

2004 was a year that saw record low interest rates start to increase and the economic recovery begin to show. Through this period, the Credit Union continued to grow, and members actively used the many services provided by the Credit Union to enhance their financial well-being.

The assets at year-end were \$104,282,054, with net loans to members of \$75,311,095. The loan portfolio grew by 12.4% during the year. This growth was primarily in the area of vehicle and 2nd mortgage loans. The vehicle loans grew significantly because of the Credit Union establishing relationships with local dealers to assist with the offering of vehicle loans to Credit Union members. During 2004, the Credit Union saw its loan holdings in mortgage products grow by 32%, with the majority of this growth being in the fixed rate 2nd mortgage products. Members took advantage of the historically low interest rates in early 2004 to refinance their loans. The Credit Union continued its financial strategy from 2003 not to retain on its books a significant amount of fixed rate 30-year mortgage loans to control interest rate risk. As an alternative to first mortgage product, the Credit Union took a very proactive position in aggressively pricing a very favorable home equity loan product and short-term fixed rate 2nd mortgage product. The continuation of this strategy provided the members with excellent products, and at the same time allowed the Credit Union to manage its interest rates. Loans to members represent 72% of all assets, and the Credit Union continues to maintain a well-diversified and financially sound mix of loan products. The loan portfolio breakdown is 41% in home equity loans, 27% in mortgages, 24% in collateralized loans such as new and used autos, and 8% in signature products. Approximately 92% of the loan portfolio is in collateralized loans.

Member deposits that are not immediately used to fund loan demand will be placed in the investment portfolio, which represents \$23.4 million at year-end 2004. The invested funds represent 22% of all assets.

Member deposits increased to \$93.7 million by year-end 2004. The majority of the growth was in the Share Draft (checking) product. Regular Share savings continues to be the most utilized product and represents 50% of all deposit dollars.

The Credit Union provides ACH/Direct Deposit origination services for some employers served by the Credit Union. The Credit Union receives credit for the total amount of the ACH/Direct Deposit one day prior to the effective date of the payroll. This credit causes the balance sheet to show an equal amount of increase in the total cash equivalents and accounts payable. When the ACH/Direct Deposit is processed on the next business day, the cash equivalents and accounts payable revert back to their normal level. Because of the timing of payroll ACH/Direct Deposit, the Credit Union's financial statements showed an additional \$9.0 million in total cash equivalents and accounts payable on December 31, 2003. These funds were disbursed on the first business day of 2004. Excluding the timing of the ACH/Direct Deposit, the net asset growth for the fiscal year 2004 was \$1.6 million and is attributed primarily to the share growth.

The members' equity remains strong, with a capital ratio of 9.29%. The total members' equity showed an increase of \$388,298. This increase is attributed to the \$345,298 of income from operations along with a \$43,000 favorable change in market value of certain investments. The members continue to use the many financial products and services that are designed to meet their financial needs.

The Credit Union is pleased to announce the new office being established in the city of Richmond Heights. This office will provide the membership with another convenient location to take advantage of the many services of the Credit Union.

Electronic services are in great demand. The Credit Union will work to expand the availability of these electronic services to better meet the growing expectation for convenience from the membership. The ATM/Debit cards, "Toni," the Touch-Tone-Teller, the free Internet home banking service e22ndstreet and ACH/Direct Deposit all continue to be used by the membership. The availability of obtaining your vehicle loan from the Credit Union at many local dealerships provides an added convenience. And the most recent addition is the 24-hour-a-day loan service center, which can process loan applications and approvals via the telephone at the time most convenient for you.

The Credit Union is proud of the diversified products and services that are available to the membership and the quality personal service provided. These quality services are designed to meet the primary financial needs of all members.

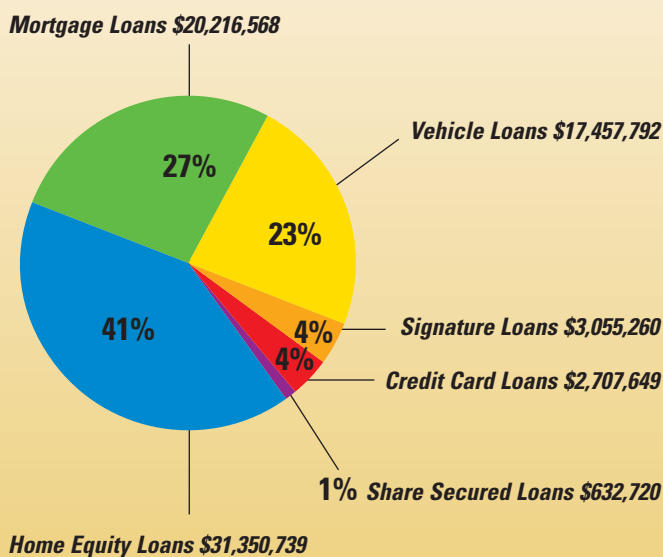
The continued support of the Credit Union membership has resulted in the success of the Credit Union. As two of the over 24,000 owners of the Credit Union, we hope that you will take advantage of the many services provided for your benefit. The Credit Union continues to work for the purpose of assisting and educating its membership in establishing and maintaining their financial well-being.

Respectfully submitted,

*Robert Gale, Treasurer*

*Jerome R. Valco, Chief Executive Officer*

### LOAN PORTFOLIO



### DEPOSIT PORTFOLIO

