

ANNUAL REPORT 2017

APCU

Atlanta Postal Credit Union

A TRADITION OF SERVICE



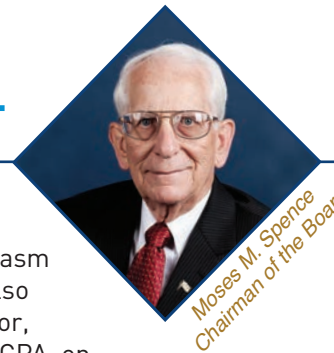
Mission Statement

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



It is my honor and pleasure to serve as Chairman of the Board of Directors of Atlanta Postal Credit Union (APCU). For more than 93 years, APCU has served the financial needs of our members and their families. We have a strong tradition of people helping people to a better way of life.

APCU is pleased to report another year of solid performance. The information presented during the Annual Meeting and the summary of APCU's 2017 financial results included in the Annual Report underscore the strength and stability of your credit union.

During the past year, APCU experienced some key personnel changes in management, on our board and our committees. Donald A. DeCinque joined APCU more than 36 years ago. Over the last two decades, he served as President and later Chief Executive Officer (CEO). Under Mr. DeCinque's leadership, APCU made enormous strides as it grew in assets, membership and technological advances.

In 2016, Mr. DeCinque notified the Board of his intention to retire in August 2017. While he is no longer a part of the day-to-day operations of APCU, Mr. DeCinque continues to serve on the credit union's Board of Directors and remains firmly connected to the credit union and its membership.

The Board appointed long-time credit union employee and executive, Charles M. Head, as President and CEO to succeed Mr. DeCinque. Mr. Head began his APCU career as a loan officer in 1989. He was promoted to Consumer Loan Manager in 2001 and then to Vice President of Lending in 2002. In 2009, Mr. Head was elected Executive Vice President and Chief Operations Officer. We know his vast experience, loyalty to the credit union and dedication to its members makes Mr. Head the ideal person to take the helm of this great organization.

Mr. H. Preston Mulkey stepped down as a Director on APCU's Board. He began his volunteer service to APCU as a member of the Supervisory Committee in 1989, was appointed to the Board of Directors in 2000 and was Supervisory Committee Chairman from 2006 to 2014. We are grateful to Mr. Mulkey for the dedication and skill he brought to APCU. We are pleased he will continue to provide support to the Board as Director Emeritus. Mr. Head fills Mr. Mulkey's Board position.

It is with great sadness we report that APCU's esteemed member of the Board of Directors, Mr. Sam B. Dowdy, passed away on March 7, 2017, following an extended illness. He was elected to APCU's Board of Directors in 1973. Mr. Dowdy approached his volunteer responsibilities

at APCU with enthusiasm and passion. APCU also lost its Internal Auditor, Mr. Robert L. Harris, CPA, on February 9, 2017. Mr. Harris worked as a volunteer on APCU's Supervisory Committee as an Internal Auditor for more than 49 years. He continued providing his skills and knowledge to APCU as a volunteer on the Supervisory Committee until his passing.

These gentlemen were loyal and dedicated volunteers who gave their time, wisdom and insight helping APCU remain a "member-centered" financial institution. We sincerely appreciate the enormous contributions each has made to the credit union and are grateful for their many years of service.

The Board of Directors, volunteers, managers and staff remain committed to keeping APCU a sound and secure credit union. We want you to know that APCU will always put your best interests in the forefront. The principles upon which this credit union was established back in 1925 – long-term stability, financial strength, integrity and service – remain steadfast. We are confident APCU is the financial partner you and your family need to gain greater financial security and peace of mind.

We thank you for your ongoing support and look forward to a prosperous 2018.

People helping people to a better way of life.



President and CEO Report

Charles M. Head
President and Chief
Executive Officer



I am pleased to have this opportunity to address our membership in this, my first, Annual Report message. I am honored to have

been selected to step into Chief Executive Officer (CEO) Donald DeCinque's position following his retirement in August 2017. Mr. DeCinque and I have worked very closely together to orchestrate a smooth transition of responsibilities to ensure APCU continues to deliver on our credit union's mission – to help members achieve financial success by providing exceptional products and service. I am personally grateful to Mr. DeCinque for his ongoing guidance and encouragement, as well as his commitment to APCU and its members.

APCU serves just over 112,000 members nationwide, and our assets are over \$2.1 billion. We remain the largest postal credit union in the United States and are among the top 100 credit unions in the nation. Despite our size, we have maintained service excellence by continuing to hone and refine our skills thereby furthering "The Member Experience Initiative" we started in 2015. The objective of this effort is to afford every member a service experience that is courteous, professionally delivered and provides the money management products each member needs to be financially successful.

The financial services industry operates in a rapidly evolving environment. Between the demanding regulatory landscape; identity theft, breaches, and cyber attacks; mobile wallets, P2P, A2A and other payment methods; we find ourselves in a state of perpetual change. We are continually upgrading and delivering more sophisticated and complex products for our membership. Staff quickly adapts to every challenge we encounter by developing the best possible money management solutions for our members.

We recognize that the only way to be successful and relevant is to listen and remain alert to new and better ways of meeting our members' needs. As we move into 2018 and beyond, we will continue to search for state-of-the-art, efficient and cost-effective financial products to satisfy those requirements. And, we will always make decisions that keep the credit union safe and sound.

