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As usual, we had another good year. As everyone knows, that is not what a lot of financial institutions are reporting for this past year. Credit unions were and are the exception. Many banks, some in our State, were troubled this past year. No Georgia credit unions were. Why, you ask? We make good loans to good people who pay us as they should. Thank you to our members. Thank you to our lending staff for being mindful of our members’ financial condition as they make the loans. As the country works its way out of this financial quagmire, our management staff will continue to monitor our financial condition and make funds available to our members who may be in need, if we can. Good business practices dictate prudent lending. We will help when we can reasonably do so. Credit unions are not for charity; they are for service.

Members from middle Georgia to the Coast are happy with the service we provide and tell the Board and Managers about their experiences with our staff. The comments are positive and the staff is doing a great job. Our staff is the pride of our credit union. Our staff deserves a big “Thank you” from the membership for the work they do. Please tell them.

Our credit union is one of less than seventy credit unions in Georgia that is certified as a “REAL Deal” credit union. The Georgia Credit Union Affiliates devised the “REAL Deal” to recognize credit unions that do what credit unions were originally started to do – help people of modest and moderate means and help people improve their financial condition. Our staff’s community participation and efforts to educate the young people about financial matters earned us the “REAL Deal” accolade. You should be proud to know that we were among the first twenty credit unions to be certified as a REAL Deal. As always, United 1st is leading the way for credit unions.

During this past year, we have made significant improvements to the products we offer our membership. We have also made additions to our products. We started the year offering multi-factor authentication for our online banking product. That is where there is a picture and a password before you are allowed to access your account. Now, we also offer Bill Pay with that product. Bill Pay is our online bill paying product. It is convenient and very easy to use. We are very pleased with it. More importantly, our members are very pleased with it. Everyone that tries it loves it. As 2008 ended, we added “Scorecard® Rewards” to our VISA cards (both credit and debit). Many people were very pleased with our VISA credit card without “Scorecard® Rewards” because of the low fixed rate, no annual fee, and no cash advance fee. Those folks are even happier now because we have not changed anything other than adding the rewards. That makes our credit card an even better opportunity for our members. Our debit card is rapidly replacing cash with the younger members and getting rewards is just icing on the cake.

2008 was a good year for us to upgrade more of our facilities, too. We refurbished the Member Service Center in Blackshear and we moved in to the newly constructed Admin/Operations Center in Kingsland. We repainted
the Kingsland Member Service Center and upgraded the teller line there as well. Folkston got a new place for members to meet with a Member Service Representative and a great paintjob for their ATM. Eastman got a new sign. The Member Service Center in St Marys was completely redone in 2007 and the space behind the member service area where our admin functions were has been completely redone for the Call Center and Training Room. We will have classes in everything from IRAs to Regulation Z in the Training Room. We need more space in the Eastman Member Service Center and we will be looking at ways to accomplish that in the near future.

We spent all of 2008 making significant contributions to OUR communities. In Eastman, Ann Harrell and her team started two elementary school Member Service Centers. The Centers are open one morning a week for about 45 minutes and students can make deposits. Ann hopes to start the savings habit at an early age.

In Blackshear, Sherry Strickland and her team continued the Member Service Center in Pierce County High School and conducted seminars about finances for the student body and some parents. Folkston’s crew, led by Marian Sikes, served dinner to cancer survivors for the American Cancer Society.

St Marys’ Shannon Sasser opened a Member Service Center in St Marys Middle School and kept the St Marys Elementary School Member Service Center running. We have been open longer in that elementary school than any other. Kim Mitchell’s team in Kingsland operated the Member Service Centers in Mamie Lou Gross Elementary and Woodbine Elementary.

Additionally, employees in Camden County conducted seminars about finances for the high school students and served on various boards for the schools. They also conducted financial seminars for local police departments, employer groups, and housing areas.

Jannette Velazquez in our Indirect Loan Department originated around $3 million in auto loans through select auto dealers from the Georgia Coast to Pierce and Ware Counties. Beverly Griffith and the Mortgage Department added almost a million dollars in 30-year mortgages in less than a year and close to $6 million in mortgages we kept “in house”. We have not lost anything to the “sub prime” market because we never made any “sub prime” loans. Some of our members have been effected by events around them and we have tried to help them when it was possible without damaging the financial stability of United 1st.

As you can see, we have had a very active year and expect it to continue. We want our younger members to establish the saving habit and feel the best way to do that is to make it convenient to save. We give the youngsters stickers and toys to encourage them to keep saving. Once the habit gets established, it will be easier to sustain. Getting started is the difficult part. We make every effort to get them started.

Nationally, we are transitioning to a new President but keeping the old Congress. Our Georgia Credit Union Legislative Team will be meeting our Representatives and Senators to determine what legislation will be introduced that might have an impact on credit unions. Pat Conn and Ed Walker will be going to Washington, D.C., to visit with Congressmen Kingston and Marshall and Senators Isakson and Chambliss. These visits are necessary to make certain the legislators remember their constituents.

