

Board Chairman's Report

In an increasingly complex world, our members have diverse financial goals ranging from taking a vacation to buying a new car; from buying a new home to sending junior to college; from building a budget to improving credit reports. At MWRD Employees' Credit Union, we are providing tools to help you achieve your goals.

We offer the basic financial toolbox you need in your daily life:

- 1) competitive savings and certificate of deposit options
- 2) checking with surcharge-free ATM access
- 3) low interest personal loans and Visa cards
- 4) first mortgages with competitive rates and fast approvals
- 5) 24/7 access technology and Direct Deposit to simplify money management
- 6) reliable, safe financial accounts with low or no fees.

Beyond the basics, we offer more expert tools through Accel Financial Counseling to help with:

- personal and family budgeting
- understanding your credit report
- money management and debt repayment
- housing counseling
- avoiding bankruptcy, foreclosure and repossession

As you construct your life, your goals become our goals. The Board of Directors recognizes that you work hard for you money, so we ensure your money works hard for you. We minimize loan costs so you can save when you borrow. We maximize deposit returns so your money can grow faster. We provide education tools that empower you to make better financial decisions.

While maintaining these steps for individual success, we make it a priority to keep the Credit Union financial structure safe and secure. Our recent survey of current and potential members is providing valuable information about the financial products and services we need to focus on. Our success depends on the quality of our blueprints, the service we provide our members, and the loyalty of our membership. I thank each of our employees and our volunteer Board of Directors for helping to implement our strategic plans. I thank each of our members for coming to MWRD Employees' Credit Union with your financial goals and challenges. We are proud to build our future with you.

Kathleen Therese Meany
Chairman, Board of Directors

Mission Statement

To be our members' primary financial institution of choice by providing competitive financial services in a secure environment 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*

2010 Board of Directors

Kathleen Therese Meany, *Chairman*
Mitchell Gorz, *Vice-Chairman*
Beverly Sanders, *Treasurer*

Anthony Balich, *Credit Committee Chairman*
Nathaniel Thomas, Jr., *Supervisory Committee Chairman*

Henry Marks, *Credit Committee*
Glenn Miller, *Credit Committee*
Brian Deitz, *Supervisory Committee*
Jacqueline Torres, *Supervisory Committee*

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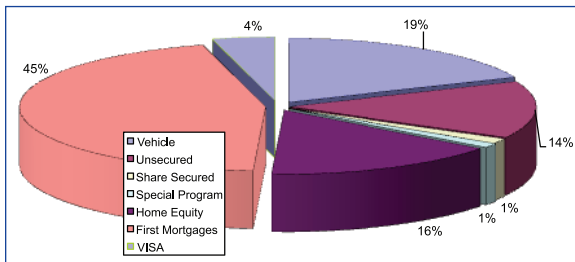
**Giving
You The
TOOLS
You
Need
To Build
A Better
Future**

Always here for you.
MWRD Employees'
Credit Union

**2010
ANNUAL REPORT**

Credit Committee Report

LOAN PORTFOLIO BREAKDOWN BY TYPE



This past year continued to hold many challenges for credit unions and their members. Banks and credit card companies continued to tighten their guidelines, raise their lending fees and lower consumer credit limits. However, MWRD Employees' Credit Union offered low interest, low cost financing as usual to our membership.

This is very important because the core business of the Credit Union is making loans to members! The Credit Union's primary source of income is the interest earned on loans; over 90% of our income last year came from interest on members' loans. Together with income from investments, it is used to pay Credit Union operating costs and member dividends.

The Credit Committee is very aware of its responsibilities. As a Committee we

- 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.

On December 31, 2010 the Credit Union had \$14,459,519 in loans. Job market stress and a struggling economy lead to a decrease in our lending for 2010. Nationally, consumers paid down debt in an effort to gain control of their uncertain budgets. Our loan delinquencies and charge-offs in 2010 remained extremely low when considered against the backdrop of the national economy. This is in part due to sound lending policies and practices, but also reflects the honesty and integrity of our membership and their commitment to this Credit Union.

The Credit Union launched a new \$500 InstantLoan product in 2010, designed to offer a low-cost, trustworthy alternative to members who had been forced to pay the exorbitant fees of "payday lenders" to bridge budget gaps. With a healthy demand for this product, we added a second amount alternative of \$1000 late in the year and anticipate that its popularity will remain high.

The Credit Committee continuously strives to offer new and better loan programs to stimulate growth and meet our members' needs. As always, watch for exciting new programs and low-interest financing opportunities from your Credit Union in 2011.

Anthony Balich, Chairman
Henry Marks and Glenn Miller

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.

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. This work by Selden Fox is designed to ensure that:

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

As the watchdog of the Credit Union, member suggestions and feedback have always been an asset to the Supervisory Committee. Members may submit their concerns regarding Credit Union operations, management, or performance directly to this Committee, either through the Credit Union website or in writing.

