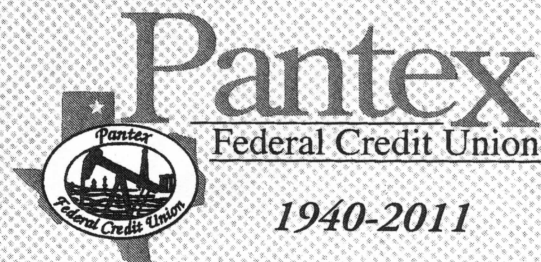


2011 ANNUAL REPORT



Federally Insured by NCUA

Serving Our Members For 71 Years

AGENDA

Call to Order
 Reading of the Previous Minutes
 Report of Officials
 Old Business
 New Business
 Election of Officials
 Drawing of Door Prizes
 Adjournment

OFFICIALS

Board of Directors

Larry Thompson	Chairman
Betty Dawson	Vice-Chairman
George Nies	Treasurer
Allen Jenkins	Secretary
Ed Davis	
Don Williams	
Bill Carder	

Supervisory Committee:

Zelma Walthall	Chairperson
Melba Sargent	
Juanita Mears	
Glynn Carlock	
Peggy Newcomb	

Professional Staff:

Cliff Murley	President/CEO		
Jackie C. Weede	Executive Vice President		
Dana Slater	Vice President/Accounting		
Curtis Hall	Branch Manager-Fritch		
Rodney Franklin	Senior Loan Officer		
Pam Brooks	Loan Officer		
Jim Slaybaugh	Loan Officer		
Michael Robinson	Director of IT		
Mikel Cauthon	IT Specialist		
Dorothy Newman	Asst. Vice President/Tellers		
Tammy Curnutt	Branch Head Teller-Fritch		
Gail Smith	Branch Manager-Pampa		
Tanya Fraley	Member Services		
Theresa Whittington	Senior Teller		
Carrie Breznik	Loan Processor/Assistant		
Shannon Mears	Loan Processor/Assistant		
Shelia Taylor	Asst. Head Teller-Fritch		
Lisa Smith	Imaging/Teller		
Krista Flaharity	Teller	Victoria Robbins	Teller
Amy Bustillos	Teller	Karen Bryan	Teller
Julia Luna	Teller	Dana Keel	Teller
Carla Howard	Teller	Veronica Driedger	Imaging/ Vault
Alicia Morgan	Teller		
Samantha Kenyon	Teller	Linda Watson	Teller
SueAnn Broadaway	Teller	Shea Witt	Student Employee
Brooklyn Bidwell	Teller		
Frances Juarez	Teller		

BOARD OF DIRECTORS REPORT

As our 71st year of business comes to a close, let's recap just a handful of the changes we implemented in 2011 that has further strengthened your credit union and positioned Pantex Federal Credit Union for the future:

- We attracted 1,033 new members. In addition, there were 804 new checking accounts opened, 124 new share certificate accounts opened.
- We began the process of updating or replacing all credit union owned ATM's with text to speech capability in compliance with new ADA regulations.
- We implemented a new document imaging system for lending documents and implemented a new electronic title system.
- We conducted extensive systems reviews, operational analysis and review of our Corporate Credit Union relationship.
- We again spent a significant amount of time adapting products, services and policies to the myriad of regulatory changes that became effective in 2011.

Let me once again, thank you for giving us the opportunity to serve you.

Respectfully submitted,

Larry Thompson
Chairman

PRESIDENT'S LETTER

2011 was a good year for the Credit Union. We came out of the previous two difficult years remaining very strong. It appears that the worst of the financial crisis is behind us. However, the assessment of additional fees to cover the overall losses the big Corporate Credit Unions sustained over the last two years continues.

The challenges created by the economy have brought into focus the very strength and benefit that Pantex Federal Credit Union brings to you as member/owner. Staying true to the "People helping People" philosophy that sets credit unions apart, we have not hiked your credit card rates, enacted any sneaky new fees, lowered your savings or certificate rates to rock bottom rates or put you in homes that you couldn't afford. Instead, we have remained committed to helping you find peace-of-mind, reduce financial stress, rebuild savings and manage debt, all with individual attention and service.

Without question, our unique model continues to be extremely successful. As a cooperative, together we are able to find a way to help you and your fellow members both individually and collectively to become and remain financially secure.

Our 16,619 members are part of more than 87 million Americans who prefer to bank at a place that is not a bank at all. We know you have many options when it comes to selecting your financial institution, and we are very grateful you chose Pantex Federal Credit Union. We look forward to serving you for many years to come.

