

MESSAGE FROM THE CHAIRMAN

u.nique'

unique, def: n 1. a. being the only one, b. producing only one result, 2. being without a like or equal, 3. very rare or uncommon



I believe the word "unique" pretty much sums up the Truliant experience. There is really nothing else like credit unions in the financial industry. Today, there are more and more institutions that are offering financial services and they offer every "flavor" you can imagine. But I believe what sets Truliant apart from

the rest are three things: our services, our focus on the member and our people.

As we continue to grow, we have been able to offer the services that our members have needed. Our "flavor" has been, and will continue to be, what serves our members the best. Even as the economy has slowed over the past two years, we have continued to grow, providing the services our members want and need. Times change and as they do, we are committed to keeping our services in line with the member's changing needs.

We have one focus: delivering the best financial services to our members. There are no shareholders to please, just our members! And we are focused on producing that one result. When a member visits a location or calls, they can rest assured that Truliant is focused on them and their needs only. In today's world, a focus on service is uncommon. For us, it is not about profit, it is about helping the member, which is very unique!

You cannot have the best services and a focus on service to the member without the best people. And what really makes Truliant unique is the people who make it happen everyday for our members. I'm proud of our dedicated employees who focus themselves to make the member's experience the best that it can be. Without that dedication, Truliant would not be unique. Our employees believe in the credit union philosophy and live it everyday with pride.

The Board of Directors would like to thank you for your continued support of Truliant Federal Credit Union. And we are committed to keeping Truliant unique for each of you. Our people are the best, our focus is on you and our services are designed to meet your needs.

B. Noland Suddeth, Jr.  
Chairman

MESSAGE FROM THE SUPERVISORY COMMITTEE

The role of the Supervisory Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for (1) the integrity of the Credit Union's financial statements, (2) the Credit Union's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Credit Union's internal audit function and independent auditors.

To that end, the Supervisory Committee contracted with Clifton Gunderson LLP to conduct the Credit Union's 2003 annual audit. The results of the audit indicated that the financial statements present fairly the results of the operations and financial position for the period, and no material weaknesses in internal control were reported.

In addition to its external audits and regulatory examinations, the Credit Union also employs a full-time Internal Audit department which reports directly to the Supervisory Committee.

Respectfully submitted,

Ben C. Sutton  
Chairman, Supervisory Committee



2003 ANNUAL REPORT



Serving over 170,000 members  
and more than 800 business partners

success  
IS A  
journey



# rē·la'tion·ship

**relationship, def:** *n* 1. the state of being related or interrelated, 2. the relation connecting or binding participants in a relationship: as, *a. KINSHIP b. a specific instance or type of kinship* 3. *a. a state of affairs existing between those having relations or dealings*



Relationship is what makes our members' experience with Truliant different from that which many consumers have with their financial institution. Our focus over the past several years, and into succeeding years, is to build relationships that allow you as a member of Truliant to have access to the affordable financial services we offer in a manner that is most attractive to you as member-owner.

Truliant's staff is dedicated to making these relationships beneficial and enduring from the member perspective.

Our first year following our half century mark was characterized by a continuation of our growth in size and financial strength. Size in the Credit Union context is only meaningful in that we may offer more services to our members, more facilities and methods for access to those services and the ability to include more households and families in the benefits that we offer. The compelling case of owning your own financial institution, including the ability to benefit directly from lower rates on loans, higher rates on savings and a minimum of fees along with control over the governance through a democratically elected Board made up of member volunteers, continues to capture the imagination and interest of consumers. Coupled with Truliant's commitment to placing the members' needs at the center of our decision making, Truliant's name heralds the presence and growth of financial services designed for and devoted to the members' interests.

This formula for success cannot be replicated by for-profit financial institutions and they have proven unwilling or unable to pursue their mission with a focus on serving all of their customers. Truliant, however, has remained true to our Credit Union philosophy in purpose and practice, shunning those areas of operation that would detract from our core mission of improving the quality of our members' lives while having them view us as their preferred financial institution.

With that consistency of purpose, Truliant continues to improve our identification and understanding of what our members need in the area of financial services and provide those services in the way that members prefer to receive them. This includes opening branches such as the ones we added during 2003 in Matthews and Clemmons, North Carolina. We also acquired land in Mebane and Charlotte to build new branches at those locations in 2004. While placing branches at every location our members would like them is not practical, achieving a reasonable distribution of branch locations within our primary market areas is our goal over the next several years. In addition to belonging to one of the largest no-surcharge ATM networks in the US, we added the Alliance One network providing an additional 3,120 no-surcharge ATMs in 38 states. Finally, our growth over the past decade has necessitated the building of a new headquarters facility in Winston-Salem that will allow us to bring our departments back together under one roof and to provide for our future growth. Construction is anticipated to be completed and the facility, including a member financial center, is scheduled to open during 2005. Our e-based delivery systems have also kept pace with our members' needs. We redesigned and enhanced our website for improved

functionality and ease of use. Our Online Banking and Bill Payment systems are continuously reviewed and enhanced to provide maximum effectiveness and ease of use. We also rolled out our e-statement option that appeals to many of our members who manage their financial affairs online. Members have access to a wide array of advanced online services such as Account Aggregation, Members Folio Investing, and Sharebuilder that supplement Truliant's already rich array of online access services.