During the past year, the Committee worked with the Board reviewing and updating Credit Union policies, products and services. The Committee is continuing a comprehensive assessment of the compensation system and compensation philosophy of the Credit Union. The Committee wants to assure that the system supports the organizational goals of the Credit Union and that it will attract and maintain an effective staff.

Nathaniel Thomas Jr., Chairman
Jacqueline Torres
Brian Deitz

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.

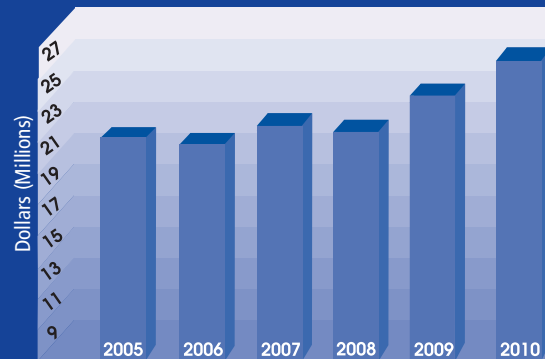
Our assets increased over the last year from \$23,566,329 to \$25,342,688. Like the previous year, some of this growth was due to new members moving from the high-fee, for-profit banking industry to the cooperative credit union environment. Loans to members decreased from \$16,416,832 to \$14,459,519, following a national trend of consumers paying down debt in an uncertain economy, but also due to a slight increase in loan losses attributable to continued market volatility and the high unemployment rate.

Even so, our Credit Union finished 2010 with a net worth ratio of 16.24%. Our federal and state regulators consider a credit union with 7% net worth ratio to be very well capitalized—so your Credit Union is extremely well capitalized.

As always, the MWRD Employees' Credit Union's solid financial position is due to the dedicated support of our members; our Sponsor, the Metropolitan Water Reclamation District of Greater Chicago; and our Board of Directors' and staff's commitment to continue to improve products and services. I invite you to review the 2010 financial and statistical data that follows.

Beverly Sanders
Treasurer

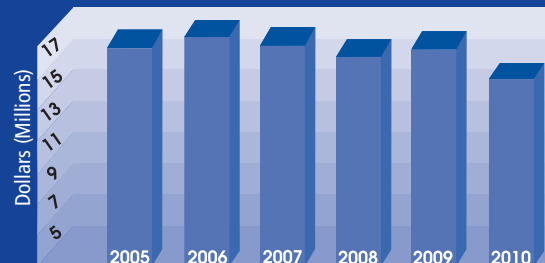
ASSET GROWTH



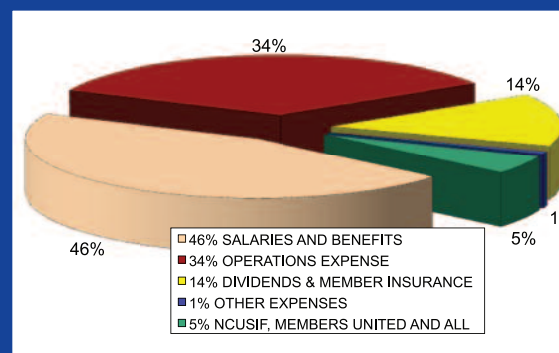
MEMBER SHARES



MEMBER LOANS



EXPENSE PERCENTAGES BY TYPE



Statement of Financial Condition

ASSETS (We Own)	12/31/09	12/31/10
Loans to Members	16,416,832	14,459,519
Less Allowance for Loan Losses	(157,655)	(166,257)
Net Loans	16,259,177	14,293,262
Cash and Cash Equivalents	5,145,254	5,534,466
Investments	1,594,000	4,916,349
NCUSIF Deposit	164,320	193,463
Other Assets	403,578	405,148
Total Assets	23,566,329	25,342,688

LIABILITIES SAVINGS & EQUITY (We Owe)	12/31/09	12/31/10
Shares of Members	19,407,121	21,197,767
Regular Reserves	846,907	846,907
Undivided Earnings	3,213,174	3,268,437
Other Liabilities and Equity	99,127	29,577
Total Liabilities and Equity	23,566,329	25,342,688

Statement of Income & Expenses

OPERATING INCOME (We Received)	12/31/09	12/31/10
Interest on Loans	1,005,328	961,017
Income from Investments	51,453	69,021
Other Income	65,086	50,126
Total Income	1,121,867	1,080,164

EXPENSES (We Distributed)	12/31/09	12/31/10
Dividends on Member Shares	160,630	108,389
Compensation and Benefits	454,832	468,099
Office Operations	187,451	201,146
Loan Servicing	48,544	38,776
Member Insurance	39,910	36,486
Other	126,520	119,867
Total Expenses	1,017,887	972,763

NET INCOME	12/31/09	12/31/10
	103,980	107,401

OTHER EXPENSES	12/31/09	12/31/10
Allowance for Loan Losses	91,955	10,000
NCUSIF Premium Assessment	37,987	42,138
Impairment of Members' United membership shares	215,200	

NET INCOME	12/31/09	12/31/10
	(241,162)	55,263

PERCENTAGES OF INCOME BY SOURCE

