



An Essential Partnership

Annual Report 2023



Tech CU Team You

We're dedicated to being a partner on your team, seeking ways to re-invest in you and our community, while sustaining the long-term health of *your* credit union. We strive to be the financial partner you trust for "team you" over the long term.

The role we play in the lives of our members is meaningful in ways specific to each one of you. Sometimes it has to do with a young professional seeking to build a life in a new country. Other times, it has to do with a family sharing membership in Tech CU across the generations. And, in other times, it has to do with being there for our members when life takes a difficult turn. 2023 was a year that brought to light the variety of ways we are integral partners on your

team. It is a privilege to play these important roles in the lives of our members and we cherish the trust it reflects.

Just as we are on your team, you are on ours. It's your enthusiasm for our products and services that fuels Tech CU's ability to innovate further so we can continue to deliver great rates, low or no fees, and a broad range of products and services to meet your evolving financial needs. Our members' loyalty also empowers us to support dozens of community organizations.

Thank you for partnering with us. It is this symbiotic relationship with our membership that enables us to remain focused on you and the communities we serve.

Thank You for Your Partnership

Todd Harris
President and CEO



Mical Atz Brenzel
Chairman of the Board



What a year! 2023 was a year of economic uncertainties and financial market challenges, including persistent inflation, notable bank failures, and a continued rising interest rate environment. Despite these challenges, Tech CU remains well-positioned and committed to being your steadfast and financially sound partner.

We leveraged our fiscal strength to support our members' financial well-being by reducing and eliminating even more fees (an 82% reduction since 2021) and paying higher deposit interest rates than nearly all our peers. We grew our membership to 169,002, with **assets exceeding \$4.8 billion**. We continued to improve our customer service, earning 212 5-star Yelp reviews, propelling us to over **2,100 5-star reviews** to date.

We expanded and bolstered our commitment to the communities we serve through our collaboration with Sharks Sports & Entertainment (SSE). Beyond brand visibility, our collaborative initiatives include programs such as Cuda Classroom, which teaches elementary and middle school students about financial literacy by blending hockey and science; Goals for Kids, which translates every goal scored into direct contributions to local charities; and local events, aimed at educating young adults about budgeting, savings, and banking resources.

With the introduction of our co-branded San Jose Sharks/ San Jose Barracuda debit cards and San Jose Sharks credit card, Tech CU members can now proudly support their favorite teams while unlocking exclusive benefits like early arena entry, discounted tickets for select events, and digital sweepstakes. Together, we're not just strengthening financial literacy; we're working together to support our shared community.

We launched a strategic alliance with American Share Insurance, aimed at alleviating the financial stress experienced by many of our small business and commercial banking members due to the 2023 bank failures and rising interest rates. Now they can augment their deposit insurance coverage beyond the NCUA regulatory limit of \$250,000 per share account owner to up to \$5 million. Our asset-based lending subsidiary Tech Capital added a record \$1.5 million to Tech CU's net income, providing lending to an additional class of active business customers.

In January of this year, we opened our first physical location outside California in Austin, Texas. And after being in Idaho with our Virtual Branch since 2022, we have plans to open a physical branch there at the end of 2024.

A Resilient Business Model & Strong Member Support Gave Us a Solid Year Financially

2023 Achievements

- Originated more than **\$503 million in home and solar loans**, helping 12,232 members either buy a new home, refinance their mortgage, or enjoy the power of green energy.
- Originated commercial real estate, construction, Small Business Administration, and commercial and industrial loans totaling approximately **\$27.3 million**.
- Originated commitments for our specialized **asset-based business lending totaling \$20.5 million** through our wholly-owned subsidiary, Tech Capital.
- Increased Tech Investment Management **assets under management by 9.2% to \$350 million**.
- **Facilitated the opening of 19,041 certificates of deposit**, helping our members build savings.
- Scheduled over 2,300 appointments for Virtual Branch (up 32% from 2022) and received over 60 5-star Yelp reviews for our Virtual Branch experience, which continues to grow as an important service delivery channel. In 2023, Virtual Branch helped Tech CU service more than **\$9.3 million in loans** and acquired more than **\$19.4 million in deposits**.

