

ANNUAL REPORT

2023



*PERSERVERANCE
PROGRESSION
FOR A BETTER FINANCIAL LIFE*



CHAIRPERSON'S REPORT

2023 proved to be a very challenging year. Our fantastic management team and employees led by our CEO Fardad Khosravi had to become proficient with the new core system and deal with the changing financial world of rising interest rates and new and better services demanded by our owner members. The team is also dealing with our change to a community membership base which is helping to stabilize our declining membership.

Pacific Postal Credit Union continues to be a strong financial institution. Our loan growth continues to climb by 6.97%, and we remain well capitalized at 16.88% which is more than double what our regulators require of a well capitalized credit union. Our total assets declined to 236.5 million from 239 million which is a sign of our declining membership.

In 2023 the credit union presented many loan promotions to our membership which is why our loan portfolio continues to grow and present opportunities to all of our interested members.

We are very dedicated to our members as evidenced by our successful audits from our internal auditors as well as the state and federal NCUA auditors. The results of these audits make it clear that we are a safe, secure and a very strong well-managed financial institution.

I want to take this opportunity to thank our CEO Fardad, his Executive Team, and all of the service-providing staff that have made a difference to our members. The Board of Directors and Supervisory Committee have continued to support the vision and direction of the credit union and its CEO.

In closing, I want to thank our members for placing your trust in our management team and our staff to give you the financial support, programs, products and services that you and your families require.

In anticipation of the impending changes and challenges coming in the next year, all of our management, staff and volunteers are preparing for the successful transitions and outcomes to deal with the future of Pacific Postal Credit Union.

Respectfully submitted,

Roger Somer
Chairperson



SUPERVISORY COMMITTEE REPORT



The Supervisory Committee actively monitors various credit union procedures to make certain that all assets and liabilities are accounted for, investments are sound and all loans are properly handled. We review many key areas, new accounts, loan documents, corporate VISA transactions, and budget. The Supervisory Committee welcomed a new member this year, Denise Rocchi.



JOSEPH W. MEAGHER
CHAIRPERSON

To assist the committee in determining the credit union is conducting business in accordance with acceptable accounting procedures, Carroll and Associates Certified Public Accountants was hired. We are pleased to report that Carroll and Associates issued an unqualified report. which means with no problems or deficiencies in the reporting of financials.



JULIUS MIEL
MEMBER

The committee would like to commend our CEO, Fardad Khosravi and his management staff . We would also like to thank all the credit union employees for their hard work and dedication without which the credit union would not achieve the success we are having during these trying times.

If you wish to be a volunteer on either the board of directors or supervisory committee you can contact the board, supervisory committee or the credit union.



DENISE ROCCHI
MEMBER

To our members, thank you for making PPCU your financial institution of choice. It is your support that has enabled PPCU to be a financially sound and successful credit union.

Respectfully submitted,

Joseph W. Meagher
Chairperson



TREASURER'S REPORT

Thanks to our management, staff, and especially our members, Pacific Postal Credit Union continues to be a sound and prosperous financial institution. Our excellent rates, products, and varied programs ensure the best financial quality and stability for all.

As of December 31, 2023, our total assets were \$236,503,849. Our total loans increased 7% from \$100,036,275 to \$107,006,924. Our net income for the year was a solid \$1,485,931, and our membership is currently at 12,957. Please see the chart for more detailed information.

We continue to find new ways to promote the benefits of membership to our trusted Postal SEG base. To help ensure our future growth, we recently became a community-based credit union by expanding our field of membership to include all who live, work, worship and attend school within Santa Clara County. In preparation for this expansion, we modernized our infrastructure which included a new core operating system and enhanced digital services.

Throughout 2023, the Nation witnessed considerable market volatility, alongside elevated home loan rates, and actions taken by the Federal Reserve Board. Despite these challenging conditions, Pacific Postal Credit Union managed to navigate these obstacles, resulting in an overall positive year for PPCU.