American businesses are always attracted to partners that can supplement the benefits they provide to their employees, especially if there is no cost and their employees gain from the alliance. Truliant filled that bill for over 122 more businesses and other organizations in 2003, offering the benefits of Credit Union member-ownership to over 13,500 consumers, including the business partners whose deposit and loan needs we were able to directly serve through our Business Services department. In addition, Truliant's robust portfolio of services and reputation for service, value and commitment to our communities provided the opportunity to partner with three smaller credit unions through merger. Most notable among the mergers was the partnership with Victory Masonic Mutual Credit Union, the oldest minority-owned credit union in Forsyth County. After five years of partnership where Truliant assisted Victory in serving the Waughtown/Parkview area where both institutions have roots, Victory requested a full merger to allow for improved access for their existing and potential membership. Coincident with the merger, Truliant secured the Victory Masonic field of membership with rights to serve the geographic area for a fifty-mile radius around Winston-Salem. This represents a historic opportunity and challenge for the Credit Union.

As you can discern, Truliant has many exciting opportunities to improve the quality of life of our members and our communities. As we add the ability to serve geographic areas, we also continue to provide direct support for our communities. In addition to our significant and ongoing commitment to the Relay for Life (American Cancer Society) in many of our markets, the March of Dimes and Samaritan Ministries, we added support for Brenner Children's Hospital that serves sick children living in most of our markets through our sponsorship of the Festival of Trees. We also stepped up to support the construction of Victory Junction in Randleman that provides children with life-threatening and chronic illnesses an enjoyable camp experience.

On behalf of the staff and management team, I would like to express our appreciation to our communities, our over 800 Business Partners and our 170,000 members for making 2003 another successful year for your Credit Union. We would also like to thank our volunteer Board Members, Associate Board Members and Supervisory Committee for their vision and oversight on behalf of the membership. Truliant enters the second half of our first century with all of the ingredients to continue to expand our model as a very special financial institution from the member perspective. Financial strength, committed staff and volunteers, a shared vision of our future course and, most importantly, our member-owners, make that possible.

Marcus Schaefer  
President and CEO

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31, 2003 and 2002

### ASSETS

Cash and cash equivalents	\$ 100,133,800	\$ 99,552,000
Certificates of deposit	175,000	75,000
Investments:		
Available-for-sale	113,319,100	57,566,600
Held-to-maturity	0	100
Other investments	1,867,900	1,770,700
Federal Home Loan Bank stock	2,175,800	2,345,400
Mortgage loans held for sale	2,016,200	18,167,100
Loans to members, net of allowance for loan losses	666,925,300	663,261,300
Accrued interest receivable	2,598,600	2,495,200
Premises and equipment	25,529,100	17,812,500
NCUSIF deposit	7,392,000	6,943,500
Other assets	4,997,800	3,671,300

### TOTAL ASSETS

\$ 927,130,600      \$873,660,700

### LIABILITIES AND MEMBERS' EQUITY

Members' share and savings accounts	\$ 802,444,700	\$753,975,600
Borrowed funds	21,600,000	24,000,000
Accounts payable and other liabilities	8,322,600	7,357,100

### Total liabilities

832,367,300      785,332,700

### MEMBERS' EQUITY, substantially restricted

94,763,300      88,328,000

### TOTAL LIABILITIES AND MEMBERS' EQUITY

\$ 927,130,600      \$873,660,700

## CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2003 and 2002

### INTEREST INCOME

Interest on loans to members	\$ 41,885,400	\$ 46,997,000
Interest on investment securities and cash equivalents	3,664,000	1,979,400
<b>Total interest income</b>	<b>45,549,400</b>	<b>48,976,400</b>

### INTEREST EXPENSE

Dividends on members' share and savings accounts	14,752,700	19,914,700
Borrowed funds	797,200	23,300
<b>Total interest expense</b>	<b>15,549,900</b>	<b>19,938,000</b>

### Net interest income

29,999,500      29,038,400

### PROVISION FOR LOAN LOSSES

Net interest income after provision for loan losses	3,443,100	3,704,500
	26,556,400	25,333,900

### NON-INTEREST INCOME

13,668,400      12,107,900

### NON-INTEREST EXPENSE

Employee compensation and benefits	16,653,900	14,926,300
Office operations and rent	8,900,600	9,082,900
Professional and other outside services	4,620,000	4,321,900
Education and marketing	1,725,500	1,432,600
Travel and conference	609,600	607,500
Other expense	1,093,100	1,189,900

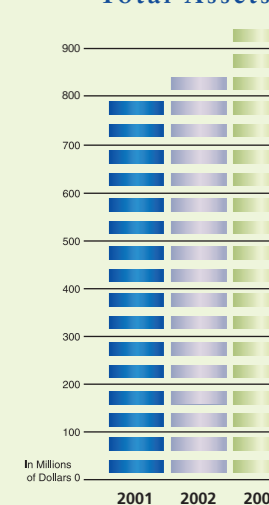
### TOTAL NON-INTEREST EXPENSE

33,602,700      31,561,100

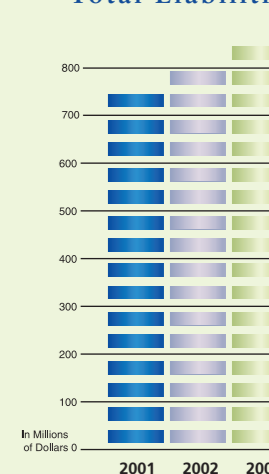
### NET INCOME

\$ 6,622,100      \$ 5,880,700

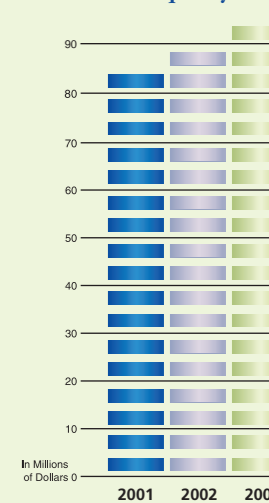
### Total Assets



### Total Liabilities



### Total Members' Equity



# service

**service, def:** *n* 1. ready to serve or cooperate with one 2. ready for one's use 3. the quality of that which is provided