Our Gratitude!

None of these achievements would have been possible without your partnership. We want to thank you for your loyalty, trust, and support. We know you have many choices when it comes to financial services, and we appreciate the opportunity to be your trusted banking partner. We also want to thank our staff, management, Board of Directors, and Supervisory Committee for their dedication and hard work.

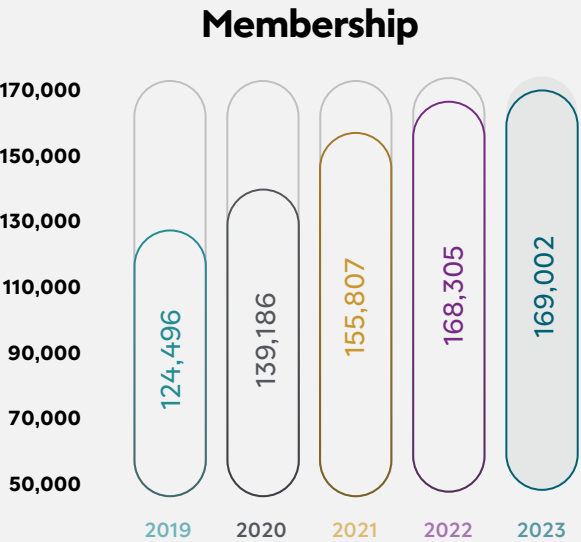
What's Next

In addition to opening two physical branches in Idaho and Texas, we will continue to make meaningful investments in technology, services, and processes to deliver a secure, fast, and seamless experience for our members. We will be piloting a new online and mobile banking system by the end of 2024, with a planned full rollout in 2025.

We will keep making investments in our people, as well as in the communities we serve through our Community Partnership Program. We will further leverage our position as a leading partner in the FinTech space by evolving our loan and deposit partnerships with other financial institutions.

We will continue to provide some of the highest deposit rates in the local market, offering products with attractive returns that allow our members to safely make their money work for them.

We're honored to serve your financial needs, and we look forward to building on our **partnership with you** for many years to come.



Our goal is to always give back to our members while ensuring **we are well-positioned for the future**



A Bridge in Times of Change

A loyal member since 2008, Stacy* found herself in a challenging situation when she had to relocate quickly from California to Nevada. She knew she could count on her relationship with her Private Banker, Bob T., and the supportive team at her local Campbell Branch, to help with the transition to a new city.

Firstly, Stacy required a bridge loan option to make a home purchase in Nevada while her house in California was still on the market. Working with Nicole G. at the Campbell Branch, Bob orchestrated people and processes to quickly provide Stacy with a first mortgage refinance cash out, home equity loan options, and a bank verification letter to meet her purchase needs. Having these options in-hand gave Stacy peace of mind and allowed her to smoothly navigate the move.

In addition to purchasing a new home, Stacy also needed an official check to purchase a new car. The request was processed in less than a day by Nicole, and Bob personally arranged for it to be FedExed to her in Nevada. When Stacy sold her house in California, her dedicated Private Banker assisted her with deposit management options.

Stacy's cherished relationship with Tech CU extends across the generations. When her daughter moved to Australia, we were there for both of them with easy international wire transfers and timely approval of the remittances.

Stacy expressed her gratitude for the role we play in her life by leaving a glowing 5-star Yelp review for Bob, Nicole, and the entire Campbell Branch. Although she now lives in Nevada, Stacy retains her membership with Tech CU, knowing that we will be there for her with the exceptional service she is accustomed to receiving. We are grateful to Stacy and other members like her for the role they play as loyal members of Tech CU.

*Name has been changed to protect privacy.


Yelp Review



"I have been a customer of Tech CU for many, many years. I have moved out of the Bay Area but have kept my relationship with Tech CU. I have remained a loyal customer for so long because of the customer service Tech CU provides - service that is beyond compare."
S.M.

