

MEMBER SERVICES

We are very proud of the level of Member Service that we have continued to provide to you, our member / owner for the past 43 years. Some of the many benefits that we provide to you are:

CONFIDENTIAL, PERSONALIZED SERVICE ~ We strive to continue to handle your financial needs quickly and conveniently and pride ourselves on giving you the individualized prompt attention that you deserve and have come to expect at IAEFCU.

VISA CARDS ~ We offer both a Classic Visa at 10.9% and a Platinum Preferred Visa at 9.8%. These rates have no gimmicks or hidden rate increases ... just great basic rates you can count on. Our Visa cards come with NO annual fees, NO cash advance fees, and also come with Free Visa Convenience Checks.

REAL ESTATE LOANS ~ We offer Fixed Rate Mini Home Equity Loans from \$10,000 to \$100,000, with a streamlined application process to simplify your life. We also have Low Rate Home Equity Loans and Second Mortgages, which give you access to 70% of the equity value that you have in your home. We even pay your closing costs on our Home Equity and Second Mortgages!

INTERNET BANKING ~ Information available on your account anywhere you are 24/7. You can also pay all of your bills online, transfer funds between your savings, checking and loans, check your account history, apply for a loan, and much more ...

ATMs ~ Our IAEFCU ATM card is a convenient way to access cash in both your IAEFCU Checking and Savings. You can withdraw cash at any MAC, Cirrus, Star or Honor ATM machines located throughout the US and Europe – over 60,000 locations worldwide.

DIRECT DEPOSIT / PAYROLL DEDUCTION ~ is a convenient way to deposit funds into your IAEFCU accounts, pay your loans and start building your savings account. We also accept Government and Pension checks.

PAT ~ is our Automated Touch Tone Account Information Service that is available 24/7. You can check your balances, check your transactions, transfer funds between accounts, check our Loan, Savings and Certificate rates and obtain other important information wherever you are, whenever you want to.

LOAN APPLICATIONS ~ you can now apply for an IAEFCU loan at our website. If you prefer not to apply online, please give our offices a call. We work hard to make this a simple process.

FAMILY MEMBERSHIP ~ Please remember to refer your family and household members for IAEFCU membership. Applications are available at our website, or give us a call.

\$ FACTS ~ Since the Credit Union was founded 43 years ago, we have loaned \$86.1 million to our members.

MEMBER SERVICES

SAVINGS

Savings Accounts • Checking Accounts
Holiday Clubs
IRA Term Certificates
Share Term Certificates

LOANS

Personal Loans • Pledge of Savings
New and Used Vehicles • Boats
Tax-Payer Loans • Tuition
Consolidation
Second Mortgages
Home Equity Line of Credit
Mini Home Equity Loans

SERVICES

Payroll Deduction • Direct Deposit
Free Notary Service
VISA
Audio Response Teller - PAT
Internet Banking
ATM Cards

BOARD OF DIRECTORS

A. John Harrison, President
James P. Brennan, Vice President
Robert Kramer, Treasurer / Secretary
Om Bhambri • Regina Kaler
Gerald Pinola • Manfred Schlarb

SUPERVISORY COMMITTEE

Diego Franco, Chair
Virginia Gollin • Ray Maurer • Barbara Orenstein

CHIEF EXECUTIVE OFFICER

Regina Kaler

Business Hours: Monday-Friday 9:00 AM - 5:00 PM

INTERNATIONAL AIRLINE EMPLOYEES FEDERAL CREDIT UNION

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INTERNATIONAL AIRLINE EMPLOYEES FEDERAL CREDIT UNION



ANNUAL REPORT 2003

- AIR FRANCE
- ARIES INTERNATIONAL, INC.
- AUSTRIAN AIRLINES
- BROOKVILLE PLAZA MANAGEMENT
- BVLGARI CORPORATION OF AMERICA
- CLUB ABC TOURS
- CARGO AIRPORT SERVICES, LLC
- INTER-JET SYSTEMS, INC.
- FINNAIR
- INTER-JET CUSTOMHOUSE BROKERS, INC.
- KLM ROYAL DUTCH AIRLINES
- KUWAIT AIRWAYS
- MINDPEARL U.S., INC.
- SAS SCANDINAVIAN AIRLINES SYSTEM
- SN BRUSSELS AIRLINES
- SWISS INTERNATIONAL
- SCHENKER INTERNATIONAL
- THAI AIRWAYS INTERNATIONAL

The year 2003 was a year of consolidation, additions to our field of membership, and the introduction of new services for our members. We welcome aboard new members from Kuwait Airways, SN Brussels Airlines, and Club ABC Tours.

