

Financial Current

A PUBLICATION OF *Kitsap Credit Union*



JANUARY 2010

CEO Update

Safe, Sound, Secure – These are the three words that have been consistently used to describe Kitsap Credit Union over its 75-year history. Today, these qualities have taken on even more significance and importance as we manage the Credit Union during troubled economic times.

As I have mentioned in earlier updates, net worth, or capital, is one of the most important measurements of the health of a financial institution. I'm pleased to report that KCU continues

to be classified as "Well-Capitalized," with a net worth of 9.0 percent of assets, or \$78.6M as of November 30, 2009. This strong capital base has allowed us to "weather" significantly higher loan losses and lower earnings during the year, and at the same time continue to operate the Credit Union in a **Sound** and **Secure** manner.

As to our being **Safe**, members, such as you, have looked to KCU as a safe-haven for their hard-earned funds. We were experiencing an annualized growth of 16.7 percent or \$67.6M in our various savings products, in the eleven months ending November 30, 2009.

Our strong net worth has also allowed us to continue offering credit to our members during these turbulent times. Annualized loan growth was 9.62 percent as of November 30, 2009.

Meanwhile, our members and employees continue to be committed to helping those less fortunate in our communities.

Two events aided hundreds of individuals during the past three months. First, I was gratified to present checks totaling \$7,000 to the Kitsap and Gig Harbor area Habitat for Humanity programs. These donations represented

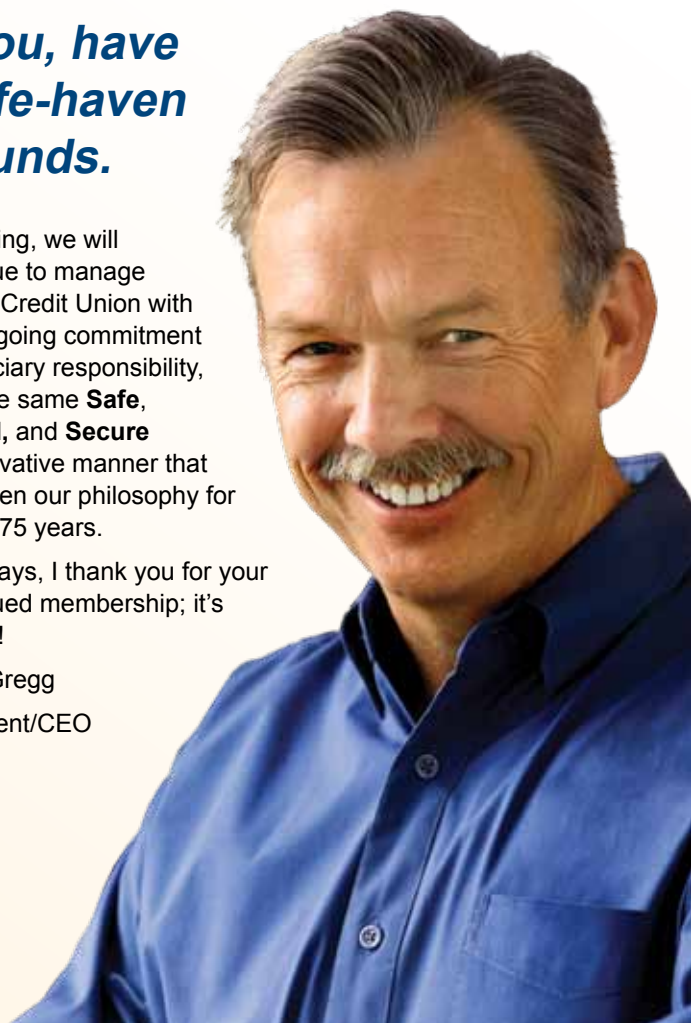
proceeds from our second annual "Win, Win, Win" member referral program, in which the Credit Union donated \$34 to Habitat for every new membership opened during the campaign. Members and employees were also major contributors to the November, 2009 community "Send Hunger Packing" food drive.

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In closing, we will continue to manage Kitsap Credit Union with our ongoing commitment to fiduciary responsibility, with the same **Safe, Sound, and Secure** conservative manner that has been our philosophy for nearly 75 years.

As always, I thank you for your continued membership; it's valued!

Elliot Gregg
President/CEO



Visa Gold

6.15% APR¹

A good credit card
at a reliable rate.



