

Board Chairman's Report



While your MWRD Employees' Credit Union has weathered many modifications throughout its history, we are excited about taking a proactive approach and are challenging ourselves to make this year "A Time for Change".

We have determined that it is time for us to make several significant revisions in our operations and accessibility, empowering each of our members to enjoy true financial success. For example, in the past we have always issued checks when a member wanted a withdrawal. Our members pointed out that they still needed an account outside of the Credit Union so they could have access to cash. We are now investigating the purchase of state-of-the-art cash dispensing machines for each office so staff can disburse cash instead of checks. We listened to our members, and agreed, it was *Time for Change*.

In addition, we are converting to real-time processing, which will allow us to monitor, analyze and act on financial data faster and more efficiently. Again, this benefits members because their financial account information will be current whenever they check it, via phone, online or at an ATM. We have also joined the Allpoint surcharge-free network, so that our members can access funds 24/7/365 including holidays from more than 32,000 convenient locations nationally. (The nearest one can be found online or through a quick call to the Credit Union.) Again, we decided that another aspect of our *Time for Change* should be increasing funds-accessibility for all of our members.

As a sidenote, we are also embracing this *Time for Change* by updating our main office so that members have easier access to our member service reps, loan officers and management staff. You will soon notice brighter, more open spaces—a more inviting, professional, contemporary feeling when you stop in to see us.

What does all of this change mean for you, our member? We have a challenge for you as well—or perhaps you could think of it as an invitation. We are increasing the accessibility and convenience of our services to make it easier for our members to turn to MWRD Employees' Credit Union for their financial needs. In turn, this year, when you have a need for new or updated financial services—a refinanced loan, a lower rate credit card, a new savings account, money for a well-deserved vacations—we ask that you put your Credit Union into the mix of your decision-making process and compare us to your other options. If you have done your primary banking elsewhere, we believe you will find its time for you to make a change in your financial institution.

Your MWRD Employee Credit Union strives to be competitive, and we are succeeding in so many areas that we believe you'll discover that we are your best choice for all of your financial management. I would like to thank my colleagues who serve on the MWRD Employees Credit Union Board, and, of course, our Credit Union staff, for the vital roles they play throughout the year in providing you with a myriad of services. Most importantly, I would like to thank you, our members, for your loyalty and support throughout the years and during this "Time for Change".

Without all of you and your wonderful suggestions and tremendous input, we would not have matured over the years into one of the best Credit Union in the State of Illinois. As the world around us continues to evolve and change, so must we. On behalf of the Board members and staff, we encourage all of you to celebrate with us and continue to support the MWRD Employees Credit Union during this "Time for Change".

Patricia Young
Chairman
Board of Directors



Mission Statement

To be our members' primary financial institution of choice by providing competitive financial services and meeting their changing needs while maintaining our financial stability.

Credit Union Staff

Linda S. Geers, President/General Manager
Judith L. Kinney, Financial Analyst

Lending Department

Glenda J. Lahori, Manager/Lending Department
Jewell Hobbs, Loan Processor

Member Service Department

John Van Keulen, Senior Member Service Representative
Joanne Bischoff, Member Service Representative

2005 Board of Directors

Patricia Young, Chairman
Anthony Balich Frank J. McHugh
Mitchell Gorz Patrick Pucher
Brian Deitz Beverly Sanders
Henry Marks Nathaniel Thomas, Jr.
Glenn Miller Jacqueline Torres

Annual Report 2006

It's Time for CHANGE

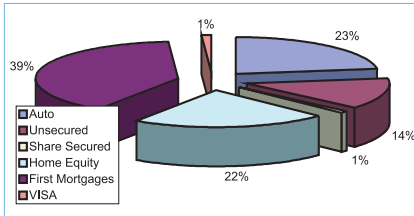


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Credit Committee Report

LOAN PORTFOLIO BREAKDOWN BY TYPE



The Credit Committee would like to thank all the members that obtained loans through MWRD Employees' Credit Union in 2006. The interest the credit union earns on these loans is the main source of income for the credit union. Together with income from investments, member loan income is used to pay credit union operating costs, including dividends on savings.

The core business of the Credit Union is to make loans to its members. It is the Credit Committee's responsibility to:

- review loan applications for approval
- recommend changes in lending and collection policies to the Board of Directors
- appoint loan officer(s) to expedite prompt loan processing
- work with the Board of Directors to offer new or improved loan programs that meet our members needs, and
- monitor loan losses and aggressively pursue monies owed.

All loans are approved in compliance with the Illinois Department of Financial and Professional Regulations, the National Credit Union Association, federal and state legislation, and Credit Union policies.

On December 31, 2006 the Credit Union's loans totaled \$17,259,031:

- 22.60% in car loans
- 13.74% in Unsecured Loans (Signature Loans)
- 0.68% in Share Secured Loans
- 22.25% in Home Equity Loans
- 39.20% in Real Estate First Mortgage Loans
- 1.18% in Visa Loans

If you need to finance or refinance a major purchase this year, be sure to check our current rates — online or with a quick call to our office. Loan rates at your Credit Union are among the most competitive you will find. Remember, even small percentage differences between our rates and our competitors' rates will add up to a significant amount of money that you will get to keep over the life of a loan. As we go above and beyond to serve our members, watch for our special springtime auto loan promotions, and the introduction of motorcycle loans and GAP insurance. Check us out — it may be *Time for* you to make a *Change* for the better!

