





Message from the Chairman, Board of Directors

After the struggles faced in 2009, I think that we can look back at 2010 with tempered satisfaction.

The Bay Area began to show signs of recovery, with a rebound in many parts of the technology industry. Technology Credit Union was able to weather the economic storm due to the soundness of our loan portfolio underwriting and the skills and expertise of the Tech CU management team. From what I see in our current performance numbers, I believe we are poised to move forward into the future and tackle our next 50 years with the same success we had in our first half-century.

The challenges of the past few years have taught us that the “game has changed” in the financial services industry. New technological advances, particularly in mobile communications and the internet, as well as the growth of a highly mobile workforce with non-linear career trajectories, dictate that we cannot simply continue with “business as usual” in providing valued financial services to our members.

The increased level of financial regulation represents a challenge to us, both in terms of the impact on our revenue and the manner in which we market and sell our products and services. With a regulatory landscape that is constantly shifting and changing, we need to be clear and vocal in our advocacy positions, and smart and nimble in navigating and planning for the future.

Competition is fierce in financial services. The growth of online and mobile banking, and the increased use of debit/check cards have changed the rationale for expanding a brick-and-mortar branch network. We need to carefully evaluate our physical footprint, while we continue to invest in new technology in a manner that is intelligent, safe and secure.

Further, our members have become much more mobile in their employment—working from home, consulting, or starting their own businesses—instead of remaining with a single company for many years. We need to identify ways to retain our members’ loyalty throughout this non-linear career path, supporting their financial needs as they transition to different stages of their lives and careers. The companies that employ our members have also vastly changed their business models and spheres of influence over the years. “Technology” is no longer simply about “chips and hardware.” Many of the newest technological innovations are in the green, biotech and entertainment services arenas. At Tech CU, we have expanded the definition of our technology marketplace to match these industry changes.

The development this past year of a new long-term strategic plan by CEO Barbara Kamm and her leadership team means that we will be better prepared to address these challenges, and adapt and grow in a marketplace that continues to expand and change rapidly. This plan is just one of the key initiatives that Barbara successfully executed in her “rookie” year with Tech CU—and we on the Board couldn’t be more pleased. Barbara’s sound knowledge of, and experience in, business services and lending, the strength and firmness of her direction and vision, and the caliber of the employees that she has brought in to the organization over the past year, are all having a positive impact on Tech CU. The Board applauds the new, revitalized spirit we sense at Tech CU.

In addition to working internally with great enthusiasm, Barbara and her team have made significant strides in expanding Tech CU’s presence in the Silicon Valley/Bay Area business and general community. Membership in the Silicon Valley Leadership Group, support of STEM Educational Programs, a greater focus on member company partnerships, and the growth of our business banking services, have all helped increase our recognition and influence in the technology community.

As we look ahead to 2011, I am excited by the passion and enthusiasm that have been rekindled at Tech CU. With talented new leadership, a solid strategic plan, and a targeted focus on the technology industry and its ecosystem, I am confident that Tech CU will grow and prosper in the years to come.

Mical Atz Brenzel

Chairman, Board of Directors



Message from the President/CEO

2010 was an exciting year for Technology Credit Union, one full of growth and change. This is one of the many reasons our theme of Tech CU 2.0 seemed so timely. Much the same way a software application evolves to include better features, we too, as an organization, worked each and every day to ensure that we were moving with the times to meet the needs of our members.

As in previous years, the management team did an excellent job of maintaining a strong ratio of capital to assets, coming in at 10.2%, and returning to profitability of \$2.5 million. Due to our competitive mortgage rates, we experienced strong growth in mortgage originations, and our overall deposits increased to \$1.3 billion. Deposit growth primarily reflected that our rates have held up in this low-rate environment, and our members continue to seek the safety and stability in Tech CU that is missing in the stock and real estate markets.

The economic environment we are all experiencing continues to give off mixed signals. Jobs, while improving, have still not returned to where they were before the recent downturn, and housing prices continue to show weakness. We are fortunate here in the Bay Area that both employment and housing seem to be doing better than in other parts of the state or the country, however both Sacramento and Washington are currently wrestling with issues that could impact our members and our organization. As we monitor the economic situation closely and look for signs of improvement, we continue to serve our members to the best of our ability.

Just a few of our accomplishments during 2010 include combining our Private Banking, Personal Banking and Investment groups into one division called Wealth Management. This consolidation has given us the opportunity to provide a broader range of services, including

managed funds and estate tax insurance, to complement our current offerings. We have also worked hard to expand our Business Banking capabilities by adding skilled and experienced staff, offering SBA and commercial real estate loans, building our suite of cash management services, and extending our professional network within the technology ecosystem. Business Banking continued to make strides in establishing strong relationships with small business owners—opening several hundred new accounts in 2010. And, we introduced **Plug In**, a new line of services geared to helping the younger generation (age 16-21) begin to establish credit and learn how to manage their finances. Including a debit card, line of credit, student loan, and auto loan, Plug In is focused on helping this age group begin the process of becoming more independent. We have been active on Facebook and Twitter, as well as on local college campuses with booths and marketing collateral to get the word out.

