

## Statement of Financial Condition

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

As of December 31	2008	2007
<b>ASSETS</b>		
Loans (net)	\$27,738,113	\$27,602,280
Cash	\$1,093,225	\$918,037
Investments	\$23,020,887	\$17,316,392
Accrued Income	\$135,339	\$125,781
Prepaid & Deferred	\$82,609	\$67,800
Fixed Assets	\$336,001	\$259,968
Other Assets	\$414,577	\$407,135

<b>TOTAL ASSETS</b>	<b>\$52,820,752</b>	<b>\$46,697,393</b>
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### LIABILITIES

Accounts Payable	\$83,120	\$77,346
Notes Payable	\$22,365	-
Taxes Payable	\$5,828	\$1,395
Accrued Expense	\$284,722	\$216,412
Deferred Income	\$5,830	\$2,748
Member Savings		
Other Savings Accounts	\$21,207,705	\$17,455,774
Share Certificates	\$16,852,693	\$14,531,352

<b>TOTAL LIABILITIES</b>	<b>\$38,462,263</b>	<b>\$32,285,027</b>
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### MEMBERS EQUITY

Membership Shares	\$8,145,487	\$8,451,062
Regular Reserves	\$1,483,999	\$1,483,999
Undivided Earnings	\$4,729,003	\$4,477,305
Minority Interest in CU Home Loan Center, LLC	-	-

<b>TOTAL MEMBERS' EQUITY</b>	<b>\$14,358,489</b>	<b>\$14,412,366</b>
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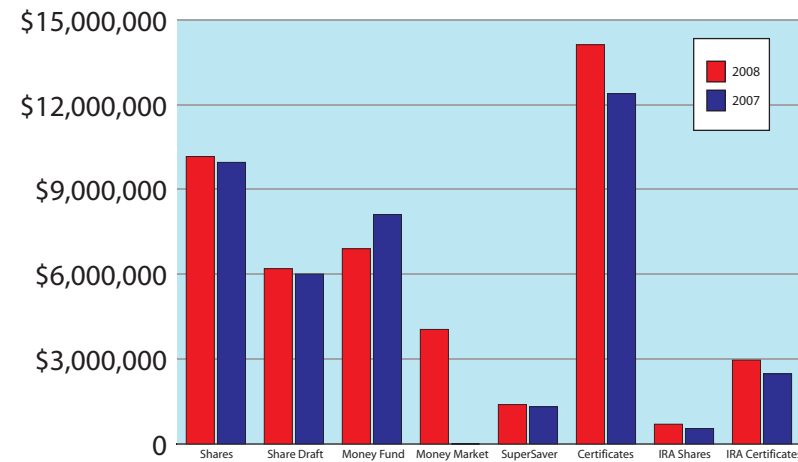
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$52,820,752</b>	<b>\$46,697,393</b>
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## Statement of Retained Earnings

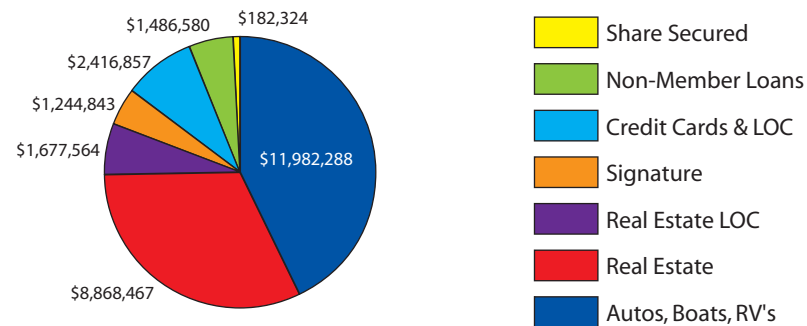
For the year ended December 31, 2008

	Appropriated Statutory	Unappropriated	Total
Balance 12/31/07	\$1,483,999	\$4,477,305	\$5,961,304
Transfers, net	-	-	-
Paid in Surplus		\$251,698	\$251,698
Net Income Applied			-
Redemption of Interest			-
Balance 12/31/08	\$1,483,999	\$4,729,003	\$6,213,002

### Deposit Distribution December 31, 2008



### Loan Distribution December 31, 2008



## Board of Directors



**First Row, left to right:** Jack Ferris, Carol Leiter, Stephen Terreault. **Second Row, left to right:** Brian McConnell, Wayne Medford (Vice Chair), John Quinata (2nd Vice Chair), Lynn Voigt (Chair). **Not Pictured:** Irene Ewald, Bill Kirchner

## Supervisory Committee

Terry Smith- Chair  
Bernie Landreth- Vice Chair  
Ray Bouvier- Secretary  
Bozena Andrews ♦ Don Howard

## Management Staff

Jim Lumpkin- President/CEO  
Kathy Scholes- Vice President/CFO  
Cindy Packard- Operations Manager  
Andrew Ackman- Network Administrator  
Erin McCarty- Business Development/ Marketing Director  
Steven Raymond- Vice President/CEO CUHLC