\$17.4
Billion in deposit transactions


Ranked one of the
largest credit unions
in the United States

\$142.6 million in HELOCs


1,168
Auto Loan
originations
Originated
\$503M
in home and
solar loans

Assisted
12,232
members with home-related loans

Mission
WOW members and empower
their financial success

Core Values
Accelerate: We view challenges as opportunities
Collaborate: We communicate and work together
Innovate: We foster creative thinking
Cultivate: We recognize potential

\$4.8+
Billion in Assets
9.2% growth
in Tech Investment Management AUM*
212
5-star Yelp Reviews in 2023


\$37.9
million in Auto Loans

Answered
97%
of all inbound calls in an
average of 32 seconds

Conducted
2,319 Virtual Branch
appointments

Originated
\$20.5M
in asset-based lending through Tech Capital

Partnering With Our Community

We know our community thrives when everyone has access to the resources
and opportunities they need to achieve success.

That's why we work closely with our
community partners to enact meaningful
change and focus our efforts on our
core tenets: Technology Access, STEAM
Education, Financial Empowerment, and
Health & Wellness.

In 2023, we supported a variety of
partners that embody those tenets,
including the Sharks Foundation,
Downtown Streets Team, San José State
University, Second Harvest of Silicon
Valley, and more.

Technology Access

- Partnered with the **YWCA Golden Gate Silicon Valley** to provide 20 Chrome books and additional STEAM education modules for children enrolled in its childcare programs.
- Donated funds to **Downtown Streets Team (DST)**, an organization committed to fighting homelessness through the dignity of work and the power of community, enabling the purchase of 10 to 20 cell phones and computers for team lead supervisors and team members engaged in cleaning up local city business districts, parks, and streets.
- Helped empower the senior community to lead independent lives by donating to **Peninsula Volunteers, Inc. (PVI)** to cover the expense of a technology instructor who provides training on iPad use and internet safety.

STEAM

- Partnered with **San José State University Center for Banking and Financial Services** which hosts SJSU's Networking Success from the Executive Suite. Tech CU employees taught several workshops throughout the year on various financial topics.
- Sponsored **Breakthrough Silicon Valley's "Are You Smarter Than a Breakthrough Student?"** trivia night which supports first-generation college students. As a result of our matching donation, 12 other donors also made a matching donation.
- Volunteered to clean up **Morgan Autism Center's** community garden and sponsored its Starry Starry Night event. Funds went towards the center's programs and kitchen/outdoor improvements for its student and adult farm-to-table gardening program.
- Provided funds to the **Happy Hollow Foundation**, which brings underprivileged K-5 students to Happy Hollow Park & Zoo for science lessons aligned with academic standards.
- Supported 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.

Financial Empowerment

- Supported several initiatives with the **Sharks Foundation**, including:
 - **Cuda Classroom**, a program aimed at teaching elementary and middle school students financial literacy through science and hockey.
- **Investing in Our Youth's Future** by hosting an event where 25 high-performing young individuals selected by local non-profits learned about budgeting, savings, and available banking resources, culminating in a surprise \$500 investment into each participant's future.
- Becoming a presenting sponsor for **Goals for Kids**, which made a \$1,000 donation to local organizations dedicated to enhancing the lives of those in need for every goal scored by the San Jose Sharks in 2023.

Health & Wellness

- Partnered with **Second Harvest of Silicon Valley** to help provide over 118,000 healthy meals to families in our community.
- Continued the fight against poverty and food insecurity and helped provide an additional 100,000 meals by sponsoring **West Valley Community Services (WVCS)'s** Chef of Compassion event.



Supported initiatives with the **Sharks Foundation:**
Cuda Classroom, Investing in Our Youth's Future,
and Goals for Kids



- Partnered with **Family Giving Tree** to donate more than \$10,000 worth of items including 83 backpacks filled with school supplies and over 223 holiday gifts to families in need.
- Advocated for affordable housing by donating funds to **SV@Home**.
- Supported **Cancer CAREpoint**, a community-based nonprofit that provides

free support services to anyone impacted by cancer in the Bay Area.

