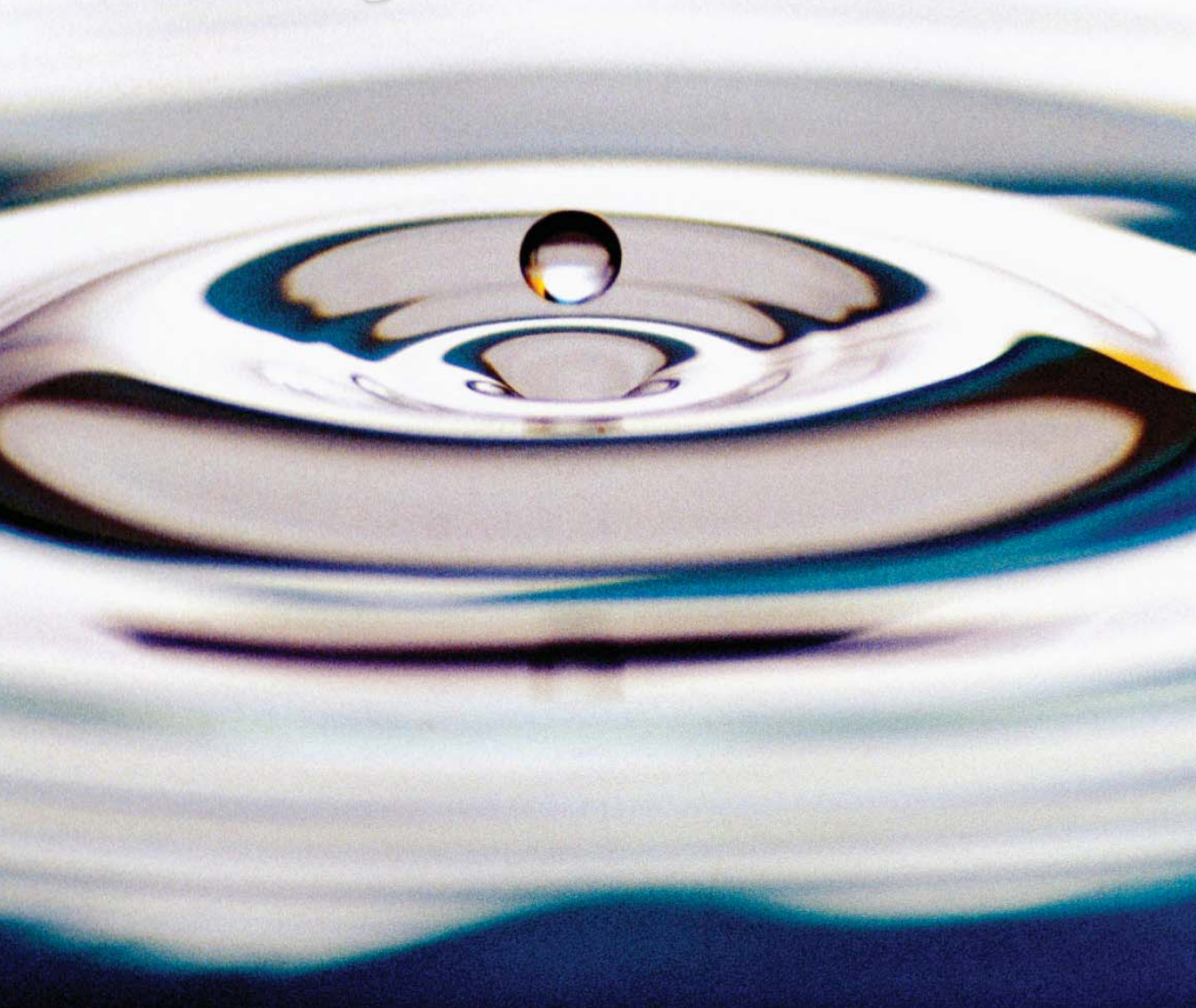


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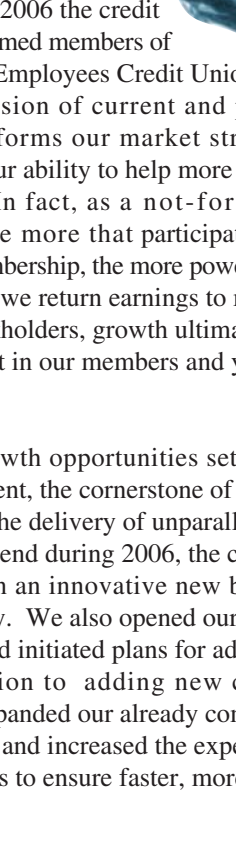
Georgia Telco Credit Union Annual Report 2006

# Chairman and President's

As we reflect on another year for Georgia Telco, we are struck by the many factors that converged to make 2006 an exceptional time for the credit union. Despite a slowing economy and the increasing presence of both competition and new levels of identity theft, the credit union, in its 72nd year of service, overcame significant barriers to achieve record levels of success. In fact, by putting members first and focusing on operational stewardship, Georgia Telco reached all-time high benchmarks in both loans and deposits and expanded our service areas to reach more members than in any other time in our history. While we are proud of this partial mention of achievements, it is our relationship with our members that is our ultimate measure of accomplishment. For this reason, 2006 has been a year of significant transformation. . . transformation of our market, our technological sophistication and of our ability to advance our members' quality of life.

## **Transforming Market . . . Transformational Service**

In 2005, a change in state law enabled the credit union to expand its field of membership to serve more people than any other time in our history. While Georgia Telco honors its heritage, and those that have grown with us during our 72-year history, we are now proud to offer credit union membership to the residents of Cobb, DeKalb, Fulton and Gwinnett Counties. Beyond the opportunity to serve these four communities, in 2006 the credit union also welcomed members of Hapeville Auto Employees Credit Union via merger. Together this fusion of current and potential members transforms our market strength and also enhances our ability to help more people build wealth. In fact, as a not-for-profit cooperative, the more that participate in credit union membership, the more powerful the benefit; because we return earnings to members, as opposed to stockholders, growth ultimately translates to a reinvestment in our members and your respective communities.



