

We're with you for life.



Annual Report 2008

President's Message

The Northern Nevada community has been as hard hit by the current economic calamity as any in the nation. A real estate market that experienced a rapid increase in values is now experiencing the downside of the worst recession in 75 years. Nevada bankruptcies and foreclosures are leading the nation. Unemployment is in excess of 11 percent and rising. Businesses are challenged to the point of survival and families are losing income through job losses or cutbacks.

The effects suffered in the community are being reflected by the members of the credit union. In 2008, Great Basin Federal Credit Union experienced an accelerated level of loan losses primarily in automobile repossessions. Historically, Great Basin FCU has been a consumer lender with over 80 percent of our loan dollars in auto loans and only a modest percentage in real estate loans. Still, we experienced a net loss of \$2.3 million in net income on the recognized loan losses of \$2.9 million.



Dennis Flannigan, President/CEO

Even after the increased loan losses, the credit union still finished the year with a Capital Ratio (what the "health" of the credit union is measured by) of 8.22 percent of deposits, down slightly from 9.5 percent, but still reflecting the strength to weather this economic storm far into the future.

The board and management have been working conscientiously to restructure operating expenses to ensure we maximize the ability to provide the best possible deposit rates and minimum fees to members. One of the actions taken was the early closing of the Ironhorse Shopping Center branch lobby in April of 2009. After the opening of the Spanish Springs branch in the Sparks Crossing Shopping Center on Pyramid Highway in 2007, it was management's intention to evaluate new alternatives for serving the area when the Ironhorse Branch's lease ran out. After significant analysis and discussion, it was determined that we would close the lobby now and keep the full service ATM available until the termination of the lease.

What has been particularly rewarding to staff and management over the past few years and into 2009 is that the credit union continues to grow member relationships by adding more services for new and existing members. We have seen our multi-service membership growth continue through this recession which is a real testament to the confidence in the service provided to our members.

It is our conscious effort to reward members with "core" relationships: namely, relationships which include services like checking, money market accounts, certificates, loans, and membership of 10 years and more. It has been the feeling of the board and management that people who use the credit union the most should benefit the most. To this end, "core" members can receive optimum liquidity rates on our Premium Money Market account and a 35 basis point bump on their certificates. Make sure you are getting the most from your credit union account by contacting your nearest branch or our Telephone Services Department at 775.333.4228.

President's Message (cont.)

If there is a silver lining to these times of strife, they serve to highlight a number of the unique qualities of credit unions. For example, Great Basin FCU is a not-for-profit financial cooperative insured by an agency of the federal government, but whose insurance fund, NCUSIF, is entirely funded by credit unions depositing one percent of their deposits with the government. If necessary, credit unions directly replenish any losses of the insurance fund without going to the American taxpayers. No one has ever lost a dime of their deposits at a credit union, and contrary to many other financial institutions, no TARP funds have been provided to credit unions.

Also, Great Basin Federal Credit Union is led by a "volunteer" board and supervisory committee elected to represent the members. "Volunteer" is that code word we use that expressly means no pay, no bonus, no special shares—nothing but the satisfaction of serving their community.

We are particularly proud of our commitment to providing our community and membership with practical, everyday financial education through our local high schools and community groups on topics ranging from retirement, budgeting, credit/debt management, home financing, and how to use a checking account. We have gone to great lengths to have the best trained employees committed to providing the highest level of service and support to our member families. Our motto of "we're with you for life" is more than a nice phrase: it's how we truly feel.

As we move forward, it is our desire to retain the very best of what you have come to expect from Great Basin Federal Credit Union, a uniquely Northern Nevada not-for-profit financial institution committed to supporting you, our members, into the future with your best interests in mind. Thank you for your continued support of the credit union.

2008 Financial Statement

STATEMENT OF FINANCIAL CONDITION			STATEMENT OF EARNINGS		
	2007	2008		2007	2008
ASSETS			INCOME		
Cash on Hand & on Deposit	\$ 1,269,652	\$ 3,253,441	Loan Interest Income	\$ 8,009,805	\$ 8,130,094
Personal Loans	\$ 103,922,229	\$ 100,023,416	Income from Investments	\$ 377,689	\$ 156,551
Allowance for Loan Losses	\$ (1,710,818)	\$ (2,486,933)	Other Income	\$ 1,284,350	\$ 1,475,740
Investments	\$ 10,545,290	\$ 7,329,607	Total Income	\$ 9,671,844	\$ 9,762,385
Fixed Assets	\$ 4,281,150	\$ 4,151,897	EXPENSE		
Other Assets	\$ 3,664,029	\$ 3,994,658	Operating Expense	\$ 5,315,791	\$ 5,223,463
Total Assets	\$ 121,971,532	\$ 116,266,085	Provision for Loan Losses	\$ 946,220	\$ 3,976,288
LIABILITIES			Interest/Borrowed Money	\$ 0	\$ 14
Other Liabilities	\$ 2,497,967	\$ 743,954	(Inc.)/Exp. Sale Fixed Assets	\$ 4,665	\$ 3,539
Notes Payable	\$ 0	\$ 0	Non Operating Income	(159,018)	(91,049)
Total Liabilities	\$ 2,497,967	\$ 743,954	Gain/Loss Sale of Investments	\$ 0	\$ 0
EQUITY			Total Expense	\$ 6,107,658	\$ 9,112,254
Shares held by Members	\$ 107,513,837	\$ 105,994,317	NET INCOME	\$ 3,564,186	\$ 650,131
Regular Reserve	\$ 1,082,722	\$ 1,082,722	DISTRIBUTION OF NET INCOME		
Undivided Earnings	\$ 10,853,314	\$ 8,511,707	Dividends to Members	\$ 3,047,725	\$ 2,991,738
Unrealized Gains (Losses)	\$ 23,691	\$ (66,616)	To Reserve and Undivided Earnings	\$ 516,462	\$ (2,341,607)
Total Equity	\$ 119,473,565	\$ 115,522,130	TOTAL DISTRIBUTION	\$ 3,564,186	\$ 650,131
TOTAL LIABILITIES & EQUITY	\$ 121,971,532	\$ 116,266,085			