¹APR refers to annual percentage rate. Minimum annual gross income of \$30,000 to be considered for a Visa Gold. Visa Gold transactions are subject to a Variable Rate which is based on the Prime Rate as published in the Money Rates Section of the Wall Street Journal on the Friday preceding the 27th of March, June, September, and December of each year plus our Margin of 2.90%. Increases or decreases in the Interest Rate will cause like increases and decreases in the Finance Charge and will affect the number of Your Scheduled payments. Changes in the Interest Rate will take effect on the first business day of each calendar quarter of each year. The Annual Percentage Rate will never be greater than 18.00%. Grace period for repayment of balances for purchases is 25 days. Method of computing the balances and purchases is Average Daily Balance. Late payment fee \$35. Over limit fee \$35. The information about the costs of the Kitsap Credit Union Visa Gold card account is effective January 13, 2009.

“Win, Win, Win” Promotion Benefits Habitat For Humanity

Kitsap and Gig Harbor Habitat For Humanity programs received \$7,000 in combined contributions as a result of a special Kitsap Credit Union member referral promotion this fall.

The donations were a component of the second annual “Win, Win, Win” campaign where the referring existing member, new member, and Habitat for Humanity shared one hundred dollars for each new Credit Union membership. Kitsap Credit Union members referred over two hundred of their friends and neighbors to become new KCU members during the promotion.

Habitat For Humanity was chosen as the benefactor because of its efforts to build a stronger community by providing affordable housing for low-income families.



Habitat For Humanity - Kitsap
From left to right: Bill Doner, HFH Board Chair; Lori Oberlander, HFH Executive Director; Elliot Gregg, KCU President/CEO



Habitat For Humanity - Gig Harbor/Pierce
From left to right: Michelle Woffinden, KCU Gig Harbor North Plaza Branch Manager; Rich Phillips, HFH President of Gig Harbor Chapter; Ana Barnett, KCU Gig Harbor Olympic Plaza Branch Manager; Maureen Fife, HFH CEO; Elliot Gregg, KCU President/CEO

Send Hunger Packing Results

Kitsap Credit Union employees collected nearly 6,500 pounds of food and personal hygiene items during November’s Send Hunger Packing food drive. A total of 24,000 pounds was collected throughout the community.

All donations were distributed to local area food banks to help our neighbors who are struggling to cover the rising cost of feeding their families.

KCU joined the American Red Cross, the Kitsap Sun, Harrison Medical Center, KPS Health Plans, and United Moving and Storage to sponsor the month long event.



This publication is created solely for the benefit of Kitsap Credit Union Member-Owners.

Please direct any questions or comments to:
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Kitsap Credit Union In The Community

at the following events!

January 12 & 13
Driver’s Safety Class

Branch Closures

January 18
Martin Luther King, Jr Day

February 15
President’s Day

Homeless Advocate Is Honored

Healthy Tomorrow Award Recipient

Kitsap Credit Union and the Kitsap Sun are proud to honor Port Orchard resident Sally Santana for her passion of helping the homeless in our community.

Ms. Santana has spearheaded countless efforts to raise awareness and seek solutions for the homeless including her personal involvement with numerous organizations and consistent contacts with elected officials and other people of influence.

Her involvement includes participating with the Students In Need Group at Olympic College, the local Safety Net program and being a member of the Salvation Army’s Homeless Advisory Board.

Sally’s advocacy and dedication played an important role in the opening of shelters in Bremerton (2008) and Port Orchard (November ’09).

The Kitsap Credit Union/Kitsap Sun Healthy Tomorrow award honors individuals and organizations whose contributions significantly improve the quality of life locally, thereby helping our communities look forward to a vibrant, healthy future.

To nominate a deserving person, please visit any Kitsap Credit Union branch or visit healthytomorrow/kitsapsun.com.



From left to right: Elliot Gregg, KCU President/CEO; Major Jim Baker, Salvation Army Corp Officer; Charles Horton, Kitsap Sun Publisher; David Nelson, Kitsap Sun Editor
Center: Sally Santana, Healthy Tomorrow Award Recipient

KCU Offers Roth IRAs

Save for retirement while avoiding the ups and downs of the market with a KCU Roth IRA. This is a unique retirement savings plan that allows your contributions of after-tax dollars to grow tax-free and, as long as you follow the IRS guidelines, spend it tax-free in retirement.

Because taxes on contributions to your Roth IRA are paid up front, you can withdraw your own contributions at any time without penalties from the IRS or additional taxes.

Roth IRAs can be particularly beneficial to those who want to save for retirement but also want the peace of knowing that they’re prepared for life’s unexpected moments. Even those just entering the workforce can benefit from a Roth IRA by taking advantage of the lower tax bracket they may currently be in to start saving for retirement or a future home.

Generally, contributions of post-tax dollars of up to \$5,000 can be made by individuals currently earning income or by persons filing jointly with a spouse earning taxable income.

As always, we recommend you talk to your tax advisor for full information on the details of Roth IRAs.

