

MEMBER SERVICES

Members welcome our very personal response to questions about their accounts, loans and savings with us. After all, you are an owner of the IAFCU! And though we are more and more getting the information you need onto our web site, we value the personal contact and don't want to lose that. So remember, we welcome your calls.

CONFIDENTIAL, PERSONAL SERVICE ~ We do our best to handle your financial needs quickly so as to give you the prompt attention you deserve and have come to expect from YOUR Credit Union.

VISA & DEBIT CARDS ~ We offer Classic Visa Credit Cards at 10.9% and Platinum Cards at 9.8% as well as Visa Debit Cards where purchases are charged directly to your Checking Account. These cards come without an annual fee, NO hidden charges, NO cash advance fees and NO hidden gimmicks. And you get free Visa convenience checks. CAUTION: Always say "Credit," and use your signature on Debit card purchases in order to get the VISA purchase protections.

REAL ESTATE LOANS ~ We offer Fixed Rate Home Equity Loans with and without fees, as well as an Adjustable Rate Home Equity Line of Credit and Adjustable Rate Second Mortgage. Our new, streamlined application process provides access to up to 80% of your home's value.

INTERNET BANKING ~ Information available on your account anywhere you are 24/7. You can also pay all of your bills online, transfer funds between your savings, checking and loans, check your account history, apply for a loan, and much more ...

ATMs ~ We have over 25,000 ATMs country-wide that you can access without charge. See our web site for the locations nearest you, including those that can accept deposits as well as disburse cash. Many ATMs overseas will also accept your ATM card. Look for the Co-Op logo!

DIRECT DEPOSIT / PAYROLL DEDUCTION ~ is a convenient way to deposit funds into your IAFCU accounts, pay your loans and start building your savings account. We also accept Government and Pension checks by direct deposit.

PAT ~ 24/7 AUTOMATED TELLER: You can check your account balances, move funds between accounts, check on loan, CD and Savings rates wherever you are - by calling our touch-tone telephone response system. Our website will also give you the same information.

LOAN APPLICATIONS ~ You can now apply for a loan online. If you prefer not to use the web, please call our office. All our staff will be pleased to help you!

FAMILY MEMBERSHIP ~ All your household and family members may join the IAFCU. Most important for children who are going away to school - for individual credit cards and access to funds. To enroll, just call or visit our website.

EXCEPTIONAL MEMBER SERVICE: Since the founding of your Credit Union 46 years ago, we have lent members over \$98.2 million. Once you join, you are a member for life, so long as you maintain an active account.

MEMBER SERVICES

SAVINGS

Savings Accounts • Checking Accounts
Holiday Clubs
IRA Term Certificates • Share Term Certificates

LOANS

Personal Loans • Pledge of Savings
New and Used Vehicles • Boats
Tax-Payer Loans • Tuition • Consolidation
Second Mortgages
Home Equity Line of Credit • Mini Home Equity Loans

SERVICES

Payroll Deduction • Direct Deposit
Free Notary Service
VISA Cards • DEBIT Cards • ATM Cards
24/7 Audio Response Teller (PAT)
On-Line Banking • On-Line Bill Payment
Online Account Access & Visa Balance Access
Foreign & Domestic Wire Transfer

BOARD OF DIRECTORS

A. John Harrison, President
James P. Brennan, Vice President
Robert Kramer, Treasurer
Manfred Schlarb, Secretary
Om Bhambri • Richard Grimaldi • Regina Kaler
Joseph Ryan - Associate Director

SUPERVISORY COMMITTEE

Virginia Gollin, Chair
Angela Johnson • Barbara Orenstein

CHIEF EXECUTIVE OFFICER

John Gebhard

CHIEF FINANCIAL OFFICER

Regina Kaler

Business Hours: Monday-Friday 9:00 AM - 5:00 PM

INTERNATIONAL AIRLINE EMPLOYEES FEDERAL CREDIT UNION

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INTERNATIONAL AIRLINE EMPLOYEES FEDERAL CREDIT UNION



ANNUAL REPORT 2006

AIR FRANCE

ARIES INTERNATIONAL, INC.

AUSTRIAN AIRLINES

BROOKVILLE PLAZA MANAGEMENT

CARGO AIRPORT SERVICES, LLC

CLUB ABC TOURS

EASTERN AIR COURIERS

EMIRATES

ETHIOPIAN AIRLINES

IGS GLOBAL, INC.