Respectfully submitted,

Cliff Murley

President/CEO

TREASURER'S REPORT

The financial reports for the year ended December 31, 2011, continue to reflect the efforts of the Board and Management to run an efficient organization, to maximize the return of dividends to the members while providing the highest quality products and services.

Member Giveback

- Share dividends totaled \$2,238,172.09
- Represents a return to the membership of 24.6% of total income earned by the credit union in 2011.

Of the remaining income, 44.4% was distributed to the normal cost of operating the Credit Union, and 25.7% was placed in statutory reserves to keep capital levels strong and 5.3% was for charges for NCUA Corporate Stabilization Fund Assessments.

Total assets increased 2.59% closing with \$225,821,851.00. Pantex FCU's capital ratio remains very strong at 14.88%.

PFCU's investment portfolio consists of deposits in other institutions, primarily Catalyst Corporate Credit Union, Federal Reserve Overnight Accounts and in United States Agency securities. The credit union invests in only the types of investments approved by the National Credit Union Administration.

Respectfully submitted,

George Nies

Treasurer

LOAN OFFICER'S REPORT

The Loan Officers' are responsible for objectively evaluating the financial needs of the members, while at the same time protecting the interest of the depositors/shareholders by making safe and sound lending decisions.

During the year 2011, PFCU members received 2,569 loans totaling \$31,081,214.29 in new loans. Total loans outstanding to the membership decreased by 0.79% over the previous year.

The credit union is ready willing and able to make loans. We want to assure our members that we will work very hard to make sure credit is available to all qualified members who need it during these tough times.

The Loan Officers wish to express their sincere appreciation for the cooperation extended them by the membership.

Respectfully submitted,

Jackie Weede

Rodney Franklin

Dam Brooks

Gail Smith

Curtis Hall

Jim Slaybaugh

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is composed of five members who are appointed by the Board of Directors. During 2011, the Supervisory Committee was responsible for several tasks. One task was to satisfy the NCUA requirements that an annual audit be conducted. The Texas Credit Union League performed the audit. Audit findings indicated that the credit union is financially sound, maintains accountability of its financial and lending records and possesses a solid management team.

The credit union also successfully underwent an NCUA Safe and Soundness Examination, A Security Risk Assessment Audit, an ACH audit, and a Bank Security Act/OFAC Act audit during the year.

PFCU recognizes its responsibility to conduct business in accordance with high ethical standards. These audits and examinations provide the proper "check and balance" system to demonstrate to the Committee that proper procedures, regulations and Board policies are being followed.

As always, I would like to thank my fellow committee members, our Board of Directors and the staff of PFCU for another outstanding year.

Respectfully submitted,

Zelma Walthall
Chairperson

NOMINATING COMMITTEE REPORT

In accordance with the Pantex Federal Credit Union Policy Manual, to be nominated for a position as a Director or Committee Member, a person must meet certain qualifications. They must possess knowledge, experience, or interest pertinent to the Credit Union's future; have a good credit standing and no criminal convictions; been a member of the Credit Union for at least two years; be willing to accept the responsibilities of the position; be objective and independent; and not be an employee of this or a competing institution; and be at least 18 years of age.

Two 3-year terms are available for re-election or replacement on the Board of Directors. The positions currently held by Don Williams and Bill Carder are for three-year terms and are up for re-election.

The Nominating Committee, composed of three members, has recommended that Don Williams, and Bill Carder be elected to the three-year positions. After posting these names in the lobby of the Credit Union, and receiving no additional requests for nomination or petitions for nomination prior to the deadline for receipt of these items, the Committee recommends that the individuals named above be accepted by the membership.

Respectfully submitted,

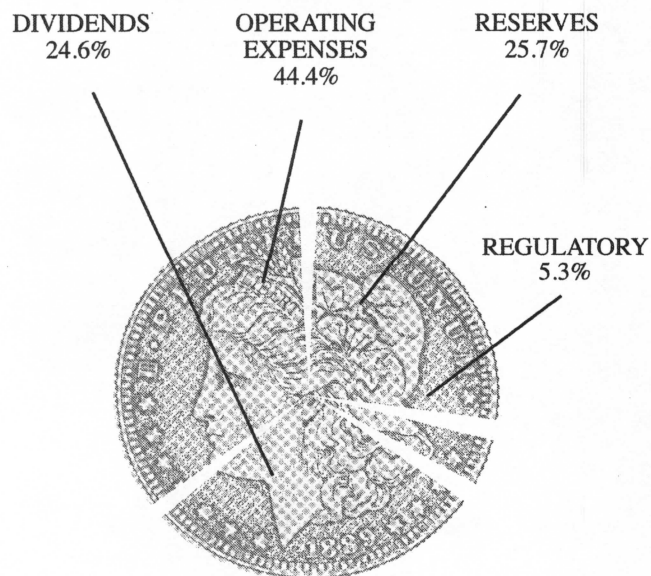
George Nies
Chairman of the Nominating Committee