- Sponsored the selfie and check-in booths and volunteered at the **2023 Walk to End Alzheimer's - Silicon Valley**, which aims to further the care, support, and research efforts of the Alzheimer's Association.

We look forward to continuing to invest in our community in the years to come.

Award Call-Outs

- Recognized as one of the top philanthropic companies in Silicon Valley by the Silicon Valley Business Journal for the 9th year in a row.
- Named one of the top philanthropic companies by the San Francisco Business Times for the 7th year in a row.
- Commended for community service and corporate social responsibility efforts for the 6th year in a row by the Communitas Awards.

Additional Community Partners & Events

- Bay Area Council
- Habitat for Humanity
- San José Museum of Art
- Recovery Café San José
- SV Creates
- SVLG Turkey Trot



"I would like to thank Technology Credit Union (Tech CU) for its generous grant, which provided free access for Title I San José students to the Museum's award-winning classroom residency program, Sowing Creativity, a cross-curricular art program that infuses STEAM content and extends our visual arts education into California Common Core State Standards and Next Generation Science Standards. Tech CU's investment bolstered our ability to reach the most vulnerable of Santa Clara County students based in Title I schools with a total of 1,265 served between January and December."

Natalie Sánchez Lewin / Development and Grants Manager
San José Museum of Art

A Message From Our Chief Financial Officer

Richard Hanz
Chief Financial Officer

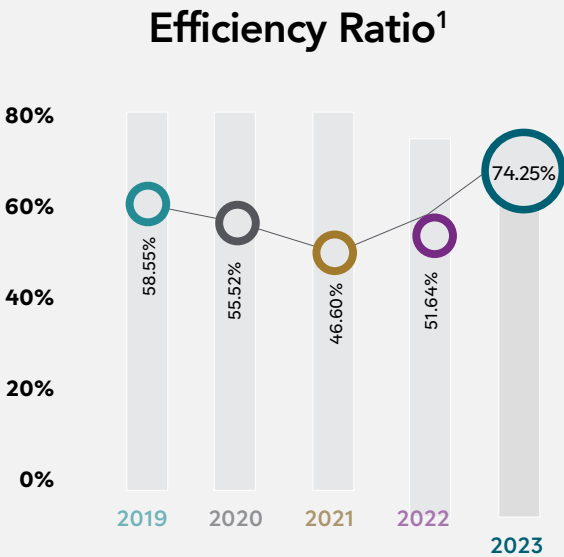
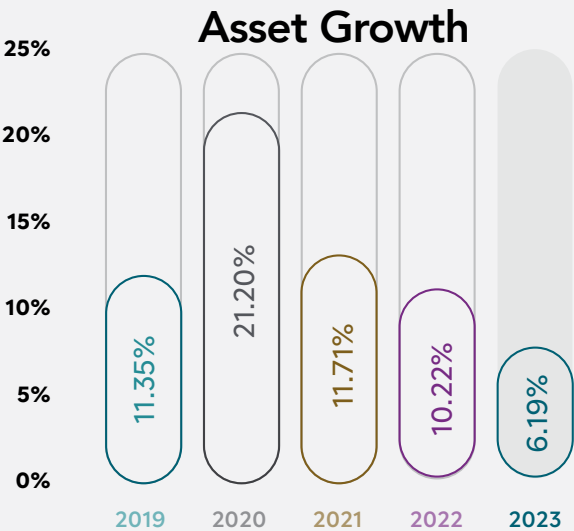


In 2023, economic uncertainties and financial market challenges took center stage, marked by ongoing inflation and a persistent rise in interest rates. Despite this, we remain fiscally strong, and very well-capitalized with a diversified balance sheet that allows us to give back to our members.

