



Main Branch:
1418 15th Avenue
Longview, WA 98632

Kelso Branch:
400 Allen Street
Kelso, WA 98626

30th Avenue Branch:
2266 30th Avenue
Longview, WA 98632

Castle Rock Branch:
320 Front Street
Castle Rock, WA 98611

Puyallup Branch:
16510 Meridian St. E.
Puyallup, WA 98375

Federal Way Branch:
33616 Pacific Hwy.
Federal Way, WA 98003

Albany Branch:
810 Burkhart Street SE
Albany, OR 97322

800.562.5611 • www.redcanoecu.com

RED CANOE CREDIT UNION

2011

ANNUAL REPORT

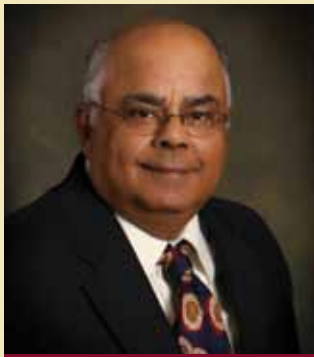




Susan Sherrell
Chairman of the Board

I would like to begin my report by thanking you, the members, the actual owners of the credit union, for your continued participation as member-owners of this financial cooperative. It has been an honor and privilege to serve as Chairman of the Board of Red Canoe Credit Union this past year.

2011 was a positive year for the credit union. Despite ongoing economic challenges, the Board, management team and staff of the credit union worked hard to achieve positive net income and increased market share for both deposits and loans. Growth of any nature has proven difficult in



Pamo Bhatia
Supervisory Chair

The Supervisory Committee is comprised of three volunteers, who are elected by

CHAIRMAN'S REPORT

our industry this last year, and I am pleased to report your credit union also produced a positive return on assets (ROA); a testament to the efficiency and effectiveness of our management team and staff in implementing the Board's strategic plan.

Your credit union remains safe and sound while continuing to expand and offer new services to help our members realize their financial dreams. The cooperative spirit of credit unions began over 100 years ago when U.S. credit unions were first established to give everyday people a place to save and borrow. Today, Red Canoe continues to uphold this philosophy by adding branches, expanding into new communities and growing in membership.

As a reminder, Red Canoe's Board is made up of nine volunteers, who share a common philosophy and strong commitment to represent the membership. Your Board strives to accomplish this by

reviewing member feedback, staying informed on the credit union industry, serving on various committees and meeting with Senior Management each month.

Your Board also shares the same high level of enthusiasm for ensuring Red Canoe Credit Union continues its long-standing tradition of providing quality products and services to members. The Board is fortunate to be able to draw on the experience and expertise of the staff and management team of Red Canoe Credit Union to meet these expectations. These people, serving you, continually strive to provide an exceptional, positive experience for all members.

On behalf of the Board of Directors, I wish to thank you for your participation, ownership and allowing us to serve you.

Susan Sherrell

SUPERVISORY COMMITTEE REPORT

the membership. Its primary responsibility is to safeguard member assets by overseeing the financial and internal control systems and policies related to credit union operations.

We achieved our objective in two ways. First we retained the services of Moss Adams, LLP to perform our audit for 2010. Second, with the assistance of the credit union's

full-time Internal Auditor, we conducted and reviewed various audits and researched questions from the Board and the credit union members.

It is our opinion that your credit union continues to be run in a safe and sound manner.

Pamo Bhatia

STATEMENT OF FINANCIAL CONDITION

ASSETS Year ending December 31, 2011

Loans to Members (net of allowance)

2010	\$411,499,087
2011	\$393,896,239

Cash and Cash Equivalents

2010	\$70,504,813
2011	\$81,237,241

Investments

2010	\$45,163,150
2011	\$69,753,731

Interest Receivable

2010	\$1,562,835
2011	\$1,449,448

Property and Equipment - Net

2010	\$25,327,380
2011	\$27,926,786

Share Insurance Deposit

2010	\$4,660,297
2011	\$4,960,852

Other Assets

2010	\$1,278,976
2011	\$2,001,316

Total Assets

2010	\$559,996,538
2011	\$581,225,613

LIABILITIES AND EQUITY

Member Shares

2010	\$492,196,507
2011	\$511,299,583

Accounts Payable and other Liabilities

2010	\$6,943,914
2011	\$7,618,533

Members' Equity

2010	\$60,856,117
2011	\$62,307,497

Total Liabilities and Equity

2010	\$559,996,538
2011	\$581,225,613

Displayed financial numbers are unaudited for 2011.

