

ANNUAL REPORT 2023

A Rich History **A BRIGHT FUTURE**



apgfcu
85 years with 

A Message from the Board Chair

In 2023, your credit union celebrated its rich history, marking 85 years of service to members. It all began in 1938 when 54 employees at Aberdeen Proving Ground (APG) each pledged a \$5 share to form a financial cooperative to meet the saving and borrowing needs of workers in the wake of the Great Depression. They saw the potential of a member-owned institution with a common vision, focused on serving the needs of their community. That underlying mission continues today. APGFUCU® now empowers over 157,000 members to build their wealth through consumer-friendly products and services. With nearly \$2.3 billion in assets, APGFUCU ranks as the fifth-largest credit union in the state of Maryland and was named the number one *Forbes* Best-In-State Credit Union in Maryland in 2023.

The credit union model for success is simple and remains the same today as in 1938. Members are the shareholders and owners. Each has an equal voice, regardless of the amount on deposit. They express this voice by electing a volunteer board of directors to represent their interests. Members are also welcome to take an active role by volunteering to serve on board-appointed committees, which help guide and shape credit union policies and strategies. Because the credit union is here for one purpose – its members – your board is always seeking those who are willing to give their time and talent as volunteers. If you have an interest in serving or would like to learn more, please visit www.apgfcu.com/volunteers.

As part of a movement of people helping people, APGFUCU remains committed to supporting the communities it serves. The board's Community Involvement Committee allocated over \$215,000 in charitable donations to local nonprofits in 2023. These organizations do tremendous work, helping those who are at risk of social and economic exclusion, including people facing homelessness, poverty and addiction, as well as at-risk youth, people with special needs and survivors of domestic violence. In addition, the committee awarded \$72,000 in scholarships to 36 students enrolled in college, trade school or continuing their education in 2023.

We are honored to continue our long-standing commitment to serving APG, Harford County and Cecil County, and we look forward to the opportunities ahead of us to make positive impacts in Baltimore County and Baltimore City. As we extend our reach, we lead with a message of financial empowerment, providing people with the knowledge and tools they need to achieve, prosper and grow.

Thank you for the trust you've placed in your credit union, and the opportunity to serve as your chairman.

Donald J. Burnett, COL (Ret.)

Chairman

2023 BOARD OF DIRECTORS



1ST ROW (LEFT TO RIGHT)

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

Chairman

Timothy A. Sherwood

Vice Chairman

Emanuel C. Hatton

Secretary

Cheryl D. Rice

Treasurer

B. Daniel DeMarinis

Assistant Treasurer

2ND ROW (LEFT TO RIGHT)

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

Director

Paul D. Eikenberg

*Director and Chairman
Emeritus*

Wayne G. Taylor

Director

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

Director

Sherif Eskaros

Associate Director

SUPERVISORY COMMITTEE

Marjorie E. Warfield *Chair*
Charles C. Gibson *Secretary*
Barry D. Decker, CSM (Ret.)
Antha W. Edwards
Louise Leon-Guerrero

OTHER VOLUNTEERS

Sheri M. Austin
John A. Blomquist
Clinton Edmonds, Jr.
Windsor L. Jones
Maurice Tyler

A Message from Executive Leadership

While APGFCU marked its 85th anniversary in 2023, it also focused on its future by making major investments in technology to better serve a growing membership. During the first half of the year, four key service delivery systems were upgraded: the core system through which all member transactions are processed, the online and mobile banking system, the loan operating system, and ABBY telephone teller. These enhancements are helping us serve you more efficiently and effectively, and have led to the introduction of new online and mobile banking features to help improve your financial life. These include Savvy Money, which provides access to your free credit score and report, as well as tips to optimize your financial health.

Last year was also the first full year of serving an expanded field of membership, which now extends beyond Harford and Cecil counties into Baltimore County and Baltimore City. In total, the credit union serves an area comprised of approximately 1.8 million residents. Last year, approximately 30% of new members who joined APGFCU were from Baltimore County and Baltimore City. As more people join our financial cooperative, it grows even stronger.

