



Our *Success* means
bright futures

TEACHERS
CREDIT UNION™

Banking Excellence.

2010 ANNUAL REPORT

ABOUT
Teachers Credit Union

Teachers Credit Union is a financial organization that serves employees of education, their families and the general communities throughout Ontario, including a client base of successful small to medium sized businesses.

With several branch locations, online and mobile banking, worldwide ATM access and DirecTCU™, Teachers Credit Union is committed to helping our members to achieve and sustain financial well-being.

We're committed to your financial health.

This means providing innovative products and services while coaching members to positively shape their financial health.

We're experienced with educational employees.

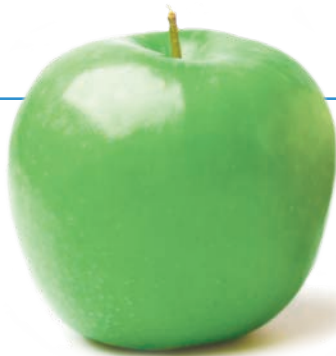
We have served the education community for over 70 years and we take pride in understanding our members' financial needs and customizing our products and services accordingly.

We're strengthening education in our community.

We actively seek to align with education partners to cultivate opportunities that embrace the educational community and support many initiatives that enhance the educational experience.

We're open for business.

We have the business knowledge and experience to provide commercial financing. We provide our highest level of attention and tailored service to help businesses achieve their highest potential.



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Teachers Credit Union is a registered business name of Hamilton Teachers' Credit Union Limited.

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®MEMBER CARD and Design are registered certification marks owned by Credit Union Central of Canada, used under license.

®INTERAC is a Trademark owned by Interac Inc. and is used under license.

Deposits are insured by the Deposit Insurance Corporation of Ontario. Deposits in registered plans are fully insured. Other Canadian dollar deposits insured up to \$100,000. For further information on deposit insurance, please ask for a brochure, call DICO at 1.800.268.6653 or log on to the website at www.dico.com.



Industry research has shown that barriers to banking with a credit union are convenience and awareness that we provide the same services as the major banks. DirectTCUTM was introduced to help Teachers Credit Union overcome these barriers and is exclusively offered to educational employees throughout Ontario. DirectTCU experienced its first full year of operation in 2010.

“Our Credit Union is open to all employees of education in the province but we have been challenged for years on how to service potential members who don't live near a physical branch. It was really a matter of making technology work for us and changing the way we think - that a branch is the preferred delivery channel for members when in fact, virtual banking is so widely accepted.”

Gary Lowes

New members can have an account ready for full banking services within a few days including day to day banking, building savings and applying for credit. This new delivery channel has positioned Teachers Credit Union to expand its geographic reach and grow as an organization, as more educational employees see the value in belonging to a Credit Union that was built to meet their unique needs.

For a glimpse of our virtual branch, visit www.directcu.ca. It's always open!



MEMBERSHIP *Report*

Teachers Credit Union made significant progress in 2010 towards achieving its vision of being the financial services provider of choice to the education community throughout Ontario. The organization was well positioned to benefit from improving economic conditions and initiatives undertaken and decisions made in prior years began to pay off. The year was also marked by a number of significant achievements, milestones and solid financial results.

We entered the year hopeful that the economy would improve and that interest rates would increase from the record low levels. The economic recovery however, driven in large part by the stimulus funding undertaken by the Federal Government, was not as robust as was hoped and unemployment remained a concern. The Bank of Canada raised interest rates three times starting in June, and then announced in October that, due to softening in the economy, further increases were put on hold. The bank was also concerned about the high level of consumer debt.

The Credit Union's financial margin continued to improve during the first half of the year due in part to the lower re-pricing of deposit rates. This combined with a strong performance from Wealth Management, control of operating expenses and improvement in loan losses enabled the Credit Union to achieve earnings before income tax and distributions of \$1.3 million, the highest since 2003.

In December, assets under administration broke the one half billion dollar mark for the first time, ending the year at \$506 million. Loans to members exceeded \$231 million and commercial loans reached \$69 million. Our balance sheet at the end of the year was in a healthy financial position. Our regulatory capital and liquidity ratios were above regulatory and Board policy requirements at 6.0% and 11.8% respectively.

In October, a new branch was opened in Burlington. Centrally located at 3455 Fairview Street, it will serve existing and new members in the growing Halton region. The decision to locate a branch in Burlington followed several years of extensive analysis and review by Management and the Board of Directors. In order to further our vision as the financial services provider of choice to the educational community in Ontario, it was necessary to expand our physical presence. The Burlington location was chosen based on a number of criteria including market potential and a suitable location. It is our first cashless branch equipped with a full featured ATM and staffed with knowledgeable and professional Member Solution Advisors. We are excited about the opportunity that exists in Burlington and the rest of the Halton Region. This is not the end of

expansion plans and we are currently assessing several promising new locations in the Halton and Hamilton areas.

