

**Apple Valley**  
14690 Galaxie Avenue

**Golden Valley**  
6500 Olson Memorial Highway

**Lyn-Lake (Minneapolis)**  
2817 Lyndale Avenue South

**Highland (St. Paul)**  
757 Cleveland Avenue South

**Maple Grove**  
7851 Elm Creek Boulevard

**Mortgage Lending Services, Inc.**  
14601 27th Avenue North, Suite 103  
Plymouth

**Northeast Minneapolis (at the Ukrainian Center)**  
301 Main Street NE

**Roseville**  
2150 Lexington Avenue North

**St. Cloud**  
620 Roosevelt Road





# Chairman of the Board Report

The TruStone Financial Federal Credit Union Board of Directors is proud to report a strong and stable year, despite a slow economic turnaround nationally. As we conclude our 71st year, we can verify how well we fared during a year of economic uncertainty by presenting another year of steady growth. TruStone is a rock-solid organization, moving up in the rankings to fifth among credit unions and 16th among all financial institutions in Minnesota.

Our national banking system is still in a state of recovery. In 2010, bank failures and mergers occurred at an accelerated pace, credit extensions were tightened and uncertainty continued to rise in the banking sector. However, due in part to our balance sheet discipline, unwavering lending standards, commitment to our membership, and awareness of economic conditions, TruStone has seen positive results in almost all areas.

TruStone Financial benefitted from a combination of factors in 2010. Financially, we stabilized the leadership of the organization, while strategically, we laid the foundation for success for years to come. Our financial condition and capital ratios allowed us to continue to be a reliable financial partner through the crisis and to attract additional business from new and existing members who are taking shelter to weather the economic storm. The vitality of TruStone and trust our membership has in us has been demonstrated by our steady growth in core deposits year after year.

At TruStone, we believe that our team of people reflects our character as an organization. Your Board has significantly enhanced the talents required to lead this organization at the Board of Directors, Supervisory Committee and Management personnel levels. We have a team of dedicated, knowledgeable, experienced professionals, whose demonstrable talents will propel us forward in enhancing member services, products, offerings and convenience. Our staff is essential in supporting our membership and delivering on the values we have promised.

In 2011 we are scheduled to open our next branch in the Highland Park areas of St. Paul, fulfilling a promise we made a number of years ago to serve the needs of our members in that area. We will have exciting news of a merger we have been working to conclude that benefits the membership of both organizations. With the talents and expertise of your Board of Directors and Management we will also be upgrading our core infrastructure systems as we position for the future.

Over 57,000 families and organizations have confidence that we are their financial partner, and we hope to continue building on that trust well into the future. Looking ahead for 2011 and beyond, we see both opportunities and challenges. We are in an ideal position for growth at an accelerated pace. In 2011 we will look to add branches and deposits in market areas in which we already have an established presence, building on our footprint. And, as always, we will continue to deliver the most personalized banking experience, competitive rates and technology that will help us remain competitive in today's market.

In closing, TruStone Financial has never been in a better position to serve our members with all the elements coming together for future growth and delivery of the important financial considerations our members have come to expect.

Stephen Bohlig  
Chairman of the Board

Board of Directors

Supervisory Committee

Associate Directors

Stephen Bohlig  
Chairman of the Board

Fred Suzlbach  
Vice Chairman of the Board

Tom Alagna

Roger Cersine

Darrick Metz

Doug Nesbit

Samuel Stern

Michelle Hayden

Brian Lee

John Christenson

Roger K. Johnson

## Senior Leadership

Tim Bosiacki  
Chief Executive Officer

Jim Stahlmann  
Chief Operating Officer

Dan Zaczkowski  
Chief Financial Officer

Larry Bourgerie  
Vice President of Human Resources

Jim Gessert  
Vice President of Commercial Lending

Hans Iverson  
Vice President of Lending

Bob Thompson  
Vice President of Information Technology

Phil Young  
Vice President General Counsel



TruStone's School Express Bus collected school supplies for local schools and gave five lucky classrooms a makeover.



TruStone's Lyn-Lake branch opened in Minneapolis on May 18, 2010.



