



1934 - 2024
90TH
AgFed
Credit Union
ANNIVERSARY

90 YEARS AND STILL GROWING STRONG
ANNUAL REPORT
2023



AGRICULTURE FEDERAL CREDIT UNION

Annual Meeting Agenda

April 24, 2024 | 11:00 am – 12:00 pm

CALL TO ORDER

Elard J. Phillips, Chairperson

ASCERTAIN A QUORUM IS PRESENT

**APPROVE THE PRIOR YEAR'S APRIL 26, 2023
ANNUAL MEETING MINUTES**

CHAIRPERSON'S & TREASURER'S REPORT

Elard J. Phillips, Chairperson

NOMINATING COMMITTEE REPORT

Elard J. Phillips, Chairperson

CEO REPORT

Margie Click

FOUNDATION REPORT

Margie Click, President/CEO

QUESTIONS AND ANSWERS

ADJOURNMENT



**“
I look forward
to working with
AgFed for the
years to come.”**

Chairperson's and President/CEO's Report

As we reflect on the year 2023, it is with great pleasure that we present some of the successes of our Credit Union. The year 2023 was marked by financial success, exciting new products and technical enhancements — as we continued our mission to serve our members with dedication and innovation.

Through the great efforts of the AgFed Staff and Management team, we are happy to report that AgFed remained financially strong despite the financial challenges of 2023 including inflation, several bank failures and rising interest rates. Despite these challenges, AgFed maintained a strong financial position with over \$359 million in assets and remains financially safe and sound with over 11% Net Worth, which exceeds our federal regulators — the National Credit Union Administration's requirement of a minimum of 7%.

As interest rates continued to increase throughout 2023, we offered products to meet our member's needs. We offered both short-term and long-term saving options at some of the highest rates in the region. We created a new high-yield Advantage Checking account which pays market-leading dividends for amounts up to \$20,000 with a few simple requirements. We also restructured our Youth Savings accounts to offer a premium dividend rate for amounts up to \$1,000 to help teach and encourage strong money management skills for our young members.

In 2023, we launched an upgraded Mobile App which included many of the improvements requested by the membership. As we continue to embrace new technology, we want to assure you that the safety and security of our members' data remains paramount. Our dedication to maintaining the highest standards of data protection and security reflects our unwavering commitment to our members' trust and confidentiality.

In 2023, the AgFed Board of Directors and Management team met to draft an updated purpose statement for the Credit Union: Our purpose is helping to improve the lives of those who we come into contact with, one interaction, one product and one relationship at a time. Your financial journey is our priority, and as we move forward AgFed is dedicated to implementing initiatives and innovations that align with this purpose, ensuring that each member's experience is a step toward positive transformation.



Margie Click
President/CEO



Elard J. Phillips
Chairperson

As we approach our Credit Union's 90th anniversary in 2024, we want to express gratitude for the trust and loyalty our members have shown over the decades. We will continue to live our purpose by providing excellent service, fostering financial well-being, and embracing innovation. We look forward to continuing this journey with you, building a bright financial future together.

Thank you for being an integral part of our Credit Union family. We will continue to embrace our purpose and serve as "Your Partner for Life".



Treasurer's Report

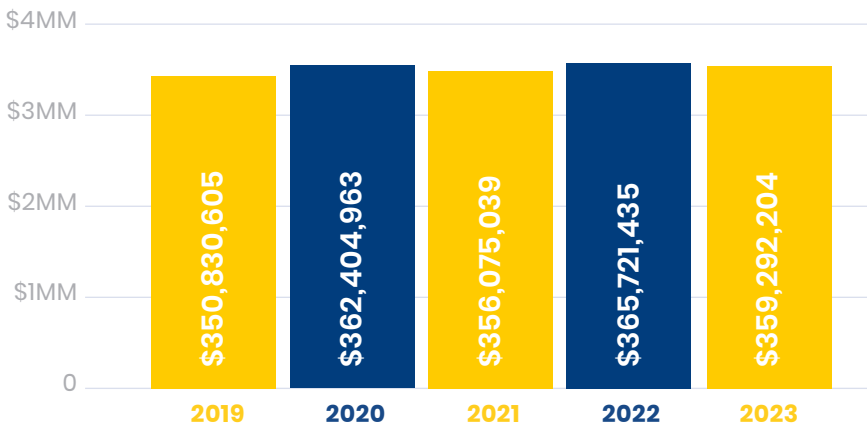
Agriculture Federal Credit Union ended the year in a fiscally sound position with a capital to assets ratio of 11.12%. This ratio is an indicator of excellent financial strength and is significantly higher than the regulatory well-capitalized standard of 7% set for credit unions.

Despite the financial challenges presented by inflation and a rising interest rate environment, the credit union's loan portfolio remained strong at over \$250 million while member deposits remained steady at nearly \$323 million.

Our asset size ended the year at over \$359 million, and we experienced a return on assets of 0.11% for the year.

