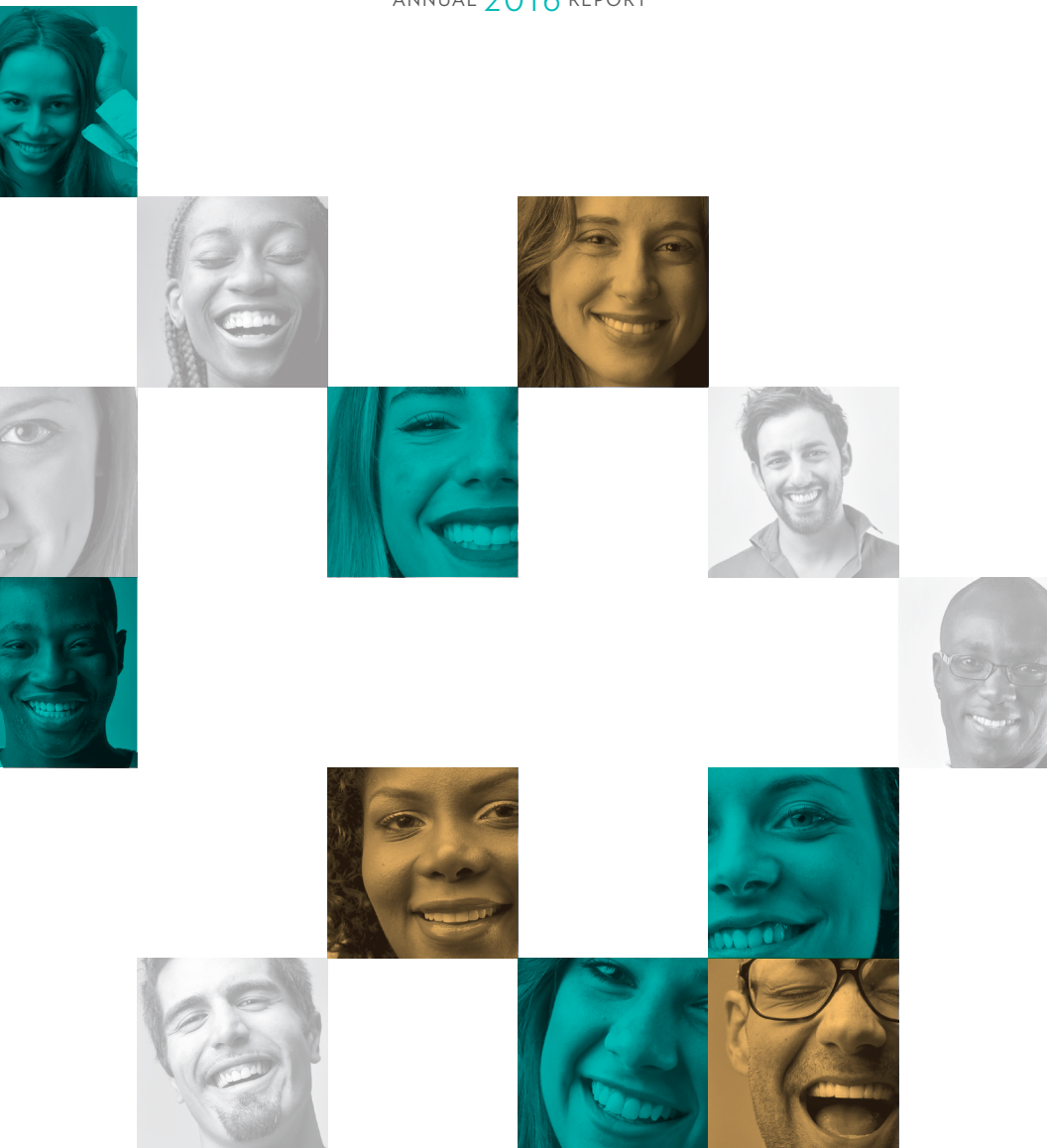


ANNUAL 2016 REPORT



## BOARD OF DIRECTORS

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

## COMMITTEE VOLUNTEERS

### EXECUTIVE COMMITTEE

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

### NOMINATING COMMITTEE

David Reeve, Chairman  
Bonnie Mascaro  
Paul Henkelman

### ASSET/LIABILITY COMMITTEE

Wade Walters, Chairman  
David Allen  
Tracey Jackson  
Matthew Piazza  
Melanie Rutkauskas

