

FIRST CLASS SERVICE

APCU

Atlanta Postal Credit Union

A TRADITION OF SERVICE



ANNUAL REPORT 2016





Mission Statement

To help our members achieve financial success by providing exceptional products and service

Service Promises

- ★ I promise to be mindful of your time with fast, efficient, courteous, and friendly service.
- ★ I promise to demonstrate integrity in all of my interactions.
- ★ I promise to always treat you with dignity and respect.
- ★ I promise to work with fellow employees throughout the credit union to ensure you receive the best possible products, service and solutions.
- ★ I promise to safeguard the security and confidential nature of your financial information.
- ★ I promise to greet you with a smile and thank you for your business when your transaction is completed.
- ★ I promise to deliver on our mission to help you achieve financial success by providing exceptional products and service.



CHAIRMAN'S REPORT

On behalf of your elected Board of Directors, I am happy to report on the success of your credit union during the past year.

We are pleased to share that APCU recorded another year of solid performance with positive growth in assets, membership and loans. We ended the year with \$2.0 billion in assets and just over 111,600 members. The information presented during the Annual Meeting and the summary of APCU's 2016 financial results included in the Annual Report underscores the strength and stability of your credit union. I am proud to point out that APCU is a well-capitalized financial institution, with an extremely healthy capital ratio of just over 13%. To put this in perspective, a capital ratio of 7% is the industry standard for "well-capitalized" institutions.

APCU, like other credit unions around the world, is a member-owned financial cooperative. As a not-for-profit financial cooperative, we have the unique opportunity to reinvest our earnings in our members. Profits are returned to our members in the form of higher dividend rates, lower interest rates on loans, additional technology, and new services. Since our inception in 1925, our primary goal has been to serve the financial needs of members. In doing so, we fulfill our ultimate purpose, which all credit unions strive to achieve and for which we were ultimately established – people helping people

Over the years, we have become more than just a place to get a car loan for reliable transportation. Loan requests come in for everything from washing machines to mortgages. Simply put, it's what we do and essentially why we are here. We take pride in the fact that our members have benefited from our affordable loan rates.

Our members have entrusted us with their savings dollars and as a credit union, we are committed to consistently pay higher rates on savings, checking and certificate accounts. Despite the Federal Reserve's historically low-interest rates, in most cases, APCU's rates were and remain significantly higher than those available elsewhere. And, equally important, deposits at APCU are insured by the National Credit Union Administration (NCUA), an agency of the United States Government, so your money is safe and secure.

We realize that the very foundation of our financial stability centers on our ability to provide members with superior service and value. In 2016, we began randomly emailing surveys to our members who performed transactions to get an understanding of their service experience with us. We are grateful that members have consistently ranked us very high. MemberXP, a firm that gathers member feedback on their service experiences from over 75 of the nation's top credit unions, awarded APCU with its "Best of the Best Award" for the 2nd and 3rd quarters 2016. The award recognizes APCU as one of America's top credit unions in providing outstanding member service.

We vow to carry on our efforts in this regard. We also hope our members will continue to let family and eligible coworkers know that APCU is the best financial partner option available to them.

I want to thank everyone who has made our 92 years of continued success possible. Specifically, I want to thank our Board volunteers, whose tireless work provides outstanding leadership and governance of our credit union. I also want to acknowledge our employees who continuously dedicate themselves to doing what is right for our members. Most importantly, I thank our members, whose loyalty and confidence in our credit union is the only reason we continue to be able to offer exceptional products and service year after year. We appreciate all of you and look forward to working together for many more years to come.



*Moses M. Spence
Chairman of the Board*



CHIEF EXECUTIVE OFFICER REPORT



*Donald A. DeCinque
Chief Executive Officer*

As CEO, it is my privilege to deliver this report to you on behalf of the management and staff of APCU.

At APCU, we believe we can only grow stronger by building on the successes we have enjoyed in the past and being ever mindful of our primary mission, "to help our members achieve financial success by providing exceptional products and service."

