

## CONTACTING BCU:

### MEMBER RELATIONS

800-388-7000  
847-522-8600  
847-522-8749 fax

### SERVICIOS EN ESPAÑOL

800-214-5098  
www.tuBCU.org  
preguntaBCU@BCU.org

### INTERNET SERVICE CENTER & iTELLER

www.BCU.org

### E-MAIL ADDRESS

askBCU@BCU.org

### BART-BCU's 24-Hour Telephone Teller

800-944-8143

## BCU SERVICE CENTERS

### BCU Main Office

P.O. Box 8133 - 400 North Lakeview Parkway – Vernon Hills, IL 60061

### ARKANSAS

#### Mountain Home

1900 North Highway 201  
Mountain Home, AR 72653

### CALIFORNIA

#### Glendale

4501 Colorado Blvd.  
Los Angeles, CA 90039

#### Irvine

1452 Alton Parkway  
Irvine, CA 92606

#### Westlake Village

One Baxter Way  
Westlake Village, CA 91362

### FLORIDA

#### Tampa/Largo

7511 114th Avenue  
North Largo, FL 33773

### ILLINOIS

#### Vernon Hills

P.O. Box 8133  
400 N. Lakeview Pkwy  
Vernon Hills, IL 60061

### Deerfield

One Baxter Parkway  
Building 4-2E  
Deerfield, IL 60015

### McGaw Park

1485 Waukegan Road  
Brien Lang Building  
McGaw Park, IL 60085

### Lake Forest

Trustmark  
400 Field Drive  
Lake Forest, IL 60045

### Round Lake

Route 120 & Wilson Road  
Technology Building  
Round Lake, IL 60073

### MISSISSIPPI

#### Cleveland

911 N. Davis Avenue  
Cleveland, MS 38732

### NORTH CAROLINA

#### North Cove

67 Pitts Station Road  
Marion, NC 28752

### PUERTO RICO

#### Aibonito

P.O. Box 1389  
Road 721 KM 0.3  
Aibonito, PR 00705

#### Anasco

P.O. Box 180  
Road 402, North KM 1.4  
Anasco, PR 00610

#### Carolina

P.O. Box 1128  
St. Just, PR 00987

#### Jayuya

P.O. Box 510  
Road 144 KM 20.6  
Jayuya, PR 00664

#### Maricao

P.O. Box 784  
Road 357 KM 0.8  
Maricao, PR 00606

#### San German

P.O. Box 5200  
Road 122 KM 0.5  
San German, PR 00683



To serve members who do not live near a BCU location, your credit union is affiliated with a shared branching network with over 1,200 locations in 40 states and 7 countries. Visit the Service Center Directory at [www.BCU.org](http://www.BCU.org) to search for the shared location nearest you.



2003 ANNUAL REPORT



## IT'S ALL ABOUT THE MEMBER



*"In all my years of dealing with credit card companies, banks and mortgage companies, I have never been treated with such dignity, understanding, helpfulness and respect."*

**Robert M.**

Caterret, NJ

Member since 1991

*"I've always known what a friendly place it is. But I never imagined that a quick "Hello" would end up saving me thousands of dollars! When a BCU loan officer noticed I was driving a new truck, he suggested that I should join the credit union and refinance my loan. So I did – and immediately lowered my payment by nearly \$100 a month. Overall, I'll save 7% on my loan. Thanks BCU! You've got a member for life."*

**Rafael S.**

Wauconda, IL

Member since 2003

*"We used BCU for our very first mortgage and then went with our relocation partner when we moved to another area. I can honestly say that I am so glad we went back to BCU. Your quick response and friendly customer service makes a huge difference."*

**Betty L.**

Washington, DC

Member since 1999

## OUR VISION

We are your **partner** of choice.

We are your **employer** of choice.

We **personalize** your experience.

We **reward** your loyalty.

We **exceed** your expectations.

We are **committed** to your prosperity.

We **succeed** together.

