

The Thrift Credit Union Annual Report

March 23, 2010

The Thrift Credit Union
82nd Annual Membership Meeting
Tuesday, March 23, 2010, 4:30 PM
Promenade II Building

AGENDA

- I. Invocation
- II. Ascertain that a quorum is present
- III. Reading and approval of the minutes of the last Annual Meeting held on Tuesday, March 24, 2009.
- IV. Reports – Presentation and Acceptance
 - a. Board of Directors
 - b. President and Treasurer
 - c. Credit Committee
 - d. Supervisory Committee
- V. Unfinished Business
- VI. New Business
- VII. Question and Answer Session
- VIII. Elections
 - a. Nominating Process and Elections
 - b. Oath of Office
- IX. Adjournment

Drawings for door prizes will be held throughout the meeting.

PRESIDENT'S AND TREASURER'S REPORT

2009 was a year for which our credit union was well prepared. For the past several years we have increased our capital or reserves and have improved our asset or loan quality. These proactive steps placed us in an excellent position to see our way through the extremely difficult economic times our nation faces.

We finished 2009 in an exceptionally strong financial position, but 2009 was not a good year.

Our gross income for the year was at the lowest level since at least 1993. 2009's income was less than half the income of 1993. The dollar amount of the income reduction from 1993 is \$702,841. Income was low due to two factors:

- 1) Reduced demand for loans, which reflects reduced consumer borrowing nationwide
- 2) Reduced earnings on excess cash/deposits, which is a result of historically low interest rates set by the Federal Reserve

Resulting from the reduction of gross income, for the first time in many, many years our net income was "in the red." Not only were we "in the red" but according to government statistics, our peer group credit unions, on average, were also "in the red." Our net loss for 2009 was \$145,965. Included in this figure was several "never before" expenses that were either directly or indirectly required by government actions. The largest two of these "never before" expenses were:

- 1) \$21,136 for deposit insurance (all credit unions in the nation had this type of expense)
- 2) \$31,231 for Georgia Central (almost all credit unions in Georgia had this type of expense)

If these "never before" expenses were not included in our expense figures, our operating expenses for 2009 would have been at their lowest level in 18 years. That indicates effective expense control over the expenses we can control, which of course, is good news.

Other good news is our delinquent loan ratio which was at the third lowest level during the past 18 years, and remarkably we have not had any expense for bad loans for six consecutive years.

The best good news is our capital ratio. This is the amount of capital or reserves compared to asset size. Our capital ratio at the end of 2009 was 27.22% which compares to our peer group average of 15.33%. That is, our capital was over 1¾ times greater than our peer group average!

Our good quality loans and high capital places us in a good position for today's economic environment. In addition, we have a high level of liquidity which will allow us to rapidly adjust to the expected increase in interest rates. We have prepared for today and we have planned for tomorrow.

Ken Heller, President

CREDIT COMMITTEE REPORT

The Thrift Credit Union has been around for a long time and has served our members for eighty-two years. The credit union has always been a great place to save money without having to worry about losing one's initial investment. With the downturn in the stock market, this is very important. Members have received and continue to receive competitive loan rates on all their loans. Please consider a four year loan on a new automobile at 4%.

Many people are not borrowing as often as before but when you do decide to borrow, please consider borrowing from The Thrift Credit Union. The Credit Committee believes loan applications are acted upon in a prompt and fair manner. Many factors are considered when reviewing loan applications. Among these factors are the applicant's past borrowing and repayment record and the applicant's ability to repay the loan. The loan officers are able to assist members with lending or other financial advice. Although the majority of loan applications are approved, it is sometimes the unpleasant duty of a loan officer to deny a loan request when it is judged to be in the best interest of either the credit union or the member.

The credit union has maintained a low delinquency rate for the many years. Unsecured loans limits are scrutinized and excessive debts are discussed to minimize loan losses. With the downturn in loans, the credit union does not have the cushion to absorb high loan losses. A sound lending program with loan losses being well controlled is one of the foundations of our credit union's financial success.

The credit union's loan officer is eager to help you with most of your consumer lending needs. We hope to be a reliable source of borrowing for you and your family for many years to come.

Dennis Keith, Chairman