KLM ROYAL DUTCH AIRLINES

KUWAIT AIRWAYS

MINDPEARL U.S., INC.

SAS SCANDINAVIAN AIRLINES SYSTEM

SN BRUSSELS AIRLINES

SWISS INTERNATIONAL

SCHENKER INTERNATIONAL

THAI AIRWAYS INTERNATIONAL

TURKISH AIRLINES

Your Credit Union had another good year in 2006 – a year of transition. Like many other credit unions we lost assets, due in part to the aging of our membership and heavy bank competition for CDs. However, we are taking very concrete steps to attract younger members at the borrowing rather than saving stage of life – significantly, member loans show a marked increase this year. And we do this by adding new groups to our membership and through our Lunch and Learn educational sessions at many locations in the New York metropolitan area.

As a result of our policy planning sessions both last year and this, and with the help of MMSS, our marketing and promotion consultant, we are moving as fast as we can to becoming a web-based financial institution, while retaining our very personal and understanding relationship with our members. To this end, we are investing heavily in software and computer system upgrades.

Through our web site, we now offer E-statements, check imaging, bill payment, Courtesy Pay, on-line loan applications, etc. Details of all your accounts are only a mouse-click away.

To encourage savings by younger members, we offer 6- and 12-month \$250 CDs as a stepping stone to our regular higher-rate \$1000 minimum CDs, as well as a completely liquid money-market account. We remain one of the most competitive financial institutions in the country both for savings and loans. Our web site also contains past newsletters as a fount of useful financial advice.

This year we were delighted to welcome Ethiopian Airlines and Eastern Air Couriers as new employee groups to our field of membership.

Our Assets declined this year from \$26.9mn to \$25.3 mn as members withdrew savings and participation loans fell. Accordingly, investments also fell slightly. Membership stood at 2,376 at the end of 2006, down by 133, reflecting both normal attrition and the closing of dormant accounts. We added 122 active new accounts in 2006. We paid members \$674,091 in dividends, 25% more than in 2005. Our loan loss reserve stood at a healthy \$69,537 despite writing off \$66,426 in defaulted loans during the year.

Our financial position is very strong, with a Capital/Asset ratio of 16.5%, far higher than most banks, and indeed other credit unions. We are well able to meet any conceivable loan demand from our members and are set on an expansionist path. Our goal is to increase our services to members and to be easily accessible through the internet, while at the same time maintaining warm and friendly relations with our members.

And we happily acknowledge the dedication of our small staff and many volunteers, who make these continuing good results possible.

March 7, 2007

A. John Harrison

(All amounts in U.S. Dollars)

Balance Sheet

ASSETS

	December 31, 2005	December 31, 2006
Loans to Members	4,525,593	5,363,940
Participation Loans	6,606,403	4,603,680
(Less Loan Reserves)	-77,876	- 69,537
Net Outstanding Loans	11,054,120	9,898,083
Cash	30,769	20,268
Investments	15,306,436	14,920,205
NCUA Share Ins. Deposit	247,914	220,462
Furniture and Equipment (NET)	18,921	21,084
Other Assets	235,964	215,188
TOTAL ASSETS	26,894,124	25,295,290

LIABILITIES AND CAPITAL

Accounts Payable	201,144	430,538
Members' Deposits	22,661,179	20,882,568
Reserves	2,435,728	2,435,728
Undivided Earnings	1,794,523	1,748,589
Unrealized Gain/(Loss) on AFS Investments	-198,450	- 202,133
TOTAL LIABILITIES & CAPITAL	26,894,124	25,295,290

STATEMENT OF EARNINGS AND EXPENSES

Interest on Loans	785,570	677,095
Income From Investments	562,913	619,846
Other Income	67,811	77,894
TOTAL GROSS INCOME	1,416,294	1,374,835
OPERATING EXPENSES	658,350	746,679
DIVIDENDS PAID TO MEMBERS	539,687	674,091
NET EARNINGS	218,257	- 45,935

DISTRIBUTION OF NET EARNINGS

To Regular Reserve	109,129	0
To Undivided Earnings	109,128	- 45,935
TOTAL DISTRIBUTION OF NET EARNINGS	218,257	- 45,935

FOUR YEAR COMPARISON

The chart opposite shows trends over the past four years in loans to members, investments, members' savings, and total assets. During this period, the number of members and accounts varied as follows:

	2003	2004	2005	2006
Members	2449	2528	2509	2376
Accounts	4342	4535	4729	4644