Our virtual branch, DirecTCU™, experienced slow but steady growth during its first full year of operation in 2010 and as a result has attracted new members from across the province. It was anticipated when this delivery channel was launched in the fall of 2009 that it would take time to develop awareness. In 2011, a number of initiatives will be undertaken to increase awareness and improve ease of use. We are confident that DirecTCU will continue to grow and attract new members throughout the province who

want the ability to conduct their banking activities without ever entering a branch.

In April at the Central 1 Annual General Meeting, we were pleased to receive the Outstanding Corporate Achievement Award from the Ontario Credit Union Charitable Foundation. This prestigious award is given annually to a credit union or company within the co-operative system. Teachers Credit Union was recognized for a record of continuous community investment over an extended period of time.

Teachers Credit Union again received awards from the national Marketing Association of Credit Unions. We received two top awards for the Green Apple Chequing Plan and for DirecTCU. The organization also won a print media award for 'The Way We Spend', a financial literacy series that ran in The Hamilton Spectator.

Teachers Credit Union also received an Innovation Award for DirecTCU from Central 1 at its fall conference. We were one of three credit unions in Ontario and British Columbia to be recognized.

In 2010, the Credit Union continued its commitment to support education initiatives through partnerships and programs with various school boards and other education institutions. Our continued sponsorship of Roots of Empathy is an example of our commitment to schools throughout Ontario. Sponsorship of the Hamilton Spectator's annual Stock Market Challenge, as well as the weekly 'Our Pulse' full page feature on local schools, enabled students to learn more about financial matters and helped highlight student achievements. Also, through the Adopt-a-School program which is a staff initiative, volunteering, in-kind donations and fundraising efforts helped support the needs of local schools that otherwise could not be met.

For the fourth time, Hamilton Spectator's Readers' Choice Awards recognized Cathie Vaillancourt as Best Financial Planner in the Platinum Category.

*“Assets under
administration broke the
one half billion
mark for the first time ending
the year at \$506 million.”*

Teachers Credit Union is very proud of the fact that we continue to provide our members with products and services that meet their needs. In 2010, recognizing that more and more members use electronic means to conduct their banking activities, the organization expanded its internet based products and services. These included 'Me2Me' which enables members to electronically transfer funds to or from the Credit Union to their accounts at other financial institutions. Mobile Web Banking was also launched and on December 1, 2010, Teachers Credit Union became one of the first financial institutions in Canada to offer Interac® e-Transfer. This service allows users to securely send or receive money directly between financial institution accounts on their smart phones or computers.

The Board of Directors is pleased to announce that they will be issuing a 5% dividend on Investment Shares and a 4% dividend on Profit Shares. We will also be distributing \$275 thousand in Profit Shares based on members' loan and deposit business in 2010.

Early in 2010, the Board of Directors completed a Board Assessment Review with the assistance of an outside consultant. The review examined many areas including overseeing and directing the Credit Union's business, engaging in strategic planning, fiscal management of our organization and operating efficiency. The Board is continuing to work on the recommendations from the report.

During the fall of 2010, the Board conducted a Strategic Planning Session to develop future plans and directions to ensure the long term success of the organization. This includes assessing business growth opportunities, maintaining a robust enterprise risk management process and improving Board governance practices.

We are pleased that Wayne Joudrie was elected to the Board at the 2010 Annual General Meeting, replacing Owen Jackson who retired after 30 years of service.

Teachers Credit Union is moving forward. The ability to navigate the economic challenges of the past few years has made the Credit Union a much stronger organization, well-positioned to achieve sustainable, profitable growth in the years ahead.

On behalf of the Board of Directors and Management, we would like to thank our members for their support and our employees for their ongoing commitment to provide superior member service.



David Staples, Chair



Gary Lowes, President & CEO



BOARD OF *Directors*

David Staples - Chair

Elaine Simon – Vice Chair

Nancy DiGregorio – Corporate Secretary

Jacqueline Aird

Dylan Bailey

Carol Churchward

Aaron Ciancone

Wayne Joudrie

Michael Veerman



October 16, 2010 - Board of Directors, staff and members attend the Burlington Branch Grand Opening.