While these growth opportunities set the stage for future achievement, the cornerstone of our success continues to be the delivery of unparalleled member service. To that end during 2006, the credit union broke ground on an innovative new branch in Gwinnett County. We also opened our first branch on the Southside and initiated plans for additional Telco sites. In addition to adding new credit union locations, we expanded our already comprehensive product offering and increased the expedience of our delivery channels to ensure faster, more accurate and

seamless service. To protect our most valued asset, the trust of our members, we implemented a fraud monitoring system to protect you from would-be fraudsters and successfully migrated our core operating system to a new, enhanced platform. The credit union also equipped our branches with real-time share branching back up, which strengthens our infrastructure and advances our ability to deliver quality service to our members. Each of these enhancements ensures that we not only have built an organization that delivers the products and services that members want and need, but also that we have created a structure that serves as a solid foundation for future growth.

### A Transformational Philosophy

Georgia Telco Credit Union's mission is based on the credit union philosophy of "people helping people," and this fundamental belief continues to drive our business model. Much more than a tagline, the business of helping our members succeed is the essence of Georgia Telco and an ideology that we will never outgrow.

With this principle as a compass, we help our members thrive financially, but we also exist to build strong communities. In fact, our Community Involvement

Committee spearheaded several initiatives that demonstrated our stance as a responsible corporate citizen. Throughout the year, the Credit Union staff worked hand-in-hand to facilitate the mission of a number of notable organizations such as Children's Healthcare of Atlanta, the Credit Union Political Action Council and the Special Citizens of Atlanta. In addition, we also hosted several consumer events, such as Shred Day, where the importance of destroying sensitive documents was highlighted, and our first annual Home Buyers Expo, where participants received expert advice from a wide array of professionals regarding the purchase of a new home.

