



ATLANTIC FINANCIAL

FEDERAL CREDIT UNION

REFRESH

2015 ANNUAL REPORT



Federally Insured
by NCUA

BOARD OF DIRECTORS

Michael H. Spencer, Chairman
David Botzler, Vice Chairman
Paul Henkelman, Secretary
Melanie Rutkauskas, Treasurer
Theodore Prioleau, Director
David Reeve, Director
Francis Reinhardt, Director
Keith Scott, Director
Wade Walters, Director

COMMITTEE VOLUNTEERS

EXECUTIVE COMMITTEE

Michael H. Spencer, Chairman
David Botzler, Vice Chairman
Paul Henkelman, Secretary
Melanie Rutkauskas, Treasurer

ASSET/LIABILITY COMMITTEE

Wade Walters, Chairperson
David Allen
Jodi Beal
Matthew Piazza
Melanie Rutkauskas

INFORMATION TECHNOLOGY COMMITTEE

Melanie Rutkauskas, Chairman
David Botzler
Jim Grant
Matthew Piazza

NOMINATING COMMITTEE

Wade Walters, Chairperson
Bonnie Mascaro
David Reeve

SUPERVISORY COMMITTEE

Francis Reinhardt, Chairperson
Mary (Crickett) E. Goodall
Greg Kuta
Mary Vaden

HR PRACTICES COMMITTEE

Paul Henkelman, Chairperson
Lindsey Prather
Mary Vaden

CHAIRMAN'S REPORT

I am pleased to announce that 2015 was a very successful year for YOUR Atlantic Financial Federal Credit Union (AFFCU). AFFCU continues to fulfill the credit union philosophy of "People Helping People" as we work to serve and exceed our members' financial objectives. The economy as a whole had its ups and downs in 2015, but recovery from the 2008 recession seems to indicate steady progress. This progress was visible at AFFCU through our members increased use of services and fulfillment of lending needs. This increase in service activity by members, and the prudent financial management of the credit union, resulted in the ability to issue a year-end member dividend bonus.

2015 marked a year of refresh for the credit union. Early in the year, the credit union introduced a refreshed brand image, a new website and some product enhancements. All of these improvements were centered around better serving you, as our valued members. That's why we felt our refreshed tagline was most appropriate, AFFCU – Where you matter. No matter what, our credit union is all about you. We remain a member-centric institution, where serving the best interests of our members comes first in everything we do.

As chairman of the board, it is my duty to direct the volunteer Board of Directors who oversees the practices of the credit union. I am pleased to have a strong group of nine men and women who volunteer their time and effort to serve alongside me to help guide the credit union's course of action.

There were a few changes to the Board of Directors in 2015, with two new members, David Reeve and Keith Scott, joining as board members. David Reeve is Vice President, Personal Insurance Division, at PSA Financial Services. Keith Scott is President and CEO of the Baltimore County Chamber of Commerce. Both David and Keith are welcome additions to your Board of Directors and have contributed greatly to the success of AFFCU. Our new Board members bring a wealth of varied experience and are committed to fulfilling the fiduciary responsibilities they have accepted on behalf of the members they serve.

2015 also marked the departure of Charlie Feihe, Executive VP of PDP Group, from the AFFCU Board of Directors. Charlie's sage advice and experience was a valuable asset to the board and credit union. We thank Charlie for his years of service to the board and extend our great appreciation for the many years of volunteered time given to help guide the credit union's growth, prosperity and security.

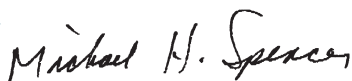
As we continue to move forward, AFFCU members can be confident that their credit union is operating with good oversight by the Board of Directors and other volunteers. Our President and

CEO, Matt Piazza, has assembled a talented and savvy management team that has the experience to continue to move our credit union forward, and we are pleased with the direction we are headed. The staff and management team are capable and diligent in carrying out the daily activities to provide the best service possible to our members.

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, AFFCU will continue to be successful and grow throughout 2016 and into the future.

We thank each of you for your loyal support of AFFCU.

Respectfully,

A handwritten signature in black ink that reads "Michael H. Spencer". The signature is written in a cursive style and is positioned to the left of a vertical line.

