



TOGETHER AS ONE!

Your Neighbors, Your Friends, Your Community.

MERIWESTSM
CREDIT UNION

ANNUAL REPORT 2020

TOGETHER AS ONE

In past years this introduction to our annual report focused on the financial health and growth of your credit union. And in the reports and tables on the following pages you will learn details on the fine year we had financially, despite how bad a year it was. Meriwest added more new members in 2020 than we did in 2019, with total membership now exceeding 88,000. Our assets grew by over 12% to almost \$1.9 billion and deposits grew 20.21% as people sheltered in place curtailing spending.

But this year was like no other and we would like to share here how we came together as one, with friends, neighbors, and community, to help our members, local businesses, and those in need, face a frightening time.

Member Support

Our member support evolved swiftly following the March 2020 COVID lockdown. As our facilities team moved to make our Financial Centers safer for members and staff, the rest of Team Meriwest went to work supporting our members in financial need. By the end of 2020, Meriwest had waived over \$169,000 in overdraft, non-sufficient fund, Skip-a-Pay and late fees. We also deferred more than \$600,000 in interest income with mortgage forbearance for 103 members on balances totaling \$36.2 million; and 2,784 skipped payments for other members on loans totaling \$42.5 million.

In addition, our Business Banking team spent long hours helping 134 small business owners with Payroll Protection Program loans. We also provided relief to 39 member businesses with forbearance on over \$148 million in loans, representing almost \$500,000 in deferred interest income.

We also launched a program of rewards for members in 2020 – Meriwest Merit Rewards. It’s a program designed to help members get more back from their banking; including certificate rate bumps, fee and interest rebates, generous account limits and more. Benefits grow as our relationships grow. Merit Rewards is designed to help members get more and do more; our way of thanking them for entrusting us with their banking relationships.

Community Support

While there was, of course, less in-person engagement in 2020, our heart and determination drove our community support through new channels. We continued our financial literacy efforts, taking the virtual world by a virtual storm with over 170 Financial Education workshops on topics ranging from simple budgeting, to preparing a resume, to buying your first car. We consulted, at a distance, yet one-on-one, with more than 2,000 community members on understanding their credit score.

As Meriwest continued our work with community and government organizations, our focus ranged from issues specific to the pandemic – we worked with the City of Cupertino on their Rent Relief Program – to ongoing support of community programs such as the City of San Jose’s support of foster youth and women / children impacted by domestic violence. We are especially proud of our support this year of the following community organizations and agencies as they worked to make our Valley a better place:

- Mayor Licardo’s San Jose Youth Works Program
- County of Santa Clara Youth and Family Services Program
- California Diversity Council-Silicon Valley Chapter
- City of San Jose Youth and Family Support Services
- Women in Business Leadership Group-Silicon Valley Chapter

Team Volunteerism

As individuals, friends, and neighbors Meriwest employees came together in 2020 to donate their personal time and money in support of their community. Individual staff donations to various charities exceeded \$23,000 and 100% of our employees volunteered over 1,000 hours to help feed, clothe and / or increase the financial literacy of our community residents. Throughout the most challenging year we have faced, Meriwest was out in the community, masks in place, doing our part to help others. We live and breathe the credit union motto of “people helping people” in good times and bad.

As an organization, Meriwest actively volunteered in support of these fine community organizations as they helped those in our community most impacted by the pandemic:

- Vista Center for the Blind
- Second Harvest of Silicon Valley
- Sacred Heart
- Hunger at Home
- First Place for Youth
- Shop with a Cop Foundation
- Sunnyvale Community Services