Key measures of financial strength for 2023:

- Assets grew 6.2%, and **we ended 2023 with assets just over \$4.8 Billion.**
- Net income for the year was \$16.5 million.** (vs. \$58.7 million in 2022)
- We achieved a 0.34% return on assets.
- Gross revenue increased year-over-year \$39.2 million, or 20.14%.

- The rise in interest rates after a prolonged low-rate environment contributed to increased interest expense year-over-year of \$68.3 million, or 185%. Members benefited, as Tech CU was able to give back to members by delivering some of the **highest deposit rates in our local market**. This, in part, is why there is a decrease to net income year-over-year.
- Provision expense for credit losses was lower at \$16.6 million compared to \$17.5 million last year.
- Operating expense increased year-over-year by \$14.0 million, or 17.2%. The faster operating expense and interest expense growth relative to revenue saw our efficiency ratio¹ increase closer to the industry average to 74.3% from 51.6%.
- Our credit quality measures continued to be strong.** Total reportable delinquent loans increased modestly to 0.80% – with a coverage ratio² of 125%. Standing at 1.0% of total loans, our conservative allowance for credit loss remains at the high end of our peer group.



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.

Statement of Operations

(in thousands)	2022	2023
Interest on Loans	\$151,319	\$189,385
Interest on Investments	18,341	32,926
Total Interest Income	169,660	222,311
Dividends and Interest Expense	36,984	105,313
Net Interest Income	132,676	116,999
Provision for Loan Losses	17,483	16,590
Net Interest Income After Provision for Loan Losses	115,193	100,408
Non-interest Income	24,873	11,406
Operating Expense and Non-Operating Expense	81,355	95,345
Net Earnings	\$58,711	\$16,469

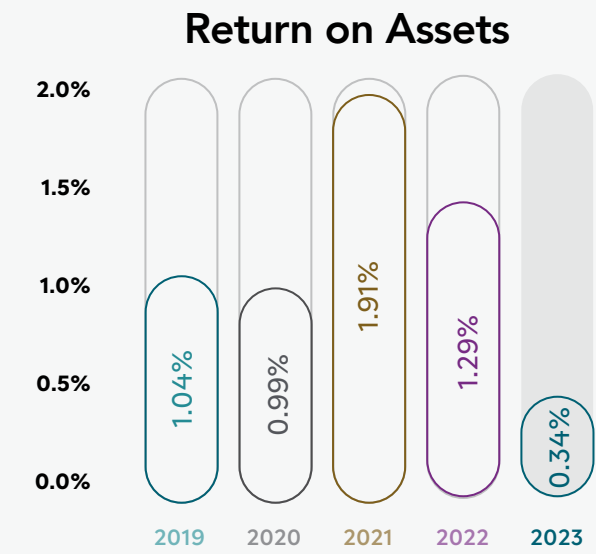
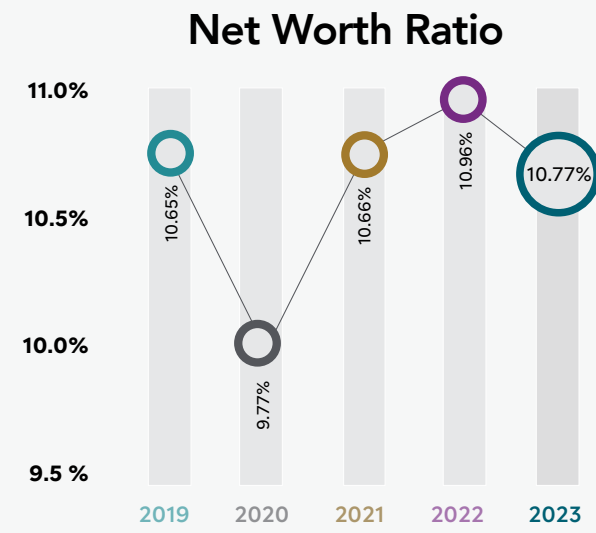
Statement of Financial Condition

