



2010 Annual Report

First  **Tech**
federal credit union





ADDISON AVENUE
FEDERAL CREDIT UNION



In some organizations, a Board of Directors may do little more than make the occasional decision about how to keep stockholders happy. That has never been the case at Addison Avenue.

Our responsibility is not to stockholders or to any outside entities. Your volunteer Board is charged with executing fiduciary duties that need to be handled wisely, properly and ethically. We also have the responsibility to govern your credit union according to a myriad of laws, regulations, requirements and—above all—according to what will most benefit you, our members.

The idea of merging with First Tech was one of the most important considerations we've ever faced. During our discussions, it became readily apparent that we were two firms of almost identical size, culture, and membership that could, together, offer levels of service and strength that would take years to accomplish individually. Our decision was not made lightly nor was it made with any reservations.

Now we are twice as big. Twice as strong. Twice the number of members. That will keep your Board of Directors busy. As will our commitment to delivering twice the value to you and your family.

John Weidert
2010 Chairman/Board of Directors
Addison Avenue Federal Credit Union



It's been said that every person has a twin somewhere. While I can't confirm nor deny this, there have indeed been two credit unions growing side by side for over 55 years that could be twins: Addison Avenue and First Tech.

Each of us was founded by companies whose visionary leaders strived to do things differently for their employees and the world around them. While we each grew independently, we've always seemed to be on the same trajectory with similar memberships, employees, cultures and values.

Addison Avenue and First Tech also shared similar philosophies—intelligent business practices, responsible fiscal management strategies, and an unwavering dedication to their respective memberships. One really could say that our partnership was almost pre-destined.

The Boards of each credit union spent months evaluating our proposed partnership. When all was said and done, we unanimously agreed that this kind of opportunity comes along perhaps once in a lifetime. And we're proud that you'll be a part of it.

Carolyn Strong
2010 Chairman/Board of Directors
First Tech Credit Union



The year 2010 marked the beginning of a big opportunity – the combination of Addison Avenue and First Tech Credit Unions. Together we'll be even stronger and better positioned to deliver increased value for you. It's possible that never have two independently strong financial institutions been more perfectly matched.

Mergers inevitably bring change, but many things will stay the same. We'll still have an unshakeable commitment to being your partner in achieving your financial goals. We'll remain focused on investing in the people, technology and infrastructure to make your banking as easy as possible. And most importantly, we'll still have an unwavering dedication to listening to your feedback and delivering outstanding service.

On behalf of myself and our entire team of talented, dedicated employees, thank you for your continued membership and for allowing us to be a partner in your financial future.

A handwritten signature in black ink that reads "Benson Porter".

Benson Porter
President/CEO
First Tech Federal Credit Union



Wired Different

In 1952, seven Tektronix employees saw an opportunity to serve their employees better than traditional banks could and what would become First Tech Credit Union was born. Four years later, a handful of visionary individuals at Hewlett-Packard recognized a similar opportunity and formed what would later become Addison Avenue Federal Credit Union.

While the term “high-tech” wouldn’t become part of our daily language for many years, Addison Avenue and First Tech’s founders recognized that people within forward thinking companies were wired differently. They had needs traditional banks simply couldn’t address.

Firms like Agilent Technologies, Microsoft, Cisco, Intel, CH2M HILL, Nike, Hitachi, Amazon, and Philips agreed and these world leading companies became part of the Addison Avenue and First Tech families. Over the years, both credit unions became recognized industry leaders for innovative financial services delivery. By 2010, Addison Avenue had grown to a \$2.4 billion institution serving 158,000 members around the globe, and First Tech was a \$2.3 billion institution serving 171,000 members.

Together, First Tech Federal Credit Union will serve over 329,000 members located in every state in the Union and nearly 20 countries. Over a half century ago, a few astute people had a vision to better serve their employees. They saw the potential of uniting technological innovation and human dedication for a greater good. They would no doubt be pleased by how far their vision has come.

Forward

In 2010, both Addison and First Tech continued to advance our commitments to delivering anytime, anywhere banking.

At Addison Avenue, we launched our iPhone app, which is as close as we’ve come yet to putting an entire credit union in your pocket. We haven’t forgotten the importance of real, live branch locations either. We relocated our Cupertino facility to a larger location with private offices where you can chat with us in confidence. Plus, our new Palo Alto location will open in 2011.

First Tech also took another step forward and opened its first branch in the downtown Seattle metro area. The Terry Avenue branch is conveniently located just off the South Lake Union Transit line and is close to the heart of the city. We also signed a lease for a new branch in Wilsonville located just off I-5 and Boones Ferry Road. It’s scheduled to open in Fall 2011.





Community

Collectively, Addison Avenue and First Tech's community commitment was as strong as ever in 2010. Whether it was helping our member community or the communities that we live and work in, both Addison Avenue and First Tech were committed to developing stronger financial futures.