STATEMENT OF INCOME

INCOME Year ending December 31, 2011

Loan Income

2010	\$25,518,158
2011	\$23,692,459

Investment Income

2010	\$1,266,461
2011	\$1,437,110

Miscellaneous Income

2010	\$6,100,536
2011	\$7,148,371

Total Income

2010	\$32,885,155
2011	\$32,277,940

EXPENSE

Operating Expense

2010	\$18,553,565
2011	\$19,927,894

NCUSIF Impairment/Assessment

2010	\$1,215,419
2011	\$1,240,213

Provision for Loan Loss

2010	\$4,552,472
2011	\$3,795,747

Member Shares Dividends

2010	\$7,298,379
2011	\$5,862,706

Total Expense

2010	\$31,619,835
2011	\$30,826,560

Net Income

2010	\$1,265,320
2011	\$1,451,380

A Complete Set Of Financial Statements Are Available Upon Request.
Simply Call Or Visit Red Canoe Credit Union To Request A Copy.

Displayed financial numbers are unaudited for 2011.



Dave Spaulding
President/CEO

2011 brought us closer to an economic recovery, but the inability of the nation's job market to fully recover caused diminished loan demand in the first nine months of the year. Despite the weakened loan market, the credit union still loaned over \$130 million to our members in 2011. Fourth quarter also showed increased demand for all credit union services and hints at the beginning of an economic recovery for the Northwest.

Even during these challenging times, Red Canoe was able

PRESIDENT'S REPORT

to open our newest branch in Castle Rock, Washington, an investment which has already yielded high returns. We were met with tremendous public response and the branch ended the year with over \$11.5 million in loans and \$12 million in deposits. Overall, the credit union improved earnings and added to capital reserves in 2011.

2011 also brought our credit union a significant opportunity in the form of favorable national press surrounding the consumer movement towards National Bank Transfer Day. This event afforded greater public awareness for the credit union industry and lifted our marketing investments to yield higher membership returns.

Along similar lines, we're also optimistic for additional public relations opportunities through the 2012 International Year of the Co-operative, a

global movement highlighting the importance of cooperative organizations, including credit unions.

As we look forward to 2012, the credit union will continue to look for opportunities to acquire land and build new branches to become more convenient and better serve our members. Growing the credit union affords us the ability to enhance member service, return greater deposit rates and lower loan rates to you, our members.

Finally, the Board of Directors, Supervisory Committee, management team and staff are proud to have your business and thank you for trusting us as your financial partner.

Dave Spaulding



Our newest branch in Castle Rock, Washington.





