

Consolidated Statements of Financial Condition

December 31, 2002 & 2001

ASSETS	2002	2001
Cash & cash equivalents	\$ 3,946,160	\$ 4,796,384
Deposits with other financial institutions	15,500,582	12,620,337
Loans receivable, net of allowance for loan losses	19,819,613	20,601,352
Accrued interest receivable	100,564	180,387
Furniture and equipment	29,434	35,933
NCUSIF deposit	330,772	299,895
Other assets	101,123	86,104
Total assets	<u>\$ 39,828,250</u>	<u>\$ 38,620,392</u>
LIABILITIES & MEMBERS' EQUITY		
Members' share & savings accounts	\$ 34,799,380	\$ 33,775,351
Accrued expenses & other liabilities	132,597	179,048
Total liabilities	<u>34,931,977</u>	<u>33,954,399</u>
Retained earnings, substantially restricted	4,039,335	3,809,055
Required reserves	856,938	856,938
Total members' equity	<u>4,896,273</u>	<u>4,665,993</u>
Total liabilities & members' equity	<u>\$ 39,828,250</u>	<u>\$ 38,620,392</u>

Consolidated Statements of Income

Years ended December 31, 2002 & 2001

INTEREST INCOME	2002	2001
Loans	\$ 1,676,704	\$ 1,931,051
Investments in other financial institutions	583,148	655,873
Other	154,786	166,125
	<u>2,414,638</u>	<u>2,753,049</u>
INTEREST EXPENSE		
Members' share & savings accounts	753,582	1,147,486
Net interest income	<u>1,661,056</u>	<u>1,605,563</u>
Provision for loan losses	82,950	22,081
Net interest income after provision for loan losses	<u>1,578,106</u>	<u>1,583,482</u>
NON-INTEREST INCOME		
Insurance commissions—CUSO	103,471	107,864
Other	49,040	57,555
Total non-interest income	<u>152,511</u>	<u>165,419</u>
NON-INTEREST EXPENSE		
General and administrative		
Compensation and benefits	815,994	879,059
Occupancy	146,136	131,984
Other	538,207	564,120
Total non-interest expense	<u>1,500,337</u>	<u>1,575,163</u>
NET INCOME	<u>\$ 230,280</u>	<u>\$ 173,738</u>

Consolidated Statements of Members' Equity

Years ended December 31, 2002 & 2001

	Appropriated Regular Reserve	Unappropriated Earnings	Total
Balance January 1, 2001	\$ 780,366	\$ 3,711,889	\$ 4,492,255
Net income	—	173,738	173,738
Transfer, net	76,572	(76,572)	—
Balance December 31, 2001	<u>\$ 856,938</u>	<u>\$ 3,809,055</u>	<u>\$ 4,665,993</u>
Net income	—	230,280	230,280
Transfer, net	—	—	—
Balance December 31, 2001	<u>\$ 856,938</u>	<u>\$ 4,039,335</u>	<u>\$ 4,896,273</u>



**Teamsters Council #37
Federal Credit Union**

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2002 Annual Report



**Teamsters
Council #37
Federal
Credit Union**

Any member of Teamsters Council #37 Federal Credit Union can view a complete copy of the financial report at the Credit Union's Main Office in Portland.



President's Report

Darel Aker

As we all know, the United States economy continued to drag through 2002, and Oregon remained one of the hardest hit states, with the highest unemployment rate much of the time. In spite of this, Teamsters Council #37 Federal Credit Union held steady. Careful fiscal management not only protected our members' financial interests in these turbulent times, it resulted in growth in key measures such as total assets, net income, and total equity. Manager Mark Freels reports on our financial performance in his report at right.

Numbers aren't everything. Your Credit Union is operated by Teamsters on behalf of fellow Teamsters, so we remained committed through 2002 to being supportive of members who have been harder hit by the prolonged economic downturn. This commitment is demonstrated in many small ways, by doing whatever we can in each individual situation. Any member who is struggling financially should look to the Credit Union for help. We can suggest ways to lower your monthly expenses—it may be as simple as refinancing outstanding loans or consolidating debt—and we can assist you in devising a "game plan" to get you through.

In 2002 your Credit Union also extended its services to more of the Teamster brotherhood by opening a new office in Central Point, located in Local 962's building. We also reached an agreement with United Association Northwest Federal Credit Union that lets our members use their Tualatin office to cash checks, make deposits, make loan payments, and so on. If you live or work in the Tualatin area, you will appreciate the convenience of this location!

