

**apgfcu**  
achieve. prosper. grow.

80 Years With **U**

## MESSAGE FROM THE CHAIRMAN



*"Credit unions are not for profit, not for charity, but for service. This is our commitment to you."*

The year 2018 was our 80th year of continued growth and financial success. It is thanks to you, each and every one of our 130,062 members, that we have been successful. Without your confidence in us to serve as your primary financial institution, we would not have been able to provide the services you desire to **ACHIEVE, PROSPER** and **GROW**. Thank you!

As your board chairman for the past three years, I appreciate all of the hard work of our outstanding CEO, Don Lewis, his staff, and all of our 334 employees. Thank you to the volunteers who continue to serve as your directors, associate directors and committee volunteers. Without their service, experience and dedication, our credit union would not have accomplished all that it has.

A substantial effort of our management staff in 2018 was the opening of three new branches, each with a different design. These provide increased opportunities for our members to access our services more conveniently.

- Our new Cecil College Branch serves the students, staff and faculty of the college. Through our partnership, the college has added personal financial management to its required curriculum for all new incoming students. In addition, the branch provides experiential

learning opportunities through the part-time employment of students.

- By opening a new branch in Chesapeake City in Cecil County, we helped a small town, which had been abandoned by a major regional bank. The town asked us to consider filling the void to assist residents and business owners in the area.
- We renovated a former regional bank branch, located at the intersection of Route 543 and Route 7, to serve the Riverside/Belcamp community in Harford County. This branch is located in a large shopping center and is accessible via Interstate 95 and Route 40.

Credit unions are not for profit, not for charity, but for service. This is our commitment to you. Throughout the year, we continued to look for ways to improve service to members and help meet their financial needs. Technology upgrades helped increase our efficiency to provide better and faster service. This included implementing new features in our phone system and updating our online/mobile banking platform. In addition, our newly redesigned corporate website enables users to find information more quickly and easily.

In light of two major hurricanes, the California wildfires and the recent government shutdown, we executed action plans to quickly provide special programs to assist impacted members with

their finances. I encourage you to review this entire report to learn more about the many ways we helped our members and community throughout 2018.

As a financial institution, we undergo a number of examinations, audits and performance tests to independently verify we are operating our credit union in a safe and financially responsible manner. I am happy to report we successfully passed all exams, audits and tests conducted in 2018. This included our federal examination by the National Credit Union Administration (NCUA), our annual external audit by Doeren Mayhew CPAs and Advisors.

During the period of 2009-2013, all federally insured credit unions were required by NCUA, our federal regulator, to assist in funding the Corporate Credit Union Stabilization Fund. APGFCU was assessed a total of \$4.6 million for this purpose. The fund was established to help troubled corporate credit unions in the wake of the financial crisis so that no taxpayer money was needed for bailouts. In July 2018, the NCUA refunded \$734,302 back to us.

In closing, I would like to share that our CEO, Don Lewis, was inducted by his peers into the African American Credit Union Coalition "Hall of Fame" for a lifetime of service. Don celebrated his 39th year with the credit union in 2018. We are proud to have a CEO and a credit union that are focused on staying true to the credit union tradition and philosophy of "People Helping People."

A handwritten signature in dark ink, reading "Barry D. Decker".

**Barry D. Decker, CSM (Ret.)**  
Chairman, Board of Directors



## MESSAGE FROM THE CEO



*"Because APGFCU is owned by its members, we have a member-centric orientation. We focus on how to best serve you and meet your needs."*

You may already know that when joining a credit union, you do not become a customer, but rather a member. However, did you know you also become an owner?

This structure of member-ownership sets credit unions apart from all other financial service providers. It is a concept that goes back to 19<sup>th</sup> century Germany, when credit cooperatives were formed to meet the needs of struggling farmers. While economies have grown and evolved over time, the concepts of member-ownership and the cooperative remain as relevant today as they were then.

Credit unions are for the people and owned by the people. Your initial deposit of five dollars becomes your "share" of ownership in APGFCU. Each and every member has one equal share, regardless of his or her account balance. Whether it's \$5 or \$500,000, all are equal owners. Each member-owner has a voice in the credit union. That voice can be exercised to help shape the credit union's future. For example, members have the right to vote in the annual election of our board of directors. Members also have the opportunity to volunteer to serve on a credit union committee.

