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**ATLANTIC FINANCIAL**  
FEDERAL CREDIT UNION

*Where you matter*



## BOARD OF DIRECTORS

Michael H. Spencer, Chairman  
Wade Walters, Vice Chairman  
Paul Henkelman, Secretary  
Melanie Rutkauskas, Treasurer

David Botzler, Director  
Barbara Byrnes, Director  
David Reeve, Director

Francis Reinhardt, Director  
Ron Sturdivant, Director

## COMMITTEE VOLUNTEERS

Mary (Crickett) Goodall  
Sim Siff  
Mary Vaden

## CHAIRMAN'S REPORT

As chairman of the board, it is my honor and privilege to guide the volunteer Board of Directors who oversee the practices of the credit union and fulfillment of our mission. On behalf of the strong group of men and women who volunteer as Board Members to help guide the credit union's course, it is my pleasure to announce the continued success of YOUR Atlantic Financial Federal Credit Union (AFFCU) in 2017.

2017 resulted in strong growth for AFFCU with membership growth experiencing twelve straight months of net growth and loan volume exceeding growth projections. This successful growth was sustained while keeping the focus on our mission to serve our members and help them achieve their financial objectives, fulfilling the credit union philosophy of "People Helping People."

The board and management team are committed to continuing the evolution of AFFCU as a strong credit union positioned for the future and keeping up with the ever-increasing pace of change in the financial sector. We will continue to look for new ways to serve your financial needs through technology enhancements and product offerings while maintaining our commitment to delivering each member the highest level of service and individual experience possible. The pace of innovation quickens and remote account access and other conveniences improve. But you can rest assured that your credit union will continue to protect your accounts by putting the latest security practices and systems in place. While third-party data breaches seem to become more regular we will ensure the prudent oversight of our members' accounts to mitigate fraud risks.


# ATLANTIC FINANCIAL FEDERAL CREDIT UNION

We are excited to build on the momentum sustained in 2017 for the continued growth of your AFFCU. As we continue to move forward, AFFCU members can be confident that their credit union is operating with good oversight by the Board of Directors and other volunteers. The credit union has a talented and savvy team that has the experience to continue to move our credit union forward, and we are pleased with the direction we are headed.

With the loyalty and support of our members, coupled with the guidance of the Board of Directors, and diligent, dedicated efforts of the credit union employees, I am confident that 2018 will continue to be another successful year for Atlantic Financial Federal Credit Union.

On behalf of the entire Board of Directors, I thank each of you for your loyal support of AFFCU. Remember, the best compliment you can give us is a referral. We encourage you to continue to spread our name and the value that membership with Atlantic Financial Federal Credit Union offers to your family, friends, co-workers, and neighbors.

Respectfully,



MICHAEL H. SPENCER

Chairman of the Board



## PRESIDENT'S REPORT

2017 was an exciting year of growth for Atlantic Financial Federal Credit Union. It was marked by twelve straight months of member growth which resulted in total growth of 5% compared to 2016. AFFCU's membership growth, according to CUNA, beat the average growth rate of 2.8% in the state of Maryland, and 4.7% amongst credit unions nationally. We also exceeded projections with loan growth of nearly \$6,000,000 or 11.4% over 2016 and capped off 2017 with a Net Income of \$208,080. This strong growth coupled with our prudent financial practices allowed the credit union to remain financially stable and well-capitalized.

Resulting from AFFCU's 2017 success was the ability to issue a Member Bonus for the third consecutive year. We returned \$80,000, nearly 27% of our net income, to our members in the form of a special bonus. As President/CEO, I am especially proud of the ability to give back to our members who are our key stakeholders and member-owners.

Our continued success can be attributed to two key components:

- 1) Each and every member who remains actively engaged in and using AFFCU's services.
- 2) Our commitment to AFFCU's mission to "serve and enrich our members' lives." The AFFCU team is dedicated to, and takes great pride in, serving you, our loyal members as a partner in helping achieve your financial goals.

AFFCU's success is not only measured in the form of financial statements but more importantly by the financial success of each and every AFFCU member. We strive to deliver to our members the affordable financial services needed to achieve their financial goals by delivering on two basic core principles: to help you save more and help you earn more. Together these allow us to help you achieve more.

The financial services landscape is evolving at a feverish pace and AFFCU continues to adapt to the fast changes as we grow. Perhaps the fastest segment of change is technology, predominantly member-facing technology. While it can be a challenge to keep up with the pace of change, we maintain a keen sense of awareness and knowledge of what is happening to gauge its impact on our service to you. Ultimately these changes impact our service to you as we look to help make banking easier, more accessible and more convenient.

Convenience and accessibility are the key drivers in the banking technology evolution, predominantly through mobile devices. AFFCU continues to work with our technology partners to ensure we are evolving our digital banking platforms. In addition to digital account accessibility, we continue to offer the CO-OP shared branch and ATM network, making physical access to AFFCU accounts convenient, no matter where our members live or work. We will continue to evolve with our members' needs, explore relevant technology solutions, enhance accessibility and convenience, and explore ways to further enrich our member's lives.

We work hard to maintain your trust as your financial partner and promise to remain engaged with our members as we work to deliver exceptional service and affordable products that address and simplify your financial needs. With your continued support, there is little doubt that we will continue to see further growth and prosperity in the years ahead. We are grateful for the support of every AFFCU member-owner and thank you for your loyalty.

