

2004 ANNUAL REPORT

CHAIRPERSON'S MESSAGE . . .

Dear Fellow Members:

The year 2004 was a positive year for Palisades Federal Credit Union. Our management and staff were able to implement not only new products and services but to fine tune operational delivery systems, which provide value added benefits and cost savings to all of us.

Our expanded charter has given us the ability to extend our membership base into Rockland County and promote the credit union motto of "where people are worth more than money."

This year we added members from the employees of the Rockland County Correction Officers Benevolent Association, the Pearl River Interfaith Council, as well as member's from the community at-large. Yes, it is very gratifying to see Palisades Federal Credit Union blossom and grow in the community we serve.

We also increased our participation in community activities this year. We provided sponsorships to the Little Leagues of Nanuet, Orangetown and Pearl River and participated in the March of Dimes - Walk-a-thon, Wyeth's 5K Centrum Run, Pearl River Chamber of Commerce's Halloween Parade, and the Salvation Army Angel Tree Program.

All this was accomplished in addition to our annual Care for Kids Campaign and New York State/George Hatala Scholarship Program.

In order to make our full service financial institution more accessible to everyone in Rockland County, we lowered the amount required to open a savings account from \$25.00 to \$5.00. This will also help us to educate our children at an early age about the importance of saving for the future.

I am also glad to report many other changes in our products and services. We expanded our Auto Equity loan to 3, 5, 7, or 10 year terms. We also added a 3, 5, 7, 10 year balloon Home Equity Loan and an *interest only 5 year balloon Equity Loan*, which only shows how versatile our mortgage and equity products have become in response to the needs of our sophisticated, local marketplace.

We didn't just focus on our loans but also added a great 5-year step up CD to our line of savings products. Now you can take advantage of a long-term secure investment with the additional portability of moving your rate up, once, during the term of your certificate of deposit. Keep this one in mind, now that we're in a rising rate environment. It's available in either a regular CD or IRA.

We also added many new enhancements to the way we operate. Services like **eStatements** — a fast, convenient and secure way to receive your PFCU statements through email notification, and:

- Now you can use your member number to access home banking, 24/7, instead of your social security number
- We installed a brand new, media interactive, handicap accessible ATM adjacent to the Wyeth office location in Pearl River, NY
- VISA Credit Card holders who are members in good standing can now order their own letter checks anytime, as needed
- You can now view cleared checks online (Please call a Financial Representative for details)

- We installed plasma screen video units into our office locations that provides local and national weather, national and world news and information about our many products and services
- We inaugurated Music on Hold messaging to our telephone system
- We have upgraded our website by adding a brand new suite of interactive calculators and Anytime Advisor, which is a group of online coaches that will help you whether you're buying a car, a home or even if you're dealing with the unfortunate situation of identity theft
- We became part of the All Points No Surcharge ATM network which provides over 32,000 No Surcharge ATMs nationwide

So whether you come in, phone in or log in, we are continually looking for ways to provide better service to our membership while increasing speed, accuracy and reliability.

I am proud to stand at the head of a financial institution that has accomplished so much over this past year. I admire my fellow Board members and the volunteers who give of their time so freely so that PFCU can be the best federally insured credit union in Rockland County. I also want to acknowledge the hard work of the management and staff who without their efforts it would be impossible to produce solid gains year after year.

As always I want to extend my best to the membership and thank you all for your continued support and business. I mentioned this thought last year and it bears repeating, "Don't keep a good thing to yourself. Tell all your Rockland County friends and neighbors about us and encourage them to join PFCU (Remember you only need \$5.00 to open a savings account.)"

