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Report of the Board of Directors

What we had hoped would be a year of economic recovery for Hawaii, 2002 saw more of the same downward trends we have seen the past few years. In spite of the sluggish economy, your credit union ended the year with modest profits while maintaining competitive dividend and loan interest rates to our members. With the continuing drop in the stock market, we have seen a steady rise in our share balances as members seek a safe and secure means of investing their money. Consequently, our asset base jumped over 10% from the previous year primarily from the increase in shares invested by our members.

We continue to upgrade services offered to our members' with the availability of our newly implemented mortgage loan program offering competitive rates and up to 30 years to repay. If you're in the market for a home mortgage or refinancing an existing mortgage, this may be just what you've been looking for. Also, this past year we entered into an agreement with Aston Hotel that provides a discount to our members staying at any of Aston properties in Hawaii.

One of our more successful programs has been our 24/7 Moneyline. We are now receiving over 2,800 calls per month from our members and this number is increasing. Whether it is used for confirming account balances, transferring funds between accounts, information on deposits and/or checks, this audio response system handles it all. We are now ready for our next big step. Our newest addition to upgrading our information technology will be your ability to access IEG FCU via the Internet at www.iegfcu.com. Our WEB page has the ability to do loan applications, reorder checks, email questions and/or request data, and provides you with a lot of information about your credit union. Unfortunately, you will still need to use the 24/7 Moneyline to access your account balance information. However, someday we hope to provide Internet banking to our members that will then allow you to have access to your accounts.

As we look ahead to 2003, we anticipate that the economy will remain somewhat flat with no major swings good or bad anticipated. This may not sound that promising, but consider that the economy has been on a decline the past few years; this may be a welcome start to a better future.

On behalf of the Board of Directors, Management and Staff of IEG FCU, we appreciate the opportunity to serve you, our members. We look forward to your continuing support, loyalty, and trust in the future.