Another critical area in which the team excelled was in the management of our loan delinquency. While our loan portfolio was impacted by the decline in home values and high unemployment, we ended the year with a delinquency ratio below most of our peer group of credit unions—one more indication of our financial safety and soundness. And, our allowance to cover potential losses remains at 189% of problem loans.

Numbers, though, don't tell the whole story of our accomplishments in 2010. We installed the first new image-enabled/envelope-free ATMs at our San Jose branch. These ATMs allow us to provide check images on receipts instantaneously and have automated our backroom processing. All of our branches will have these new machines by the end of 2011, and we will begin upgrading the equipment at our member companies in 2012. Another key

advance was the launching of our new online account opening application. New and existing members are now able to complete the full account opening process online, including funding the account. Both of these improvements have been enthusiastically received by members and employees alike.

This year, we have included a special section in the Annual Report, which highlights our renewed commitment to the community. We have made vast inroads to ensure that we are all working to support our local organizations in our focus on STEM educational programs and affordable housing. I am proud to say that Tech CU employees have volunteered countless hours to a variety of worthy causes. This section provides more details on our giving and participation during 2010.

2010 was my rookie year at Tech CU, and one of the many things I confirmed over the last 12 months is how strong and financially healthy an organization we are. We are committed to maintaining that strength and continuing to operate on sound financial principals. I also witnessed how greatly Tech CU has benefited from being run and staffed by highly dedicated people, and I would like to thank our staff for their service to Tech CU and our members. My thanks extend to our Board and Supervisory Committee, who serve this organization selflessly on a volunteer basis, and who have helped me immensely with their wisdom and counsel this past year.

I have also been amazed at the loyalty and positive comments from so many of our members. We do this for you, and we look forward to serving you in the years ahead.

Barbara B. Kamm
President/CEO



Message from the Chief Financial/Administrative Officer

The economic challenges of the past two years remained present in 2010; high unemployment persisted, asset values remained at multi-year lows and economic growth in real terms was weak. These

elements combined for a difficult economic environment for a financial institution to operate in. Despite these challenges, I am pleased to share that Tech CU was profitable, grew assets, effectively managed credit risk, and maintained some of the highest capital levels in the credit union system.

Tech CU returned to profitability in 2010 generating \$2.5 million in net income. While this is a modest result compared to pre-2008 results, it nonetheless represents a key achievement for our organization within such a difficult business environment. The credit union system in general continues to suffer losses and, as a result, we incurred a \$3.1 million charge related to the NCUA's share insurance funds. In addition, Tech CU incurred \$10 million dollars in expenses related to credit losses. Combined, these two categories total over \$13 million and are about \$11 million more than these categories experienced prior to 2008.

During 2010, our members recognized the safety and soundness of Tech CU and deposited an additional \$136 million with us. This, in turn, resulted in a 10% increase in the credit union's total assets year over year. In addition, a record low interest environment provided our members the opportunity to refinance their existing debt. Our membership took full advantage and refinanced a total of \$326 million of loans into lower cost first mortgages and home equity lines of credit, thus saving a substantial amount in interest payments. Overall, 2010 loan demand was weak, and many members opted to simply pay off loans instead of refinancing. As a result, and despite the large amount of refinancing, the total loan portfolio decreased \$64 million year over year.

An area of emerging improvement is the Credit Union's credit quality—our loss experience trended down during the course of 2010, requiring less provision expense. In addition, the latter half of 2010 showed fewer loan delinquencies (also a crucial area of improvement as delinquencies can turn into future losses). The benefits of these trends are twofold. First, with less expense diverted to credit related cost, more value can be returned to members in the form of more favorable fees and rates for products and services; and second, it allows the credit union to grow capital in order to support growth and provide additional member services.

Because of our efforts and success in 2010, Tech CU was able to maintain one of the best capital ratios in the credit union system. Our net worth ratio ended the year at 10.2%, more than three percentage points above the NCUA's benchmark of 7.0% used to identify a credit union as well capitalized (the top rating granted). Another ratio used to measure the safety and soundness of a financial institution is the Capital & Allowance for Loan Loss to Assets ratio. In 2009, this ratio was 12.8%. Since then, total assets have grown \$133 million, and Capital and Allowance have grown \$2.1 million. As a result of the aforementioned growth pattern, this measure is now 11.8%. However, this decrease is solely driven by a growth in assets (due to our attractiveness as a safe and sound institution). Had this asset growth not occurred, the ratio for this measure would have been 13.0%, compared to last year's 12.8%.