In 2016, we continued our focus on "The Member Experience" initiative, which began in 2015. This initiative was designed to propel APCU to a higher level of member service excellence. Our objective is to offer every member a service experience that is courteous and professionally delivered and that targets the products and service each member needs to be financially successful.

For APCU to continually progress, we must also grow our greatest asset: our people. In 2016, APCU expanded our staff by 14% and created three new departments to serve our members better.

Electronic services have changed the way members can access and manage their money at APCU. Our new e-Services Department supports our electronic delivery channels including the Internet Branch, Mobile Branch with Mobile Check Deposit, Online Bill Payment, funds transfers, KeyTeller, and ATMs by working directly with members to help them gain the greatest benefit from these emerging technologies.

Our new Training Department's task is to ensure that all of our employees have an in-depth education on the features and benefits of the credit union's full array of financial products and services. We want to be certain all of our employees are prepared to provide individualized, outstanding quality service to our members and match our financial solutions to each member according to their needs.

As a member-centric credit union, we pride ourselves on the ability to have our employees answer member calls rather than an automated attendant. As our membership grows larger, so does the number of telephone calls coming into the credit union. The goal of our new Telecommunications Department is to monitor and manage the thousands of calls that arrive through the switchboard every day. It is critically important to us that

the service our members receive on the telephone mirrors the personalized level of service delivered at other contact points throughout the credit union.

We have added an important piece of technology, APCU's Online Application Center. This tool allows prospective members to establish new memberships and existing members to add other accounts or apply for loans online by visiting our Web site at www.apcu.com. Regardless of where eligible individuals live or work, the roadblock of distance has been removed and access to APCU has been put right at our members' fingertips. The success of this addition is evident by the 2,240 new memberships generated via the Online Application Center during 2016.

Chip card technology is designed to provide even greater plastic card security for our members. APCU thoroughly tested the new EMV chip-enabled plastic card technology, for both debit and credit cards, in 2016. We are confident and ready to issue new cards, during the first half of 2017, to all members' whose cards are not currently chip enabled.

Additional plastic card security measures were introduced in 2016 with the implementation of VISA Checkout. This new technology allows members to enroll their VISA cards by visiting APCU's Web site and clicking on the VISA Checkout icon. Once enrolled, the card data is protected behind multiple layers of security ensuring a secure online shopping environment that is available using any online device. Transactions using APCU-issued VISA credit and debit cards for online purchases are now easier, quicker and safer.

In 2016, an important organizational change was made at the credit union's executive level to more equally distribute the ever-expanding management duties and responsibilities as well as provide a blueprint for future management succession. The Board of Directors appointed Charles M. Head as President and Chief Operations Officer. Mr. Head will work closely with me in managing the credit union's business and leading and preserving the member-focused philosophy that is the hallmark of APCU.

It has been an honor and a pleasure to assist over 111,600 credit union members as they work toward fulfilling their financial dreams. We look forward to the future and the opportunity to further hone our skills, deliver new and innovative products and services, and work to achieve the level of service our members have come to expect and deserve from their credit union. I speak for our entire management team and staff as I thank you for your loyalty and support, and for allowing us to be your financial partner.



CREDIT COMMITTEE REPORT

The Credit Committee's mission is to make certain the credit union is making the best use of members' deposits when lending those funds to fellow members. The Committee ensures loans are made in a prudent and equitable manner, and according to APCU's lending policies. The Committee meets regularly to review and audit individual member and business loan applications and files. The year ended with the strongest loan growth in the credit union's history with total loan balances outstanding of \$1,319,420,099 an increase of 18% compared to 2015 loan balances.

Consistent with our long history of people helping people, APCU remained focused on providing affordable financing rates for our members. An independent, third-party research firm, Datatrac, daily compares deposit and loan rates in 173,460 banking locations across 19,465 local, state and national markets. They report that throughout 2016, APCU consumer secure loan rates were consistently lower than the U.S. average. The credit union's lower rates equate to hundreds, perhaps even thousands of dollars in savings for our members. We proudly display the Datatrac information on our Web site so members can readily see the benefit of financing their loans with the credit union.

