



ABNB
Federal Credit Union

2016 ANNUAL REPORT

Open. Honest. Hardworking.



Honest To Goodness Report

Since 2011, ABNB has been on a mission to save the Hampton Roads community from high-interest loans and low returns on their investments with some of the lowest loan rates and highest returns available! This past year, ABNB proudly saved members dollars on auto loans, credit cards, certificates, mortgages, checking, and insurance!

Here's the full SCOOP on 2016 Honest To Goodness Savings

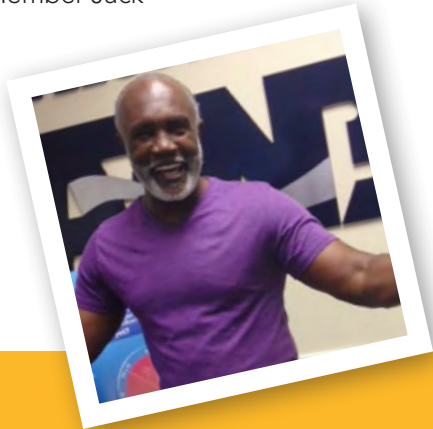
In 2016, we saved our members a grand total of \$5,110,841.

That's a total savings of OVER \$48 Million since beginning Honest to Goodness in 2011!

"Transferring my financial accounts to ABNB has been one of the best decisions I have made.

Their professionalism, politeness and personal attention to detail have proven to be quite beneficial for me when planning for savings and investments."

- ABNB Member Jack



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Board of Directors



(Standing left to right): **David R. Krause**, **Marvin Brangan**, **Amy Butcher**, **Barbara Geraghty** and **Herman M. Quattlebaum** (Sitting left to right): **Earl Waddell**, **Thomas P. McAndrews**, **Mary Ann Melchers** and **Richard Cheliras**. (Not pictured): **Richard Losea**, **Martha Smith**, and **Warren E. Reynolds**.

MARY ANN MELCHERS

Chairman of the Board

RICHARD CHELIRAS

Vice Chairman

RICHARD LOSEA

Treasurer

EARL WADDELL

Secretary

Directors

MARVIN BRANGAN

AMY BUTCHER

BARBARA GERAGHTY

DAVID R. KRAUSE

MICHAEL MOORE

RANDOLYN PATTERSON

WARREN E. REYNOLDS

Associate Directors

DAVID R. KRAUSE

Chairman of the Supervisory Committee

BETH BAILEY

Liaison Office, Navy Regional
Mid-Atlantic

THOMAS P. MCANDREWS

HERMAN M. QUATTLEBAUM

MARTHA SMITH

Chairman's Annual Report



The year 2016 was a very busy one for ABNB. Year-end assets increased from \$513.8 million at the end of 2015 to \$544.3 million at the end of 2016.

ABNB has searched for some time to find a location for a new branch office on Virginia Beach Boulevard to provide a convenient location to serve members in that area. In October 2016, ABNB held the Grand Opening of our new Little Neck Branch.

Also, ABNB had planned on moving our location in Moyock, NC from a storefront office to a location which would be a full-service branch. This move to the new office was accomplished in November 2016. This new branch provides drive-up service.

ABNB continues to support and participate in many community events to raise money for charities. Our biggest fundraiser is the Fishing Fest, which supports the Children's Hospital of the King's Daughters. The event in June 2016 raised a record high of over \$99,000.



In December 2016, our President/CEO Carl Ratcliff retired with over 25 years of service with the Credit Union. The Board of Directors recruited and subsequently selected Charles Mallon to fill the President/CEO position. Mr. Mallon comes to us with many years of credit union experience, and the Board looks forward to working with him.


The Board of Directors thanks our members for their support. ABNB will continue to provide our membership with the best financial services possible.

Mary Ann Melchers
Chairman

Supervisory Committee Report

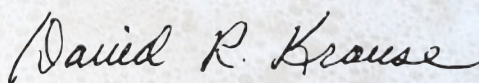


The Supervisory Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, establishing and monitoring internal controls, and complying with laws and regulations. The Committee utilizes our Internal Auditor to conduct periodic audits of the Branches and Departments within the Credit Union, as well as audits required by various Regulatory Agencies. A Registered Public Accounting Firm is under contract to conduct member account verifications and an annual audit of financial statements and reports.