Stronger Members

The need was great in 2010 especially as it related to home ownership. Many of our members are homeowners, and like many families across the country, financial setbacks made it difficult to keep up with home loan payments. Seeing a family lose their home is the last thing we want. That's why both Addison Avenue and First Tech developed home loan payment workout programs.

Every situation is different and through the programs, we worked one-on-one with many members to find payment options that kept them in their home, preserved their credit and allowed them to meet other obligations all at the same time.

As First Tech Federal, we'll continue this type of program. It's not something many banks would do, but we're not a bank. We're your credit union.

Stronger Communities

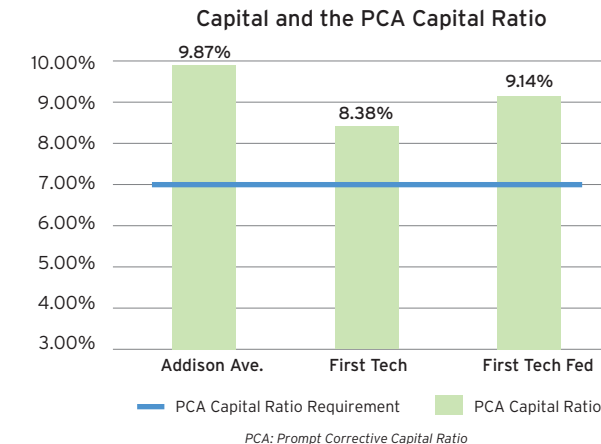
In 2010, both Addison Avenue and First Tech helped build stronger communities through corporate sponsorships and donations.

- The Portland Waterfront Blues Festival presented by First Tech raised a record \$650,000 and over 100,000 pounds of food for the Oregon Food Bank.
- Addison Avenue employees collectively raised over \$7,000 for the Muscular Dystrophy Association.
- Proceeds from the Great Rotary Duck Race presented by First Tech in Lane County, Oregon, funded the annual operating budgets for five non-profit agencies fighting child abuse.
- Both credit unions sponsored events throughout the year that raised nearly \$40,000 for Credit Union for Kids benefitting Children's Miracle Network hospitals.

Strength and Stability

The last few years demonstrated just how financially vulnerable some institutions were. Both Addison Avenue and First Tech have been extremely well positioned and remained financially strong despite the economic turmoil. This is no accident. For many years, our prudent financial management strategies have delivered some of the strongest capital ratios and lowest delinquency rates in the country.

Together, we are bigger, stronger and better adapted to meet future challenges. We're confident in our ability to deliver the most competitive services, the highest value and the greatest security to you and your family for generations to come. See the chart below for a summary of our capital position.





Combined 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

Steve Bang, Director

Kathy Farmer, Director

Tom Gifford, Director
(Chair, Supervisory Committee)

Greg Gillas, Director

Rob Gloeckner, Director

Peter Horadan, Director

Craig Nordlund, Director

Mark Plastino, Director

Tom Sargent, Director*

Brian Shelton, Advisory

*Eric Hill and Bill Peters served on the former Addison Avenue and First Tech Boards respectively.
Tom Sargent retired as First Tech's President/CEO in March 2010.

Supervisory Committee Statement

The Supervisory Committees of Addison Avenue Federal Credit Union and First Tech Credit Union operated independently in 2010 prior to the official Jan. 1, 2011 legal merger date. The Committees provide independent monitoring and review of the Credit Unions' operations, procedures, internal controls and management on behalf of the memberships.

In fulfilling statutory duties and obligations to safeguard member assets, both Credit Union Supervisory Committee's primary responsibilities included completing independent external financial audits of the financial statements and records, as well as the control structures of each 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, Addison Avenue Federal Credit Union's Committee relied on the services of certified public accounting firm McGladrey & Pullen, LLP, to conduct the independent financial opinion audit as of Dec. 31, 2009; and the services of Price Waterhouse Coopers, LLP to provide Internal Audit services.

First Tech Credit Union's Committee relied on the services of Orth, Chakler, Murnane & Company, CPAs, to conduct the independent financial opinion audit as of June 30,2010; and the services of the

Credit Union's Internal Audit department and the firms of RSM McGladrey, Inc. and Protiviti to provide internal audit services.

In addition, each respective Credit Union was examined by its government regulator in 2010, Addison Avenue by the National Credit Union Administration (NCUA) and First Tech by examiners with the State of Oregon and NCUA. None of the audits or exams raised material issues or contained findings that resulted in management disagreement.

It is the conclusion of both Committees that the respective Credit Unions were operated in a safe and sound financial manner and that the assets of the memberships are being effectively safeguarded. We would like to thank each of our respective Committee Members for their volunteered time and committed efforts during the past year.