Pamo Bhatia
Supervisory Chair



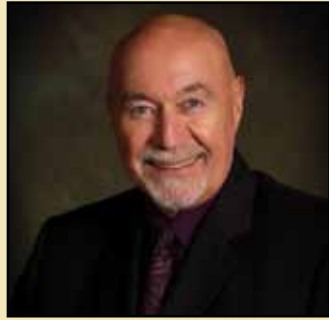
Ann Bredfield
Board Member



Doug Doerfler
Board Member



Lauri Grimes
Board Member



Don Lightfoot
Board Member



Chuck Martin
Board Member



Charlie Neithardt
Board Member



Steve Reed
Board Member



Susan Sherrell
Chairman of the Board



Linda Solbrack
Supervisory Committee



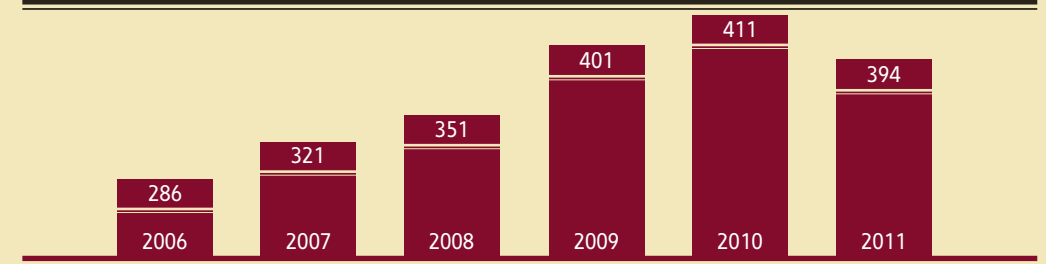
Janice Stoner
Supervisory Committee



John Vogel
Board Member

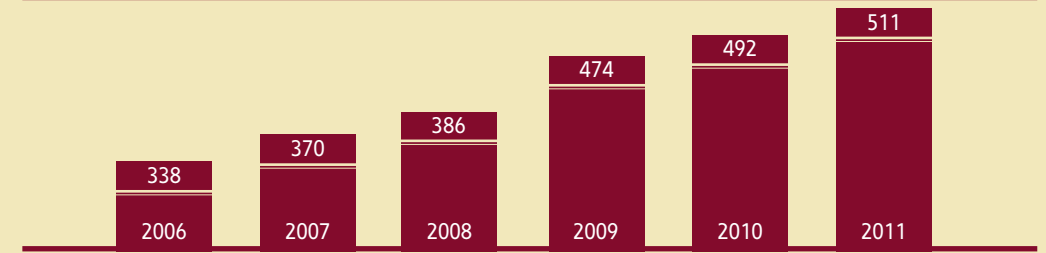
LOANS

(in millions of dollars)



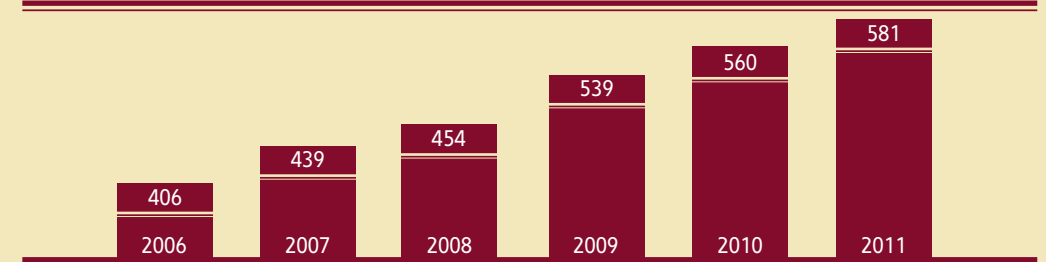
DEPOSITS

(in millions of dollars)



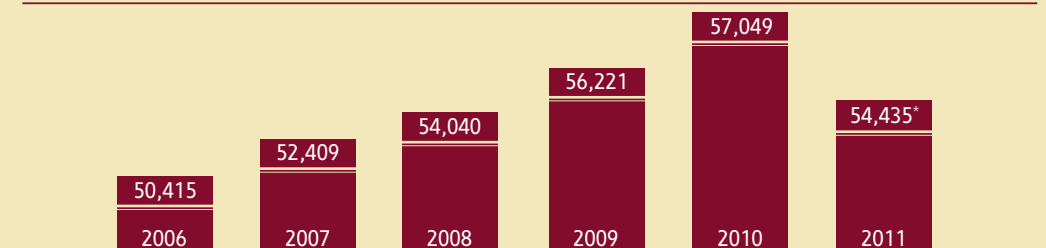
ASSETS

(in millions of dollars)



MEMBERS

(in thousands)



*Actual membership growth for 2011 was a net increase of 1,057 members. The difference in members from 2010 to 2011 represents a cumulative loss of 3,671 accounts that were previously closed but not declassified.