**USAgencies**  
CREDIT UNION

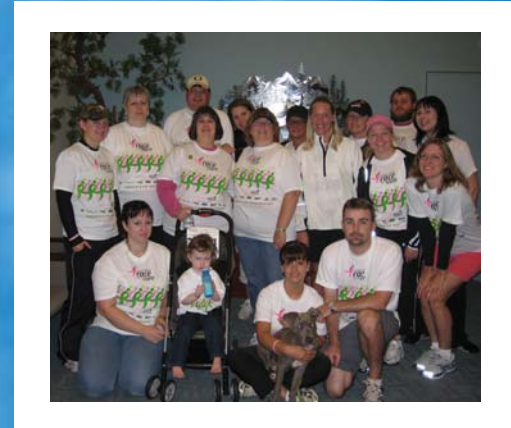
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**USAgencies**  
CREDIT UNION

We provide solutions to improve each member's financial life



# 2008 Annual Report



## 2008 Report to Our Members

Our 72nd year was one of the more challenging, but rewarding, years faced by USAgencies Credit Union. As the economic downturn picked up steam throughout 2008, USAgencies experienced an infusioin of deposits as new and existing members increased their deposits as a “return to safety.” The safe, secure, and conservative nature of our cooperative financial institution was considered by many to be the safe haven they were looking for in this time of financial uncertainty. This feeling of security was further enhanced by the increase in the NCUA Share insurance coverage, insuring deposits to at least \$250,000 per account holder. Many members took advantage of the account structuring allowed by NCUA, which can increase the insurable limits for a two-person household up to \$1,000,000, not including the additional separate coverage for IRA accounts.

In response to this inflow of deposits, the Credit Union launched the Advantage + Money Market account in July 2008. This account was designed to combine the earning benefits of a six-month CD, while allowing the flexibility of a money market account. The popularity of the account exceeded our expectations, with year-end deposits surpassing \$4,000,000.

In 2008, USAgencies entered a new era of member service as we refocused on accomplishing our mission of Providing Solutions to Improve Each Member’s Financial Life. We incorporated new training and development tools for all staff, enabling them to serve you better. We developed our Service Promises as the basis of our new Credit Union culture; a culture based on serving you, our member-owners. As part of this culture, internal and external surveys were developed as a method of soliciting feedback on how the Credit Union is doing at living up to its Service Promises to you. We value your input, and greatly appreciate the time you take in providing your comments and survey responses. With your feedback helping guide the way; USAgencies will reach its vision of being the Trusted Financial Service Provider of Choice.

As part of our mission to improve our member’s financial lives, USAgencies held a series of educational seminars throughout the year. These seminars covered a wide range of topics, from home purchasing to investing. They were presented by an array of volunteers and professionals at both the Robert Duncan and Edith Green/Wendell Wyatt federal buildings. Plans are in place to expand the topics covered, and locations where the seminars are held in the upcoming years.

The financial industry was not the only area feeling the effects of the economic downturn in 2008. And USAgencies, as a member of the local community, continued to assist our members and others in the community as the economy continued to decline. Contributions were made to various local organizations, including the Oregon Food Bank and the City of Portland GREAT (Gang Resistance Education And Training) program, to assist those in need. In an effort to help federal employees raise funds for many worthwhile causes, USAgencies provided funds to help sponsor the Pacific Northwest 2008 Combined Federal Campaign. Our support of the Susan B. Komen Race for the Cure continued with our third year of sponsoring Team USACU. This year the USAgencies team, consisting of both members



Lynn Voigt  
Chairman

and staff, raised over \$2,000 for breast cancer research.

Your Credit Union continues to grow and remain financially strong. Assets grew by 12.8% eclipsing \$53,000,000, an increase of over \$6,000,000 for the year. We continued to strengthen our capital position, recording a \$251,000 net income to help maintain our capital reserves. USAgencies ended the year at an 11.92% capital to assets ratio, well above the 7% minimum required by NCUA to be considered a “well capitalized” credit union. We continue to balance the need for capital accumulation, which supports our asset growth, with the needs of our members by offering lower borrowing and higher savings rates.



Jim Lumpkin  
President/ CEO

USAgencies Credit Union continues to expand its products and services to meet the ever changing needs of its members, wherever they are located. You can access your USAgencies account at over 3,700 shared branch locations nationwide, including 75 locations in Oregon. In addition, there are over 28,000 surcharge-free ATM’s, including 9,000 deposit taking and 5,500 7-Eleven locations throughout the US and Canada,. With this huge Credit Union supported network, you are never far from your USAgencies account. Using your USAgencies Debit Card, you can obtain cash at thousands of merchants nationwide by using the merchant’s point of sale terminals when you pay for your purchases. Combined with the 24 hour convenience of our on-line banking system PC Branch, and our phone banking system MARS, you can easily access your account information, transfer funds, make loan payments, or pay your bills from your home or office anytime day or night.

