

Statement of Financial Condition

Condensed and Consolidated for USAgencies Credit Union, USACU Services Inc., and CU Home Loan Center, LLC.

As of December 31 2005 2004

ASSETS

Loans (net)	\$23,404,279	\$22,814,927
Cash	\$729,675	\$783,399
Investments	\$22,030,168	\$22,430,211
Accrued Income	\$107,202	\$98,912
Prepaid & Deferred	\$58,107	\$66,288
Fixed Assets	\$282,974	\$133,663
Other Assets	\$424,621	\$408,293

TOTAL ASSETS \$47,037,026 \$46,735,693

LIABILITIES

Accounts Payable	\$99,946	\$51,724
Notes Payable	\$ -	\$ -
Taxes Payable	\$601	\$4,174
Accrued Expense	\$173,699	\$180,866
Deferred Income	\$5,697	\$5,950
Member Savings		
Other Savings		
Accounts	\$18,907,203	\$18,051,401
Share Certificates	\$11,089,429	\$10,736,641

TOTAL LIABILITIES \$30,276,575 \$29,030,756

MEMBERS' EQUITY

Membership Shares	\$11,584,614	\$12,974,718
Regular Reserves	\$1,483,999	\$1,483,999
Undivided Earnings	\$3,691,838	\$3,246,220

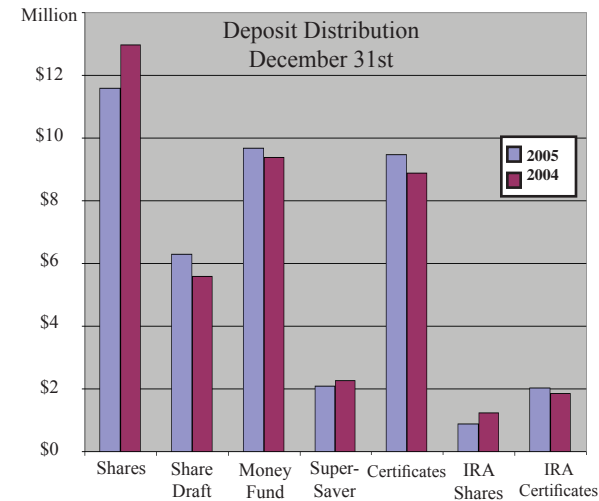
TOTAL MEMBERS' EQUITY \$16,760,451 \$17,704,937

TOTAL LIABILITIES & MEMBERS' EQUITY \$47,037,026 \$46,735,693

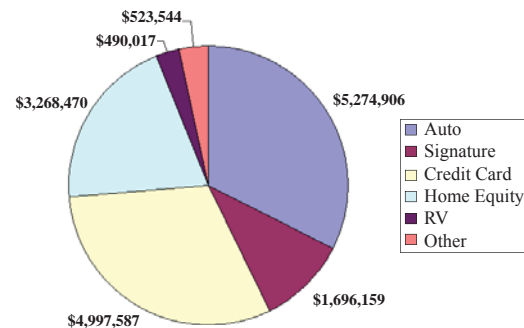
Statement of Retained Earnings

For the year ended December 31, 2005

	Appropriated Statutory	Unappropriated	Total
Balance 12/31/04	\$1,483,999	\$3,246,220	\$4,730,219
Net Income Applied	\$ -	\$445,618	\$445,618
Balance 12/31/05	\$1,483,999	\$3,691,838	\$5,175,837



2005 Loan Disbursements \$16,250,683



Board of Directors



Left to Right: Dale Hing, Don Petroff, Lynn Voigt (Chair), John Quinata (2nd Vice Chair), Carol Leiter, Wayne Medford (Vice Chair), Roxane Freeman (Secretary), Irene Ewald. Not Pictured- Bill Kirchner

The Accounting Department



Left to Right: Jill Stamper- Back Office Clerk, Kathy Scholes- CFO/Accounting Supervisor, Lindsey Bryson- Back Office Support Clerk, Cliff Latimer- Book Keeper

Supervisory Committee

Terry Smith- Chair
Don Howard- Vice Chair
Sheila Findley- Secretary
Ray Bouvier ♦ Paul Stuckenschneider

Management Staff

Jim Lumpkin- President/CEO
Kathy Scholes- Vice President/CFO
Cindy Packard- Operations Manager
Andrew Ackman- Network Administrator
Cyndy Hallar- H.R. Coordinator/ Admin Assistant
Johnnalee Friedman- Business Dev./ Marketing Coordinator
Steven Raymond- Vice President/CEO CU Home Loan Ctr.

USAgencies
CREDIT UNION

95 SW Taylor Street * Portland, OR 97204 * www.usacu.org
503-275-0300 * 800-452-0915 * Fax 503-275-0319



2005 Annual Report



USAgencies
CREDIT UNION

Exceptional Service Without Exception

2005 Report to our Members

This is an exciting time for your Credit Union! The end of this year marks the beginning of the 70th year of USAgencies Credit Union's commitment to the financial security and well-being of its member-owners.

As we prepare for our 70th birthday, USAgencies Credit Union celebrates 7 decades of faithful service to Federal employees, military personnel from the State of Oregon, their family members, and those employed by our other associated companies. With the recent granting of an expansion to our Charter, we value and look forward to the opportunity to provide service to an even greater public employment base by serving City, County, and State employees residing or working in or near the Portland metropolitan area.

In October of 1936, USAgencies Credit Union began with 45 members and a combined savings base of \$910.50. Today, your Credit Union has an asset base of nearly \$50 million, and a membership base of more than 7,300 dedicated and loyal members enjoying our Credit Union's competitive products and services.