A primary goal of the Committee is to prevent fraud from inside and outside your Credit Union, and to protect your assets and personal information. You can help us safeguard your accounts by updating your contact information as it changes, and by performing at least one financial transaction annually to keep your account active.

Please contact the Supervisory Committee at the address listed on your statement if you have a question or problem with your account.



David R. Krause

Supervisory Committee Chairman

Marci Hoskin

Committee Member

Al Jones

Committee Member

Randolyn F. Patterson

Committee Member

Treasurer's Report



The Credit Union's Net Income of \$11 thousand was added to our retained earnings and equity to end the year at over \$55.2 million. The Credit Union remains classified as a "Well Capitalized" credit union, ending the year with a Capital Ratio of 10.15%.

The required annual examination was performed by the National Credit Union Administration (NCUA), our federal regulatory agency, as of June 30, 2016. The required CPA audit was performed as of December 31, 2016. Both reports confirm that your Credit Union remains financially sound.

Thank you for allowing us to serve you and your family. We are proud to make a difference in the lives of our members, employees, and our communities. We are well positioned for growth and prosperity, and we appreciate your trust and confidence.

A handwritten signature in black ink that reads "Richard Losea". The signature is fluid and cursive, with a long horizontal line extending to the right.

Richard Losea

Treasurer

I am pleased to report that our Credit Union continues to remain financially strong in 2016. Member savings and loans both increased as we watched the country's economic condition continue to stabilize.

At year end, assets were over \$544.4 million, which represents a \$30.5 million or 5.94% increase. Share deposits, which include share draft, certificates, money market and IRA, totaled \$480.7 million for an increase of \$28.1 million or 6.21%. Dividends paid on these shares totaled over \$2.6 million. Additionally, we were pleased to report net loans grew \$16.1 million or 4.05% to end at \$414.6 million. Membership for the year grew 1.0% to 56,029.

Statement of Financial Condition

December 31, 2016

ASSETS	2016
Cash and Cash Equivalents	\$ 52,295,969
Deposits in Other Financial Institutions	16,977,218
Securities - Available-for-Sale	2,989,915
Securities - Held-to-Maturity	3,001,193
Other Investments	2,131,032
Loans, Net	414,622,394
Accrued Interest Receivable	1,414,360
Foreclosed and Repossessed Assets	939,366
Premises and Equipment, Net	28,619,062
NCUSIF Deposit	4,465,298
Credit Union Owned Life Insurance	14,045,675
Other Assets	2,854,792
Total Assets	<u><u>\$544,356,274</u></u>

LIABILITIES AND MEMBERS' EQUITY	2016
LIABILITIES	
Members' Share and Savings Accounts	\$ 480,698,971
Accrued Expenses and Other Liabilities	<u>8,443,208</u>
Total Liabilities	489,142,179
MEMBERS' EQUITY	
Regular Reserves	4,318,118
Undivided Earnings	50,906,062
Accumulated Other Comprehensive Loss	<u>(10,085)</u>
Total Members' Equity	<u>\$ 55,214,095</u>
Total Liabilities and Members' Equity	<u><u>\$544,356,274</u></u>

The condensed consolidated financial statements presented herein do not constitute a complete set. The complete set, including the consolidated statements of changes in members' equity and cash flows and notes to the consolidated financial statements, including the author's opinion, is available in the Credit Union office and at www.abnbfcu.org.

