

**COAST GUARD EMPLOYEES CREDIT UNION
FIFTY-SEVENTH ANNUAL MEETING
PRESIDENT/CEO REPORT**

Good evening and welcome. On behalf of the management and staff, I thank you for your participation in our credit union. It is because of your trust and involvement that our credit union is able to thrive and provide so many important benefits not only to our members, but also to our community.

Now, it is my privilege as your president and CEO to provide a state of our credit union address at the 57th annual meeting of the Coast Guard Employees Credit Union.

Let us begin with a year in review. 2006 was a significant year, not just for our credit union but also for the local community, the state and the nation. As bankers across the country continue their well organized and well-funded effort to tax credit unions. They are looking for every opportunity on the federal and state levels to persuade lawmakers that your not-for-profit credit union ought to be taxed. We must make sure our elected officials know that a tax on our credit union is a tax on us. And we must make sure they understand the difference between credit unions and banks. Just what are some of those differences?

- Credit unions are not-for-profit financial cooperatives. As you know, we exist to serve our members, not to make a profit. We return our earnings to you our members through lower loan rates, higher interest on deposits and lower fees for your financial services.

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- Credit unions do pay some taxes – payroll taxes – but are exempt from federal income taxes because of our member-owned, not-for-profit status and our mission of meeting the financial needs of consumers, including those of modest means.
- Credit unions are an economic democracy, where every member has one vote and every member is an owner, regardless of how much money they have on deposit.
- Credit unions are governed by a **volunteer** board of directors, elected by and from the membership.
- Credit unions provide valuable financial education to their members and lead efforts to improve the financial literacy of our young people to help them develop good habits that will last a lifetime.
- Credit unions exist to help people, not make a profit. It's our people-first philosophy that motivates us to work hard and provide better services all the time for you our members.

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As part of that effort, we achieved several important goals we had set out for our credit union this past year.

- Improved accessibility to our web site.
- Changes to our web site are conducted more frequently to keep data current and the members informed.
- Providing the loan forms prepackage for the different types of loans.
- Disaster location now has backup power source.

Again, as your credit union, we are constantly striving to do better so that we can help your family, your friends and your neighbors achieve their dreams. It is our people helping people philosophy that also inspires us to make a difference in the community, whether through financial education programs and charitable activities.

Our accomplishments would not have been possible without the heartfelt commitment and unified effort of our dedicated credit union staff, volunteers, board of directors and committees. Their passion is truly inspiring, and I am continuously moved by their steadfast desire to serve the credit union movement. I thank them for their continuous commitment and I thank you, our member, for having the confidence in these individuals who help drive the success of your credit union.

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Perhaps it is this dedication to people that is reflected in customer satisfaction surveys. When it comes to overall satisfaction, I am happy to report that credit unions continue to outpace the competition.

As we embark on this New Year ahead, we will not rest on our laurels. Here is a glimpse at some of the goals and opportunities we are pursuing:

- Develop and implementing a membership drive in the eighth district.
- Improving awareness to potential members.
- Marketing our low interest loans to improve the Share to Loan ratio.
- Streamlining office procedures
- Reviewing all policies and updating as necessary.

Even as we grow, we will keep our focus on doing what's right. We will continue to provide more services and more convenience for our members. We will seek to help more people in our community get on solid ground through financial education and our charitable activities. And through it all, we will continue to focus on people first.

It's what makes your credit union different. It's what makes us strong. Thank you for being part of our credit union family. On behalf of the entire staff, we look forward to a happy and successful 2007 for us all.