



2020 Annual Report

A Year of Adversity and Perseverance.



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2020 IN PERSPECTIVE

2020 was without a doubt a challenging year. We faced a global pandemic, social unrest, economic uncertainty, business closures, job losses, school closures, and more. Despite what we have all endured, our members continued to place trust in us to serve their financial needs.

AFFCU was founded on the Credit Union philosophy of “people helping people.” We cannot stress enough the difference here, where you’re a member of our organization, not just a customer. Our members always remain at the center of our operating decisions. This member-centric philosophy drives our daily efforts and keeps our focus on the well-being of our members and helping to ensure that all are ready and able to face whatever tomorrow and the future brings their way.

Financially Sound Through Uncertainty

The Credit Union weathered the pandemic, maintaining its financially sound operations in 2020 despite the economic hardships. At year-end, AFFCU remained “well-capitalized” with a net worth of 10.36%. While the Credit Union experienced a slight dip in membership with a loss of -0.75%, our loan portfolio grew by 10.43%.

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.

Ongoing Member Support

I am proud of the member support that we continued to provide despite the chaos and uncertainty. While not the ideal operating process, we quickly adapted to the notion of remote banking while ensuring a high level of service and support. Our team remained nimble and quickly shifted to virtual operations, while dividing our branch operations team into dedicated cohorts that came in-branch to safely serve members via the drive-thru. Our digital banking was readily available to handle the influx of new users exploring this delivery channel for the first time.

Our team showed their genuine support to our members, particularly those who faced sudden, unexpected financial impacts. We established a simple and affordable Emergency Hardship Loan that provided \$500,000 in financial assistance. We eliminated our skip-a-pay fees making this a viable assistance tool and issued approximately 600 loan payment skips at no cost to our members. And on top of that, we worked with impacted members to make nearly 200 loan adjustments and modifications to give our members the financial breathing room they desperately needed.

Looking to continue our support and provide more financial relief, we developed and launched a special Member Support Grant. The response was eye-opening with over 500 members applying for a grant in the short time it became available. The credit union awarded a total of \$20,000 in no-obligation grants. 100 recipients were selected and awarded \$200 each in funds to support their financial needs.

The response to our member support efforts reconfirmed the impact that we have on our members and the community we serve. In a year of such uncertainty, we endeavored to deliver hope, support, and stability to our members’ financial well-being. Providing support and financial accessibility has always been important to us as we aim to be a guiding light and partner you can trust to keep you moving forward.

Presidents' Message

Presidents' Message (cont.)

Growth Ahead

The outlook for 2021 is still a guess, but one we anticipate being brighter than the darkness of the past year. While things remain in flux in our world today, we are proceeding with the best and brightest intentions of a strong recovery in 2021. And while some things may be temporarily operating differently for safety reasons, we continue to work hard to ensure we are available to serve your financial needs. What is certain, is that your AFFCU team will be here to serve you.

Prior to the shutdowns and distancing, AFFCU began to review our digital banking services for improvement opportunities. We still strongly value the direct, one-to-one member engagements that we get, but with the rapid evolution and continued adoption of digital banking services it requires us to review our systems. AFFCU already had many of the standard digital banking services available online and through mobile app. But as member expectations and features rapidly change, we need to ensure our platform allows us to continue to do the same and evolve to meet our members needs.

Despite the disruptions of the pandemic, the AFFCU team diligently moved forward with our digital banking system development and conversion, launching our new platform in early 2021. Digital is only one part of our focus and commitment to enhanced member service. It is not our intention to push members away from the person-to-person member interactions that we enjoy, but to give our members more choices and greater ability to do more on their own, and on their schedule.

We envision 2021 as a year of opportunity and believe the economy will begin to see recovery trends in the first half of the year as vaccinations roll-out and employment opportunities pick up. The housing and mortgage market was booming throughout the latter half of 2020 and we anticipate that continuing with more houses hitting the market and people making more housing moves.

