

2019 Chairman's Report

Board of Directors

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D. Duong, Vice Chair
D. Coates, Secretary
R. Derderian, Director
V. Jones, Director
B. Weitkamp, Director Emeritus
R. Bicker, Director Emeritus

Supervisory Committee

D. Duong, Chair
J. Blanchard
J. McDermott

President/CEO

Gary Skraba



PASADENA
FEDERAL CREDIT UNION

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PASADENA
FEDERAL CREDIT UNION

Your bridge to a bright financial future

2018 Annual Report

A successful 2018 that is just the beginning

Your Credit Union Board of Directors and management team remain committed to the constant improvement and growth of Pasadena Federal Credit Union, building on our foundation to be the premier financial institution in the city and in the San Gabriel Valley. This commitment resulted in a tremendously successful 2018. We're excited about the progress that was made during this past year as well as the improvements that ensure a great future for our members' Credit Union.

Perhaps the most significant accomplishment last year was the number of members who chose the Credit Union for their loans. During 2018, our lending department funded over 1,800 loans for over \$43 million, easily setting a record for the Credit Union; you can see the results in the Annual Report, which shows that total loans grew by over 40%. Because we continue to keep our rates low to provide value for our members, this trend continues into the new year.

This loan growth also enabled the Credit Union to return more to our members in dividends during 2018. In fact, members received nearly 21% more in dividends during this past year, and we expect the return to our members to increase even more in 2019.

These trends were part of our overall commitment to expanding and improving our member services. During 2018, we launched a new mobile app that provided even more convenience for our members to manage their

finances anytime and anywhere. We continue to work on improvements for our members' experiences, including a newly-designed website scheduled to launch next month with new features, easier navigation, and much more. In addition to our new app and additional technological developments currently in process, we will continue to provide an ever-improving mobile and online experience for our members.

Even with these enhancements, we also know that our employees' personalized service is what keeps our Credit Union top of mind for our members. I want to thank our employees for their conscientious, friendly service for our members.

I also want to thank Ron Berry, who retired in December after ten years as the Credit Union's President and CEO, for his leadership, his dedication, and his deep concern for the well-being of our members.

While we had a change in leadership heading into 2019, we continue to keep the same focus: always improving the Credit Union to help our members enjoy a brighter financial future.

Thank you for your membership in Pasadena Federal Credit Union.

Rich Haluschak
Board Chair

President's Report

2018 was another outstanding year for Pasadena Federal Credit Union, setting the foundation for an even brighter future.

During this past calendar year, we looked for opportunities to continue to bring value to membership. For example, we further improved our loan processes, thereby enabling us to provide more loans to members than ever before and with faster turnaround times. Additionally, we substantially increased share deposit yields to further encourage saving and help our members' money grow.

These loan and deposit improvements were implemented while the Credit Union maintained its high levels of personalized member service. Our members' financial well-being and interaction experiences with us remain our highest priority, and will continue to be at the heart of what we do.

This past year saw the retirement of two long-time leaders of the organization: Ron Berry, our President and Chief Executive Officer since 2008, and Robert Norris, our Chief Financial Officer since 2007. We are grateful for their faithful, dedicated service to the Credit Union, and I am personally deeply appreciative of their contributions as well as those of our current staff members, who take great pride in helping our members and providing solutions on a daily basis.

Most importantly, we are all grateful to our members, who have chosen us to be their trusted financial partner. We wish each of our members a healthy, prosperous 2019, and we thank you for your membership.

Gary Skraba
President/CEO

Supervisory Committee Report

It is the responsibility of the Supervisory Committee to serve as an advocate for the membership by ensuring that the Credit Union is operated in a fiscally sound manner, and to safeguard its members' best interests. To assist in this duty, the committee engaged Turner, Warren, Hwang & Conrad, AC, an independent certified public accounting firm to perform our annual audit in 2018. It is the opinion of the Supervisory Committee that the financial statements published in this report fairly and accurately represent Pasadena Federal Credit Union's financial condition, and that Pasadena Federal Credit Union is managed in accordance with state and federal regulations.

