

REED CREDIT UNION

REED CREDIT UNION ANNUAL MEETING CHAIRMAN'S REPORT MARCH 5, 2017

America's credit unions are full-service, financial institutions owned by the depositors, the members of the organization, and not by private investors, other institutions, or foreign organizations. Funds deposited and loans made help the members and their local communities.

Reed Credit Union opened its doors in 1935 with the vision to serve its members. Since then, our goal has always been the same: to meet your financial needs and to provide you with opportunities that enable you and your family to succeed. With your support, the Reed Credit Union has grown over the years to over 16 million dollars in assets and more than 2,000 members.

Reed Credit Union is well positioned to be your primary financial service provider. We offer a wide array of services including:

- savings
- share drafts
- loans
- Retirement accounts
- Youth accounts
- membership includes NOV and several other small business within the general vicinity of our main office
- Financial planning

Since our annual meeting last year, in an effort to improve our profitability and with recommendation from our examiner, we have taken two steps to improve our profitability. This past summer we joined the Credit Union Alliance Corporation (CUAC) to allow us to provide auto loans to customers of CUAC affiliated dealers in the Houston

area. This has already improved our loan portfolio. And just last month, we joined the Catalyst Corporate Federal Credit Union Loan Participation program.

Now a little about what makes credit unions unique among financial institutions

- **Equal Ownership** – Credit unions are democratically controlled and member-owned and operated. Each member has equal ownership and one vote regardless of how much money he or she has in savings.

- **Not For Profit** – Credit unions are not-for-profit financial cooperatives that provide a safe, convenient place for members to save money and access loans and other financial services at reasonable rates. And like other financial institutions, credit unions are closely regulated and insured. An agency of the federal government, the National Credit Union Administration, manages the National Credit Union Share Insurance Fund (NCUSIF), insuring savings accounts up to \$250,000.

- **Social Purpose: People Helping People** – Credit unions exist to serve their members, not to make a profit. Every member counts, including those of modest means. This “people-first” philosophy impels credit unions and their employees to get involved in their community and support worthwhile causes.

- **Volunteer Leadership** – Each credit union is governed by a volunteer board of directors elected by and from the credit union’s membership.

- **Financial Education for Members** – Credit unions place particular importance on educational opportunities for their members and the public to help everyone become better-educated consumers of financial services.

- **Trust** – Lately credit unions have received positive press for being trustworthy and resilient institutions during a tumultuous time. Credit union members worldwide can be proud of these accomplishments and rest assured that their money is safe at the credit union.

Credit unions bring trustworthy and affordable financial services to areas not typically served by more traditional financial institutions or commercial banks. Expanding services to underserved areas gives members an opportunity to improve their lives.

No matter where you are in the world, access to financial services is vital. Rich or poor, we all face similar challenges in life. Together, credit unions are helping members overcome those challenges — not only here in Houston, but throughout the world. Credit unions have consistently carried on the traditions set forth by their founders and exemplified the values of thrift, self-sufficiency and volunteer leadership democratically elected from among the members. Those qualities help credit unions create a special place for themselves among the world's financial institutions.

Folks are heading to their local credit union. Just recently, internationally acclaimed personal finance expert Suzie Orman spoke about the benefits of credit unions. Personal finance editor Gerri Willis told CNN viewers that they may get a better deal at a credit union. And recently I heard Dave Ramsey, on his radio program which airs locally on KPRC and who promotes building wealth through reducing debt, advising listeners to explore the benefits of credit unions.

These are a few examples of how the information media and financial experts are taking notice. Clearly they have discovered what all of us have known for a very long time — cooperatives are a solid business model with a proven track record for success.

These are important differences that keep credit unions accountable to the people we serve. Not to an anonymous group of big-money investors. At the end of the day the only investors we have to satisfy are our members - you and me.

Our credit union's management and staff has done an excellent job of helping the credit union be accountable to the highest standards demanded by our membership and board of directors.

And thanks to all of you for taking the time to be involved in your credit union. Here's to a successful year ahead for you, your family, your business, and the credit union.