## CHAIRMAN AND PRESIDENT'S MESSAGE:

BCU is committed to meeting the needs of our members. Your requests and feedback help shape our future. With members as our primary focus, we are happy to report yet another year of remarkable growth and stability enjoyed by BCU and its membership in 2003.

BCU experienced great growth during 2003, with our membership rising and our assets showing a healthy increase of almost 16% to \$880 million. During the course of 2003, we were pleased to add 12 new Select Employee Groups representing over 20,000 employees. Moreover, BCU made over 23,500 loans and 93% of members' deposits were used to fund these loans. Overall, BCU's loan portfolio grew 19% in 2003. These numbers are an encouraging sign that our programs and policies are being effective; but even more than that, they are a reminder that our various range of products allows us to serve a diverse membership base – one person at a time.

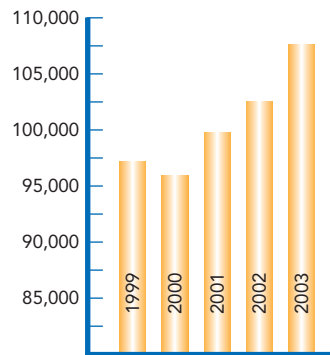
The mortgage industry and BCU both had record years in 2003. We had over \$348 million in closings – a 50% increase over 2002. BCU also continued to expand its products and programs offered through our partnership with Fannie Mae. In fact, BCU now participates in Fannie Mae's MyCommunityMortgage™ program, opening the door to home ownership for members who may not have previously qualified for a mortgage. With loan rates remaining near historic lows throughout the year, we were excited to help our members reach their dreams and achieve their goals in many different ways.

Member service is the cornerstone of all we do, and in 2003, BCU implemented a variety of enhancements designed to add even more value, convenience, and security. We upgraded our telephone and Internet systems, and expanded our ATM network to provide more than a million ATM locations. We took proactive measures to protect our members from the threat of identity theft; we launched new Advantage Checking accounts and we added an Overdraft Privilege program.

In addition to supporting the needs of our members, BCU has consistently focused on its role as a corporate citizen in the communities we serve. We support local athletic teams, chambers of commerce, and school systems through donations, volunteer time, and our high school cooperative program. Our dedicated employees spend many volunteer hours sharing their time, energy and enthusiasm for the good of the community. Furthermore, BCU supports numerous non-profit organizations through charitable donations.

All in all, it's been an eventful year! We have launched new programs, blazed new trails and explored new opportunities. On the surface it may look like we're moving in many different directions. But when you look a little closer, you'll see that each path leads in its own way to one ultimate goal: serving our members, day after day.

