

2018

ANNUAL REPORT

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.

Federally insured by the NCUA.



*Charles M. Head
President and Chief
Executive Officer*

President and CEO Report

As CEO, it is my privilege to deliver this report of activities undertaken for the benefit of APCU's members in 2018.

As we carry out APCU's tradition of service, the Board of Directors and management recognize that successful service requires progress – adapting

to the ever-changing financial services landscape and to member needs.

In our earliest days, APCU's branches were established inside postal centers, giving members exceptionally convenient access. Today, with two-thirds of Americans using mobile phones for financial transactions, APCU offers a robust suite of digital offerings. Then and now, the credit union is committed to meeting members needs wherever they are.

To that end, we have been busy implementing our mobile-first strategy, designed to expand and develop new products and features that make access as convenient as possible. For example, early in the year we introduced Autolink, allowing members to shop for a new car and finance it all in one place through the APCU website. We also rolled out member-to-member transfers, which enable fast and free movement of funds among members via the internet and mobile branches.

APCU further expanded digital engagement in 2018 by establishing a presence on social media, where more than three-quarters of Americans have active accounts. From sharing important announcements and money-saving promotions, to engaging with members individually – social media has become an important part of meeting members wherever they are.

In a technology-driven world, security is more important – and more challenging – to achieve as well. APCU has invested in tools and experts to ensure we stay a step ahead

of criminal activity. Contributing to this goal, in 2018 APCU rolled out debit cards with EMV chips – technology proven to dramatically reduce point-of-sale card fraud. We are also in the process of implementing the APCU Card Secure program, which will empower members to control card usage conveniently through a mobile app.

APCU continued to modernize its foundational products in 2018 as well. We introduced Member Benefits Checking – a premiere checking rewards program that brings extraordinary benefits to users. Among them are merchant discounts, cell phone protection, identify theft aid, credit monitoring, roadside assistance, and pharmacy, vision and hearing expense discounts.

I am very proud to announce that APCU launched VA mortgage loans in 2018. Our mortgage team looks forward to helping veterans of the U.S. armed forces achieve the American dream of home ownership.

Although we had a great year in 2018, APCU will not rest on its laurels. To promote continuous improvement, we established a Project Management Office to ensure the timely, cost-effective and well-coordinated execution of important plans. And even as we enhance our member benefits, we are seeking to bring those benefits to a broader community. We will achieve this through bold growth strategies to help more consumers while also strengthening the credit union's financial position. A key step in this endeavor was to bring on a Chief Strategy Officer late in 2018, who will help deliver on growth objectives by guiding the credit union through channel, product and outreach initiatives.

In closing, I would like to say that I am confident APCU has laid the groundwork for an outstanding 2019 as measured by our positive impact on members. Thank you for entrusting APCU as your financial steward now and in the future.





*David 'Jabo' Patterson
Supervisory Committee
Chairman*

Supervisory Committee Report

APCU's Supervisory Committee is a 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 audit 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 2018. The NCUA and GDBF presented their final report to the Board at its regularly scheduled August 2018 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 2018. Their final report will be delivered to the Board during the second quarter 2019.

As Chairman, I am very fortunate to have had a highly qualified team of individuals serve with me on the Supervisory Committee in 2018. 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, 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.



Chairman's Report

Donald A. DeCinque
Chairman of the Board



It is a privilege and pleasure to address the membership in my new capacity as Chairman of the Board of Atlanta Postal Credit Union (APCU). For more than 94 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 this Annual Meeting and the summary of APCU's 2018 financial results included in the Annual Report underscore the strength and stability of your credit union.

During the past year, APCU experienced changes on its Board of Directors. Long-time Board chairman, Moses M. Spence, stepped down as Chairman. Elected to the Board in 1979, Mr. Spence was named Chairman in 2001. He continues to serve as a Director and remains firmly connected to the credit union and its membership. We are sincerely grateful to Mr. Spence for his leadership and guidance as Chairman.

Board member Mr. Royce L. Jackson was appointed to the Board in 2003 and accepted the responsibilities of Secretary/Treasurer of the Board in 2005. Due to recent health concerns, Mr. Jackson resigned from his position in July 2018. He will continue to provide the Board with his knowledge and insight as a Director Emeritus. We are grateful for Mr. Jackson's many contributions to the credit union throughout his 15-year tenure.

The Board of Directors appointed Mr. Mike Cantrell to APCU's Board to fill Mr. Jackson's unexpired term. Mr. Cantrell has been a valued member of APCU since 1991. He worked with United States Postal Service (USPS) as a Rural Letter Carrier for 25 years and retired from his USPS employment in 2012. During Mr. Cantrell's postal career, he held leadership positions for the Georgia Rural Letter Carriers' Association and currently serves on the NRLCA South Atlantic Conference (SAC) Board. We are honored Mr. Cantrell has agreed to take on an active leadership role in support of the credit union and its members.

When eligible individuals join APCU, they become owners in a financial institution where members share resources to provide low-cost financial services to other members. When you actively participate in the credit union by using the products and services we offer, you are contributing to the credit union's growth and strength. Our success is your success.

As a financial cooperative, the credit union returns net profits to members in the form of higher savings and certificate rates, lower loan rates, more economical or nonexistent fees, and exceptional service.