We should all give thanks to our military for the sacrifices they have made to enable us to enjoy the freedoms we largely take for granted.

J. T. Blount
President
The annual meeting of the membership of United 1st Federal Credit Union was held on February 12, 2008, at the Camden County High School Auditorium in Kingsland, GA.

Ed Walker, Business Development, welcomed everyone to the annual meeting at 6:30 p.m. President J. T. Blount called the meeting to order. Other directors present included: Terry Brown, Secretary Virginia Dickey Caldwell, Mark Crews, Yvonne Dubose Hawkins, Treasurer Oscar Morris, and Gordon Phillips. Mark Crews also represented the Supervisory Committee. Pat Conn, CEO, was present.

Secretary Virginia Dickey Caldwell declared a quorum of at least fifteen (15) members was present. President Blount appointed Jim Stein Parliamentarian and Charlotte Poston as Recording Secretary.

There were approximately 450 members and staff present.

The Colors were presented by the Camden County High School Navy Junior Reserve Officer Training Corps. The National Anthem was sung by T. J. Watkins and the invocation was given by Terry Brown.

The minutes of the 2007 meeting were approved on a motion by Ed Walker, seconded by Yvonne Dubose Hawkins and carried. The minutes were in the Annual Report.

President Blount presented the President’s report.

Oscar Morris, Treasurer, gave the Treasurer’s report and stated that the Credit Union is very strong financially.

In the Supervisory Committee Report, Mark Crews, Chairman, also stated that the credit union holds a strong capital position. He further mentioned that the Supervisory Committee has a vacancy if anyone is interested.

Pat Conn, CEO, gave his report. He thanked the members for attending the meeting and told about all the construction projects that were completed in 2007 or being finished at the time of the meeting. Pat also talked about the products offered by United 1st, such as insurance and investment products, and CU Online. Pat urged all the members present to tell their family members and friends about United 1st to promote our growth.

President Blount called for new business. A member asked a question about our loan rates as compared to bank loan rates. Pat Conn answered the question and promised to follow up with an article in the Newsletter and personal correspondence with the member.

President Blount called on Ed Walker to report on the election because Ginny Dickey Caldwell was up for reelection. Ed reported on the reelection of Terry Brown, Secretary Virginia Dickey Caldwell, and Gordon Phillips.

The meeting was adjourned at 7:00 p.m. and prize drawings were held. The grand prize of an HDTV was won by Charles Bruce.

Attest:

Charlotte Poston, Recording Secretary

J. T. Blount, President
The Supervisory Committee is pleased to report that United 1st Federal Credit Union is in strong financial condition. We can safely assure the membership that the policies, programs, and management practices of their credit union are sound and will continue to be effectively maintained.

We use outside auditors who work on behalf of our Supervisory Committee. They conduct periodic audits for us to ensure the records are accurate and fairly represent the financial condition of United 1st Federal Credit Union. These auditors continually tell us that United 1st is doing well.

The federally required bi-annual verification of member accounts was conducted jointly with the Audit Division of Credit Union Resources, Inc. in early 2008. The statements verified were as of December 31, 2007. The auditors were satisfied with the results of the verification. The next verification will be done in 2010.

Our federal regulator, the National Credit Union Administration (NCUA) will conduct an examination of the credit union later this month. They will analyze our lending and collection procedures in addition to the board, management and investment practices of the credit union. We expect the examination to go very well and it will reflect that we are fiscally sound and well managed.

Currently our committee is made up of five members which is the maximum allowed. With the exception of Terry Porter who joined us last year, all of our members have been serving for over five years. If you are interested in being a part of the Supervisory Committee, please let us know. We would like to have more members involved in the operation of United 1st if positions become available.

As always, your comments or recommendations for improvement are welcome and will receive our attention promptly. You may contact the Supervisory Committee in writing at the following address:

United 1st Federal Credit Union
P. O. Box 6150
St Marys, Georgia 31558

Mark Crews, Chairman
Supervisory Committee
The Nominating Committee was appointed in August, 2008. The members appointed to serve on the Nominating Committee were: Terry Brown, Gordon Phillips, and Yvonne DuBose Hawkins. The Committee recommended the re-election of J. T. Blount and Oscar Morris to three year terms on the Board of Directors.

The nominations were included in the October, 2008, edition of the United 1st newsletter. The newsletter also directed the membership to Member Service Centers and/or the website for the required disclosures regarding our election procedures.

There were sufficient nominations to fill the expiring terms. There were no petitions for nomination filed. In accordance with the bylaws of United 1st, an election is not needed. The nominees are elected by acclamation. Congratulations to Mr. Blount and Mr. Morris.

Respectfully,

[Signature]

Ginny Dickey Caldwell
Secretary of the Board
The Treasurer’s Report is respectfully submitted to the members of United 1st Federal Credit Union.

