



2018
ANNUAL REPORT

STRONG

BOARD OF DIRECTORS

WADE WALTERS, Chairman
MICHAEL SPENCER, Vice Chairman
FRANCIS REINHARDT, Treasurer
BARBARA BYRNES, Secretary
JAMES CROGAN, Director
DAVID REEVE, Director
MELANIE RUTKAUSKAS, Director
RONALD STURDIVANT, Director
JULIAN TERRY, Director

COMMITTEE VOLUNTEERS

FRANCIS REINHARDT, Committee Chair
MARY (CRICKET) GOODALL
SIM SIFF
MARY VADEN

PRESIDENT'S REPORT

I can summarize 2018 in one word, **STRONG**. **STRONG** has two significant meanings at Atlantic Financial Federal Credit Union. First, it represents our commitment to maintaining **STRONG** financials. Secondly, it represents the Credit Union's culture and core values, which are summarized by the acronym **STRONG**.

STRONG Financials

The Credit Union produced **STRONG** results throughout the year while continuing to maintain a financially sound operation. At year-end, AFFCU had a net capital of 11.03% remaining "well-capitalized." The National Credit Union Association (NCUA) classifies "well-capitalized" as having Net Capital of 7%. The Credit Union experienced continued growth in 2018. The loan portfolio grew by 7.5%. Membership repeated another twelve consecutive months of growth, increasing by 3.60% and breaking the 10,000 member mark.

We introduced our new member bonus program in 2018, MY AFFCU REWARDS. The program returned \$67,000, 8.63% of net income, to members in January 2019. Our commitment to financial sustainability, as highlighted in the Treasurer's Report, allowed the Credit Union to provide this new form of a member bonus for the fourth consecutive year.

STRONG Culture

The word **STRONG** has a deeper meaning inside of AFFCU, representing our core values. We highlighted what each of these core values means within the organization, in support of one-another, and in delivering an exceptional experience to each and every member.

The word is broken down into six core values:

- S**ervice - Selflessly helping everyone we interact with to achieve their goals
- T**rusted - Depended upon to protect and deliver
- R**eliable - Dedicated to providing dependable service
- O**pen (Open-minded) - Being receptive and willing to listen to others in an effort to support their needs
- N**imble - Being flexible to adapt and serve others' needs
- G**enuine - Demonstrate sincerity and empathy in our service to others

The Credit Union put a **STRONG** emphasis on reinforcing these core values as we continue to evolve and refine our culture in 2018. These core values highlight how our team collectively works together to deliver a superior level of service and support to every AFFCU member.

Our continued nurturing of a **STRONG** culture, with the maintenance of a **STRONG** financial foundation, will keep the Credit Union on the path to efficient growth. We will maintain this momentum throughout 2019 to effectively and efficiently grow your Atlantic Financial Federal Credit Union.

We continue our commitment to evolving with our members' needs, exploring relevant technology solutions, enhancing accessibility and convenience, and developing ways to further enrich our members' lives.

Our unwavering dedication to delivering exceptional service and affordable products that address and simplify your financial needs, coupled with your continued support and use of AFFCU's services, will undoubtedly lead Atlantic Financial Federal Credit Union to another year of success in 2019.

We remain grateful for your support and loyalty as an AFFCU member-owner.

Humbly,



MATTHEW P. PIAZZA, CPA
President/CEO

CHAIRMAN'S REPORT

Two thousand eighteen marked my inaugural year serving as the Chairman of the Board of Directors at OUR Atlantic Financial Federal Credit Union. It's an honor to serve on behalf of my fellow AFFCU members and alongside the other volunteer members of the Board of Directors.

AFFCU had another financially successful year that included an increase in capital, **STRONG** operating income, exceptional loan growth, and twelve straight months of member growth. We are now over 10,000 members strong! I welcome all the new members to the AFFCU community.

The board is committed to working collectively with the management team to ensure the continued growth and evolution of AFFCU. We want to ensure that we continue to serve our members who prefer a more traditional approach to banking while simultaneously investing in the latest technology to effectively and efficiently serve our members in the future.

