



# 2018 ANNUAL REPORT

A Proud Past. A Bright Future.

# Chairwoman's Message



The theme for this year's annual report "A Proud Past. A Bright Future" is especially appropriate at this time in the credit union's history. As Charlie Mallon our President/CEO mentions in his message, ABNB has a long history of service to members of the military and all residents in the region now through our community charter. In fact, at the end of 2018, we were fast approaching a total of 60,000 members across all our territories in Virginia and North Carolina which is a remarkable feat. Rest assured, no matter how many members we serve in total, we are keenly focused on helping individual members one at a time by listening to your specific financial needs and wants, and then finding affordable solutions that work best for you. We also enjoy giving back

to our members during the year as shown by our successful Member Appreciation Day held in October to thank you for your membership and continued loyalty.

As a community credit union, we are deeply committed to be an active and engaged participant in the towns, villages, and cities in the Hampton Roads region and in Northeastern North Carolina as well. When our members and communities do well, we do well. As a not-for-profit organization, being a great corporate citizen always has been and always will be part of our DNA. Being visible and supportive of other non-profit organizations in our area is only one way we accomplish that. We were extremely active in 2018 and worked with many organizations whose missions are very similar to ours... to improve the lives of their members and supporters. Looking ahead, we are very excited about the establishment of our new foundation coming in 2019, and we'll keep you informed on our progress.

We continued to enhance service to members through our branch expansion plans and by streamlining technology to make it easier and quicker to do business with the credit union. Our goal is to continually look for ways to help members seamlessly interact with our systems and our great employees.

We are always looking for ways to improve our products and services to make them more competitive with other financial institutions. We began the process in late 2018 by examining each of our lending products and expect to make them even better and more affordable than ever in 2019. In addition, we are planning some new products, so be looking for announcements as we move through the year ahead.

On behalf of the Board of Directors, volunteers and terrific staff of ABNB, we would like to thank you for your membership and look forward to a bright future ahead for your credit union.

**Mary Ann Melchers**

*Chairwoman*

A handwritten signature in black ink that reads "M Melchers".

# Board of Directors



(Standing left to right): **David R. Krause, Randolyn Patterson, Martha Smith, Michael Moore, and Barbara Geraghty**  
 (Sitting left to right): **Marvin Brangan, Mary Ann Melchers, Richard Cheliras, and Earl Waddell**  
 (Not pictured): **Amy Butcher and Herman M. Quattlebaum**

## Executive Board

**MARY ANN MELCHERS**

Chairman of the Board

**RICHARD CHELIRAS**

Vice Chairman

**MARVIN BRANGAN**

Treasurer

**EARL WADDELL**

Secretary

## Directors

**AMY BUTCHER**

**BARBARA GERAGHTY**

**DAVID R. KRAUSE**

**MICHAEL MOORE**

**RANDOLYN PATTERSON**

**HERMAN M. QUATTLEBAUM**

**MARTHA SMITH**

## Supervisory Committee

**DAVID R. KRAUSE**

Chairman of the  
Supervisory Committee

**HARRY ARISTAKESIAN**

**MARCI HOSKIN**

**AL JONES**

## Associate Directors

**HARRY ARISTAKESIAN**

**THOMAS D. JOHNS**

**WESLEY PARKER**

## Directors Emeritus

**THOMAS MCANDREWS**

**WARREN REYNOLDS**

## Remembering a Dedicated Credit Union Pioneer

**CAPTAIN RICHARD J.  
LOSEA, USCG RETIRED**



ABNB FCU is sad to report the loss of a member of the ABNB family in 2018. Captain Richard J. Losea, USCG Retired, a member of the board of directors, Treasurer and long-time credit union advocate, passed away on May 29, 2018. Capt. Losea joined the Coast Guard Fifth District Federal Credit Union in 1971 when he was a young Coast Guard Lieutenant J. G., commanding the USCGC Point Arena, then based at Little Creek Amphibious Base, Virginia. He remained a loyal member of the credit union as he moved about the country in his Coast Guard career. Throughout Rich's 23 years as a credit union volunteer, he served on the board of Guardian FCU; serving as Chairman of the Board for eleven years. Following Guardian FCU's successful merger with ABNB FCU in 2014, Rich continued to serve as a board member and Treasurer.