We believe all generations benefit from credit union membership, which empowers them to improve their economic and social condition. By providing education to students in our schools, we begin imparting knowledge at an

early age to set youth on the path to a sound financial future. In addition, financial education workshops and counseling are offered to adults. Nearly 28,000 youth and adults were reached through APGFCU's financial education and counseling efforts last year.

Your credit union continued to grow in 2023, during a challenging economy. As consumers spent more on daily needs due to inflation, the overall deposit market in our area shrank by \$5.7 billion (-7.2%) between June 30, 2022 and 2023. However, member share balances at APGFCU grew by \$85.8 million (4.6%) in the same period, as more people were attracted to our message of financial empowerment and benefited from attractive savings rates. APGFCU continues to be a safe and secure place to save, with each member's deposits being insured up to \$250,000 by the National Credit Union Administration.

APGFCU remains strong because our focus is centered on people, not on profits. That's the credit union difference. The success of the past 85 years would not have been possible without the commitment of member-owners like you. Thank you for choosing APGFCU for your financial needs.

2023 EXECUTIVE LEADERSHIP



1ST ROW (LEFT TO RIGHT)

Don W. Lewis
President and Chief Executive Officer

Charles E. Kelly, Jr.
Executive Vice President

Amber N. Askew
Chief Financial Officer

Wayne A. Beall
Chief Information Officer

Joelle C. Hash
Chief Operating Officer

2ND ROW (LEFT TO RIGHT)

Genene E. LaCour
Chief Administration Officer

Robyn M. Mannone
Senior Vice President, Consumer Lending

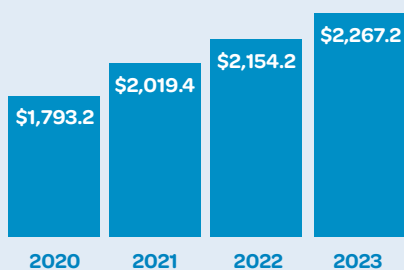
Scott T. Weaver
Chief Lending Officer

Brian E. Wilcox
Chief Marketing Officer

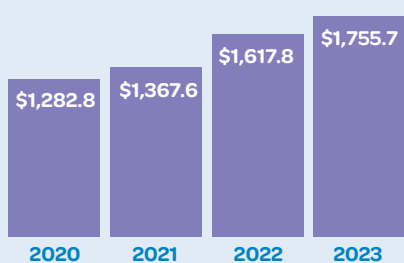
Stephanie A. Provenza
Executive Assistant to the President/CEO

APGFCU remains strong because our focus is centered on people, not on profits. That's the credit union difference.

ASSETS (\$ IN MILLIONS)



NET LOANS (\$ IN MILLIONS)



SHARES (\$ IN MILLIONS)



MEMBERS (IN THOUSANDS)



Statements of Financial Condition

ASSETS	AS OF DECEMBER 31,	
	2023	2022
Cash and cash equivalents:		
Cash	\$ 10,847,358	\$ 13,553,601
Overnight investments	154,108,721	219,692,601
Total cash and cash equivalents	164,956,079	233,246,202
Investments:		
Available-for-sale	263,690,845	224,474,071
Held-to-maturity	907	1,946
Other investments	7,132,291	6,051,895
Loans held for sale	359,999	437,865
Loans to members, net	1,755,685,200	1,617,758,988
Accrued interest receivable	7,702,368	4,410,494
Property and equipment, net	26,538,012	26,817,844
Operating lease right to use asset, net	6,152,231	6,758,499
Other assets	16,606,961	16,505,582
National Credit Union Share Insurance Fund (NCUSIF) deposit	18,333,178	17,730,027
Total assets	\$ 2,267,158,071	\$ 2,154,193,413

