

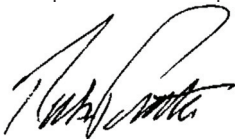
Chairman's Report for Annual Meeting

Last year was another year of progress for Tucson Old Pueblo Credit Union (TOPCU). TOPCU increased capital from \$8,615,878 to \$9,970,079 by the end of 2011. Capital amounted to 7.47% of assets which was a 0.57% increase from the year before. Some of this increase in capital is due to organizational efficiencies that began as far back as 2009. The six month running loan loss ratio was 1.94% in January 2011 and improved to 0.65% by December 2011. The net loan losses charged off in December 2011 were only \$49,217. To demonstrate the significance of this, in March of 2009, at the height of the great recession, net loan losses for TOPCU had reached \$683,898. After weathering the financial storm, TOPCU continues to be one of the most successful credit unions in Arizona.

Part of Tucson Old Pueblo Credit Union's financial activity is making loans to its members. Both nationally and locally, the demand for loans has significantly diminished. While the Credit Union has adjusted to this diminished demand, making good quality loans to our members continues to be a top priority. TOPCU has more than enough money to meet any foreseeable loan demand, without compromising our lending standards. As in years past, we are pleased to be in a position to meet the lending needs of our members.

TOPCU continually seeks to deepen member relationships. Our credit union continues the member rewards program and our organization strives to increase member relationships through mailings, email and the personal contact many of us enjoy. TOPCU continues to be visible throughout the community with participation in many local events supporting local law enforcement, fire, and civic causes demonstrating that TOPCU is truly a homegrown organization and reinforcing the philosophy that Tucson Old Pueblo Credit Union is a cooperative, community focused organization.

The success of 2011 is largely due to the hard work of TOPCU employees and staff. TOPCU continues to strive for realistic, sustainable growth even in the current economy. To accomplish this, we've continued to look for ways to ensure that we can combine the focus on member growth and competitive lending rates. TOPCU's members will also see exciting changes for 2012. The most visible to date is the main branch office remodel which is scheduled to be completed in April 2012. TOPCU also plans on launching a credit card program tailored to the unique needs and requirements of TOPCU members.



Richard Prater
Chairman

Volunteers

Board of Directors

Adam Amante
John Brady
Gail Carey
Fred Cushman
David Deibel
Russell Hughes
Richard Prater

Supervisory Committee

Kristie Ellis
Priscilla Lane
Roger Nusbaum
Doris Rentschler

ALCO Committee

Alan Merritt



TOPCU

Tucson Old Pueblo Credit Union

2011 Annual Report

SERVING
Those Who
SERVE™

Tucson Old Pueblo Credit Union

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Tucson, Arizona 85713
(520) 881-6262

www.topcu.org

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Report from the President and CEO

TOPCU continued to make strides in 2011. While the economy still presented challenges for both individuals and businesses, your credit union maintained profitability. Our net capital ratio, which is a key measure of our financial strength, increased to 7.47% — a level considered “well capitalized” by regulatory guidelines. The outlook for 2012 is good as TOPCU is projected to remain profitable.

Our support for City of Tucson employees and related groups continued in 2011. TOPCU was a key supporter for both the Tucson Police Foundation and the Greater Tucson Fire Foundation and their related events. For the fourth year in a row, TOPCU was the presenting sponsor for the Parks and Recreation’s Senior Olympic Games. TOPCU also supported The Erik Hite Foundation, the Arizona Police and Fire Games, the Firefighters Chili Cook-off and the El Rio Health Fair. TOPCU employees volunteer countless hours each year to show our support for City of Tucson employees.

TOPCU forever strives to provide those who we serve in the community with financial services that meet the unique needs of each member. We seek to be the primary financial institution for City of Tucson employees and select groups by employing high-quality employees who deliver exceptional service to our members. We will continue to achieve these goals through integrity, empathy, knowledge, and fun. TOPCU’s core values guide and enable us to be a mutually profitable and growing institution in order to better serve the financial needs of our members.

We appreciate the help and support of our loyal members and tireless staff. While we serve those who serve with pride, we are also proud of being a part of the greater Tucson community as well. As your local credit union, we are always honored to help the community in any way possible. For the upcoming year, we would like to continue to grow and serve our members better. As always, if you like what the credit union represents and want to see us grow, we hope that you refer your friends and family to Tucson Old Pueblo Credit Union. We had a great 2011 and are looking forward to an even better and more prosperous 2012 and beyond.



Joe Mirachi
President and CEO

2011 Financial Statement*

Assets	2011	2010
Loans	\$76,734,528	\$91,362,406
Loan Loss Allowance	(1,640,667)	(2,812,916)
Cash and Cash Equivalent	5,055,062	2,949,768
Investments	46,261,784	26,400,026
Property and Equipment	4,557,963	4,701,665
Other Assets	2,546,857	2,245,955
Total Assets	\$133,515,527	\$124,846,905

Liabilities & Equity	2011	2010
Borrowed Funds	\$ 2,100,000	\$0
Liabilities	657,339	734,650
Savings Accounts	43,840,227	39,516,952
Checking Accounts	19,353,139	17,239,201
Money Market Accounts	26,393,133	23,104,045
Certificate Accounts	19,187,769	22,750,250
IRAs	12,013,841	12,885,929
Capital	9,970,079	8,615,878
Total Liabilities	\$133,515,527	\$124,846,905

Sources of Funds	2011	2010
Loans	\$5,041,310	\$6,623,171
Investments	660,504	272,837
Fee/Other Income	607,781	1,780,991
Non-Operating Income	781,918	16,638
Total Income	\$7,255,339	\$8,693,637

Allocation of Funds	2011	2010
Dividends	\$613,177	\$852,060
Interest on Borrowed Funds	3,586	4,113
Operating Expenses	5,650,519	5,564,801
Provision for Loan Loss	(367,134)	861,146
Net Income (loss)	1,354,201	1,378,243
Non-Operating Expense	990	0
Total Allocations	\$7,255,339	\$8,660,362

*Unaudited financial statement as prepared by Tucson Old Pueblo Credit Union

Report from the Supervisory Committee

The Supervisory Committee, which is a group of 3-5 volunteers, is appointed and retained by the Board of Directors. This committee is responsible for conducting a comprehensive annual audit of the credit union to ensure its operations are sound. The Supervisory Committee is also responsible for investigating member complaints and employee grievances.

The Committee engaged an independent accounting firm through competitive bids (Turner, Warren, Hwang & Conrad, a Certified Public Accounting firm, Burbank, California), to audit the credit union’s financial statements for the year ending December 31, 2011.

The Arizona Department of Financial Institutions (AZDFI) and the National Credit Union Administration (NCUA), the credit union insurer, also perform examinations each year to evaluate Tucson Old Pueblo Credit Union’s financial condition and operations.

In addition, the credit union employs a full-time Director of Internal Audit, who reports to the Supervisory Committee, to assist in providing additional safeguards and working under an annual audit plan. Based upon our internal and external opinion audits together with annual AZDFI and NCUA examinations, Tucson Old Pueblo Credit Union is in sound financial condition as a result of having strong leadership from the Board of Directors, management, and a dedicated staff.

There are annual reviews of bylaws, policies and procedures, which are reviewed and ratified by the Board of Directors, to update sound credit union practices and other legal requirements.



Roger A. Nusbaum
Chair