

Statements of Income

Period ending
December 31, 2018
and 2017

	2018	2017
INTEREST INCOME		
Interest on loans receivable	\$7,997,204	\$5,863,615
Interest on investments	1,363,774	1,404,392
Interest income	9,360,978	7,268,007
INTEREST EXPENSE		
Dividends on members' share and savings accounts	1,501,479	920,111
Interest on borrowed funds	188,547	4,940
Interest expense	1,690,026	925,051
NET INTEREST INCOME	7,670,952	6,342,956
PROVISION FOR LOAN LOSSES	753,243	491,734
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,917,709	5,851,222
NON-INTEREST INCOME		
Fees and service charges	1,881,951	1,851,531
Other non-interest income	1,237,105	1,099,215
Gain on sale of assets acquired in liquidation, net	33,626	4,889
Non-interest income	3,152,682	2,955,635
	10,070,391	8,806,857
NON-INTEREST EXPENSE		
Compensation and employee benefits	4,343,312	4,075,226
Professional and outside services	1,860,624	1,747,330
Loan servicing	1,572,365	850,648
Operations	1,079,316	982,144
Occupancy	360,165	365,417
Education and promotion	133,491	190,551
Loss on sale of investments, net	40,493	-
Non-interest expense	9,389,766	8,211,316
NET INCOME	\$680,625	\$595,541

Celebrating Our

85th

ANNIVERSARY

2018 ANNUAL REPORT

An Independent Auditing Firm has audited the accompanying statements of financial condition of U. S. Postal Service Federal Credit Union as of December 31, 2018, and 2017, and the related statements of income, members' equity and cash flows (not presented herein) for the years then ended; in their report dated April 17, 2019, 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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Chairman's Report

Growth sums up what took place in 2018 at U. S. Postal Service Federal Credit Union (USPS FCU). Having heard how underprepared people are for retirement and how little savings too many people have, your Credit Union began 2018 by offering what some have said were the best IRA Certificate rate offerings in the country. The tagline was "get two for one or three for two," meaning members could get 2% APY for one year or 3% APY for two years on IRA Certificates. The result was a definitive value-added return to our members to better prepare them for retirement. Members earned \$581,000 more in dividends last year!

On the other side of the balance sheet we have loans. We expanded our auto lending program to work with car dealers, which led to record loan and member growth. We also upgraded our lending software to give members the ability to apply online for various loan products. We ended the year with success stories all around.

In the community, USPS FCU continues to provide volunteers and funding toward the support of the Children's Miracle Network Hospitals®. Together with other credit unions, we have raised \$9 million for these hospitals. We also reached out to all of our members in the Maryland, Washington D.C., Virginia, North Carolina, South Carolina and Georgia areas who were affected by Hurricane Florence and provided payment deferrals on existing loans, offered 0% on Visa® cards, waived early withdrawal penalties on certificates

and offered emergency loans. We care about you, our members. We continue efforts to give back to the community through the adoption and maintenance of Malcolm Road in Clinton, Maryland, the location of our central administrative office.

Feeling good about your Credit Union? You should! And don't forget, you are an owner as well as a member. The benefits of membership are not only open to employees of the U.S. Postal Service. Give your family and friends the gift of membership. Have young children or grandchildren under the age of 17? Want to help them start off on the right foot? Set them up with a 3-Year Add-On Young Savers Certificate earning 3% APY! You'll both be glad you did!

In closing, your Board tirelessly works to provide greater value to our member-owners. We go by the mantra that good enough never is. To that end, your volunteer Board challenges themselves to do more, think strategically, think outside the box and ideate. We demand of ourselves to become more than what we are as individuals and more collectively as your volunteer Board. The Board also challenges management to deliver more, so we can give more back to our member-owners. We will continue to do so, as your Board appreciates that you have choices, and we appreciate you choosing USPS FCU.

Respectfully submitted,

Michael E. McCartney
Chairman, USPS FCU Board of Directors

Statements of Financial Condition

Period Ending
December 31, 2018
and 2017

ASSETS	2018	2017
Cash and cash equivalents	\$18,768,352	\$3,981,143
Investments:		
Available-for-sale	21,376,313	35,481,202
Other	25,312,339	52,846,615
Federal Home Loan Bank (FHLB) stock	202,400	486,200
Loans receivable, net of allowance for loan losses	168,725,813	127,623,865
Accrued interest receivable	584,025	565,618
Premises and equipment, net	309,404	296,258
National Credit Union Share Insurance Fund deposit	1,993,976	1,800,109
Assets acquired in liquidation	–	277,493
Other assets	1,907,417	1,517,950
Total Assets	\$239,180,039	\$224,876,453
LIABILITIES		
Members' share and savings accounts	\$211,926,752	\$191,315,067
Borrowed funds	–	7,000,000
Interest payable	361,868	216,686
Accrued expenses and other liabilities	1,744,335	1,771,889
Total Liabilities	214,032,955	200,303,642
MEMBERS' EQUITY		
Regular reserve	2,115,817	2,115,817
Appropriated undivided earnings	23,392,819	22,712,194
Undivided earnings	100	100
Accumulated other comprehensive loss	(361,652)	(255,300)
Total Members' Equity	25,147,084	24,572,811
Total Liabilities and Members' Equity	\$239,180,039	\$224,876,453

Board of Directors

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Director of Technology/Operations

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Director

THOMAS DALE JR.
Secretary/Treasurer/Director of Finance



Supervisory Committee

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AMY ROSE *Member*

RICHARD STRASSER, JR. *Member*

LEONARDO GREEN *Member*

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