



ANNUAL REPORT 2014

Federally Insured by NCUA

CHAIRMAN'S REPORT

Leadership can be hard to define, and it means different things to different people. In the transformational leadership model, leaders set direction and help themselves and others to do the right thing to move forward. In the past year, the U. S. Postal Service Federal Credit Union exemplified leadership in transforming many products and services to better meet your financial needs.

As a member, you are part of an institution that is driven to build your personal wealth by putting its earnings toward giving you higher savings rates and lower loan rates. USPS FCU does this because it's the right thing to do. That's the truth that makes credit union membership, products and services a superior option to a bank, whose profits go to a select few shareholders.

For the past 81 years, USPS FCU has offered postal employees, associated groups and their families financial services that meet their unique needs. That modest beginning in 1934 of seven postal workers pooling their savings of \$100 has resulted in tens of thousands of USPS FCU members receiving loans totaling nearly \$1 billion. Currently, over \$100 million is outstanding in member loans. The source of funding for those loans is your pooled savings, which at year-end amounted to roughly \$177 million.

Savings accounts are necessary to fund loans. This requires you and other Credit Union members to exercise personal financial leadership by having well-funded savings accounts. It also requires members with loans to make payments on time. These acts of personal financial leadership provide opportunities for more members to borrow and ensure the Credit Union does not have to dip into reserve funds.

USPS FCU leads with the understanding that it is an organization of people that maximizes member prosperity. For this reason, the Credit Union continually seeks new services and products that will help you better manage and retain your hard-earned money.

During the past year, USPS FCU made significant improvements to the lending process. With loan delivery through e-signatures and technology upgrades to the lending platform, staff reduced the time needed to approve loans by 50%. Motivated to develop loan programs that will positively impact all members—especially those with less-than-favorable credit—USPS FCU converted the 1% rate savings on vehicle recapture loans into a permanent program. The Credit Union also inaugurated a new student loan consolidation program that will better enable members to enjoy the benefits of higher education.

Leading you toward a more prosperous future also means providing you easy access to financial information in a manner you can understand. For this reason, the Credit Union enhanced the monthly account statements so that it's easier for you to manage your money. For the web-savvy member, the new USPS FCU website launched this spring. Now the information you need most is more convenient to find. With the new Virtual Branch feature, you have 24/7 online banking options all in one place and just a touch away. Best of all, when you are on the go, you can now access the USPS FCU mobile app on your tablet.

You might be surprised to know that many of these new financial offerings were born of ideas that members gave to the USPS FCU board and staff. Continue to share your ideas with us. The Credit Union will continue to meet your needs.

As we look toward the year ahead, I ask you to remember that as members, you are not just beneficiaries of the Credit Union's financial strength; you are leaders of it. As such, you have the duty to hold us accountable for offering services that further your financial wellness. There are many ways to contribute. Volunteer to be on a marketing focus group. Share an idea to improve services with a branch manager. Tell a board member about a financial product that would be helpful. You might even consider sitting on the Credit Union Supervisory Committee or running for the Board of Directors.

As the ultimate leader of your own financial wellness, you have the ability to help the Credit Union better help you and all members prosper. The ways to do this are as numerous as they are simple. Enroll in direct deposit. Have a healthy savings account. Regularly use your USPS FCU debit/credit card. Look to USPS FCU for your next loan. Encourage others to become members.

The 22,000 members of the U. S. Postal Service Federal Credit Union can be proud of the direction in which it is headed. USPS FCU is successfully leading its membership to a stronger financial future and becoming a stronger organization itself. I am confident we all will continue to move forward together.

STATEMENTS OF INCOME

Years Ended December 31, 2014 and 2013

	2014	2013
INTEREST INCOME		
Loans	\$6,050,351	\$6,459,898
Securities and Interest-Bearing Deposits	925,558	917,459
Total Interest Income	6,975,909	7,377,357
INTEREST EXPENSE		
Members' Share and Savings Accounts	867,228	1,073,807
Borrowed Funds	79	79
Total Interest Expense	867,307	1,073,886
Net Interest Income	6,108,602	6,303,471
PROVISION FOR LOAN LOSSES		
Net Interest Income after Provision for Loan Losses	424,755	1,096,762
NON-INTEREST INCOME		
Service Charges and Fees	1,903,328	2,078,127
Other Non-Interest Income	1,075,413	1,113,087
Net Gain on Sale of Assets	25,200	-
Total Non-Interest Income	3,003,941	3,191,214
NON-INTEREST EXPENSE		
General and Administrative		
Employee Compensation and Benefits	3,625,432	3,585,288
Office Occupancy and Operations	1,159,701	1,106,513
Share Insurance Premium	-	140,473
Other Operating Expenses	2,775,014	2,638,930
Net Loss on Sale of Assets	-	55,500
Total Non-Interest Expense	7,560,147	7,526,704
NET INCOME	1,127,641	871,219
OTHER COMPREHENSIVE INCOME (LOSS)		
Securities-Available-for-Sale		
Unrealized Holding Gain (Loss) Arising During the Period	999,539	(1,648,439)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$2,127,180	\$(777,220)