MEMBERSHIP GROWTH

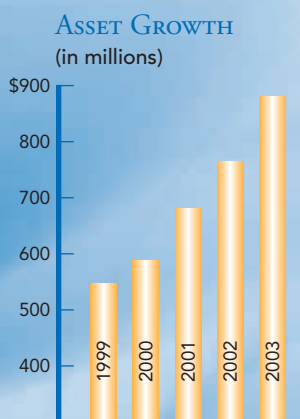


**Charles W. Thurman**, Chairman of the Board

**Michael G. Valentine**, President and CEO

# STATEMENTS OF FINANCIAL CONDITION

*As of December 31, 2003 and 2002*

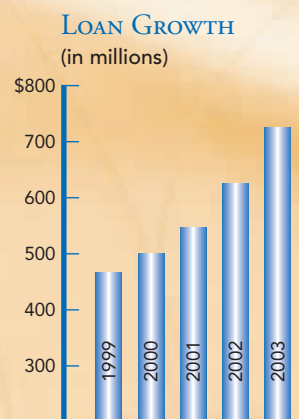


(in thousands)	2003	2002
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,779	\$ 9,319
Investment securities available-for-sale	30,044	18,585
Other investments	87,858	82,451
Mortgage loans held for sale	1,872	16,547
Loans to members, net	728,450	611,886
Accrued interest receivable	2,749	3,080
Property and equipment	8,849	8,223
NCUA share insurance deposit	5,863	4,949
Other assets	5,512	7,018
<b>TOTAL ASSETS</b>	<b>\$ 879,976</b>	<b>\$ 762,058</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Members' shares	\$ 736,898	\$ 662,788
Borrowed funds	65,000	30,000
Accrued expenses and other liabilities	12,808	15,126
<b>Total Liabilities</b>	<b>814,706</b>	<b>707,914</b>
<b>MEMBERS' EQUITY</b>		
Regular reserve	35,725	35,725
Undivided earnings	29,812	18,250
Accumulated other comprehensive income	(267)	168
<b>Total Members' Equity</b>	<b>65,270</b>	<b>54,143</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 879,976</b>	<b>\$ 762,058</b>

## STATEMENTS OF INCOME

Years ended December 31, 2003 and 2002

(in thousands)	2003	2002
<b>INTEREST INCOME</b>		
Interest on loans to members	\$ 41,884	\$ 40,885
Interest on investments	5,222	4,046
<b>Total Interest Income</b>	<b>47,106</b>	<b>44,931</b>
<b>INTEREST EXPENSE</b>		
Dividends on members' shares	16,682	17,625
Interest on borrowed funds	742	226
<b>Total Interest Expense</b>	<b>17,424</b>	<b>17,851</b>
<b>NET INTEREST INCOME</b>	<b>29,682</b>	<b>27,080</b>
Provision for loan losses	2,820	2,600
Net Interest Income		
After Provision for Loan Losses	26,862	24,480
<b>NON-INTEREST INCOME</b>		
Interchange income	6,433	5,920
Service charges and other fees	8,054	4,254
Net gains on sales of mortgage loans	2,429	2,086
Other mortgage income	1,437	1,084
Net gains on sales of investments	87	--
Other income	3,228	2,434
<b>Total Non-Interest Income</b>	<b>21,668</b>	<b>15,778</b>
<b>OTHER OPERATING EXPENSES</b>		
Salaries and benefits	14,514	13,147
Office occupancy	1,412	1,443
Loan costs	9,404	7,371
Equipment and data processing	2,947	3,366
Other expense	8,691	6,809
<b>Total Other Operating Expenses</b>	<b>36,968</b>	<b>32,136</b>
<b>NET INCOME</b>	<b>\$ 11,562</b>	<b>\$ 8,122</b>



# IT'S ALL ABOUT YOUR NEEDS

*Enhancements for 2003*

*Here at BCU, we're always looking for ways to improve our members' financial lives. So we're always asking questions. What are the challenges our members face? How are their lifestyles changing? What kinds of tools and resources are they looking for? The following improvements helped us address these questions in 2003, providing practical solutions for a variety of situations.*

## Freedom of choice

Members have told us they appreciate having choices. With our new Advantage Checking program, members now have a choice of three types of checking accounts instead of just one. To provide peace of mind during uncertain economic times, members can utilize the new Overdraft Privilege program should they temporarily overdraw their checking accounts or debit card activity.

## Support for your dreams

### **New Mortgage Products**

BCU added Fannie Mae's MyCommunityMortgage™ program to our list of product offerings in the late summer of 2003. This program is designed to bring the dream of homeownership to low- and moderate-income families by offering flexible financing options, including 100% financing. Two other innovative programs, Community Solutions Mortgage and Freedom 100 Mortgage, allow us to extend mortgages to a larger segment of our membership than ever before. Additionally, in late 2003, BCU streamlined the application process with our new Prime Alliance online system.

### **VISA® Gift Cards**

We now offer VISA Gift Cards, a personalized, prepaid card that can be used at millions of locations worldwide where Visa Debit Cards are accepted. The Gift Card is safer and more personal than cash and easier to use than checks or gift certificates.

### **Investment Services**

Since 1997, BCU has offered brokerage and financial planning services to our members and their families. In 2003, BCU and our investment specialists remained committed to helping our members' retirement and wealth management needs. Through 2003, BCU accumulated over \$150 million in investments under management. With the MEMBERS Financial Services program, BCU will continue to expand service offerings and options to help our members achieve financial success. In that respect, BCU will launch a full range of trust services in 2004 through a new program with MEMBERS Trust Company.