Because APGFCU is owned by its members, we have a member-centric orientation. We focus on

how to best serve you and meet your needs. In order to do that, we listen. When we receive feedback from members, we take it into consideration. We review every letter and email that is submitted to us. We also actively seek our members' thoughts and opinions via periodic surveys and focus groups. This information is analyzed and used to impact decisions we make about products, services, delivery channels and more.

We strive to maximize the benefits of your membership by offering better rates, fewer and lower fees, and by investing in infrastructure to improve our services and convenience. In 2018, this was demonstrated by offering above-market deposit rates, including eight certificate specials, one of which had an annual percentage yield of 5.00%. We continued to meet our members' lending needs by offering affordable ways to borrow, granting nearly \$653 million in loans in 2018. In addition, we made significant investments in new branches and technology to improve service delivery.

We believe all generations benefit from credit union membership, and we continuously strive for ways to deliver our message of financial capability to people of all ages. Throughout Harford and Cecil counties, we are actively involved in providing financial education to the children in our schools, imparting the knowledge necessary for a sound financial future.

In addition, we offer financial education workshops and counseling throughout the year. In 2018 alone, we reached nearly 4,500 youth and over 3,200 adults through our financial education and counseling efforts.

We are driven to give back to our member-owners. Over the past year, this took many forms. In addition to the aforementioned rates and infrastructure improvements, we began waiving the foreign ATM fee that was previously charged when using an Allpoint Network ATM. With this change, our members can now enjoy truly free access to over 43,000 ATMs nationwide. Thousands of members benefited from 0% balance transfer offers and cash-back awards for Visa® credit cards, a low introductory rate on home equity lines of credit, and closing cost assistance for mortgages.

Our structure has served us well for the past 80 years, as our results show. APGFCU has the highest deposit market share out of all other financial institutions in Harford and Cecil County combined. In fact, nearly one out of every two households in these counties is a member of APGFCU. This success goes beyond offering the right products and services, and knowing how to navigate the marketplace. Other financial institutions can do the same. The difference is our unique, member-owner structure and cooperative focus. Each and every decision we make is with our 130,000-plus member-owners in mind.

A handwritten signature in dark ink, appearing to read 'Don W. Lewis'.

**Don W. Lewis**  
President/CEO

## 1930's



### 1938

Aberdeen Proving Ground Employees Federal Credit Union was granted a charter

## 1960's



### 1960

APGFCU hired its first full-time employee, Nancy S. Stubbs, who later became first President/CEO

### 1966

The credit union reached \$1 million in assets



### 1967

Received federal approval to change the credit union name to Aberdeen Proving Ground Federal Credit Union

## 1970's

### 1971

The credit union reached \$10 million in assets

### 1973

Installed first online data processing system

### 1974

Harford County employees become eligible to join



### 1975

Aberdeen Proving Ground Branch grand opening

## 1980's



### 1983

Aberdeen Branch grand opening

### 1983

The credit union reached \$100 million in assets

### 1987

Introduced APGFCU Visa® Credit Card



### 1987

Bel Air Branch grand opening

### 1988

Celebrated 50th anniversary



### 1988

Installed first free-standing ATM at Aberdeen Proving Ground

### 1989

Grand opening of the Elkton Branch's first location

# 80 years with

## 1990's

**1990**

50,000 member milestone

**1991**

Call Center established



**1995**

Don W. Lewis became the second President/CEO

**1995**

Moola Moola young savers program was introduced

**1996**

Laurel Bush Branch grand opening

## 2000's

**2000**

Grand opening of the Havre de Grace Branch's first location



**2002**

Edgewood Branch and Operations Center grand opening

**2003**

APGFCU received approval to convert to community charter to serve Harford and Cecil counties

**2003**

Financial Education Department established

**2005**

Amyclae Branch grand opening



**2006**

Havre de Grace Branch relocation



**2006**

Elkton Branch relocation

**2007**

Launched Member Rewards program

**2007**

Launched Mobile Banking



**2008**

Forest Hill Branch grand opening

## 2010's



**2010**

North East Branch grand opening



**2012**

Ribbon Cutting and Court Dedication of the APG Federal Credit Union Arena at Harford Community College