Tom Gifford,
Chairman
First Tech
Supervisory Committee



Dirk F. Dykson
Chairman
Addison Avenue
Supervisory Committee

Statement of Financial Condition as of December 31, 2010

Assets	Addison Avenue Federal Credit Union	First Tech Credit Union	First Tech Federal Credit Union
Loans			
Consumer Loans	\$ 404,082,120	\$ 566,398,948	\$ 970,481,068
Real Estate Loans	1,066,737,945	698,704,644	1,765,442,589
Other Loans/Deferrals	31,603,797	2,937,496	34,541,293
Allowance for Loan Loss	(25,529,868)	(11,303,482)	(36,833,350)
Net Loans	\$ 1,476,893,994	\$ 1,256,737,606	\$ 2,733,631,600
Cash & Investments	\$ 883,431,931	\$ 985,946,853	\$ 1,869,378,784
Other Assets	\$ 52,594,424	\$ 81,107,547	\$ 133,701,971
Total Assets	\$ 2,412,920,349	\$ 2,323,792,006	\$ 4,736,712,355
Liabilities & Equity			
Liabilities	\$ 61,647,061	\$ 183,700,409	\$ 245,347,470
Shares			
Checking Accounts	\$ 142,563,208	\$ 137,497,537	\$ 280,060,745
Savings Accounts	566,162,047	492,883,644	1,059,045,691
Money Market Accounts	736,982,252	1,077,038,165	1,814,020,417
Savings Certificates	456,706,836	137,261,216	593,968,052
IRA Accounts	209,032,497	105,147,179	314,179,676
Total Shares	\$ 2,111,446,840	\$ 1,949,827,741	\$ 4,061,274,581
Reserves and Undivided Earnings	\$ 238,184,245	\$ 194,702,421	\$ 432,886,666
Unrealized Gain (Loss)	1,642,203	(4,438,565)	(2,796,362)
Total Equity	\$ 239,826,448	\$ 190,263,856	\$ 430,090,304
Total Liabilities & Equity	\$ 2,412,920,349	\$ 2,323,792,006	\$ 4,736,712,355

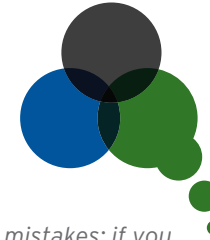
Statement of Income

for the year ending December 31, 2010

	Addison Avenue Federal Credit Union	First Tech Credit Union	First Tech Federal Credit Union
Interest Income			
Interest on Loans	\$ 79,278,668	\$ 60,595,942	\$ 139,874,610
Income from Investments	14,857,345	19,643,540	34,500,885
Total Interest Income	\$ 94,136,013	\$ 80,239,482	\$ 174,375,495
Interest Expense			
Dividends	\$ 23,623,383	\$ 14,578,156	\$ 38,201,539
Other Interest Expense	1,544,800	7,287,104	8,831,904
Total Interest Expense	\$ 25,168,183	\$ 21,865,260	\$ 47,033,443
Provision for Loan & Lease Losses	\$ 16,946,793	\$ 9,465,000	\$ 26,411,793
Net Interest Income after Provision for Loan and Lease Losses	\$ 52,021,037	\$ 48,909,222	\$ 100,930,259
Operating Expenses*			
Compensation & Benefits	\$ 37,955,498	\$ 28,912,949	\$ 66,868,447
Office Operations	36,292,563	5,757,229	42,049,792
Other Operating Expense	15,903,337	28,608,000	44,511,337
Share Insurance Assessment	5,108,662	4,687,723	9,796,385
Total Operating Expenses	\$ 95,260,060	\$ 67,965,901	\$ 163,225,961
Non-Interest Income**			
Fee Income	\$ 6,498,368	\$ 4,536,868	\$ 11,035,236
Other Operating Income** (include unconsolidated CUSO Income)	56,459,142	24,154,368	80,613,510
Gain (Loss) on Investments	139,695	(1,522,720)	(1,383,025)
Gain (Loss) on Disposition of Fixed Assets	(68,555)	(737)	(69,292)
Other Non-operating Income (Expense)	-	(609,680)	(609,680)
Total Non-Interest Income	\$ 63,028,650	\$ 26,558,099	\$ 89,586,749
Net Income	\$ 19,789,627	\$ 7,501,420	\$ 27,291,047

* Operating expense associated with the investment services area are included in the Addison Avenue operating expense results. Excluding the investment services area, operating expense for Addison Avenue for the year ending December 31, 2010 was \$59,072,776.

** Non-interest Income associated with the investment services area are included in the Addison Avenue non-interest income results. Excluding the investment services area, non-interest income for Addison Avenue for the year ending December 31, 2010 was \$23,014,548.



"Take risks. Ask big questions. Don't be afraid to make mistakes; if you don't make mistakes, you're not reaching far enough."

—Dave Packard, HP

"The ability to change is a valuable asset. Our future may indeed depend on our ability to change easily and wisely."

—Howard Vollum, Tektronix