

TruWest® Credit Union

2010 Annual Report



In Memoriam

*TruWest is proud to have had
Bill Fulton, Max Steinbuchel and
Marty DiSylvester as part of our
family and we are thankful for
all they did for our Credit Union.*

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Dan Desmond
President and CEO



Tom Cummiskey
Chairman of the Board

A letter from the *President/CEO & Chairman*

For 2010, we are pleased to report that TruWest Credit Union demonstrated a very strong performance despite it being a difficult year for most financial institutions, including most of our Arizona credit union peers. In addition to positive earnings, TruWest also reported improved Net Worth. Even more impressive, these earnings included a mandatory payment to assist with the Corporate Credit Union network stabilization. And as Arizonans continued to be saddled with declines in real estate values and record high unemployment, TruWest was able to control its loan delinquencies and charge-offs and ended the year with a strong capital position, further illustrating our soundness as a financial institution.

Throughout 2010, member deposits remained relatively flat, and although interest rates reached historic lows, our loan portfolios decreased due to the lack of member demand. But because TruWest was able to control our operating expenses and increase our capital ratio, we earned high marks (a four star rating out of a possible five stars) from BauerFinancial,

which is “Excellent” on their ranking scale. Any institution with a four or five star rating is considered a sound financial institution and comes recommended as a place for consumers to trust with their financial business.

Compounding the tough market conditions, there are several legislative issues that TruWest faced in 2010 and will continue to battle in the coming year, including new legislation that proposes to “cap” debit interchange fees. When plastic is used to pay for an item, an “interchange fee” is charged to the merchant. Interchange fees are charged to process the transaction, offset the risks associated with guaranteed electronic payments, and help cover the costs for hardware, software and human resources needed to ensure the process runs efficiently and effectively. Today, this fee is invisible to the consumer; however, if the legislation requiring the cap is enacted, these fees previously paid by the merchants will – in most cases – be passed on to consumers in the form of monthly checking account fees or annual debit card fees. TruWest will continue to contest

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this issue, among others, for the good of our members, the Credit Union and consumers everywhere.

One of TruWest’s core values is a commitment to innovation and a drive to find simpler, smarter and more convenient and accessible ways to help people bank. 2010 was a testament to our commitment to uphold this value. To better enable our members to save and take control of their daily finances, TruWest introduced a unique new checking account with value-added financial packages, Choice Checking, and our new MyChoice Personalized Debit Card. We also launched Mobile Web Banking, Text Message Banking and a comprehensive online financial management tool from Quicken® called FinanceWorks™ – all at no charge to our members. In addition, TruWest has maintained our focus on ensuring we are providing products and services for just about everyone. With the introduction of our new Young Adult product bundle, TruWest has the tools to help our younger members who are just getting started or looking for a way to build their credit to set and reach their financial goals. These products, combined with the wide array of other available financial services we offer, demonstrate TruWest’s dedication to helping our members succeed financially.

Also at our core is upholding our promise to create a culture of caring for members, employees and communities – known as the TruDifference. While our culture of

caring for members can be seen in our great products and services like the ones mentioned previously, our commitment to our employees and communities is just as important. In 2010, TruWest continued to volunteer in the community for organizations such as Special Olympics, Junior Achievement and HomeBase Youth Services. In addition to our time spent volunteering, TruWest’s employees and board members donated nearly \$22,000 to Phoenix Children’s Hospital’s 1 Darn Cool School and more than \$2,700 to Dell Children’s Hospital in Austin, Texas.

The coming year will continue to bring changes to TruWest. One of the biggest changes is the retirement of one of the most prominent members of our Senior Management – our Executive Vice President and Chief Lending Officer, Doug Lake. Doug served the Credit Union for 26 years and played an integral role in its growth and success, and his knowledge and experience will be greatly missed. As we head into 2011 and beyond, TruWest will continue to enhance our technologies to better serve and communicate with our members. Overall, we will maintain our cautious optimism and push forward as a strong organization that offers everything you need in a financial institution and more, and we will continue to prove ourselves to be a credit union that our members confidently spread the word about to family and friends. We look forward to continuing to serve you and thank you for your membership.



