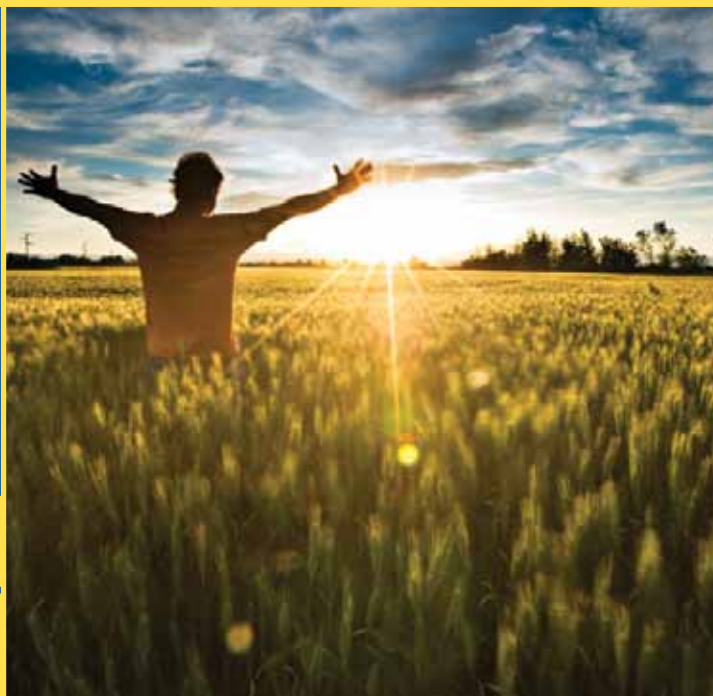


# 2009 Annual Report

enhancing

the

quality



of

your life.



# About TRULIANT



Truliant Federal Credit Union is a not-for-profit cooperative that provides affordable financial services to over 180,000 member-owners and more than 850 employers and their employees.

The mission of Truliant is to enhance the quality of life of our member-owners and to become their preferred financial institution. Truliant's members are owners of our organization; the benefits they receive are a result of their ownership in the Credit Union.

Truliant's philosophy begins and ends with understanding and meeting member needs. Member-owners are at the

forefront of all decisions made. As a result, Truliant offers a full array of financial services, including low-rate consumer loans, high-yield savings programs, systematic savings and investments, financial planning and counseling, free checking options, online services and 24hr ATMs.

For the past 58 years, Truliant has been an important contributor to the local economy and is dedicated to serving the communities in which we operate. We provide financial education seminars, including debt management, budgeting, home buying and many more.



# A Message From **THE PRESIDENT**

Trust and confidence. These simple words are what allow our institutions and systems to function across the decades and across our lifetimes. It is what allows governments to govern and institutions of all types to provide the platform for our citizens to build their lives; including their work/professional and personal components. That trust and confidence has been sorely tested in the past two years and particularly in the area of financial services. From Washington to Wall Street to Main Street, trust and confidence were undermined by the actions of a few and a lack of awareness and vigilance of many. Restoring that confidence in people, systems and institutions will take time. True progress will be measured by the improvement in the financial condition of business and individual household finances.

Truliant Federal Credit Union has done our part as a member-owned financial institution to remain fiscally strong while also continuing to pursue our mission to improve our members' financial lives. Our TruFinancial Services and Planning programs have allowed our staff to focus on individual member needs as they seek to shore up and rebuild their financial position. Whether it is a need to reduce debt, restore emergency savings or build for retirement, Truliant is here to help our members define their financial path and begin the steps toward their goals.

Our focus on serving our membership has guided key decisions over the last decade that have allowed us to evade the mistakes incurred by many of our competitors in financial services. For example, we didn't steer members to home loans they could not afford (in 2006, in our member communications, we advocated that members not spend more than 28% of disposable income on a mortgage payment); we didn't sell our members' credit card accounts to a large credit card company allowing us to control interest rates, fees and service; we offered only "opt-in" overdraft protection providing members with complete information upfront on how to affordably cover any unforeseen overdrafts. We have been rewarded for our commitment to our members with a significant growth in deposits (22% over the last two years).

