

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: Use your pin number or signature on Debit card purchases in order to get the VISA protection warranty.

REAL ESTATE LOANS ~ We offer Fixed Rate Mini Home Equity Loans from \$10,000 to \$100,000, with a streamlined application process. We also have Low Rate Home Equity Loans and Second Mortgages, which give you access to 70% of the equity value that you have in your home. We even pay your closing costs on our Home Equity and Second Mortgages!

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.

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.

PAT ~ 24/7 AUTOMATED TELLER: At our touch-tone telephone response system you can check your account balances, move funds between accounts, check on loan, CD and Savings rates. For immediate answers to your questions wherever you are!

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 ~ Most Important! All your household and family members are eligible to join your Credit Union. To enroll, just call or visit our website.

UNRIVALLED MEMBER SERVICE: Since your Credit Union was founded 45 years ago, we have lent members over \$94.6 million. Once you join, you remain a member for ever. But you must 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 • Regina Kaler • Gerald Pinola

SUPERVISORY COMMITTEE

Diego Franco, Chair
Virginia Gollin • Ray Maurer • Barbara Orenstein

CHIEF EXECUTIVE OFFICER

Regina Kaler

CHIEF OPERATING OFFICER

John Gebhard

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 2005

AIR FRANCE

ARIES INTERNATIONAL, INC.

AUSTRIAN AIRLINES

BROOKVILLE PLAZA MANAGEMENT

BVLGARI CORPORATION OF AMERICA

CLUB ABC TOURS

CARGO AIRPORT SERVICES, LLC

INTER-JET SYSTEMS, INC.

EMIRATES

FINNAIR

KUWAIT AIRWAYS

INTER-JET CUSTOMHOUSE BROKERS, INC.

MINDPEARL U.S., INC.

KLM ROYAL DUTCH AIRLINES

SAS SCANDINAVIAN AIRLINES SYSTEM

SN BRUSSELS AIRLINES

SWISS INTERNATIONAL

SCHENKER INTERNATIONAL

THAI AIRWAYS INTERNATIONAL

TURKISH AIRLINES

PRESIDENT'S REPORT

Your Credit Union had another good year in 2005. With the arrival of John Gebhard as COO in January we gained an access of executive strength which has enabled us to open up many new services and facilities for our members. Chief among these this past year were Bump-Up CDs and Debit Cards – and there's more to come. Notably we now have surcharge-free ATMs at over 25,000 locations.

Our Web site has been redesigned for easy access, not only for latest rates for CDs and other savings; our one-year Bump-up CD ensuring that you can take advantage of increasing interest rates, but also promotional offers on Auto, Home Equity and other loans. And you can readily get details of your checking, savings and Visa accounts showing latest balances. We remain one of the most competitive financial institutions in the country both for savings and loans. The web site is a ready source for loan application forms and an archive of past newsletters, which are a fount of useful financial advice.

We were delighted to welcome two new employee groups to our field of membership this year: Emirates, and Turkish Airlines and we have in place an educational program called "Lunch & Learn."

In the Fall, we conducted our first member survey. This gave us extremely valuable information in helping us become more accessible to our far-flung members through expanding our internet features. We plan to become more of a virtual Credit Union while retaining that close personal relationship which distinguishes us from banks and which members find so valuable.

Our Assets declined this year by \$2.5mn to \$26.9mn as members withdrew savings and participation loans fell. Investments also fell slightly reflecting these trends. Membership held steady at slightly more than 2500 with 4,729 separate accounts. We paid members \$539,687 in dividends, up from \$518,380 in 2004. We wrote off \$35,937 in defaulted loans during the year and our loan loss reserve stood at \$77,878, much higher than our anticipated losses.

Our financial position is very strong, with a Capital/Asset ratio of 15%, far higher than most banks. We are well poised to meet any conceivable loan demand from our members and are set on an expansionist path. Our goal is for our increasing panopoly of services to become more readily accessible through the internet, while at the same time we maintain warm and friendly relations with our members.

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

April 7, 2006

A. John Harrison

FINANCIAL REPORT

(All amounts in U.S. Dollars)

Balance Sheet

ASSETS	December 31, 2004	December 31, 2005
Loans to Members	4,581,282	4,525,593
Participation Loans	8,433,150	6,606,403
(Less Loan Reserves)	-71,559	-77,876
Net Outstanding Loans	12,942,873	11,054,120
Cash	12,979	30,769
Investments	15,950,691	15,306,436
NCUA Share Ins. Deposit	220,751	247,914
Furniture and Equipment (NET)	24,575	18,921
Other Assets	244,113	235,964
TOTAL ASSETS	29,395,982	26,894,124
LIABILITIES AND CAPITAL		
Accounts Payable	178,936	201,144
Members' Deposits	25,274,401	22,661,179
Reserves	2,326,599	2,435,728
Undivided Earnings	1,685,394	1,794,523
Unrealized Gain/(Loss) on AFS Investments	-69,348	-198,450
TOTAL LIABILITIES & CAPITAL	29,395,982	26,894,124

STATEMENT OF EARNINGS AND EXPENSES

INCOME	2004	2005
Interest on Loans	732,748	785,570
Income From Investments	573,690	562,913
Other Income	71,241	67,811
TOTAL GROSS INCOME	1,377,679	1,416,294
OPERATING EXPENSES	591,055	658,350
DIVIDENDS PAID TO MEMBERS	518,380	539,687
NET EARNINGS	268,244	218,257
DISTRIBUTION OF NET EARNINGS		
To Regular Reserve	134,122	109,129
To Undivided Earnings	134,122	109,128
TOTAL DISTRIBUTION OF NET EARNINGS	268,244	218,257

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:

	2002	2003	2004	2005
Members	2442	2449	2528	2509
Accounts	3876	4342	4535	4729

