



2011 Annual Report



Federally insured by NCUA.



Times Change, Integrity Doesn't

Over a half-century ago, a few astute people at Hewlett-Packard and Tektronix had a vision to strengthen their employees' financial futures. They saw the potential of uniting human dedication and technological innovation for a greater good. That's the heart of First Tech Federal Credit Union.

What our founders recognized many years ago still holds true today. People within technology-driven, forward-thinking companies are wired differently. Their passion for innovation has revolutionized the world, and they're making tomorrow's dreams a reality today. They also have unique financial needs that traditional banks simply can't address.

We've specialized in serving those needs for over a half-century and in all that time, here's what we've learned. There's no gizmo that replaces truly listening to someone. There isn't a gadget that substitutes for personal attention. Our values aren't password protected and there are no shortcuts to developing great relationships. Times change and technology may transform the way we operate, but it'll never change who we are or our commitment to you.

As your financial partner, we exist to simplify and strengthen your financial life. Quite simply, we think life is complicated enough, and we're here to make at least one part of it easier. So while you're out revolutionizing the world, we intend to revolutionize your banking. We'll keep an eye out for you and your money, and we'll deliver the services and insights you need to manage your financial life . . . effortlessly.





New Beginnings



There's no doubt that 2011 marked a year of great change for our credit union. It also marked an incredible new beginning as our first year as the combined First Tech Federal Credit Union.

Change is rarely easy, usually involves some growing pains and almost always offers exciting, new challenges. Change also moves us forward and that's exactly what we did in 2011. From the combination of our systems to the launch of new digital services to the opening of two new branches, we took the steps to engineer a credit union well-positioned to add even more value to your membership.

While many financial institutions continued to struggle under the weight of our slowly recovering economy, your credit union grew stronger. We experienced rock solid financial performance, began leveraging the intended merger operating efficiencies and welcomed the largest number of new members ever in our history.

Along the way, we listened to you and heard what you love about your credit union and what we could improve upon. On behalf of the Board, I want to assure you that your voice was heard. As we look to 2012, we'll continue to invest in the systems, solutions and infrastructure to simplify and strengthen your financial lives.

I simply cannot discuss 2011, without expressing my sincere appreciation to our employees. The success of any merger relies greatly on the cultural integration of the companies involved. Very early on, the Board recognized those cultural similarities, but it was our employees who embraced those similarities, recognized the differences and transformed themselves into one, highly performing team. Rarely have I seen a team so driven, committed and passionate about moving forward together.

On behalf of the Board of Directors, I would also like to thank you, our members. In a year of new beginnings, we are grateful for the thousands of you who answered surveys and offered feedback about your experiences with us. It's only through that ongoing feedback that we understand how to better serve your needs. Most of all, we thank you for continuing to trust First Tech to be your partner in building a stronger financial future.

A handwritten signature in black ink that reads "John Weidert".

John Weidert
Chairman
Board of Directors

Community

The word “community” means different things to different people. For some it’s about locality, being part of a neighborhood. For others, it’s about being part of a group that shares common beliefs, common characteristics.

By definition, a credit union is a community of people helping each other advance financially. Community credit unions focus on serving people within particular geographic communities. Select employer group credit unions serve individuals from select companies and associations.

First Tech is a select employer group credit union, and our community is comprised of individuals from the world’s most innovative, forward-thinking companies. We’re now the 15th largest credit union in the country and our community is nearly 350,000 members strong. We come from all 50 states and over 20 different countries.

Regardless of our size and geographic distribution, one thing remains true. First Tech exists to serve the needs of its community by investing in services and solutions that move the community forward.

Here are some of the 2011 highlights:

- **Membership**

We welcomed the largest number of new members ever in our history with 25,700 individuals joining our credit union. The more members we have, the more resources we have to serve our community.

- **Branch Network**

Our branch network expanded to 39 with new branches in Palo Alto, California, and our long-awaited branch in Wilsonville, Oregon.

- **Anytime, Anywhere Convenience**

It’s our goal to keep you connected to your money 24/7. In 2011, we took two more steps forward with the addition of Mobile BillPay and e-Alerts

- **Giving Back**

We believe a key part of serving our community is helping those in need. In 2011, First Tech donated over \$500,000 and our employees completed nearly 2,000 hours of volunteer activities to help make the neighborhoods we live and work in stronger.

Safe, Sound, Secure

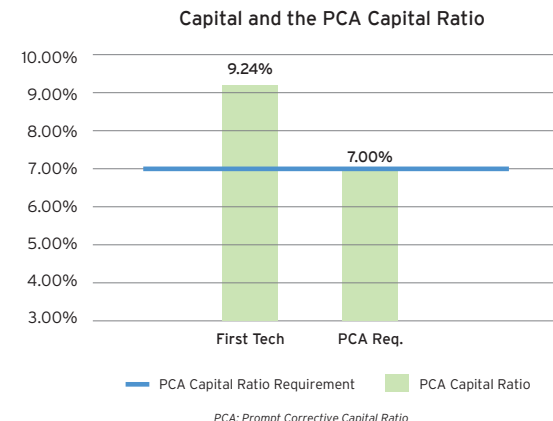
Delivering value to your membership is the cornerstone of what we do every day. To do that, we know First Tech must remain financially safe, sound and secure. The great news is that 2011 was a very strong year for us.