I extend sincere thanks to the Board, committee volunteers, management and staff for their full support and dedication during this past year. Their responsiveness to our members and the loyalty this inspires is why Atlanta Postal Credit Union remains one the strongest credit unions in the country.

We pledge continued efforts in the pursuit of service excellence and protecting the best interests of all our members. APCU sincerely values our relationship with every member and thank you all for choosing us as your financial institution.

Credit Committee Report



Katherine S. Brown
Credit Committee
Chairman

Members have readily adopted every channel we make available for applying for a loan. The adoption is evidenced by APCU's overall loan production in 2017 that resulted in the most robust loan growth in the credit union's history with total loan balances outstanding of \$1,484,378,624. This balance represents an increase of 12.5% compared to 2016 loan balances.

As Chairman of the Credit Committee, I am privileged to serve with hard-working volunteers: J.T. Middlebrooks, Tim Payne, Roy Rainwater and Betty Ranson. APCU appreciates the time and talent given by each of these individuals. They are all genuinely 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 2018.

The Credit Committee meets regularly to review and audit individual member and business loan applications and files. The Committee's primary mission is to make sure the credit union is making the best use of members' deposits when lending those funds to fellow members. This volunteer group ensures loans are made prudent, equitable and within APCU's Board-approved lending policies.

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, compares daily deposit and loan rates in 173,460 banking locations across 19,465 local, state and national markets. They report that throughout 2017, APCU's consumer secured 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 easily see the benefit of financing their loans with APCU.

The past twelve months have been challenging for members in areas around the nation. Significant hurricanes battered locations where large populations of APCU members reside. Also, the northwest and west coast experienced massive wildfires that destroyed members' homes and property. These natural disasters are devastating and call for swift action to assist affected members in regaining control of their lives. Several years ago, APCU launched a Disaster Relief Loan Program designed to give members immediate access to much-needed cash to help them get through the tough times. As always, APCU stands ready to help members recover from the losses and challenges they face.

In addition to our 24-hours a day, seven days a week Loan Call Center, APCU's online loan application service was upgraded in 2017 to provide a faster, more convenient means for members to apply for a loan wherever and whenever it is handy for them. Members can apply online using their computers with Internet access; by downloading the APCU App on their tablet, iPad, or Smart Phone and by calling a designated telephone number for mobile phone access. Applying for a loan has never been easier. As of September 30, 2017, 6,957 members utilized one or more of our online application tools to request financing. This number represents 27% of all consumer loan applications received by the credit union.

*APCU remained
focused on
providing affordable
financing.*





Supervisory Committee Report

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 (NCUA); and the Georgia Department of Banking and Finance (GDBF), to examine every aspect of the credit union's operation.

The NCUA and GDBF conducted their annual examinations in June 2017. They presented their final report to the Board at its regularly scheduled August 2017 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 2017. Their final report is to be delivered to the Board during the second quarter 2018.

As Chairman, I am very fortunate to have had a highly qualified team of individuals serve with me on the Supervisory Committee in 2017. I want to thank each of them for their outstanding performances during the past year. The Committee members who served are 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. As in past years, now retired CEO DeCinque, President Head and APCU 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.



“We sincerely value our relationship with every member and thank you all for choosing APCU as your financial institution.”

Financial Report

Statement of Financial Condition as of December 31, 2017

Assets	
Loans	\$1,484,378,624
Loan Reserves	(8,033,720)
Cash	5,186,185
Investments	546,439,967
Land and Buildings	976,095
Other Fixed Assets	3,028,693
Other Assets	75,788,956
Total Assets	\$2,107,764,800

Liabilities & Equity	
Accrued Dividends Payable	\$113,261
Accounts Payable	9,334,792
Notes Payable	0
Shares and Deposits	1,851,811,104
Reserves	1,165,353
Undivided Earnings	245,340,290
Total Liabilities & Equity	\$2,107,764,800

Statement of Income as of December 31, 2017

Income	
Interest on Loans	\$56,391,970
Income from Investments	7,708,234
Other Income	10,146,118
Total Gross Income	\$74,246,322

Distribution of Income	
Dividends on Shares	\$9,448,690
Interest on Deposits	9,656,045
Interest on Borrowed Money	0
Provision for Loan Losses	7,639,075
Required Reserve Transfer	0
Transfer to Undivided Earnings	7,700,825
Expenses	39,801,687
Total Income Distribution	\$74,246,322

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
9:00 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

CARD SERVICES

(800) 849-8431

WEB SITE

www.apcu.com

GENERAL E-MAIL

Info@apcu.com



Atlanta Postal Credit Union

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BOARD OF DIRECTORS

Moses M. Spence
Chairman of the Board

Katherine S. Brown
Director and Credit Committee Chairman

Donald A. DeCinque
Director

David Disharoon
Director

Charles M. Head
Director and Credit Union President/CEO

Royce L. Jackson
Director and Board Secretary

J.T. Middlebrooks
Director

David 'Jabo' Patterson
Director and Supervisory Committee Chairman

Bud Wilkinson
Director

H. Preston Mulkey
Director Emeritus

SUPERVISORY COMMITTEE

David 'Jabo' Patterson
Chairman

Vanessa Meek

Jimmy Peck

Janet Spruell

CREDIT COMMITTEE

Katherine S. Brown
Chairman

J.T. Middlebrooks

Tim Payne

Roy G. Rainwater

Betty Ranson