



**First Tech**  
federal credit union

# Annual Report

2016



 Equal Housing Opportunity | Federally insured by NCUA



# Serving Our Members and Communities for Over 60 Years





**2016**

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**First Tech was founded more than half of a century ago by people driven by a common dream** – to meet 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.

At First Tech, we pride ourselves on continuing to build bright financial futures for our members 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 effortlessly and give back to the communities where we work and live.

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

As a not-for-profit, member-owned credit union, we're inspired by the opportunity to serve you, our members. We specialize in providing quality service to fit the needs of the world's most forward-thinking companies. Thank you for your continued membership with First Tech.

# Growing Strategically

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**Dear Fellow Members,**



I'm pleased to share with you some highlights of yet another outstanding year for our credit union. Through the efforts of our leadership and great team of employees, First Tech delivered excellent performance results; adding more members and employees to our family, enhancing products and services to you, and making a material impact in our communities through our financial giving efforts and record community service hours. On behalf of the

board of directors, we're incredibly proud of these accomplishments.

First Tech is a healthy, growing organization and we remain mindful of our most important role in taking care of you and your financial needs. We maintain a strong partnership between our management, our auditors, and our examiners at the National Credit Union Administration (NCUA) to ensure that we're doing everything possible to remain safe and secure. In fact, in 2016, we received favorable reviews on our financial strength, asset quality and risk management





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practices. This is critically important as we strive to remain relevant to you and to adapt to the ever changing financial environment. While we completed some critical infrastructure improvements in 2016, we know that we have more work to do in creating consistently delightful and effortless experiences for our members.

In addition to serving you, our employees gave generously of their time to support organizations that advance STEM and literacy, child health, and many others. In 2016, First Tech invested more than \$2.86 million into our local communities and our employees contributed nearly

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

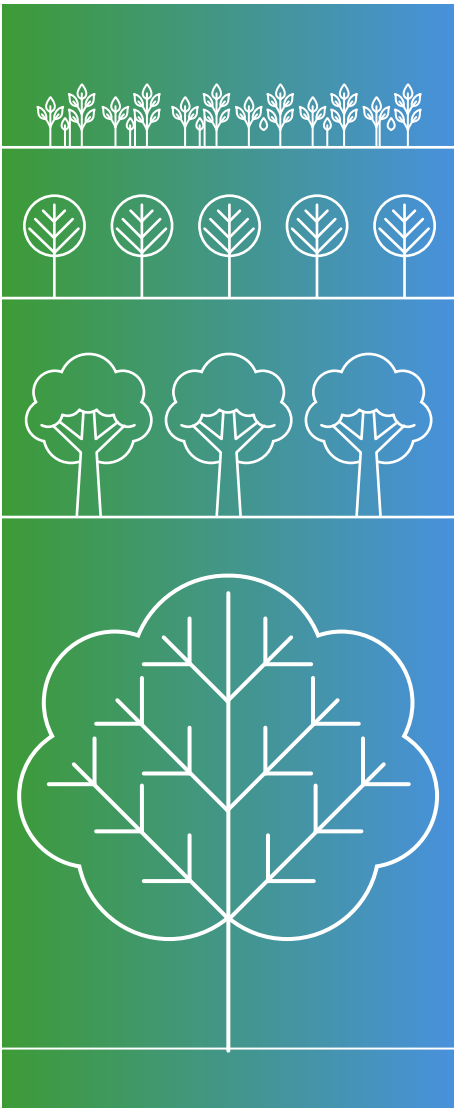
25,000 hours of community service. It is our hope that collectively, we made a difference and we will continue to make this a priority.

Our ability to achieve our vision of becoming America's most admired credit union requires a continued commitment and investment in you, our members, and in our employees that serve you. That's why we're investing more time in listening to our members and to our teammates, and continuously looking for ways to improve. I hope you will choose to engage with us; whether it's responding to a member satisfaction survey or participating in our annual Children's Miracle Network Hospitals giving campaign.