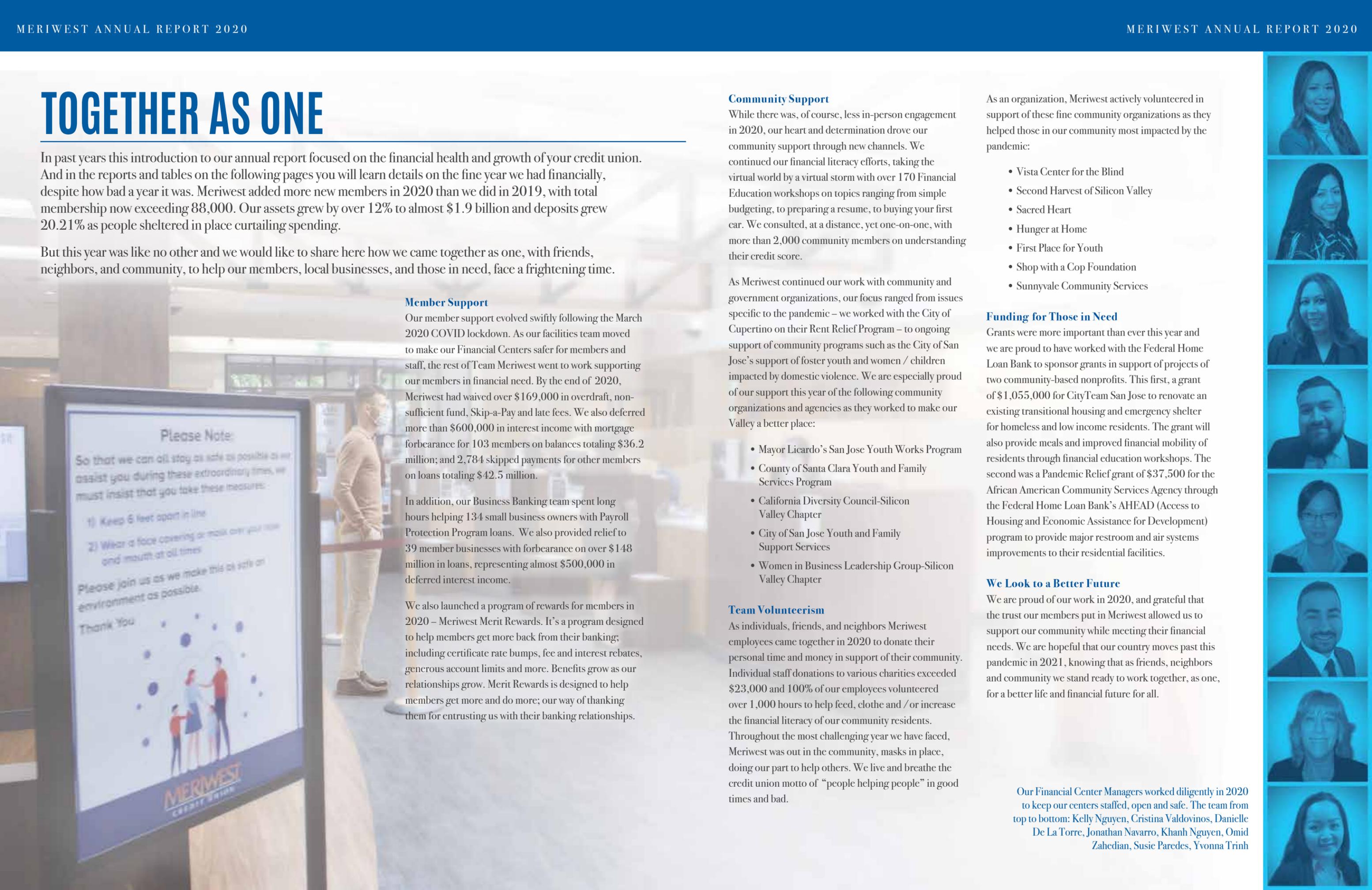
Funding for Those in Need

Grants were more important than ever this year and we are proud to have worked with the Federal Home Loan Bank to sponsor grants in support of projects of two community-based nonprofits. This first, a grant of \$1,055,000 for CityTeam San Jose to renovate an existing transitional housing and emergency shelter for homeless and low income residents. The grant will also provide meals and improved financial mobility of residents through financial education workshops. The second was a Pandemic Relief grant of \$37,500 for the African American Community Services Agency through the Federal Home Loan Bank’s AHEAD (Access to Housing and Economic Assistance for Development) program to provide major restroom and air systems improvements to their residential facilities.