### SUPERVISORY COMMITTEE

Francis Reinhardt, Chairman  
Mary (Crickett) E. Goodall  
Ron Sturdivant  
Mary Vaden

### INFORMATION TECHNOLOGY COMMITTEE

David Botzler, Chairman  
Jim Grant  
Matthew Piazza

### HUMAN RESOURCES PRACTICES COMMITTEE

Paul Henkelman, Chairman  
Lindsey Prather  
Mary Vaden

## CHAIRMAN'S REPORT

It is my pleasure to announce the continued success of your Atlantic Financial Federal Credit Union in 2016. AFFCU continues its mission to serve our members and help them achieve their financial objectives, while fulfilling the credit union philosophy of “People Helping People.” AFFCU is truly an institution “Where you matter.” We remain a member-centric institution, where serving the best interests of our members comes first in everything we do. No matter what, the credit union is focused on priority #1 – you.

As Chairman of the Board, it is my honor to guide the volunteer Board of Directors who oversees the practices of the credit union and fulfillment of our mission. I am pleased to have a strong group of men and women who volunteer their time to help guide the credit union's course of action.

2016 included a few changes to the AFFCU board, most notably the departure of long-time Board member Theodore “Teddy” Prioleau. I’m going to take advantage of this platform to recognize Teddy for his dedicated service. Teddy served as a volunteer on the AFFCU Board of Directors for over 20 years and was a valuable asset to the Board and credit union. We thank Teddy 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. 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 in which we are headed.

*[continued]*

# ATLANTIC FINANCIAL FEDERAL CREDIT UNION

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 2017 will continue to be another successful year for Atlantic Financial Federal Credit Union.

We thank each of you for your loyal support of AFFCU. And remember, the best compliment you can give us is a referral. 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.

Respectfully,



MICHAEL H. SPENCER  
Chairman of the Board



*Pictured from left to right: Michael Spencer (Board Chairman); Teddy Prioleau (Retiring Board Member); Matt Piazza (President & CEO).*

## PRESIDENT'S REPORT

2016 marked another successful year for Atlantic Financial Federal Credit Union. Our 66 years of continued success can be attributed to our commitment to the credit union's philosophy of "people helping people." Our people, AFFCU's dedicated and committed employees, take great pride in serving you, our loyal members. We are just like the members we serve, and therefore instill a welcoming and supportive environment. We take pride in supporting our members as they work to achieve their financial goals, and in seeing them succeed.

Our 66 years of success has also been possible due to our ability to adapt and change. At times over the past several years, a tumultuous economy presented challenges for both our members and the business operations of the credit union. AFFCU's prudent financial practices allowed the credit union to weather those storms while remaining financially stable. At the same time, we were able to continue to serve and assist our members with the financial needs during these challenging moments.

In 2016, we saw a change in one of our employer partner relationships, Verizon. Though the change developed over the last few years, this year saw the last Verizon employees move out of the Hunt Valley building across from AFFCU's branch. While the convenience of being just across the parking lot was gone, our loyal relationships with the many Verizon employee members remained strong. This strong affiliation, coupled with our growing digital banking platforms and shared branch network, made access to AFFCU accounts even more convenient—no matter where our members live or work.

Changes are inevitable and we will continue to adapt to them as we look to grow and succeed. However, as the financial services landscape continues to evolve, there is one core facet of our operations that will always remain intact; our commitment to serve our members and mission to deliver a banking experience "Where You Matter."

We work hard every day to prove that "Where You Matter" is more than just a catchy tagline. It's a message that we truly believe in and is engrained in everything we do. We make your financial future our personal priority and AFFCU's success is truly dependent on our members' success.

*[continued]*

# ATLANTIC FINANCIAL FEDERAL CREDIT UNION

AFFCU strives to deliver our members the affordable financial services needed to achieve their financial goals. For instance, our Kasasa Checking Accounts are totally free checking accounts that provide members with the potential to earn amazing dividends and rewards every month. There are no fees involved and members earn great rewards.

Additionally, AFFCU continued to offer our highly popular season loans, Summer Breeze and Holiday Helper. These special loans are made available to all members with simple yet sound underwriting practices that provide them with easy access to new funds. In 2016, the credit union facilitated access to \$835,600 in these short-term loans to members during the promotional periods. These loan specials have a high value to our members who take advantage of them to help meet their seasonal expenses.

