

2017 ANNUAL REPORT

Serving Southeastern Hampton Roads
and Northeastern North Carolina



Here to help our Community save with Honest to Goodness

Since 2011, ABNB has been on a mission to save the Southeastern Hampton Roads and Northeastern North Carolina community from high-interest loans and low returns on their investments with some of the lowest loan rates and highest returns available!

ABNB proudly saved members a grand total of \$8,518,160 in 2017!

That's a savings of over \$56 Million since we began Honest to Goodness!

"The staff at ABNB have always treated me NOT like a number BUT like a family member... True statement is that you all are better than a Bank. If I ever win the lottery, my money would be placed at ABNB. If anybody ever says they are looking for a financial institution, I would recommend ABNB. I give many thanks to Ms. Renee, she has not only been a blessing professionally but personally as well with all her insightful advice. I would like to thank the executives who made/makes the decisions in making this opportunity available to members to win \$250."

-Josephus Chavis
Towne Place Member



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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** (Retired in 2017), **Mary Ann Melchers** and **Richard Cheliras**.
(Not pictured): **Richard Losea**, **Michael Moore**, **Randolyn Patterson**, **Warren E. Reynolds**, and **Martha Smith**.

MARY ANN MELCHERS

Chairman of the Board

RICHARD CHELIRAS

Vice Chairman

RICHARD LOSEA

Treasurer

EARL WADDELL

Secretary

RANDOLYN PATTERSON

Associate Director

Directors

MARVIN BRANGAN

BARBARA GERAGHTY

MICHAEL MOORE

MARTHA SMITH

DAVID R. KRAUSE

Chairman of the Supervisory Committee

ALEXANDER K. GRAY

Liaison Office, Joint Expeditionary Base Little Creek-Fort Story

TIM LAKE

Liaison Office, Navy Region Mid-Atlantic

AMY BUTCHER

DAVID R. KRAUSE

HERMAN M. QUATTLEBAUM

Chairman's Annual Report

The year 2017 was another busy one for ABNB. We completed our first year of operation under the leadership of our new President/CEO. During this time we updated and made changes to our IT system which should provide better service for our members.

In an effort to provide service to the community, we are always looking to establish facilities which will better serve our members as well as future members. One such move we made during the year was to relocate the Chesson Branch from Church Street to 21st street in Norfolk. This branch is now located in the Ghent neighborhood and is more accessible for that area.

We encourage our members to research all the financial services we provide. When buying a home or refinancing a current loan, be sure to check with our Loan Department for rates and how quickly the loan can be closed.

ABNB, as a community chartered credit union, is very active in community affairs. Our Board of Directors and staff belong to many community organizations and take part in their activities. ABNB sponsors the Fishing Fest every year and proceeds go to the Children's Hospital of Kings Daughters. In 2017 ABNB raised approximately \$100,000 for this hospital. We also support many other charitable organizations.

The Board of Directors and staff of ABNB thank our membership for their loyalty and for choosing ABNB as their preferred financial institution. Please be sure to check on all the services we provide and remember that we are here to serve you.



Mary Ann Melchers
Chairman



Supervisory Committee Report

The Supervisory Committee’s goals are to ensure that management’s financial reporting objectives have been met and that management’s practices and procedures safeguard members’ assets. The committee conducts audits and account verifications to confirm goals are obtained.

The committee retains the services of an Information Technology firm that specializes in performing IT audits and assessments due to the credit union’s continued expansion of electronic services along with increasing Cybersecurity threats. These actions will assist in the management of technology risks and related IT regulations.

These activities are designed 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

Harry Aristakesian
Committee Member

Marci Hoskin
Committee Member

Al Jones
Committee Member

Randolyn F. Patterson
Committee Member



Treasurer's Report

Once again, I am pleased to report that our Credit Union remains financially strong. In 2017 member shares increased \$11.1 million, or 2.3%, and Core Deposits increased \$17.4 million, or 5.0%, as we watched the country's economic condition continue to improve.

At year-end, assets were \$554.5 million and loans were \$411.9 million. All share accounts, which include certificates, money market, and IRA's, totaled \$491.7 million. Membership increased 2.1% year-end to 57,661. Business loans totaled approximately \$27.6 million, yielding almost 5.00%. Dividends paid on all member share and certificate accounts were \$2.7 million.

The Credit Union's Net Income of \$131,621, which was up \$120,648 from the previous year, was added to retained earnings and equity. The Credit Union remains classified by NCUA as a "Well Capitalized" credit union, ending the year with a Capital Ratio of 9.98%

The last Federal Regulatory examination was completed by the National Credit Union Administration (NCUA), our regulatory agency, as of June 30, 2016. The last required independent CPA audit was performed as of December 31, 2017. Both reports confirm that your credit union remains financially and operationally sound.