We Look to a Better Future

We are proud of our work in 2020, and grateful that the trust our members put in Meriwest allowed us to support our community while meeting their financial needs. We are hopeful that our country moves past this pandemic in 2021, knowing that as friends, neighbors and community we stand ready to work together, as one, for a better life and financial future for all.

Our Financial Center Managers worked diligently in 2020 to keep our centers staffed, open and safe. The team from top to bottom: Kelly Nguyen, Cristina Valdovinos, Danielle De La Torre, Jonathan Navarro, Khanh Nguyen, Omid Zahedian, Susie Paredes, Yvonna Trinh



CHAIRMAN’S REPORT



I have been a member of Meriwest Credit Union ever since I was a child, along with my siblings and parents. I remember opening my first savings and checking accounts at Meriwest and winning the Credit Union’s “Children’s Art Competition.” The picture I drew was of a drowning swimmer, yelling “help!” Then, I drew Bigfoot running to the rescue, saying something like, “Don’t worry, the Credit Union will save you!” I was about to throw that drawing away when my mother retrieved and submitted it on my behalf. Although the contest was just one of many events organized by Meriwest that year, winning it had a great impact on me as a child in nurturing my identity and self-esteem.

Member and community engagement is one of Meriwest’s core cultural values – it was back then, and it still is today. At Meriwest, we honor and recognize everyone’s personal dignity, equality, and humanity. Fostering unity amid diversity is one of our greatest strengths – we are simply better together. As friends, neighbors, and a community, this togetherness helps us to create greater resilience and sustainable long-term growth.

All of us experienced a hard year in 2020 and will confront many more challenges in the year ahead. COVID-19, lockdowns, social-political unrest, economic disasters, and personal tragedies have affected many of us in profound ways. Notwithstanding these realities, our collective empathy and compassion have and will continue to enable us to weather storms together. Working hand-in-hand, as we have always done, empowers us to prevail when life gets tough.

Meriwest’s financial health, solid business performance, operational achievements, security advances, digital growth, workplace recognitions, and stellar audit results in 2020 are evidence of the team’s tremendous efforts and optimism. Our sincere thanks to every Meriwest staff member! Likewise, the Credit Union exists to serve you, our members. Our appreciation to each of you for your unwavering faith and support – your ongoing trust will enable us to continue fulfilling our mission to serve you whatever the future may hold. Of course, we will do it the “Meriwest Way,” together as one. Here’s to brighter days ahead!

Dr. Arthur L. Juc, Chairman of the Board



Behind the scenes our facilities team, from left to right, Bruce Richter, David Nance, Scott Grossweiler and Shawn Bradley, worked to ensure our branches and all work areas were regularly sanitized, and had all the materials and supplies needed to meet the challenge to safely and efficiently serve our members.

PRESIDENT & CEO’S MESSAGE



The year 2020 was unbelievably challenging for us all. Meriwest quickly took unprecedented steps to get in front of the pandemic to protect our members and our staff. Our goal was to open the doors while keeping all safe. Looking back over the last year, there were teachable moments that made us all smarter, nimbler and better equipped to face adversity. Meriwest learned to pivot while still providing the service you and our community expects. As I said in last year’s report, Together as One.

