

ANNUAL
REPORT
2011



Strengthening Our Foundation

Federally Insured by NCUA

Message from Chairperson & CEO

The year 2011 was challenging for both Credit Union Management and the Board of Directors. As we look back over the last 3 years, all have been challenging as our profitability was greatly reduced by the bad economy. We have seen reduced earnings as loans to members have decreased and rates have dropped. We encourage you to always consider us first to meet your borrowing needs. Even in this already low rate environment, we are committed to offering our members the most competitive rates available. The economic downturn has also negatively impacted our investment earnings.

In addition to reduced earnings, our expenses went up due to increased loan charge-offs, government insurance fund assessments and corporate credit union stabilization assessments. Of note, credit unions did not cause the financial crisis and no government bailout money was utilized by the credit union system. The large assessments on credit unions made by the National Credit Union Administration (NCUA), the federal agency that supervises federal credit unions, replenished the National Credit Union Share Insurance Fund (which guarantees your deposits up to \$250,000) and stabilized the corporate credit union system (credit unions to service other credit unions). In addition to these external factors, we were dealing with a large administrative cost which needed to be addressed and adjusted. In 2011, management and the board took the following measures to address these issues.

STRENGTHENING OUR FOUNDATION with Expense Reduction and Reorganization

In February of 2011, the Reisterstown Branch closed. In April of 2011, the Quincy Branch closed. Although difficult decisions, these branches were not being utilized enough to warrant the expense of keeping them open. Our Maryland members continue to be served by our Laurel and Landover branches in addition to the many shared branches available. Of note, members have access to more than 6,700 shared branches nationwide and, of course, Internet Banking and our Member Service Call Center allow members to utilize us regardless of accessibility to branches. We continue to serve Ahold USA Retail and Stop & Shop Company associates via our remote services, shared branching network and a small office which was opened in September of 2011, located in the Stop & Shop NE Division HQ in Quincy, MA. In addition to closing the two branches, we also reorganized back office areas to achieve maximum productivity as management and the Board of Directors worked to ensure the continued safety and soundness of the credit union. Of note, our credit union is one of the strongest with an extremely strong reserve position.

Although we had to reduce our VIP rate due to market conditions in this low rate environment, our VIP checking account continues to offer members a highly competitive yield. We now offer members two options (the Platinum or Gold tier) to earn that great VIP rate. Additionally, the account continues to offer many benefits such as free text alerts, e-deposits and with direct deposit and e-statements qualification, members are eligible for .35% rate premium on certificates and .35% rate reduction on already low loan rates (with automatic pay).

We completed a merger with National Capital Federal Credit Union, located in Landover, Maryland in September of 2011. This merger allows us to expand our Field of Membership in a geographic area where we are already established and to offer former NCFCU members an expanded array of financial services. Through growth better economies of scale are reached.

STRENGTHENING OUR FOUNDATION with Innovative New Products, Services and Technology Enhancements

Last year \$8.7 billion was spent by pet owners on veterinary care. Based on this number alone, it's not surprising that pet insurance is

growing in popularity. To meet our members' growing needs, Market USA is pleased to offer Pet Insurance through a partnership with Veterinary Pet Insurance (VPI).

In August, we began our \$100 cash refinance program, for each vehicle loan refinanced with Market USA. As of December 2011, we refinanced 54 loans for a total of \$865,208. Members continue to take advantage of receiving \$100, lowering their monthly payment and paying less interest by moving their auto loans to us.

We continue to make enhancements to our online presence in order to better serve our members.

In 2011, we made the following updates:

- **Invest in America**, was added to our website. With the Invest in America program, members have access to valuable discount offers from GM, Sprint, Allied Van Lines, FTD.com, Dell, Turbo Tax, DIRECTV and Shop America.
- Technology improvements were made to our Online Banking Internet Enrollment, making it a more secure and user friendly system.
- In September, we introduced our new website tool **Loan Saver®**. You can use Loan Saver to estimate how much interest you could save and how much lower your monthly payments could be by moving your loans to Market USA. It's easy to use this online tool to compare your current loan at another financial institution versus what you could save by moving it to Market USA.
- In November, we launched Member Testimonials on our website. Many of our members like to share their thoughts and opinions and it is our way of passing that information along to you.
- We continue to update Twitter and Facebook with promotions and member information, in order to keep up with the fast-paced use of social media and communications.

