

Consolidated Statements of Financial Condition

December 31, 2006 & 2005

| ASSETS | 2006 | 2005 |
|--|-----------------------------|-----------------------------|
| Cash & cash equivalents | \$ 6,814,675 | \$ 5,821,606 |
| Interest bearing deposits at other institutions | 10,144,149 | 11,064,022 |
| Loans receivable, net of allowance for losses | 24,417,752 | 23,994,166 |
| Accrued interest receivable | 124,378 | 106,812 |
| Property and equipment (net) | 77,495 | 85,479 |
| Prepaid expense & other assets | 59,897 | 76,087 |
| NCUSIF deposit | 341,755 | 348,869 |
| Total assets | <u>\$ 41,980,101</u> | <u>\$ 41,497,041</u> |
| LIABILITIES & MEMBERS' EQUITY | | |
| Liabilities | | |
| Members' share and savings accounts | \$ 35,884,025 | \$ 35,715,424 |
| Accrued interest payable | 40,031 | 23,420 |
| Accrued expenses and other liabilities | 104,720 | 120,324 |
| Total liabilities | 36,028,776 | 35,859,168 |
| Members' equity, substantially restricted | | |
| Appropriated regular reserves | 856,938 | 856,938 |
| Unappropriated earnings | 5,094,387 | 4,780,935 |
| Total members' equity | 5,951,325 | 5,637,873 |
| Total liabilities and members' equity | <u>\$ 41,980,101</u> | <u>\$ 41,497,041</u> |

Consolidated Statements of Income

Years ended December 31, 2006 & 2005

| INTEREST INCOME | 2006 | 2005 |
|--|-------------------|-------------------|
| Loans receivable | \$ 1,638,041 | \$ 1,548,385 |
| Investment securities | 728,401 | 487,383 |
| Total interest income | <u>2,366,442</u> | <u>2,035,768</u> |
| INTEREST EXPENSE | | |
| Members' share & savings accounts | 762,358 | 478,904 |
| Borrowed funds | 159 | 83 |
| Total interest expense | <u>762,517</u> | <u>478,987</u> |
| Net interest income | <u>1,603,925</u> | <u>1,556,781</u> |
| PROVISION FOR LOAN LOSSES | | |
| Net interest income after provision for loan losses | <u>1,585,062</u> | <u>1,556,781</u> |
| NON-INTEREST INCOME | | |
| CUSO insurance commissions | 107,079 | 109,816 |
| Loss on disposition of property & equipment | (12,111) | (7,424) |
| Fees, charges & other operating income | 267,845 | 250,488 |
| Total non-interest income | <u>362,813</u> | <u>352,880</u> |
| NON-INTEREST EXPENSE | | |
| Compensation and benefits | 966,196 | 887,824 |
| Occupancy | 127,915 | 124,698 |
| Other operating expense | 540,312 | 512,672 |
| Total non-interest expense | <u>1,634,423</u> | <u>1,525,194</u> |
| Consolidated net income | <u>\$ 313,452</u> | <u>\$ 384,467</u> |

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, 2006 & 2005

| | Appropriated Regular Reserve | Unappropriated Earnings | Total |
|---------------------------|---|------------------------------------|---------------------|
| Balance December 31, 2004 | \$ 856,938 | \$ 4,396,468 | \$ 5,253,406 |
| Net income | — | 384,467 | 384,467 |
| Balance December 31, 2005 | \$ 856,938 | \$ 4,780,935 | \$ 5,637,873 |
| Net income | — | 313,452 | 313,452 |
| Balance December 31, 2006 | <u>\$ 856,938</u> | <u>\$ 5,094,387</u> | <u>\$ 5,951,325</u> |



Teamsters Council #37 Federal Credit Union

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2006 Annual Report



Teamsters Council #37 Federal Credit Union



President's Report

Darel Aker

In this day of big financial institutions getting bigger—even some credit unions are headed that way—why should you choose to do your banking with a smaller outfit like Teamsters Credit Union? The answer is that bigger is not necessarily better. Here at your Credit Union our goal is not to grow for the sake of growing, but to provide you with financial services designed to meet the unique needs of Teamsters.