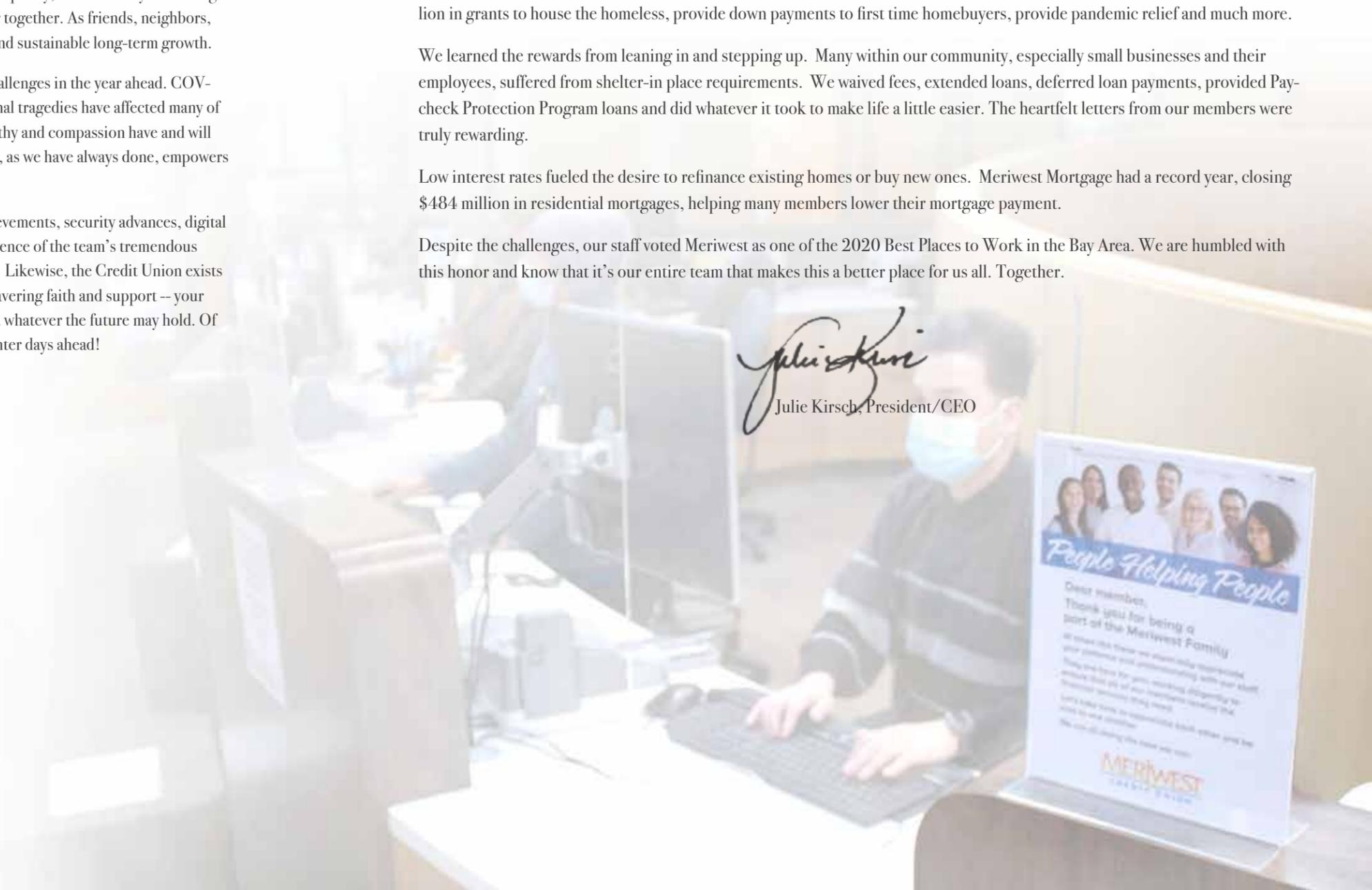
Last year, we learned that through the power of virtual engagement, we could still connect with our community and accomplish so much. Again, 100% of the Meriwest Team volunteered their time and money to various non-profit agencies. Our community outreach team provided 170 financial education workshops to over 2,000 adults and young adults. Meriwest Wealth Advisors met virtually with their clients to improve and protect their assets in a very uncertain time. We again sponsored much needed grants through the Federal Home Loan Bank’s Affordable Housing program, distributing over \$1.3 million in grants to house the homeless, provide down payments to first time homebuyers, provide pandemic relief and much more.

We learned the rewards from leaning in and stepping up. Many within our community, especially small businesses and their employees, suffered from shelter-in place requirements. We waived fees, extended loans, deferred loan payments, provided Pay-check Protection Program loans and did whatever it took to make life a little easier. The heartfelt letters from our members were truly rewarding.

