

2010 Annual Report

Celebrating 75 Years

The year 2010 marked the 75th anniversary of Chevron Federal Credit Union.

Beginning literally in a file drawer in the old Standard Oil Company of California home office at 225 Bush Street in San Francisco, the Credit Union has grown to encompass 16 offices stretching from Richmond, California, to Pascagoula, Mississippi. Our more than 70,000 members can be found in all 50 states and 74 countries.

Our name has changed a few times during those years — SoCal Employees' Credit Union No. 1, Chevron Employees' Credit Union, ChevronTexaco Credit Union, Chevron Federal Credit Union — but our mission has remained the same. We exist to provide our members with value in the form of great rates, minimal fees, and attentive personal service that cannot be found elsewhere.

Our commitment to that mission has allowed us to flourish in the midst of a turbulent economy. We are not only among the largest credit unions in the nation, but also one of the strongest and best capitalized.

While there is much to look back on with pride, we remain focused on the future. In 2011, we will again strive to maintain one of the best operating expense ratios in the industry, which enables us to deliver higher dividends and lower loan rates. We will also continue to expand our electronic and mobile banking capabilities to enable easy access to the Credit Union anytime, anywhere. And we will maintain the rock solid financial stability that our members have always counted on.

We welcome suggestions from you, the members and owners of Chevron Federal Credit Union, about how we can further serve your financial needs over the next 75 years.

Anne Hollingsworth-Haley
Chairman of the Board
chairman@chevrontcu.org
510-627-5271

James Mooney
President & CEO
jmooney@chevrontcu.org
510-627-5180

2010 Year in Review Financial Performance Operating Expense Ratio

Among the Credit Union's competitive advantages is a low operating expense level relative to assets. Our operating expense ratio in 2010 fell below 2.00%. By ensuring that our expenses do not outpace our asset growth, we are better positioned to offer higher dividends, lower loan rates, and fewer fees to our members.

Loan to Share Ratio

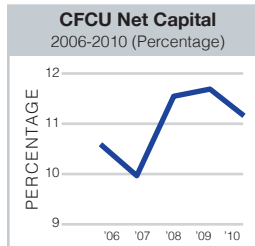
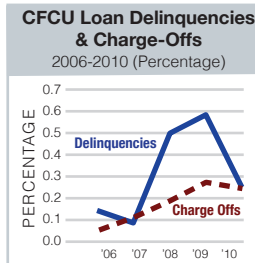
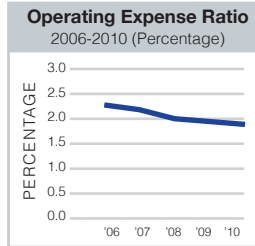
By maintaining prudent underwriting standards, the Credit Union was able to remain a very active lender. During the past year, we were able to put member deposits to increasingly productive use through increased lending. The ratio of loans to deposits rose in 2010 from 77.3% to 81.3%.

Delinquencies and Charge-Offs

Loan quality also improved in 2010. During the recent financial crisis and recession, the Credit Union maintained some of the lowest loan delinquency and charge-off rates in the industry. Nonetheless, we saw an uptick in both measures during 2009. In 2010, both returned to more customary low levels.

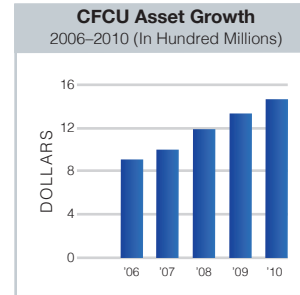
Net Capital

An important benchmark for financial strength is the ratio of capital to total assets. Capital provides the ultimate defense against adverse or unforeseen events. Our regulators consider a credit union with a 7.0% net capital ratio to be "well capitalized." At the end of 2010, the Credit Union's net capital ratio was 11.3%.