FINANCIAL PERFORMANCE *Report*

2010 was a good year for the Teachers Credit Union and our members. We were faced with economic conditions that improved from 2009 but remained challenging due to the low interest rate environment. Teachers Credit Union reported solid financial results and exceeded budget expectations. The total assets under administration increased by 7% to reach \$506 million.

Income from operations before distributions and income taxes totalled \$1.3 million - an increase of 110% from 2009. This improvement is largely due to growth in loans, improved margins and revenues from the Wealth Management Department.

On-balance sheet loans to members grew by \$27 million or 7% in 2010. Due to changes related to the upcoming implementation of International Financial Reporting Standards (IFRS)

Teachers Credit Union became one of only a few credit unions in Ontario and British Columbia to be approved by Canada Mortgage and Housing Corporation (CMHC) to securitize mortgages for liquidity purposes. In the last quarter of 2010 the Credit Union sold over \$21 million in mortgages. At the end of the year, Teachers Credit Union had no loans outstanding with Central 1 and the liquidity ratio at the end of the year was 118%.

The net interest margin at the end of 2010 was 2.67% of average assets, up from 2009's net interest margin of 2.45%. While Teachers Credit Union's deposit rates remained highly competitive throughout the year, the deposits re-priced at lower rates while the mortgage and loan rates remained steady. Total on-balance sheet deposits increased by \$11 million, or by 4% to end at \$321 million - an increase from \$310 million in 2009. This growth was primarily in term deposits due to the successful launch of an 18-month term product. Deposit growth slowed towards the latter half of 2010 as members redirected their savings back to off-balance sheet investments sold through the Wealth Management Department.

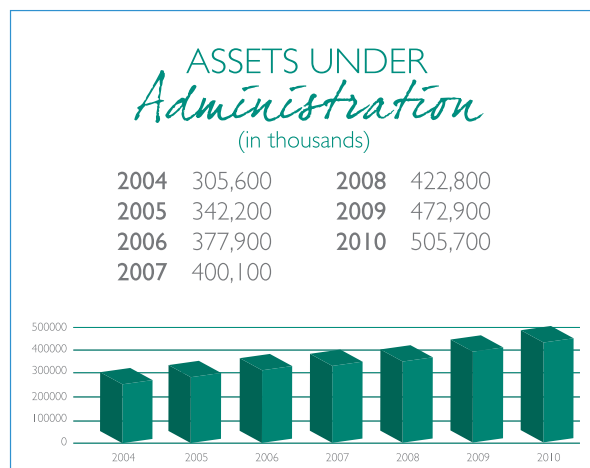
The assets of Wealth Management increased by \$24 million or 23%, to reach \$128 million - an increase from \$105 million in 2009. These assets contributed significant revenues to our bottom line.

The credit market conditions improved which is reflected in the loan provision decrease to \$542 thousand from \$576 thousand in 2009. Teachers Credit Union experienced fewer loan losses and higher recoveries during 2010.

Operating expenses have increased by \$833 thousand or 10% to \$9 million in 2010. The increase is mainly attributable to the opening of a new branch in Burlington, the effect of the Harmonized Sales Tax (HST) on goods and services for a full year and costs associated with the implementation of new chip card technology on Member Card® debit cards. While growing our revenue, expenses have been

managed to maintain a low efficiency ratio of 88% - the lowest since 2004. Expense control remains a key priority for the Credit Union.

In 2010, Teachers Credit Union exceeded all regulatory requirements with respect to liquidity and capital. The regulatory capital at 6.0% of total assets at year-end remained strong, up from 5.6% in 2009. Regulatory capital at 12.1% of risk weighted assets also exceeded the 8.0% regulatory requirement.



Sandy Alward,
Vice President, Finance

AUDIT COMMITTEE *Report*

In existence since 1994 at Teachers Credit Union, the Audit Committee supports the Board of Directors through oversight responsibilities relating to financial reporting and disclosure, internal audit, external audit, risk management, controls and compliance.

The 2010 Audit Committee members are: Elaine Simon (Chair), Jackie Aird and Mike Veerman. David Staples attends meetings as Ex-Officio.

The Audit Committee develops a yearly plan that addresses all the areas of responsibility as set out in the Credit Unions and Caisses Populaires Act, 1994 and Ontario Regulation. This committee oversees the internal audit function to evaluate internal controls. The Audit Committee is also responsible for ensuring appropriate follow-up on all outstanding issues, weaknesses and deficiencies. Teachers Credit Union is required to have an Enterprise Wide Risk Management (ERM) Framework and the Audit Committee shall oversee the application of ERM practices and any ongoing emerging risks and report these risks to the Board of Directors.

It is the responsibility of the Audit Committee that any updates, recommendations or reviews are presented to the full Board of Directors in a timely fashion.

