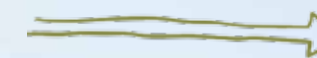


76: Number of first time homebuyers who got their first mortgage with Linn Area Credit Union in 2010.

All: Number of accounts Candy's family has with LACU.



Credit Committee Report

Tim Fowler, Credit Committee Chairman

We pride ourselves on making borrowing from Linn Area Credit Union as quick and painless as possible. Long gone are the days when you put on a suit and nervously filled out a loan application on a clipboard in the lobby. Now you can call us, email your favorite financial counselor, stop by the closest office, or apply online 24/7 from the comfort of your own home.

In 2010 we made 5,323 new loans totaling \$122,655,808.62 to help our members buy the things they wanted and needed. Our mortgage team made 507 members happy as they financed new homes or refinanced existing mortgages to get a lower interest rate. The total of these home loans was \$69,544,483. In addition, at year end, we had 80 business loans on the books totaling \$16,128,305.

For convenience, the Credit Union also financed 990 cars, boats, and RV's right at the dealer. Members have appreciated this on-the-spot financing option and in 2010 took out \$14.7 million in these indirect loans.

We appreciate the opportunity to be of service for all of your borrowing needs. We promise to treat you with respect. And, if you have loans elsewhere, we encourage you to contact us to see if we can transfer those loans and save you money.



Audit Committee Report

Veryl Sievers, Audit Committee Chairman

The Audit Committee is pleased to report that Linn Area Credit Union again received a clean bill of financial health after thorough reviews.

To ensure the safety of member deposits:

- The Committee contracts with Petersen & Associates, a highly respected auditing firm, to perform a certified financial statement audit.
- We employ an internal auditor to perform a wide variety of ongoing compliance tests, evaluations and reviews.
- The Credit Union Division of the State of Iowa and the National Credit Union Administration both review the credit union's lending practices, financial statements, security standards, management practices and adherence to regulations, policies and procedures.

Board of Directors

Joan Auterman

Kent Baker

Margaret Eichhorn

Tim Fowler

Mike Gillen

Jim Hagerman

Darla Petersen

Howard Rattner

Veryl Sievers

Ray VanderWiel

Contact us

phone: (319) 378-0101

(800) 950-5228

web: www.linnareacu.org

e-mail: membersrv@linnareacu.org



Branches

Full-service branches:

3015 Blairs Ferry Road NE
Cedar Rapids, IA 52402

3700 Edgewood Rd SW
Cedar Rapids, IA 52404

3330 Mt. Vernon Road SE
Cedar Rapids, IA 52403

985 31st Street
Marion, IA 52302

Drive-up only branch:

619 20th Avenue SW
Cedar Rapids, IA 52404

Online branch:

www.linnareacu.org



2010 annual report



President & Chairman's Report

James Hagerman, President/CEO and
Howard Rattner, Chairman of the Board

Linn Area Credit Union is a not-for-profit financial cooperative owned by its members. Since you're an owner, you have a stake in how your credit union performs. When the Credit Union operates efficiently, you benefit because we are able to charge less on loan rates, pay higher savings rates and provide branch locations, ATMs and services that you want and need.

Although our area of the state has had its share of challenges in the last few years – with the 2008 historic flooding and the economic downturn – your credit union has actually fared quite well. Credit Union deposits grew by over \$23 million in 2010. This was fueled by members seeking the safety of federally insured deposits. Some of this growth can also be attributed to members having the opportunity to earn 4% APY in our high yield checking account. They opened 728 new high yield checking accounts in 2010 and balances in checking accounts rose by nearly \$10 million over the prior year.

As is common during a recession, some members held off borrowing money for large ticket items like new cars or home remodeling. But mortgage and consumer loan rates remained at rock bottom throughout the year, encouraging members to lock in advantageous financing at historically low rates. We made 5,323 new loans to members in 2010 and the loan portfolio grew by \$14.2 million.

