

MESSAGE FROM THE PRESIDENT/CEO

I am pleased to report your board of directors along with the management staff has safely guided Panhandle Educators FCU through another difficult year.

Your credit union finished the year with assets over \$113,000,000 and a capital ratio above national averages. We remain well-capitalized and our loan activity is stable. As of December 31st, your credit union has maintained a five-star rating for superior financial performance for over 12 years. This is quite an accomplishment as we have seen other financial institutions weaken in this difficult economy.



Highlights from 2011:

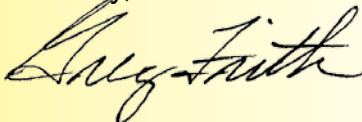
Implementing new federal regulations has been an ongoing process throughout this past year. There have been many changes in various departments some of which you have experienced first hand while other changes have been “background” activity. We added a “First Chance” loan to our list of loan products. This loan offers our younger members with no credit history an opportunity to begin building good credit. We also added a new service in our VISA department. “Design Your Own Credit Card” allows you to use your own favorite photo on the face of your PEFCU VISA credit card. In the fall, we held “Twilight Nights”, one of our most successful auto loan events ever. We discovered our week of remaining open until 7pm was an appreciated convenience to our auto shoppers.

As we look ahead into 2012, I am pleased to inform you we will offer iPhone and Android apps for our mobile banking service.

Again, these times may be uncertain but our strategy here at Panhandle Educators FCU remains the same – staying fiscally sound while continuing to invest and operate efficiently. We will continue to enhance the financial lives of our members while providing you with a secure financial institution.

Thank you for your loyalty and your trust in us.

Sincerely,



Greg Frith

NOTICE: Beginning February 1, 2012, PEFCU will change to closed end lending per federal regulations. For more information, contact your loan officer.

HOLIDAY CLOSINGS

MLK Jr. Day - Monday, January 16th
Presidents' Day - Monday, February 20th



PEFCU 55TH ANNUAL MEETING:

Thursday, February 16, 2012 6:30pm
Gulf Coast State College/SUE Conference Center
Refreshments will be provided.

Panhandle Educators Federal Credit Union
FEE SCHEDULE – Effective February 1, 2012

Share Account Fees

Membership Share Par Value..... \$5.00
 Account Closure..... \$25.00
 (Closing account within 6 months of opening)

Share Draft Account Fees

NSF\$25.00 per item
 Overdraft/Transfer Fee ...\$3.00 per occurrence
 Stop Payment..... \$20.00 per request
 Share Draft Printing *Prices Vary*
 Temporary Checks.....\$2.00 per book of 8
 Copy of Paid Draft \$5.00 per draft
 Reopen Negative Checking.....\$25.00
 Returned Draft “Refer to Maker”
 \$10.00 per draft
 Returned Draft “Uncollected Funds”
 \$10.00 per draft
 Courtesy Pay*\$25.00 per item

Electronic Funds/Miscellaneous Fees

Check Card Stop Payment (add or delete)
\$30.00 per request
 ATM/Check Card Overdraft
\$25.00 per occurrence
 Excessive Foreign** ATM Withdrawal
\$1.00 per withdrawal
 after the 8 per month for FREE
 Gift Cards.....\$5.00
 Home Banking Loan Pymt. Error....\$10.00
 Replacement Card \$10.00 per card
 Card Rush Order\$42.00 per card
 Replace Lost PIN.....\$5.00 per PIN (if mailed)
 PIN Rush Order \$42.00 per PIN
 Overnight Rush Order\$35.00 per order
 ATM Photo Verification..... *Cost Direct*
 Safe Deposit Lock Change *Cost Direct*
 Safe Deposit Drilling *Cost Direct*
 Safe Deposit Lost Key.....\$25.00
 Zipper Bags.....\$10.00
 Zipper Locking Bags.....\$20.00

All Other Service Fees

Account Reconciliation/Research
 \$15.00 per hour
 ACH Origination..... \$10.00 per item
 Check Cashing (if less than \$100 in savings with no
 other account relationship) \$10.00 per check
 Close IRA Fee.....\$25.00
 Deposited Item Return..... \$7.50 per item
 Dormant Fee*** \$5.00 per month
 Excessive Money Market Withdrawal –
 (over 6).....\$25.00

Fax Transmission \$2.00 per page
 Foreign ACH Transaction.....\$1.00 per item
 Foreign Check Collection Fee
\$10.00 per check plus costs
 Foreign Currency.....\$15.00 (minimum of \$300)
 Levy and/or Garnishment Fee
 \$50.00 per item
 Loan Documents.....\$5.00 per item
 Loose Coin 5% over \$10.00
 Money Order.....\$2.00 per money order
 Notary/SIG GuaranteeFREE
 Official Check..... \$2.00 per check
 Official Check for Non-Member
 \$10.00 per check
 Photocopy 10 cents per page
 Power of Attorney Review.....FREE
 Returned ACH – NSF\$25.00 per item
 Returned ACH Origination ...\$25.00 per item
 Returned Item (Loan Payment)
\$25.00 per item
 Returned Item (other institution/same maker)
 \$30.00 per item
 Returned Item (Bad Address)
 \$2.00 per returned item
 Safe Deposit Boxes
 3x5\$20.00 per year
 5x5.....\$30.00 per year
 3x10.....\$35.00 per year
 5x10.....\$45.00 per year
 10x10.....\$85.00 per year
 Statement Copy\$1.00 per page
 Transaction History.....\$1.00 per page
 Transfer Loans to different account
 \$15.00 per item
 Traveler’s Checks..... \$1.00 per \$100
 Traveler’s Checks for Two \$2.00 per \$100
 VISA Copy Request.....\$5.00 per copy
 Wire Transfer (Incoming)..... \$5.00 per copy
 Wire Transfer (outgoing)..... \$15.00 per transfer
 Wire Transfer (International) \$30.00 per transfer

**Fee applies when overdraft is created by check, in-person withdrawal, ATM withdrawal or other electronic means.*

***Refer to list of “No Fee” ATM sites on back of Checking Accounts insert.*

****If account balance is below \$100 (except for Looney Tunes Accounts).*