STRENGTHENING OUR FOUNDATION Through Member Education

In addition to providing member education through our website and newsletters, we offered various Financial Management Seminars and Youth Financial Literacy Seminars. These youth seminars educated our young members on how to manage their money and how saving money is the first step to getting ahead financially. We are proud to be one of the few financial institutions which offers minors a Checking Account with a Visa Check Card.

We continue our efforts to reach out to our members and potential members at site visits, charity events and benefit fairs. We also completed our Video for Business Development. The video will provide a 60 second presentation of the benefits of partnering with Market USA.

Market USA has 59 years of member service behind us – and many more ahead. Thank you for being part of our credit union. When you have questions, concerns or other financial needs, you can turn to us with confidence knowing that we truly care about your financial wellbeing. We look forward to serving your needs for years to come.

Thank you.

Sincerely,



Walter Lutman
Board of Directors Chairperson



Laura Hassan
President and CEO

COMPARATIVE BALANCE SHEET

Balances as of December 31,

ASSETS	2011	2010
Unsecured Loans	7,536,621	6,854,997
Mortgage/Home Equity Loans	14,467,204	12,561,605
New and Used Vehicle Loans	15,918,063	16,666,744
Other Secured Loans	644,118	592,472
TOTAL LOANS	38,566,006	36,675,818
Allowance for Loan Losses	(702,117)	(537,029)
NET LOANS TO MEMBERS	\$ 37,863,889	\$ 36,138,789
Cash & Investments	50,419,297	44,874,125
Accrued Income Receivable	165,752	145,798
Land & Building	3,573,128	3,652,341
Other Fixed Assets	350,377	468,920
Other Assets	3,164,258	2,931,996
TOTAL ASSETS	\$ 95,536,701	\$ 88,211,969

LIABILITIES & EQUITY

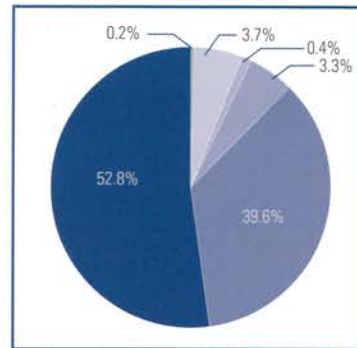
Accounts Payable/Accrued Expenses	877,515	1,365,877
Member's Accounts	77,068,380	68,537,663
Reserves and Undivided Earnings	17,590,806	18,308,429
TOTAL LIABILITIES & EQUITY	\$ 95,536,701	\$ 88,211,969

COMPARATIVE STATEMENT OF INCOME

Balances as of December 31,

	2011	2010
Interest and Fees on Loans	2,244,921	2,264,313
Interest on Investments	571,367	683,465
Other Income	3,247,927	3,288,049
TOTAL REVENUE	\$ 6,064,215	\$ 6,235,827
Operating Expenses	6,027,497	5,774,698
Provision for Loan Losses (Recovery)	428,497	185,499
Gain/(Loss) on Disposition of Assets	0	(86,256)
Dividends Paid to Members	556,679	570,229
ADDITIONS TO RESERVES & UNDIVIDED EARNINGS	(\$948,458)	(\$380,855)