PPCU was able to increase loans, maintain our reserves, and generate a profit. The annual independent audit of our books and records by Carroll & Associates LLP affirmed that Pacific Postal Credit Union is a well-capitalized, expansion-capable, and financially stable institution.

In addition, the audit firm stated that PPCU is well-managed and financially strong with excellent risk management practices. This is mainly due to the capable leadership of our management and the dedication of each of our employees at every level of the organization. PPCU continues to add new programs for our members, and we are now preparing to roll out our first credit card rewards product in the near future.

The Board of Directors appreciates the ongoing support and confidence of our members and would like to thank you for being an integral part of our credit union family. We are confident that together we will keep the momentum going and continue delivering the high value that you deserve.

Respectfully submitted,

Michael D. Medlin
Secretary / Treasurer





BALANCE SHEET

2023

2022

ASSETS

Loans	\$107,006,924	\$100,036,275
Allowance for Loan Loss	(\$1,050,948)	(\$630,237)
Investments	\$102,070,293	\$112,196,645
Cash and Equivalents	\$12,964,503	\$12,210,290
Other Assets	\$15,513,077	\$15,787,580

TOTAL ASSETS

\$236,503,849

\$239,600,553

LIABILITIES AND EQUITY

Member Shares	\$202,720,956	\$208,477,305
Accounts Payable	\$1,276,933	\$1,313,010
Reserves	\$39,924,808	\$38,438,877
Unrealized Gain/Loss	(\$7,418,847)	(\$8,628,639)

TOTAL LIABILITIES

\$236,503,850

\$239,600,553

STATEMENT OF INCOME

2023

2022

INCOME

Loan Income	\$5,108,964	\$4,324,255
Investment Income	\$4,237,695	\$2,070,487
Other Operating Income	\$1,169,535	\$1,239,154

TOTAL INCOME

\$10,516,194

\$7,633,896

EXPENSES

Operating Expense	\$5,981,966	\$5,797,445
Dividend Expense	\$1,487,855	\$335,534
Provision for Loan Loss	\$1,560,442	\$663,700

TOTAL EXPENSES

\$9,030,263

\$6,796,679

NET INCOME

\$1,485,931

\$837,217

CEO'S REPORT



In this rapidly changing world, Pacific Postal Credit Union strives to deliver beneficial and convenient financial solutions through superior service.

Without the dedication and ongoing support of our staff, Board, and Supervisory Committee, this would not be possible. It is important I begin my report by thanking each of them for their extraordinary dedication and ongoing support of our members.

As the Federal Reserve rapidly and aggressively raised rates, Pacific Postal Credit Union offered very competitive deposit and loan rates while maintaining stability and financial strength. We ended the year with a very strong capital ratio of 16.88% along with a 7% increase in total loans.

Our goal is to empower you, our valued Member, to attain financial prosperity by maintaining our dedication to improving products and services that bolster your financial well-being.

In 2023, we committed to strategic business initiatives aimed at meeting your specific requirements:

- Member-centric refinement of a new Core.
- Strategic Marketing Leadership to transform and modernize our credit union for what lies ahead.

In 2024, we are excited for the launch of these upcoming enhancements:

Voice Banking Upgrade: a secure, automated service that will allow you to quickly perform account transactions from any touch-tone phone, any time, day or night.

Community Outreach: where will uniquely serve and support local educational institutions in areas such as Financial Literacy.

Branding Refresh: including an updated website and other digital enhancements.

Visa Rewards Program - our first.

Contactless Debit and Credit Cards: a faster, more secure way to pay.

Instant Issue Debit Cards: where you can get a new card in branch.

We value the trust and confidence our Members place in us as we strive to serve you and your family. Your feedback is important to us as we aim to support your financial success. If you know someone who would benefit from our credit union, now is the perfect time to introduce them to PPCU.

Respectfully submitted,
Fardad Khosravi
President & CEO



CREDIT COMMITTEE REPORT



As we reflect back on 2023 and look forward to the new year, we're proud to say that our purpose remains the same, helping our members on their financial journeys every step of the way.