Rich was an extremely active leader within the credit union movement. In September 2017, Rich was awarded the Paul Revere Award at the NAFCU Congressional Caucus where Mr. Dan Berger, President of NAFCU, stated "Rich has tirelessly worked to improve the regulatory landscape for credit unions. His commitment to advancing credit unions' legislative and regulatory initiatives is unwavering and his dedication to our industry is outstanding." ABNB FCU will greatly miss Rich's leadership and fortitude.

# Treasurer's Report

# Supervisory Committee Report

Once again, I am pleased to report that our Credit Union remains financially strong. In 2018 members' shares increased \$19.2 million, or 3.9%, and Core Deposits increased \$23.1 million, or 6.4%, as we watched the country's economic condition continue to improve.

At year-end, assets were \$572.9 million, and loans were \$423.4 million. All share accounts, which include certificates, money market, and IRAs, totaled \$511.1 million. Membership increased 3.1% year-end to 59,469. Business loans totaled approximately \$29.4 million, yielding over 5.12%. Dividends paid on all member share and certificate accounts were \$2.94 million.

The Credit Union's Net Income of \$537,267, which was up \$405,600 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 9.76%

The required annual examination was complete by the National Credit Union Administration (NCUA), our regulatory agency, effective December 31, 2017. The required independent CPA audit was performed by Clifton Larson Allen firm, effective December 31, 2018.

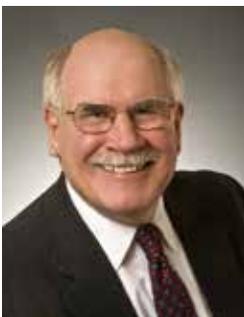
Thank you for allowing ABNB to serve you, your family and neighbors. We appreciate your trust and confidence.

The Supervisory Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the Credit Union's process for monitoring compliance with Federal and State laws and regulations, and administrative requirements established by the National Credit Union Administration.

To ensure that the above mentioned requirements are met, the Committee utilizes our Internal Auditor, and contracts with a CPA firm and IT specialists to audit and assess our daily and annual activities.

All 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 from being classified as dormant.

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



A handwritten signature in black ink that reads "Marvin L. Brangan".

Marvin L. Brangan  
Treasurer



A handwritten signature in black ink that reads "David R. Krause".

David R. Krause  
Supervisory Committee Chairman

# President's Message



As the theme of this annual report suggests, we are proud of our long and storied past, but are looking ahead at a very bright future for your credit union. It has been another very active year at ABNB and I'd like to share some of the highlights of the past 12 months with you. I would also like to preface this message by saying that all the decisions that have been made during the year have been done thoughtfully and with one goal in mind...to better serve our members now and in the future. You are the reason that we exist. We will never lose sight of that.

As we look back on 2018, we continued to add talent across the organization including key senior leadership and management positions. We've also made a conscious effort to improve service to members through technology and our branch network that allow easier access to the credit union wherever you are, and whenever you need us. These improvements include opening a new branch in the Harbour View community in September, moving the Wishart branch to our new Haygood location in January 2019, and the most exciting news of all... opening our first Hampton Roads branch on the Peninsula in Yorktown in March, 2019.

Beyond branches, we've made significant service improvements to eServices like online banking, mobile banking, ATMs and other points of contact. In addition, we continued to enhance our products and services making them more competitive than ever and introduced our new Free & Easy checking account which offers one of the best rates in the region along with great perks. We also upgraded our credit card offerings and rolled out a new online account opening and loan application system that make it easier than ever to connect with us remotely on a variety of devices. We've also continued our commitment to serving residents in communities that experienced significant weather events by offering a special Skip A Pay program in the aftermath of hurricanes Florence and Matthew to provide relief to members affected by these storms. We broadened our charitable giving and community involvement initiatives by providing support for CHKD, Edmarc and many other non-profits in the region. In fact, I'm proud to announce that we will be introducing our new ABNB Foundation in 2019 which will expand our ability to provide funding to local charitable organizations in the new year.

We continued to offer the Bank On financial counseling program and embarked on a multi-year sponsorship of Festevents in Norfolk which greatly increased our community involvement and visibility on the Southside. Finally, in December we joined hands with Hampton Roads Catholic Federal Credit Union through a merger that brought over 1,000 members into the ABNB family. On behalf of our terrific employees and volunteers who are deeply passionate about serving members, we're proud of the positive momentum that's been building over the past few years. It's all designed to enhance the ABNB experience for members and we look forward to continuing our success in the future.

Charles A. Mallon, Jr.

