

2009 WSECU ANNUAL REPORT



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Board Member



THE BOARD OF DIRECTORS

REPORT FROM THE BOARD OF DIRECTORS

On behalf of the Board of Directors, I'm pleased to present the 2009 annual report to the WSECU membership.

As you will see from the numbers in this report, your credit union successfully navigated through the difficult economic environment last year. Providing you with a sound, secure credit union is vital to the board and to management. So we have ensured that WSECU is very well-capitalized with strong reserves and we maintain a conservative appetite for risk. These values have helped keep us strong for more than 50 years.

Numbers tell only part of the story. Credit unions are about people helping people, and now, more than ever, we need to reach out to members and help them through times of hardship. That is why we are proud of messages from members like these:

- Richard of Dupont nominated a staff member for "Employee of the Quarter" after she explained how he could save \$150 per month by switching to a WSECU Visa® card from a bank card;
- Ray of Spokane shared with us that his entire family has been supported through their difficult times by a special WSECU employee who never hesitates to lend an ear — or a box of tissue; and,
- Chris of Pullman told us his Home Loan Consultant repackaged two mortgages into one with a lower interest rate that saved him \$550 a month.

We hope you, too, have found WSECU staff works hard to make your life easier.

Despite the challenges in 2009, it was also a year of significant milestones for WSECU. We opened a new sustainably-built corporate headquarters building and flagship branch in Olympia. This is a long-term investment for the credit union and an asset that we'll benefit from for years. I'm pleased to say it was finished on time and under budget, and we were able to leverage our ability to build during a downturn to garner great deals on supplies, fixtures and labor.

WSECU has never lost sight of the hard-working public employees who comprise our core membership base. In 2009, we strengthened those ties by conducting extensive financial education outreach, bringing workshops to thousands of public employees across the state.

No one has a crystal ball, but there are signs 2010 may bring an even tougher economic environment than 2009. Rest assured, WSECU is prepared. And we want you to know our team of trusted advisors is ready to help members achieve their goals during these difficult financial times.

Thank you for choosing WSECU as your financial partner. We are honored to serve you.



Fred Olson
2009 Board Chair

MESSAGE FROM THE CEO



It seems like the media and the general public are finally catching on to what used to be the best kept secret in financial services. WSECU, along with other credit unions, has become more attractive to consumers than ever before. During a tumultuous time in financial services, our not-for-profit structure, uncompensated Board of Directors and philosophical core value of service has never looked better to those looking for a trusted partner for their financial needs.

During 2009, the economy and the markets took quite a ride. WSECU braced ourselves and made significant adaptations to the way we do business in order to position the credit union well to weather the downturn.

First, we scrubbed our budget and put some initiatives on hold. We held salaries steady, reduced training & travel and renegotiated contracts to get better rates from our partners. WSECU employees jumped in to assist at every turn, taking on new roles, lending a hand in different departments and keeping cost containment top-of-mind.

Through these efforts and with the help of a strong year for mortgage production, WSECU ended 2009 at just over \$6 million in net income. We also grew our membership by nearly 3.5 percent, well above the industry average.

While WSECU had a lot of successes in 2009, we were not immune to all the realities of the economy. This annual report shows an increase in loan losses and we expect that to continue for 2010. We've been working with more members who are struggling to pay their bills and doing all we can to assist them during a tough time.

With the guidance of our dedicated Board of Directors and the expertise of our talented staff WSECU will continue to focus our strategic decisions around one simple question: is this the best thing for our membership?

Thank you for your commitment to this cooperative.

A handwritten signature in black ink, appearing to read "Kevin Foster-Keddie". The signature is fluid and cursive, written over a light background.

Kevin Foster-Keddie
President & CEO



REPORT FROM THE SUPERVISORY COMMITTEE

WSECU's three-member Supervisory Committee, elected by the credit union membership, is charged with overseeing its financial safety and security.

The members of the committee review monthly financial statements, internal audit reports involving credit union processes, regulatory examination reports and the annual financial audit results. In addition, we also carry out our responsibilities by overseeing the work of the credit union's Audit Services Department and by engaging the outside auditors for the annual financial audit.

On behalf of the members of WSECU, the Supervisory Committee commissioned an independent audit of the credit union's consolidated financial statements that was performed by the CPA firm of Orth, Chakler, Murnane and Company. Their financial audit, for the year ended December 31, 2009, expressed an unqualified opinion on the credit union's consolidated financial statements. An unqualified opinion means they found the financial condition, position and operations are fairly presented in the financial statements. It is the best type of report an auditee may receive from an external auditor.

As determined by management, the consolidated financial statements included in the annual report are condensed for readability and do not meet full disclosure requirements of generally accepted accounting principles in the United States. The complete consolidated financial statements and the report of the independent certified public accountants are available for viewing at the WSECU corporate office in Olympia, Washington.