### **Focusing on our Spanish-speaking Membership**

We continue to support the growth of BCU's Spanish-speaking membership through customized services and programs. During 2003 we made several enhancements in this area; in September we initiated a Home Equity product for our members in Puerto Rico; we now provide members the option to receive communication pieces in Spanish; and we introduced our Spanish website ([www.tuBCU.org](http://www.tuBCU.org)) and iTeller (Cajero Cibernético). To further develop our Spanish initiatives, BCU also created an advisory community of nationwide credit unions currently serving members in Spanish.

## **Time-saving services**

Our members are increasingly comfortable with online transactions and other forms of remote access. In fact, most people now take advantage of the 24-hour convenience of ATMs and online banking. BCU stayed ahead of the curve in 2003, with improvements and upgrades in several areas.

### **Bill Pay Upgrade**

We upgraded our Internet Bill Pay online service, adding new features as well as improving upon existing ones. The new E-bills service allows BCU members to receive and view most bills electronically, and offers more options when scheduling payments.

### **Online Loan Services**

We rolled out Prime Alliance, our online mortgage application tool, in late 2003. This convenient system allows our members to apply and get loan decisions online, and even print an approval letter on the spot. The site also provides members with rate quotes, transaction specific cost estimates, product information, calculators and numerous other learning tools.

### **iTeller Improvements**

iTeller now provides quicker accessibility to important information. In addition to managing accounts online, members can track credit card activity and view front and back images of cleared checks.

### **Expansion of ATM Networks**

We expanded our ATM networks by joining forces with Alliance One and the STAR ATM Network, offering our members 24-hour access to thousands of surcharge-free ATMs nationwide. We also added the Pulse EFT Network, which provides 92,000 ATM locations and 432,590 merchant locations. In total our members have access to more than a million ATM locations and millions of merchant locations for point of sale (POS) transactions.

## **Security and peace of mind**

With more than 27 million victims over the past 5 years, identity theft is an issue that truly affects all of us. BCU has taken a proactive role in helping our members protect themselves against online fraud and identity theft. We upgraded our technology infrastructure; distributed educational literature; initiated training for all employees; performed external network penetration tests; conducted a complete assessment of our internal vulnerabilities; and we implemented numerous enhancements to our fraud prevention processes. All of these efforts are designed to help our members rest easy, knowing their personal and account information is safe and sound.



# IT'S ALL ABOUT SERVING YOU BETTER

*Looking Ahead to 2004*

At the end of another successful year, it's time to start thinking about the years to come!