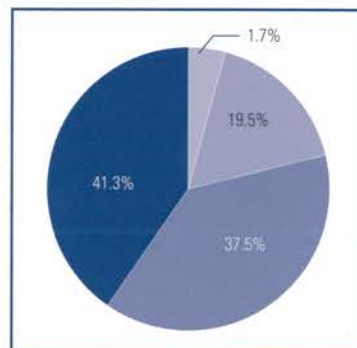
ASSET COMPOSITION



Total Assets \$95,536,701 as of December 31, 2011

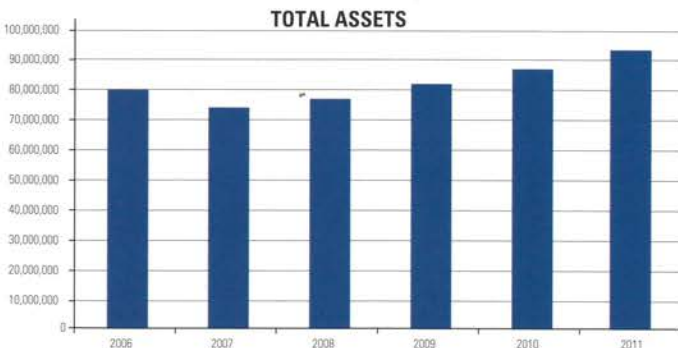
- Cash & Investments
- Net Loans
- Other Assets
- Other Fixed Assets
- Land & Building
- Accrued Income Receivable

LOAN PORTFOLIO

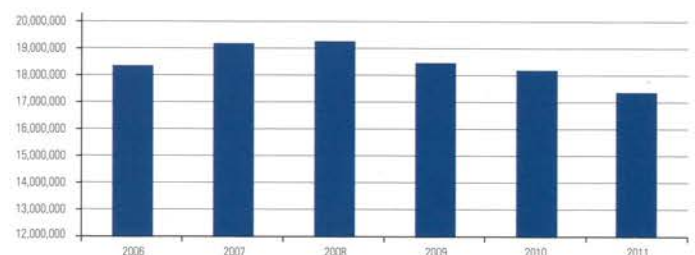


As of December 31, 2011

- New & Used Vehicles
- Mortgage/Home Equity
- Unsecured
- Other Secured Loans



RESERVES & UNDIVIDED EARNINGS



Note: The financial statements presented in this annual report are for informational purposes only. Copies of the completed audited financial statements will be made available per member request.

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee, appointed by the Board of Directors, is charged with the responsibility of overseeing Market USA's management and financial records to ensure the institution's financial condition is fairly presented. The Supervisory Committee also works to strengthen the financial internal controls and to protect the assets of the Credit Union.

An integral part of ensuring the fair presentation of financial condition is the execution of the annual independent audit. This year we appointed the firm of CliftonLarsonAllen LLP to fulfill that responsibility. We are pleased to report their audit resulted in an unqualified opinion.

In addition, an exam is conducted by the National Credit Union Administration (NCUA). This governmental body provides oversight for all US federally chartered Credit Unions. When this report went to press, NCUA was conducting the current exam.

The Supervisory Committee attends all Credit Union Board Meetings to ensure that updated policies and procedures are presented and approved.

In addition, the Supervisory Committee participates regularly in the Credit Union Oversight Committee meetings.

Our goal, through these activities, is to provide the Credit Union membership with independent assurance that the Credit Union Board and Staff are meeting their fiduciary responsibilities.



Steve Marks
Supervisory Committee Chairperson

SAVING & CHECKING

Savings Accounts

When your membership is processed, a Membership Savings Account is opened for you. With Direct Deposit or Payroll Deduction, you can conveniently build your savings. Enjoy no monthly maintenance fees, no minimum balance requirement (above \$5.00 opening deposit), ATM access, unlimited deposits and dividend rates paid monthly.

Checking Account

All of our checking accounts offer FREE checking with no monthly maintenance fees and no minimum balance requirements. We recently expanded our checking account options to better serve you by offering a high yield VIP Checking Account and a RockStar Checking Account which pays iTunes credits. We also offer another checking product for those members who may need a second chance and the opportunity to achieve financial fitness. Upon completion of a few simple requirements, those members can now open a Fresh Start checking account. All accounts offer access to 28,000 surcharge-free CO-OP ATMs throughout the U.S. and accounts with direct deposit offer access to an additional 43,000 surcharge-free Allpoint ATMs Worldwide.