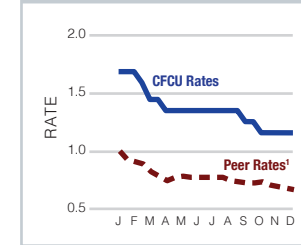


Credit Union Growth Assets

The Credit Union's assets surpassed \$1.5 billion at year-end 2010, an increase of 10.1% from the prior year. This reflected broad-based growth in deposits, with each of our four core deposit products — regular savings, checking, certificates, and MarketEdge — growing at double-digit rates.



1-Year Share Certificate CFCU vs. Peer¹ Rates 2010



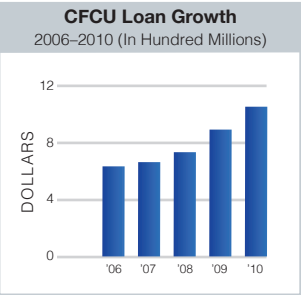
Peer Comparison

In 2010, prudent savers took advantage of Credit Union deposit rates that were generally superior to those available from competitors.

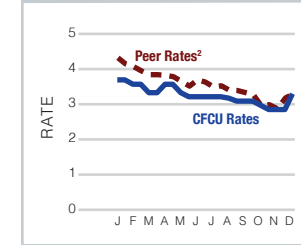
¹Peer group consists of Wells Fargo, JPM Chase, Bank of America, ING Direct, Citibank, Patelco, Golden One, Ally, and USAA.

Loans

The past year witnessed many financial institutions pulling back from lending as they wrestled with accumulations of sour loans. In contrast, the Credit Union was well positioned to remain a responsive and affordable source of funds for borrowers. Our loan portfolio grew 18.1% in 2010, primarily on the strength of real estate loans.



5-Yr Adjustable Rate Mortgage CFCU vs. Peer² Rates 2010



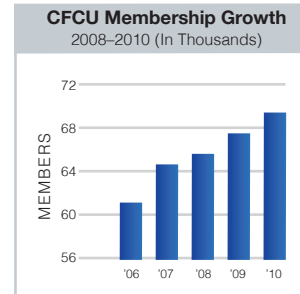
Peer Comparison

As one should expect from the Credit Union, our loan rates during the year were uniformly among the most competitive available from any lender.

²Peer group consists of Wells Fargo, Bank of America, US Bank, Chase, Citimortgage, Fremont Bank, Pentagon FCU, and USAA.

Membership

The total number of Credit Union members surpassed 70,000 in 2010, representing a 2.6% increase from the prior year. Our fastest growing branches were outside of the San Francisco Bay Area. Highest honors for growth went to the Camino Media branch in Bakersfield, California, which saw membership increase by 7.2%. Other branches with significant growth included Covington, Louisiana; Brea, California; and the West Loop branch in Houston, Texas.



Services

Member use of *PC Access*, the Credit Union's free online banking service, grew by 10.8% in 2010. Overall, the number of members who use *PC Access* is now greater than those who use our traditional brick and mortar branches.

During the year, the Credit Union further expanded access to services by introducing the following new capabilities:

- *Mobile Banking*, which allows members to access account information and perform transactions with their cell phones
- *eDeposit* online deposit service, which enables members to deposit checks from their home computers
- *Person-to-Person* transfer capabilities, which allow members to electronically transfer funds to anyone, anywhere in the U.S.
- *Debit Card Rewards*, which gives members the opportunity to earn rewards by using their Debit card to purchase merchandise and services

1935

SoCal Employees' Credit Union No. 1 is chartered.

1936

Membership: 607 Assets: \$25,613



1950

Membership: 2,001



1956

Assets: \$1 Million



The Credit Union name is formally changed to Chevron Employees' Credit Union with a new logo.

1966

1985

Membership: 17,785



1988



Chevron Federal Credit Union

The Credit Union changes its name to Chevron Federal Credit Union (CFCU) and begins using the Chevron logo.

2002

Membership: 54,548 Assets: \$705 Million



ChevronTexaco

The Credit Union changes its name to ChevronTexaco Credit Union following the merger of Chevron and Texaco.