We ran a number of special promotions during the year for new and used auto loans, then slashed our already low car loan rates by another ½%. You'll find our latest rates on our website www.iaefcu.org. Finally we introduced an 8-month CD special promotion at 3.20% APY, which is proving tremendously popular.

The most significant development of all is our move to online banking, available through our web site. This enables you to pay bills, view all your savings, IRA, CD & Loan balances, transfer funds between your savings & checking accounts and to pay loans, check when funds have cleared and deposits credited, print out history reports, download a QIF file of your history and then import it into your favorite money management program. Also you can contact the Credit Union, apply for a loan and change your password online. Your information is password protected, encrypted and secure. This is the wave of the future, and we're right there with it

From the **Financial Report** opposite, you will see that we had a good year. **Assets** increased by approx \$1mn to \$26.5 mn. **Members' Deposits** amount to \$22.6mn including IRAs & CDs. **Investments** total \$15.6mn, held in Government securities and Empire Corporate FCU.

Membership went from 2,442 to 2,449 with 4,342 separate accounts. We added 140 new members and closed 133 dormant accounts. Note: **Active members always remain members.** We paid members \$486,441 in **Dividends** in 2003.

Loans. Our loan/asset ratio stood at 40% at year end including Participation loans with other Credit Unions. Loans to members dropped by \$678,067 to \$4,752,606 in 2003. We wrote off \$23,221 in defaulted loans and at the end of the year our Loan Loss Reserve amounted to \$70,817.

Our financial position is very strong. We added \$267,433 to our reserves for a capital to asset ratio of 14.09%, more than double that of most banks. Strong reserves enable us to grow and respond to members' needs, whatever the economic climate. We keep our overhead low so as to give members better-than-market rates both on loans and savings.

Our best thanks to our small but dedicated staff and our many volunteers for our continuing good results.

Jan 23, 2004

A. John Harrison

(All amounts in U.S. Dollars)

Balance Sheet

ASSETS

	December 31, 2002	December 31, 2003
Loans to Members	5,430,673	4,752,606
Participation Loans	4,633,627	5,731,107
(Less Loan Reserves)	- 83,106	-70,817
Net Outstanding Loans	9,981,194	10,412,896
Cash	15,865	30,106
Investments	15,043,676	15,651,472
NCUA Share Ins. Deposit	176,731	206,198
Furniture and Equipment (NET)	44,496	33,425
Other Assets	266,306	244,055
TOTAL ASSETS	25,528,268	26,578,152

LIABILITIES AND CAPITAL

Accounts Payable	235,129	250,198
Members' Deposits	21,411,291	22,623,838
Reserves	2,058,761	2,192,477
Undivided Earnings	1,417,556	1,551,272
Unrealized Gain/(Loss) on AFS Investments	405,531	-39,633
TOTAL LIABILITIES & CAPITAL	25,528,268	26,578,152

STATEMENT OF EARNINGS AND EXPENSES

INCOME		
Interest on Loans	757,362	616,121
Income From Investments	496,405	595,385
Other Income	62,854	79,396
TOTAL GROSS INCOME	1,316,621	1,290,902
OPERATING EXPENSES	549,876	537,028
DIVIDENDS PAID TO MEMBERS	518,583	486,441
NET EARNINGS	248,162	267,433

DISTRIBUTION OF NET EARNINGS

To Regular Reserve	124,081	133,717
To Undivided Earnings	124,081	133,716
TOTAL DISTRIBUTION OF NET EARNINGS	248,162	267,433

FOUR YEAR COMPARISON

The chart opposite shows trends over the past four years in loans to members, investments, members' savings, and total assets. During this period, the number of members and accounts varied as follows:

	2000	2001	2002	2003
Members	2429	2411	2442	2449
Accounts	3016	3007	3876	4342

