



First  **Tech**
federal credit union

Annual Report

2015



Equal Housing
Opportunity

Federally insured
by NCUA



**Serving
Our Members
and Our
Communities
for Over
60 Years**



2015

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First Tech can trace its origin to credit unions established over a half-century ago by founders who were driven by a singular vision – meeting the unique needs of passionate innovators in technology-driven companies. They recognized that strengthening the financial futures of their employees required uniting human dedication and technological innovation for the greater good.

At First Tech, we pride ourselves on continuing that good work by serving our community in every sense of the word. We treat our members, employees and neighbors like family, which means going out of our way to support them. We make it our mission to take the ‘bank’ out of banking, help our members manage their financial lives and give back to the neighborhoods where we work and live.

As your credit union, we return profit to you in the form of lower loan rates, higher savings rates and fewer fees. In 2015, you and your fellow members collectively saved nearly \$77 million by choosing First Tech over other financial institutions. To learn more about our research and calculations, visit firsttechfed.com/MemberSavings.

**As a not-for-profit,
member-owned credit union,
we’re inspired to serve you,
our members.**

Staying true to our name, we aim to improve the underlying technology in every solution we deliver to our members. Through our new MasterCard® partnership, we delivered true ‘Chip and PIN’ credit card security, making First Tech one of the first credit unions to deliver this higher level of security and worldwide acceptance. We also stay on the forefront of technology by working with MasterCard on one of the first biometric payment pilots in the US. We appreciate and value your feedback as we continue to balance technology innovation and the pace of change impacting you, our members, and commit to learn from each initiative

As a not-for-profit, member-owned credit union, we are continually inspired to serve the employees and families of the world’s most forward-thinking companies. Thank you for your continued membership with First Tech.



Growing Strategically

Dear Fellow Members,



As you'll see in this year's report, First Tech's 2015 performance was exceptional. Under the leadership of our strong management team, First Tech delivered another year of outstanding performance: adding more members to the family, increasing member satisfaction scores and contributing a record number of community service hours. On behalf of the Board of Directors, we're incredibly proud of these accomplishments.

As First Tech continues to grow, we remain focused and thoughtful in our efforts to ensure we remain safe and secure. Our management team worked collaboratively with our auditors and our examiners at the National Credit Union Administration (NCUA) and we received favorable marks in our risk management, financial strength and our management practices. This is critically important as we strive to meet your needs and manage in the ever changing world we live in.

In addition, we remain focused on making a material difference in the lives of others, particularly those less fortunate than we are. Our employees gave generously of their time, in addition to making meaningful financial contributions, to support organizations that advance education, support child health and many others. In 2015, First Tech invested more than \$1.7 million into our local communities and our employees volunteered nearly 22,000 hours of community service. It is our hope that, collectively, we made a difference and we will continue make this a priority.

**We remain grateful that
you've entrusted us to serve
your financial needs.**

Our success and our ability to achieve our vision of becoming America's most admired credit union requires a continued commitment and investment in a team of

knowledgeable and skilled First Tech employees. That's why we're investing more time in growing our talent and providing more opportunities for them to enhance their knowledge and skills. In 2015, we welcomed 440 new employees to the First Tech family, we promoted more than 20% of our employees to roles of increasing responsibility, and we achieved record levels of employee satisfaction and engagement.

We remain grateful that you've entrusted us to serve your financial needs. We're incredibly optimistic in the opportunity we have to partner with you and many members to come.



Dotty Hayes

Chairman
2016 Board of Directors



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Building Bright Financial Futures



2015 was another solid year for First Tech and you, our members. We're obsessed with improving your experience while focusing on opportunities to delight you with great products, helpful employee interactions, state-of-the-art technologies that make managing your money easier, and financial solutions that help you secure a bright and prosperous future.

I'm proud to report that after welcoming an additional 43,000 new members to the First Tech family in 2015, we ended the year with 420,000 members living in all 50 states and 21 countries around the world. We assisted nearly 8,900 members with new mortgages, helped 28,000 members secure loans on new or used cars and added 13,000 new cardholders to the list of members benefitting from MasterCard credit cards. Through your support, member shares increased by a record \$731 million, and we ended the year generating \$1.3 billion in new growth while reaching \$8.65 billion in total assets. Net earnings totaled nearly \$97 million (1.21% ROAA) while members' equity rose to \$856 million leaving First Tech 'well capitalized' and well positioned for the future. While 2015 growth was strong, and we see a bright future ahead,

we will never lose sight of the fact that we are here to serve you. In this regard, while we may grow larger to secure scale needed to deliver world-class products and services, we will forever retain a 'smallness' and service culture that embraces our roots and commitment to a personalized experience.