Best Regards,

Gerald J. Castellani
Chairperson, Palisades
Federal Credit Union

PALISADES
FEDERAL
CREDIT
UNION

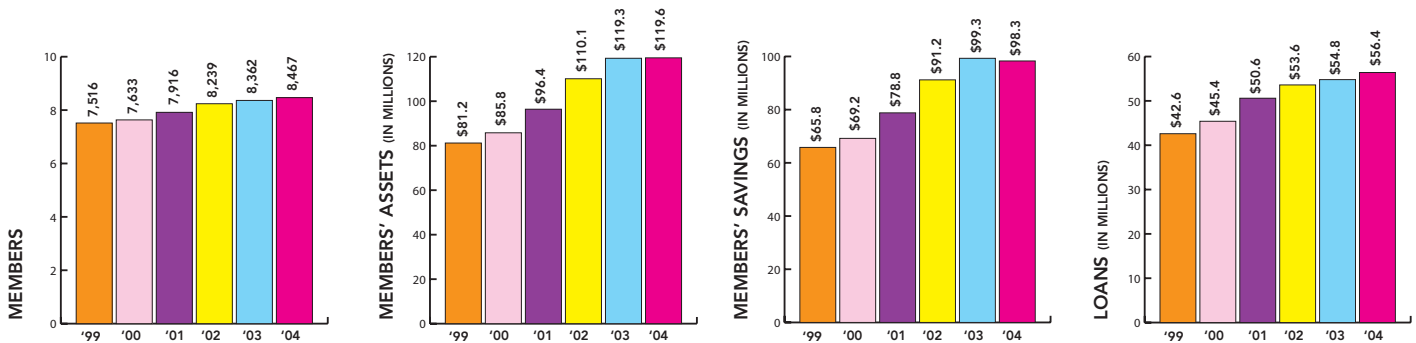
*Better banking,
better solutions*

SERVING ALL
THOSE WHO LIVE,
WORK, WORSHIP,
OR ATTEND SCHOOL
IN ROCKLAND COUNTY

FINANCIAL HIGHLIGHTS

	Balance Sheet 12/31/04	Balance Sheet 12/31/03		Balance Sheet 12/31/04	Balance Sheet 12/31/03
ASSETS			LIABILITIES & CAPITAL		
Loans to Members	\$56,378,659	\$54,753,761	Liabilities	\$757,467	\$278,274
Less Allowance-Loan Losses	(306,546)	(172,541)	Total Savings	98,265,373	99,263,633
Cash	664,659	889,388	Reserves	18,500,000	18,500,000
Investments	60,241,635	61,331,424	Undivided Earnings	2,090,794	1,237,526
Land/Building	453,127	482,181	Mkt. Securities*	(18,665)	26,729
Other Fixed Assets	108,382	92,985			
Other Assets	2,055,053	1,928,964			
TOTAL ASSETS	\$119,594,969	\$119,306,162	TOTAL LIABILITIES & CAPITAL	\$119,594,969	\$119,306,162

*Unrealized Gain (loss) on Available for Sale Securities



SUPERVISORY COMMITTEE

The Supervisory Committee is a group of volunteers who help ensure the policies and actions of the Palisades Federal Credit Union meet industry standards, the expectations of our valued members, and the federal regulations of the National Credit Union Administration.

Through audits of key procedures and financial records, the committee focuses on ensuring compliance, security, and financial well being of the constituents and the organization. The Committee contracted Nearman and Associates to perform the annual financial audit and to assist with internal audits the Committee performs throughout the year. The annual audit confirmed that the financial statements represented the financial position of Palisades Federal Credit Union and that the results of its operation and its cash flows conform to generally accepted accounting principles.

Respectfully Submitted,

Rich Musa

Committee Members:

Pamela Wiss, *Chairperson*, Tammy Gamble, Mark Buchynski, Rich Musa and Newton Paul

BOARD OF DIRECTOR'S NOMINATIONS

This year, the PFCU Nominating Committee has nominated the following members to the Board of Directors:

Dan Moran became a member of the Board of Directors in September of 1997, following two years on the Supervisory Committee. Additionally, Dan services on the Marketing and Facility Planning Committees. He received both a Bachelors and a Masters degree in Chemistry and he began his career with Lederle Laboratories/Wyeth in 1966. Dan is currently a Patent Agent in the Patent Law Department.

John (Jack) Riley has been on the Board of Directors since 1998. Jack is the current Vice President of the Board of Directors and serves on the Executive Committee. Jack worked at Lederle Laboratories/Wyeth for 35 years before retiring in 2002.

Milind Ganjawala was appointed to the Board in June 2004. He began his volunteer service in June 2003 as a member of the Supervisory Committee. Milind has a Masters Degree in Business Administration from Fairleigh Dickinson University and a Masters of Science in Pharmaceutical & Health Care Marketing Administration from Long Island University. Milind also holds a Bachelor of Science in Chemistry from Kean University and is currently employed at Wyeth, Pearl River, NY as Associate Director, QA Compliance Post Release.

Regular terms for office are three years. Please be advised that there will be no nominations from the floor at the Annual Meeting.

ANNUAL MEMBERSHIP MEETING

This year's Annual Membership Meeting has been set for Tuesday, May 10, 2005 at 5:00 p.m. in the Community Room at the Nanuet Mall, Nanuet, NY. The community room is located on the ground floor between Boscov's and Sears and can be reached either by entering the room from the outside (adjacent to the Mall entrance between Boscov's and Sears) or from inside the Mall corridor by EMEG Activewear. Refreshments will be served and Door Prizes will be awarded.