As we reflect on the many years of serving you, we extend our gratitude for your commitment and trust in us to serve your financial needs. We will continue to work diligently to retain that trust and to partner with you in the years to come.

**Dotty Hayes**

Chairman  
2016 Board of Directors



# Helping You Reach Your Financial Dreams

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**Thank you! 2016 was a year to remember** for the nearly 465,000 members who form our member-owned credit union and the nearly 1,200 team members who strive to help members reach their dreams. Throughout this year, we achieved many milestones aimed at delivering superior member experiences through new branches, an improved engagement model, enhancements to our online and mobile banking solution and the introduction of new services and products. We deeply appreciate the high level of engagement shown by our members in 2016, as well as your patience as we upgraded our online banking solution, into a more robust and secure platform.

Throughout the year, we set new records of growth and member delight in mortgage, consumer and commercial lending. We also hit record-level share growth and absolute asset growth as more members chose First Tech as their primary financial institution. Our efforts to provide members with the ability to transact with us whenever, wherever, or however they wish, combined with our low service fees, high rates on deposits and low rates on loan products,

contributed to First Tech being designated as America's Best Credit Union for Everyone by *Money Magazine*.

I'm proud to share that our employees achieved new records in community service. Our team members contributed nearly 25,000 hours of community service and helped generate more than \$1.1 million in support of Children's Miracle Network Hospitals and an additional \$1.7 million in support of other causes.

In total, the efforts of our employees and membership drove total assets higher by \$863 million, with total assets cresting \$9.5 billion as of December 31, 2016, and a ranking as the seventh largest credit union in the United States. Beyond asset growth, we remain financially strong, posting more than \$113 million of net income in 2016 with \$975 million of consolidated members' equity, resulting in First Tech being "well capitalized" under all regulatory standards.

In 2017, we'll achieve many milestones. We're projected to crest \$10 billion in assets, \$1 billion of members equity, and serve more than 500,000 members living in all 50 states and more than 20 countries. As we grow to meet the needs of our member base, we will maintain a keen focus on the needs of each member and do everything we can to amaze and delight you at every turn and never lose sight of "why" you have placed your trust in First Tech.

Our vision is to be America's most admired credit union, and the transformation that took place in 2016 positions First Tech and our membership for a bright future that awaits us all. Thank you again for your trust, support, and occasional forgiveness as we collectively endured the trials and tribulations of change. We are strong, secure and ready to take flight as we help you reach your dreams.

The best is yet to come!



**Greg Mitchell**  
President & CEO



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# Community

We're proud to direct our dollars and time to organizations that support the next generation of leaders, thinkers, and innovators. Our partners provide programs and services for children and families, ensuring that children have the tools they need to learn, be healthy, and succeed. Together, we're funding the future.

We focused our support on education, particularly STEM, literacy and financial education; children's medical research through our partners at Children's Miracle Network Hospitals; and innovative solutions to community challenges, specifically in the areas of food, shelter and safety.

We're excited for everything that 2017 has in store for our community programs. We know the power of collaborative impact, and we know that our best days are ahead of us - for each of us, and for the children and families that our programs serve. Please visit [firsttechfed.com/community](http://firsttechfed.com/community) to learn more.

IN 2016, FIRST TECH INVESTED MORE THAN  
\$2.8 MILLION IN OUR LOCAL COMMUNITIES



\$827,600

invested in STEM, literacy  
and financial education



\$55,000

awarded in college  
scholarships



\$1,563,872

donated to children's medical  
research and support



\$245,686

given to basic human  
needs support



\$1.1 million

raised for Children's Miracle  
Network Hospitals



\$44,743

matched through our  
employee giving program



24,866

employee  
volunteer hours

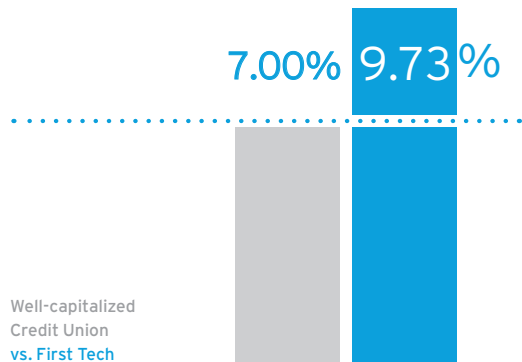


\$59,847

donated by  
our employees



# Financially Strong, Safe and Sound



**As your financial cooperative**, we exist to serve all of your financial needs. To do that, we must remain safe, sound, and secure.