Despite continuing economic challenges, 2009 was another successful year for the credit union. Our membership reached over 166,000 by the end of the year. Assets increased approximately \$100 million, with a year-end balance of just under \$1.5 billion. WSECU's deposit balances ended the year at \$1.3 billion, while contribution to total equity for the year was over \$6 million (net income).

If you have any questions, the members of the Supervisory Committee are available to serve you.



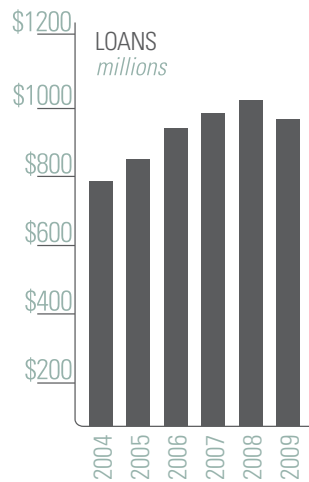
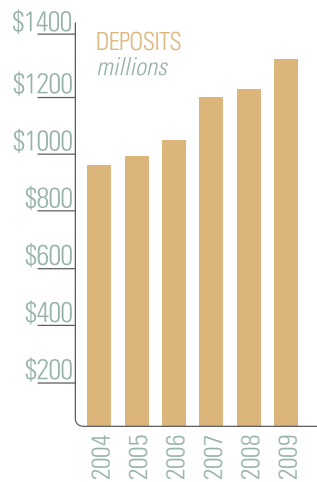
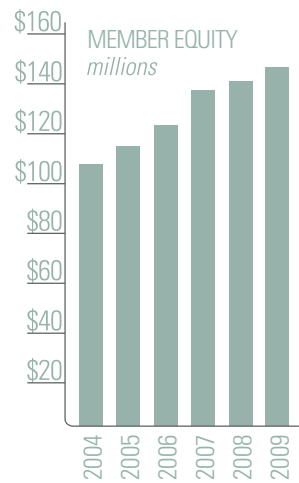
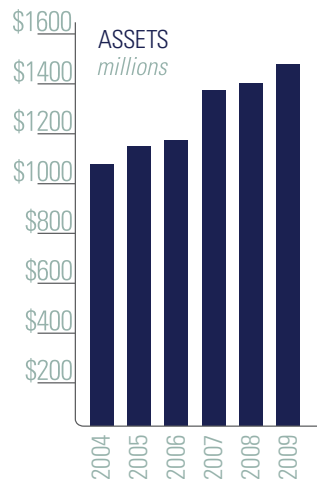
Tom Wieland, Chair
WSECU Supervisory Committee



*Top to bottom: Tom Wieland,
Jeff Doyle, Scott Henderson*



WSECU 2009 FINANCIAL STATEMENTS



ASSETS

Assets	2009	2008
Cash & Cash Equivalents	\$ 346,618,890	\$ 160,665,725
Investments	97,766,763	122,024,547
Loans to Members, net of the allowance for loan losses	944,599,258	1,039,435,960
Accrued Interest Receivable	4,338,161	5,125,740
Property & Equipment	74,778,907	41,761,660
Federal Share Insurance Fund Deposit	12,965,360	10,963,069
Other Assets	10,136,087	11,975,505
Total Assets	\$ 1,491,203,426	\$ 1,391,952,206

LIABILITIES & MEMBER EQUITY

Liabilities

Members' Shares	\$ 1,320,566,226	\$ 1,229,753,071
Accrued Expenses & Other Liabilities	23,927,598	21,322,678
Borrowed Funds	- 0	- 0
Total Liabilities	1,344,493,824	1,251,075,749
Commitments & Contingent Liabilities	- 0	- 0

Equity

Members' Equity & Reserves	146,709,602	140,876,457
Total Liabilities & Members' Equity	\$ 1,491,203,426	\$ 1,391,952,206

STATEMENT OF INCOME

Interest Income

Interest on Loans to Members	\$ 65,945,828	\$ 67,453,658
Interest on Investments & Cash Equivalents	2,612,828	7,814,375
	68,558,656	75,268,033

Interest Expense

Dividends on Members' Shares	15,093,125	27,469,942
Interest on Borrowed Funds	25,425	64,792
	15,118,550	27,534,734

Net Interest Income	53,440,106	47,733,299
Provision for Loan Losses	(20,162,651)	(14,975,395)
Net Interest Income After Provision for Loan Losses	33,277,455	32,757,904

Non-Interest Income

Fees & Other Income	47,716,018	32,113,465
Investing Trading Activity Income	351,007	335,398
	48,067,025	32,448,863

Non-Interest Expenses

Compensation & Employee Benefits	34,573,252	33,776,489
Office Operations	37,691,006	26,037,943
Occupancy	3,061,736	3,139,194
	75,325,994	62,953,626
Net Income	\$ 6,018,486	\$ 2,253,141