## MANAGEMENT TEAM

### CHARLES A. MALLON, JR.

President / CEO

### MICHAEL DOLAND

Senior Vice President

### MICHAEL MCNABB

Senior Vice President / CLO

### MICK VOLLMER

Senior Vice President / CIO

### CHRIS ANUSWITH

Vice President of Risk Management

### CAROLE COWLING

Vice President of Human Resources

### TONY DUNCAN

Vice President of Finance / CFO

### MICKEY GARLAND

Vice President of Service & Solutions

# Statement of Financial Condition

For the Year Ended December 31, 2018

<b>ASSETS</b>	<b>2018</b>
Cash and Cash Equivalents	\$ 24,600,844
Deposits in Other Financial Institutions	11,611,974
Securities - Available-for-Sale	49,637,945
Securities - Held-to-Maturity	2,000,000
Other Investments	1,844,387
Loans, Net	419,249,440
Accrued Interest Receivable	1,525,440
Foreclosed and Repossessed Assets	518,501
Premises and Equipment, Net	26,881,095
NCUSIF Deposit	4,802,232
Credit Union Owned Life Insurance	20,685,165
Other Assets	9,522,334
<b>Total Assets</b>	<b>\$572,879,357</b>

<b>LIABILITIES AND MEMBERS' EQUITY</b>	<b>2018</b>
<b>LIABILITIES</b>	
Members' Share and Savings Accounts	\$ 511,104,355
Accrued Expenses and Other Liabilities	6,118,496
Total Liabilities	517,222,851
<b>MEMBERS' EQUITY</b>	
Regular Reserves	4,318,118
Undivided Earnings	51,574,950
Accumulated Other Comprehensive Loss	(236,562)
Total Members' Equity	55,656,506
<b>Total Liabilities and Members' Equity</b>	<b>\$572,879,357</b>

# Statement of Income

For the Year Ended December 31, 2018

<b>INTEREST INCOME</b>	
Loans	\$ 20,398,707
Securities, Interest Bearing Deposits and Cash Equivalents	1,988,102
Total Interest Income	22,386,809
<b>Interest Expense</b>	
Members' Share and Savings Accounts	2,990,652
Net Interest Income	19,396,157
<b>Provision For Loan Losses</b>	4,907,000
Net Interest Income After Provision for Loan Losses	14,489,157
<b>Non-Interest Income</b>	
Service Charges and Fees	4,622,884
Other Non-Interest Income	6,219,843
Net Loss on Sale of Foreclosed/Reposessed Assets	276,597
Total Non-Interest Income	11,119,324
<b>Non-Interest Expense</b>	
General and Administrative:	
Employee Compensation and Benefits	12,509,136
Office Occupancy and Operations	6,070,519
Other Operating Expenses	6,491,559
Total Non-Interest Expense	25,071,214
<b>Net Income</b>	<b>\$ 537,267</b>

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.

# ABNB Branch Locations

## VIRGINIA BEACH

### Haygood

1068 Independence Blvd.  
Virginia Beach, VA 23455

### Kemps River

5399 Kemps River Dr.  
Virginia Beach, VA 23464

### Fairfield

5288 Providence Rd.  
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 Rd.  
Virginia Beach, VA 23454

## CHESAPEAKE

### Cedar Road\*

1109 Cedar Rd.  
Chesapeake, VA 23322

### Towne Place

701 Eden Way N.  
Chesapeake, VA 23320

### Chesapeake Square

4109 Chesapeake Square Blvd.  
Chesapeake, VA 23321

## NORFOLK

### Naval Station Norfolk (NSN)\*

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

### Sewell's Point Road

985 Denison Ave.  
Norfolk, VA 23513

### Ghent

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

## SUFFOLK

### Lakeside\*

907 W. Washington St.  
Suffolk, VA 23434

### Harbour View

5901 Harbour View Blvd.  
Suffolk, VA 23434

## NORTH CAROLINA

### Moyock\*

562 Caratoke Hwy.  
Moyock, NC 27958

## YORKTOWN

### Yorktown

1600 George Washington Memorial Hwy.  
Yorktown, VA 23693

## BASE

*Base passes are required at locations below.*

### Naval Amphibious Base (NAB)\*

1173 Amphibious Dr.,  
Bldg. 3348  
JEB Little Creek, Ft. Story  
Virginia Beach, VA 23459

### USCG Base Portsmouth

4000 Coast Guard Blvd.  
Portsmouth, VA 23703

### USCG Base Elizabeth City

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



*New in 2018 –Harbour View Branch*

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

**Look for new branches on the horizon  
and a bright future ahead for ABNB!**