

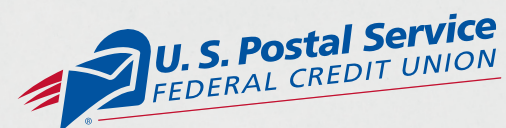
STATEMENTS OF INCOME

Period ending
December 31, 2021,
and 2020

	2021	2020
INTEREST INCOME		
Interest on loans receivable	\$8,472,245	\$9,183,349
Interest on investments	491,609	983,826
Interest income	8,963,854	10,167,175
INTEREST EXPENSE		
Dividends on share and savings accounts	1,191,912	2,007,816
Interest on borrowed funds	45,447	113,155
Interest expense	1,237,359	2,120,971
NET INTEREST INCOME	7,726,495	8,046,204
PROVISION FOR LOAN LOSSES	108,366	820,123
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,618,129	7,226,081
NON-INTEREST INCOME		
Card income	1,630,740	1,533,591
Service charges	769,671	636,436
Miscellaneous income	298,858	101,563
Liquidation of CUSO proceeds	-	13,031
Non-interest income	2,699,269	2,284,621
	10,317,398	9,510,702
NON-INTEREST EXPENSE		
Compensation and employee benefits	4,599,636	5,016,118
Professional and outside services	1,904,164	1,721,888
Loan servicing	1,474,976	1,344,564
Operations	1,377,875	1,152,164
Occupancy	380,242	380,638
Education and promotion	69,578	104,318
Liquidation of CUSO, net	12,141	-
Loss on sale of investments, net	5,435	-
Non-interest expense	9,824,047	9,719,690
NET INCOME	\$493,351	\$(208,988)

An Independent Auditing Firm has audited the accompanying statements of financial condition of the U. S. Postal Service Federal Credit Union as of December 31, 2021, and 2020, and the related statements of income, members' equity and cash flows (not presented herein) for the years then ended; in their report dated April 13, 2022, they expressed an unmodified opinion on those financial statements. These financial statements are the responsibility of the Credit Union's management. The Independent Auditing Firm's responsibility is to express an opinion on these financial statements based on their audits. The condensed financial statements do not constitute a complete set. The complete set, including the statements of changes in members' equity, cash flows and notes to the financial statements, is available in the Credit Union office. We do business in accordance with the Federal Fair Housing Law and the Equal Opportunity Act. It is illegal to discriminate against any person because of race, color, religion, sex or national origin.

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DELIVERING A BETTER FUTURE

2021 ANNUAL REPORT

CHAIRMAN'S REPORT

Let me begin by thanking you for being a member. There is no credit union without its member-owners, and we know you have many choices when deciding where to conduct your financial affairs.

Despite the uncertain economic outlook, inflationary pressures and rising interest rates, the U. S. Postal Service Federal Credit Union ("USPS FCU") remained focused on providing you with the most competitive rates and the best service possible.

Overall, the Credit Union performed well during 2021. USPS FCU grew its loan portfolio by \$30 million, nearly doubling our goal for the year. This strong loan growth was largely driven by demand for mortgage refinancing and auto loans. When coupled with other cost control initiatives, which led to a significant reduction in our cost of funds, USPS FCU realized a net income of \$493 thousand – significantly surpassing our goal of \$311 thousand. The Credit Union ended the year with a Net Worth of \$28.2 million, an increase of 5.2% over last year. USPS FCU also maintained its "well-capitalized" rating by our federal regulator, the NCUA. These financial results are impressive, particularly considering the national economic climate, and are the result of the hard work of USPS FCU's dedicated management team.

Beyond the financials, I also want to highlight several other accomplishments:

1) The Credit Union put a lot of effort into improving its IT infrastructure and completed several projects during 2021. Of particular note, we rolled out a new phone system, launched a new home banking platform with an enhanced mobile app, added 24/7 home banking support, implemented a new audio response system, and upgraded our corporate and redundant firewalls for increased systems security. All of these initiatives are designed to improve the member experience and to help our staff serve you better.

2) USPS FCU launched a new, insured loan product that will help us lend to members with lower credit scores while also ensuring that the Credit Union limits its exposure to loss of principal in the event of default. Expanding the pool of members eligible for loans is part of the Credit Union ethos, promoting the financial welfare of our membership. When we can accomplish this goal while exposing the Credit Union to minimal risk, everyone wins.

3) Credit Union management put a lot of effort into evaluating additional ways we can better meet our members' financial needs while also diversifying our loan portfolio. As a result, USPS FCU is considering offering new home improvement and interest-only home equity loans. While IT hurdles still need to be overcome, and the economic conditions need to be right, we hope to introduce these products later in 2022.

4) In 2021, we completed a merger with the National Alliance of Postal and Federal Employees Federal Credit Union and welcomed its approximately 500 members to the USPS FCU family. Our team is grateful to have the opportunity to serve the members of NAPFE FCU with a wide array of products and services. We are also pleased to be able to preserve the roots of a postal-affiliated credit union that was established back in 1977. This merger added \$2.5M in assets to our balance sheet.

Looking forward, the Board sees opportunities to continue improving the balance sheet, paying competitive rates, and generating net income. Because the Credit Union is "well capitalized," and because we continue to put in the time and effort to chart our path forward, your Board is confident in USPS FCU's future and its ability to continue serving its member-owners.

Respectfully submitted,

John F. Rosato
Chairman, USPS FCU Board of Directors

SUPERVISORY COMMITTEE

WILLIAM BATTERTON *Chairman*
ROBERT J. PEDERSEN *Member*
RICHARD STRASSER, JR. *Member*
LEONARDO GREEN *Member*
CAROL MORGAN *Member*

STATEMENTS OF FINANCIAL CONDITION

Period ending
December 31, 2021,
and 2020

ASSETS	2021	2020
Cash and cash equivalents	\$23,905,789	\$54,128,122
Investments:		
Available-for-sale	17,465,747	19,381,968
Held-to-maturity	489,000	–
Other	8,741,655	19,964,991
Federal Home Loan Bank (FHLB) stock	138,000	454,100
Loans receivable, net of allowance for loan losses	215,948,804	176,554,780
Accrued interest receivable	582,298	534,376
Premises and equipment, net	379,031	459,693
National Credit Union Share Insurance Fund deposit	2,282,135	2,190,235
Other assets	2,670,460	3,075,083
Total Assets	\$272,602,919	\$276,743,348
LIABILITIES		
Members' share and savings accounts	\$242,297,906	\$243,347,407
Borrowed funds	–	5,000,000
Interest payable	163,433	252,079
Accrued expenses and other liabilities	2,148,243	1,442,999
Total Liabilities	244,609,582	250,042,485
MEMBERS' EQUITY		
Regular reserve	2,115,817	2,115,817
Appropriated undivided earnings	25,187,236	24,693,885
Undivided earnings	100	100
Accumulated other comprehensive loss	(288,748)	(108,939)
Equity acquired in merger	978,932	–
Total Members' Equity	27,993,337	26,700,863
Total Liabilities and Members' Equity	\$272,602,919	\$276,743,348

BOARD OF DIRECTORS

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Chairman

MICHAEL E. MCCARTNEY
Vice Chairman

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THOMAS DALE JR.
Secretary/Treasurer/Director of Finance

CHRISTINA LEWIS
Director of Marketing

CHARLES A. MCCULLOUGH, II, ESQ.
Director

RICHARD YESSIAN *Director of Human Resources*

BRADY HAYDEN *Director of Strategic Planning*

GILBERT A. FORD, JR. *Director*

