



2016 ANNUAL REPORT

PRESIDENT'S REPORT

Dear Member-Owner:

Bob – Radar – Madam – Kayak – Racecar. These words are all examples of a palindrome where the letters read the same forward and backward. The first two hold a special meaning to me as it relates to our APCI FCU family.

BOB: Upon joining the APCI FCU team 17 years ago, I noticed we had a betta fish swimming in a vase on our teller counter. His name was Bob. “Why Bob?” I asked. The reply was that Bob was really B.O.B. meaning Bend Over Backwards which is what our APCI FCU team strives to do every day to meet our members’ needs. How appropriate and a quick lesson, to the new guy, of our ongoing mission. A lesson I remember to this day.

RADAR: You, our member-owner, have never fallen ‘off our radar.’ We need to be a reflection of your financial service needs. We need to keep you on our radar, and we will work every day to earn a place on yours. Two top requests received over the past several years have been 1) a more robust mobile banking solution and 2) the ability to deposit checks using your phone or another mobile device. I am happy to report that both of these services were part of our August 2016 technology upgrade. Looking forward, we have received over 1,200 responses from our recently completed member-wide survey asking what one product or service should be our next priority. Please continue to share your thoughts with us – only by staying on each other’s radar can we chart a path forward in service to you.

Thank you for the trust you have given us. We will continue to do our best to serve you better tomorrow than we have today.

Sincerely,

Richard Fehr

Chief Executive Officer and President

ASSETS (in millions)

2014	\$513.9
2015	\$529.3
2016	\$552.0

SHARES (in millions)

2014	\$462.8
2015	\$475.8
2016	\$497.6

LOANS (in millions)

2014	\$256.5
2015	\$265.5
2016	\$257.8

MEMBER ACCOUNTS (number)

2014	18,249
2015	18,383
2016	18,368

Statement of Financial Condition

(as of 12/31/2016 and 12/31/2015)

Assets	2016	2015
Loans (Members)	\$ 257,808,459	\$ 265,540,393
Investments	279,715,803	249,973,390
Cash and Cash Equivalents	2,016,575	2,541,818
NCUSIF NCUA Deposit	4,487,120	4,271,927
Miscellaneous Assets	7,966,901	6,948,925
Total Assets	<u>\$ 551,994,858</u>	<u>\$ 529,276,453</u>
Liabilities, Shares and Equity		
Liabilities	\$ 2,283,614	\$ 1,860,669
Shares (Members)	497,615,729	475,754,340
Equity	52,095,515	51,661,444
Total Liabilities, Shares and Equity	<u>\$ 551,994,858</u>	<u>\$ 529,276,453</u>

Statement of Income

(years ended 12/31/2016 and 12/31/2015)

Operating Income	2016	2015
Loan Income (Members)	\$ 8,944,690	\$ 9,110,807
Investment Income	2,674,504	2,005,777
Miscellaneous Income	1,609,464	1,714,269
Total Operating Income	<u>\$ 13,228,658</u>	<u>\$ 12,830,853</u>
Operating Expense		
Compensation & Benefits	\$ 4,604,583	\$ 4,102,913
Travel & Conference	51,629	78,367
Office Occupancy	345,273	333,167
Office Operations	2,314,079	2,245,138
Educational & Promotional	111,730	97,244
Loan Servicing	534,789	649,341
Professional & Outside Services	523,441	471,307
Loan Loss Provision	36,162	35,119
Federal Operating Fee	96,318	93,963
Miscellaneous Expenses	20,741	20,027
Total Operating Expense	<u>\$ 8,638,745</u>	<u>\$ 8,126,586</u>
Non Operating Gain (Loss)		
Gain (Loss) on Assets	\$ (90,214)	\$ (42,400)
Gain (Loss) on Investments	13,570	6,157
NCUA Assessments	0	0
Total Non Operating Gain (Loss)	<u>\$ (76,644)</u>	<u>\$ (36,243)</u>
Dividend Expense (Members)	<u>\$ 2,756,304</u>	<u>\$ 2,462,683</u>
Net Income (Loss)	<u>\$ 1,756,965</u>	<u>\$ 2,205,341</u>



Federally
Insured by
NCUA



Equal
Housing
Lender



MISSION STATEMENT

- Serve as our members' Primary Financial Institution by providing a wide array of financial products and services at attractive prices that meet our members' needs and expectations.
- Deliver our products and services on a professional and consistent basis and in a responsive, convenient manner.
- Operate in a financially sound and competitive manner to ensure long term financial strength while safeguarding members' deposits.
- Provide information that helps educate our members in making informed financial decisions.

LEADERSHIP TEAM

Richard A. Fehr *Chief Executive Officer and President*
Gina M. Fili *Chief Financial Officer*
Nadine R. Hohe *Chief Lending Officer*
Dylan P. Finelli *Project Manager*
Lori A. Floyd *Director of Marketing*
Jack W. McLaine *Director of IT*

Justin R. Rabe *eCommerce Manager*
Karyn L. Reppert *Director of Compliance & Risk Management*
Deb K. Stephenson *Director of Member Services*
Jayne C. Stoudt *Controller*
Jeffrey P. Wenner *Director of Loan Services*

ANNUAL AUDIT & EXAMINATION REPORT

The APCI Federal Credit Union Supervisory Committee hired the independent accounting firm of Reinsel Kuntz Leshar LLP, Wyomissing, PA to conduct a comprehensive 2016 annual audit. Reinsel Kuntz Leshar LLP has expressed a certified opinion that the financial statements present fairly, in all material aspects, the financial position of your credit union. The certified opinion further states that the results of our operations conform with generally accepted accounting principles.

PRODUCTS & SERVICES

Savings Programs

Share Savings Accounts • Share Certificates
Kids Klub Savings Program

Share Draft Checking

Traditional & Roth IRAs

Consumer Loans

New and Used Autos • Motorcycles
Personal Loans • Mastercard® Plus

Mortgage and Home Equity Loans

Home Equity Line of Credit • Fixed Rate Home Equity • Refinance Mortgage Program

Electronic Services

- APCI eCU suite of electronic banking services: APCIRCUIT® PC Home Banking Service, APCI PAY Online Bill Paying Service®, APCI eStatements, APCI eAlerts, APCI eMobile, APCI eDeposit, APCI eTalk
- ATM/Visa® Debit Card



Mailing Address: APCI Federal Credit Union • PO Box 20147 • Lehigh Valley, PA 18002-0147
Hours of Operation: Mon. – Wed. & Fri. 8:00 am – 4:00 pm ET; Thur. 7:15 am – 4:00 pm ET
Phone Service available daily until 4:30 pm ET
Telephone Assistance: Toll-free: (800) 821-5104 • Local: (610) 481-7691
Website: apcfcu.com