

Statement of Operations

Year Ending December 31, 2006

Income

Income from Loans	\$	1,312,977
Investment Income		968,875
Fees and Charges		678,285
Miscellaneous Operating Income		256,068
Total Income	\$	3,216,205

Expenses

Compensation	\$	1,062,027
Employee Benefits		516,544
Travel & Conferences		33,972
Association Dues		19,133
Office Occupancy		228,516
Office Operations		631,302
Education & Promotions		71,304
Loan Servicing		25,957
Professional and Outside Services		43,121
Provision for Loan Losses		(2,044)
Federal Operating/Examination Fees		28,853
Interest on Borrowed Money		6,433
Miscellaneous Operating Expenses		15,827
Total Operating Expenses		2,680,945
Operating Income		535,260
Dividends Paid to Members		306,772
Non-Operating Gain		1,787
Net Income	\$	230,275

Statement of Financial Condition

Year Ending December 31, 2006

Assets

Loans to Members	\$	20,398,642
Less Allowance for Losses		(32,156)
Net Loans		20,366,486
Cash and Investments		26,821,697
Accrued Income		167,433
Prepaid & Deferred Expenses		84,421
Fixed Assets		1,957,544
All Other Assets		2,362,556
Total Assets	\$	51,760,137

Liabilities and Equity

Accounts Payable	\$	137,529
Dividends Payable		69,872
Other Liabilities		289,534
Shares		24,514,456
Share Drafts		9,209,952
Certificates		10,156,978
IRA Accounts		1,518,730
Regular Reserve		1,344,750
Undivided Earnings		4,524,379
Accum. Unrealized (Losses) on AFS Securities		(6,043)
Total Liabilities and Equity	\$	51,760,137

Report of the Chairman

It seems like it was only a few months ago when I was reporting on the previous year's results. Yet another year has passed and for the year ending December 31, 2006, UBI Federal Credit Union has had some good results and new accomplishments of which all members can be proud.

We ended the year with a thirteen percent increase in net income over the previous year and held operating expenses to a slight increase of just over two percent. We saw an increase in our total assets of just below one percent for the year. These results left us in a strong position to continue to offer new and improved benefits to our members.

We hope that you noticed and are pleased with our new logo "UBI a Community Federal Credit Union". Our signage has been changed and as our logo letterhead, check stock and other paper products are used up, reorders will sport the new logo. Your Board and Management Team felt that as we expand our membership and services throughout Hartford County we did not want to change our name United Business & Industry Federal Credit Union as this would have been cumbersome to our current members. The decision was made to change to an easily remembered, recognizable and marketable institution, and we are now a community federal credit union known as UBI Federal Credit Union.

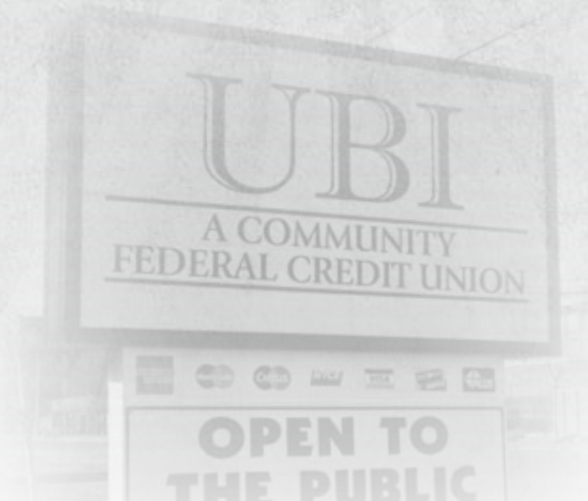
Your management team and staff had a very busy and productive year. The biggest challenge this year was the implementation of a new operating system which will allow us to expand and provide additional offerings to our members. They set the stage through television, newspaper and word of mouth advertising of our expansion into Hartford County. Additionally they offered members a Home Buyers seminar, a Timex watch sale, discounted amusement park tickets and one of the lowest automobile loan rates in the area just to mention a few. We hope you continue to take advantage of our borrowing and savings rates and other offerings.

In conclusion I would like to thank Robert Eggleston, our retiring President, for his leadership over the past eight years and welcome Stuart Phillips, our newly elected President. The Board and the Management team look forward to another great year of providing you, our members, with superior service in meeting all of your financial needs.

Respectfully submitted,

Richard J. Carlo

Richard J. Carlo
Chairman



Report of the Treasurer

The 2006 calendar year closed similar to that of 2005 representing a continued struggle in the financial market place, moderate economic growth, the deepening of the U.S. deficit, and core inflation edging upward. However, despite this climate of uncertainties your Credit Union was still able to build its Capital to position a strong future for all of our Members.

The Federal Reserve Board modestly increased interest rates this past year by a half percent. Coupled with the economic events just mentioned, this interest rate movement has resulted in diminished returns or margins for many financial institutions. In 2006, UBI Federal Credit Union managed to improve our Net Income for the year at \$230,275 as compared to \$204,630 earned in 2005. Total Annual Operating Expense was up by \$84,626 [+3.0%] to \$2,891,751 while Gross Income was up by \$110,270 [+3.6%] to \$3,011,755 primarily due to higher investment returns. As we look forward and experience changes in general market rates, we will continue to manage and provide competitive offerings in the pricing of all of our products and services.

Total Assets were up to \$51,760,137 a change of 1%. Loan Delinquency was slightly higher at .09%, up from .07% - a continued result of strong management and underwriting practices.

Your Credit Union added to its Capital position again this year by building Undivided Earnings to a balance of \$4,524,379 [up \$230,275] and maintaining \$1,344,750 in Regular Reserves. The continuance of capital growth through difficult economic periods has been a strong measurement for UBI Federal Credit Union. Building capital each year insures greater longevity for your Credit Union while providing a cushion to absorb losses, and providing funding for new business development.

Finally, as we all remember 2006, our Credit Union staff and management team will continue to build and support Member financial wealth through programs and services that are designed in your best interest. We stand together, committed to be an organization built on families, friends and coworkers as the basis and spirit of our business. So, please support the credit union movement in your place of business and amongst your families so we may continue to grow and build your financial well-being.

Respectfully submitted,

Anthony D. Famiglietti

Anthony D. Famiglietti
Treasurer

Report of the Supervisory Committee

The Supervisory Committee is comprised of volunteers, appointed by the Board of Directors. The main responsibility of the Committee is to make sure the funds and interests of our members are protected.

The Supervisory Committee engages the services of a Certified Public Account firm to perform an annual audit. The NCUA also conducts an annual examination of the credit union's financial records, practices and polices to ensure compliance with all federal regulations. Your Credit Union has been found to be operating well, financially sound and in compliance with all required laws and regulations.

The Supervisory Committee attends monthly credit union board meetings and provides reports on examination of account activities and supervisory updates.

The Supervisory Committee, Board of Directors, Management and Staff will continue to work extremely hard to meet the financial needs and provide safety and soundness to our members.

Respectfully submitted,

Marie T. Bogdanski

Marie T. Bogdanski
Supervisory Committee Chairperson

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A COMMUNITY
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ANNUAL REPORT 2006