STATEMENT OF INCOME

OPERATING INCOME

	DEC. 31, 2010	DEC. 31, 2011
Interest On Loans	\$4,465,707.96	\$4,146,910.86
Interest on Investments	\$3,540,141.12	\$3,072,243.89
Miscellaneous Operating Income	1,300,676.58	1,238,026.11
Total Operating Income	<u>\$9,306,525.66</u>	<u>\$8,457,180.86</u>

DISTRIBUTION OF INCOME



OPERATING EXPENSES

	DEC. 31, 2010	DEC. 31, 2011
Compensation	\$1,377,474.72	\$1,422,574.27
Employee Benefits	\$459,707.95	\$486,220.95
Travel & Conference Expenses	29,172.22	20,218.06
Association Dues	36,931.35	36,379.66
Office Occupancy Expenses	207,608.29	180,471.17
Office Operations Expenses	669,249.37	610,140.34
Education & Promotional	56,601.85	63,670.30
Loan Servicing Expenses	440,543.65	515,744.11
Professional & Outside Services	384,794.88	406,699.88
Provision for Loan Losses	223,652.95	238,593.76
Federal Supervisory Exam Expenses	48,017.29	50,110.04
Cash Short/Over.	1,878.94	1,470.84
Annual Meeting Expenses	14,361.57	13,979.32
Miscellaneous Operating Expenses	36,198.93	31,464.01
Total Operating Expenses	<u>\$3,986,193.96</u>	<u>\$4,077,736.71</u>
Net Income from Operations	5,320,331.70	4,379,444.15
Gain(loss) on disposal of Assets	-618,066.70	4,082.65
Other Non-Operating Gain(loss)	-443,765.54	-448,297.24
Dividends	3,016,271.46	2,238,172.09
Net Income	<u>\$1,242,228.00</u>	<u>\$1,697,057.47</u>