Doug Duong
Chair, Supervisory Committee

STATEMENT OF FINANCIAL CONDITION

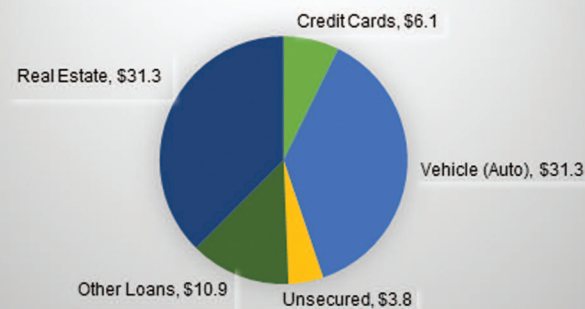
Assets	December 31, 2018	December 31, 2017	% Change
Cash & cash equivalents	\$ 1,621,622	\$ 8,686,594	-81.33%
Investments:			
Securities held-to-maturity	42,106,761	45,275,212	-7.00%
Other	25,448,000	37,741,000	-32.57%
Loans, net	87,651,040	62,363,373	40.55%
Accrued interest receivable	453,647	407,285	11.38%
Premises and Equipment, net	2,403,018	2,527,060	-4.91%
Share insurance capitalization deposits	1,401,834	1,342,997	4.38%
Other assets	4,772,249	4,546,696	4.96%
Total Assets	\$ 165,858,171	\$ 162,890,217	1.82%
Liabilities and Members' Equity			
Liabilities			
Members' shares	\$ 145,853,473	\$ 145,105,499	0.52%
Accrued expenses & other liabilities	3,104,418	1,644,957	88.72%
Total Liabilities	\$ 148,957,891	\$ 146,750,456	1.50%
Members' Equity			
Regular Reserve	\$ 2,375,584	\$ 2,375,584	0.00%
Undivided Earnings	14,524,696	13,764,177	5.53%
Total Members' Equity	\$ 16,900,280	\$ 16,139,761	4.71%
Total Liabilities & Members' Equity	\$ 165,858,171	\$ 162,890,217	1.82%

INCOME STATEMENT

Interest Income	December 31, 2018	December 31, 2017	% Change
Loans	\$ 3,248,927	\$ 2,650,777	22.57%
Investments	1,524,607	1,536,452	-0.77%
Total Interest Income	\$ 4,773,534	\$ 4,187,229	14.00%
Borrowed Money	\$ 17,657	\$ -	100.00%
Members' shares	341,483	282,232	20.99%
Total Interest Expense	\$ 359,140	\$ 282,232	27.25%
Net Interest Income	\$ 4,414,394	\$ 3,904,997	13.04%
Provision for Loan Losses	0	348,745	-100.00%
Net Interest Income After Provisions for Loan Losses	\$ 4,414,394	\$ 3,556,252	24.13%
Interchange Income, Fees & Charges	\$ 1,350,440	\$ 1,321,682	2.18%
Rental Income	175,260	174,520	0.42%
Other	194,833	74,795	160.49%
Total Non-Interest Income	\$ 1,720,533	\$ 1,570,997	9.52%
Compensation & benefits	\$ 2,730,904	\$ 2,689,331	1.55%
Office operations	1,555,632	1,421,814	9.41%
Office occupancy & Other	1,079,759	927,421	16.43%
NCUSIF premium assessment	-	-	0.00%
Total Non-Interest Expenses	\$ 5,366,295	\$ 5,038,566	6.50%
Net Non-Interest Income	\$ (3,645,762)	\$ (3,467,569)	5.14%
Net Operating Income/Loss	\$ 768,632	\$ 88,683	766.72%
Non-Operating Income/Expense			
Gain/(Loss) on Investments	\$ (8,113)	\$ 322	-2619.57%
Total Non-Operating Income/Expense	\$ (8,113)	\$ 322	-2619.57%
Net Income/Loss	\$ 760,519	\$ 89,005	754.47%

Loans - 12/31/18

(in millions of dollars)



Share Deposits - 12/31/18

(in millions of dollars)

