



# 2008 Annual Report

59th Annual Meeting - Sunday, October 4, 2009

Dear Member-Owners,

As I ponder what I should write to you, I think about how fortunate we are to have a small local financial institution to rely on during such trying times in our economy.

I think about those individuals who are going through personal financial struggles and have chosen "big" banks and "big" mortgage companies and "big" credit card companies with which to do business. I can only imagine how hard it must be to try to get these large institutions to listen and care about their struggles.

You should know that your credit union has helped and is helping many of our members through their own personal financial struggles. When you do all of your business with the credit union, it makes your life so much simpler, especially when you are thrown an unexpected curve ball.

As a small, full service financial cooperative who still takes pride in knowing our members, we have the flexibility and compassion to help you through tough times. You can always speak to someone who can help you and decisions are made locally. We have a vested interest in your success and you have a vested interest in our success. That's what makes credit unions great. The cooperative spirit of people helping people is our foundation.

We rely on your business to make us successful. In turn, we understand that we must earn that business. Please give us the opportunity to earn any business you may have elsewhere. We can accommodate all of your borrowing needs including personal loans, vehicle loans, mortgage loans, home equity loans, and credit cards. We also offer a full range of deposit products including checking, savings, certificates, and club accounts.

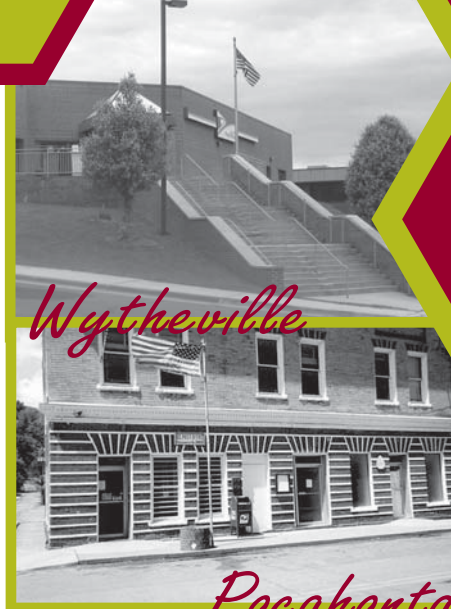
Debit cards, online access, and the U.S. Mail make it easy for you to manage your affairs even if you are not convenient to one of our offices. If you can't do business with us, please tell us why. Perhaps we can make the changes necessary to accommodate your needs and win your business.

We believe we play a critical role in our members' financial lives. With your help and support, we can continue this important role for many years to come. We understand you have many options and we are very grateful you have put your trust in RPEFCU. We will continue to work hard to strengthen that trust.

Sincerely,  
Jeff Thompson, CEO



Thaxton



Wytheville



Pocahontas

## *This Little Piggy...*

Organized in 1948 by a group of United States Postal Service employees, Roanoke Postal Employees' FCU started out in the first month of operation with 48 members, \$669 in assets, and loans of \$510.

Today our numbers may have grown significantly, but our philosophy has not. We are still a not-for-profit financial cooperative. We strongly believe in the credit union philosophy of "people helping people" and we strive to provide members with the highest level of personalized service.

We are here to help you achieve your financial goals! Our focus is always on serving our members, and we take great pride in adding a personal touch to everything we do. In today's impersonal, fast-paced banking environment, we offer a refreshing alternative.

*Our Mission*



*Rosedale*

- Be our members' primary financial institution.
- Provide quality services, education and counseling to improve members' financial well-being while encouraging thrift and promoting the wise use of credit.
- Educate the field of membership about the unique nature of credit unions, the availability of services and their potential benefits.
- Maintain a productive use of assets and continue to build a secure and sound financial service organization.
- Deliver convenient, friendly, efficient, and personalized service.
- Provide employee training, career opportunities, and a quality work environment.
- Attract, develop, and utilize quality volunteers.
- Further the Credit Union Movement by maintaining a cooperative relationship with other credit unions, State and National Credit Union Associations and supporting VACUPAC and legislative activities affecting credit unions.
- Promote a positive beneficial relationship between the Credit Union and sponsor.
- Maintain the leading edge in technology.

We, as MEMBER/OWNERS of our credit union, need to keep a watchful eye on Congress. The bankers will not stop harping on the taxation issue. I hope you will watch our web site (rpecu.org) where we will keep you informed on any issues that come up in Congress. On our web site we have a block that you can click on (my credit union is me). A link to My Credit Union Is Me is located on our website, and you can click on this link to send an e-mail your Senator or Representative asking them to support our credit union movement. We hope you will help us in this very important endeavor.

Also, we have the Virginia Credit Union Political Action Committee (VACUPAC). We raise money to support our Congressmen, who help us on all kind of issues that are important to credit unions. Please help us to raise funds for this very important cause.

THANKS FOR YOUR SUPPORT!

