

Board Chairman's Report



Late in October 2004, the Board of Directors and Credit Union Management attended a Planning Session, where we reviewed every aspect of our credit union's present-day operations and made exciting plans for the future. A snapshot of these plans reveals a focus on enhancing our current financial services and then marketing them—so our members are familiar with all options and can easily "picture a future with us."

Picture in your mind a credit union management team which has read, discussed, analyzed and planned how to implement and address many of the valuable tips, concerns and suggestions of members, who generously shared their thoughts about the credit union's direction in our recent survey.

Now picture a future where our member-friendly checking accounts make them an easy choice that encompasses all of the options our members need. We are newly committed to becoming each member's primary financial institution, because there is just no comparing our outstanding services and low fees with those of other institutions.

Picture a future, too, where more and better credit card options and loans are available—to fit the current needs and past circumstances of all members who want to take advantage of incredibly competitive rates.

Picture the new MWRD website, now being developed, where home banking and online bill paying are simpler, safer, and more secure than ever. Members will be able to quickly navigate the site for any account information or history they want, as well as apply for loans, check rates, learn better ways to manage money, and discover the latest credit union news. At 6am or 9pm, in Chicago or in the Cayman Islands—wherever and whenever you have Internet access, you have credit union access.

Picture the new ATM arriving soon at the Stickney location, making it much easier for all of those members to access account funds—24/7/365, again whether the branch office is open or not.

As your credit union updates our products, renovates our service concepts, and becomes more responsive, we depend on you to continue to give us feedback and suggestions. Without your input and support, we cannot picture a future at all!

As always, I want to express my sincere appreciation to all of my Board members for their dedication, assistance and support during this past year. In addition, I would like to thank the staff of MWRD Employees' Credit Union for embracing the changes we're implementing to improve the quality of service we provide, and helping us to grow into a stronger, more agile, more viable institution.

I especially want to thank our members for the many thought-provoking and inspiring comments on the above-mentioned surveys. Thank you, too, for using our financial products and services. We know you have a choice of financial institutions, and while we are grateful you have chosen to conduct financial business here, we are working harder than ever to justify that choice with innovative options, so that you cannot picture your future without us!

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

2004 Board of Directors

Patricia Young, Chairman
Anthony Balich **Frank J. McHugh**
Mitchell Gorz **Julie Ryan**
Denise E. Korcal **Beverly Sanders**
Henry Marks **Nathaniel Thomas, Jr.**
Glenn Miller **Jacqueline Torres**

Edward J. Wegrzyn retired from the
Board of Directors in August 2004.



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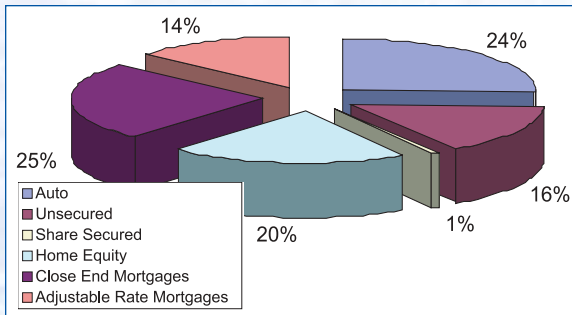
Annual Report 2004



Picture Your
Future With Us

Credit Committee Report

LOAN PORTFOLIO BREAKDOWN BY TYPE



The core business of your credit union is to make loans, and the Credit Committee is keenly aware of its responsibility and its "service" nature.



It is our 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;
- monitor loan losses and aggressively pursue monies owed.

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

The credit union's primary source of income is the interest earned on loans. Together with income from investments, it is used to pay credit union operating costs and member dividends. To increase interest income from loans, the Credit Committee continuously strives to offer new and better loan programs to stimulate growth and meet our members' needs.

As of December 31, 2004 the Credit Union had \$15,598,835 in loans:
 25.17% in car loans
 15.70% in Unsecured Loans
 .69% in Share Secured Loans
 20.11% in Home Equity Loans
 24.65% in Closed End Mortgages
 13.68% in Adjustable Rate Mortgages

As a result of your responses to our recent survey, The Credit Committee is pleased to announce that we will be offering VISA Cards through the Credit Union. We will also be offering a new and improved interactive website that will allow you to apply for your loan online at a time that is most convenient for you. As our theme this year is "Picture Your Future With Us", we hope that we can continue to meet your lending needs with a variety of competitive loan programs so that you can indeed picture your future with the MWRD Employees Credit Union.

Anthony Balich
Chairman

Henry Marks
Frank J. McHugh
Glenn Miller
Julie Ryan

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 assist with forming strategic plans and goals, to monitor the credit union's overall performance and to act as the human resource department for the credit union.

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 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 Institutions performs a periodic examination. Upon completion of the last examination on September 30, 2004, the MWRD Employees Credit Union was once again awarded the agency's highest rating, CAMEL 1, for financial soundness and management.

During the past year the committee participated with the board in reviewing and updating credit union policies and in providing cost effective pricing of new products and services. We are working hard to become our members' primary financial institution.