2005

Chevron Federal Credit Union

The Credit Union changes its name back to Chevron Federal Credit Union.

The all new chevrontcu.org website is launched



2009

2010

Membership: 70,056 Assets: \$1.5 Billion



2010 Financial Statements (Audited*)
(In Thousand of Dollars)

Statement of Financial Condition (at December 31)

Assets	2010*	2009*
Real Estate Loans	\$959,227	\$788,608
Other Secured Loans	119,493	125,068
Unsecured Loans	26,257	22,536
Total Loans	1,104,977	936,212
Less: Allowance for Loan Losses	(8,573)	(6,848)
Net Loans	1,096,404	929,364
Cash and Investments	407,366	433,639
Other Assets	39,814	39,011
Total Assets	\$1,543,584	\$1,402,014
Liabilities and Members' Equity		
Savings	\$165,845	\$148,990
Checking	134,611	118,571
Share Certificates	315,359	279,850
Market Edge	745,920	665,135
Total Members' Balances	1,361,735	1,212,546
Borrowed Funds	0	15,000
Other Liabilities	4,644	4,268
Total Liabilities	1,366,379	1,231,814
Reserves and Undivided Earnings	173,918	165,819
Unrealized Gain (Loss) on Securities	3,287	4,381
Total Members' Equity	177,205	170,200
Total Liabilities and Members' Equity	\$1,543,584	\$1,402,014

Statement Of Operations (for Year Ending December 31)

Income		
Interest on Loans	52,234	47,286
Income from Investments	10,687	15,953
Total Interest Income	62,921	63,239
Cost of Funds		
Dividends Paid to Members	(16,120)	(20,056)
Interest Rate Risk Hedging Expense	(3,187)	(2,077)
Total Cost of Funds	(19,307)	(22,133)
Net Interest Income	43,614	41,106
Provision for Loan Losses	(4,343)	(4,690)
Non-Interest Income	6,142	5,945
Infrequently Occurring Gains (Losses)	665	331
Non-Interest Expense	(37,979)	(23,356)
Net Income	8,099	19,336

Membership

Total Members at December 31	70,056	68,296
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*A complete copy of our audited financials is available upon request.

Supervisory Committee Report

In accordance with the Federal Credit Union Act, the Supervisory Committee is responsible for ensuring that the Credit Union safeguards its assets, complies with regulatory requirements, and maintains adequate systems of internal control and financial reporting.

We meet regularly with Internal Audit and our external auditors to monitor and evaluate internal controls and to ensure that your assets are safeguarded. The Committee also monitors the performance of Credit Union employees and elected officials and the policies established by the Board of Directors to ensure their compliance. The Committee engages independent firms to perform the annual financial, IT, 401k, and other necessary audits.

Members can confidentially report perceived Credit Union violations of rules and policies, unethical behaviors, and other complaints directly to a special post office box established for the Supervisory Committee:

**Chevron Federal Credit Union
Supervisory Committee
P.O. Box 70157
Oakland, CA 94612-0157**

Based on the results of internal audits and external reviews for the year 2010, we conclude that Chevron Federal Credit Union has adequate internal controls and is financially sound.

Charlie Chapman
Chairman, Supervisory Committee

**Board of Directors and
Select Volunteer Committees**

Board of Directors

Anne Hollingsworth-Haley
Chairman

Scott Swasey
1st Vice Chair

Joseph Lodge
2nd Vice Chair

Rose Taylor
3rd Vice Chair

James Mooney
Secretary/Treasurer

J.C. (Charlie) Chapman
William Clutter
Steven Francis
Adrienne Lee
Jennifer Machado
Rosemarie Oda

Supervisory Committee

J.C. (Charlie) Chapman
Chairman

Linda Blackwell
Jeff Larmour

Ron Susa
Richard Van De Boom

Credit Review Board

Maya Pendleton
Chairman

Teresa Mayer
Joseph Gershman
Uriel Oseguera
Michelle Tiscareno
William Wojciak
Harriet Wu

Chevron Federal Credit Union

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