For the year, assets grew by 10%, reaching \$9.5 billion at year end. We had a strong lending year with loans growing by 14.1%, reaching \$7.0 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 0.22%. We also remained a safe harbor for your savings with total deposits increasing by 16.2%, reaching \$7.22 billion at year end.

Through earnings of \$113.1 million, we increased our regulatory capital to \$925.92 million or 9.73% 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 \$260.05 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 you!



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# 2016 Board of Directors

As of December 31, 2016

Dotty Hayes	Chairman	Kathy Farmer	Director
Tony Backes	Vice Chairman	Tom Gifford	Director
Jeff Hank	Treasurer	Greg Gillas	Director
Craig Nordlund	Secretary	Peter Horadan	Director
Shola Aluko	Director	Mark Plastino	Director
Margaret Arakawa	Director		

# Supervisory Committee Statement

**The Supervisory Committee** of First Technology Federal Credit Union (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.

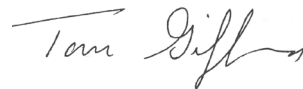
In fulfilling statutory duties and obligations to safeguard member assets, the Supervisory Committee's primary responsibilities include overseeing the completion of the independent external financial audits of the financial statements and records of the Credit Union and verification of member accounts, as well as, review of the control structures of the Credit Union; 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 audit of First Tech Federal Credit Union's

consolidated financial statements as of December 31, 2016 and to complete a verification of member accounts for the same period. The Committee further relied on 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 2016 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**

First Tech Federal Credit  
Union Supervisory Committee



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# Statement of Financial Condition

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# FIRST TECH FEDERAL CREDIT UNION