Respectfully submitted,
 Nathaniel Thomas, Chairman
 Denice E. Korcal
 Jacqueline Torres

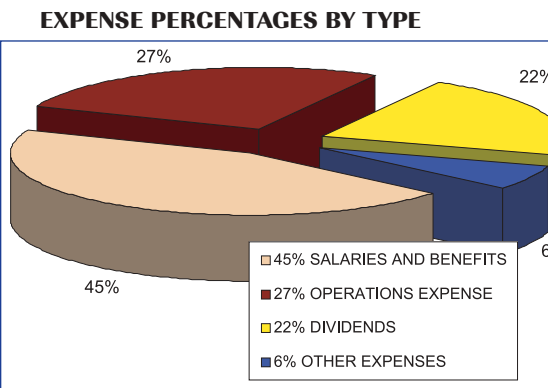
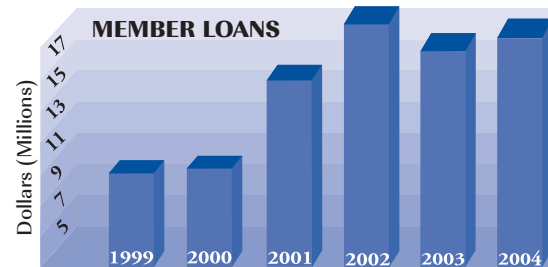
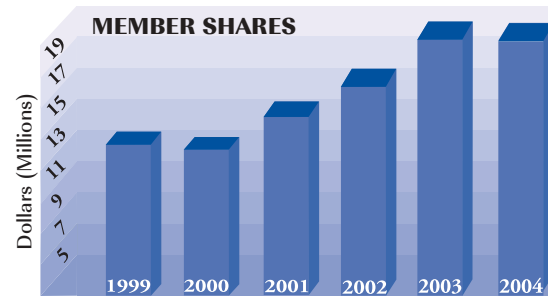
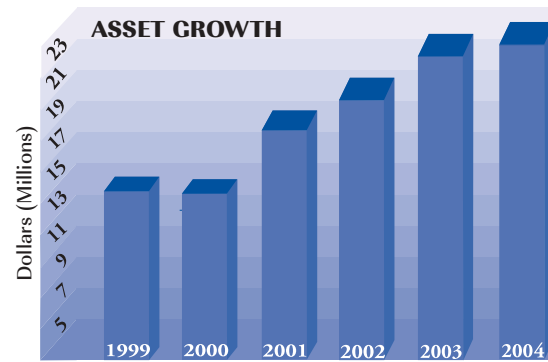
Treasurer's Report

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 2004, the credit union grew in assets from \$21,120,841 to \$21,258,477 for a growth rate of .65%. Reserves grew from \$3,484,388 to \$3,609,978 for a growth rate of 3.6%. This continued growth is due to the strong support of you, our members. Our credit union strives to provide the kinds of services you seek, while maintaining a strong capital position.

The MWRD Employees' Credit Union remains financially sound. I invite you to review the 2004 financial and statistical data that follows.

Beverly Sanders
Treasurer



Statement of Financial Condition

| ASSETS (We Own) | 12/31/04 | 12/31/03 |
|--------------------------------|-------------------|-------------------|
| Loans to Members | 15,598,835 | 14,745,030 |
| Less Allowance for Loan Losses | -119,389 | -126,057 |
| Net Loans | 15,479,446 | 14,618,973 |
| Cash and Cash Equivalents | 887,546 | 642,026 |
| Investments | 4,506,380 | 5,460,185 |
| NCUSIF Deposit | 172,495 | 150,654 |
| Other Assets | 212,610 | 249,003 |
| Total Assets | 21,258,477 | 21,120,841 |

| LIABILITIES SAVINGS & EQUITY (We Owe) | 12/31/04 | 12/31/03 |
|---------------------------------------|-------------------|-------------------|
| Shares of Members | 17,634,715 | 17,622,353 |
| Regular Reserves | 733,402 | 684,387 |
| Undivided Earnings | 2,876,576 | 2,799,951 |
| Other Liabilities and Equity | 13,784 | 14,150 |
| Total Liabilities and Equity | 21,258,477 | 21,120,841 |

Statement of Income & Expenses

| OPERATING INCOME (We Received) | 2004 | 2003 |
|--------------------------------|----------------|------------------|
| Interest on Loans | 880,037 | 943,422 |
| Income from Investments | 77,237 | 56,039 |
| Other Income | 23,018 | 32,521 |
| Total Income | 980,292 | 1,031,982 |

| EXPENSES (We Distributed) | 2004 | 2003 |
|----------------------------|----------------|----------------|
| Dividends on Member Shares | 186,382 | 249,658 |
| Compensation and Benefits | 384,676 | 351,321 |
| Office Operations | 123,704 | 129,621 |
| Loan Servicing | 54,748 | 48,913 |
| Member Insurance | 45,083 | 44,058 |
| Other | 60,059 | 88,057 |
| Total Expenses | 854,652 | 911,628 |

| NET INCOME | 2004 | 2003 |
|------------|---------|---------|
| | 125,640 | 120,354 |