Year 2023 did not pass without its challenges with bank closures, liquidity issues, inflation and rising interest rates affecting us all. As we look ahead to this new year, we know many are still feeling economic uncertainty. Please know that whatever the economy may bring, your financial well-being remains our focus and you can rest assured that PPCU is well-prepared to face them.

As of year-end 2023, the credit union met and exceeded some of the key performance indicators. Loan to Share ratio grew from 47.98% to 52.79%, Capital increased from 16.04% to 16.88% and return on assets also increased from 0.34% to 0.62%.

As we look to the future, we're excited to continue to help our members work towards their financial goals. Thank you for trusting us as your financial institution.



ELSA PHAM
CHAIRPERSON



VIVIANA FARIAS



FARDAD KHOSRAVI



CYNDEE LEMON



Respectfully submitted,
Elsa Pham
Credit Committee Chairperson



ANNUAL MEETING MINUTES

March 16th, 2023

The 92nd Annual Meeting of the Pacific Postal Credit Union convened at the Main Office, 1040 Leigh Ave, San Jose, CA.

Chairman Rick Silveria called the meeting to order at 7:01 p.m. with most members attending in person and some via Zoom.

Rick welcomed all attendees. 38 members, constituting a quorum, were present. Rick appointed Mike Medlin as Parliamentarian and Paul Lindsley as Sergeant-at-Arms.

Roll call of Board and Supervisory Committee members ensued; all were present except Johanna Rocha.

Supervisory Committee Chairman Joe Meagher and all Credit Committee members were present.

Rick referred to the minutes of the previous Annual Meeting in 2022, found in the Annual Report brochure; no additions or corrections were noted. Roger Somer motioned to accept; Mike Medlin seconded. Motion passed.

Rick reviewed the past year's economics and achievements, including a successful core system software conversion. He assured the financial stability of PPCU amidst recent bank collapses.

CEO Fardad Khosravi emphasized PPCU's strength and service focus. Despite challenges with the software conversion, Fardad thanked the staff for their dedication. The new system empowers members with enhanced banking capabilities.

Rick introduced the staff and management. There were no items under the Unfinished Business and New Business for discussion.

The election of volunteers to the Supervisory Committee and Board of Directors followed.

Mike Medlin presented the nominees. Joe Meagher's re-election to the Supervisory Committee was approved unanimously.

Rick Silveria, Bob Scaletta, and Carol Croteau were re-elected to the Board of Directors without opposition.

He concluded the meeting, announcing next year's Annual Meeting in March 2024.

The meeting adjourned at 7:22 p.m.

Respectfully submitted,

Michael D. Medlin
Secretary / Treasurer





BOARD OF DIRECTORS



Roger Somer
Chairperson



Carol Croteau
Vice Chairperson



Michael Medlin
Secretary / Treasurer



Rick Silveria
Director



Marie Furtado
Director



Robert Scaletta
Director

EXECUTIVE TEAM



Fardad Khosravi
CEO



Paul Lindsley
CFO



Cyndee Lemon
VP, Operations / HR



David Clark
VP, I.T.



Elsa Pham
VP, Lending



Manie Kohn
VP, Marketing

SUPERVISORY COMMITTEE



Joseph W. Meagher
Chairperson



Julius Miel
Member



Denise Rocchi
Member

Branch 3

Linh Nguyen

Helen Badal
Jazmin Pineda
Davinder Nijjar

Branch 8

Erin Sanchez

Greer Adams
Karen Jay
Foxy Goodwin

Branch 10

Lilliani Ufau

John Paul Castillo
Melanie Perrah

Branch 5

John Lombard

Leila Castillo
Jericho Castro

Operations

Jonathan Pierce Shiva Ghanbari

Vanessa Gutierrez
Evelyn Cablayan
Jyoti Sahu
Dioscora Agustin (Jo)

Loans

Viviana Farias

Monica Martinez
Imelda Lintag

I.T.

Milad Saei

Stephanie Owens

Marketing

R.J. Rimando

Collections

Yvonne Duran

Compliance

Mohammad Rezwani



1040 Leigh Avenue, San Jose, CA 95126

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