

President's Report

Now, in our 73rd year, North Jersey Federal continues to provide financial services for more than 30,000 members of our community. Essentially, our goals are to become your primary financial institution and improve your life. The flexibility of our financial products and personalized member services are what distinguishes us from our peers. We genuinely care about your financial future and want to contribute to its success.

Our transition into 2009 remained steady, although challenging times surrounded our industry. While competitors lost momentum, we maintained our position and stability to provide you with a service environment you could rely on. North Jersey Federal is in a secure financial position. We experienced a strong financial net worth of 12.52% in 2008. Total assets were approximately \$166,730,000 as of September 30, 2008. Most importantly, we remained financially sound during tough economical periods.

2008 marked a great year of accomplishments as our team worked diligently to serve our field of memberships through the:

- Promotion of products that benefit the underserved and unbanked in our field of membership. For example, our 'Borrow and Save' promotion offered Members the unique opportunity to borrow funds while banking some, to build both a habit and history of saving.
- Enhancement of our TAP System (Telephone Automated Processing), so you can also request copies of checks, place stop payment on a check, reorder checks and perform cross account transfers.
- Automatic Enrollment for Home Banking and Bill Pay. When you apply online at the end of your application, your enrollment for these services is automatic.
- Check Imaging feature in Home Banking, it allows you to view your canceled checks online immediately.
- Implementation of a Mystery Shopper Program to ensure you receive a seamless Member service experience, whether you call, click or visit with us.
- Formation of a Loan Workout Program for our Members who have difficulty making their loan payments due to a loss of resources.
- Development of First Mortgage Software with a bilingual online application.

North Jersey Federal Credit Union Year Ending September 30, 2008

	<u>2008</u>	<u>2007</u>
STATEMENT OF FINANCIAL CONDITION		
ASSETS		
Cash and equivalents	\$ 62,065,459	\$ 33,984,292
Securities available-for-sale	10,276,237	306,770
Securities held-to-maturity	—	28,018,928
Loans receivable, net of allowance for loan losses	81,994,695	92,045,158
Accrued interest receivable	739,103	696,932
Investments - other	1,605,924	1,528,849
Property and equipment, net of accumulated depreciation	7,813,442	8,237,748
Deposit in the National Credit Union Share Insurance Fund	1,388,851	1,402,964
Other assets	846,552	724,556
TOTAL ASSETS	\$ 166,730,263	\$ 166,946,197
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share and savings accounts	\$ 143,441,779	\$ 145,107,144
Accounts payable and other liabilities	<u>2,460,307</u>	<u>1,716,662</u>
	<u>145,902,086</u>	<u>146,823,806</u>
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY		
Regular reserves	2,201,003	2,201,003
Undivided earnings	18,674,701	17,938,407
Accumulated other comprehensive income	<u>(47,527)</u>	<u>(17,019)</u>
	<u>20,828,177</u>	<u>20,122,391</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 166,730,263	\$ 166,946,197
STATEMENT OF INCOME AND EXPENSES		
INTEREST INCOME		
Loans receivable	\$ 6,827,955	\$ 7,664,652
Securities and other deposits	<u>2,676,015</u>	<u>2,820,210</u>
	9,503,970	10,484,862
INTEREST EXPENSE		
Members' share and savings accounts	2,694,575	3,312,480
Borrowed Funds	<u>—</u>	<u>200,222</u>
	<u>2,694,575</u>	<u>3,512,702</u>
NET INTEREST INCOME	6,809,395	6,972,160
PROVISION FOR LOAN LOSSES	<u>904,500</u>	<u>906,700</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>5,904,895</u>	<u>6,065,460</u>
NON-INTEREST INCOME		
Fees and charges	1,573,329	1,934,782
Miscellaneous income	724,376	658,454
Gain (loss) on sale of investment	<u>5,509</u>	<u>(933)</u>
	<u>2,303,214</u>	<u>2,592,303</u>
NON-INTEREST EXPENSES:		
Compensation and benefits	4,107,772	4,002,216
Office operations	1,394,943	1,309,947
Loan servicing	163,682	177,895
Professional and other outside services	705,483	642,370
Office occupancy	725,075	639,354
Education and promotion	358,827	535,204
Travel and conference	59,331	75,471
Association dues	54,501	59,258
Supervisory fees	36,343	34,350
Other	<u>18,443</u>	<u>57,253</u>
	<u>7,624,400</u>	<u>7,533,318</u>
NET INCOME BEFORE VISA IPO REDEMPTION	\$ 583,709	\$ 1,124,445
Visa IPO Redemption	\$ 152,585	—
NET INCOME	\$ 736,294	\$ 1,124,445

President's Report (cont.)

