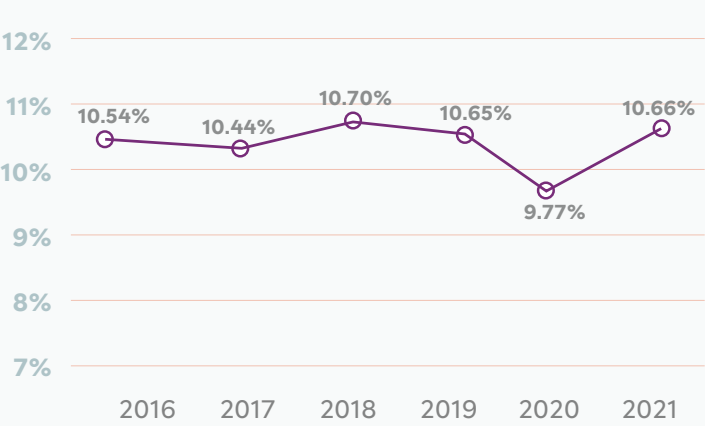


For the fifth year in a row, S&P Global Market Intelligence has named us one of the top five best-performing credit unions with assets of \$100 million or more in California and one of the top 30 nationally.

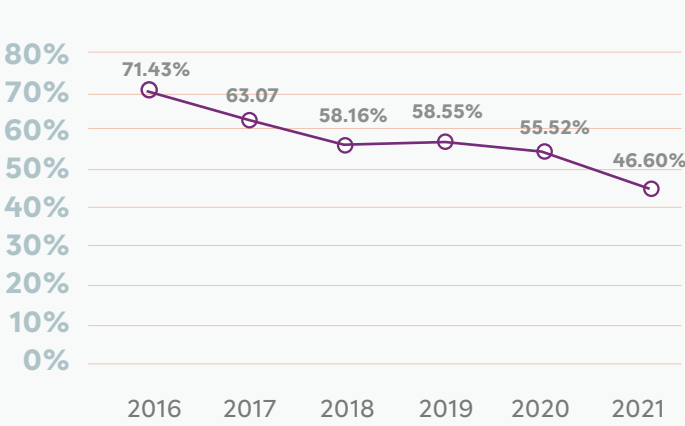
Asset Growth



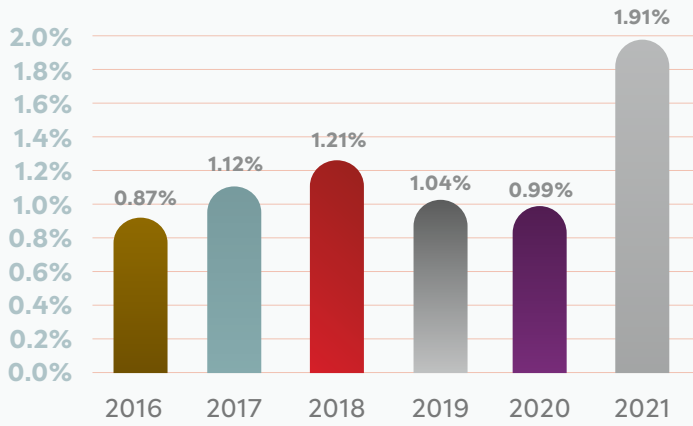
Net Worth Ratio



Efficiency Ratio¹



Return on Assets



¹ The efficiency ratio divides a credit union's noninterest expenses by net revenue. The lower the efficiency ratio, the better. A low efficiency ratio means that noninterest expenses are a smaller percentage of net revenue.

² The coverage ratio measures the adequacy of a credit union's reserves to cover potential losses in its loan portfolio. The coverage ratio is calculated by dividing the allowance for loan and lease losses by the amount of delinquent loans.



Originated
\$550
million in
home loans

Statement
of Operations

(in thousands)

	2016	2017	2018	2019	2020	2021
Interest on Loans	\$49,862	\$65,679	\$86,127	\$104,981	\$112,547	\$132,923
Interest on Investments	12,216	14,057	11,583	13,533	9,915	9,580
Total Interest Income	62,078	79,736	97,710	118,514	122,462	142,503
Dividends and Interest Expense	5,927	12,022	16,722	27,528	23,695	16,674
Net Interest Income	56,151	67,714	80,988	90,986	98,767	125,829
Provision for Loan Losses	44	1,862	5,688	11,088	13,604	3,965
Net Interest Income After Provision for Loan Losses	56,107	65,852	75,300	79,898	85,163	121,864
Non-interest Income	10,825	12,587	11,797	12,154	13,653	29,143
Operating Expense and Non-Operating Expense	47,841	50,645	53,964	60,392	62,410	72,223
Net Earnings	\$19,091	\$27,794	\$33,133	\$31,660	\$36,406	\$78,784