Through earnings, we generated over \$41.5 million in capital and ended the year with over \$5.1 billion in assets and capital in excess of \$538 million. Our regulator, the National Credit Union Administration (NCUA), considers a credit union to be well-capitalized if its prompt corrective capital (PCA) ratio exceeds 7%. We closed the year with a PCA capital ratio of over 9.2%.

From a lending perspective, at a time when some financial institutions were hesitant to lend, First Tech loaned in excess of \$1.4 billion to our members and ended the year with total outstanding loans exceeding

\$2.9 billion. From a credit quality standpoint, our loan portfolio remained strong with total delinquencies of only 1.11% at year end. Plus, First Tech continues to be a safe harbor for our members’ savings as evidenced by deposit growth of over \$200 million.

As you can see, your credit union remains safe and sound and is poised to continue to deliver value to you.





Board of Directors

John Weidert, Board Chairman
(Chair, Nominating & Governance
and Executive Committees)

Tony Backes, Vice Chair

Dotty Hayes, Treasurer
(Chair, Finance Committee)

Carolyn Strong, Secretary
(Chair, Compensation & Benefits Committee)

Jeff Hank, Assistant Secretary

Shola Aluko, Director

Kathy Farmer, Director

Tom Gifford, Director
(Chair, Supervisory Committee)

Greg Gillas, Director

Peter Horadan, Director

Craig Nordlund, Director

Tom Sargent, Director

Mark Plastino, 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.

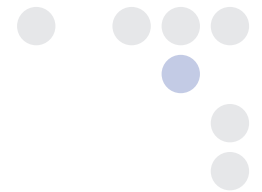
In fulfilling statutory duties and obligations to safeguard member assets, the Supervisory Committee’s primary responsibilities includes completing independent external financial audits of the financial statements and records, as well as the control structures of the Credit Union; conducting verification 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 Orth, Chakler, Murnane & Company, CPAs, to conduct the independent financial opinion audit as of December 31, 2011; and the services of the Credit Union’s Internal Audit department and the firms of RSM McGladrey, Inc. to provide internal audit services.

In addition, the Credit Union was examined by its government regulator in 2011, the National Credit Union Administration (NCUA). 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,
Chairman
First Tech
Supervisory Committee



Statement of Financial Condition

as of December 31, 2011

First Tech Federal Credit Union	
Assets	<i>(Dollars in thousands)</i>
Cash	\$ 71,511
Investments:	
Available-for-sale	\$ 1,823,610
Other	\$ 48,116
Loans to members, net of allowance for loan losses	\$ 2,973,251
Accrued interest receivable:	
Loans	\$ 8,536
Investments	6,088
Prepaid and other assets	75,437
Property and equipment, net	14,310
NCUSIF deposit	39,812
Intangible assets	74,237
Total assets	\$ 5,134,908
Liabilities and Members' Equity	
Liabilities	
Members' share and savings accounts	\$ 4,275,634
Borrowed funds	264,596
Accounts payable and accrued liabilities	55,716
Total liabilities	\$ 4,595,946
Commitments and contingent liabilities	---
Members' Equity	
Regular reserve	\$ 76,883
Undivided earnings	159,327
Equity acquired through merger	300,000
Accumulated other comprehensive income	2,752
Total members' equity	\$ 538,962
Total liabilities and members' equity	\$ 5,134,908

Statement of Income

for the year ending December 31, 2011

First Tech Federal Credit Union	
Interest Income	<i>(Dollars in thousands)</i>
Loans to members	\$ 141,045
Investments	31,964
Total Interest Income	\$ 173,009
Interest Expense	
Members' share and savings accounts	\$ 30,164
Borrowed funds	7,790
Total interest expense	37,954
Net interest income	\$ 135,055
Provision for Loan Losses	\$ 10,910
Net interest income after provision for loan losses	\$ 124,145
Non-Interest Income	
Sales of insurance and investment products	\$ 41,094
Interchange income	23,479
Fees and service charges	17,686
Gain on sale of mortgage loans, net	7,809
Gain on sale of investments	1,693
Total non-interest income	\$ 91,761
Income before non-interest expenses	\$ 215,906
Net Interest Expense	
Compensation and employee benefits	\$ 59,366
Insurance products	36,057
Loan servicing	18,027
Professional and outside	15,880
Office operating	11,912
Office occupancy	10,424
NCUA insurance premium assessments	9,953
Merger expense	7,654
Other	5,126
Total non-interest expense	\$ 174,399
Net income	\$ 41,507