Author James M. Barrie once said, "Those who bring sunshine into the lives of others cannot keep it from themselves." The people of Georgia Telco are a testament to this sentiment. As our market share increases and our success continues to build, we are extremely proud of the results outlined in the 2006 Annual Report and recognize that good, simply stated, goes around.

### Results

Soaring to \$1.03 billion in assets at the end of the year and serving more than 105,000 members, the credit union proved that sound management, combined with a dedicated staff, results in undisputable performance and corresponding financial stability. In fact, in 2006, the credit union added 24 companies to our field of membership and increased membership totals by over 6.8%. Returning our earnings to members by offering rates below peer, we also reached a record level of outstanding loan balances at \$540,874,744 with an exceptional loan-to-share ratio of 62.75%. Deposits additionally increased to more than \$859,649,576 while our deposit rates remain above peer. Such results are indicative of a well-run organization, financially sound and positioned for future success.

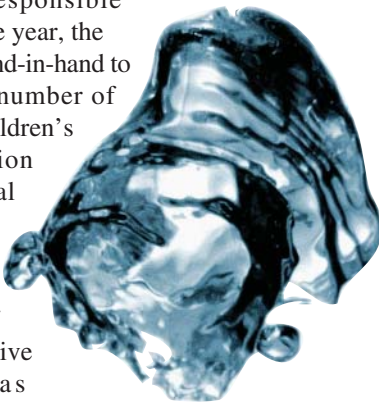
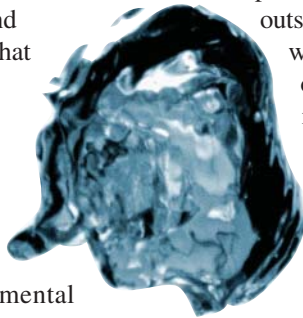
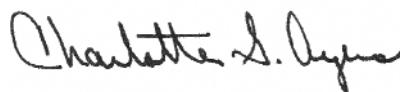
A transformational organization is one that focuses on service, integrity and stewardship. While everything we have done in 2006 reinforces our 72 years of expertise, our passion for quality service and our enduring commitment to building long-term relationships, we look forward to transforming this year's successes into tangible value for our members in the years to come. We sincerely appreciate your loyalty and support and hope to continue to earn your trust as we move forward together.

Sincerely,

C. Edward Heath  
*Chairperson of the Board*



Charlotte S. Ayers  
*President/CEO*



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## Statement of Financial Condition

December 31, 2006

### Assets

Cash and cash equivalents	\$ 102,940,682
Investment securities held-to-maturity	323,638,553
Loans - net of allowance for loan losses	540,874,744
Accrued interest receivable	6,074,501
Property and equipment	8,384,309
NCUSIF insurance deposit	8,177,465
Prepaid expenses and other assets	<u>42,756,540</u>

**Total Assets** \$ 1,032,846,794

### Liabilities and Members' Equity

Teledrafts	\$ 119,054,034
Money market accounts	66,465,033
Savings accounts	336,879,137
Savings certificates	236,103,565
Individual Retirement Accounts	100,547,807
Other liabilities	<u>12,275,305</u>

**Total Liabilities** 871,324,881

Statutory Reserve	24,938,373
Undivided Earnings	<u>136,583,540</u>

**Total Members' Equity** 161,521,913

**Total Liabilities and Members' Equity** \$ 1,032,846,794

# Statement of Income

Year Ended December 31, 2006

<b>Interest Income</b>		
Interest on loans		\$ 31,969,093
Interest on investment securities		17,505,199
		<u>49,474,292</u>
<b>Interest Expense</b>		
Dividends/interest on members' accounts		<u>20,929,738</u>
Net interest income		28,544,554
<b>Provision for loan losses</b>		<u>2,484,738</u>
Net interest income after provision for loan losses		<u>26,059,816</u>
<b>Other income</b>		<u>10,392,483</u>
<b>Operating Expense</b>		
General and administrative		
Compensation and benefits		14,242,959
Occupancy expense		1,652,584
Office operations expense		7,785,509
Professional and outside services		2,454,898
Other		<u>1,562,817</u>
		<u>27,698,767</u>
<b>Net Income</b>		<u><u>\$ 8,753,532</u></u>