Low interest rates fueled the desire to refinance existing homes or buy new ones. Meriwest Mortgage had a record year, closing \$484 million in residential mortgages, helping many members lower their mortgage payment.

Despite the challenges, our staff voted Meriwest as one of the 2020 Best Places to Work in the Bay Area. We are humbled with this honor and know that it’s our entire team that makes this a better place for us all. Together.

Julie Kirsch, President/CEO



2020 BOARD OF DIRECTORS



**DR. ARTHUR L. JUE,
CHAIRMAN**

Dr. Jue has served on the Board of Directors since 1994. He has extensive senior leadership experience in talent and organizational development, technology management and human resources. He holds a doctorate in leadership, an MBA and a BS in Marketing and Decision Sciences. Dr. Jue is a Certified Credit Union Director (CCD), speaks extensively and has coauthored multiple books. He enjoys social entrepreneurship, independent filmmaking, martial arts and playing the violin.



**LAUREN BURCH,
SECRETARY**

Lauren Burch joined the Board of Directors as Secretary in 2015. She has a passion for organizations that bring about positive change. Ms. Burch has extensive experience in the healthcare industry with a focus on employee engagement, internal communications, messaging and culture. She is currently a Corporate Communications Manager at a surgical robotics company in Sunnyvale. Ms. Burch holds an MBA from UC Berkeley Haas School of Business and a Bachelor's degree in Mass Communications from Sonoma State University.



**HARSHA VYAS,
TREASURER**

Harsha Vyas joined the Board of Directors in 2018, having previously served on the Supervisory Committee. Ms. Vyas has more than 25 years' experience in finance, accounting and audit management in various industries ranging from audit firms, transportation, news media, manufacturing, high-tech and non-profit organizations. For eight years as a self-employed professional, Ms. Vyas built extensive experience in financial management of small businesses, particularly medical practices, retail stores and law firms. Her experience spans over three countries, including Kenya, the United Kingdom and the United States. In the past few years, she has grown her expertise in payment card industry compliance requirements. After graduating from MS University (Baroda, India) with a degree in Accounting and Auditing, Ms. Vyas pursued Certified Accounting in London and completed management and leadership courses in California.



**SCOTT TIMPE,
VICE-CHAIRMAN**

Scott Timpe has been a Director on the Board since June 2014. Mr. Timpe has extensive business experience as a small business owner. He has been a franchisee of Carl's Jr. Restaurants since 1992, and currently owns multiple locations. Prior to that, he owned a cash register repair company. He holds a Bachelor's degree in Business Management from San Jose State University.



**STANLEY CHAPMAN,
DIRECTOR**

Stan Chapman has served as a member of the Board of Directors for more than 50 years, including roles as Chairman and Treasurer. Mr. Chapman worked for IBM for 26 years in various financial management positions. He has served as a Board member in all offices and as President of the League of IBM Credit Unions. He has also served as President of Children's Playhouse of San Jose, as President of Temple Beth Shalom, and as Board member of Temple Emanuel. He has a Bachelor's degree in Business Administration from CSU San Francisco and a certificate in Management Accounting.



**UDEY CHAUDHRY,
DIRECTOR**

Udey Chaudhry joined the Board of Directors in 2018. Mr. Chaudhry is an Enterprise Transformation expert with more than 20 years' IT and Business experience that includes formulation of business and technology strategies and helped implement them for various Fortune 500 clients. He also has extensive expertise in coaching senior client executives (C-Level). Mr. Chaudhry received his Master of Science degree in Industrial and Systems Engineering from Lehigh University and an MBA in International Management from Thunderbird University. He is an MIT Alumni and completed his Executive Management Program in Strategy, Innovation and Entrepreneurship from MIT's Sloan School of Management.



**STEPHEN GOVEIA,
DIRECTOR**

Stephen Goveia filled a vacant Board seat for the first half of 2020, and is now Chairman of the Supervisory Committee, where he served in 2019. He is the Chief Executive Officer of Inorbis Technologies and Qathex, LLC. Mr. Goveia is the author of The 86400 Program and an Adjunct Professor at Ohlone College. He earned an MBA from the University of South Carolina and is a licensed CPA and former Army officer.