Bill Caudill, Legislative Representative

*Legislative Report*



*Sugar Grove*



*Staffordsville*



*Hurt*

*Financial Condition*

Years ended December 31 (in thousands)	2008	2007
Assets		
Loans (net)	\$78,226	\$82,376
Investments	16,093	18,361
Fixed Assets (net)	254	334
Other Assets	<u>3,664</u>	<u>4,040</u>
Total Assets	<u>\$98,237</u>	<u>\$105,111</u>
Liabilities	\$907	\$1,041
Members' Equity		
Member Deposits	85,083	91,411
Retained Earnings	12,247	12,659
Total Liabilities and Members' Equity	<u>\$98,237</u>	<u>\$105,111</u>



*Newbern*

*Income Statement*



*Keen Mountain*

*Financial Report*



*Lynch Station*

Years ended December 31, (in thousands) 2008 2007

	2008	2007
<b>Income</b>		
Interest on Loans	\$5,076	\$5,544
Investment Income	634	571
Other Income	923	930
<b>Total Income</b>	<b>\$6,633</b>	<b>\$7,045</b>
<b>Expenses</b>		
Compensation and Benefits	\$2,096	\$2,018
Office Operations	784	801
Provision for Loan Losses	778	250
Members' Insurance	69	81
Other Operating	631	444
<b>Total Operating Expense</b>	<b>\$4,358</b>	<b>\$3,594</b>
<b>Total Dividend Expense</b>	<b>\$2,697</b>	<b>\$2,975</b>
<b>Net Income</b>	<b>\$(422)</b>	<b>\$476</b>

Total assets for RPEFCU declined 6.54% in 2008 to a total of \$98.24 million. This decline was caused by a total decrease in member deposits of \$6.3 million, or 6.9%. Deposits in share certificates fell \$7.5 million fueling the overall decline in member deposits. Regular savings deposits, club accounts, and IRAs each experienced increases during 2008.

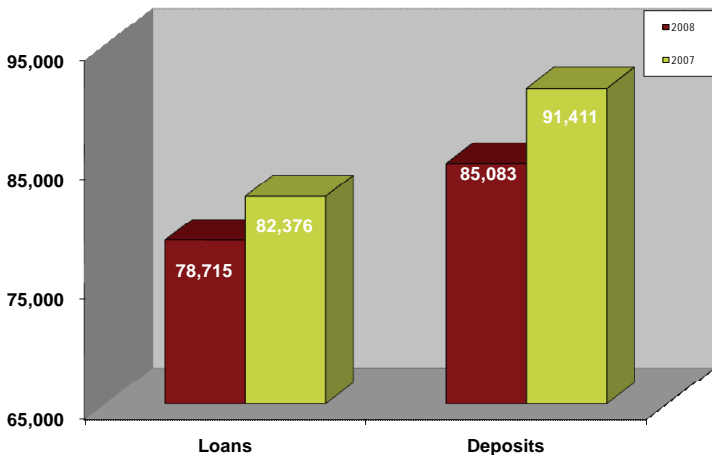
Overall loan balances decreased 5.04% or \$4.15 million in 2008. Home equity loans, both fixed and variable rate, saw healthy gains during the year and used car loans increased as well. Declining loan balances in first mortgages and new cars served to offset increases in other loan categories. Additionally, RPEFCU's decision to no longer hold participation loans contributed to a further decrease in 2008's ending loan balance.

The credit union experienced a net loss in 2008 of \$422 thousand. Financial pressures from expenses related to high loan charge-offs combined with low loan and investment yields contributed to this loss. Despite this loss, RPEFCU's capital position remains very strong at 12.95% comparing favorably to our peer group of credit unions' average ratio of 12.24%.

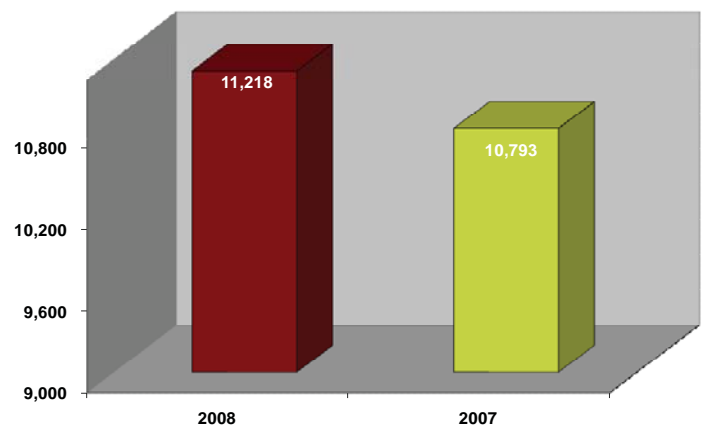
Because of the support and confidence of our membership throughout the year, RPEFCU was able to weather the economically tough and unpredictable year that was 2008. Our dedicated staff and volunteers continued to work together diligently to meet your financial needs and provide you with an incomparable place to save and borrow. Comparative financial statements for the past two years as well as other statistical information are included in this report. If you have any questions or concerns about this report or our financial condition, please let us know.