In the last several years, sizable investments have been made to help assure all members have convenient and easy accessibility to the full array of Credit Union services, regardless of their location. USAgencies is a full-service financial institution with a street-front, member-friendly, state-of-the-art lobby at 1st and Taylor in downtown Portland. For those members who do not work or have easy access to the downtown area, electronic access brings 24-7 accessibility to Credit Union products and services through the web-based PC Branch, by telephone through the automated MARS system, through fee-free ATM access at over 24,000 CO-OP Network locations nationwide, and Shared Branching at more than 2,000 participating member credit union branches throughout the country.

As 2005 winds down, your Credit Union enjoys a very healthy 10.9 % capital base. We are now poised to strategically explore new ways to deliver value to our member-owners, and grow both in terms of membership and assets. As a first step in this process, we will be conducting a 2006 membership survey. The survey will become a vital tool for your Board to use in developing the Credit Union's strategic plan. The information gleaned from the survey will be used to guide the development of products and services suited to our members' needs now and well into the future. It will also be used to gauge how well your financial needs and service expectations are being met.

USAgencies Credit Union's continuing dedication to providing the highest levels of service resulted in a very strong 2005, and we are determined to leverage that strength into 2006 and beyond for the benefit of the Credit Union's member-owners.

USAgencies last 70 years have been built on our commitment to the credit union movement's philosophy of "People Helping People." Today we remain steadfastly committed to the long-standing values of providing for the financial well-being of our member-owners. We continue to be blessed with a dedicated and talented professional staff, lead by a group of committed volunteers from the Credit Union's membership.

The volunteers, management, and staff of USAgencies Credit Union thank you for your loyalty and we gratefully acknowledge your commitment to help ensure the continued success of our member-owned cooperative financial institution.



Lynn Voigt
Chairman



Jim Lumpkin
President/CEO

Credit Managers Report

In September 2002 I was appointed by the Board to the position of Credit Manager. In this capacity I conduct reviews of Credit Union loan policies, procedures, and programs.

I also serve on our loan committee, which reviews all loan requests that are not approved by individual loan officers.

In addition, I conduct bimonthly reviews of individual loan requests, to ensure the Credit Union is following established policies, procedures, and state and federal regulations, while meeting the needs of our borrowing members.

In 2005, we approved 84% of all applications received, while maintaining high quality standards in our loan underwriting. We have again received high ratings in the asset quality of our loan portfolio from our auditor and state examiners.

Jim Lumpkin
Credit Manager

Supervisory Committee

The Board of Directors appoints five (5) volunteers to the Supervisory Committee. The Committee holds elections to select a Chairperson, a Vice-Chairperson, and a Secretary. Each Committee member serves a three (3) year term, and the members can serve subsequent terms.

Committee responsibilities include arranging and engaging in the verification of member accounts; the annual audit; and meeting with State Examiners when requested. The WEL Group, Inc. provided Committee assistance this past year in completing these requirements. The Committee also reviews all examinations conducted by regulatory bodies and verifies that any deficiencies reported are resolved. The Committee works hard to ensure they are in compliance and are meeting their responsibilities.

The Supervisory Committee ensures that:

- The assets of USAgencies Credit Union and its members are protected by adequate internal controls; and
- USAgencies Credit Union's financial records are in order and safeguarded.

In order for the Supervisory Committee to meet their responsibilities they must determine whether:

- Internal controls have been established and maintained effectively to meet financial reporting requirements to satisfy the verification of members' accounts and the audit;
- Financial reports and accounting records are promptly prepared and accurately reflect the operations and results;
- Plans, policies, and control procedures established by the Board of Directors are administered properly; and
- Control procedures and policies are sufficient to safeguard against error, carelessness, conflict of interest, self-dealing, and fraud.

The Committee has oversight responsibility serving as a "watchdog" for members and as an independent check on the operations.

The Credit Union again received an excellent report from an independent auditor. Management continues to be responsive, promptly correcting any noted deficiencies and continues to manage the Credit Union with the members' best interest always in the forefront.

Terry M. Smith, Chairman, Supervisory Committee

Statement of Operating Income and Expenses

Condensed and Consolidated for USAgencies Credit Union, USACU Services Inc., and CU Home Loan Center, LLC.

As of December 31	2005	2004
OPERATING EXPENSE		
Compensation	\$728,888	\$725,283
Taxes & Benefits	\$207,272	\$202,832
Travel & Conference	\$37,722	\$30,198
Business &		
Publication Costs	\$10,629	\$11,191
Office Occupancy	\$104,053	\$102,471
Office Operating	\$358,282	\$423,310
Advertising & Promos	\$87,969	\$89,506
Loan Servicing	\$112,180	\$128,894
Professional &		
Outside Services	\$204,458	\$197,778
Provision for Loan Loss	\$13,303	\$81,000
Members Insurance	\$259	\$277
State Examination Fee	\$7,560	\$8,617
Cash Over (Short)	\$640	\$630
Interest on Borrowings	\$ -	\$ -
Annual Meeting	\$2,454	\$2,525
Miscellaneous	\$18,421	\$22,682
TOTAL OPERATING EXPENSES	\$1,894,090	\$2,027,194
DIVIDEND/INTEREST EXPENSES		
Dividends	\$74,867	\$85,807
Interest on Deposits	\$413,559	\$358,315
Total Operating, Dividends, and Interest Expenses	\$2,382,516	\$2,471,316
Non Operating Income	\$(56)	\$228
TOTAL EXPENSES	\$2,382,572	\$2,471,088
INCOME		
Interest on Loans	\$1,380,582	\$1,421,366
Income from Investments	\$763,661	\$643,593
Misc. Operating Income	\$683,947	\$748,862
TOTAL INCOME	\$2,828,190	\$2,813,821
NET GAIN	\$445,618	\$342,733