In 2016, our Real Estate Lending and Business Lending departments moved and now all APCU's lending functions are centralized in a location near our Main Office in Atlanta. Also, we have brought on more loan sales representatives, underwriters, and processors who are trained to work with members' to identify and offer products that make the members' lives easier and help them save money.

In early 2016, new guidelines intended to simplify our rate structure were implemented. The credit union consolidated all loans that were classified as consumer secured loans and applied a rate structure that is the same for each type of security provided. So, all new and pre-owned consumer secured loans (auto, boat, RV, motorcycles, etc.) are at the same low rates.

APCU's online loan application service was upgraded to provide a fast, convenient means for members to apply for a loan wherever and whenever it is handy for them. As of December 2016, 7,563 members utilized the online application to request financing. This number represents 27% of all consumer loan applications received

by the credit union. We are very pleased that our members have readily adopted this method of applying for a loan and will continue to look for ways to make the online channel one of the best ways to submit an application.

Members across the country have responded positively to the changes we have implemented. During 2016, loan volumes increased month over month at a steady pace as did the amount of funding members requested. We are confident that we are providing better service to our members and helping them achieve their individual financial goals.

While loan rates are proving to remain at historical lows, as the economy heals these rates will likely increase. With this in mind, if you are looking for a new home or car or wish to consolidate debts, come talk to us.

As Chairman of the Credit Committee, I am privileged to work with hard-working volunteers: J.T. Middlebrooks, Tim Payne, Roy Rainwater, and Betty Ranson. We greatly appreciate the time and talent given by each of these individuals. They are all truly dedicated to improving the financial strength of every credit union member.

On behalf of the Credit Committee, I wish to express our appreciation for your support. We feel honored by the confidence you continue to show in us and look forward to serving you in 2017.



Katherine S. Brown
Credit Committee
Chairman



SUPERVISORY COMMITTEE

REPORT



*David 'Jabo' Patterson
Supervisory Committee
Chairman*

Atlanta Postal Credit Union's Supervisory Committee is a volunteer group comprised of Board-appointed credit union members. The committee's primary focus is to assist the Board by validating the integrity of the credit union's financial statements, internal controls, internal and external auditors and compliance with legal and regulatory requirements.

The Supervisory Committee works diligently to make certain members' assets are secure through the implementation of sound financial policies, procedures and controls. To that end, the committee regularly collaborates with APCU's management team and external auditors: Mauldin and Jenkins, Certified Public Accountants and Consultants; the National Credit Union Administration, and the Georgia Department of Banking and Finance, to examine every aspect of the credit union's operation.

The National Credit Union Administration (NCUA) and Georgia Department of Banking and Finance (GDBF) conducted their annual examinations in June 2016. The NCUA and GDBF presented their final report to the Board at its regularly scheduled July 2016 meeting. The report states that the overall condition of the credit union

remains satisfactory. Our external auditors, Mauldin and Jenkins, performed their preliminary examination of APCU operations in October 2016. Their final report is to be delivered to the Board during the second quarter 2017.

As Chairman, I am very fortunate to have had a highly qualified team of individuals serve with me on the Supervisory Committee in 2016. I want to thank each of them for their outstanding performances during the past year. The Committee members who served are Robert L. Harris, CPA, Janet Spruell, Vanessa Meek, and Jimmy Peck.

It is the opinion of the Supervisory Committee that APCU continues to be financially secure and operates in a manner that is consistent with the credit union's long history of prudent financial management. Your Board members continue to establish strong policies and make business decisions formulated to preserve members' assets. Also, CEO DeCinque and his staff performed their duties diligently and professionally while keeping safety and soundness in the forefront.

The Committee members are proud to be part of the APCU organization, and we look forward to working with the Board, volunteers, management, staff, and members in the coming year.