We're also breaking new ground online. Members can now retrieve their monthly statements online, via our free TeamNet online banking service. Being just a mouse click away at any time makes "eStatements" a very handy resource. You can also choose to stop having a paper statement mailed to you altogether!

Also in 2002 the Credit Union redesigned our MasterCard credit card and debit card. The credit card now sports a bald eagle and American flag to show support for our nation as we confront terrorism and other threats to our way of life.

Our new, rich blue debit card still serves as an ATM card—in fact, you can now access nearly any ATM—and it still lets you make purchases from checking wherever MasterCard is accepted. But our debit card is now fully "networked," which means you can use your card at Point-of-Sale (POS) terminals at the checkouts of supermarkets, gas stations, and other merchants. These terminals let you withdraw cash in addition to making your purchase—without having to make a separate stop at an ATM and possibly paying a fee.

The financial stability of the Credit Union, our ongoing commitment to helping members, and the introduction of new and useful services are in large part due to the efforts of our professional staff. On behalf of the rest of the Board of Directors, I thank them for service they provide. I would also like to thank my fellow Board members and the volunteers that comprise our Supervisory Committee for their dedication and guidance.

We are all unified in our desire to provide a safe financial haven for our Teamster brothers and sisters. More than that, we try hard to make sure that the Credit Union offers you the best financial services you can find—from savings accounts to loans to checking accounts, and all the conveniences that let you handle your financial business from wherever you are, whenever you want.

Thank you for your support during 2002 and for choosing to use your Credit Union! As a financial cooperative owned by our members, our success is truly your success! You can count on us today and in the future to meet your financial needs.



Manager's Report

Mark Freels

The year 2002 saw the Credit Union grow to nearly \$40 million in assets, the usual measure of a financial institution's size. Much of this growth came from members who trusted us with more of their savings, a testimony to the security offered by the Credit Union in comparison with volatile financial markets.

Careful cost control through the year helped the Credit Union achieve growth in retained earnings, which rose from \$3.8 million at end of 2001 to over \$4 million at end of 2002. Together with required reserves, total members' equity at year end was \$4,896,273. This made for a capital-to-assets ratio of 12.29%, and it is a strong indicator of a healthy and stable Credit Union.

However, the Credit Union did not escape the difficult economic environment entirely unscathed. Our outstanding loans to members declined slightly, from \$20.6 million at the start of the year to \$19.8 million at year end. Given the current state of Oregon's economy and unemployment figures, it is a natural result that people are borrowing less, including our Teamster members. We continue to offer competitive rates for auto loans, home equity loans, and our other loan services.

As the nation's economic downturn stretches into yet another year, our members can thank their volunteer Board of Directors for all the hard work they put into guiding the Credit Union to both growth and security. The same can be said for the volunteers serving on our Credit Review Committee and Supervisory Committee. They are all looking out for you! The bottom line is that the financial well being of our members is the Credit Union's number one purpose. When you choose to use your Credit Union, we appreciate it very much. It means we're getting the job done for you!

Supervisory Committee Report

The Supervisory Committee acts as a "watchdog" on behalf of all Credit Union members, making sure that all regulations, procedures, and policies are properly followed as defined by the National Credit Union Administration (NCUA). The committee is appointed by the Board of Directors and is comprised entirely of volunteers from the membership.

One of the most important functions of the Supervisory Committee is to arrange and oversee an annual audit of the Credit Union's financial condition and internal accounting procedures. The Emberland Company, P.C., Certified Public Accountants, of Portland was retained to conduct the 2002 audit.

The Supervisory Committee has carefully reviewed the auditors' report and found Teamsters Council #37 Federal Credit Union to be in compliance with the requirements and regulations of the Federal Credit Union Act, with no serious exceptions or adverse findings. Any member can view a complete copy of the report at the Credit Union's Main Office in Portland.

It continues to be the opinion of the Supervisory Committee that the policies established by the Board of Directors contribute to sound management practices, and that Credit Union staff and management are operating effectively, efficiently, and in a manner consistent with safeguarding the membership's interests.

The Supervisory Committee acknowledges and thanks all members and others who have devoted time and effort to the welfare of the Credit Union. Any member with concerns about the Credit Union is encouraged to contact anyone on the Supervisory Committee.

Bob Sleight, Chairperson
George Sittner
Karen Ward