Statement
of Financial Condition

(in thousands)

	2016	2017	2018	2019	2020	2021
ASSETS						
Cash and cash equivalents	\$92,151	\$205,660	\$149,906	\$183,633	\$305,393	\$299,977
Investments	474,137	380,238	362,510	470,103	634,573	850,709
Loan to Members, Net	1,581,645	1,848,301	2,166,239	2,334,850	2,690,045	2,911,292
Premises and Equipment	20,016	21,862	22,535	22,731	22,395	20,839
Other Assets	29,902	29,999	33,852	34,262	38,693	40,342
Total Assets	\$2,197,851	\$2,486,060	\$2,735,042	\$3,045,579	\$3,691,099	\$4,123,159
LIABILITIES, MEMBER DEPOSITS, AND RESERVES						
Dividends Payable	\$84	\$102	\$456	\$885	\$378	\$360
Accrued expenses and other liabilities	11,865	12,156	13,415	15,099	19,536	25,438
Notes Payable		100,000	100,000	-	5,000	-
Member Deposits	1,960,679	2,120,817	2,336,867	2,706,885	3,299,616	3,670,122
Total Equity	225,223	252,985	284,304	322,710	366,569	427,239
Total Liabilities, Member Deposits, and Reserves	\$2,197,851	\$2,486,060	\$2,735,042	\$3,045,579	\$3,691,099	\$4,123,159

A message from our Supervisory Committee Chair



Jeffrey M. Lee
Supervisory Committee Chair

We know having a safe place to conduct your financial business is vitally important. As your Supervisory Committee, it is our duty to ensure you can rely on Tech CU's financial strength to protect your funds. One of the ways we do this is by confirming the accuracy and integrity of Tech CU's financial statements each year.

Based on our review of the independent auditor's report for 2021, as well as discussions with the independent auditor and management, it is the opinion of the Supervisory Committee that Tech CU operated in a sound financial manner and that the assets of the membership are safe.

Additional reports from our internal auditor and from the National Credit Union Administration are further evidence for this opinion.

We want to thank you for your support and for trusting Tech CU with your hard-earned money. We understand the importance of having a secure place for your savings, borrowings, and long-term financial plans, and we remain committed to keeping Tech CU strong and financially healthy.

On behalf of your Supervisory Committee, it is an honor to serve you.

SUPERVISORY COMMITTEE MEMBERS

Jeffrey M. Lee, Chair
Faisal Jeddy, Vice Chair
Firasat Ali
Jessica Cassinelli
Bob Luong



Tech CU Leadership

EXECUTIVE MANAGEMENT TEAM

Todd Harris
President and CEO

Jeannine Jacobsen
Executive Vice President/Chief Operating Officer

Joe Anzalone
Executive Vice President/Chief Commercial Banking Officer

Richard Hanz
Executive Vice President/Chief Financial Officer

Robert Reed
Executive Vice President/Chief Retail Banking Officer

Doug Stoveland
Executive Vice President/Chief Credit Officer

BOARD OF DIRECTORS

Mical Atz Brenzel
Board Chair
Finance Committee

Kirk Bloede
Nominating and Governance Committee Chair

Madonna Bolano
Compensation Committee

Karen Brochier
Finance Committee Chair

Peter Donahower
Finance Committee
Compensation Committee

Todd Harris
Treasurer and Secretary

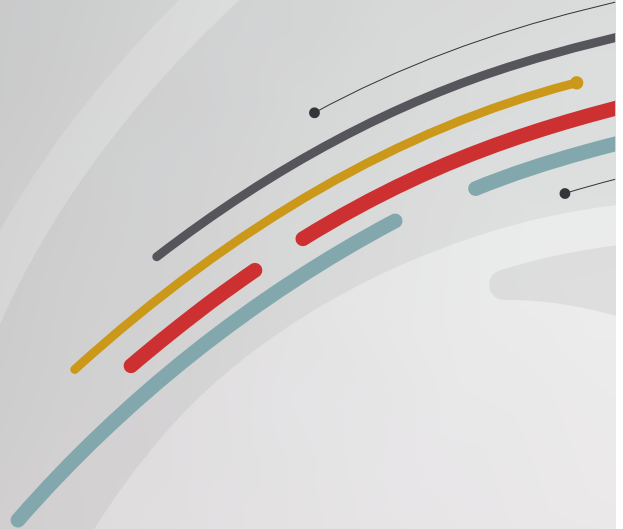
Rob Herb
Nominating and Governance Committee

Deepti Jaggi
Nominating and Governance Committee

Barbara Kamm
Board Vice Chair
Compensation Committee

Sunil Nagdev
Compensation Committee

Joe Shepela
Compensation Committee Chair



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