



2008 Annual Report
www.rcu.org

Welcome to the 45th RCU Annual Meeting

RCU has enjoyed another successful financial year. In this report we will be highlighting our accomplishments for 2008 and looking at the future of our institution and the goals for 2009. We'd like to extend a warm welcome to you and appreciate any feedback you would like to share with us.

Doug Olson, Chairperson
Charles Grossklaus, CEO

Chairperson / CEO Report

The year 2008 was certainly a challenging one! In November government officials announced that we were 11 months into a recession. Because your Board and Management Team managed your assets and liabilities in a very prudent way and built capital to weather unpredictable storms, we will ride out this recession and, at the same time, help our RCU Members in need.

RCU doesn't make sub-prime mortgage loans, and our investments are always very conservative. We are a very sound, locally controlled, and well-managed financial institution with 10% reserves.

Your Board, Management, and employees completed a tremendous amount of work in 2008. Listed below are some of our accomplishments:

- We granted 23,124 loans amounting to \$509 million. Our loan outstandings increased by 13.41%.
- Deposits grew 10.14% from \$690.6 million to \$760.8 million, which showed us that our Members were confident in our ability to manage the organization.
- We were one of nine companies in the state of Wisconsin to be named Business Friends of Education.
- We were named the number one credit union in the state for four years in a row for WHEDA loans originated and closed.
- We had a successful credit card conversion to a new processor.
- We introduced a higher security level to eBranch for our Members that we call Passfaces.
- We purchased land for future development in Hudson.
- We constructed a new branch in Menomonie.
- We opened five new School \$ense Credit Unions, bringing the total number to 17 locations in elementary, middle, and high schools. Students at these locations made over 6,100 deposits and saved over \$130,000. Our School \$ense Credit Union locations teach children excellent saving habits.
- We successfully merged with a credit union in Minnesota allowing any Realtor in the State of Wisconsin or Minnesota to join RCU. We also added 12 Minnesota counties allowing us to serve anyone living or working in those counties.

In our strategic planning process we realized that we were reaching maximum penetration levels in several of our markets, and we knew that we had to grow to continue to be a viable organization in the future. Based on our success with past mergers, we know our entrance in Minnesota will not only increase capital reserves over time, it will give you, our Members, access to over 30 branches in the Minnesota market.

In 2009 we will continue to manage your credit union in a prudent manner by scaling back in capital expenses and improving processes to lower costs. We will continue to fulfill our Vision Statements in 2009:

- RCU will be the financial institution of choice in the markets we serve.
- RCU will be the financial institution for life for our Members.

As we look at where we have been, we believe it has been our commitment to our Members and to our communities that has brought us to where we are today.

Respectfully submitted,



Douglas A. Olson
Chairperson

Charles M. Grossklaus
CEO

Minutes of the 44th Annual Meeting • April 29, 2008, 4:30 pm

The 44th Annual Meeting of RCU was called to order by Chairperson John C. Sackett.

Directors Present: John Sackett, Tom Gillett, Richard Greene, Nancy Beltz, Douglas Olson, Jennifer McDonough, and Bill Blackburn

Directors Excused: None

Guests: Drew Ryberg - Legal Counsel; RCU's Management Team and Employees

Chairperson Sackett introduced the Members of the Board of Directors.

Approximately 35 Members were present.

Minutes of the 43rd Annual Meeting were published in the Annual Report. There were no corrections or deletions.

John C. Sackett, Chairperson of the Board of Directors, gave the Chairperson's report.

Douglas A. Olson, Treasurer of the Board of Directors, gave the Treasurer's report.

Nancy Beltz, Chairperson of the Audit Committee, gave the report of the Audit Committee, which was published in the Annual Report.

John C. Sackett, Chairperson, explained the procedures of the election of Directors.

Motion was made and seconded to cast a unanimous ballot for Nancy Beltz and Tom Gillett to fill two expired terms.

Nancy Beltz and Tom Gillett were elected to 3-year terms.

Charles Grossklaus, Chief Executive Officer of RCU, gave the Chief Executive Officer's report.

UNFINISHED BUSINESS: None

COMMUNICATIONS: None

NEW BUSINESS: None

Motion was made and seconded to adjourn.

Refreshments were served for all those present.

Respectfully submitted,

Jennifer A. McDonough
Secretary

45th RCU Annual Meeting Agenda
April 28, 2009

▶ Call to Order

▶ Introduction: Board of Directors and Officers

▶ Introduction: Special Guests

▶ 44th Annual Meeting Minutes

▶ Chairperson's Report

▶ Treasurer's Report

Audit Committee Report

The Board of Directors approves the appointment of three Board Members and two at-large Members to the Audit Committee. In 2008, the committee was comprised of Nancy Beltz, Board Member, as Chairperson; Doug Olson, Chairperson of the Board; Thomas Gillett, Secretary of the Board; at-large Member, David Meier; and at-large Member, Dave Olinger.

The Audit Committee of Royal Credit Union must be an informed and effective overseer of the financial reporting process and the internal controls of the Credit Union. Specifically, this means financial disclosures are accurate and reliable, RCU is in compliance with laws and regulations, and RCU operates in an ethical environment.

Throughout the year, the Audit Committee utilizes a number of resources to fulfill its responsibilities, including an Internal Audit function. The Internal Audit function, which performs operational and compliance audits of RCU activities and tests and reviews of the overall systems of internal control, reports directly to the Audit Committee.