**CHARLIE MUNCH,
DIRECTOR**

Charlie Munch is serving his thirteenth year on the Board of Directors, and served as Chairman from 2009 through 2013 and again in 2017. Mr. Munch was previously on the Golden Bay Credit Union Board of Directors for 25 years. He joined the Meriwest Board as part of the merger with Golden Bay. Mr. Munch holds a BS degree from Duke University and an MS in Management from George Washington University. He was employed for 20 years by Northrop Grumman Corporation in Sunnyvale, retiring as Business Area Manager for Information Technology. Prior to joining Northrop Grumman, he served 26 years in the Navy, retiring as Executive Officer Moffett Field Naval Air Station.



**EDWIN MACH,
DIRECTOR**

Edwin Mach has been a Director on the Board since 2013, serving several years as Vice Chairman. Mr. Mach has extensive experience in business and engineering. Currently, he is a Group Product Manager at Adobe. He has held leadership positions at Amazon (AWS) and Cisco, and was a software engineer at IBM. Mr. Mach also currently serves on Filene's Think Tank, where he helps envision the future of banking. Mr. Mach graduated from UC Berkeley with a BA in Computer Science and an MBA from the UC Berkeley Haas School of Business, where he was a Berkeley Board Fellow. He also earned an MS in Computer Science at UCLA.



**JAMES HICKS,
DIRECTOR**

Mr. Hicks has supported Meriwest as a volunteer for over 25 years. After a long term as Supervisory Committee Chairman, he joined the Board of Directors in June of 2020. Mr. Hicks holds a Bachelor's Degree in Electrical Engineering from the University of Southern California and an MBA from Pepperdine University. He began his career with IBM and worked in financial management at both ATAC Corporation and Lockheed Martin Aerospace. Mr. Hicks is actively involved in numerous community volunteer organizations and engineering awareness programs.

TREASURER'S REPORT



As your Treasurer, I am proud to report that our credit union showed its strength through the pandemic's ever-changing conditions. Despite plummeting interest rates and economic uncertainties Meriwest continued to grow, reaching almost \$1.9 billion in assets in 2020. Management moved swiftly to meet the changing needs and aspirations of our 88,000 members, creating a safe environment to conduct their business with the highest degree of integrity. We continued to deliver the value and service our members have come to expect – a balance of community support, financial growth, technology advancements, and personal attention.

Our assets grew again this year as well, by 12.3% from 2019, with a Capital-to-Asset ratio of 9.24%. Total Assets reached an impressive \$1.9 billion, and Meriwest's Net Worth came in at \$165.9 million, resulting in a healthy 8.8% Net Worth Ratio. Despite the low-interest environment, we offered favorable rates to our members, attracting \$256 million in new member deposits for a record growth of 20.1%, and increased member loans by 4.54% to \$1.4 billion – both hallmarks of the financial health of our communities.

As expected, our operating expense grew by 9.1% as we continue to invest in technologies, innovations, and cybersecurity efforts to protect Meriwest and member information. We are honored that you continue to trust us to grow your wealth and safeguard your assets.

As we look to the future, we see a balance of progress and tradition; strength and stability. Rest assured, with a strong foundation, your credit union is financially sound. Meriwest is optimistic about overcoming the challenges we faced in 2020. We remain committed and will continue working together as one, with our members, area businesses, community groups, and those in need, to build a better future for all.

Harsha Vyas, Treasurer

SUPERVISORY COMMITTEE CHAIRMAN'S REPORT

The Meriwest Credit Union Supervisory Committee's key role is to ensure our members' assets are properly safeguarded. Being diligent, we met the supervisory committee's responsibilities defined in the credit union's bylaws as well as the California Department of Business Oversight, Financial Code for Credit Unions:

- ~ At least once a year, ensure or cause to be made by an independent auditor of the Supervisory Committee's selection, an audit of the credit union's books and records, and an examination of the business and affairs of the credit union for the year.
- ~ Not less frequently than annually, cause accounts of members to be verified with the records of the credit union.
- ~ The supervisory committee may make or cause to be made any supplementary inspections of the securities, cash and accounts of the credit union or audits as it deems necessary.
- ~ Review the credit union's policies and control procedures to safeguard against fraud and self-dealing, and exercise whatever efforts are necessary, pursuant to California Financial Code Sections 14551 and 14553, to meet those responsibilities.