Scott Johs
Treasurer



Steven Gerken
Chairman



Rebecca Weisenberg



Mike Vasko

Treasurer's Letter

TruWest continues to be a strong financial institution despite a slow economy. TruWest assets as of year-ending 2010 are \$742.0M, a reduction of 1.7% from 2009, and the total deposit balance ended at \$664.9M. Your Credit Union continued lending throughout the year with total loans outstanding at year-end of \$479.9M. Membership ended the year at 58,821. TruWest's capital ratio increased to 9.12% from 8.68% the prior year.

Net Interest Margin for 2010 was \$32.6M, compared to \$32.9M the previous year. Operating expenses totaled \$29.1M, a decrease from \$29.9M in 2009. Dividends paid in 2010 were \$3.7M. TruWest reported a net income of \$2.1M versus a loss of \$8.2M in 2009.

I join Tom Cummiskey, Chairman of the Board, and Dan Desmond, President and CEO, in assuring you that TruWest Credit Union continues to be a strong financial institution with more than sufficient

capital and money to lend. I wish to personally thank each member for continuing your support of TruWest and taking advantage of the great products and services we offer. The Board of Directors, along with the TruWest staff, looks forward to helping you meet all of your financial goals.

“TruWest Credit Union continues to be a strong financial institution with more than sufficient capital and money to lend.”

Supervisory Committee Letter

The Supervisory Committee of TruWest Credit Union is a volunteer group, comprised of three Credit Union members, appointed by the Board of Directors to assist your Board with overseeing the integrity of the Credit Union's financial statements, internal controls, internal and external auditors and compliance with legal and regulatory requirements. The Supervisory Committee, in partnership with the Credit Union's Risk Management Department, TruWest management, our external auditors Clifton Gunderson, LLP, the National Credit Union Administration, Arizona Department of Financial Institutions

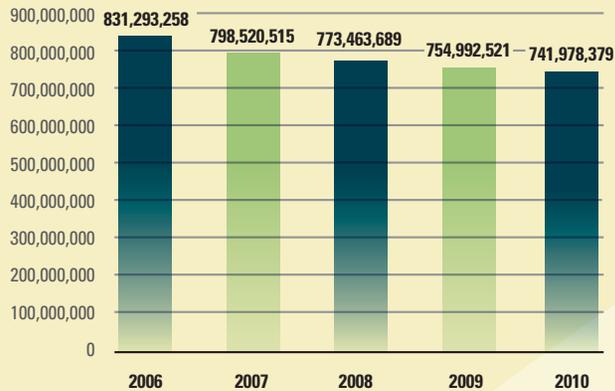
and the Texas Credit Union Department, works diligently to ensure your assets are secure through the implementation of sound financial policies, procedures and controls. We confidently report that based on this work, TruWest Credit Union is operating with a system of strong internal controls and is a sound financial institution.

The Supervisory Committee is proud to be part of the TruWest Credit Union organization and we look forward to continuing this partnership with the Board, management and our members.

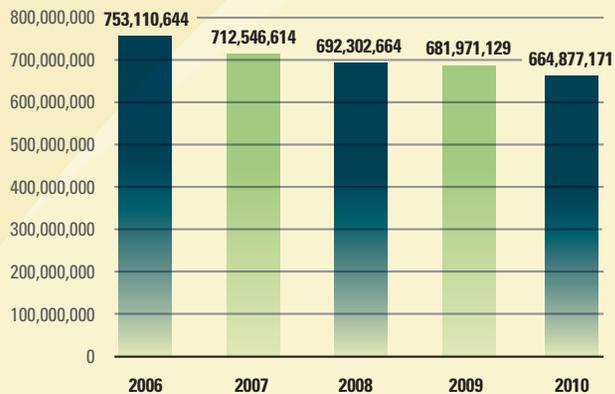
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Financial Highlights