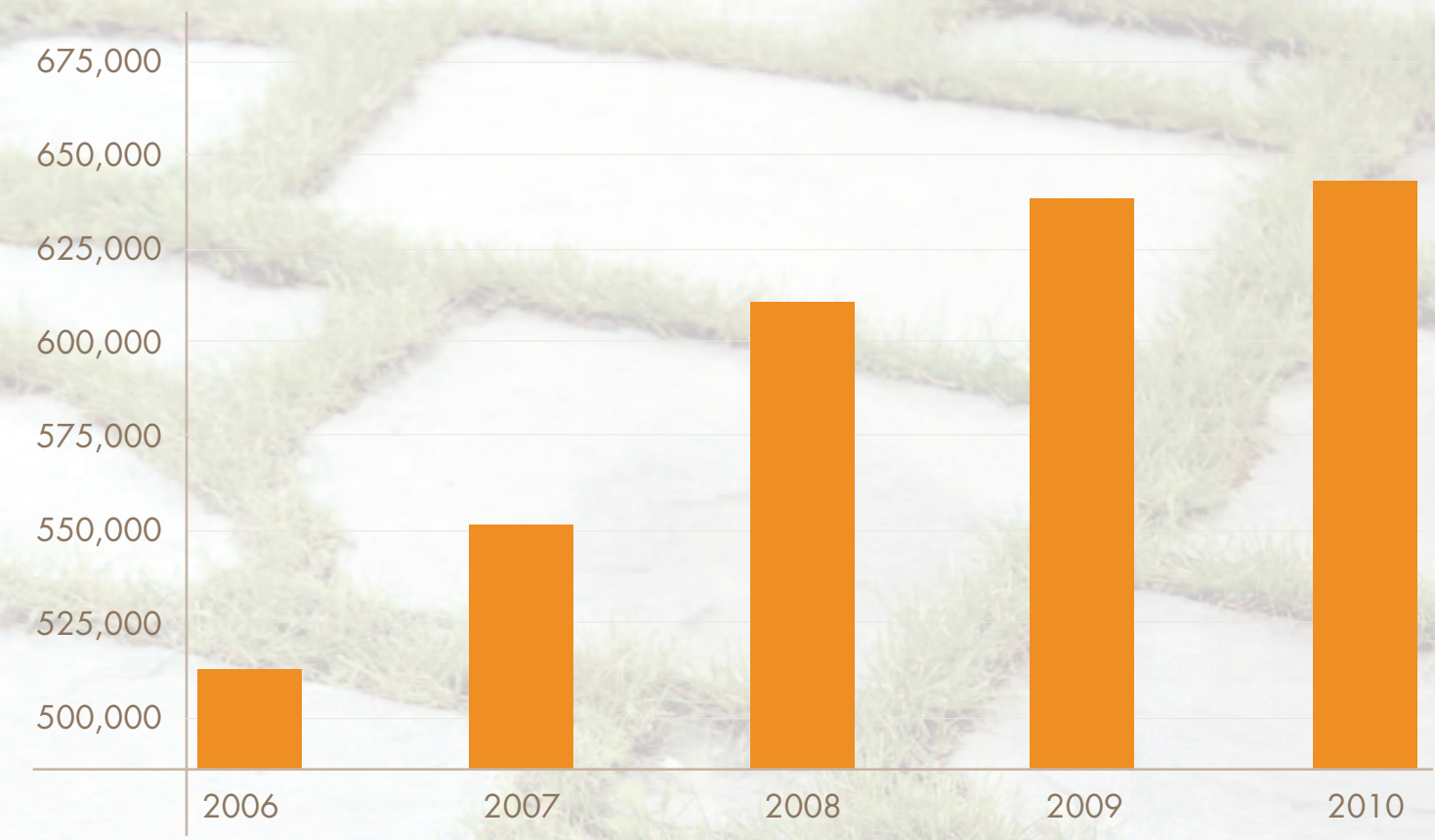
Assets

	(\$ in thousands) 2010	2009
Loans to members, net	288,532	307,999
Investments	315,005	299,376
Cash and Cash Equivalents	4,488	4,541
Property and Equipment, net	19,381	17,568
Other Assets	15,727	12,861
<b>TOTAL ASSETS</b>	<b>643,133</b>	<b>642,345</b>