Highlights from 2010 are as follows:

- Grant Thornton LLP – Audit Plan 2010
- Set goals and objectives for internal audit; reviewed results quarterly
- Reviewed monthly financial statements and forecasts for 2010

- Received monthly Fraud Reports and quarterly Anti-Money Laundering Reports
- Commercial Audit Review completed by DICO
- Reviewed Enterprise Risk Management Plan
- Received and reviewed report from DICO's On-Site Verification
- Reviewed Central Risk and Insurance Management Services (CRIMS) Audit Report
- Anti-Money Laundering and Terrorist Financing Compliance Audit completed by Central I
- Annual Privacy Review Report
- Bulldog Security IT Audit of internal and external systems and controls
- Confirmed that for year ended December 31, 2010 there were no material findings outstanding

During 2010 Teachers Credit Union began the process of converting from Canadian Generally Accepted Accounting Principles (CGAAP) to the new International Financial Reporting Standards (IFRS). Accounting for IFRS will be required as at January 1, 2011. The Audit Committee reviewed the conversion summaries on a monthly basis.

With the 2010 Audit Plan concluded, the Audit Committee is satisfied with the policies, procedures and internal controls engaged by management in conducting the business of the Teachers Credit Union.



Elaine Simon,
Audit Committee Chair

FINANCIAL RESPONSIBILITY *Report*

The information in this annual report and the accompanying summarized financial statements are the responsibility of Management and has been approved by the Board of Directors.

Management is responsible for preparing the financial statements and for ensuring their reliability and accuracy. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. When required to make estimates, management did so to the best of its knowledge.

The accounting system of Hamilton Teachers' Credit Union Limited (operating as Teachers Credit Union) and related internal controls and procedures are designed to ensure the reliability of financial information and, to a reasonable degree, safeguard assets against loss or unauthorized use. These procedures include standards in hiring and training employees, an organizational structure with clearly defined lines of responsibility, written and updated policies and procedures, planning and follow-up of projects and budget controls. In addition, in the course of carrying out duties, the Internal Auditor may confer at any time with the Audit Committee. Composed entirely of directors of Teachers Credit Union, this Committee ensures that management has fulfilled its responsibilities with respect to financial information and the application of internal controls. During 2010, the Audit Committee met nine times.

Deposit Insurance Corporation of Ontario will examine the affairs of Teachers Credit Union to ensure that the provisions of its constituent legislation, particularly with respect to the protection of depositors, are duly observed and that Teachers Credit Union is in sound financial condition.

The independent auditors appointed by the general meeting of the members, Grant Thornton LLP, have the responsibility of auditing the financial statements in accordance with Canadian generally accepted auditing standards and of expressing their opinion. Their report follows. They may, at any time, confer with the Audit Committee on all matters concerning the nature and execution of their mandate, particularly with respect to the accuracy of financial information provided by Teachers Credit Union and the reliability of its internal control systems.

Hamilton Teachers' Credit Union Limited (operating as Teachers Credit Union)

Hamilton, Ontario
February 7, 2011



Gary Lowes
President & CEO



Sandy Alward, CA
Vice President, Finance



We share our success
in the educational
community and support
many initiatives
that enhance the
educational experience.

COMMUNITY INVOLVEMENT *Report*

Teachers Credit Union was the honoured recipient in 2010 of the Ontario Credit Union Charitable Foundation's Outstanding Corporate Achievement Award. This award is given annually to a credit union or company within the co-operative financial system in recognition of their community, charitable or other philanthropic contributions considered above average or beyond normal expectations. Teachers Credit Union was recognized for a record of continuous community investment over an extended period of time.

With a strong history of giving back to the community, it is rewarding to report that in 2010, we dedicated 12% of our net income (before distributions to members and income taxes) to educational programs, events and services throughout Ontario.

The total community investment amount of \$159,000 was divided between various school board event sponsorships, classroom educational programs such as Roots of Empathy, Inside Hana's Suitcase and Newspapers in Education and community and student-based education programs including Post Secondary Bursaries and Community Commitment Awards.

We continued fostering our valued relationships with boards, private schools and post-secondary institutions in the areas we serve including the Hamilton Wentworth District School Board, the Hamilton Wentworth Catholic District School Board, the Grand Erie District School Board, the Brant Haldimand-Norfolk Catholic District School Board, Mohawk College, Brock University's Hamilton Teachers College campus, Hillfield Strathallan College and Redeemer University College. A special initiative undertaken with the District School Board of Niagara was the sponsorship of outdoor classroom creation for the three schools. We also developed new partnerships with the Halton District School Board and the Halton Learning Foundation, in tandem with our new Burlington branch opening.

