



Arlington Branch

321 East Sublett Road
Arlington, TX, 76018

Duncanville Branch

791 West Wheatland Road
Duncanville, TX 75116

Mesquite Branch

2201 North Belt Line Road
Mesquite, TX, 75150

North Dallas Branch

1351 Montfort Drive
Dallas, TX, 75240

Oak Cliff Branch

641 Yorktown Street
Dallas, TX, 75208

Lancaster Branch

1455 W. Pleasant Run Rd.
Lancaster, TX 75146

Waxahachie Branch

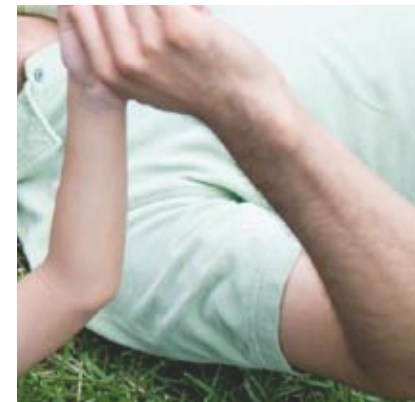
1035 North US Highway 77
Waxahachie, TX, 75165

Corporate Office

13649 Montfort Dr.
Dallas, TX, 75240

Contact Information

214.748.9393
800.321.3728
myncu.com



**Annual
Report
2009**



Moving Forward in a Fresh Future.



Statement of Income

	2008	2009
Income		
Interest on Loans	\$9,992,407	\$11,042,005
Investments	\$2,994,520	\$503,438
Other Operating Income	\$9,157,023	\$8,950,457
Total Income	\$22,143,950	\$20,495,900
Expenses		
Operating Expenses	\$13,005,172	\$13,608,114
Interest Expense	\$6,908,569	\$5,193,164
Provision for Loan Loss	\$1,901,350	\$2,214,819
Other Non-operating Expense	\$19,796	\$764,469
Total Expenses	\$21,834,887	\$21,780,566
Net Income (Loss)	\$309,063	(\$1,284,666)
Distribution of Net Income		
Interest and Dividends Returned to Members on Deposits	\$6,846,855	\$4,978,491
Transferred to Reserve Fund and Capital Reserves	\$309,063	(\$1,284,666)
Total Distribution	\$7,155,918	\$3,693,825

Balance Sheet

Assets	\$264,514,253	\$281,074,420
Deposits	\$236,009,350	\$251,442,927
Loans	\$157,690,812	\$176,916,787
Members	29,954	30,886
Assets		
Loans	\$157,690,812	\$176,916,787
Less Allowance for Loan Loss	(\$1,963,864)	(\$2,586,902)
Net Loans	\$155,726,948	\$174,329,885
Cash	\$12,654,008	\$18,621,159
Investments	\$80,780,197	\$69,295,429
Fixed Assets	\$13,384,741	\$13,880,059
Accounts Receivable	\$146,802	\$559,080
Other Assets	\$1,821,557	\$4,388,808
Total Assets	\$264,514,253	\$281,074,420
Liabilities		
Accounts Payable, Accrued Expenses and Borrowings	\$6,698,452	\$7,109,702
Membership Equity		
Shares	\$32,118,179	\$39,751,515
Checking	\$26,175,189	\$29,273,436
CDs	\$101,195,587	\$104,195,107
IRA Deposits	\$26,752,679	\$29,484,038
Money Markets	\$49,767,716	\$48,738,831
Total Membership Equity	\$236,009,350	\$251,442,927
Reserves		
Regulatory	\$9,277,031	\$9,277,031
Contingency	\$1,552,958	\$2,528,026
Undivided Earnings and Net Income	\$10,976,462	\$10,716,734
Total Reserves	\$21,806,451	\$22,521,791
Total Liabilities, Member Equity and Reserves	\$264,514,253	\$281,074,420

Chairman's Message



Gerald Townsend

Neighborhood Credit Union marks a significant milestone this year: 80 years in business. As the oldest credit union in Dallas, Neighborhood Credit Union brings financial stability to our members in both good and challenging times.

Although the economy made this past year fall into the "challenging" category, Neighborhood Credit Union remains stronger than ever. While other financial institutions may struggle and falter, we have weathered the storm because we follow the principles of managing our credit union with our members' financial security as our top priority. Your funds are safer with Neighborhood Credit Union than anywhere else.

Neighborhood Credit Union doesn't just offer you safety for your funds—we also bring value to our members. Values like free ATM networks that allow you access to over 4,500 free ATMs nationwide including many in local Walgreens. Values like low loan rates and competitive deposit returns.

Values like the prize savings account, a unique savings account that allows members to win monthly, quarterly and yearly prizes just for saving money.

We had modest beginnings 80 years ago. Originally known as Dallas Postal Credit Union, Neighborhood Credit Union opened our doors just months after the U.S. stock market crashed with a mere 72 members and \$1,200 in savings. Today we boast over 30,000 members and \$250 million in assets. We achieved that phenomenal growth by focusing on our members and financial stability.

We see that stability now in our vision of offering world-class service and neighborhood convenience. However, we will not just reflect on our roots as we celebrate the past 80 years—we will build upon them as well. Serving our members has been our top priority for 80 years. The next 80 years will only bring more growth as we continue to build on our stability.

President's Message



Chet Kimmell

As our new decade dawns, Neighborhood Credit Union is moving forward into a fresh future. While many financial institutions struggled last year, Neighborhood Credit Union begins its 80th year of business in excellent financial shape. In fact our capital levels are strong (higher than what is required) and our internal operations are great. Because of our financial commitment and the National Credit Union Association's insurance, your money has never been safer than it is with Neighborhood Credit Union.

Of course, like most financial institutions, Neighborhood Credit Union did suffer a loss in 2009. However, those were due to outside forces beyond our control. If you remove those uncontrollable losses from the equation, Neighborhood Credit Union would have actually experienced the best year in its history.

Some of our 2009 accomplishments included opening a new branch in Lancaster, adding over 6,000 new members, opening over 5,000

checking accounts, growing loans 12% and redesigning our website. Although 2009 was a difficult year for many organizations and consumers, this past year was successful for Neighborhood Credit Union because we focused on our members.

But as our theme states, we are moving forward into a fresh future. That means we are going to offer a number of new products for our members in 2010. These include mobile banking (gives you the ability to do home banking on your phone), Web Connect (allows you to download your financial information into Quicken), Quick Cash (a payday loan alternative), Electronic Payments (allows you to make loan payments to NCU from other financial institutions), and Finance Works (gives you a complete overview of your finances).

As Neighborhood Credit Union celebrates its 80th anniversary we know the future is bright. We will build on past accomplishments while moving forward into a fresh future.

Executive Committee Report

The Executive Committee is responsible for ensuring the credit union's established policies and procedures are adhered to and that the credit union operations are performed in compliance with state and federal guidelines. Neighborhood Credit Union is a state-chartered credit union insured by the National Credit Union Share Insurance Fund (NCUSIF). Because of this unique structure, our financial operations are examined annually by the Texas Credit Union Department. Neighborhood Credit Union also has a professional, internal auditor on staff.

Her job is to review, evaluate and make recommendations to strengthen internal controls and to provide oversight of our operations. For added assurance beyond regulatory minimums, the credit union receives a certified audit by the independent public accounting firm of Ferrin & Company, LLC. Ferrin & Company's last audit was as of June 30, 2009. The audit was conducted in accordance with generally accepted auditing standards and its opinion of the financial condition of the credit union.