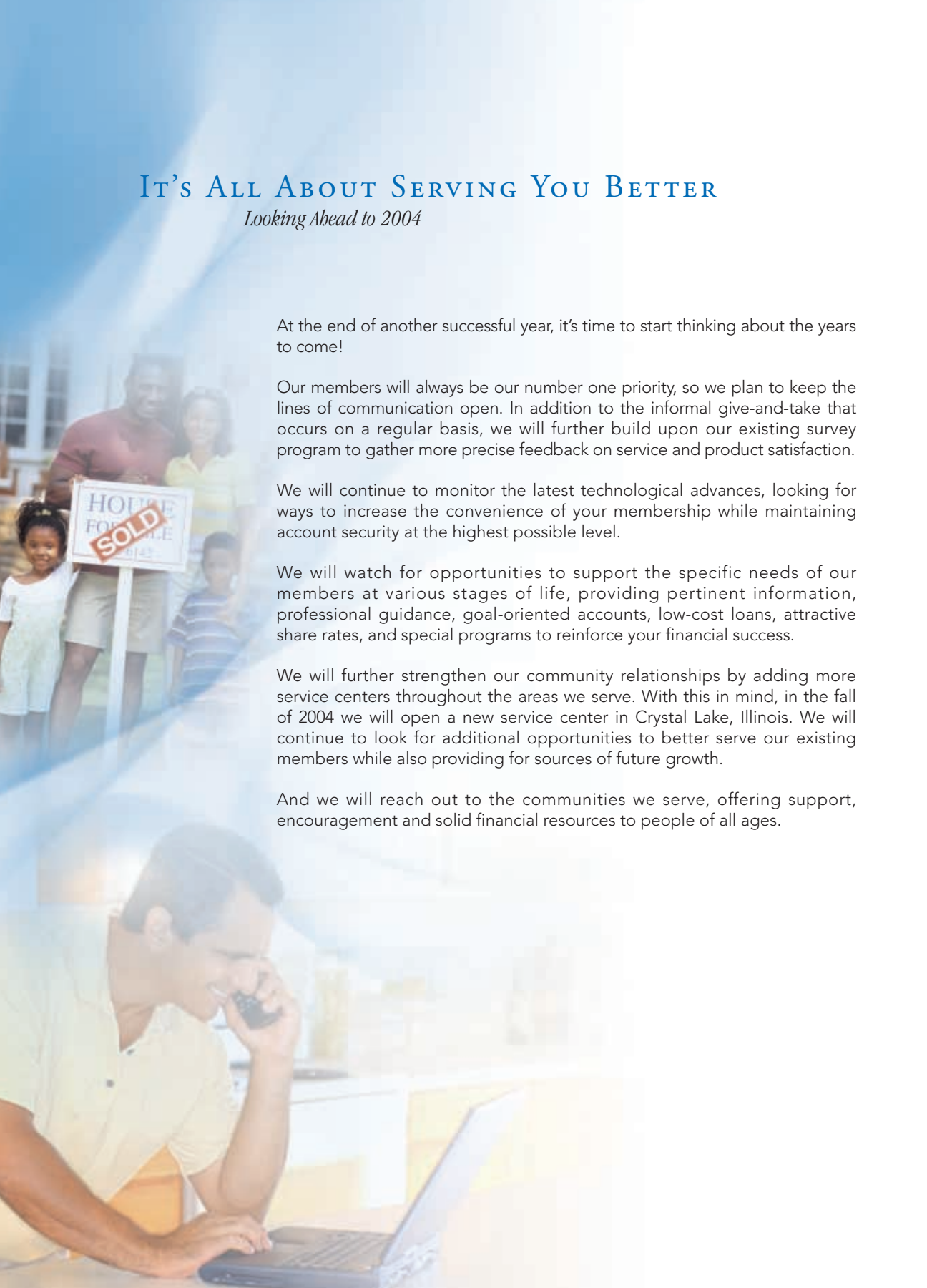
Our members will always be our number one priority, so we plan to keep the lines of communication open. In addition to the informal give-and-take that occurs on a regular basis, we will further build upon our existing survey program to gather more precise feedback on service and product satisfaction.

We will continue to monitor the latest technological advances, looking for ways to increase the convenience of your membership while maintaining account security at the highest possible level.

We will watch for opportunities to support the specific needs of our members at various stages of life, providing pertinent information, professional guidance, goal-oriented accounts, low-cost loans, attractive share rates, and special programs to reinforce your financial success.

We will further strengthen our community relationships by adding more service centers throughout the areas we serve. With this in mind, in the fall of 2004 we will open a new service center in Crystal Lake, Illinois. We will continue to look for additional opportunities to better serve our existing members while also providing for sources of future growth.

And we will reach out to the communities we serve, offering support, encouragement and solid financial resources to people of all ages.



# BOARD OF DIRECTORS

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*Assistant Secretary*

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*Senior Vice President/CFO*

Robert McKay  
*Senior Vice President/COO*

Lisa A. Wilson  
*Senior Vice President/  
Human Resources*

Michelle Bloedorn  
*VP/Marketing*

Patti Dixon  
*VP/Service Centers*

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Jeffrey M. Johnson  
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Kenton Potterton  
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Priscilla Rellas Scoco

Douglas D. Shuma

Charles W. Thurman

Michael G. Valentine

Worth D. (Dave) Holder, Jr.

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Margot F. Kaplan

Douglas D. Shuma

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Martin T. Conway

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