AS OF DECEMBER 31, 2016

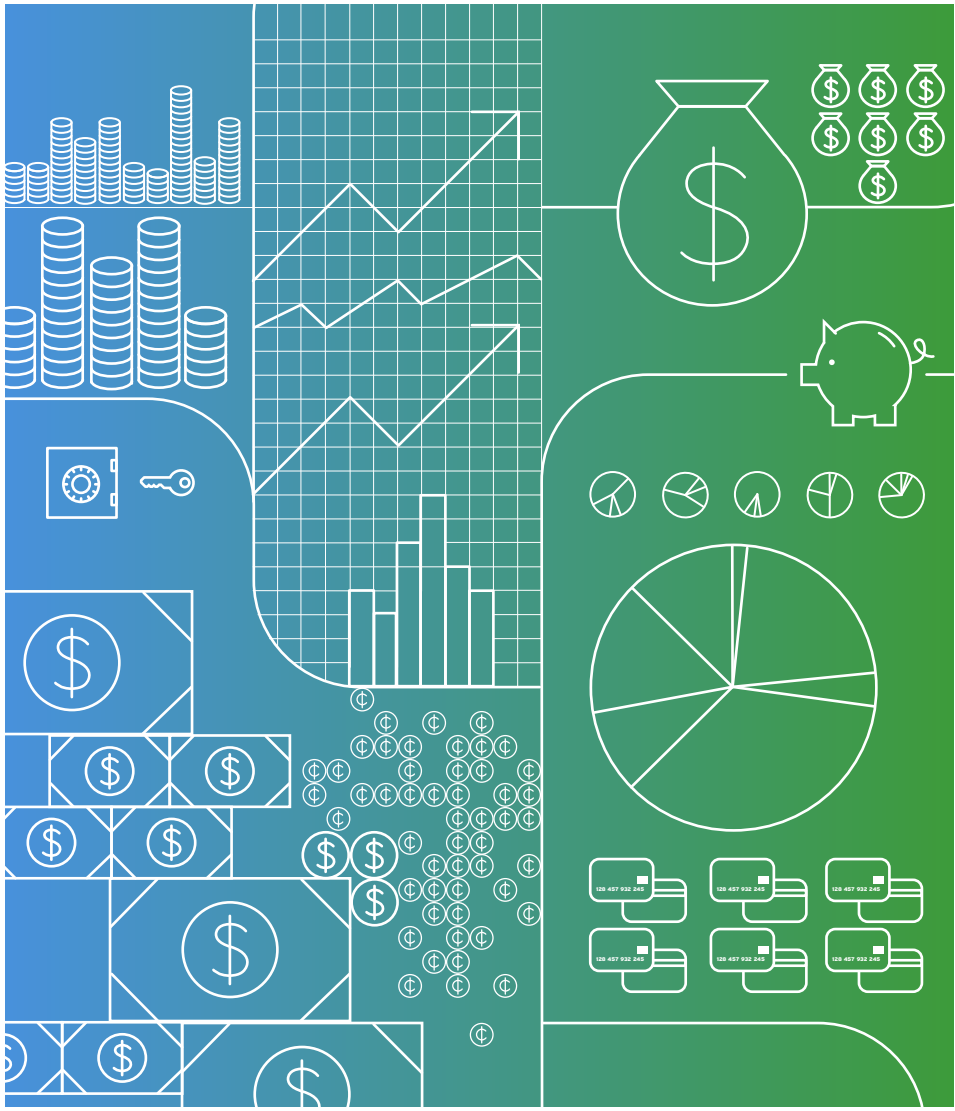
<b>Assets</b>		<i>(Dollars in thousands)</i>
Cash and cash equivalents		\$253,062
Investments:		
Available for sale		1,729,170
Held to maturity		50,305
Other		88,990
Loans held for sale		15,579
Loans, net of allowance for loan losses		6,984,550
Accrued interest receivable:		
Loans		17,744
Investments		5,734
Federal Home Loan Bank (FHLB) stock		37,426
Prepaid and other assets		162,290
Property and equipment, net		23,929
NCUSIF deposit		58,233
Goodwill		74,237
Intangible assets		11,158
<b>Total Assets</b>		<b>\$9,512,407</b>
<b>Liabilities and Members' Equity</b>		
Members' share and savings accounts		\$7,219,616
Borrowed funds		1,215,000
Accounts payable and accrued liabilities		102,383
<b>Total liabilities</b>		<b>8,536,999</b>
<b>Members' Equity</b>		
Regular reserves		76,883
Undivided earnings		610,848
Equity acquired through merger		300,000
Accumulated other comprehensive income/(loss)		(\$12,323)
<b>Total members' equity</b>		<b>975,408</b>
<b>Total Liabilities and Members' Equity</b>		<b>\$9,512,407</b>



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# Consolidated Statement of Income

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# FIRST TECH FEDERAL CREDIT UNION

AS OF DECEMBER 31, 2016

<b>Interest Income</b>		<i>(Dollars in thousands)</i>
Loans		\$252,088
Investments		39,237
Total interest income		291,325
<b>Interest Expense</b>		
Members' share and savings accounts		31,729
Borrowed funds		18,373
Total interest expense		50,102
Net interest income		241,223
Provision for loan losses		18,805
Net interest income after provision for loan losses		222,418
<b>Non-Interest Income</b>		
Interchange income		36,396
Sales of insurance and investments products		22,089
Fees and service charges		10,547
Mortgage servicing revenue, net		5,593
Gain on sale of loans		28,592
Gain on sale of investments, net		1,429
Other income, net		6,350
Total non-interest income		110,996
Income before non-interest expenses		333,414
<b>Non-Interest Expense</b>		
Compensation and employee benefits		113,979
Loan servicing		19,844
Professional and outside services		32,872
Marketing and promotional		4,180
Office operations		25,357
Office occupancy		14,590
Other expense		9,454
Total non-interest expense		220,276
<b>Net income</b>		<b>\$113,138</b>



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