**2012**

Opened Ram Branch in Edgewood High School, APGFCU's first student-run branch

**2013**

100,000 member milestone

**2014**

APGFCU reached \$1 billion in total assets



**2012**

Fallston Branch grand opening



**2017**

APGFCU launched a refreshed brand and new logo



# APGFCU continues to grow

# 2018



**JAN** APGFCU celebrates 80 years of continued growth and service to its members

**FEB** Enters into a partnership with Cecil College to offer new student programs and on-campus branch

**APR** Sponsored the Annual Bel Air Kite Festival at Rockfield Park

**MAY** Official ribbon-cutting ceremony of the Riverside Branch in Harford County



**JUN** Family Fun Day at the Riverside Branch

**JUN** Official ribbon-cutting ceremony of the Chesapeake City Branch in Cecil County

**JUN** Family Fun Day at the Chesapeake City Branch

**JUL** Sponsored the Kiss-A-Pig Bull Roast benefiting Boys and Girls Clubs of Harford and Cecil Counties



**AUG** Presented a \$15,000 check to the Miracle League of Harford County to construct a new baseball complex for players with differing abilities

**AUG** Sponsored the annual IronBirds Steamed Crabs Night at Ripken Stadium

**AUG** Hosted the 14th annual Community Invitational tournament for local youth baseball teams at the Ripken Experience in Aberdeen

**DEC** The new APGFCU website launches with a mobile responsive, user-friendly design



## YOU BELONG TO APGFCU and APGFCU belongs to you

Giving back to our members is at the heart of our mission. Our commitment to help the Harford and Cecil County communities improve their financial well-being is part of an ongoing effort to empower our members to achieve, prosper and grow. Every decision we make has you, our member, in mind. Because you're not just a member of the credit union, you're an owner.

### Helping Members Achieve

A record number of applications were received for the 2018 APGFCU Scholarship Program. Of the 83 applications we received, we awarded \$25,000 to 25 well-deserving students. APGFCU also had among the highest member participation rates in the Credit Union Foundation of Maryland & DC's scholarship contest, with 35 of our members having applied and one essay winner receiving a \$1,000 scholarship.

### Helping Members Prosper

In 2018, APGFCU empowered the members of Harford and Cecil counties to take control of their finances and plan for the future with opportunities such as:

- Above-market-rate certificates - With rates ranging from 1.80% for 18 months to as high as 5.00% for 48 months, we were able to open more than 3,100 certificates for \$67.5 million.
- Escheatment prevention - \$2.6 million in member deposits were saved from being forwarded to the state.
- Closing-cost assistance - the credit union waived approximately \$695,000 in first or second mortgage closing-cost fees for 640 members.
- Credit repair assistance - Over 900 members were able to obtain \$9.9 million in Credit Builder loans with rates significantly lower than those available with other lenders.
- Support of local business - 27 community businesses continued to offer members discounts on high-quality products and services in our Buy Local program.

### Helping Members Grow

We continue to offer financial literacy to the community at large, including adult and school-age students. In 2018, we reached 11,847 participants with 919 financial education classes and through our partnerships with the public schools to provide school-aged financial literacy programs. Our partnership with Mountain Christian Church resulted in 118 participants completing the Financial Peace University, a nine-week financial literacy program designed to help individuals save, budget, plan for the future and become debt free. This year marked the sixth year of our partnership with the Academy of Finance to offer the Ram Branch at Edgewood High School. The branch offers high school students an opportunity to gain real-life experience in financial services by working at the in-school branch. We established a new partnership with Cecil College to provide an on-campus branch. This partnership allows APGFCU to reach younger members of the community who are just beginning their financial journey. With a branch inside the student center, we provide students easy access to the resources they need to make educated decisions regarding saving and borrowing money.



### 2018 Scholars

APGFCU awards \$25,000 in scholarships to high school seniors from Harford and Cecil counties.