As a hands-on community partner, employees of North Jersey Federal volunteered numerous hours of service to our neighborhoods. We built playgrounds for schoolchildren in Newark and donated backpacks to Paterson with school supplies through the United Way of Passaic County. Employees served meals and donated food items to those in need at Eva's Kitchen in Paterson and supported the March of Dimes 'March for Babies' annual fundraiser to heighten awareness of premature births in the United States. Your Credit Union also supported the Paterson community to partner with ACORN to receive free tax-preparation services. Making a difference in the community is more than a tag line to us – it is a mainstay of our culture.

As we continue to demonstrate our strength and solvency in 2009, know that your Credit Union is here for you. We structure our various products and services with your needs in mind. Our experience in meeting these needs continue to have us garner a consistent high rating from the National Credit Union Administration (NCUA). Our team of employees is experienced, ready and willing to support your financial success. Just let us know how.

I value your membership with us and appreciate your partnership. We exist to serve you, and it is our pleasure to do so. Continue your trust in us to be your primary financial institution as we take you Above and Beyond Banking!



Lourdes Cortez
President/CEO





NJFCU is committed to

People Helping People

North Jersey Federal values its relationships with the people and communities we serve. We believe in the credit union industry philosophy of “people helping people.” We put it to work through various outreach opportunities and community events. In 2008, our efforts benefited:

- United Way
- Eva’s Village
- Junior Achievement
- March of Dimes
- Back Packs for Kids
- Boys & Girls Club of Paterson and Passaic
- Paterson Public Schools
- La Casa de Don Pedro
- Paterson Education Fund
- NJ Community Development Corporation
- Workforce Investment Board of Passaic County
- William Paterson University
- Chilton Hospital
- UMDNJ

Branch Locations

Totowa

711 Union Boulevard

Paterson

126 Market Street

Newark at UMDNJ

1102 Administration Complex
30 Bergen Street

Newark at La Casa de Don Pedro

39 Broadway

Our Mission

Our Mission

North Jersey Federal Credit Union builds relationships with the people and communities we serve. We strive to be your financial institution to improve your life.

Our Vision

We will provide service to all Members beyond their expectations and create a “WOW!” experience for each of them. We will be convenient, efficient and effective in serving our Members throughout the community.

Value Proposition

Member Intimacy and Advocacy,
also known as Quality Service.



Call: 888-786-5328

Click: www.njfcu.com

Visit: Totowa · Newark · Paterson

Revised/05/2009 Designed by Nextwave Web and NJCreative

2008 Annual Report



Call: 888-786-5328

Click: www.njfcu.com

Visit: Totowa · Newark · Paterson

Chairman’s Message

Globally, in 2008, each of us faced some kind of financial challenge. Every sector of international and domestic business had us review and chart our business course with thoughtful planning and preparation to meet these challenges. We took each challenge and viewed it as an opportunity to serve you better than ever.

As the Chairman of your Board of Directors, the loyalty and trust you place in North Jersey Federal is paramount to our mutual success. We value the privilege to serve you and your family’s financial needs each day with products and services vital to your lifestyle. Through the economic storm, credit unions remain a safe and secure alternative to commercial financial institutions. Today, we seize the moment to identify what matters most to you and deliver with the service for value you have grown to expect from us.

North Jersey Federal continues its commitment to protect your assets while remaining convenient and competitive. Understanding the reality of today’s marketplace to offer you a variety of banking and lending options, we are grateful you continue to choose us as your financial institution. We look forward to growing with you to complement your current holdings with new opportunities to manage your assets. You can count on us to be an industry trendsetter as we do so.

My thanks to you as we move into 2009 with great expectations!

Frank Migliaccio
Chairman of the Board

Supervisory Committee Report

The Supervisory Committee is a group of volunteer Members who ensure the annual audit of North Jersey Federal. Appointed by the Board of Directors, they oversee the Credit Union’s regulatory compliance.

In 2008, we retained Curchin Group, LLC who performed a certified audit of our records as of September 30. Their audit concluded the soundness of North Jersey Federal’s financial condition and determined that our financial statements were prepared in accordance with generally accepted accounting practices. The audit also concluded our compliance with the Federal Credit Union Act, its bylaws, rules and regulations.

The Supervisory Committee agrees that North Jersey Federal continues to operate with fiscal and operational prudence in the best interest of our membership. The financial statements in the 2008 Annual Report are a true reflection of the financial condition of your Credit Union.

Frank Valenzano
Chairman of the Supervisory Committee