Statement of Income

For The Year Ended December 31, 2016

INTEREST INCOME	
Loans	\$ 21,760,220
Securities, Interest Bearing Deposits and Cash Equivalents	<u>540,422</u>
Total Interest Income	22,300,642
Interest Expense	
Members' Share and Savings Accounts	<u>2,632,479</u>
Net Interest Income	19,668,163
Provision For Loan Losses	<u>6,233,000</u>
Net Interest Income After Provision for Loan Losses	13,435,163
Non-Interest Income	
Service Charges and Fees	4,391,764
Other Non-Interest Income	6,645,993
Net Loss on Sale of Foreclosed/ Repossessed Assets	<u>(254,223)</u>
Total Non-Interest Income	10,783,534
Non-Interest Expense	
General and Administrative:	
Employee Compensation and Benefits	12,504,821
Office Occupancy and Operations	5,223,212
Other Operating Expenses	6,479,691
Loss of Valuation of Foreclosed/ Repossessed Assets	<u>-</u>
Total Non-Interest Expense	<u>24,207,724</u>
Net Income	<u><u>\$ 10,973</u></u>

The condensed consolidated financial statements presented herein do not constitute a complete set. The complete set, including the consolidated statements of changes in members' equity and cash flows and notes to the consolidated financial statements, including the auditor's opinion, is available in the Credit Union office and at www.abnbfcu.org.

Branch Locations



New in 2016 – Little Neck Branch

CHESAPEAKE

Cedar Road*

1109 Cedar Road
Chesapeake, VA 23322

Towne Place

701 Eden Way North
Chesapeake, VA 23320

Chesapeake Square

4109 Chesapeake Square Blvd.
Chesapeake, VA 23321

NORFOLK

Naval Station Norfolk (NSN)*

9155 Seabee Road,
Bldg. CD-25
Norfolk, VA 23511
Base Pass not required.

Sewell's Point Road

985 Denison Avenue
Norfolk, VA 23513

Chesson

1701 Church Street
Norfolk, VA 23504

PORTSMOUTH

Guardian

309 County Street
Portsmouth, VA 23704

VIRGINIA BEACH

Wishart

4524 Wishart Road
Virginia Beach, VA 23455

Kemps River

5399 Kemps River Drive
Virginia Beach, VA 23464
Spanish Bilingual Representatives

Fairfield

5288 Providence Road
Virginia Beach, VA 23464



New in 2016 – Relocated Moyock Branch

South Independence*

3550 Buckner Blvd.
Virginia Beach, VA 23453

General Booth

1100 Dam Neck Road
Virginia Beach, VA 23454

SUFFOLK

Lakeside*

907 W. Washington Street
Suffolk, VA 23434

NORTH CAROLINA

Moyock*

562 Caratoke Hwy.
Moyock, NC 27958

BASE

Base passes are required at locations below.

Naval Amphibious Base (NAB)*

1173 Amphibious Drive,
Bldg. 3348
JEB Little Creek, Fort Story
Virginia Beach, VA 23459

USCG Base Portsmouth

4000 Coast Guard Boulevard
Portsmouth, VA 23703

USCG Base Elizabeth City

1664 Weeksville Road, Bldg. 998
Elizabeth City, NC 27909

NEW BRANCH

Little Neck

3237 Virginia Beach Blvd.
Virginia Beach, VA 23452

24-Hour ATMs at all branch locations
*Branch & Credit Union Service Centers

Management Team

CARL RATCLIFF

President and CEO

MICHAEL DOLAND

Executive Vice President

CHRIS ANUSWITH

Vice President of Risk Management

CAROLE COWLING

Vice President of Human Resources

TONY DUNCAN

Vice President of Finance/CFO

CATHY HEIDLEBAUGH

Vice President of Sales and Service

JIM POWERS

Vice President of Lending

KELLI RAGLAND

Vice President of Marketing

JASON TILLEY

Vice President of Information Technology

TERRI NELSON

Director of Credit Administration

BRENDA OLEJASZ

Director of Retail Sales

BOB POYTHRESS

Director of Internal Audit

GINA STINSON

Director of Operations





Electronic Services



ABNB Website
www.abnbfcu.org



ABNB Mobile
Mobile Banking and Check
Deposit App for Android
and iPhone users



eStatements
Member monthly
statements sent
electronically



ABNB@HOME
Online account
management



Bill Payer@HOME
Pay bills
from home



STAR
24-Hour
audio response
(757) 523-5333
* Toll free:
1-877-448-7827



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