Focused On You

As it has been since day one, our focus in 2021 will be on continuing to serve our members with accessible and affordable financial solutions. Following the launch of our new digital banking platform, we will continue to invest in and evolve these features and functionality to continue to make it easier to bank with us at your convenience. We will continue to develop low-rate, affordable, and accessible financing solutions. Our priority will be on developing ways to reward our members for their banking relationship with us, not charge them to do so. We'll reward you through products like our lineup of Power checking accounts, Visa Platinum Rewards Credit Card, and more, as we continue to prove that it pays to be a member of Atlantic Financial Federal Credit Union. We look forward to being here to serve our members, for those that continue to face challenges, those beginning to rebound, and those looking for that fresh restart and breakthrough from the pandemic.

As we move towards a stronger 2021, I want to share our team's gratitude for your membership here at AFFCU and the opportunity to serve you.

Thank you,



Matthew Piazza, CPA
President & CEO



Wade Walters
Board Chairman

2020 BOARD OF DIRECTORS'

Wade Walters, Chairman
Michael Spencer, Vice Chairman
Francis "Fran" Reinhardt, Treasurer
Barbara Byrnes, Secretary
Romelle Bacon
James Crogan
Jim Folus
Stacy Purnell
Ronald Sturdivant

2020 COMMITTEE VOLUNTEERS

SUPERVISORY COMMITTEE
Jim Folus, Committee Chair
James Haenlein
Femi Olawuyi
Chris Perez
Mary Vaden

VOLUNTEERS

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 2020 results for these key performance factors are reported as follows:

Net Worth	10.36%	Delinquencies	1.04%
Charge-Offs	0.50%	Efficiency Ratio	72.43%
Loan To Share Ratio	74.99%	Return on Assets	0.31%
Asset Growth	14.16%	Loan Growth	10.43%

The 2020 budgeted goal for net worth was 11.13%. At year-end, AFFCU's net worth was 10.36%, above the level required by federal regulators to be classified as a "well-capitalized" credit union.

AFFCU reported net income of \$316,246 (or return on assets of 0.31%) for the year ending December 31, 2020. This is a decrease of \$349,715 or 52.5% below net income of \$665,961 reported for the year ending December 31, 2019.

These results confirm your credit union continues to be financially strong, and well-managed, despite the impacts presented by the global Covid-19 pandemic. The board and AFFCU management remain committed to goals that consistently strengthen the organization.

Respectfully,
Francis "Fran" Reinhardt
Treasurer

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 the 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.

The Supervisory Committee, is 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,
The Supervisory Committee

FINANCIAL STATEMENT

BALANCE SHEET

	December 2020	December 2019
ASSETS		
Cash and Cash Equivalents	\$12,236,620	\$ 5,635,511
Investments	\$20,842,072	\$20,789,898
Loans - Less Allowance for Loan Loss	\$71,073,952	\$64,357,135
Premises and Equipment	\$ 1,469,528	\$ 1,492,881
Other Assets	\$ 1,568,797	\$ 1,622,701
Total Assets	\$107,190,969	\$ 93,898,126
LIABILITIES		
Members' Share and Savings	\$95,635,710	\$82,710,806
Other Liabilities	\$ 372,348	\$ 420,890
Total Liabilities	\$96,008,058	\$81,131,696
MEMBERS' EQUITY		
Total Members' Equity	\$11,182,911	\$10,766,430
Total Liabilities and Members' Equity	\$107,190,969	\$93,898,126

INCOME STATEMENT

	December 2020	December 2019
Interest Income	\$ 3,982,363	\$ 4,199,957
Interest Expense	\$ (790,936)	\$ (964,720)
Provision for Loan Losses	\$ (381,494)	\$ (185,120)
Non-Interest Income	\$ 1,417,189	\$ 1,687,689
Non-Interest Expenses	\$(3,910,876)	\$(4,071,845)
Net Income	\$ 316,246	\$ 665,961