Supervisory Committee Report

The Supervisory Committee is primarily responsible for overseeing the financial management of the Credit Union. The Committee meets regularly to review monthly financial statements and reports, to analyze financial trends, to monitor the Credit Union's overall performance, and to act as the human resource department for the credit union. In keeping with our current commitment to a *Time for Change*, we are assisting the board and management with forming strategic plans and goals based on sound financial principles.

A major task of the Supervisory Committee is to see that thorough internal audits of the Credit Union are performed. The Committee has engaged Selden Fox, Ltd, Certified Public Accountants, to conduct annual and quarterly audits. These audits are designed to ensure that:

- Financial reports accurately reflect the operations of the Credit Union and are prepared in a timely fashion.
- The Credit Union's internal controls are reviewed and effectively maintained, and the Credit Union, its members, management and employees are adequately protected.
- Elected officials and employees perform their responsibilities in a proper manner.

In addition to internal audits, the State of Illinois Department of Financial & Professional Regulations performs a periodic examination. The DFP's most recent examination was completed on March 31, 2006.

During the past year, the Committee continued to work with the Board in reviewing and updating credit union policies and in providing cost effective pricing of new products and services. Also in 2006, the Supervisory Committee worked with the Credit Union management and staff to make plans for credit union members' accessibility to their funds through cash disbursement and real-time processing. As we continue to grow and prosper your input is valuable to us. You may submit any concerns regarding credit union operations, management or performance, directly to this Committee. We can be reached either through the Credit Union web site or in writing.

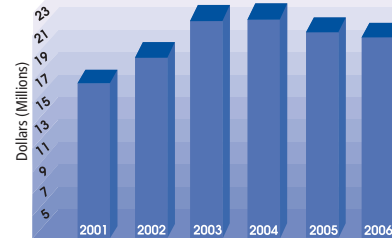
Treasurer's Report

It is the responsibility of the Treasurer of the MWRD Employees' Credit Union to ensure that the Board of Directors is presented with a true and accurate picture of the Credit Union's financial position. The Treasurer oversees the accounting functions to maintain an adherence to generally accepted accounting principles; and the Treasurer reviews and presents to the Board of Directors a variety of financial reports including a statement of condition, an income and expense report, and an investment report.

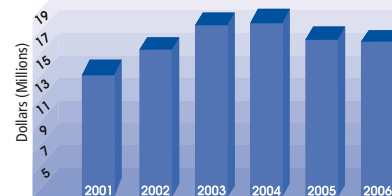
In 2006, loans to members grew from \$16,670,447 to \$17,259,031, an increase of 3.5%. This increase is due to a commitment to offer our members competitive rates. Our Credit Union has increased both the number of products offered and the quality of services provided, while maintaining a firm capital position.

The MWRD Employees' Credit Union's solid financial position is due to the dedicated support of our members, and our Board of Directors' and staff's commitment to continue to improve products and services—this year through a *Time for Change*. I invite you to review the 2006 financial and statistical data that follows.

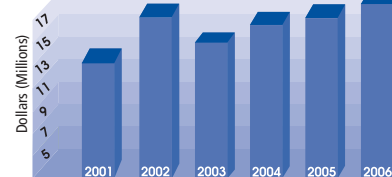
ASSET GROWTH



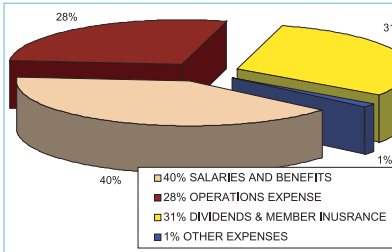
MEMBER SHARES



MEMBER LOANS



EXPENSE PERCENTAGES BY TYPE



Statement of Financial Condition

ASSETS (We Own)	12/31/05	12/31/06
Loans to Members	16,670,447	17,259,031
Less Allowance for Loan Losses	(83,229)	(91,872)
Net Loans	16,587,218	17,167,159
Cash and Cash Equivalents	994,479	1,528,031
Investments	2,732,262	975,445
NCUSIF Deposit	172,488	161,015
Other Assets	213,757	194,420
Total Assets	20,700,204	20,026,070

LIABILITIES SAVINGS & EQUITY (We Owe)	12/31/05	12/31/06
Shares of Members	16,412,624	16,052,099
Regular Reserves	785,971	785,971
Undivided Earnings	2,985,546	3,158,456
Other Liabilities and Equity	516,063	29,544
Total Liabilities and Equity	20,700,204	20,026,070

Statement of Income & Expenses

OPERATING INCOME (We Received)	12/31/05	12/31/06
Interest on Loans	907,622	1,063,391
Income from Investments	122,003	91,971
Other Income	21,768	40,192
Total Income	1,051,393	1,195,554

EXPENSES (We Distributed)	12/31/05	12/31/06
Dividends on Member Shares	178,761	270,037
Compensation and Benefits	401,645	412,408
Office Operations	144,518	168,564
Loan Servicing	62,056	57,669
Member Insurance	42,640	42,514
Other	60,234	71,452
Total Expenses	889,854	1,022,644

NET INCOME	12/31/05	12/31/06
	161,539	172,910

PERCENTAGES OF INCOME BY SOURCE