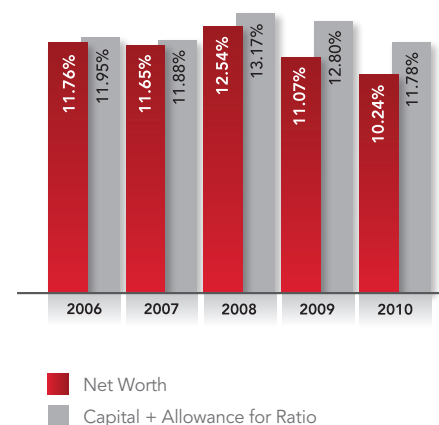
While we expect 2011 to be every bit as challenging as 2010, we have demonstrated, and maintain confidence in, our ability to manage the Credit Union through this challenging environment. In addition, Tech CU has generated enough capital and reserves to absorb future uncertainty and still remain well capitalized.

As a result of our strategic goals, risk management activities, and our strong capital levels, we can invest further into the business in order to provide more services to the Tech CU member. Such improvements include mobile banking, more robust online banking, and the facilitation of person-to-person payments. These new services and improvements will increase our operating expense relative to 2010. However, we feel these services are not only core to the value proposition we offer to our membership, but also provide the foundation for future growth and enhanced member experience for 2011 and years to come.

Todd Harris

Chief Financial/Administrative Officer

Our Capital Provides Strength



Message from the Supervisory Committee

Technology Credit Union's Supervisory Committee, made up of volunteer members, independently evaluates the strength and soundness of the credit union's operations and activities.

In 2010, we delegated to the Vice President of Internal Audit the responsibility of working with the Supervisory Committee, the President & CEO, and employees to ensure that the assets are safeguarded by upholding procedures that comply with Generally Accepted Accounting Principles. The Committee also oversees the audit of the financial statements to confirm that they represent a fair and accurate picture of the financial condition of Tech CU.

In order to ensure sound corporate governance, we initiated an RFP process in 2010 with the goal of hiring a new accounting firm. After much consideration, the firm of Crowe Horwath LLP was determined to be the best fit. Based on the independent financial audit of the credit union's books and records conducted by Crowe Horwath, the Supervisory Committee affirms that Tech CU is in excellent financial condition. The Department of Financial Institutions and NCUA completed their own supervisory examinations for 2010 and also confirmed that we continue to be financially sound.

Besides ensuring that a financial audit is

performed once a year, a key responsibility of the Supervisory Committee is to review the credit union's policies and control procedures to affirm that the credit union is being managed soundly and that members' assets are being adequately safeguarded. In addition to the annual financial audit, various operational audits are performed throughout the year, resulting in detailed reports to the Supervisory Committee for review and approval.

The Supervisory Committee of Tech CU found that the credit union remains a financially healthy and thriving financial institution with solid internal controls. We look forward to another strong year, while keeping a careful eye on the economic environment. Whatever the future holds, Tech CU's first priority will continue to be maintaining the financial health of the credit union and providing service and support to its members.

Tom L. Hall

Chairman, Supervisory Committee



Tom L. Hall (Chairman)



James Kohnen



Bob Luong

Community Relations

This past year was one spent developing and renewing our Community Relations program—part of which entailed creating a division solely focused on our community impact. We also determined the six key areas where we wanted our voice to be heard: Education, Youth Wraparound Services, Advocacy, Environmental Sustainability, Philanthropy, and Volunteerism.

Education

Our primary focus is to support K-12 STEM (science, technology, engineering, and math) education. These subjects are critical to the youth in Silicon Valley—ensuring a future workforce prepared for the technological advances ahead.

Youth Wraparound Services

We support organizations that cover such basic needs as food, clothing, shelter as well as healthcare, counseling, and leadership development. We worked very closely with the Silicon Valley Education Foundation, whose goal is to ensure that our children are successful in school and have the chance to strive for higher education.

Environmental Sustainability

Part of being a responsible member of the community means working to ensure that our business practices align with good stewardship of the environment. Our activities for 2010 include supporting the Bay Area Climate Collaborative Sustainable Cities conference, hosting two e-waste days to encourage the Tech CU community to dispose of e-waste properly, and partnering with HOPE Services, a nonprofit that helps individuals with developmental disabilities to live and participate in their communities.

Advocacy

Our goal in 2010 was to support policies impacting Silicon Valley—working to ensure affordable housing, quality schools, employment, and available healthcare. In this vein, we encouraged action be taken on critical bills affecting both credit unions and the local community. We also became members in the Silicon Valley Leadership Group, an organization that addresses major public policy issues affecting the economic health and quality of life in Silicon Valley.