Teachers Credit Union is a proud, long-time supporter of Roots of Empathy. A charitable organization, its mission is to build caring, peaceful and civil societies through the

development of empathy in children and adults. At the heart of the program are classroom visits by an infant and parent. Through guided observations of this loving relationship, children learn to identify and reflect on their own thoughts and feelings and those of others (empathy). Independent evaluations consistently show that children who receive Roots of Empathy experience dramatic and lasting effects

in terms of increased positive social behavior (sharing, helping and including) and decreased aggression. Roots of Empathy is currently delivered in 105 local classrooms thanks to Teachers Credit Union sponsorship.

A wonderful teaching tool about tolerance and respect, Teachers Credit Union helped bring the film, 'Inside Hana's Suitcase' to hundreds of area students at Hamilton Place to highlight Holocaust awareness and the importance of social justice,

tolerance and respect. An object as inanimate as a suitcase helped piece together the mystery and real life story of Hana Brady, a victim of the Nazi concentration camp at Auschwitz in 1944. In addition to viewing the film, participating classrooms each received a suitcase toolkit packed with the book *Hana's Suitcase* by Karen Levine, resources that relate to the true story and curriculum-linked documents that highlight the social justice program's ties to literacy, social studies, history, the arts and character education.

The Hamilton Spectator's Newspapers in Education program brought curriculum-based financial education to over 100 local classrooms with the Stock Market Challenge (59 classes), Money in Your Life (46 classes) and the weekly full page publication of the Pulse Page that featured 223 area schools. Teachers Credit Union has sponsored these programs for over 10 years.

Team ABC is our dedicated group of staff volunteers who commit their time and creativity to raising funds for our community causes. The team, as a result of the generosity of our staff and members, generated over \$23,000 in 2010 which was topped up corporately in the amount of \$8,200 resulting in total funds raised of \$31,200. Team ABC also encourages and facilitates staff donations throughout the year for Canadian Blood Services.



October 16, 2010 - Gary Lowes and Martha Davison present a cheque for \$5000 to Janice Rowe from the Halton Learning Foundation.

Team ABC

Always Benefiting Community

Giving to the community – tangibly showing support for others - is a key principle of Canada's credit unions. Team 'ABC' (Always Benefiting Community) is a volunteer group of community-minded individuals on staff at Teachers Credit Union. The Team has put this fundamental credit union principle into action in our local area by aligning our fundraising beneficiaries with our mission and philosophy that speak of the strength of investing in education to support a healthy and sustainable community.

In 2010, the Team's fundraising benefited its local Adopt-A-School Program, the Haiti Relief Fund and the CHML/Y108 Children's Fund.

Team ABC initiated an *Adopt-A-School* Program early in 2009. Schools were chosen based on level-of-need and proximity to branch locations to help facilitate staff volunteering. Team ABC has committed to a 3 year term for each of the schools adopted.

2010 Team ABC Volunteers:

Holly Scobie, Chair
Aaron Gaudet, Co-Chair
Teresa Falbo, Treasurer
Sandy Alward
Brianna Beveridge
Vaughn Barnes
Kelly Darling
Martha Davison
Tisha Findlay
Delyn Konstantinidis
Vanessa Leonard
Stephanie Lough-Camblin
Sara McLeod
Jane Morreale
Anita Ouellet
Lynda Tarves
Carla Zaccaria

Early in 2010, Team ABC responded to the call to donate and raise funds to assist Haiti in recovering from the devastating earthquake. As a result, over \$11,000 was donated, including \$6,400 to the Canadian Friends of Hôpital Albert Schweitzer.



February 23, 2010 - Elinor Berquist and Sandy Alward present a cheque to Cathy Johnson, President of Canadian Friends of Hôpital Albert Schweitzer.

The Team's major annual fundraising initiative and beneficiary is the Adopt-A-School program which supports five local schools. For 2010/2011, these schools are: Eastmount Park Elementary School (Hamilton), Holbrook Elementary School (Hamilton), St. Lawrence Catholic Elementary School (Hamilton), Jean Vanier Catholic Elementary School (Brantford) and Tecumseh Elementary School (Burlington). The Team also ran a successful Back Pack sponsorship campaign, providing over 100 supply-filled backpacks to our adopted schools. In total, over \$10,000 in financial and in-kind support was provided to assist with healthy snack programs, reading clubs and physical education equipment.