(in thousands)	2022	2023
ASSETS		
Cash and cash equivalents	\$139,061	\$599,098
Investments	700,353	633,315
Loan to Members, Net	3,609,924	3,502,550
Premises and Equipment	21,044	18,456
Other Assets	74,188	72,676
Total Assets	\$4,544,570	\$4,826,094

LIABILITIES, MEMBER DEPOSITS, AND RESERVE

Dividends Payable	\$4,194	\$12,968
Accrued expenses and other liabilities	41,608	56,986
Notes Payable	385,000	647,164
Member Deposits	3,723,876	3,711,254
Total Equity	389,892	410,690
Total Liabilities, Member, Deposits, and Reserves	\$4,544,570	\$4,826,094
Capital	498,132	509,159
Net Charge-Offs	9,044	20,064
Net Charge-Offs %	0.28%	0.55%

Record \$1.5M in net income from Tech Capital, a wholly-owned subsidiary



Augmented deposit insurance for small business and commercial members

While financial performance and credit quality 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 key measure used to evaluate strength.** It is derived and impacted by two factors: the rate of asset growth; and the rate of capital growth. In 2023, the net worth ratio **ended the year at 10.8%, exceeding The National Credit Union Administration's (NCUA) benchmark of 7%,** the standard used to identify well-capitalized credit unions, the highest rating the NCUA conveys.

The above measures are a testament to our proven track record as a stable and resilient financial institution, dedicated to providing superior benefits to our members. **We look forward to leveraging our financial strength so that we can continue to invest in our members through competitive rates and low (or no) fees and give back to our communities.**

"For the past 18 years, since the inception of our business, Technology Credit Union has been an invaluable partner in our journey to success. Their unwavering support, efficient financial solutions, and personalized assistance have played a pivotal role in the growth and stability of our company. What truly sets Technology Credit Union apart is their dedication to building lasting relationships with their clients. We look forward to continuing this prosperous journey together for many years to come."

Jinesh Jain / Founder, Vice President
Tellus Solutions

We Take Care of Business!

Sara and Jinesh had been members of Tech CU for over five years when they decided to establish Tellus Solutions. They knew what they wanted for their new company: the same individualized banking experience they had come to expect with their personal finances.

Tech CU's Commercial Banking Team has been a close partner to Sara and Jinesh for nearly two decades as they established and grew their business. When they have a business banking issue, they know they can reach out

directly to their banker, Steve S. He's a seasoned member of their team, offering proactive solutions to support the growth and health of their company.

Steve worked collaboratively with Sara, Jinesh, and Tellus senior management to support the smooth expansion of the company with the right business banking systems in place. For example, he proactively suggested that Tellus implement Tech CU's Positive Pay fraud prevention service to mitigate accounts payable fraud. By implementing Steve's suggestion,

Tellus has been spared the hassle and stress of a check or ACH fraudulent transaction posting to their Tech CU account, allowing management to focus on what matters most client satisfaction and company growth.

Tech CU is privileged to play many roles in the lives of our members. In Sara and Jinesh's case, we are delighted to serve both their personal and business banking needs. And, we are grateful for their many years with Tech CU in both capacities!





Smoothing Transitions Through Our Global Member Program

Tech CU helps international members even before they move to the United States!

We play an important role for individuals undergoing one of the most challenging life experiences – moving to a new country. Our Global Member Program offers many types of assistance to employees who have been hired abroad or are relocating with a member company.

Recently, Grigor* was hired in his home country and now had to move to the United States. The HR Department referred him to Tech CU and he made an appointment through our Virtual Branch. While he was still in his home country, Asal E., a specially trained Virtual Branch Banker, focused on setting up his membership and facilitating direct deposit from his new employer into his checking account. Now, he had the liquidity he needed in dollars for his move and for securing a rental in his new hometown. Having these key personal banking elements in place even before he arrived in the U.S. greatly reduced the stress of the move on him and his family.

Upon arriving in the United States, many Global Members like Grigor can face difficulties buying a car and getting insurance because they have no credit history in the US.