Volunteerism

Volunteerism is a key component of life at Tech CU. We stand apart from other organizations—not only do we welcome our employees to invite their friends and families to participate, but we also open all volunteer opportunities to our 74,000 members and their families. Employees volunteered with several organizations in 2010 including: Sacred Heart Community Service, Full Circle Farm, San Jose Family Shelter, Second Harvest Food Bank, Silicon Valley Turkey Trot, and the Family Giving Tree.

Philanthropy

Tech CU employees continued their generosity in 2010—demonstrating another kind of commitment to the community. Contributions included cash donations as well as new or gently used items. Donations were made to the following organizations: Silicon Valley Education Foundation, Bill Wilson Center, San Jose Family Shelter, Family Giving Tree, African Library Project, Trace Elementary School, Operation Care & Comfort, and more.

We are very proud of all we have achieved in such a short amount of time—there has been great excitement and enthusiasm from both Tech CU employees and the local community. We intend to maintain and grow our level of involvement through 2011 and look forward to exploring the many ways we can continue to make an impact.

Board of Directors



(Front Row) L to R: Joe Shepela, Barbara Kamm, Mical Atz Brenzel (Chairman), John Paul Bruno (Back Row) L to R: Lloyd Kohn, Peter Donahower (Secretary/Treasurer), Robert E. Bylin, (Vice Chairman), John W. "Jack" Wedgwood Not pictured: Cynthia Erickson and Bob Howard-Anderson

Managing Committee



(Front Row) L to R : Angie Hernandez, SVP, Loan Administration; Jeannie Sugaoka, SVP, Support Services; Leslie Jeffries, Chief Information Officer (Back Row) L to R: Brandon J. Thompson, SVP and Managing Director, Wealth Management; Jeannine M. Jacobsen, SVP, Human Resources; Harold Roundtree, SVP, Retail Banking; Barbara Kamm, President/CEO; Todd Harris, Chief Financial/Administrative Officer; Herman A. White, Jr., SVP, Business Banking

Statement of Operations

(unaudited)

(IN THOUSANDS)	YEAR ENDED				
	2006	2007	2008	2009	2010
Statement of Operations					
Interest on Loans	\$53,664	\$60,442	\$60,472	\$53,442	\$48,055
Interest on Investments	\$8,105	\$9,898	\$3,478	\$1,017	\$3,205
Total Interest Income	\$61,769	\$70,340	\$63,950	\$54,459	\$51,260
Dividends and Interest Paid	\$23,413	\$30,350	\$19,826	\$11,724	\$7,696
Net Interest Income	\$38,356	\$39,990	\$44,124	\$42,735	\$43,564
Provision for Loan Losses	\$419	\$2,084	\$9,815	\$24,917	\$10,003
Net Interest Income After Provision For Loan Losses	\$37,937	\$37,906	\$34,309	\$17,818	\$33,561
Non-interest Income	\$8,086	\$8,592	\$9,236	\$10,618	\$10,291
Operating Expenses and Non-Operating Expenses	\$35,334	\$38,476	\$46,731	\$37,446	\$41,342
Net Earnings	\$10,689	\$8,022	(\$3,186)	(\$9,010)	\$2,510

Statement of Financial Condition

(unaudited)

(IN THOUSANDS)	YEAR ENDED				
	2006	2007	2008	2009	2010
Statement of Financial Condition					
ASSETS:					
Cash	\$18,603	\$16,595	\$15,464	\$12,462	\$12,321
Investments	\$234,880	\$235,227	\$114,692	\$290,946	\$482,525
Loans to Members, Net	\$1,001,599	\$1,081,877	\$1,080,060	\$989,619	\$925,826
Premises and Equipment	\$20,443	\$21,005	\$23,664	\$21,590	\$22,006
Other Assets	\$17,619	\$18,668	\$16,918	\$20,758	\$26,084
Total Assets	\$1,293,144	\$1,373,372	\$1,250,798	\$1,335,375	\$1,468,762
LIABILITIES, MEMBER DEPOSITS, AND RESERVES:					
Dividends Payable	\$3,523	\$6,653	\$2,581	356	208
Accounts Payable	\$9,018	\$8,433	\$8,240	\$8,201	\$7,744
Notes Payable	0	0	0	0	0
Member Deposits	\$1,128,531	\$1,198,193	\$1,083,070	\$1,178,921	\$1,314,444
Total Equity	\$152,071	\$160,093	\$156,907	\$147,897	\$146,366
Total Liabilities, Member Deposits, and Reserves	\$1,293,144	\$1,373,372	\$1,250,798	\$1,335,375	\$1,468,762



Share accounts are federally insured up to \$250,000 by the National Credit Union Administration, a U.S. Government agency. Retirement accounts are federally insured up to \$250,000 by the National Credit Union Administration, a U.S. Government agency.



We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.