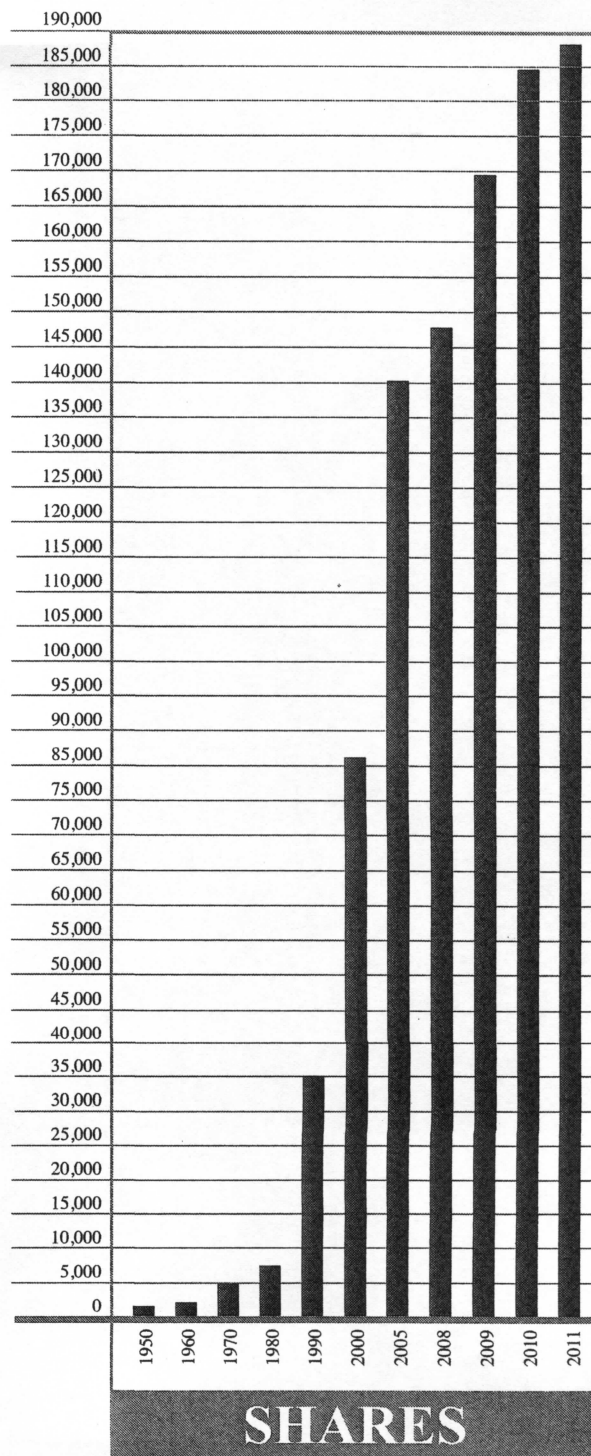
STATEMENT OF CONDITION

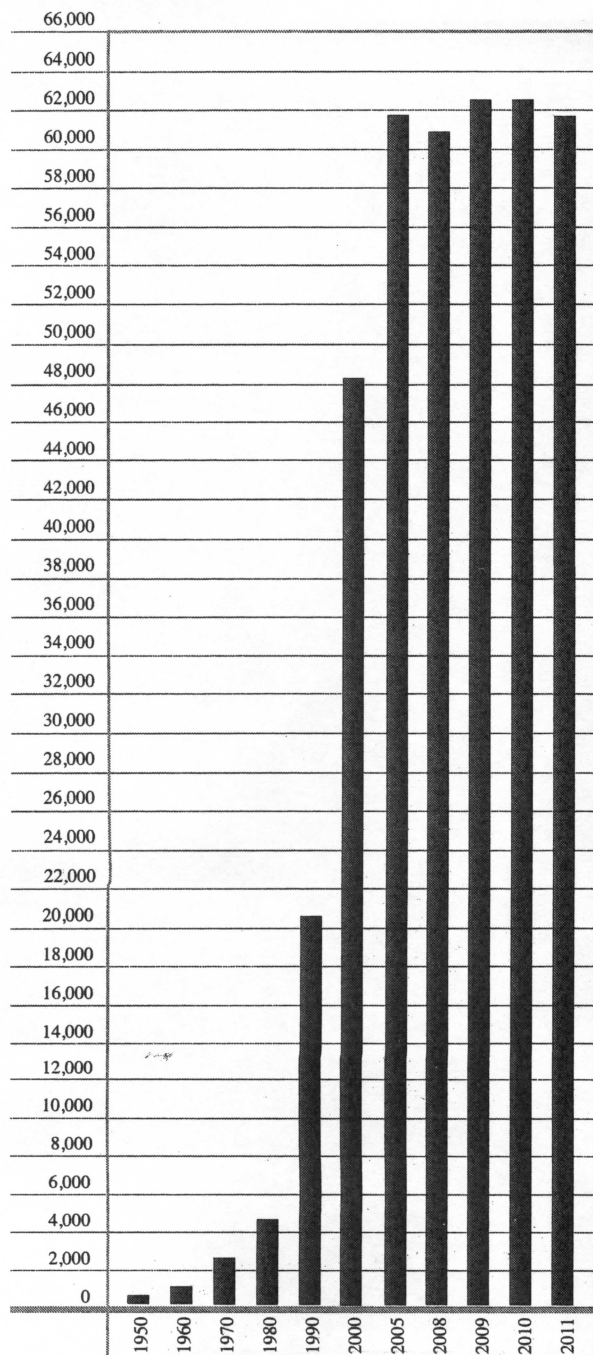
ASSETS:

	DEC. 31, 2010	DEC. 31, 2011
Loans (net)	\$ 62,281,742.02	\$ 61,842,302.48
Cash on Hand and in Banks	4,905,938.22	5,174,317.42
Investments	141,063,884.14	152,691,586.42
Shares: Southwest Corporate FCU/ Catalyst Corporate	9,144,453.93	3,460,170.28
Other Assets	1,218,268.47	1,168,577.07
Land	89,093.85	89,093.85
Building	1,174,980.53	1,131,439.82
Furniture & Equipment	251,406.35	264,363.66
Total Assets	\$220,129,767.51	\$225,821,851.00