I am proud to say that 2016 was another financially successful year for AFFCU and that our members are the reason for this success. It is attributed to their engagement and loyal use of AFFCU's high-value, low-cost products and services. Because of this success, the credit union was able to reward our members with another Member Dividend Bonus. We returned \$90,000, nearly 25% of our net income, to our members in the form of a special bonus dividend. As President/CEO, I am especially proud of the ability to give back to our membership for the second consecutive year.

We know that, as your financial partner, you put your money and your trust in us every day. That's why it's our promise to remain engaged with our members



# ATLANTIC FINANCIAL FEDERAL CREDIT UNION

as we work to deliver exceptional service and affordable products that address and simplify your financial needs. We will continue to evolve with our members' needs, explore relevant technology solutions, enhance accessibility and convenience, and explore ways to enrich our members' lives.

At AFFCU, we measure success by the number of lives that we positively impact and the financial achievements our members accomplish through the solutions that we provide. We are grateful for the support of our member-owners. With your continued support, there is little doubt that we will celebrate further growth and prosperity tomorrow and well into the future.

I want to thank all those who helped contribute to 2016's success: our loyal members, the volunteer Board of Directors and committee members; and the hard work and dedication by AFFCU's Management Team and Employees. Lastly, I'd like to thank every AFFCU member for putting your trust in us. We will continue to work hard to ensure we are meeting and exceeding your financial needs.

Humbly,



**MATTHEW P. PIAZZA, CPA**  
President/CEO



# ATLANTIC FINANCIAL FEDERAL CREDIT UNION

## FINANCIAL STATEMENT

### BALANCE SHEET

	December 2016	December 2015
<b>ASSETS</b>		
Cash and Cash Equivalents	9,733,582	9,179,350
Investments	22,845,307	19,120,187
Total Loans	52,442,096	54,621,857
Premises and Equipment	1,218,552	1,325,878
Other Assets	1,727,162	1,775,203
Total Assets	<u>\$ 87,966,699</u>	<u>\$ 86,022,475</u>

### LIABILITIES

Members' Share and Savings	78,425,967	76,623,499
Other Liabilities	510,800	578,863
Total Liabilities	<u>\$ 78,936,767</u>	<u>\$ 77,202,362</u>

### MEMBERS' EQUITY

Total Members' Equity	9,029,932	8,820,113
Total Liabilities and Members' Equity	<u>\$ 87,966,699</u>	<u>\$ 86,022,475</u>

### INCOME STATEMENT

	December 2016	December 2015
Interest Income	3,443,840	3,504,044
Interest Expense	(512,849)	(474,184)
Provision for Loan Losses	(701,807)	(600,000)
Non-Interest Income	1,622,435	1,628,577
Non-Interest Expenses	(3,594,402)	(3,566,886)
Net Income	<u>\$ 257,217</u>	<u>\$ 491,551</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 2016 results for these key performance factors are reported as follows:

Net Capital	10.46%	Delinquencies	1.11%
Charge-offs	1.31%	Efficiency Ratio	70.95%
Loan to Share Ratio	67.83%	Return on Assets	0.29%
Asset Growth	2.26%	Loan Growth Including VISA	(3.80)%

The 2016 budgeted goal for net capital was 10.58%. At year end, AFFCU's net capital was 10.46%, above the level required by federal regulators to be classified as a "well-capitalized" credit union.

AFFCU reported net income of \$257,217 (or return on assets of 0.29%) for the year ending December 31, 2016. This is a decrease of \$234,334 or (47.67)% under net income of \$491,551 reported for the year ending December 31, 2015. For the second consecutive year, the Board of Directors voted to extend a bonus to the membership, returning \$93,000 in January 2017 to you, the members.

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, 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 AFFCU resources to stay connected to all credit union news and updates as you 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 a federally mandated 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 it has been a pleasure to serve you in 2016.

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

## 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  
Tracey Jackson, 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, Part-Time Teller  
Jordan Ducharme, Call Center Representative  
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 Director  
Celeste Hamlin, Checking/Debit Card Specialist  
Linda Pelle, Accounting Specialist  
Dawn Peacher, Accounting Assistant

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



Federally Insured  
By NCUA