FINANCIAL REPORT

Statement of Financial Condition

as of December 31, 2016

Assets

Loans	\$ 1,319,420,099
Loan Reserves	(7,174,556)
Cash	5,200,362
Investments	707,093,414
Land and Buildings	997,639
Other Fixed Assets	3,779,268
Other Assets	63,982,912

Total Assets	\$ 2,093,299,138
--------------	------------------

Liabilities & Equity

Accrued Dividends Payable	\$ 119,625
Accounts Payable	9,411,939
Notes Payable	0
Shares and Deposits	1,841,998,525
Reserves	4,129,583
Undivided Earnings	237,639,466

Total Liabilities & Equity	\$ 2,093,299,138
----------------------------	------------------

Statement of Income

as of December 31, 2016

Income

Interest on Loans	\$ 49,006,083
Income from Investments	7,253,153
Other Income	9,197,855

Total Gross Income	\$ 65,457,091
--------------------	---------------

Distribution of Income

Dividends on Shares	\$ 8,206,318
Interest on Deposits	9,303,068
Interest on Borrowed Money	0
Provision for Loan Losses	5,529,736
Required Reserve Transfer	0
Transfer to Undivided Earnings	2,846,226
Expenses	39,571,743

Total Income Distribution	\$ 65,457,091
---------------------------	---------------



BRANCH LISTING

MAIN OFFICE

3900 Crown Road
Atlanta, GA 30380-0001

DECATUR BRANCH

520 W. Ponce DeLeon Avenue
Decatur, GA 30031

NORTH METRO BRANCH

1605 Boggs Road
Duluth, GA 30096-4600

NDC BRANCH

1800 James Jackson Pkwy, NW
Atlanta, GA 30369-9751

IBEW BRANCH

501 Pulliam Street, Suite 350
Atlanta, GA 30312-2749



MACON BRANCH

515 Mulberry Street, Suite 100
Macon, GA 31201-6306



SOUTH DEKALB MALL BRANCH

2801 Candler Road, Suite 81
Decatur, GA 30034



HUMAN SERVICES BRANCH

101 Marietta Street
(Centennial Tower) Suite 140
Atlanta, GA 30303

ASHEVILLE BRANCH

591 Brevard Road, Suite 232
Asheville, NC 28806



FLOYD COUNTY BRANCH

3040 Martha Berry Hwy NE
Rome, GA 30165



MEMBERS ALLIANCE BRANCH

6270 Bradley Park Drive
Columbus, GA 31904

HOURS OF LOBBY OPERATION

Monday - Friday
8:30 AM - 4:30 PM
Except for these branches:
South DeKalb Mall
9:00 AM - 7:00 PM
Asheville Branch
8:30 AM - 5:00 PM
Members Alliance Branch
9:00 AM - 5:30 PM

CONTACT US

(404) 768-4126
(800) 849-8431
Monday-Friday
8:30 AM - 5:00 PM

24-HOUR LENDING CENTER

(800) 849-8431

VISA CARD SERVICES

(800) 849-8431

WEB SITE

www.apcu.com

GENERAL E-MAIL

Info@apcu.com



Atlanta Post Credit Union

A TRADITION OF SERVICE



BOARD OF DIRECTORS

Moses M. Spence
Chairman of the Board

Katherine S. Brown
Director and Credit Committee Chairman

Donald A. DeCinque
Director and Credit Union Chief Executive Officer

David Disharoon
Director

Charles M. Head
Director and Credit Union President

Royce L. Jackson
Director and Board Secretary

J. T. Middlebrooks
Director

H. Preston Mulkey
Director

David 'Jabo' Patterson
Director and Supervisory Committee Chairman

Bud Wilkinson
Director

Sam B. Dowdy
Director Emeritus

SUPERVISORY COMMITTEE

David 'Jabo' Patterson,
Chairman

Vanessa Meek

Robert L. Harris, CPA

Jimmy Peck

Janet Spruell

CREDIT COMMITTEE

Katherine S. Brown,
Chairman

J.T. Middlebrooks

Tim Payne

Roy G. Rainwater

Betty Ranson