In addition, 2015 will forever be an important milestone for First Tech as we extend a very special thank you and celebrate the retirement of our Chairman, John Weidert. John has served tirelessly for the past 32 years, including 28 years as Chairman. During his tenure First Tech has increased assets by more than \$8.4 billion while adding more than 350,000 new members. John's passion, inspiration and commitment to representing members has never wavered. On behalf of the First Tech management and staff, we are eternally grateful for his leadership.

We aspire to be America's most admired credit union, and to live purposeful lives. And while we've made progress, we know we still have plenty work to do. In 2016, we'll continue to focus on some key initiatives:

- **Debit and credit cards** – We'll continue to enhance security as well as features and benefits on newly issued MasterCard-based EMV Chip and PIN-enabled debit and credit cards.

- **Online and mobile banking** – We'll further enhance our online and mobile banking solutions with new tools that deliver unparalleled levels of security, convenience and personal customization. You expect and deserve a flawless experience and we are committing to 'wowing' you with features, reliability, speed and security.
- **Process improvements** – We'll reinvest our earnings into innovative technologies and processes that keep your banking safe and secure, while providing a superior service experience across all channels (branch, phone or online).
- **Community involvement** – We'll donate significant time, money and resources, including nearly 22,000 employee hours, to help strengthen the fabric of our communities.

We're committed to supporting you, your family and your dreams of a stronger financial future.



Greg Mitchell
President & CEO

Community

At First Tech, we know we're only as strong as the people in our community. We believe a strong community takes contributions from every member in it. As part of this community, we're committed to doing our share.

We are focused on developing the innovators of tomorrow by strategically donating time, money and resources to organizations committed to: K-12 education with a focus on literacy and science, technology, engineering and mathematics (STEM); supporting child health; and providing basic human needs support.

2016 promises to be an exciting year for our community giving efforts. We invite you to stay involved, informed and committed to the long-term success of our community. Please visit firsttechfed.com/Community to learn more.

IN 2015, FIRST TECH MADE SIGNIFICANT INVESTMENTS IN OUR COMMUNITIES



\$771,336

invested in STEM
and literacy



\$57,500

awarded in college
scholarships



\$602,778

donated to child
health organizations



\$89,240

given to basic human
needs support



\$930,000

raised for Children's Miracle
Network Hospitals



\$91,363

matched through our
employee giving program



21,890

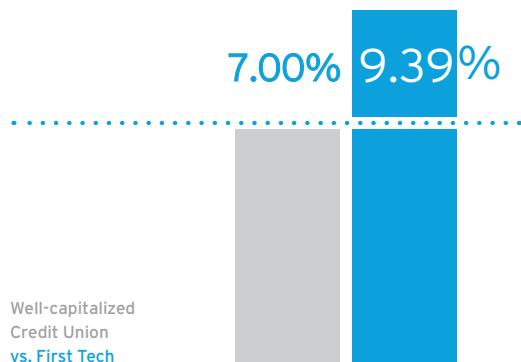
hours served in
our communities



369%

increase in
employee giving

Financially Strong, Safe and Sound



As your financial cooperative, our mission is to serve all your financial needs. To do that, we must remain safe, sound and secure. First Tech had another exceptionally strong year in 2015 because of your continued partnership with us.

For the year, assets grew by 17.8%, reaching \$8.65 billion at year end. We had a strong lending year with loans growing by 23.1%, reaching \$6.14 billion at year end. We maintained our strong credit quality as evidenced by our delinquency ratio (loans 60 days delinquent or greater to total loans) of 0.18%. We also remained a safe harbor for your savings with total deposits increasing by 13.3%, reaching \$6.22 billion at year end.

Through earnings of \$96.7 million, we increased our regulatory capital to \$812.78 million or 9.39% of assets. To put this in context, our regulator the National Credit Union Administration (NCUA) considers a credit union to be well capitalized if its regulatory capital ratio or PCA capital ratio exceeds 7%. We have \$207.09 million in surplus capital to both ensure we remain safe and sound and to support future growth.

We thank you for partnering with us for your financial needs. You are the reason we exist and our success depends on your success!