Thank you for allowing ABNB to serve you, your family and neighbors. We appreciate your trust and confidence.



Richard Losea
Treasurer



Statement of Financial Condition

For The Year Ended December 31, 2017

ASSETS	2017
Cash and Cash Equivalents	\$ 59,351,341
Deposits in Other Financial Institutions	11,638,192
Securities - Available-for-Sale	18,075,099
Securities - Held-to-Maturity	2,000,000
Other Investments	1,869,943
Loans, Net	407,592,155
Accrued Interest Receivable	1,468,954
Foreclosed and Repossessed Assets	245,700
Premises and Equipment, Net	27,596,662
NCUSIF Deposit	4,829,718
Credit Union Owned Life Insurance	14,404,602
Other Assets	<u>5,414,163</u>
Total Assets	<u>\$554,486,529</u>
LIABILITIES AND MEMBERS' EQUITY	2017
LIABILITIES	
Members' Share and Savings Accounts	\$ 491,666,130
Accrued Expenses and Other Liabilities	<u>7,671,345</u>
Total Liabilities	499,337,475
MEMBERS' EQUITY	
Regular Reserves	4,318,118
Undivided Earnings	51,037,683
Accumulated Other Comprehensive Loss	<u>(206,747)</u>
Total Members' Equity	<u>55,149,054</u>
Total Liabilities and Members' Equity	<u>\$554,486,529</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, 2017

INTEREST INCOME	
Loans	\$ 20,805,902
Securities, Interest Bearing Deposits and Cash Equivalents	<u>947,825</u>
Total Interest Income	21,753,727
Interest Expense	
Members' Share and Savings Accounts	<u>2,709,168</u>
Net Interest Income	19,044,559
Provision For Loan Losses	<u>5,335,072</u>
Net Interest Income After Provision for Loan Losses	13,709,487
Non-Interest Income	
Service Charges and Fees	4,564,241
Other Non-Interest Income	6,261,273
Net Loss on Sale of Foreclosed/ Reposessed Assets	<u>(13,487)</u>
Total Non-Interest Income	10,812,027
Non-Interest Expense	
General and Administrative:	
Employee Compensation and Benefits	12,860,069
Office Occupancy and Operations	5,397,535
Other Operating Expenses	<u>6,132,289</u>
Total Non-Interest Expense	<u>24,389,893</u>
Net Income	<u>\$ 131,621</u>

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Branch Locations

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

Little Neck

3237 Virginia Beach Blvd.
Virginia Beach, VA 23452

South Independence*

3550 Buckner Blvd.
Virginia Beach, VA 23453

General Booth

1100 Dam Neck Road
Virginia Beach, VA 23454

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

Ghent

500 W. 21st Street
Suite #101
Norfolk, VA 23504

PORTSMOUTH

Guardian

309 County Street
Portsmouth, VA 23704

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 in 2017 –Ghent Branch (Relocated Chesson Branch)

24-Hour ATMs at all branch locations

*Branch & Credit Union Service Centers

Management Team

CHARLES A MALLON, JR

President and CEO

MICHAEL DOLAND

Senior Vice President

MICK VOLLMER

Senior Vice President &
CIO of Information Technology

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

TERRI NELSON

Director of Credit Administration

BRENDA OLEJASZ

Director of Retail Sales

BOB POYTHRESS

Director of Internal Audit

GINA STINSON

Director of Operations



"What an amazing year! Since arriving last January, I have had the pleasure of working along-side an outstanding group of financial services professionals dedicated to serving you, our owners. I have also had the opportunity to meet many of you in our branches, at community events, and during our Member Appreciation Day. Thank you again for your warm welcome.

In 2017, the credit union focused on enhancing our back office operations in our continuing effort to bring you greater service level enhancements. I recognize that it has been a rather trying experience for some of you and I appreciate your patience through these growing pains. During the year we were thrilled to begin making your direct deposits available at least one day early, eliminate the annual fee on our Onyx Reward VISA credit card, and most of all, for providing more than \$8 million in Honest to Goodness savings to you, our members!

As we embark into the next year, I am even more excited! We are working on projects to reduce the hold time in our call centers, developing a faster more enjoyable borrowing experience, refreshing our brand imaging and becoming more engaged throughout the community! My associates and I are committed more than ever to serve you. To put it simply, we exist because of you and we work every day with the passion and commitment to help you achieve your financial goals. As an owner of ABNB, I encourage you to share your experiences with me (good and not-so-good), so that we can continue to meet and hopefully exceed your expectation today, tomorrow and for years to come!"


Charles A. Mallon, Jr.

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



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

Link Up With Us!



Facebook
www.facebook.com/abnbfcu



Twitter
www.twitter.com/abnbfcu



Instagram
www.instagram.com/abnbfcu



LinkedIn
www.linkedin.com/company/1572816