Michael H. Spencer
Chairman of the Board
Atlantic Financial Federal Credit Union

STATEMENT OF CONDITION

As Of December 31, 2015 and 2014

ASSETS

	2015	2014
Cash and Cash Equivalents	\$ 9,179,350	\$ 7,949,176
Member Loans Outstanding, Net	54,621,857	55,648,192
Investments	19,120,187	20,847,082
Fixed Assets	1,325,878	1,375,833
All Other Assets	1,775,203	1,831,563
TOTAL ASSETS	\$ 86,022,475	\$ 87,651,846

LIABILITIES & MEMBERS' EQUITY

Members' Shares	\$ 76,623,499	\$ 78,930,535
Other Liabilities	578,863	478,822
Members' Equity	8,820,113	8,242,489
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 86,022,475	\$ 87,651,846

STATEMENT OF OPERATIONS

	2015	2014
Interest Income	\$3,504,044	\$ 3,394,227
Interest Expense	(474,184)	(465,983)
Provision for Loan Losses	(600,000)	(456,000)
Non-Interest Income	1,628,577	1,592,964
Non-Interest Expense	(3,566,886)	(3,758,458)
NET INCOME	\$ 491,551	\$ 306,750

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 2015 results for these key performance factors are reported as follows:

Net Capital	10.40%	Delinquencies	1.36%
Charge-offs	1.07%	Efficiency Ratio	71.23%
Loan to Share Ratio	72.17%	Return on Assets	0.57%
Asset Growth	(1.86)%	Loan Growth Including VISA	(1.79)%

The 2015 budgeted goal for net capital was 9.84%. At year end AFFCU's net capital was 10.40%, above the level required by our federal regulators to be classified as a "well capitalized" credit union.

AFFCU reported net income of \$491,551 or return on assets of 0.57% for the year ending December 31, 2015. This is an increase of \$184, 801 at 60.26% over net income of \$306,750 reported for the year ending December 31, 2014. In light of the positive year, at the December meeting, the board voted to extend a bonus to the membership, returning nearly \$90,000 in January 2016, to you, the members.

These results, the audit reports from the Supervisory Committee and NCUA's exam rating, 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, successes and challenges noted here are made possible by members that responsibly use the products and services offered by AFFCU. We encourage you to tap into the website, social media, newsletter and statement stuffers to stay connected to new products, rate changes and all AFFCU news and 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 consists of four AFFCU members who volunteer their time to serve the entire membership. The 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. 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 have the benefit of an annual federally mandated NCUA examination.

We are pleased to report that AFFCU continues to provide financial safety and soundness and is constantly implementing improvements to its operations and internal controls. Under the leadership of our President and CEO, new programs and tools are also being implemented to improve the ability of AFFCU to meet members' needs, and to provide you with outstanding service, well into the future. The credit union continued to improve its controls and processes over the past year. These controls and processes were examined by NCUA and our independent CPA audit. Both of these yielded 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 it has been a pleasure to serve you in 2015. The Committee will continue to work diligently in 2016 to ensure that AFFCU remains a safe and financially sound institution, ready to meet your financial needs.



Francis X. Reinhardt
Supervisory Committee Chairman

PRESIDENT'S REPORT

2015 was an exciting year for Atlantic Financial Federal Credit Union. It marked AFFCU's 65th year of service. It also marked a year of refresh for the credit union. After being founded in 1950 as Baltimore Telephone FCU, the credit union has gone through many changes to expand its field of membership as we continue to grow.

In a quest to continue to evolve and serve the credit union's membership, the AFFCU Board and Management knew that a brand refresh, not a total rebranding, was necessary to compete in our marketplace. The AFFCU name was strong and solid. However, our image needed a refresh, to appear more relevant, appealing, and modern, in order to better reflect who AFFCU is today.

The process began with an internal review to assess our strengths and values. We re-stated the credit union mission statement, vision statement, and added core values with what we believe reflect the credit union, our employees, and the products/services we deliver every day. These are more than just words on paper, but rather values and beliefs that our team lives by to deliver a unique experience to our members.

Mission Statement: To enrich our Members' lives through consistent, exceptional products and service.

Vision Statement: To be our Members' financial institution of choice.

Core Values: STRONG

- **S**ervice
- **T**rusted
- **R**eliable
- **O**pen-Minded
- **N**imble
- **G**enuine

Addressing the credit union's brand image as part of the refresh, last spring we launched, with much success, our new corporate logo and tag line; Atlantic Financial Federal Credit Union – *Where You Matter*. We also launched an updated website to better reflect who we are as a credit union, and the great products and services we have to offer.

We didn't stop with just refreshing the brand. We continued by refreshing some of our product offerings to better serve our members. We started with an introduction of the new Kasasa Checking Accounts. These totally free checking accounts provide members with the potential to earn amazing dividends and rewards every month. There is no fee involved and it is truly a win-win situation. The

members earn great rewards, while the credit union builds stronger, active accounts with our membership.

