

SERVICE SECURITY & STABILITY

2022 ANNUAL REPORT



CHAIRMAN'S REPORT

As I have for the past few years, 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.

Overall, the Credit Union performed well during 2022. USPS FCU grew its loan portfolio by \$26.7 million, exceeding our goal by nearly 50 percent. This strong loan growth was largely driven by demand for mortgage refinancing at the beginning of the year and auto loans. When coupled with other cost control initiatives and the best net interest margin we've achieved in over a decade, USPS FCU realized a net income of \$835 thousand – nearly double what we earned in 2021. USPS FCU also maintained its “well-capitalized” rating by our federal regulator, the NCUA. These are strong financial results for a credit union of our size and are a credit to 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 developing an online account opening system. While this feature hasn't launched yet, we are very close to doing so. Despite numerous unexpected setbacks, our leadership team has steadily worked through many obstacles. We hope to launch this new feature by the end of the year, and we believe that it will significantly improve the member experience.
- 2) In 2022, USPS FCU launched a new, improved credit card rewards system and user interface, and issued contactless cards to all members. Additionally, for those always on the go, our credit card

mobile app now allows cardholders to report upcoming travel and lost/ stolen cards, and to receive a digital replacement card almost instantly. We believe that these changes will improve the competitiveness and convenience and our product offering and enhance the security of our cardholders.

- 3) Over the past year, the Credit Union has spent time exploring opportunities to provide financial services that would expand into markets that were previously underserved. As a result, in 2022 two additional vehicle loan services were introduced. We began offering discounts on eco-friendly vehicles and also began a new loan program that allows us to extend lending services to borrowers who may have less-than-perfect credit scores. With these new programs, we can better serve the underserved. We will continue to explore similar options and programs in 2023 and beyond.

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. We look forward to reporting equally impressive results this time next year.

Respectfully submitted,

John F. Rosato

Chairman, USPS FCU Board of Directors



SUPERVISORY COMMITTEE

CAROL MORGAN *Chairman*

ROBERT J. PEDERSEN *Member*

RICHARD STRASSER, JR. *Member*

LEONARDO GREEN *Member*

WILLIAM BATTERTON *Member*

STATEMENTS OF FINANCIAL CONDITION

Period ending
December 31, 2022,
and 2021

ASSETS	2022	2021
Cash and cash equivalents	\$4,083,969	\$24,130,579
Investments:		
Available-for-sale	13,454,792	17,465,747
Held-to-maturity	489,000	489,000
Other	759,925	8,516,865
Federal Home Loan Bank (FHLB) stock	645,800	138,000
Loans receivable, net of allowance for loan losses	243,731,011	215,948,804
Accrued interest receivable	725,906	582,298
Premises and equipment, net	239,978	379,031
National Credit Union Share Insurance Fund deposit	2,245,955	2,282,135
Right of use assets	1,073,272	-
Other assets	3,374,091	2,670,460
Total Assets	\$270,823,699	\$272,602,919
LIABILITIES		
Members' share and savings accounts	\$230,110,753	\$242,297,906
Borrowed funds	10,500,000	-
Interest payable	182,647	163,433
Lease liabilities	1,073,272	-
Accrued expenses and other liabilities	1,255,613	2,148,243
Total Liabilities	243,122,285	244,609,582
MEMBERS' EQUITY		
Appropriated undivided earnings	28,138,536	27,303,053
Undivided earnings	-	100
Accumulated other comprehensive loss	(1,416,054)	(288,748)
Equity acquired in merger	978,932	978,932
Total Members' Equity	27,701,414	27,993,337
Total Liabilities and Members' Equity	\$270,823,699	\$272,602,919

BOARD OF DIRECTORS

JOHN F. ROSATO

Chairman

MICHAEL E. MCCARTNEY

Vice Chairman

RICHARD E. GATEWOOD

Director of Technology/Operations

THOMAS DALE, JR.

Secretary/Treasurer/Director of Finance

RICHARD YESSIAN

Director of Human Resources

BRADY HAYDEN

Director of Strategic Planning

GILBERT A. FORD, JR.

Director

CHRISTINA LEWIS

Director of Marketing

CHARLES A. MCCULLOUGH, II, ESQ.

Director

STATEMENTS OF INCOME

Period ending
December 31, 2022,
and 2021

INTEREST INCOME	2022	2021
Interest on loans receivable	\$9,753,127	\$8,472,245
Interest on investments	459,267	491,609
Interest income	10,212,394	8,963,854
INTEREST EXPENSE		
Dividends on share and savings accounts	822,905	1,191,912
Interest on borrowed funds	182,054	45,447
Interest expense	1,004,959	1,237,359
NET INTEREST INCOME	9,207,435	7,726,495
PROVISION FOR LOAN LOSSES	1,185,113	108,366
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,022,322	7,618,129
NON-INTEREST INCOME		
Card income	1,677,020	1,630,740
Service charges	630,705	547,032
Commission income	320,016	284,015
Capital share claim reimbursement	144,762	–
Other non-interest income	45,189	237,482
Gain on disposition of assets acquired in liquidation, net	43,729	–
Other gains and losses, net	16,822	–
Non-interest income	2,878,243	2,699,269
	10,900,565	10,317,398
NON-INTEREST EXPENSE		
Compensation and employee benefits	4,924,909	4,599,636
Professional and outside services	1,859,004	1,904,164
Loan servicing	1,547,113	1,474,976
Operations	1,226,234	1,377,875
Occupancy	381,011	380,242
Education and promotion	119,812	69,578
Early CD withdrawal penalties	7,099	–
Liquidation of CUSO, net	–	12,141
Loss on sale of investments, net	–	5,435
Non-interest expense	10,065,182	9,824,047
NET INCOME	\$835,383	\$493,351

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, 2022, and 2021, 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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