As importantly, we have seen an increase in members who bring their entire financial relationship (checking, debit & credit card, direct

deposit, online banking and consumer loans) to Truliant. Their loyalty stems from recognition that we have consistently provided them with information and services that are in their best interests; not merely a way to grow the institution or build profits. In terms that are meaningful to member households, during 2009 we met over 45,000 member needs; we financed more than 14,300 autos, helped members purchase or refinance 640 homes and provided 20,630 new savings/investment programs.

Truliant's 2009 Member Satisfaction Survey reflects the relevance of our approach: 70% of respondents are "very likely" to recommend Truliant to a friend, family member or co-worker; 55% "strongly agree" that Truliant has their "best interests at heart;" 70% are "very satisfied" with Truliant and 89% feel they are "part of Truliant," affirming that members know they are owners. When asked a similar question to our "best interests at heart," by a leading research firm - "My financial provider does what's best for me, not just its own bottom line"- providers like Bank of America and Well Fargo/Wachovia scored much lower (33% and 40% respectively). Clearly, Truliant's members understand that when the chips are down, we are a superior advocate for the member-owner.

It should be affirming to know that your Credit Union did not lose our way in the chaos of the financial market crisis. While we are not immune from the impact of unemployment that followed and the struggle some members have had to repay their loans, we were prepared for the downturn by having a strong net worth position. We are proactively managing through the economic recession while keeping focused on helping our members do the same. The member-ownership structure as guided by our volunteer Board and Supervisory Committee, along with staff and management that are fully committed to the credit union philosophy, provide the unfailing compass that has guided our development for the past 58 years.

On behalf of the management team and staff, I join our Chairman and Board of Directors in thanking you, our member-owners, for choosing Truliant Federal Credit Union as your financial services partner. We pledge to continue our focus on understanding your needs and serving you as our member-owner as you build your financial future.



**Marcus Schaefer**  
President and CEO

# A Message From **THE CHAIRMAN**



**Greg Thrush**  
Chairman of the Board

During the last two years, American families have increasingly experienced an “about face” in their daily lives. The economy has brought about sweeping changes which have affected many in terms of lower household income, depleted savings, and decreased home values, not to mention feelings of uncertainty and fear. The impact of the economic downturn has resulted in very real life style adjustments for consumers; specifically, a good number are living on less monthly salary, contending with smaller assets for college and retirement planning and reconsidering all expenses that are not absolutely necessary. In addition, consumers are seeing their financial institution cut back on their lending, raise credit card interest rates, irrespective of payment history, in addition to more mergers in the financial services marketplace where their financial institution now bears an unfamiliar name and staff. These events have resulted in a shift in the way Americans lead their lives and perceive their finances as well as the institutions that house their money.

There is a bright spot on the horizon, and that is America’s credit unions. Your Credit Union in particular, Truliant, has consistently demonstrated its philosophy of improving the financial lives of you, our member-owners. You have seen that we will not suddenly hike your credit card rates and negatively change your terms, nor will we put you in a home you cannot afford, and we will work with you to rebuild your financial foundation. As owners of our

organization, your success enables us to provide you additional services and conveniences that will directly benefit you.

As our member-owners have adjusted to this new environment, Truliant staff and Board continue to make your needs our priority. Through savings rebuilding programs, financial counseling, debt consolidation, and additional refinance and lending programs, we have worked to improve the financial lives of many who have suffered the negative impact of 2008-2009. Throughout the economic crisis, our commitment to educating and informing our members has remained strong and consistent—the more knowledge you have about financial services and your choices, the better you are able to weather the ups and downs of a changing economy.

Once again, on behalf of the Board of Directors of Truliant Federal Credit Union, we thank you, our member-owners, for your trust in Truliant and for allowing us to serve your financial needs. We look forward to working with you every step of the way, as we have for nearly 60 years, in 2010 and beyond.

# A Message From the **SUPERVISORY COMMITTEE**

Primary responsibility for the Credit Union's financial reporting and internal operating controls is vested in the Board of Directors and in senior operating management as overseen by the Board. The Supervisory Committee, composed of a chairperson and up to four committee members, is a standing Committee of the Board established to assist the Board in fulfilling its statutory and fiduciary responsibilities.

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.

---

## Community Service

Truliant understands the importance of giving back through service and employing individuals from the communities where we serve.

