

Supervisory Committee Report

Your credit union's Supervisory Committee is responsible for safeguarding our member's assets.

The Supervisory Committee in conjunction with our internal auditor completed a comprehensive scope of review of the credit unions' operation. No major area of concern was found.

In addition in 2006 an independent outside audit as performed, the report found our records in balance and our procedures and operations in compliance with Federal Credit Union rules and regulations.

We appreciate the opportunity to be of service to the membership and would like to commend management, staff and the Board of Directors for a job well done.

Respectfully Submitted,

James Humphrey
Mitchell Amado
Frank Mazza

Our focus is you!



Statement of Condition

December 31, 2006

Assets

Loans	\$65,945,336
(Allowance for Loan Loss).....	-\$410,645
Cash	\$3,543,600
Investments	\$25,991,683
Fixed Assets	\$3,324,839
Prepaid / Receivables.....	\$543,977
All other Assets	\$1,942,335
Total	\$100,881,125

Liabilities and Equity

Accounts Payable	\$821,934
Share Savings.....	\$20,337,245
Share Draft Checking	\$11,759,951
Money Market Accts.....	\$20,019,083
Certificates.....	\$35,449,369
Other Savings.....	\$2,035,398
Reserves / Undivided Earnings.....	\$10,458,145
Total	\$100,881,125

Statement of Income • December 31, 2006

Interest on Loans	\$4,321,881
Investment Income.....	\$1,154,464
Other Operating Income	\$1,625,239
Total	\$7,101,584

Distribution of Income • December 31, 2006

Compensation	\$1,497,458
Employee Benefits	\$374,755
Office Occupancy	\$220,769
Operational Expense	\$999,067
Education & Promotion.....	\$162,801
Loan Servicing	\$247,334
Provision for Loan Loss.....	\$240,000
Other Expenses	\$185,532
Total Expenses.....	\$3,927,716
Dividends Paid	\$2,054,895
Increase To Equity	\$1,118,973
Total Distribution of Income	\$7,101,584

Annual Report



2006... Year In Review

- Board of Directors Report
- Supervisory Report
- Financial Highlights
- Statement of Condition

Our focus is you!



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for what you didn't know about GPO.

Board of Directors Report

As a cooperative, not-for-profit financial institution, GPO exists to serve the needs of our members – not just a few stockholders. For 75 years, GPO's members have benefited directly by receiving higher rates on savings and lower rates on loans and fewer fees and service charges. Everything we do is for the benefit of our membership – that's the credit union advantage.

Throughout GPO's 75-year history, your credit union has been led by a volunteer board of directors and a supervisory committee that is made up of fellow members. This is yet another important distinction between credit unions and other financial institutions.

As the 2006 financial highlights indicate, GPO saw strong growth in total assets, shares, loans and membership. In 2006, we achieved a milestone with total assets exceeding \$100 million. This strong performance resulted in the payment of a year-end dividend bonus and interest rebate totaling \$325,275.16.

Going forward, the board pledges to keep focused on the mission of the credit union which is to serve the financial needs of our membership.

2006...A Year In Review

Better Credit Union Access

GPO members want convenience, and in 2006 great strides were made to make sure our members get convenient access to their credit union accounts. We opened a new branch in Iliion with state-of-the-art features – including multiple drive-thru lanes, a drive-thru ATM, a coin counter, and more. Also, we constructed a brand-new branch in Dolgeville (which opened in the Spring on 2007). This gives our members residing and/or working in Herkimer County greater access.

Also, we joined the Co-op ATM network which gives members access to 25,000 ATMs nationwide. Closer to home, we've installed ATMs at more of our sponsor sites – like the

Masonic Home and the Mohawk Valley Psychiatric Center. And, for our members who prefer the convenience of on-line banking, we've taken steps to insure that our Internet banking programs are safe, secure and user-friendly.

Product & Service Line-Up

Member needs are what drive us to develop and offer our great line-up of products and services. And as always, those products and services are offered with highly competitive pricing – making the choice of where to borrow and save easy.

In 2006, we offered to refinance loans from members who booked their loans elsewhere. In doing so, we saved our members \$793,346 in interest payments. This is something will do regularly – so be sure to ask us to run a comparison with loans you have elsewhere. You may be pleasantly surprised when you see just how much GPO can save you.

For those members looking for a mortgage or home equity loan, we've consistently offered a variety of options with great, low rates. And, for our first-time home-buyers, annually we offer home-buying workshops.

And for our savers, we offer term share certificates, IRAs and money market accounts with high-yielding returns.

In Service To Our Communities

Being a good neighbor in the communities we serve is important. That's why our employees take an active part in many community events like the American Heart Association's Run and Walk, Faxton-St. Lukes Festival of Trees, the Hospice

Telethon and more. During the past year, GPO has been a major contributor to the Go Red luncheon for women, the Women's Employment Resource Center's annual luncheon, the Children's Miracle Network and many other worthy causes.

Also, GPO was the top preparer of income tax returns in the Mohawk Valley for the VITA program (the volunteer income tax assistance program). Our employees volunteered their time and services to prepare returns for 309 qualifying area residents – all for free.

Going Forward

In 2007, we promise to continue doing what we do best – meeting the financial needs of our members and doing so at the best price and with the best service possible. While we have many plans to expand and offer more to our existing and future members, we will always keep our members' needs in focus.

Respectfully Submitted,

GPO Federal Credit Union's Board of Directors

Leo Callari, Chairman
 Nicholas Mayhew, Vice Chairman
 Dominick Massaro, Treasurer / Secretary
 John Prumo, President / CEO
 Ercole Ventura
 Victor Costello
 Patsy Canarelli
 James Humphrey
 Rocco Russo

2006 FINANCIAL HIGHLIGHTS

Key Operating Areas	2006	2005	Change	% Change
Membership	17947	17388	559	3.21%
Loans	\$65,945,336	\$60,846,907	\$5,098,429	8.38%
Shares	\$89,601,046	\$79,417,360	\$10,183,686	12.82%
Assets	\$100,881,125	\$89,422,899	\$11,458,226	12.81%
Reserves	\$10,458,145	\$9,334,992	\$1,123,153	12.03%

Financial Notes Contingency Liability for Unused Credit Limits.....	\$13,845,117
Business Loans / Participation.....	\$1,647,787
Market Value of Hold to Maturity Securities.....	\$8,361,876