The credit union's stability is measured by the amount of capital held in reserve and last year we were able to add \$2,055,909, bringing the total amount of capital to over \$22 million. With this increase of 10.2%, your credit union remains in the top tier of financial institutions for safety and soundness. The amount of delinquent loans dropped from 1.63% at the end of 2009 to 1.23% at the end of 2010. This is a testimony to the loyalty

of our members and the resiliency of our local economy as the national delinquency average stands at 1.72%. The reduction in problem loans adds to the strength of the credit union by improving future profitability.

In the spring of 2010 we broke ground on a new branch at 3700 Edgewood Road SW. This office is quite different from the other Linn Area locations. Our primary goal was to create a more intimate environment where the employee who greets you at the door can help you with everything from opening your account, to depositing a check, or helping with a loan application. Rather than a teller counter, we have concierge stations where you can stand right beside the teller and even look your balances on the computer screen. If you have not been there yet, please stop by and ask our staff to give you a quick tour.

Linn Area Credit Union welcomed 517 new members into the family in 2010. As of year end, membership totaled 22,975. Many new members report that they joined because of referrals from members like you. Thank you for trusting us to take care of your financial needs, along with those of your family and friends. We appreciate your business and thank you for being part of the Linn Area Credit Union family.



196: Number of times Slayton's LACU commercial had been viewed on YouTube.

December 1st, 2010: The birth date of our blog, Twitter page, Facebook page and newly remodeled website.

2,918: Average number of visitors per day to our website.

604: Number of mobile devices that were signed up for Mobile Money - the free mobile banking service we began offering in 2010.

20: Number of local business donors who help us stock the Teacher Store, a place for local educators to get needed classroom supplies without having to use their own money. (We're always looking for donors!)

83: Number of Linn Area Credit Union employees at the end of 2010.

Fridays at 7am: When our website sees the most traffic.

989: Number of non-members who had Linn Area finance their auto loan through the dealership.



Interesting info about 2010



Bajillion: Number of peanut butter squares and crispitos Marge made at Xavier.

2,283: Number of Plugged In members in 2010. Plugged In is for members 16-22 and provides them with their first checking account, loan and credit card - as well as the education to use them correctly.

1,624: Number of kids age 12 and under with Kirby accounts. These members get special gifts throughout the year and have a get-together once a year at the Play Station.

Maybe once: Number of times Barry had driven his bike through our drive-up.

2,490: Number of members in our Prime Time Club. It offers some nice perks to those who are age 50 and better.

ASSETS

Cash and cash equivalents	\$ 3,056,623
Investments	61,983,299
Loans to members, net of allowance for loan loss	161,850,061
Fixed Assets	7,791,879
National Credit Union Share Insurance Fund Deposit	2,113,783
Other assets	7,308,856
TOTAL ASSETS	\$ 244,104,501

LIABILITIES AND EQUITY

Liabilities

Members' shares and deposits	\$ 219,581,837
Accrued expenses and other liabilities	2,165,915
Borrowed funds	0
Total Liabilities	\$ 221,747,752

Equity

Statutory Reserves	\$ 6,300,653
Retained earnings	15,822,451
Unrealized Gain / Loss on Investments	233,645
Total Equity	22,356,749
TOTAL LIABILITIES AND EQUITY	\$ 244,104,501

517: Number of new members who joined our family in 2010.

16,703: Number of members who had a free online banking (e-Branch) account.

2010 Financial Statement

INCOME

Interest on loans to members	\$ 9,367,555
Interest on investments and cash equivalents	1,359,917
Fee income	3,976,132
Other income	1,096,361
TOTAL INCOME	\$ 15,799,965

EXPENSES

Salaries and benefits	5,547,837
Occupancy	426,945
Operating Expenses	3,714,144
Provision for loan losses	471,895
Dividend and interest expense	3,616,335
Non-Operating income / expense	-33,100
TOTAL EXPENSES	\$ 13,744,056

NET INCOME

NET INCOME	2,055,909
Statutory Reserve Transfer	-395,580
NET INCOME AFTER TRANSFER	\$ 1,660,329

22,975: Total members of the LACU family.

11,366: Number of members who received their statements electronically instead of through the mail.