An independent, unbiased research firm, Datatrac, compares APCU's deposit and loan rates to over 19,522 financial institutions (FIs) located in markets across the country. Datatrac reports APCU's deposit product rates on certificates, Individual Retirement Accounts and checking accounts substantially outperform the FIs they analyze by an average of 22%, 473%, and 328%, respectively. Our great rates help members grow their savings more quickly and achieve their families' financial goals.

The research firm also finds APCU's loan rates to be highly competitive. For example, on a nationwide basis, auto loan rates are close to 40% lower, recreational vehicle loan rates are approximately 54% lower, and home equity loan rates are 26% lower than the other FIs reviewed. APCU's low financing rates equate to hundreds, perhaps even thousands of dollars in savings for our members. We invite members to visit our homepage on APCU's website to view the results of the firm's daily analysis.

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. 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 2019.



Credit Committee Report

*Katherine S. Brown
Credit Committee
Chairman*



Consistent with our long history of people helping people, APCU remained focused on providing affordable financing rates for our members. The credit union's lower rates equate to hundreds, perhaps even thousands, of dollars in savings for our members.

APCU's Credit Committee meets weekly to review and audit our members' consumer, mortgage, 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 group ensures loans are made prudently, equitably, and within APCU's Board-approved lending policies.

Again in 2018, significant weather events affected APCU members across the country. APCU responded to members' needs by launching our Disaster Relief Loan Program. This program is designed to give members immediate access to much-needed cash to help them get through the tough times. As always, APCU stands ready to assist members in recovering from the losses and challenges they face.

Applying for a loan has never been simpler or more convenient. Members can apply for a loan 24-hours a day online using their computers with Internet access; by downloading the APCU App on their tablet, iPad, or Smart Phone; by calling a designated telephone number for mobile phone access; or by contacting our Loan Sales Department. As of December 31, 2018, 7,968 members utilized one or more of our online application tools to request financing. This number represents 30% of all consumer loan applications received by the credit union.

At APCU, our goal is to save our members money wherever we can. During the last 12 months, our Loan Sales Representatives saved members hundreds of thousands of dollars by offering three valuable services to help protect their vehicles and their wallets. As of November 30, 2018, our Guaranteed Asset Protection program, Warranty Plan, and Debt Protection coverage saved members \$448,106, \$351,007, and \$126,000, respectively. The savings is a result of members paying significantly less for these protections from APCU than they would if purchased from other providers of similar programs.

APCU's overall loan production in 2018 was the most robust loan growth in the credit union's history with total loan balances outstanding of \$1,582,766,943. This balance represents an increase of 6.6% compared to 2017 loan balances.

As Chairman of the Credit Committee, I am privileged to serve with hard-working members: 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.



Financial Report

Statement of Financial Condition

as of December 31, 2018

Assets

| | |
|--------------------|-----------------|
| Loans | \$1,582,766,943 |
| Loan Reserves | (8,905,029) |
| Cash | 4,591,289 |
| Investments | 460,762,508 |
| Land and Buildings | 954,550 |
| Other Fixed Assets | 2,694,390 |
| Other Assets | 78,649,634 |

| | |
|--------------|-----------------|
| Total Assets | \$2,121,514,285 |
|--------------|-----------------|

Liabilities & Equity

| | |
|---------------------------|---------------|
| Accrued Dividends Payable | \$105,643 |
| Accounts Payable | 18,748,923 |
| Notes Payable | 0 |
| Shares and Deposits | 1,841,314,086 |
| Reserves | 1,962,261 |
| Undivided Earnings | 259,383,372 |

| | |
|----------------------------|-----------------|
| Total Liabilities & Equity | \$2,121,514,285 |
|----------------------------|-----------------|

Statement of Income

as of December 31, 2018

Income

| | |
|-------------------------|--------------|
| Interest on Loans | \$63,721,290 |
| Income from Investments | 8,138,788 |
| Other Income | 13,378,256 |

| | |
|--------------------|--------------|
| Total Gross Income | \$85,238,334 |
|--------------------|--------------|

Distribution of Income

| | |
|--------------------------------|-------------|
| Dividends on Shares | \$9,998,234 |
| Interest on Deposits | 11,541,723 |
| Interest on Borrowed Money | 0 |
| Provision for Loan Losses | 8,100,000 |
| Required Reserve Transfer | 0 |
| Transfer to Undivided Earnings | 14,043,081 |
| Expenses | 41,555,296 |

| | |
|---------------------------|--------------|
| Total Income Distribution | \$85,238,334 |
|---------------------------|--------------|



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



BIBB COUNTY BRANCH

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



SOUTH DEKALB BRANCH

2801 Candler Road, Suite 81
Decatur, GA 30034



DOWNTOWN ATLANTA 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



MUSCOGEE COUNTY 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
A TRADITION OF SERVICE



BOARD OF DIRECTORS

Donald A. DeCinque
Chairman of the Board

Katherine S. Brown
Director

David Disharoon
Director and Board Secretary

Charles M. Head
Director and Credit Union President/CEO

J.T. Middlebrooks
Director

David 'Jabo' Patterson
Director

Moses M. Spence
Director

Bud Wilkinson
Director

Royce L. Jackson
Director Emeritus

H. Preston Mulkey
Director Emeritus

SUPERVISORY COMMITTEE

David 'Jabo' Patterson
Chairman

Vanessa Meek
Vice Chairman

Jimmy Peck

Janet Spruell

CREDIT COMMITTEE

Katherine S. Brown
Chairman

J.T. Middlebrooks
Vice Chairman

Tim Payne

Roy G. Rainwater

Betty Ranson