



2019 ANNUAL REPORT

*Enriching Our Members' Lives Through
Consistent, Exceptional Member Experiences*

A Message From The Chairman and President

It's a great time to be a member of Atlantic Financial Federal Credit Union! We're moving forward like never before. 2019 marked another solid year of growth while remaining steadfast in our member-focused commitment to each of you. While we pause to reflect on the success of 2019, we do so expeditiously as we endeavor to remain focused on the road ahead.

Financially Strong

The Credit Union produced another year of solid earnings in 2019, maintaining its financially sound operations. At year-end, AFFCU remained "well-capitalized" with a net capital of 11.49%. The Credit Union experienced continued growth in 2019, including loan portfolio growth of 5.32% and membership growth by 0.81%.

2019 was the second year of the member bonus program, MY AFFCU REWARDS. The program returned over \$83,000, 11% of net income, to members in December 2019. This marks the fifth consecutive year that the credit union has provided an annual member bonus.

Full details of AFFCU's financial sustainability, are highlighted in the Treasurer's Report, with an end-of-year snapshot of the balance sheet provided in the Financial Statement.

Moving Forward

2020 is setting up to be an exciting year. It's the start of a new decade and the celebration of AFFCU's 70th anniversary. While we celebrate the 70-year heritage that we've built and the success over those years, we are still young and vibrant and positioning ourselves for sustained, long-term growth.

In 2019, we began to embark on some important changes within the credit union. Change can be unnerving, but our change is for the better. Our transformation is focused on taking our great service to exceptional. This change is member-centric and focuses on us delivering consistent, exceptional member experiences. We want to ensure every member has an exceptional experience, every time, however they engage with us. But most of all ensure that we are delivering the most value that we can to every member.

Being member-focused includes returning value to our members. In 2019, our most active members shared a return of over \$83,000 through the MY AFFCU REWARDS program.

Moving forward in our evolution is based upon our commitment to serve and evolve with our members

changing needs. Branches are still important and plans for an expanded footprint in the Baltimore metro are underway. For members that prefer to do their banking on their own schedule, on-demand, we are evaluating new solutions for improving and redeveloping our digital banking platforms.

Committed to You

We're evolving but remaining true to who we are and what we do – delivering value to every member while helping you achieve more. Our focus remains on helping every member gain the most value out of their membership by finding new opportunities to save more money, earn more money, and achieve sustainable financial well-being.

Atlantic Financial Federal Credit Union continues to prosper, thanks to each of you, our amazing members. Your passion for a better banking experience and support of the "people helping people" credit union mantra fuels our continued success.

We remain steadfast in our dedication to delivering an exceptional member experience, with affordable products and services that simplify your financial needs.

We are grateful for your support and loyalty as an AFFCU member-owner. Your continued support and use of AFFCU's services, will continue to drive Atlantic Financial Federal Credit Union's continued success.

Humbly,



Matthew P. Piazza, CPA
President/CEO



Wade Walters
Chairman of the Board

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 2019 results for these key performance factors are reported as follows:

Net Worth	11.49%	Delinquencies	0.93%
Charge-offs	0.65%	Efficiency Ratio	69.16%
Loan to Share Ratio	78.52%	Return on Assets	0.70%
Asset Growth	2.30%	Loan Growth Including VISA	1.91%

The 2019 budgeted goal for net worth was 10.63%. At year-end, AFFCU's net capital was 11.49%, above the level required by federal regulators to be classified as a "well-capitalized" credit union.

AFFCU reported net income of \$665,961 (or return on assets of 0.70%) for the year ending December 31, 2019. This is a decrease of \$43,404 or 6.1% below net income of \$709,365 reported for the year ending December 31, 2018. For the fifth consecutive year, the Board of Directors voted to extend a bonus to the membership, returning \$83,255, 11.1% of net income, to members in December 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

Financial Statement

	BALANCE SHEET		INCOME STATEMENT	
	December 2019	December 2018	December 2019	December 2018
<i>ASSETS</i>				
Cash and Cash Equivalents	5,635,511	6,077,407	Interest Income	4,199,957
Investments	20,789,898	19,747,530	Interest Expense	(964,720)
Loans – less allowance for loan loss	64,357,135	62,905,281	Provision for Loan Losses	(185,120)
Premises and Equipment	1,492,881	1,407,583	Non-Interest Income	1,687,689
Other Assets	1,622,701	1,648,971	Non-Interest Expenses	(4,071,845)
Total Assets	93,898,126	91,786,772	Net Income	665,961
<i>LIABILITIES</i>				
Members' Share and Savings	82,710,806	81,350,476		
Other Liabilities	420,890	485,301		
Total Liabilities	83,131,696	81,835,777		
<i>MEMBERS' EQUITY</i>				
Total Members' Equity	10,766,430	9,950,995		
Total Liabilities and Members' Equity	93,898,126	91,786,772		

Supervisory Committee 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 interests of our members.

To help fulfill this oversight we engage an outside auditing firm, 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.

As the Chairman of the Supervisory Committee, I am happy to confirm that under the leadership of our President and CEO, the 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,

Jim Folus
Supervisory Committee Chairman

A Special Thank You To The AFFCU Volunteers For Their Dedication And Support

Board of Directors

Wade Walters, Chairman
Michael Spencer, Vice Chairman
Francis Reinhardt, Treasurer
Barbara Byrnes, Secretary
James Crogan, Director
Jim Folus, Director
Stacy Purnell, Director
Ronald Sturdivant, Director
Julian Terry, Director

Committee Volunteers

Jim Folus, Committee Chair
Mary Vaden
Jauquetta Cox
Femi Olawuyi