That means we make decisions that benefit you and your fellow members, rather than putting our “bottom line” first. For example, in 2006 we paid \$762,0358 in dividends on members’ deposits. That was a big jump from the previous year at \$478,904, and together with holding firm as much as possible against rising loan rates, it is a big factor in why our net income saw a mild decline.

Net income goes to capital reserves, which helps secure the Credit Union, but your Board and management determined that our reserves were already strong and chose to return more money to you, our members.

This “members first” attitude shows not just in our services, but also in the way our staff treats members with the respect, understanding, and spirit of cooperation you would expect of a friend. Most of our staff have been with us for many years, and they often greet members by name. Whatever financial need or goal you or your family may have, we do our best to find a way to meet it.

If you need a loan, we’re more likely to approve it—we say yes to four out of five loan requests—and we’re more likely to offer you a better rate than you can get elsewhere. It’s a good bet that we can find a way to help you, whether your credit score is healthy, challenged, or in need of repair.

If you’re looking for a better return on your savings, we’ve got your back. Our rates on Certificates, Hi-Yield Money Market accounts, and IRAs are always competitive, so you can relax, knowing that your money is working hard.

Most members already know about the advantages of TCU membership and make good use of our services, but what about family members and co-workers? We encourage you to invite them to join the Credit Union, so they too can take advantage of TCU services and benefits.

We are a union shop—our employees are all Teamsters—so we are staunch supporters of union causes. During 2006, most of our staff voluntarily elected to make small payroll contributions to DRIVE (Democrat, Republican, Independent Voter Education), a political action committee that supports candidates and issues that benefit union members and workers. Your Credit Union also plays an active role in Unions for Kids, an ongoing collaboration of unions in the Portland area to benefit Doernbecher Children’s Hospital.

In 2007 we will continue to focus on providing you with the best service possible. By the end of the year or early in 2008, all of our electronics services—online banking, telephone banking, debit and ATM transactions, and so on—will be live or real time, so that your account activity will be posted and appear immediately, no matter how it is accessed.

We will also continue to support the Teamster movement, and we will continue to think “members first.” Speaking for the rest of the Board, management, and staff, it is a genuine honor to serve you. When you choose to use TCU, we know it’s because we are doing our job. We look forward to meeting the financial needs of you and your family for many years to come, and we thank you for your ongoing support.



Manager's Report

Mark Freels

I am pleased to report that Teamsters Credit Union had yet another solid year in 2006. As President Darel Akers notes in his report, our year end figures were tipped toward paying dividends to savers and keeping loan rates down for borrowers, which resulted in slightly lower net income at \$313,452. This went to strengthen capital reserves, producing a very healthy capital-to-assets ratio of 14.18%.

Total loans grew by over \$400,000 to reach \$24.4 million. Many members are now getting low cost TCU auto loans through the auto dealer at the same time they buy their new car. For those who financed elsewhere, we continue to offer refinancing that cuts their rate and saves them money. We also offer members a complete selection of home loans and home equity financing, in cooperation with Consolidated Federal Credit Union, our mortgage partner.

Loan growth led to a similar upturn in total assets, which ended the year at nearly \$42 million. Balancing that was mild growth in members’ savings, totaling \$35.88 million at year end. Many financial institutions saw a decline in deposits during 2006, so any growth in this measure was good. One of our more popular deposit accounts has been our Hi-Yield Money Market, which combines money market rates with checking account convenience. IRAs also got a boost in 2006, when the National Credit Union Administration bumped the federal insurance coverage for those accounts up to \$250,000.

In summary, your Credit Union is in good shape and going strong. I’d like to thank those who serve so capably on the Board of Directors, Supervisory Committee, and Credit Review Committee—they are all unpaid volunteers and fellow TCU members. Their guidance has paved the way for your Credit Union’s continued success. I’d also like to thank all of you, our members, for choosing to use Teamsters Credit Union. Your ongoing support is ultimately what drives our success.

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 WEL Group, Inc., Certified Public Accountants, of Portland was retained to conduct the 2006 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