Turner, Warren, Hwang & Conrad (TWHC) AC, Certified Public Accountants, performed our annual consolidated financial statements audit and our annual confirmation of members' accounts. TWHC issued an unqualified opinion of the consolidated financial statements of MCU and subsidiaries as of September 30, 2019 and 2018. Additionally, the National Credit Union Association completed its annual review of MCU in 2019.

We are pleased to announce Meriwest has been found to be sound in both policy and practice.

Stephen Goveia,
Supervisory Committee Chairman



Supervisory Committee
Stephen Geveia, Phil Fluegemann, Jennifer Mackie

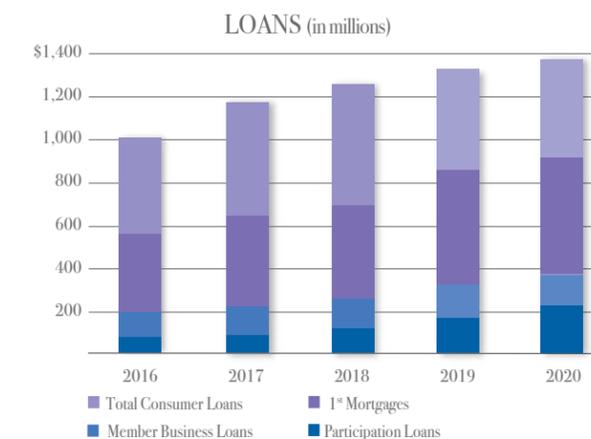
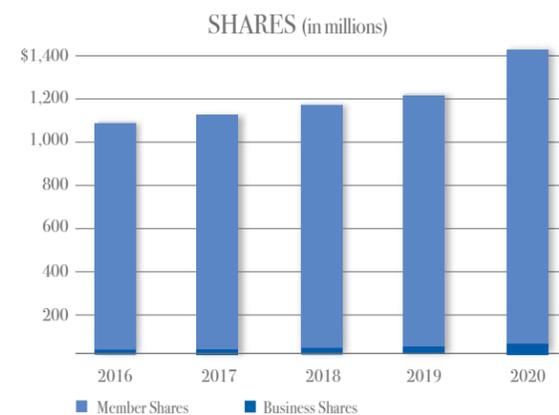
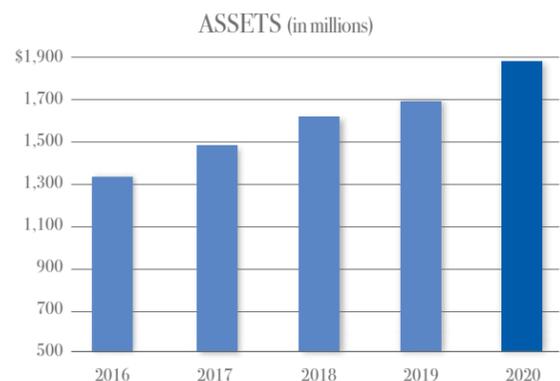
FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2019 & 2020

	2019	2020
Assets:		
Cash and Cash Equivalents	44,392,007	81,587,057
Investments	246,724,480	364,520,483
Loans to Members	1,333,003,485	1,393,527,128
Less: Allowance for Loan Losses	(7,977,276)	(8,339,315)
Net Loans to Members	1,325,026,209	1,385,187,813
Fixed Assets	7,371,176	6,912,809
Other Assets	54,842,164	46,640,930
Total Assets	1,678,356,035	1,884,849,091
Liabilities and Members' Equity:		
Accounts Payable and Other Liabilities	23,494,737	30,442,288
Notes Payable	200,682,364	188,652,052
Total Liabilities	224,177,101	219,094,340
MEMBERS' EQUITY		
Members' Shares	1,267,959,750	1,524,187,312
Non-Members' Shares	60,208,044	10,000,000
Reserves	24,133,350	24,133,350
Undivided Earnings	132,771,370	141,744,401
Total Equity	126,011,139	131,567,438
Total Members' Equity	1,454,178,933	1,665,754,749
Total Liabilities and Members' Equity	1,678,356,035	1,884,849,091