A December 31, 2008, financial statement audit was

performed by McGladrey & Pullen, LLP. The external audit's primary concern is the attestation of the information contained in the financial statements of RCU.

The state regulator for Wisconsin Credit Unions is the Department of Financial Institutions. An examination conducted by that office for the period ending December 31, 2007, focused on RCU's safety and soundness.

Results of all examinations, audits, and reviews are presented to Management, the Audit Committee, and/or the Board of Directors of RCU. These reports provide RCU with information to make decisions that benefit our Members. All reports indicate that Royal Credit Union's financial condition remains strong and that the internal control structure is in place to protect the safety of our Members' assets.

Nancy M. Beltz
Director



2008 RCU Board of Directors and CEO

Standing L – R:

William R. Blackburn
John C. Sackett, Treasurer
Charles M. Grossklaus, CEO
Richard M. Greene
Thomas J. Gillett, Secretary
Douglas A. Olson, Chairperson

Seated L-R:

Jennifer A. McDonough, Vice Chairperson
Nancy M. Beltz



The 2007 and 2008 financial statements were audited by McGladrey & Pullen, LLP, who expressed an unqualified opinion on those financial statements. Condensed financial information from those financial statements is shown below. A copy of the audited financial statements is available upon request.

Statement of Financial Condition (in thousands of dollars)

	2007	2008
Cash and Equivalents	\$16,954	\$17,594
Investments	16,693	73,366
Personal Loans	259,115	265,025
Real Estate Loans	264,384	283,189
Business Loans	231,825	308,412
Allowance for Loan Loss	(8,395)	(8,923)
NCUA Insurance Fund Deposit	6,050	6,540
Other Assets	45,736	47,119
TOTAL ASSETS	\$832,362	\$992,322
Short Term Borrowings	\$46,000	\$129,365
Other Liabilities	7,260	6,997
Shares	139,302	144,130
Checking	117,602	119,836
Money Market	167,039	177,823
Certificates	228,684	274,467
IRA	38,038	44,553
Regular Reserve	81,046	87,544
Other Reserves	7,391	7,607
TOTAL LIABILITIES AND MEMBER EQUITY	\$832,362	\$992,322

Statement of Income (in thousands of dollars)

	2007	2008
Interest Income	\$57,298	\$56,061
Interest Expense	(24,036)	(21,943)
Net Interest Income	33,262	34,118
Other Income	18,036	20,051
Income before Operating Expenses	51,298	54,169
Provision for Loan Losses	(4,508)	(5,714)
Salaries and Benefits	(21,881)	(22,699)
Other Expenses	(17,339)	(19,041)
Total Expenses	(43,728)	(47,454)
NET INCOME	\$7,570	\$6,715

2008 Rankings

- One of nine companies in the state to be named Business Friends of Education.
- #1 Home Loan Lender in Eau Claire and Chippewa Counties.
- #1 in the state out of all Credit Unions for WHEDA loans originated and closed.
- Ranked nationally in the top 10 Credit Unions in Member Business Loans.

2008 Volunteer Hours

- Over 37,000 hours have been given to the community by the RCU Volunteer group and RCU employees in 2008.
- Employees were active in community initiatives such as Go Red for Women, United Way Day of Caring, and the Highway Cleanup program.
- Record numbers participated in the RCU Charity Classic raising \$11,600 for Wisconsin Youth Sports Program (WYSP).

2009 Goals

- To implement a culture of process improvement.
- To continue to research and enhance our technology in order to maintain our reputation of being the premier eService provider.
- To expand our school site program from 17 to 19 locations.
- To complete the construction of the Menomonie Office.
- To promote financial education through presentations.
- To complete the integration of REAL Financial Center into RCU.



We began the construction of our new Menomonie Office which opened on March 30, 2009.



RCU School Sense locations were opened at Southview Elementary in Eau Claire, Chippewa Falls Middle School, and Colby Middle and High School.



We had a record setting turnout at the 2008 RCU Charity Classic with over 850 participants. To date, the RCU Charity Classic has raised over \$62,900 for local charities.



ShredAway Days were held in 2008 in an effort to encourage Members and non-Members to protect their identity by shredding confidential documents.



RCU Employees annually participate in the United Way Day of Caring and donated \$56,585 to United Way in 2008. The most recent Day of Caring project was painting and cleaning at several Western Dairyland houses in Eau Claire.



We hosted several Kid's Club events in 2008 including the Movie in the Morning, Spook Night, New Year's Eve Event, and Luau. Savin' Sammy greeted over 400 people who attended the Summer Luau.

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Eau Claire Offices

RCU Corporate Center
200 Riverfront Terrace
Eau Claire, WI 54703

Golf & 93 Office
4501 Royal Drive
Eau Claire, WI 54701

Birch Street Office
419 N Hastings Place
Eau Claire, WI 54703

Moholt Office
2415 Jodi Drive
Eau Claire, WI 54703

Shopko South Office
1049 W Clairemont Avenue
Eau Claire, WI 54701

Bellinger Street Office
1512 Bellinger Street
Eau Claire, WI 54703

Chippewa Falls Offices

Downtown Office
215 Bay Street
Chippewa Falls, WI 54729

Woodward Avenue Office
1031 Woodward Avenue
Chippewa Falls, WI 54729

Menomonie Office

2615 Hils Court
Menomonie, WI 54751

New Richmond Office

228 PaperJack Drive, Suite 7
New Richmond, WI 54017

Rice Lake Office

1421 South Main Street
Rice Lake, WI 54868

Whitehall Office

18567 Scranton Street
Whitehall, WI 54773