Last year, Truliant employees and Board of Directors volunteered more than 2,786 community service hours. Some of our efforts include: providing college scholarships, conducting over 35 financial literacy workshops, sponsoring annual food and blood drives, collecting and donating student school supplies to underserved areas, participating in fundraisers for nonprofit agencies and conducting grant workshops resulting in 29 agencies receiving funding.

In addition to our volunteer efforts, we donated thousands of dollars to deserving organizations to enhance the communities

To that end, the Supervisory Committee contracted with Clifton Gunderson LLP to conduct the Credit Union's 2009 annual audit. Results of the audit indicate 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.

**Thomas G. Harding**  
Chairman, Supervisory Committee

where we operate through our Charitable Giving and Truliant Community Mini-Grant programs. If you would like to see a list of our community involvement activities, please visit the Community Focus section of [TruliantFCU.org](http://TruliantFCU.org).

In addition to employees focusing on the community, Truliant is committed to hiring people in the local areas we serve. Truliant has close to 500 employees located throughout NC, SC, VA and OH. Our mission is to enhance your quality of life and become your preferred financial institution. Every decision we make is with your best interest in mind. By employing within your area, we understand your specific needs and are dedicated to providing the highest quality member service.



# Consolidated Statements of Financial Condition

December 31, 2009 and 2008



## ASSETS

Cash and cash equivalents  
 Investments  
 Loans to members, net of allowance for loan losses  
 Premises and equipment  
 NCUSIF deposit  
 Other assets

### TOTAL ASSETS

## LIABILITIES AND MEMBERS' EQUITY

Members' savings accounts  
 Borrowed funds  
 Other liabilities

### TOTAL LIABILITIES

MEMBERS' EQUITY, substantially restricted  
 Accumulated other comprehensive income

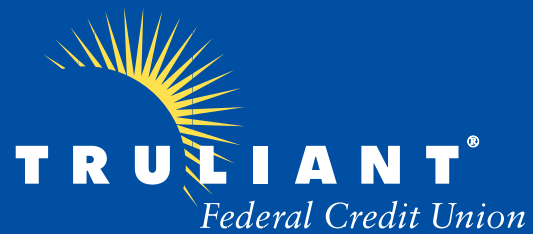
### TOTAL LIABILITIES AND MEMBERS' EQUITY

	09	08
\$	86,853,700	\$ 46,893,600
	113,310,700	57,320,100
	1,047,903,300	1,022,065,100
	46,591,800	45,921,800
	10,960,100	9,557,800
	34,766,000	21,635,700
\$	<b>1,340,385,600</b>	\$ <b>1,203,394,100</b>
\$	1,174,643,600	\$ 1,041,246,200
	36,055,600	29,222,200
	20,625,500	23,380,000
\$	<b>1,231,324,700</b>	\$ <b>1,093,848,400</b>
	110,952,800	113,319,400
	(1,891,900)	(3,773,700)
\$	<b>1,340,385,600</b>	\$ <b>1,203,394,100</b>

# Consolidated Statements of Income

December 31, 2009 and 2008

	09	08
<b>INTEREST INCOME</b>		
Interest on loans	\$ 62,019,500	\$ 60,449,200
Interest on investments & cash equivalents	2,409,200	3,920,300
<b>TOTAL INTEREST INCOME</b>	<b>64,428,700</b>	<b>64,369,500</b>
<b>INTEREST EXPENSE</b>		
Interest on savings accounts	21,112,400	27,338,100
Interest on borrowed funds	1,077,200	1,056,700
<b>TOTAL INTEREST EXPENSE</b>	<b>22,189,600</b>	<b>28,394,800</b>
<b>NET INTEREST INCOME</b>	<b>42,239,100</b>	<b>35,974,700</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>14,407,300</b>	<b>7,921,800</b>
Net interest income after provision for loan losses	27,831,800	28,052,900
<b>NON-INTEREST INCOME</b>	<b>25,067,200</b>	<b>19,306,600</b>
<b>NON-INTEREST EXPENSE</b>	<b>55,430,000</b>	<b>46,665,900</b>
<b>NET INCOME</b>	<b>\$ -2,531,000</b>	<b>\$ 693,600</b>



**Serving 180,000 member-owners and more than 850 business partners.**

The key to Truliant's success is living our mission to improve the quality of our members' financial lives and have them view the Credit Union as their primary financial institution.