As the President’s Report pointed out, 2008 was a very strong year for our credit union. Outstanding loans grew for the sixth year in a row by a strong 5.45% or $3.2 million. Net loan losses, due to the current economic conditions, were up from $237 thousand in 2007 to $325 thousand. Member deposits grew strongly during the year at an annual rate of about 6.6% or about $4.3 million. Meanwhile, total assets grew by 6.3% and totaled at $80.6 million at year end.

Our addition to reserves was $708 thousand, which allowed us to maintain a strong net worth position of 12.8% of total assets. Delinquent loans were only .90% of loans outstanding at year end, up from .62% in 2007. The current economic climate contributed greatly to this result in the form of member bankruptcies and vehicle loan defaults. Real estate losses, however, were virtually non-existent. The charge off ratio for loans was just .58% of average loans outstanding, compared to .44% in 2007. Our Return on Assets (ROA) was higher this year at .88%, up from .37%. The accompanying statement also shows various results for the year. I know you will find them useful and informative. I have enjoyed serving this past year as your Treasurer.

Sincerely,

Yvonne DuBose Hawkins
Treasurer

Statement of Financial Position as of December 31, 2008

The following tabulation shows the use of 2008 revenues:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>8,538,081</td>
</tr>
<tr>
<td>Gain (Loss) on Disposal</td>
<td>(19,007)</td>
</tr>
<tr>
<td>Expenses</td>
<td>5,562,017</td>
</tr>
<tr>
<td>Loan/Investment/Share Losses</td>
<td>538,870</td>
</tr>
<tr>
<td>Dividends</td>
<td>1,710,681</td>
</tr>
<tr>
<td>Reserves</td>
<td>707,506</td>
</tr>
<tr>
<td>Number of Members</td>
<td>17,975</td>
</tr>
</tbody>
</table>
# Statement of Condition

as of December 31, 2008

## ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to Members (Net)</td>
<td>$57,432,746</td>
</tr>
<tr>
<td>Investments (Cash)</td>
<td>15,472,109</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>134,541</td>
</tr>
<tr>
<td>Furniture, Fixtures, Equipment</td>
<td>1,099,620</td>
</tr>
<tr>
<td>Real Estate</td>
<td>3,820,053</td>
</tr>
<tr>
<td>Accrued Income</td>
<td>357,066</td>
</tr>
<tr>
<td>Other Assets</td>
<td>2,298,536</td>
</tr>
</tbody>
</table>

Total Assets ............................................................... $80,614,671

## LIABILITIES & EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$595,379</td>
</tr>
<tr>
<td>Dividends Payable</td>
<td>209,401</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>100,309</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>192,869</td>
</tr>
<tr>
<td>Share (Including Certificates)</td>
<td>69,213,086</td>
</tr>
<tr>
<td>Reserves</td>
<td>2,203,080</td>
</tr>
<tr>
<td>Undivided Earnings</td>
<td>8,100,547</td>
</tr>
<tr>
<td>Total Reserves &amp; Undivided Earnings</td>
<td>10,303,627</td>
</tr>
</tbody>
</table>

Total Liabilities & Equity ........................................ $80,614,671
Board of Directors

J.T. Blount  
President

Terry Brown  
Vice President

Ginny Dickey Caldwell  
Secretary

Oscar Morris  
Director

Gordon Phillips  
Director

Mark Crews  
Director

Yvonne Hawkins  
Treasurer

Supervisory Committee

Mark Crews  
Chairperson

Deborah Stewart  
Member

Paul Lentz  
Member

Dr. Mark Stewart  
Member

Terry Porter  
Member

Staff Directory

Senior Management

Patrick T. Conn  
CEO

Charlotte Poston  
Senior Operations Manager

F. Chris Voss  
Senior Loan Manager

Jeanne Bovair  
Human Resources Manager

Butch Ford  
Information Systems & Technology Manager

Ed Walker  
Business Development Manager

Member Service Center Management

Shannon Sasser  
St Marys

Sherry Strickland  
Blackshear

Kim Mitchell  
Kingsland

Ann Harrell  
Eastman

Marian Sikes  
Folkston
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Shop your rewards at scorecardrewards.com
The MEMBERS Financial Services Program

The MEMBERS Financial Services Program is a personal financial management service designed especially for credit union members. The MEMBERS Financial Services Program offers a variety of insurance and investment solutions that complement the savings programs offered by the credit union.

The MEMBERS Financial Services Representative can give you information on the following services:

- Mutual Funds
- 401K Rollovers
- Retirement Planning
- Education Funding
- Annuities
- Estate Planning
- Insurance Planning
- Investment Planning

Representatives are registered through, and securities are sold through, CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, 2000 Heritage Way, Waverly, Iowa 50677, toll-free (866) 512-6109. Insurance sold through licensed CUNA Mutual Insurance Society representatives of other companies. Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the credit union.