Money Market Accounts

Our Money Market Accounts put your excess savings to work. The minimum balance is just \$2,000 and tiered rates mean that as your balance grows, so will your earnings. You may make up to six withdrawals per month. Maintain liquidity while you enjoy no monthly maintenance fees*, unlimited deposits and competitive rates.

Certificates

For members who want a guaranteed investment with safe returns, our Shared Certificates offer a variety of terms with excellent rates. With only a \$500 minimum balance, you're sure to find a certificate to fit your needs. In addition, by enrolling in direct deposit and e-statements, you can earn an additional .35% to the regular rate of any new certificate. We also offer an Accumulator Certificate with a minimum balance of \$100. With the convenience of our Automatic Renewal Service, you will receive a notification prior to your renewal date.

IRAs

IRAs are tax-deferred savings plans designed to help you reach your retirement goals. Choose from Traditional or Roth IRAs and Coverdell Education Savings Accounts. As you have come to expect from Market USA, we offer competitive rates and highly personalized service.

REMOTE BANKING

Internet Banking

www.marketusafcu.com

You can access your account(s) via the Internet. It's free, secure and allows you access to your account 24 hours a day – transfer funds between your Market USA accounts, view current account activity and much more!

Optional Internet Bill Pay Service

Our Bill Pay service allows you to pay recurring bills with the click of your mouse. Optional Internet Bill Pay is free if you pay at least two bills per month (otherwise a low fee of \$2.95 per month.)

e-Deposits

Make deposits into your account(s) while at home, on vacation or anywhere you have Internet access. With e-deposits, eligible Market USA members can input check deposit information online and receive immediate account credit (restrictions on funds may apply.)

Telephone Banking

From your phone, you can issue stop payments, request copies of checks, obtain balance information, transfer funds between Market USA accounts and more – just call 301-586-3450 or 800-764-4268.

National Shared Branches

As a part of the National Shared Branch Network, you gain access to over 6,700 shared branch locations throughout the nation. At these locations you can make deposits, request withdrawals, make loan payments and more depending on the location.

e-Statements and e-Alerts

Why wait for your paper statement when you can receive your e-statement much quicker than through regular mail? You will receive an email notification when your e-statement becomes available. Plus with e-statements, you can sign up for e-alerts and receive important account status e-mails or text (i.e.: when your balance drops below a certain amount.) To sign up, log onto Internet Banking and access the e-statement/e-alerts tab.

LENDING

Auto Loans

We finance new and used automobiles at attractive rates and terms, usually better than those of banks and finance companies. We offer terms of up to 84 months* on new and used vehicles and we finance up to 100% of the NADA Retail Clean value on used cars.

Signature Loans

Our signature loans provide you with funds to get the things you want and need – as well as pay for other unexpected costs. Qualified borrowers can borrow up to \$20,000 with terms up to 48 months* with no collateral required.

First Mortgage Loans

Market USA makes your home ownership dream come true. We offer members several home loan options, feature competitive rates and provide expert knowledge and personalized service.

Home Equity Loans

When used properly, the equity in your home can be a powerful tool – excellent for making major purchases. Borrow up to 80% of the equity in your primary residence or up to 80% on secondary home. Your interest is often tax deductible (consult tax advisor), making this a highly attractive loan option.

Home Equity Line of Credit

Home Equity lines are readily available sources of cash. You can borrow up to 85% of the equity in your home and we offer flexible repayment terms. The interest you pay may be tax deductible (consult your tax advisor). Access funds by check, Internet or phone. We also offer no closing costs if the initial advance is at least \$10,000 and your account remains open for 24 consecutive months.

Credit Cards

Equipped with a possible credit line of up to \$20,000, your Market USA Visa® Card will be the most powerful piece of plastic in your wallet. Enjoy the savings of no annual fee for Platinum Visa® or Platinum Visa® with Rewards and low introductory and variable rates. Platinum Visa® with Rewards earns points, which can be redeemed for hotel stays, merchandise, air travel and more! And with a Credit Card from Market USA, you are protected from identity theft through fraud detection software and Verified by Visa®.