Liabilities and Members' Equity

Member Deposits	571,127	570,807
Borrowed Funds	0	0
Other Liabilities	5,083	4,398
<b>TOTAL LIABILITIES</b>	<b>576,210</b>	<b>575,205</b>
Members' Equity	66,923	67,140
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>643,133</b>	<b>642,345</b>

Asset Size (in thousands)



TruStone Financial has given a sophisticated, modern, and sleek design to their newest branch locations. Many TruStone locations now offer:

**Member Engagement Rooms:** For additional privacy during your banking transaction, or for longer financial conversations, our Maple Grove, Lyn-Lake and Highland offices offer these contemporary yet casual and comfortable meeting rooms.

**Concierge Stations:** For more private, shoulder to shoulder transactions, our Maple Grove, Lyn-Lake and Highland office have 'concierge stations' instead of the traditional teller line. This aids in removing all barriers of traditional banking during your transaction.





Interest Income

	(\$ in thousands) 2010	2009
Loans	19,147	23,842
Investments	8,595	6,984
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Total Interest Income	27,743	30,826
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Dividend/Interest Expense	9,919	11,555
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NET INTEREST INCOME	17,824	19,272
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Provision for Loan Losses	2,964	3,218
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NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSS	14,860	16,053

Non-Interest Income

Miscellaneous Income	7,347	11,408
Gain/Loss on Investments	1,928	54

Non-Interest Expense

Compensation and Benefits	11,268	11,231
Occupancy	1,586	1,539
Office Operations	4,326	4,035
NCUA Stabilization	1,476	4,165
Other	4,317	4,060
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Total Expenses	22,973	25,031
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NET INCOME	1,163	2,485

Chief Executive Officer Report

2010 was a year of considerable achievement for TruStone Financial Federal Credit Union. We continue to be a profitable and well capitalized organization compared to our peers. This is quite an accomplishment given that home values are at record lows and unemployment continues to be exceptionally high. Nonetheless, TruStone posted a \$1.2 million net income and increased our asset size to \$643 million. There are many factors that made 2010 a success for your credit union. Here is a list of initiatives we took part in this past year:

SOUND LENDING PRACTICES

Our lending practices have resulted in low loan delinquencies and net charge offs relative to other financial institutions. TruStone’s delinquency ratio is 1.09%. in comparison to our peers, who are at 1.59%. In addition, our members continue to demonstrate thrift by paying down loan balances at an accelerated pace.

SUPPORT EDUCATION

We continue to invest in the future of our education system in multiple ways. In 2010, we purchased \$23 million in municipal bonds that finance school construction, repair and maintenance. We also introduced School Express, which gave five lucky teachers a classroom makeover prior to the 2010 school year.

COMPETITIVE RATES

Our competitive loan rates contributed to over \$214 million in new loans for our membership. Additionally, our attractive deposit rates allowed us to grow member account balances. This increase over the previous year shows the confidence our membership has in our organization. We want to continue to offer our membership a safe and reliable place for their hard earned money.

EXPANDED FOOTPRINT

One of the biggest requests within our membership is to add branch locations. In 2010 we opened our Lyn-Lake office in Minneapolis for your convenience. This 4,595 square foot office has the new TruStone look and feel, in the heart of South Minneapolis. If you haven’t yet seen this office, I encourage you to stop by. Additionally, we have acquired a branch property in the Highland Park neighborhood of St. Paul and will open that branch in April, 2011.

THE CREDIT UNION DIFFERENCE

We continue to boast our unique business model—where credit union members are the owners of their institution. This has proven to be as effective in 2010 as it was in 1939 when the Minneapolis Federation of Teachers Credit Union was founded. The communities we serve appreciate the cooperative nature of our business—where their opinions matter because they are part owner.

Thank you for an exceptional year for TruStone Financial Federal Credit Union. Without you as a member, we would not be where we are today.

Tim Bosiacki  
Chief Executive Officer