Janice Gray, Secretary/Treasurer

Loan and Deposit Comparison (\$ thousands)



Number of Members





*Redwood*

*Supervisory Report*

Your Supervisory Committee safeguards the assets of members. Consistent with regulations and laws governing credit unions, our comprehensive annual audit was performed by Brown, Edwards & Company, L.L.P. This audit was made in accordance with accepted auditing procedures. The committee met with management for discussion on the findings of this audit.

Internal Control: During the past year your Supervisory Committee has been actively involved in carrying out their prescribed duties. Specifically, we have verified closed accounts, and conducted numerous surprise cash counts. In addition, the committee members were involved with the control of the annual member account verification.

Our committee would like to thank all volunteers for their commitment and hours of hard work during this past year in complying with their prescribed functions. We also express appreciation to Jeff Thompson and his staff for their cooperation during this year's interruptions to their work while we conducted our audits. We do so not as a burden, but with due diligence to insure the safety and soundness of our member-owners' funds.

We welcome any questions or inquiries from our membership.

Cliff DeMars, Supervisory Committee Chairman



*President's Report*

*Rocky Mount*

The financial market has been so up and down that it is hard to remember everything that has happened. It's already October 4, 2009 and there are only 82 days 'til Christmas!!!

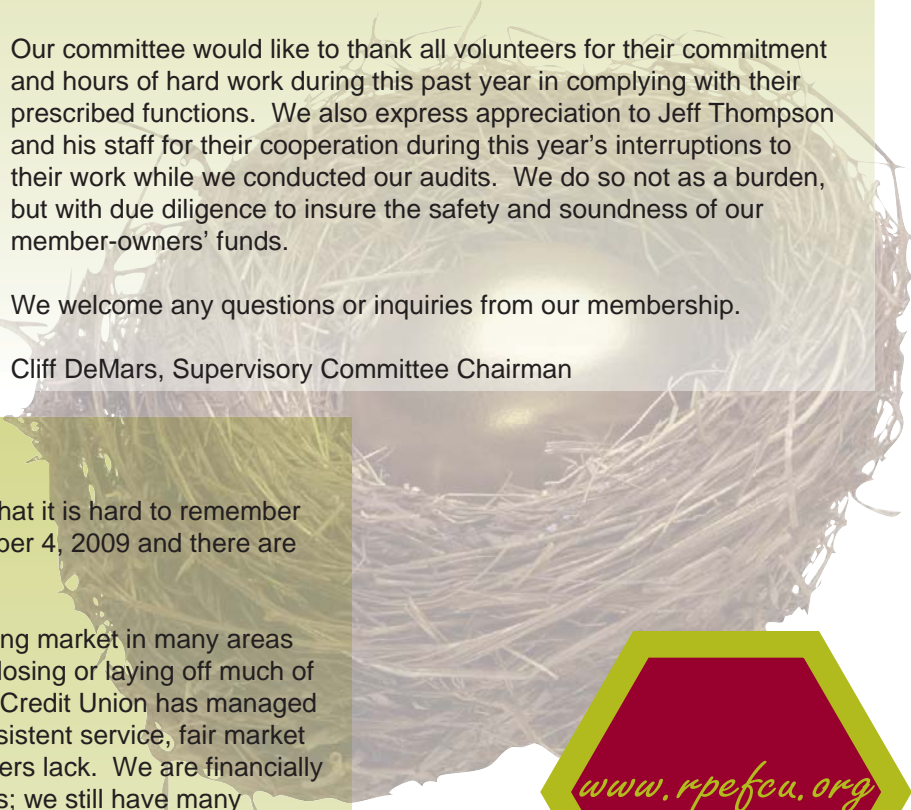
Interest rates still continue to fluctuate, the housing market in many areas remains at an all time low, and businesses are closing or laying off much of their staff. Roanoke Postal Employees' Federal Credit Union has managed to stay ahead of other institutions to provide consistent service, fair market rates, and most importantly, the security that others lack. We are financially sound and continue to serve our member/owners; we still have many services without fees.

As I was thinking back on 2008, I read several of my previous messages. The following was at the end of a previous year. I hope you do not mind a repeat, but this remains true:

Thanks for your part in making us the best Credit Union!!! We have a wonderful staff and a choice of great, friendly offices to visit to serve our financial needs. We have the support of so many other members. We are so blessed to be part of this great Credit Union Family! Thank you again for allowing me to be a board member so that I may give something back to the members who have given me so much!!! That's what it is all about. As you reflect, see if there is time in your busy schedule to be a volunteer. Let us hear your voice. You too can be a Volunteer Voice at our Credit Union.

Sincerely,

Bob Hartsel, Board of Directors President



*www.rpefca.org*

*Check us out on Facebook and Twitter!*

*Phone  
540-342-3429  
800-342-3429*