For the first time, Team ABC recognized a Teachers Credit Union staff member for her outstanding charitable contributions. Lynda Tarves, a Member Service Representative at the Ancaster Branch, was recognized by her co-workers at the annual Board/Staff dinner as Volunteer of the Year for her daily efforts at Holbrook Elementary School, single-handedly preparing the healthy-snacks program every morning before going to work.

We look forward to continued and new community investments in 2011 that will help to strengthen the educational experience for educational employees, members, staff, students and the communities we serve.



LENDING SERVICES *Report*

December 31	2010	2009
	(in thousands)	
OUTSTANDINGS		
Residential mortgages & home equity lines of credit	196,695	196,885
Personal loans & lines of credit	34,286	32,855
Commercial loans & mortgages & lines of credit	68,565	63,288
Total	\$ 299,546	\$ 293,028
Mortgages under administration	32,518	22,806
Grand Total	\$ 332,064	\$ 315,834
AUTHORIZED LIMITS (in thousands)		
Personal lines of credit	38,143	37,064
Home equity lines of credit	97,682	96,982
Commercial lines of credit	895	515
Total	\$ 136,720	\$ 134,561
SPECIFIC ALLOWANCE (in thousands)		
Loans in excess of 90 days	339	122
Loans deemed to be impaired	69	504
Total	\$ 408	\$ 626
LOAN ACTIVITY (\$ disbursed in thousands)		
MORTGAGES		
Applications	419	410
Declined	36	32
Disbursements	\$ 33,790	\$ 25,516
PERSONAL LOANS		
Applications	1,275	1,286
Declined	227	192
Disbursements	\$ 11,932	\$ 9,281
COMMERCIAL LOANS		
Applications	52	113
Declined	14	71
Disbursements	\$ 12,174	\$ 19,950
LOAN ACTIVITY TOTALS		
Applications	1,746	1,809
Declined	277	295
Disbursements	\$ 57,896	\$ 54,747



Our vision as the
financial services provider
of choice for the
education community
throughout Ontario is
moving forward.

INDEPENDENT AUDITORS' *Report*



Report of the Independent Auditor on the Summary Financial Statements

To the Members of **Hamilton Teachers' Credit Union Limited** (operating as Teachers Credit Union):

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2010, the summary statements of income, comprehensive income, retained earnings and cash flows for the year then ended, are derived from the audited financial statements of Hamilton Teachers' Credit Union Limited as at December 31, 2010. We expressed an unmodified audit opinion on those financial statements in our report dated February 7, 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Hamilton Teachers' Credit Union Limited.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note 1.

Auditors' responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Hamilton Teachers' Credit Union Limited for the year ended December 31, 2010 are a fair summary of those financial statements, on the basis described in Note 1.

Hamilton, Canada
February 7, 2011

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

SUMMARY

Balance Sheet

December 31	2010	2009
		(in thousands)
Assets		
Cash and cash equivalents	\$ 10,388	\$ 20,644
Portfolio investments	2,050	1,679
Loans to members	298,836	292,482
Liquidity reserves	24,894	23,682
Central I Credit Union shares	2,316	2,277
Investment in ABCP LP	1,038	1,112
Property and equipment	2,732	2,597
Other assets	2,472	1,916
Derivative instruments	580	491
Future income taxes	182	109
	\$ 345,488	\$ 346,989
Liabilities		
Liabilities to non-members		
External borrowings	\$ -	\$ 14,500
Payables and accruals	4,517	3,755
	4,517	18,255
Deposits of members		
Term and other deposits	114,024	101,123
Registered retirement savings plan deposits	63,987	65,347
Registered retirement income fund deposits	22,752	22,130
Other registered deposits	2,726	2,371
Chequing and savings	114,687	115,719
Derivative instruments	759	534
Accrued interest on deposits	2,564	2,850
	321,499	310,074
Shares	6,000	5,862
Equity		
Retained earnings	13,472	12,798
	\$ 345,488	\$ 346,989

On behalf of the board,

D. Staples
David Staples,
 Chair, Board of Directors

E. Simon
Elaine Simon,
 Vice Chair, Board of Directors

SUMMARY STATEMENTS OF
*Income, Comprehensive Income
and Retained Earnings*

Year Ended December 31	2010	2009
	(in thousands)	
Financial income		
Residential mortgages	\$ 9,616	\$ 9,590
Commercial mortgages	3,551	3,226
Personal loans	2,300	2,394
Cash and cash equivalents, liquidity reserves and investments	212	282
Other income	1,861	1,518
	17,540	17,010
Interest expense		
Term and other deposits	2,966	3,455
Registered savings plans	2,527	2,978
Chequing and savings	797	873
Interest on external borrowings	156	102
	6,446	7,408
Financial margin	11,094	9,602
Provision for impaired loans	542	576
Operating margin	10,552	9,026
Operating expenses		
Administrative	3,344	2,685
Computer processing	765	758
Personnel	5,120	4,953
	9,229	8,396
Net income before distributions and taxes	1,323	630
Distributions to members	531	384
Net income before taxes	792	246
Income taxes	118	51
Net income and comprehensive income	\$ 674	\$ 195
Retained earnings, beginning of year	\$ 12,798	\$ 12,603
Net income and comprehensive income	674	195
Retained earnings, end of year	\$ 13,472	\$ 12,798