We are eager to continue working with the Credit Union's management team to sustain the momentum and lead OUR Credit Union to further growth throughout 2019. As we work to achieve continued growth, we value the trust you have placed in the volunteer Board of Directors, each of us your fellow AFFCU members. We will work diligently to maintain that trust and a financially healthy and prosperous Atlantic Financial Federal Credit Union that remains here to continue to serve you and our growing community of members.

On behalf of the men and women who volunteer as board members to help guide the Credit Union's course, we thank each of you for your loyal support of AFFCU. Your continued support, coupled with the guidance of the Board of Directors and dedicated efforts of the Credit Union employees, will set us on the path for a successful 2019.

We encourage you to continue to spread our name and the value of Atlantic Financial Federal Credit Union to your family, friends, co-workers, and neighbors. The best compliment you can give us is a referral. And remember, we serve as representatives of every member. Therefore, please do not hesitate to reach out to any board member with compliments, feedback, or areas of improvement. We are here to serve you.

Respectfully,



WADE WALTERS

Chairman of the Board

TREASURER'S REPORT

The Board of Directors works with the AFFCU management team to develop an annual budget. The budget process includes setting goals for key performance factors and then tracking them throughout the year.

Year-end 2018 results for these key performance factors are reported as follows:

Net Capital	11.03%	Delinquencies	0.87%
Charge-offs	0.98%	Efficiency Ratio	67.45%
Loan-to-Share Ratio	78.34%	Return on Assets	0.78%
Asset Growth	4.59%	Loan Growth Including VISA®	7.50%

The 2018 budgeted goal for net worth was 10.58%. At year-end, AFFCU's net capital was 11.03%, above the level required by the National Credit Union Association (NCUA) to be classified as a "well-capitalized" credit union, which is 7%.

AFFCU reported net income of \$709,365 (or return on assets of 0.78%) for the year ending December 31, 2018. This is an increase of \$501,285 (or 240% over net income of \$208,080 reported) for the year ending December 31, 2017. This **STRONG** financial position allowed for the distribution of a member bonus for the fourth consecutive year. This year's bonus was delivered through the new MY AFFCU REWARDS program, returning \$67,000, 8.63% of net income, to members in January 2019.

These results 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.

Respectfully,



FRANCIS "FRAN" REINHARDT
Treasurer

SUPERVISORY COMMITTEE'S REPORT

Atlantic Financial Federal Credit Union's Supervisory Committee has the responsibility of ensuring that AFFCU is operating in a safe and prudent manner and in the best interest of our members.

To help fulfill this duty, we engage an outside auditing firm, CliftonLarsonAllen, LLP, to perform an annual opinion audit and to verify member accounts, as well as other required National Credit Union Association (NCUA) procedures. We also undertake a federally mandated annual NCUA examination.

As the Chairman of the Supervisory Committee, I am happy to confirm that under the leadership of our President and CEO, Atlantic Financial Federal 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. The Supervisory Committee will continue to ensure that AFFCU remains a safe and financially sound institution, ready to meet your financial needs.

Respectfully,



FRANCIS "FRAN" REINHARDT
Supervisory Committee Chairman

FINANCIAL STATEMENT

BALANCE SHEET

	December 2018	December 2017
ASSETS		
Cash and Cash Equivalents	6,077,407	4,396,669
Investments	19,747,530	21,791,945
Loans – less allowance for loan loss	62,905,281	58,424,918
Premises and Equipment	1,407,583	1,383,578
Other Assets	1,648,971	1,764,286
Total Assets	\$ 91,786,772	\$ 87,761,396
LIABILITIES		
Members' Share and Savings	81,350,476	78,019,340
Other Liabilities	485,301	481,081
Total Liabilities	\$ 81,835,777	\$ 78,500,421
MEMBERS' EQUITY		
Total Members' Equity	9,950,995	9,260,975
Total Liabilities and Members' Equity	\$ 91,786,772	\$ 87,761,396

INCOME STATEMENT

	December 2018	December 2017
Interest Income	3,746,413	3,361,078
Interest Expense	(698,948)	(488,477)
Provision for Loan Losses	(580,547)	(740,000)
Non-Interest Income	2,364,009	1,683,070
Non-Interest Expenses	(4,121,562)	(3,607,591)
Net Income	\$ 709,365	\$ 208,080

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

Federally Insured By NCUA