Humbly,



MATTHEW P. PIAZZA, CPA  
President/CEO

# ATLANTIC FINANCIAL FEDERAL CREDIT UNION

## FINANCIAL STATEMENT

### BALANCE SHEET

	December 2017	December 2016
<b>ASSETS</b>		
Cash and Cash Equivalents	4,396,669	9,733,582
Investments	21,791,945	22,845,307
Total Loans	58,424,918	52,442,096
Premises and Equipment	1,383,578	1,218,552
Other Assets	1,764,286	1,727,162
Total Assets	<u>\$ 87,761,396</u>	<u>\$ 87,966,699</u>

### LIABILITIES

Members' Share and Savings	78,019,340	78,425,967
Other Liabilities	481,081	510,800
Total Liabilities	<u>\$ 78,500,421</u>	<u>\$ 78,936,767</u>

### MEMBERS' EQUITY

Total Members' Equity	9,260,975	9,029,932
Total Liabilities and Members' Equity	<u>\$ 87,761,396</u>	<u>\$ 87,966,699</u>

### INCOME STATEMENT

	December 2017	December 2016
Interest Income	3,361,078	3,443,840
Interest Expense	(488,477)	(512,849)
Provision for Loan Losses	(740,000)	(701,807)
Non-Interest Income	1,683,070	1,622,435
Non-Interest Expenses	(3,607,591)	(3,594,402)
Net Income	<u>\$ 208,080</u>	<u>\$ 257,217</u>



## TREASURER'S REPORT

The Board of Directors approves the annual budget prepared by AFFCU's management. Included in the budget process is setting goals for key performance factors and then tracking them throughout the year.

Year-end 2017 results for these key performance factors are reported as follows:

Net Capital	10.73%	Delinquencies	1.42%
Charge-offs	1.17%	Efficiency Ratio	71.52%
Loan to Share Ratio	75.98%	Return on Assets	0.24%
Asset Growth	(0.23%)	Loan Growth Including VISA	11.43%

The 2017 budgeted goal for net worth was 10.47%. At year-end, AFFCU's net capital was 10.73%, above the level required by federal regulators to be classified as a "well-capitalized" credit union.

AFFCU reported net income of \$208,080 (or return on assets of 0.24%) for the year ending December 31, 2017. This is a decrease of \$49,137 or 19% under net income of \$257,217 reported for the year ending December 31, 2016. For the third consecutive year, the Board of Directors voted to extend a bonus to the membership, returning \$80,000, 27% of net income, to members in January 2018.

These results, the audit reports from the Supervisory Committee, and NCUA's audit rating, all confirm your credit union continues to be financially strong, and well-managed. The board and AFFCU management remain committed to goals that consistently strengthen the organization. The growth and successes are made possible by members that responsibly use the products and services offered by AFFCU. We hope that you will continue to make Atlantic Financial Federal credit union your financial institution of choice.

Respectfully,



MELANIE B. RUTKAUSKAS

Treasurer

## SUPERVISORY COMMITTEE REPORT

Atlantic Financial Federal Credit Union's Supervisory Committee has the responsibility of working with the management team and the Board of Directors to ensure that AFFCU is operating in a safe and prudent manner and in the best interests of our members. The Committee consists of four AFFCU members who volunteer their time to serve the entire membership. To fulfill our responsibilities we engage an outside auditing firm, currently CliftonLarsonAllen, LLP, to perform the annual opinion audit and to verify member accounts, as well as other required NCUA procedures. We also undertake a federally mandated annual NCUA examination.

Under the leadership of our President and CEO, the credit union continues to meet its obligation of operating in an efficient and responsible manner that confirms its financial stability and soundness. The continuous monitoring and review of its operations, procedures, and controls ensures the safeguarding of the credit unions assets. These controls and processes were examined by NCUA and our independent CPA audit, both yielding no issues of concern for the credit union.

As the Chairman of the Supervisory Committee, I speak on behalf of all Committee members when I say we are proud to serve you and help ensure the success and stability of your AFFCU in 2017. The Committee will continue to work diligently to ensure that AFFCU remains a safe and financially sound institution, ready to meet your financial needs.

Respectfully,



FRANCIS X. REINHARDT

Supervisory Committee Chairman

# ATLANTIC FINANCIAL FEDERAL CREDIT UNION

## LEUKEMIA & LYMPHOMA SOCIETY®

AFFCU was a proud sponsor of the LLS of Maryland's Light The Night Campaign. AFFCU fundraised and contributed over \$9,000 to LLS in 2017.



## SHRED DAY EVENT

AFFCU held its shred day event providing free commercial shredding service to members.



## GIVING BACK

AFFCU employees volunteered time to put together over 100 Thanksgiving Meal Kits that were donated to Catholic Charities to support families in need during the holiday.



## BRANCH REMODEL

AFFCU completed its remodel in 2017 restoring its vibrancy to better serve our members.

40 SCHILLING ROAD  
HUNT VALLEY, MD 21031

410.584.7474  
1.800.505.7476

[AFFCU.ORG](http://AFFCU.ORG)



We Do Business in Accordance  
with the Federal Fair Housing  
Law and the Equal Credit  
Opportunity Act.

Federally Insured By NCUA



*Where you matter*