SUMMARY STATEMENT OF *Cash Flows*

Year Ended December 31	2010	2009
		(in thousands)
Increase (decrease) in cash and cash equivalents		
Operating		
Net income and comprehensive income	\$ 674	\$ 195
Provision for impaired loans	542	576
Depreciation and amortization	433	490
Loss on disposal of property or equipment	-	37
Fair value of interest rate swap contracts	136	43
Loss on sale of swap	-	100
Other non-cash items	133	1,674
	1,918	3,115
Financing		
(Repayment) advance of external borrowings (net)	(14,500)	8,000
Increase in deposits of members (net)	11,200	23,138
Increase (decrease) in shares (net)	138	(236)
Proceeds from mortgage securitization	21,072	6,598
	17,910	37,500
Investing		
Increase in loans to members (net)	(27,968)	(22,402)
(Purchase) return of capital of Central I shares	(39)	161
Increase in liquidity reserves	(1,212)	(1,307)
Purchase of investments (net)	(371)	(554)
Distributions received from ABCP LP investment	74	324
Proceeds from sale of swap contract	-	789
Purchase of property and equipment	(568)	(101)
	(30,084)	(23,090)
Net (decrease) increase in cash and cash equivalents	(10,256)	17,525
Cash and cash equivalents		
Beginning of year	20,644	3,119
End of year	\$ 10,388	\$ 20,644
Interest paid	\$ 6,732	\$ 7,776
Income taxes paid	\$ 115	\$ 118
Patronage dividends paid	\$ 47	\$ -

Note 1 The summary financial statements have been prepared on the following basis and include:

- The balance sheet;
- The statements of income, comprehensive income and retained earnings for the year then ended; and
- The statement of cash flows.

In addition, a copy of the full financial statement is available to any member; upon request, at any branch of the credit union.

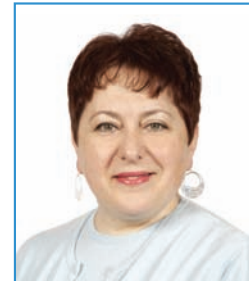
5 YEAR *Financial History*

Year End Balances \$ (000's)	2010	2009	2008	2007	2006
Balance Sheet					
Personal Loans and Lines of Credit	\$ 34,286	\$ 32,855	\$ 35,979	\$ 36,834	\$ 37,674
Mortgage Loans & Meritlines	196,695	196,885	191,256	184,900	174,185
Commercial Loans	68,565	63,288	50,315	34,780	28,142
Less allowance for loan losses	(1,103)	(986)	(746)	(544)	(344)
Accrued Interest Receivable	393	440	450	424	414
Total Loans	298,836	292,482	277,254	256,394	240,071
Chequing and Savings	114,687	115,719	92,322	81,287	77,655
Term and other Deposits	114,024	101,123	103,320	96,263	85,053
Registered Savings Plans	86,739	87,477	85,395	84,491	84,220
Other Registered Deposits	2,726	2,371	2,147	1,871	1,740
Derivative Instruments	759	534	165	775	-
Accrued interest on deposits	2,564	2,850	3,218	3,183	3,007
Equity Shares	6,000	5,862	6,098	6,308	6,023
Total Deposits & Equity Shares	327,499	315,936	292,665	274,178	257,698
Total Balance Sheet Assets	345,488	346,989	313,410	289,454	271,187
Annual % (Decrease) increase	-0.43%	10.71%	8.28%	6.74%	4.21%
Total Other Assets and Other Services Under Administration	160,212	125,891	109,400	110,600	106,700
Annual % Increase (decrease)	27%	15%	-1%	4%	30%
Total Assets Under Admin.	505,700	472,880	422,810	400,054	377,887
Annual % Increase	7%	12%	6%	6%	10%
Statement of Income					
Net Interest Income	9,233	8,084	7,878	8,230	8,128
Other Income	1,861	1,518	2,633	1,567	1,556
Provision for impaired loans	(542)	(576)	(377)	(367)	(323)
Operating Margin	10,552	9,026	10,134	9,430	9,361
Total Operating Expenses	9,229	8,396	9,384	8,473	8,410
Income from operations before patronage distributions and income taxes	1,323	630	750	957	951
Distribution to members	531	384	126	609	771
Income taxes	118	51	62	39	67
Retained Earnings	13,472	12,798	12,603	12,041	11,732