# Statement of Members' Equity

Year Ended December 31, 2006

	<u>Statutory Reserve</u>	<u>Undivided Earnings</u>	<u>Total</u>
Balance, January 1, 2006	\$ 24,938,373	\$ 125,782,983	\$ 150,721,356
Effect of Hapeville Auto ECU Merger	-	2,047,025	2,047,025
Net income	<u>-</u>	<u>8,753,532</u>	<u>8,753,532</u>
Balance, December 31, 2006	<u><u>\$ 24,938,373</u></u>	<u><u>\$ 136,583,540</u></u>	<u><u>\$ 161,521,913</u></u>

## Board of Directors

<b>C. Edward Heath</b>	<i>Chairman</i>
<b>Joseph M. Mauriello</b>	<i>Vice Chairman</i>
<b>Patrick H. Casey</b>	<i>Treasurer</i>
<b>John B. White, Jr.</b>	<i>Secretary</i>
<b>Charlotte S. Ayers</b>	<i>President/CEO</i>
<b>Michael W. Baumgartner</b>	
<b>Richard E. Burns</b>	
<b>William E. Conine</b>	
<b>Frances D. Doherty</b>	
<b>James Larry Fowler</b>	
<b>Joan K. Sims</b>	
<b>Ervin M. Walker</b>	

## Products and Services

### Savings Accounts

Regular Savings  
Holiday Savings  
Money Market Accounts  
Savings Certificates  
Individual Retirement Accounts

### Checking Accounts

Teledraft Checking  
Club T Checking  
Golden Bell Checking  
Visa® Check Card Services

### Loans

Personal Line of Credit Loans  
Designer Loans  
New & Used Auto Loans  
Boat, RV & Motorcycle Loans  
ATV, Jet Ski & Snowmobile Loans  
Farm Tractor Loans  
Savings & Stock Secured Loans  
Student Loans  
Day Notes

### Mortgage Loans

1st Mortgage Loans, Refinances  
ReadiEquity Line of Credit Loans  
Home Equity Fixed Rate Loans  
TaxEdge Loans

### Credit Cards

Visa Platinum Card  
Visa Gold Card  
Student Visa Card  
[www.ezcardinfo.com](http://www.ezcardinfo.com) - for GTCU credit card information

### Special Services

MEMBERS Financial Services\*  
Golden Bell Program  
Club T Program  
Cub Club Program  
Auto Information Centers  
Car Solutions Auto Buying Service  
Extended Warranty Program  
Payment Protection Insurance

### Electronic Services

Telco's Web site - [www.gatelco.org](http://www.gatelco.org)  
GTCUOnLine Home Banking  
GTCUOnLine Bill Pay  
e-Statements  
TELE-TALKPlus - touch-tone phone service  
24-hour Loan Service  
32,000 plus surcharge-free ATMs

### Other Services

LOANLINER® Lending Plan  
Electronic Direct Deposit  
Payroll Deductions  
Traveler's Checks  
Cashier's Checks  
Free Notary Service  
Safe Deposit Boxes (Marietta, Lenox Park, BellSouth Center, Lilburn, & Lindbergh)  
Savings Bond Redemption  
Signature Guarantee Service  
Coin Counter (Northlake, Savannah Mall, & Marietta)



\*Representatives are registered through, and securities are sold through, CUNA Brokerage Services, Inc. (CBSI), member NASD/SOPC, 2000 Heritage Way Waverly, Iowa 50677, toll-free (866) 512 6109. Insurance sold through licensed CUNA Mutual Life Insurance Company Representatives, and in New York, license insurance representatives of other companies. Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the credit union.