Throughout our 65 years of service, and the evolution that has taken place, one thing that remains steadfast is our commitment to serving our members. We will always be a member-focused organization, with our members' needs and financial well-being always top-of-mind. That is the foundation upon which we were formed; and a mission we will not compromise.

2015 HIGHLIGHTS

SERVING OUR MEMBERS

AFFCU strives to deliver our members with the affordable financial services they need to achieve their financial goals. Examples of this included the continuation of our seasonal Summer Breeze and Holiday Helper loans. We made these special loans available to all members with simple, yet sound underwriting practices that provided members with easy access to new funds, but with limited risk to the credit union. In total, the credit union facilitated over \$935,000 in short-term loans to members during these two promotional periods. These loan specials have a high value to our members who are excited to take advantage of them to help meet their seasonal expenses.

A successful year doesn't happen all on its own. Our success is contributed to our members use of our high-value, low-cost products and services. The more business our members do with the credit union, the greater return they earn through lower cost services. These services and benefits are available due to our continued prudent financial practices. Together they allow the credit union to run efficiently while delivering the services our members want to help them save money.

This year the credit union was able to return the excess earnings, earnings that were not earmarked for reinvestment into credit union operations, back to our members in the form of an Member Dividend Bonus. As President/CEO, I am especially proud of the ability to give back to our membership this year. We are here to serve you and when we have a great year we want to give back to those who helped us achieve that success.

SAFEGUARDING OUR MEMBERS

Thankfully 2015 was not scarred by major retail data breaches like years past. However, should any have occurred, we are confident that AFFCU would have weathered such a storm better than most institutions. I can say that confidently, because following the major data breaches of 2014, AFFCU

management quickly enacted new data security measures to protect our members' purchases when using their AFFCU debit and credit cards. We made significant changes to improve processing and monitoring to prevent and detect fraudulent transactions on debit and credit cards.

The credit union instituted new security systems that monitor activity that appears out of the individual members' normal activity. Additionally, on such questionable purchases, the system automatically sends a call to the member to confirm the accuracy of a purchase. These systems help keep fraudulent activity from going unnoticed, safeguarding both the member and credit union from major financial losses.

LOOKING AHEAD

While some great new things have been introduced in 2015, there is more to come as we continue our refresh. The Management team and Board of Directors are excited about the opportunity that lays ahead in 2016 and the vision for the future of YOUR credit union.

Our strategic direction is always member-focused, as we look to find ways to better serve you. These efforts are structured around how we can help enrich our member's lives, remain engaged with members, remove limitations to service, deliver superior member experience, and continue to earn your trust. We will continue to evolve to adapt to our members' needs.

I want to thank all those who helped contribute to the success in 2015: our loyal members, the volunteer Board of Directors, the volunteer committee members; and the hard work and dedication by AFFCU's Management Team and Employees. I have the pleasure of working day in and day out with some great people here at the credit union. We inspire each other daily to better serve our members.

Lastly, I'd like to thank each member of AFFCU for putting your trust in us. We will continue to work hard to ensure we are meeting and exceeding your financial needs.

Humbly,

A handwritten signature in black ink, appearing to read 'M. Piazza', written in a cursive style.

Matthew P. Piazza, CPA
President/CEO

PERSONNEL

Atlantic Financial Federal Credit Union's daily operations and member service are supported by a united team of dedicated personnel.

MANAGEMENT

Matthew Piazza, CPA, President/CEO
David Allen, Vice President of Lending & Collections
Jodi Beal, Vice President of Finance
Bonnie Mascaro, Vice President of Member Services
Kevin Zaegel, Marketing Director

BUSINESS DEVELOPMENT

Denise Snyder, Business Development Coordinator

LENDING

Eleanor Floray, Lending Manager
Rebecca Stewart, Loan Officer
Karen Wilson, Loan Service Representative

MEMBER SERVICES

Katie Alex, Teller
Carol Ebert, Teller
Jordan Ducharme, Call Center Representative
Jacklyn Goodman, Teller
Lenora Hearn-Mooney, Member Service Representative
Sherville Joasil, Member Service Representative
Melony Jones, Branch Manager
Dianne McHale, Call Center Representative
Debbie Moser, Head Teller
Kimberly A. Wilmer, Call Center Supervisor

OPERATIONS

T. J. Antley, Technology Services Representative
Celeste Hamlin, Checking/Debit Card Specialist
Linda Pelle, Accounting Specialist
Dawn Peacher, Accounting Assistant

40 SCHILLING RD
HUNT VALLEY, MD 21031

410.584.7474
1.800.505.7476

AFFCU.ORG



Where you matter