#### *Pictured left to right*

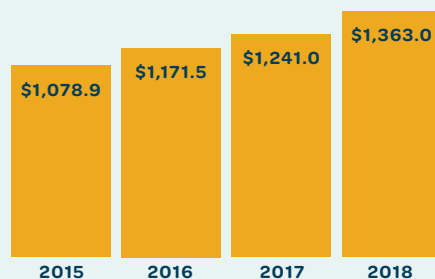
**Top row:** Haleigh Summer Kline, Samuel Dove, Adam Del Colliano, Daniel Butz, Gavin Jagde, Ethan Gray, Patrick James Harmon, Brenton Duvall, Julianne Nierwinski, Allison Melka

**Middle row:** KenJoh Fitzgerald, Grant Handley, Lauren Caudill, Victoria Nelson, Shantelle Dunlap

**Front row:** Zakira Monet Malloy, Arianna Cordrey, Lauren Pahutski, Gina Handley, Tabor Uhlig, Olivia McPhee, Alayna Dorbert, Elizabeth Moorman

**Not pictured:** Saoirse Bodnar, Julia Swoboda

## ASSETS (\$ IN MILLIONS)



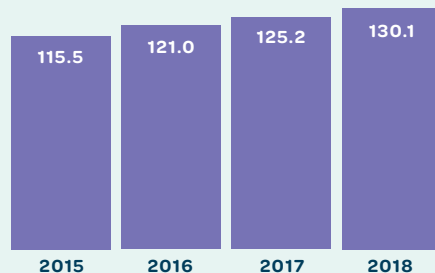
## NET LOANS (\$ IN MILLIONS)



## SHARES (\$ IN MILLIONS)



## MEMBERS (THOUSANDS)



## Supervisory Committee Report

Our credit union's Supervisory Committee is responsible for ensuring the effectiveness of internal checks and balances, such as the system of internal controls, adherence to established policies and procedures, and the overall safety and soundness of our credit union. By The Federal Credit Union Act, the Supervisory Committee is responsible for the annual external audit and the review and verification of member accounts.

The Supervisory Committee assures the credit union is healthy in all areas for which it has responsibility. An annual audit and all the work associated with it was conducted by our accounting firm, Doeren Mayhew CPAs and Advisors.

Based on their report, the Supervisory Committee of APGFCU deems our credit union healthy and financially sound. The financial report as printed in this annual report is extracted from the audited financial statements.

The financial statements in the report reflect the financial condition of the credit union.

## Statements Of Financial Condition

### ASSETS

	AS OF DECEMBER 31,	
	2018	2017
Cash	\$ 9,631,758	\$ 8,046,802
Investments:		
Overnight investments	108,916,661	82,083,334
Available-for-sale	13,527,508	35,061,299
Held-to-maturity	7,500	9,484
Certificates of deposit	2,690,000	8,080,000
Other investments	4,447,910	4,183,204
Loans held for sale	610,190	687,750
Loans to members, net	1,169,642,600	1,052,306,980
Accrued interest receivable	2,758,893	2,447,534
Property and equipment, net	27,010,809	24,246,529
Other assets	12,327,035	13,122,161
NCUSIF deposit	11,389,521	10,714,477
<b>Total assets</b>	<b>\$ 1,362,960,385</b>	<b>\$ 1,240,989,554</b>

### LIABILITIES AND MEMBERS' EQUITY

	AS OF DECEMBER 31,	
	2018	2017
<b>LIABILITIES:</b>		
Members' shares and savings accounts	\$ 1,211,290,086	\$ 1,098,767,642
Accrued expenses and other liabilities	34,232,416	38,244,353
<b>Total liabilities</b>	<b>1,245,522,502</b>	<b>1,137,011,995</b>
<b>MEMBERS' EQUITY:</b>		
Regular reserve	5,856,920	5,856,920
Undivided earnings	128,784,093	116,479,688
Accumulated other comprehensive loss	(17,203,130)	(18,359,049)
<b>Total members' equity</b>	<b>117,437,883</b>	<b>103,977,559</b>
<b>Total liabilities and members' equity</b>	<b>\$ 1,362,960,385</b>	<b>\$ 1,240,989,554</b>

To receive a copy of the audited financial reports, please call 410-272-4000 and ask for the Marketing Department.