# Branch Locations

## **BSC Branch**

Concourse - BellSouth Center  
675 West Peachtree Street NE  
Atlanta, Georgia

## **Century Center Branch**

2200 Century Parkway, Suite 4  
Atlanta, Georgia

## **Lilburn Branch**

4382 Lawrenceville Highway  
Lilburn, Georgia

## **Marietta Branch**

401 Cobb Parkway N  
Marietta, Georgia

## **Morrow Branch**

7197 Highway 54  
Morrow, Georgia

## **Northlake Branch**

Lakeside Centre Office Park  
1979 Lakeside Parkway, Suite 100  
Tucker, Georgia

## **Peachtree Corners Branch**

Market Place Shopping Center  
6135 Peachtree Parkway, Suite 608  
Norcross, Georgia

## **Above Branch Hours**

Monday-Thursday 9AM - 4PM  
Friday 9AM - 5:30PM  
Friday 9AM - 5PM (Morrow)

## **Saturday Branches**

Lilburn Branch  
Marietta Branch  
Morrow Branch  
Northlake Branch  
Peachtree Corners Branch  
Saturday 9AM - 1PM

## **Alpharetta Branch**

AT&T Administrative Building  
400 North Point Parkway, Room 102  
Alpharetta, Georgia

## **Campanile Branch**

Campanile Building  
1155 Peachtree Street NE, Room 300  
Atlanta, Georgia

## **Inforum Branch**

Inforum Building  
250 Williams Street, Suite B-300  
Atlanta, Georgia

## **Lenox Park Branch**

1025 Lenox Park Blvd, Suite 130  
Atlanta, Georgia

## **Lindbergh Branch**

BellSouth Building - Atrium Level  
575 Morosgo Drive  
Atlanta, Georgia

## **Perimeter Branch**

1117 Perimeter Center West, Suite E102  
Atlanta, Georgia

## **Above Branch Hours**

Monday-Friday 9AM - 4PM  
Friday 8AM - 4PM (Alpharetta)

## **Conyers Branch**

620 Sigman Road, Suite 100  
Conyers, Georgia  
Monday-Thursday 8:30AM - 4PM  
Friday 8AM - 4:30PM

## **Augusta Location**

**Augusta Branch**  
1347 Augusta West Pkwy, Suite 1  
Augusta, Georgia  
Monday-Wednesday 9AM - 4PM  
Thursday-Friday 9AM - 5:30PM

## **Savannah Locations**

**Whitaker Street Branch**  
10 Whitaker Street, Suite A  
Savannah, Georgia  
Monday-Friday 9AM - 4PM

## **Mall Boulevard Branch**

401 Mall Boulevard  
Savannah, Georgia  
*Lobby & Drive-thru hours*  
Monday, Thursday 9AM - 5PM  
Tuesday, Wednesday 9AM - 4PM  
Friday 9AM - 6PM

Saturday *Lobby* 9AM - 1PM

Saturday *Drive-thru* 9AM - 2PM

**GEORGIA TELCO**  
C R E D I T U N I O N

## **Member Services**

Local (404) 874-1166  
Nationwide (800) 533-2062  
Monday-Friday 8AM - 5PM

## **General Offices**

(404) 874-0777  
Monday-Friday 9AM - 4PM

## **Mortgage Services**

Local (404) 321-6767  
Georgia (800) 700-0333  
Monday-Friday 8AM - 5PM

## **Visa® Credit Card Services**

Local (770) 491-9575  
Worldwide (888) 800-4275  
Monday-Friday 8AM - 5PM

## **24/7 SERVICES**

## **Internet Address**

[www.gatelco.org](http://www.gatelco.org)

## **24/7 Loan Service**

Local (404) 874-1166  
Nationwide (800) 533-2062

## **TELE-TALKPlus**

Local (404) 874-0242  
Nationwide (800) 533-3817

# Contact Information

