

Consolidated Statements of Financial Condition

December 31, 2003 & 2002

ASSETS	2003	2002
Cash & cash equivalents	\$ 3,656,763	\$ 3,954,327
Deposits with other financial institutions	17,457,729	15,500,582
Loans receivable, net of allowance for loan losses	19,751,319	19,827,427
Accrued interest receivable	94,075	100,564
Furniture and equipment	29,982	29,434
NCUSIF deposit	340,640	330,772
Other assets	67,381	85,144
Total assets	\$ 41,397,439	\$ 39,828,250

LIABILITIES & MEMBERS' EQUITY

Liabilities		
Members' share and savings accounts	\$ 36,207,976	\$ 34,799,380
Accrued interest payable	17,074	10,743
Accrued expenses and other liabilities	109,272	121,854
Total liabilities	36,334,322	34,931,977
Members' equity, substantially restricted		
Appropriated regular reserves	856,938	856,938
Unappropriated earnings	4,206,179	4,039,335
Total members' equity	5,063,117	4,896,273
Total liabilities and members' equity	\$ 41,397,439	\$ 39,828,250

Consolidated Statements of Income

Years ended December 31, 2003 & 2002

INTEREST INCOME	2003	2002
Loans receivable	\$ 1,427,809	\$ 1,676,704
Investments	496,671	583,148
	1,924,480	2,259,852
INTEREST EXPENSE		
Members' share and savings accounts	482,448	753,582
Borrowed funds	26	51
Net interest income	1,442,006	1,506,219
Provision for loan losses	91,281	82,950
Net interest income after provision for loan losses	1,350,725	1,423,269
NON-INTEREST INCOME		
Insurance commissions—CUSO	106,329	103,471
Fees	231,466	203,826
Loss on disposition of assets	—	(423)
Total non-interest income	337,795	306,874
NON-INTEREST EXPENSE		
General and administrative		
Compensation and benefits	868,232	815,994
Occupancy	117,013	133,571
Other	536,431	550,298
Total non-interest expense	1,521,676	1,499,863
NET INCOME	\$ 166,844	\$ 230,280

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.

Consolidated Statements of Members' Equity

Years ended December 31, 2003 & 2002

	Appropriated Regular Reserve	Unappropriated Earnings	Total
Balance January 1, 2002	\$ 856,938	\$ 3,809,055	\$ 4,665,993
Net income	—	230,280	230,280
Transfer, net	—	—	—
Balance December 31, 2002	\$ 856,938	\$ 4,039,335	\$ 4,896,273
Net income	—	166,844	166,844
Transfer, net	—	—	—
Balance December 31, 2003	\$ 856,938	\$ 4,206,179	\$ 5,063,117



Teamsters Council #37 Federal Credit Union

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2003 Annual Report



Teamsters Council #37
Federal Credit Union



President's Report

Darel Aker

The economic downturn that has gripped the United States over the past few years is finally showing signs of letting up. It remains to be seen whether the recovery is sustainable and how it affects Oregon and the greater Pacific Northwest. Unemployment continues to be a serious problem, and Oregon's reliance on income tax is sorely tested during years when fewer people are working and employers are struggling to achieve profitability.

What all this means for our Credit Union and our members is that 2003 remained a year of "belt tightening." We continued to operate very conservatively, putting the financial security of our members ahead of aggressive expansion of services. The numbers for 2003 bear this out, as Manager Mark Freels reports at right.

Our conservative approach didn't prevent making some major improvements in service to members during 2003. Most noteworthy is how we overhauled our lending practices in order to offer lower rates, as well as approve more loans. Our "one rate fits all" policy served us well for many years, but in today's more sophisticated financial marketplace, a more flexible approach was needed. Now, the loan rate a member receives is determined by his or her credit history. This gives our members two immediate advantages:

1. We can now offer our lowest rates ever to members with good credit histories. Furthermore, most other members will get a better rate than they can get from another lender.

2. We now approve most loans. In fact, we're approving about 85% of all applications! Under our old loan program we were able to approve only about half of the applications we received.

Credit unions were originally formed to make low cost loans to their members, and our new loan program lets us do a better job of it. It also gives us a powerful tool for helping our Teamster brothers and sisters who might be facing a tough financial situation. They may now qualify for a new loan of some type, or they might be able to reduce their monthly debt payments by refinancing at Teamsters Credit Union.

Our MasterCard program also gained new shine during 2003. Following a patriotic redesign based on the United States flag and bald eagle, the TCU MasterCard now offers a rate as low as 7.99% APR, provides a true 25 day grace period, and has no annual fee. There's also no fee for cash advances. And now your MasterCard payment can be made by phone using any checking account! Looking ahead, we are about to introduce SecureCode, a new service to help ensure that only you can use your MasterCard online. SecureCode will be offered at no additional cost to our cardholders.

Our Debit Card also benefited from our new credit based system, which now lets us approve nine out of ten Debit Card requests. More members than ever now use this card to make purchases from checking nearly anywhere and to get cash back at stores with checkout counter terminals. If you want an easier to remember PIN (personal identification number), or want to change it for security reasons, you can now do so by phone. Carrying both a TCU MasterCard and a TCU Debit Card in your wallet or purse gives you unprecedented purchasing power, security, and convenience!

As we move ahead in 2004 you will see some new services and more enhancements to existing services. Our goal is to help as many members as possible. After all, that's the whole point of our member-owned not-for-profit financial cooperative! As always, your fellow Teamsters who serve on the Credit Union's Board and Committees thank you for your ongoing support. It tells us we're doing a good job for you. We also appreciate the hard work of our professional management and staff. Remember, they're working for you! All of us at the Credit Union are committed to meeting your financial needs through the years ahead.



Manager's Report

Mark Freels

Despite the prevailing economic downturn through 2003 at both the national and state levels, Teamsters Council #37 Federal Credit Union grew over \$1.5 million in assets, reaching \$41.4 million by year end. The size of a financial institution is measured in total assets, and 2003 saw your Credit Union exceed \$40 million for the first time.

Our growing asset base reflects the confidence our members place in the Credit Union and our competitive, federally insured savings accounts. During the year, members' funds on deposit at the Credit Union grew from \$34.8 million to \$36.2 million.

Careful cost control and expense management helped the Credit Union achieve a modest net income of \$166,844 for 2003. This added to our already strong capital position, the measure of a financial institution's solidity. Total members' equity surpassed \$5 million at year end, another first for the Credit Union. This produced a very healthy capital-to-asset ratio of 12.23%.

Lending is difficult when the economy is struggling and when rates are at historically low levels, as they were throughout 2003. Even so, our loans outstanding ended only slightly down at \$19.75 million. Our new lending program, described in President Darel Aker's report at left, is already generating an influx of new loan business.

The bottom line for our members is that the Credit Union remains fiscally sound, while also offering very competitive loan and savings products, along with a variety of free or low cost conveniences that let members handle their financial business when and where they choose.

The volunteers who serve on the Credit Union's Board and Committees have done an excellent job of guiding the Credit Union to another solid year of growth and security. Their efforts, together with our staff's commitment to service, continue to make the Credit Union the preferred financial institution for Teamsters across the state of Oregon and beyond.

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 2003 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.

Steve Pickle, Chairperson

George Sittner

Karen Ward