CONSOLIDATED STATEMENT OF EARNINGS AS OF DECEMBER 31, 2019 & 2020

	2019	2020
Interest from Loans	55,477,582	53,669,026
Interest from Investments	6,101,030	4,761,855
Total Interest Income	61,578,611	58,430,881
Dividends	6,714,997	7,771,756
Interest on Borrowings	6,504,515	5,243,718
Total Interest Expense	13,219,512	13,015,474
Net Interest Margin	48,359,100	45,415,407
Provision for Loan Losses	1,266,681	2,690,544
Net Interest Margin After Provision For Loan Losses	47,092,419	42,724,863
Non-Interest Income	11,677,275	14,823,448
Operating Expense	44,907,251	48,995,196
Non-Operating Income/(Expense)	262,034	419,916
Net Income	14,124,476	8,973,031



NOTES TO FINANCIAL STATEMENT

Note 1 Total Investments are reported at book balance of \$361,608,563. The market value of the Investment portfolio at the close of business on 12/31/2020 was \$364,520,483

Note 2 Depreciation is computed on a straight line basis over the estimated useful life of the buildings.

Land		\$1,843,986
Buildings	\$10,508,609	
Less: Depreciation	(7,683,938)	\$2,824,671
		<hr/>
		\$4,668,657

- Furniture, fixtures and equipment are depreciated on a straight line basis over their estimated useful life.
- Leasehold Improvements are depreciated on a straight line basis over their estimated useful life.

Note 3 Estimated Fair Value of the Credit Union’s financial instruments in accordance with FASB 107 is:

Loans	\$1,426,461,373
Investments	\$364,520,483
Shares	\$1,595,816,068
Notes Payable	\$199,021,289

Note 4 Pension Plan: The Credit Union has a non-contributory retirement plan for the benefit of its employees who meet specific length of service and age limitations.

Note 5 Credit Line: The Credit Union offers lines-of-credit for the benefit of its members. Currently, 8,517 members have been authorized for a total commitment of \$428,280,607. Loans outstanding are \$152,233,608.

CONTACTS

Main Phone Number:
877-MERIWEST
(877-637-4937)

Customer Contact Center:
408-363-3200 or 800-750-3775
contact_center@meriwest.com

Business Development:
corp_communications@meriwest.com

Meriwest Online:
meriwest.com

VIP 24-hour Audio Response Service:
408-363-3333 or 800-346-5706

LOCATIONS

Chesbro Financial Center
5615 Chesbro Avenue, San Jose

Cottle Financial Center
5683 Cottle Road, San Jose

Hillsdale Financial Center
1795 Hillsdale Avenue, San Jose

Santa Clara Financial Center
2042 El Camino Real, Santa Clara

Milpitas Financial Center
117 N. Milpitas Boulevard, Milpitas

Sunnyvale Financial Center
563 E. El Camino Real, Sunnyvale

Monta Loma Financial Center
580 N. Rengstorff Avenue, Mountain View

Cupertino Financial Center
MAIN St. Cupertino
19459 Stevens Creek Boulevard, Suite 120, Cupertino

Palo Alto VA Hospital
3801 Miranda Avenue, Building 101, Room C1-210, Palo Alto

IBM Almaden Research Center
650 Harry Road (IBM and Hitachi employees only)

IBM Silicon Valley Lab
555 Bailey Avenue (IBM and Hitachi employees only)

For directions to locations, go to:
meriwest.com/locations.



MERIWESTSM

CREDIT UNION

SAN FRANCISCO BUSINESS TIMES

SILICON VALLEY BUSINESS JOURNAL

**BEST PLACES
TO WORK 2020**