Kashish S., another specially trained Virtual Banker, assisted a new member arriving with just such a challenge. Without a credit history, he was facing a sky-high vehicle loan interest rate of 17%! Sai* was referred to Tech CU by his HR Department and he made an appointment in our Virtual Branch. In less than a week, Kashish was able to open his membership, take his application, provide a pre-approval, and secure his car loan. By the end of the same week, Sai was driving his new car!

For new arrivals like Grigor and Sai, moving to the U. S. and building credit can be confusing and challenging. The Global Member Program and our specially trained bankers play a key role in helping members along this journey by facilitating the timely establishment of banking accounts, direct deposit, credit cards, and loans for cars and homes. That's why our bankers consistently receive high accolades. We are also grateful for the role our Global Members play when they refer their colleagues who are moving to the United States. It is our pleasure to welcome them through the Global Member Program!

*Name has been changed to protect privacy.

A Helping Hand During Challenging Times

Your Credit Union Stands by You

When life takes a turn for the worse, it can be difficult to find your way through the uncertainties. In situations like these, Tech CU stands by its members.

Following natural disasters in which houses may flood, solar panels may be damaged, or entire neighborhoods may burn, we are there for our members. It is a relief to learn that Tech CU has an active program to alleviate some of the financial burdens accompanying life's calamities.

Hernan* found this to be the case when his roof and solar panels were severely damaged in a storm. His entire city was affected and work slowed substantially for a year. Hernan was deeply concerned about maintaining payments on his financial obligations after using up most of his savings.

As an organization existing expressly for the benefit of its members, we view our role of financial partner seriously, in good times and in bad. That is why we have a process in which we identify members in geographies affected by

natural disasters. We communicate with members and offer assistance by way of payment deferments with no late fees and no effect on their credit.

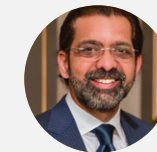
Our task force stands at the ready to reach out and to field calls from members seeking temporary payment relief. Dedicated team members like Victor F. and Andy R. make it happen! For example, within a few days, a deferment was put in place for Hernan, so he and his family had one fewer thing to worry about. In those cases in which members are unable to get back on their feet quickly, there is the opportunity for a second deferment.

We are so happy to see our members and their families rebuild their lives. It is our pleasure to be there for them when things are tough, and we are grateful to have loyal members like Hernan as part of the Tech CU family!

**Name has been changed to protect privacy.*

A Message From Our Supervisory Committee Chair

Faisal Jeddy, Chair



As your Supervisory Committee, it is our duty to ensure the credit union is a safe and sound place to conduct your financial business. Our commitment includes confirming the accuracy and integrity of Tech CU's financial statements each year and ensuring that Tech CU continues to operate at the highest standards and has the necessary controls in place to safeguard its members' assets.

Following our review of the independent auditor's report for 2023 and discussions with both the independent auditor and management, we are pleased to express the opinion that Tech CU

operated in a safe and sound financial manner and that the assets of the membership are safe. Reports from our internal auditor and from the National Credit Union Administration (NCUA) provide further evidence in support of this opinion.

We want to thank you for your support and trust. 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

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

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

Sunder Srinivasan
Executive Vice President / Chief Information Officer

Doug Stoveland
Executive Vice President / Chief Credit Officer

Board of Directors

Mical Atz Brenzel
Chairman of the Board / Finance Committee

Kirk Bloede
Finance Committee / Nominating and Governance Committee

Madonna Bolano
Compensation Committee Chair

Karen Brochier
Finance Committee Chair

Peter Donahower
Finance Committee

Todd Harris
Treasurer and Secretary

Rob Herb
Compensation Committee / Nominating and Governance Committee

Deepti Jaggi
Compensation Committee

Barbara Kamm
Board Vice Chair

Sunil Nagdev
Nominating and Governance Committee Chair

Joe Shepela
Compensation Committee / Finance Committee



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