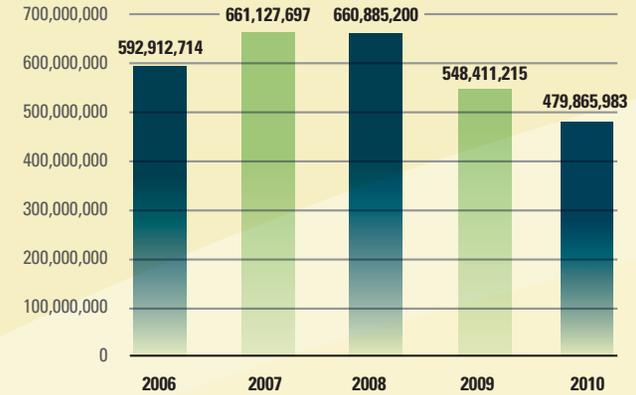
Total Assets



Member Deposits



Member Loans



Balance Sheet

	2010	2009	% Change
ASSETS			
Loans to Members	479,865,983	548,411,215	-12%
Allowance for Loan Loss	(14,710,959)	(16,083,326)	-9%
Net Loans	465,155,024	532,327,889	-13%
Total Investments	239,855,192	185,177,803	30%
Net Fixed Assets	15,869,994	17,108,642	-7%
Other Assets	21,098,169	20,378,187	4%
TOTAL ASSETS	741,978,379	754,992,521	-2%

	2010	2009	% Change
TOTAL LIABILITIES	7,324,191	6,655,827	10%
Total Savings	221,804,958	127,115,822	74%
Total Checking	33,850,144	115,916,944	-71%
Total Money Market	276,452,075	270,915,980	2%
Total IRA	27,186,955	27,347,816	-1%
Total Certificates	105,583,040	140,674,567	-25%
TOTAL DEPOSITS	664,877,171	681,971,129	-2%
TOTAL RESERVES	69,777,017	66,365,565	5%
TOTAL LIABILITIES, MEMBER DEPOSITS AND RESERVES	741,978,379	754,992,521	-2%

Net Worth Ratio



Highlights

	2010	2009	% Change
Members	58,821	63,079	-7%
Savings Accounts	65,646	70,151	-6%
Checking Accounts	30,911	29,607	4%
IRAs	4,444	4,896	-9%
Money Market	6,266	6,131	2%
Certificates	4,110	5,253	-22%
# of Loans	34,147	38,205	-11%
Online Banking Users	26,152	26,642	-2%
Bill Payment Users	10,784	10,771	0%

Income Statement

	2010	2009	% Change
Interest on Loans	31,925,685	38,692,274	-17%
Interest on Investments	4,379,527	2,737,398	60%
Interest Expense	3,684,206	8,529,006	-57%
Net Interest Income	32,621,006	32,900,666	-1%
Non-Interest Income	9,253,929	10,209,363	-9%
Operating Expenses	29,133,693	29,851,476	-2%
Provision for Loans Losses	10,610,336	21,471,213	-51%
Net Income	2,130,906	(8,212,660)	N/A

2010 Senior Management



Dan Desmond
President and
Chief Executive Officer



Alan Althouse
Executive Vice President and
Chief Financial Officer



Doug Lake
Executive Vice President and
Chief Lending Officer (retired)



Gary Bernard
Senior Vice President and
Chief Operations Officer



Tom Gessel
Senior Vice President and
Technology Officer



Jason Scott
Senior Vice President
Strategic Initiatives

2010 Board of Directors



Tom Cummiskey
Chairman
Term Expiration: 2012



Jeff Homer
Vice Chairman
Term Expiration: 2013



Scott Johs
Treasurer
Term Expiration: 2011



Jeffrey Myers
Secretary
Term Expiration: 2011



Rich Hill
Board Member at Large
Term Expiration: 2012



Mike Moulton
Board Member at Large
Term Expiration: 2012



Tim Niesz
Board Member at Large
Term Expiration: 2011



Rick O'Connor
Board Member at Large
Term Expiration: 2013



David Prechtel
Board Member at Large
Term Expiration: 2013



Julie Cole
Advisory Committee



Clarke Straughan
Advisory Committee



Experience the TruDifference

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Texas	512.996.4000
Toll-free	1.855.TRUWEST (878.9378)
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