LIABILITIES AND MEMBERS' EQUITY	AS OF DECEMBER 31,	
	2023	2022
LIABILITIES:		
Members' shares and savings accounts	\$ 2,029,058,017	\$ 1,939,893,937
Operating lease liabilities	6,320,345	6,860,718
Accrued expenses and other liabilities	49,021,433	40,182,857
Total liabilities	2,084,399,795	1,986,937,512
MEMBERS' EQUITY:		
Undivided earnings	195,044,625	185,565,539
Accumulated other comprehensive loss	(12,286,349)	(18,309,638)
Total members' equity	182,758,276	167,255,901
Total liabilities and members' equity	\$ 2,267,158,071	\$ 2,154,193,413

Supervisory Committee Report

Our credit union's Supervisory Committee is responsible for ensuring the effectiveness of internal checks and balances, such as the systems 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 ensures 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, CliftonLarsonAllen LLP.

CliftonLarsonAllen LLP has issued an unmodified opinion on the financial statements, which means the financial statements present fairly, in all material respects, the financial position of the credit union as of December 31, 2023, and the results of its operations and cash flows for the year then ended. 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 and the results of operations of the credit union.

Marjorie Warfield
Chair of the Supervisory Committee

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31,

INTEREST INCOME:

	2023	2022
Loans to members	\$ 92,316,950	\$ 72,605,028
Investments	12,399,284	6,352,187
Total interest income	<u>104,716,234</u>	<u>78,957,215</u>

INTEREST EXPENSE:

Dividends on members' shares and savings accounts	24,236,974	9,871,013
Provision for credit losses	14,382,979	6,804,608
Net interest income after provision for credit losses	<u>66,096,281</u>	<u>62,281,594</u>

NON-INTEREST INCOME:

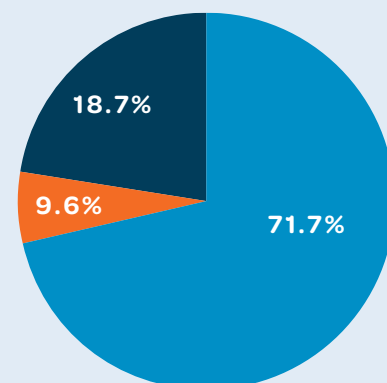
Interchange income	11,217,724	10,828,879
Fees and charges	9,946,664	7,913,412
Other non-interest income	2,904,845	3,749,827
Net gain on sales of loans	59,254	186,261
Total non-interest income	<u>24,128,487</u>	<u>22,678,379</u>

NON-INTEREST EXPENSE:

Compensation and benefits:		
Executive/senior management	9,441,910	8,781,284
Other employees	31,237,794	29,478,114
Office operating costs	9,547,734	8,468,660
Professional services	9,187,960	8,398,500
Loan servicing expenses	6,269,079	5,461,872
Promotional expenses	5,006,718	4,471,129
Occupancy expenses	3,536,499	3,557,540
Other expenses	1,820,988	1,989,324
Total non-interest expenses	<u>76,048,682</u>	<u>70,606,423</u>
Net income	<u>\$ 14,176,086</u>	<u>\$ 14,353,550</u>

OTHER COMPREHENSIVE INCOME:

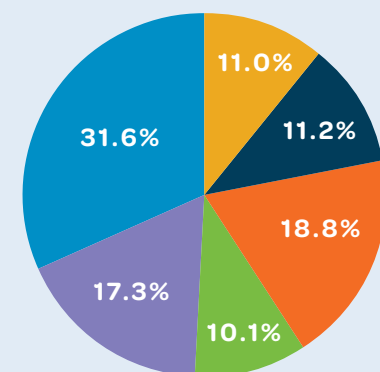
Unrealized gains/(losses) on investments classified as available-for-sale	7,506,931	(12,073,723)
Net (loss)/gain in defined benefit obligations	(1,483,642)	22,571,655
Other comprehensive income	6,023,289	10,497,932
Comprehensive income	<u>\$ 20,199,375</u>	<u>\$ 24,851,482</u>