Skip-a-Payment

Skip-A-Payment is a valuable option to assist members with unexpected expenses. Qualified members can use this option to skip their loan payments twice per calendar year without impacting their credit report. It's a great way to get a break from your bills when you need it. (Interest and finance charges will continue to accrue on your loan during the month you skip your payment and the term will be extended. All Mortgage, Home Equity Loans and Credit Cards are excluded. A nominal fee is required. Other restrictions may apply. Visit marketusafcu.com, for more details.)

Fresh Start Loan

The Fresh Start Loan is designed to help members who have challenged credit develop credit worthiness while learning to save money. The Fresh Start Loan allows you to borrow \$500 without a credit check and members may take up to 10 months to pay.

Loan Saver

Often members can save interest and lower their monthly payment if they refinance with us. It's easy to use this online tool to compare your current loan rate at another financial institution versus what you could save by moving it to Market USA.

INVESTMENTS

Online Brokerage Services

Market USA has partnered with CUNA to bring you Online Brokerage Services. Your start-to-finish resource for researching, tracking and trading stocks is right at your fingertips. CUNA Brokerage provides the tools necessary for you to make informed investment decisions.

My Financial Center

Connect with a network of financial solutions that make managing, maintaining and protecting your finances a snap.

Trade online, research data, consult financial articles, get quotes and information on insurance products and sign up for your personalized page for tracking news, stock and mutual funds.

Important information:

*Money Market Account- Monthly Maintenance Fee of \$2.50 applies if your average daily balance falls below \$2,000. Auto Loans: Payments at 4.25% for 60 months are approximately \$18.76 per \$1,000. Signature Loans: Payments at 10.24% for 48 months are approximately \$25.49 per \$1,000.

INSURANCE

Through your membership with Market USA FCU, you can access valuable MEMBERS Insurance Products. Auto, Home Owners, Renters, Long Term Care, AD&D and Life insurance policies are available. MEMBERS Insurance offers competitive group rates and online quotes you can access any time in the privacy of your home. Market USA offers Member's Choice Borrower Security for when the unexpected happens. Our voluntary payment protection program can cancel or postpone your loan balance or monthly loan payments, up to the policy maximum, if you are unable to make payments due to a covered illness or injury before the loan is repaid. Covered events may include death, disability, or involuntary unemployment, depending on which payment protection package you have.

Now through a partnership with Humana (a company dedicated to serving Medicare needs) and CUNA Mutual Group's Member Connect (a company dedicated to serving the needs of credit union members) Market USA now offers Medicare Supplemental Coverage for our members who are over 65.



Branch Offices

Laurel

8871 Gorman Road, Suite 100

Laurel, MD 20723

Hours: M/T/W/F 9:00 a.m. – 5:00 p.m.
Th 9:00 a.m. – 6:30 p.m.

Landover

8200 Professional Place, Suite 105

Landover, MD 20785

Hours: Monday – Friday 9:00 a.m. – 5:00 p.m.

Mauldin

201 BI-LO Boulevard

Greenville, SC 29607

Hours: Monday – Friday 8:30 a.m. – 4:00 p.m.

Drive-thru: Monday – Friday 8:00 a.m. – 4:00 p.m.

Quincy Office (non-branch)

Located at Stop & Shop NE Division HQ

1385 Hancock Street

Quincy, MA 02169

Find a branch near you:

ATM/Branch locator

www.marketusafcu.com

Internet Banking:

www.marketusafcu.com

Member Service Center:

(301) 586-3400

(800) 914-4268

Hours: M/W/F 8:30 a.m. – 5:00 p.m.

Tu 9:00 a.m. – 5:00 p.m.

Th 9:00 a.m. – 6:30 p.m.

Telephone Banking:

(301) 586-3450

(800) 764-4268

Over 6,700 Branches to Serve You

Access to over 71,000 surcharge-free ATMs Worldwide

***CO-OP Network ATMs are surcharge-free for all members.
Select CO-OP ATMs even take deposits.***

Allpoint Network ATMs are surcharge-free for members with Direct Deposit of net pay.



Financial Solutions For Life