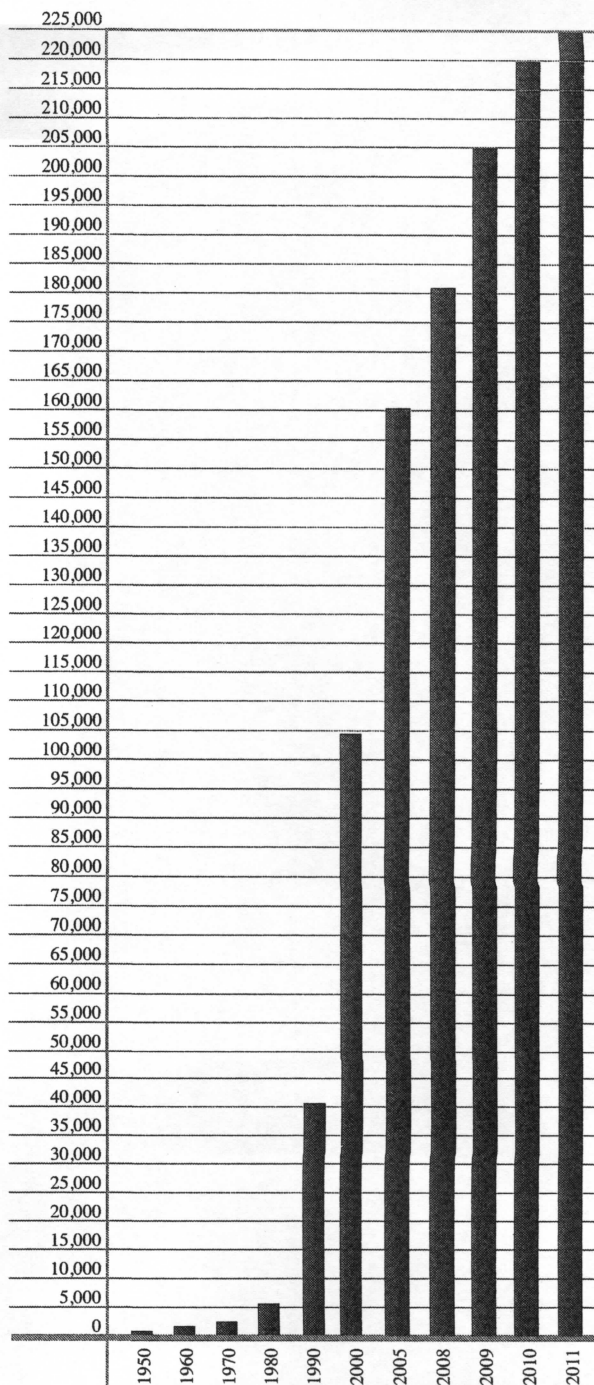
LIABILITIES AND EQUITY:

Accounts Payable	\$ 831,208.62	\$ 599,484.83
Accrued Dividends Payable	425,094.86	352,495.97
Accrued Liabilities	55,939.36	67,117.88
Total Liabilities	\$ 1,312,242.84	\$ 1,019,098.68
Shares	184,421,258.35	188,016,674.80
Regular Reserve	7,596,199.99	7,596,199.99
Reserve for Contingencies	2,000,000.00	2,000,000.00
Accumulated Unrealized Gain/Loss on AFS Securities	2,500,960.03	3,193,713.76
Undivided Earnings	22,299,106.30	23,996,163.77
Total Equity	\$218,817,524.67	\$224,802,752.32
Total Liabilities & Equity	\$220,129,767.51	\$225,821,851.00

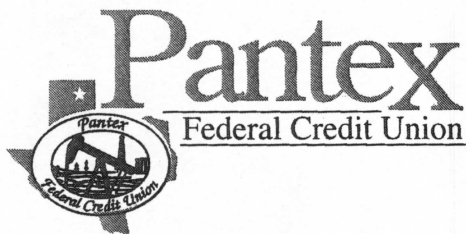




LOANS



ASSETS

**MAIN OFFICE:**

1300 W. Wilson
Borger, Texas
(806) 273-5692

FRITCH BRANCH:

411 E. Broadway
Fritch, Texas
(806) 857-2400

PAMPA BRANCH:

807 N. Sumner
Pampa, Texas
(806) 665-4212

MAILING ADDRESS:

P.O. Box 5206
Borger, Texas 79008-5206

INTERNET ADDRESS:

www.pantexfcu.com

E-MAIL ADDRESS:

pfcu@pantexfcu.com

LOBBY HOURS:

Monday-Friday 9:00 a.m. to 5:00 p.m.

DRIVE-THRU HOURS:

Monday-Friday 8:00 a.m. to 6:00 p.m.

Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency



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