All of us at USAgencies Credit Union know that you have many choices from which to obtain your financial services. The volunteers, management and staff of USAgencies thank you for choosing USAgencies – your member-owned financial cooperative – as your financial institution. We look forward to serving you and your family members during the upcoming years. At USAgencies, we are committed to providing solutions that improve your financial life.

## 2008 Credit Manager Report

I was appointed to the position of Credit Manager in September, 2002. In this capacity I conduct regular reviews of Credit Union loan policies, procedures, and programs. I also serve on our loan committee, which reviews all loan requests that were not approved by individual loan officers. In addition, I perform quarterly reviews of individual loan requests, to ensure the Credit Union continues to follow the policies, procedures, and regulations that have been established.

In 2008, we approved 89% of all loan applications received, increasing our loan portfolio by over half a million dollars in a very down economy, while our loan delinquency remained a very manageable .42% of total loans. By adhering to our established underwriting practices, we continue to meet the borrowing needs of our members while maintaining a high quality loan portfolio. We continue to receive superior loan quality ratings from both our auditor and the state examiners.

Jim Lumpkin  
Credit Manager

## 2008 Supervisory Committee Report

Five (5) volunteers that express interest in serving on the Supervisory Committee are appointed by the Board of Directors. Based on the governing, bylaws elections are held by the Committee to select a Chairperson, a Vice-Chairperson, and a Secretary to conduct official meetings. Each Committee member serves a three (3) year term, and the members can serve subsequent terms.

The Committee responsibilities are:

- Engaging in and arranging for the verification of member accounts,
- Engaging in and arranging for the annual audit; and
- When requested meet with the auditors and State Examiners.

The Daren B. Tanner (DBT), P.C., certified public accountant firm, provided assistance to the Committee this past year in completing these requirements. The Committee reviews all examinations conducted by regulatory bodies and verifies that any deficiencies reported are resolved timely. The Committee continues to work hard to ensure that they comply with their responsibilities.

The Supervisory Committee ensures that:

- The assets of the USAgencies Credit Union (USACU) and its members are protected by ensuring that adequate internal controls are in place; and
- The USACU financial records are safeguarded, and are in order.

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

- Adequate internal controls have been established to protect the assets of the Credit Union;
- The financial reports and accounting records are promptly prepared and accurately reflect the operations and results;
- The plans, policies, and control procedures established by the Board of Directors are administered properly; and
- The control procedures and polices are sufficient to safeguard against error, carelessness, conflict of interest, self-dealing, and fraud.

The Committee has oversight responsibility for the members and independently checks on the operations.

USACU continues to receive excellent reports from the independent auditors. The USACU Management “Team” continues to be responsive by correcting any noted deficiencies promptly, and continuing to manage the Credit Union with the members’ best interest.

Terry M. Smith, Chairman, Supervisory Committee

## 2008 Statement of Operating Income and Expenses

As of December 31

OPERATING EXPENSE	2008	2007
Compensation	\$825,112	\$769,953
Taxes & Benefits	\$260,995	\$225,154
Travel & Conference	\$45,348	\$43,226
Business & Publication Costs	\$12,047	\$12,315
Office Occupancy	\$178,748	\$173,267
Office Operating	\$365,729	\$330,066
Advertising & Promotions	\$67,259	\$97,238
Loan Servicing	\$129,901	\$124,124
Professional & Outside Services	\$194,929	\$176,457
Provision for Loan Loss	\$81,924	\$19,966
Provision for Investment Loss	-	(\$12,000)
Members Insurance	\$167	\$242
State Examination Fee	\$8,156	\$6,279
Cash Over (Short)	\$4	(\$122)
Interest on Borrowings	\$5	\$42
Annual Meeting	\$3,839	\$5,359
Miscellaneous	\$18,759	\$28,973

<b>TOTAL OPERATING EXPENSES</b>	<b>\$2,192,922</b>	<b>\$2,000,539</b>
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## DIVIDEND/INTEREST EXPENSES

Dividends	\$56,847	\$56,541
Interest on Deposits	\$920,707	\$835,204

Total Operating, Dividends, and Interest Expenses	\$3,170,476	\$2,892,284
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Non Operating Income	\$50	-
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<b>TOTAL EXPENSES</b>	<b>\$3,170,426</b>	<b>\$2,892,284</b>
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## INCOME

Interest on Loans	\$1,858,925	\$1,825,268
Income from Investments	\$884,853	\$825,120
Miscellaneous Operating Income	\$678,346	\$653,313

<b>TOTAL INCOME</b>	<b>\$3,422,125</b>	<b>\$3,303,701</b>
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<b>NET GAIN</b>	<b>\$251,698</b>	<b>\$411,417</b>
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