## Statements of Comprehensive Income

### FOR THE YEARS ENDED DECEMBER 31,

#### INTEREST INCOME:

	2018	2017
Loans to members	\$ 56,663,649	\$ 51,981,094
Investments and cash equivalents	2,175,338	1,456,918
Total interest income	58,838,987	53,438,012

#### INTEREST EXPENSE:

Dividends on members' shares and savings accounts	7,181,989	5,128,757
	51,656,998	48,309,255

#### PROVISION FOR LOAN LOSSES

	7,169,819	9,522,074
Net interest income after provision for loan losses	44,487,179	38,787,181

#### NON-INTEREST INCOME:

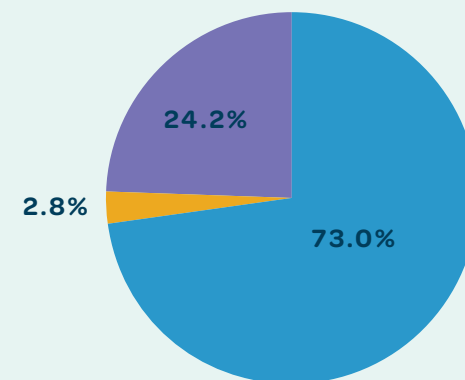
Interchange income	8,392,955	7,530,708
Fees and charges	6,139,288	5,926,619
Other non-interest income	3,914,145	2,656,602
Net gain on sales of loans	305,954	635,966
Total non-interest income	18,752,342	16,749,895
	63,239,521	55,537,076

#### NON-INTEREST EXPENSE:

Compensation and benefits:		
Executive / senior management	6,747,984	6,441,681
Other employees	22,963,130	20,664,271
Office operating costs	6,162,081	5,517,522
Professional services	4,798,428	4,714,155
Loan servicing expenses	3,637,152	3,619,463
Occupancy expense	3,095,759	2,350,510
Promotional expenses	2,321,479	1,735,245
Other expenses	1,209,103	1,029,930
Total non-interest expense	50,935,116	46,072,777
Net income	\$ 12,304,405	\$ 9,464,299

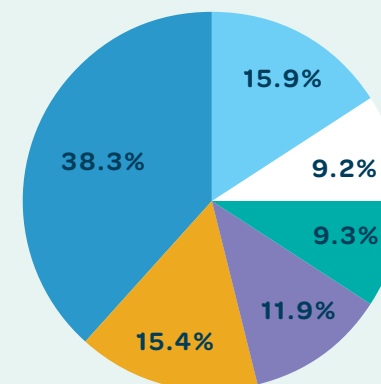
#### OTHER COMPREHENSIVE INCOME/(LOSS):

Unrealized (losses)/gains on investments classified as available-for-sale	(44,378)	83,628
Net gain/(loss) in defined benefit obligations	1,200,297	(1,042,899)
Other comprehensive income/(loss)	1,155,919	(959,271)
Comprehensive income	\$ 13,460,324	\$ 8,505,028



#### SOURCES OF INCOME

Interest on loans	\$ 56,663,649
Interest on investments	2,175,338
Other	18,752,342
<b>TOTAL</b>	<b>\$ 77,591,329</b>



#### DISTRIBUTION OF INCOME

Reserves	\$ 12,304,405
Provision for loan losses	7,169,819
Dividends	7,181,989
Office and occupancy	9,257,840
Other expenses	11,966,162
Salaries and benefits	29,711,114
<b>TOTAL</b>	<b>\$77,591,329</b>



*APGFCU team members joined Habitat for Humanity Susquehanna to work on a home on Giles Street in Aberdeen during build week as part of our celebration of our 25-year partnership and commitment to the Habitat organization.*

### **Building a Stronger Community**

APGFCU is an engaged partner in our communities, supporting a wide variety of deserving organizations in Harford and Cecil counties. In 2018, the Community Involvement Committee authorized \$124,100 in donations to nonprofit organizations in both counties. APGFCU presented a \$15,000 check to the Miracle League of Harford County to support the construction of a new sensory baseball complex at Shucks Road Regional Park. This adaptive and accessible baseball field will allow players with differing abilities to experience the game of baseball.

### **APGFCU Believes a Strong Community Starts with Education**

This fall, APGFCU, in partnership with Harford County Public Schools, recognized 17 support service staff across the county who demonstrated exemplary performance. The recipients each received a \$200 check from APGFCU in honor of their hard work and commitment to educating the children in our communities.