SOURCES OF INCOME

Interest on loans	\$ 92,316,950
Interest on investments	12,399,284
Other	24,128,487

TOTAL **\$128,844,721**



DISTRIBUTION OF INCOME

Undivided earnings	\$ 14,176,086
Provision for credit losses	14,382,979
Dividends	24,236,974
Office and occupancy	13,084,233
Other expenses	22,284,745
Salaries and benefits	40,679,704

TOTAL **\$128,844,721**

TO RECEIVE A COPY OF THE AUDITED FINANCIAL REPORTS, PLEASE CALL 410-272-4000 AND ASK FOR THE INTERNAL AUDIT DEPARTMENT.

Strength in Numbers



LEADING WITH FINANCIAL EDUCATION

27,986 participants reached through 1,009 financial education classes

139 teachers in 99 schools utilized the Banzai interactive financial education program

\$72,000 in scholarships awarded to high school and returning college students and continuing education adults



BUILDING MEMBER WEALTH

\$140 million in new balances earning Share Certificate special rates

\$14.1 million transferred at low promotional Visa® balance transfer rates

\$7.4 million in Credit Builder loans to help members restore credit



PRIORITIZING CONVENIENCE

\$94 million in internet loan applications processed

177,847 checks processed via mobile deposit

18,311 online chat sessions conducted



INVESTING IN OUR COMMUNITIES

\$390,284 in sponsorship commitments to local organizations

\$215,419 donated to nonprofits through APGFCU's Community Involvement Committee

\$1.44 million in mortgage closing cost assistance provided

Community Engagement

APGFCU Youth Baseball Clinic

Over 160 youth between the ages of seven and 12 joined Aberdeen IronBirds coaches, players and staff at Leidos Field at Ripken Stadium on August 1, 2023. They learned pitching, batting, running and fielding skills, and the importance of teamwork. The annual clinic is open to youth of all skill levels, including those who do not play on a team. Feedback from the parents, participants and the IronBirds was overwhelmingly positive.



Cecil County 55+ Healthy Lifestyles Expo

APGFCU was proud to sponsor the Cecil County 55+ Healthy Lifestyles Expo, which was organized and presented by a collaborative partnership between the Cecil County Department of Community Services and Cecil College. More than 260 attendees enjoyed presentations on topics of importance to this growing demographic, including financial fraud and scams, nutrition, brain changes, Maryland state health insurance programs and more.



Walk to End Alzheimer's – Greater Baltimore

APGFCU was pleased to participate in and sponsor the 2023 Walk to End Alzheimer's - Greater Baltimore event at the Hunt Valley Towne Centre. The 2023 event was the most successful yet for Greater Baltimore, surpassing the organization's \$600,000 fundraising goal. Held annually in more than 600 communities nationwide, the walk is the world's largest event to raise awareness and funds for Alzheimer's care, support and research. APGFCU's sponsorship included participation in the 19th Annual Pythias A. and Virginia I. Jones African American Community Forum on Memory Loss at Morgan State University.



Magic of Science Fair and Family Festival

APGFCU was a major sponsor of the Discovery Center at Water's Edge Magic of Science Fair and Family Festival held at Towson University in Northeastern Maryland. Over 3,000 people attended the event, raising funds and awareness for the center. APGFCU became a founding sponsor of the project in 2017 through a five-year commitment to the APG Centennial Celebration. Discovery Center at Water's Edge is a public/private sector collaborative project that aims to provide young children with a love of science and math, which may eventually lead to careers in those fields.



APGFCU partnered with more than 260 organizations through sponsorships and volunteer service in 2023. To learn more, scan this code today.





P.O. Box 1176
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410-272-4000 | apgfcu.com
Federally Insured by NCUA

Ranked #1 in Maryland