STATEMENTS OF MEMBERS' EQUITY

Years Ended December 31, 2014 and 2013

	REGULAR RESERVES	UNDIVIDED EARNINGS	OTHER RESERVES	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
BALANCE AT 12/31/12	\$2,115,817	\$100	\$19,089,424	\$131,174	\$21,336,515
Net Income	-	871,219	-	-	871,219
Other Comprehensive Loss	-	-	-	(1,648,439)	(1,648,439)
Discretionary Transfers, Net	-	(871,219)	871,219	-	-
BALANCE AT 12/31/13	\$2,115,817	\$100	\$19,960,643	\$(1,517,265)	\$20,559,295
Net Income	-	1,127,641	-	-	1,127,641
Other Comprehensive Income	-	-	-	999,539	999,539
Discretionary Transfers, Net	-	(1,127,641)	1,127,641	-	-
BALANCE AT 12/31/14	\$2,115,817	\$100	\$21,088,284	\$(517,726)	\$22,686,475

BOARD OF DIRECTORS

Charles A. McCullough II, Esq., Chairman
 Michael E. McCartney, Vice Chairman
 Timothy S. Gavagan, Secretary/Treasurer/Director of Finance
 Richard E. Gatewood, Director of Technology/Operations
 Thomas Dale, Jr., Director of Strategic Planning
 Gilbert A. Ford, Jr., Director of Marketing
 Richard Yessian, Director of Human Resources

SUPERVISORY COMMITTEE

William Batterton, Chairman
 Amy Rose
 Richard Strasser, Jr.
 Leonardo Green
 Mark S. Berthold





STATEMENTS OF FINANCIAL CONDITION

Years Ended December 31, 2014 and 2013

ASSETS	2014	2013
Cash and Cash Equivalents	\$8,959,846	\$1,794,158
Deposits in Other Financial Institutions	56,451,000	52,707,000
Securities – Available for Sale	32,984,305	41,487,475
Other Investments	428,668	1,442,210
Loans, Net	98,841,237	99,114,729
Accrued Interest Receivable	539,310	594,222
Premises and Equipment, Net	146,046	146,372
NCUSIF Deposit	1,726,810	1,755,911
Other Assets	514,362	1,094,641
Total Assets	\$200,591,584	\$200,136,718

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Members' Share and Savings Accounts	\$176,976,763	\$178,680,607
Accrued Interest Payable	179,661	220,435
Accrued Expenses and Other Liabilities	748,685	676,381
Total Liabilities	\$177,905,109	\$179,577,423

MEMBERS' EQUITY

Regular Reserves	2,115,817	2,115,817
Undivided Earnings	100	100
Other Reserves	21,088,284	19,960,643
Accumulated Other – Comprehensive Loss	(517,726)	(1,517,265)
Total Members' Equity	\$22,686,475	\$20,559,295

Total Liabilities and Members' Equity	\$200,591,584	\$200,136,718
----------------------------------------------	----------------------	----------------------

SERVICES

SAVINGS

Share Savings Accounts
Share Certificates
Money Market Savings Accounts
IRAs and Certificates
Money Market Certificate Accounts
Club Accounts
Special Purpose Accounts
Youth Accounts

CONVENIENCE SERVICES

Access Checking Accounts
Interest Checking Accounts
Money Market Checking Accounts
Overdraft Line of Credit Protection
USPS FCU Visa® Check Card
QUE 24-Hour Telephone Teller
Virtual Branch (Online Banking,
Mobile Banking with Remote
Deposit and BillPayer)
Direct Deposit and Payroll Deduction
Automatic Preauthorized Payments
Over 72,000 Surcharge-Free
ATM Locations
Wire Transfers
Shared Branching
24/7 Lending Service Center
e-Signatures

LOANS

First Mortgages
Home Equity Loans and Home
Equity Lines of Credit
New, Used Vehicle/RV Loans
Personal Loans
Education Loans
Private Student Loan Consolidation
Share or Certificate Secured Loans
Visa® Classic and Visa Platinum Reward
Credit Cards
Instant Online Loan Approval

ADDITIONAL BENEFITS

Family Membership
Financial Counseling
Scholarships
Excess Share Insurance
Relationship Rewards
Home Advantage Service
Enterprise Car Sales
United Buying Service
Autoland
Family Legal Access Plan
Credit Life and Disability Insurance
Discounted Home and Auto Insurance
Discounted Identity Theft Protection
Accident, Death and Disability Insurance
Low-Cost Term Life Insurance

MISSION STATEMENT

To consistently deliver innovative and quality financial services to postal employees and their families.

CONTACT INFORMATION

7905 Malcolm Road, Suite 311, Clinton, MD 20735-1730
Phone: 301-856-5000 • 1-800-USPS FCU (877-7328)
Fax: 301-856-4061
Email: uspsfcu@uspsfcu.org
www.uspsfcu.org

CliftonLarsonAllen LLP has audited the accompanying statements of financial condition of U.S. Postal Service Federal Credit Union as of December 31, 2014, and 2013, and the related statements of income, members' equity and cash flows (not presented herein) for the years then ended; in their report dated April 29, 2015, they expressed an unmodified opinion on those financial statements. These financial statements are the responsibility of the Credit Union's management. CliftonLarsonAllen LLP's responsibility is to express an opinion on these financial statements based on their audits. 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.