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2015 Board of Directors

As of December 31, 2015

John Weidert	Chairman Chair, Executive Committee	Tom Gifford	Director Chair, Supervisory Committee	Directors Emeritus
Tony Backes	Vice Chairman	Greg Gillas	Director Chair, Compensation & Benefits Committee	Tom Sargent
Dotty Hayes	Finance Officer/ Treasurer Chair, Enterprise Risk Committee	Peter Horadan	Director	Carolyn Strong
Carolyn Strong	Secretary	Craig Nordlund	Director Chair, Nominating & Governance Committee	
Jeff Hank	Assistant Secretary	Mark Plastino	Director	
Shola Aluko	Director			
Kathy Farmer	Director			

Supervisory Committee Statement

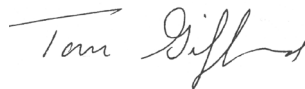
The Supervisory Committee of First Tech Federal Credit Union provides independent monitoring and review of the Credit Union's operations, procedures, internal controls and management on behalf of the membership.

In fulfilling statutory duties and obligations to safeguard member assets, the Supervisory Committee's primary responsibilities include: completing independent external financial audits of the financial statements and records, as well as the control structures of the credit union; conducting verification of member accounts; ensuring ongoing reviews of closed accounts; directing the internal audit function; and attending monthly Board of Directors' meetings.

To accomplish these responsibilities, First Tech Federal Credit Union's Supervisory Committee relied on the services of Deloitte and Touche, LLP to conduct the independent opinion audit as of December 31, 2015; and the services of the credit union's Internal Audit department and the firm of Crowe Horwath, LLP to provide internal audit services.

In addition, in 2015 our government regulator, the National Credit Union Administration (NCUA), conducted our annual regulatory exam. None of the audits or exams raised material issues or contained findings that resulted in management disagreement.

It is the conclusion of the Supervisory Committee that First Tech Federal Credit Union operated in a safe and sound financial manner and that the assets of the membership are being effectively safeguarded. I would like to thank each of our Committee Members for their volunteered time and committed efforts during the past year.



Tom Gifford

Chair, First Tech
Supervisory Committee



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Consolidated Statement of Financial Condition



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FIRST TECH FEDERAL CREDIT UNION

AS OF DECEMBER 31, 2015

Assets		(Dollars in thousands)
Cash and cash equivalents		\$264,329
Investments:		
Available for sale		1,702,968
Held to maturity		104,048
Other		79,528
Loans held for sale		5,334
Loans, net of allowance for loan losses		6,129,584
Accrued interest receivable:		
Loans		15,093
Investments		5,423
Federal Home Loan Bank (FHLB) stock		47,244
Prepaid and other assets		137,590
Property and equipment, net		17,479
NCUSIF deposit		52,672
Goodwill		74,237
Intangible assets		14,194
Total Assets		\$8,649,723
Liabilities and Members' Equity		
Members' share and savings accounts		\$6,213,739
Borrowed funds		1,498,700
Accounts payable and accrued liabilities		81,119
Total liabilities		\$7,793,558
Members' Equity		
Regular reserves		76,883
Undivided earnings		497,710
Equity acquired through merger		300,000
Accumulated other comprehensive income/(loss)		(18,428)
Total members' equity		\$856,165
Total Liabilities and Members' Equity		\$8,649,723



Consolidated Statement of Income





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FIRST TECH FEDERAL CREDIT UNION

AS OF DECEMBER 31, 2015

Interest Income		(Dollars in thousands)
Loans		\$205,142
Investments		38,879
Total interest income		244,021
Interest Expense		
Members' share and savings accounts		22,826
Borrowed funds		14,784
Total interest expense		37,610
Net interest income		206,411
Provision for loan losses		13,274
Net interest income after provision for loan losses		193,137
Non-Interest Income		
Interchange income		32,714
Sales of insurance and investments products		21,229
Fees and service charges		9,537
Other income		7,177
Mortgage servicing rights		3,482
Gain on sale of mortgage loans		20,901
Gain on sale of investments, net		955
Other non-operating income (expense)		(3,624)
Total non-interest income		92,371
Income before non-interest expenses		285,508
Non-Interest Expense		
Compensation and employee benefits		98,639
Loan servicing		28,462
Professional and outside services		25,021
Marketing and promotional		3,916
Office operations		14,649
Office occupancy		13,388
Other expense		4,772
Total non-interest expense		188,847
Net income		\$96,661