OUR Team

In Memory of Tina Faiazza (1957 – 2011)

Teachers Credit Union suddenly lost a valued employee on March 1, 2011. Tina began her career with the Credit Union in 1973 as a member of the office staff and she diligently worked her way to the position of Assistant Manager, Operations in 1987. Tina left the Credit Union in 1990 to raise her family and returned back in 2003 as a part-time Member Service Representative. Tina was a dedicated employee, co-worker and servant to the membership until her passing. Over the years Tina contributed to the growth and prosperity of the Credit Union. More importantly, the memory of Tina's caring disposition and concern for the feelings and well being of those around her is her legacy to the staff and members of Teachers Credit Union.



Management

Gary Lowes, President & Chief Executive Officer
 Sandy Alward, Vice President, Finance
 Kathy Clark, Vice President, Sales/Service and Operations
 Raymond Hall, Vice President, Lending
 Stephen Askew, Director, Commercial Services
 Kelly Darling, Director, Human Resources
 Donna Sheppard, Director, Retail Services
 Cathie Vaillancourt, Director, Wealth Management Services
 Joe Agro, Manager, Information Technology
 Elinor Berquist, Manager, Financial Administration

Martha Davison, Manager, Business Development & Partnerships
 Laurie Horan, Manager, Investment Services
 Jane Morreale, Manager, Marketing
 Vaughn Barnes, Manager, Member Solutions, Burlington
 Susan Bell, Manager, MSR Operations
 Penny Brown, Manager, Call Centre
 Karen Chovance, Branch Manager, James Street (On Leave)
 Brenda Henderson, Branch Manager, Brantford
 Delyn Konstantinidis, Branch Manager, Upper Wentworth Street
 Vanessa Leonard, Branch Manager, Ancaster

Staff

Shazia Ali	Tina Fioravanti	Melissa Males	Kim Rochon
Angela Anderson	Karen Freeborn	Julia Mastrangelo	Linda Ross
Sue Baker	Aaron Gaudet	Liz McGuigan	Christie Scobie
Susanne Bannan	Denise Gilmore	Sara McLeod	Holly Scobie
Lisa Benning	Slavica Gligoric	Maja Mihajlovic	Victoria Sihra
Judy Berlinger	Jennifer Hathaway	Donna Mrowka	Jeffrey Silva
Brianne Beveridge	Katie Hinks	Santina Muir	Loretta Soster
Mary Anne Blackburn	Emilie Hyde	Susan Murphy	Deborah Stanners
Stacey Brandwood	Tara Jarvis	Leslie Noel	Lori Stewart
Cheryl Buttle	Brent Kelly	Daniel Otter	Melanie Stewart
Nicola Cacciocarro	Tina Kontogiannis	Anita Ouellet	Anita Tari
Susan Capobianco	Erin Kwiatkowski	Marisa Parete	Lynda Tarves
Randi Codispodi-Fede	Georgina Levesque-Kun	Darlene Pavoni	Linda Thompson
Margaret d'Andrade	Shelley Lockley	Brenda Pearce	Jolene Vanderlinde
Dayna Dubecki	Elizabeth Logger	Deanna Pokupec	Danielle Veniot
Teresa Falbo	Stephanie Lough-Camblin	Monica Pozza	Myrna Willrich
Tisha Findlay	Diane MacDonald	Michelle Riederer	Carla Zaccaria

Qtrade Insurance Solutions Inc.

Debbie Kinlin-Hynes, Insurance Specialist

Qtrade Insurance Solutions Inc. is a licensed life insurance agency and a member of the Qtrade Financial Group.



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MOUNTAIN BRANCH

990 Upper Wentworth St. | Hamilton, ON

ANCASTER BRANCH

21 Stone Church Rd. | Ancaster, ON

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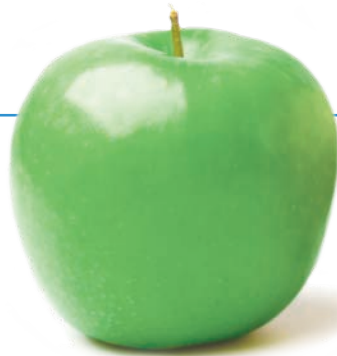
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