Continuing our 25-year partnership with Habitat for Humanity Susquehanna, we donated \$20,000 to support their efforts to create affordable housing throughout Harford and Cecil counties. We are proud to have helped make the holidays a little brighter by supporting local families with donations of shoes, clothes and toys for 15 children from newborn to 12 years old in our partnership with the Salvation Army.



### **Superstar Award**

Andrea Vuncannon presents the Support Service Superstar award to Ivelisse Kanner of Church Creek Elementary School.

#### ***Pictured left to right:***

Andrea Vuncannon, APGFCU Financial Education Team; Ivelisse Kanner, Para Educator, Church Creek Elementary School; Harley Main, Principal, Church Creek Elementary School; Ben Richardson, Senior Manager of Human Resources, HCPS

# LEADERSHIP



## Board of Directors

**Barry D. Decker,**  
**CSM (Ret.)**  
Chairman

**Paul D. Eikenberg**  
Vice Chairman

**Michael L. Dixon,**  
**LTC (Ret.)**  
Secretary

**Donald J. Burnett,**  
**COL (Ret.)**  
Treasurer

**Anthia W. Edwards**  
Assistant Treasurer

**Charles N. Alston, Sr.**  
Director

**Windsor L. Jones**  
Director

**Sandra J. Sasser**  
Director

**Wayne G. Taylor**  
Director

**John A. Blomquist**  
Director Emeritus

**David H. Gilbert**  
Director Emeritus

**B. Daniel DeMarinis**  
Associate Director

**Emanuel C. Hatton**  
Associate Director



## Executive Leadership

**Don W. Lewis**  
President/CEO

**Carol L. McBrien**  
Executive Vice President

**Wayne A. Beall**  
Chief Information  
Officer

**Joelle C. S. Hash**  
Senior Vice President  
Member Services

**Charles E. Kelly**  
Chief Financial Officer

**Genene E. LaCour**  
Chief Administration  
Officer

**Robyn Mannone**  
Senior Vice President  
Consumer Lending

**Scott T. Weaver**  
Chief Lending Officer

**Brian E. Wilcox**  
Chief Marketing Officer

## Supervisory Committee

**Marjorie E. Warfield**  
Chair

**Alexander P. Williams**  
Secretary

**Charles C. Gibson**

**Michelle L. Lafalaise**

**John J. Salser**

## Other Volunteers

**Sheri M. Austin**

**Christine T. Chambliss**

**Doris B. Drennen**

**Clinton Edmonds, Jr.**

**Dee N. Layman**

**Cheryl D. Rice**

**Joseph A. Traino III, LTC (Ret.)**

## Vice Presidents

**Amber N. Askew**  
Vice President - Accounting/  
Controller

**Elizabeth Bayer**  
Vice President - Internal Audit

**Margaret M. Combs**  
Vice President - Project  
Management and  
Business Applications

**Mark L. Cowley**  
Senior Vice President -  
Fraud & Security

**James M. Hall**  
Vice President - Facilities

**Sharon E. Hudler**  
Vice President - Operations

**Ashley G. Larimore**  
Vice President - Branch Operations

**Barbara A. Lawson**  
Vice President - Remote Services

**Lisa A. Martin**  
Vice President - Compliance

**John A. Maschal**  
Vice President - Member Solutions

**Lisa A. Mitchell**  
Vice President - Human Resources

**Paul A. Slaby**  
Vice President - Finance

**Daniel P. Wetzel**  
Vice President -  
Mortgage Lending

**Deborah S. Williams**  
Vice President -  
Commercial Lending





 **belong.**

...as a neighbor.

...as a friend.

...with many others.

...together as one.

 **belong.**

...to something wonderful.

...to something strong.

...to a powerful idea.

...to a shared experience.

...to a special purpose.

...to a remarkable community.

 **belong to APGFCU.**

Because you are APGFCU.

You own APGFCU.

APG Federal Credit Union is your financial cooperative.

Wholly owned by you and your fellow members.

It's not for profit, it's all about you.

Your needs inform every product.

Your well-being guides every decision.

Your voice is always heard.

You achieve, you prosper, you grow.

 **belong.**

You belong with us.

And we belong to you.

**We're for .**

**apgfcu**  
achieve. prosper. grow.

PO Box 1176

Aberdeen MD 21001-6176

410-272-4000 | [apgfcu.com](http://apgfcu.com)

*Federally insured by NCUA*