I am happy to report our credit union remains fiscally sound and AgFed is looking forward to continuing this well into the future.

Assets



Income and Expenses

Years Ended December 31,

	2023	2022
Interest on Revenue		
Interest on Loans	\$ 11,178,272	\$ 8,854,864
Interest on Investments	\$ 1,938,374	\$ 1,263,969
	\$ 13,116,646	\$ 10,118,833
Interest Expense		
Dividends on Shares	\$ 3,132,482	\$ 1,206,754
	\$ 9,984,164	\$ 8,912,079
Provision for Loan Losses	\$ 1,185,268	\$ 407,522
Net Interest Income		
After Provision	\$ 8,798,896	\$ 8,504,557
Other Operating Income	\$ 2,140,964	\$ 2,287,190
Operating Expenses	\$ 10,619,126	\$ 9,693,965
Non-Operating Losses (Gains)	\$ (64,410)	\$ 0
Net Income	\$ 385,144	\$ 1,097,782

Financial Condition

As of December 31,

	2023	2022
Assets		
Net Loans	\$ 250,535,161	\$ 259,300,209
Net Cash & Investments	\$ 90,999,690	\$ 88,588,273
Other Assets	\$ 17,757,353	\$ 17,832,953
Total Assets	\$ 359,292,204	\$ 365,721,435
Liabilities and Equity		
Shares	\$ 322,895,037	\$ 331,178,027
Other Liabilities	\$ 2,219,902	\$ 1,790,010
Reserves	\$ 34,177,265	\$ 32,753,398
Total Liabilities and Equity	\$ 359,292,204	\$ 365,721,435

AgFed Credit Union Foundation **ACTIVITY FOR 2023**

The AgFed Credit Union Foundation continued its mission of enriching the lives of our community in 2023. The Foundation received over \$10 thousand in donations. This allowed it to provide assistance to more entities.

The 2023 accomplishments:

- Awarded six \$1,000 scholarships to individuals attending college or trade schools
- Awarded 24 \$100 grants to teachers in the DC metro area
- Awarded a \$1,500 scholarship to the Tuskegee Airmen in honor of former Board member, Preston Davis
- Donated \$2,500 to the Maui Food Bank to assist those affected by wildfires
- Donated nearly \$3,500 to the following DC metro area charities to provide much-needed assistance:
 - Bread for the City
 - Children's National Hospital

The Foundation Board of Directors sincerely appreciates your generous contributions and are always looking for new ways to help the community. We encourage you to donate so that the Foundation may enrich the lives of many more in the future.

If you would like to make a donation to the AgFed Credit Union Foundation, you may:

Donate online at: www.agfedcufoundation.org

Mail a check to: AgFed Credit Union Foundation,
P.O. Box 2225, Merrifield, VA 22116

If you have any questions, feel free to contact us at director@agfedcufoundation.org.

Thank you for supporting schools, students and charities in your community.

OUR BOARD

John Link,
Chairman
of the Board

Margie Click,
Secretary
of the Board

Elard J. Phillips,
Treasurer
of the Board

**Theodora
Ezekwerre,**
Board Member

**Patricia
O'Connell,**
Board Member

Carolyn Parker,
Board Member

John Link
AgFed Credit Union Foundation
Board Chairman

Supervisory Committee Report

AgFed's supervisory committee is one of several volunteer committees which serves AgFed's membership. The supervisory committee ensures the adequacy of AgFed's internal audit controls and financial reporting. It is comprised of 3-5 volunteer members who are appointed by the AgFed's board of directors and normally serve 3-year staggered terms. The supervisory committee officers (chair and secretary) are elected annually by the committee members following the annual membership meeting. The committee safeguards member assets by ensuring that the AgFed's board of directors' policies and operating procedures are executed in a timely, efficient, and effective manner. The committee's primary activities involve: (1) hiring and oversight of AgFed's independent auditing CPA firms for internal controls and for financial statements; (2) verifying and maintaining the accounts of the members at least once every 2 years; (3) reviewing annual branch audit reports by AgFed's CFO; (4) intermediating between AgFed members, staff, and the National Credit Union Administration (NCUA); and (5) making recommendations to the board of directors for improving operations within AgFed.

During EY 2023, the AgFed supervisory committee:

- Held monthly and special meetings using Zoom technology; wrote and submitted monthly meeting minutes to the board of directors; attended monthly board meetings; participated in board planning sessions; reviewed board and supervisory committee annual expenditures for travel & training; and responded to AgFed members' concerns.
- Met with representatives of Doeren Mayhew CPAs and Advisors, official auditors for AgFed's financial statements and member account verifications, to review their findings for the fiscal year ending 3/31/2023.
- Reviewed, discussed, and followed up findings in periodic internal audit controls procedural reports (IAP's) performed by AgFed's internal controls auditor Yount, Hyde, & Barbour CPAs and Consultants (YHB).
- Approved and signed engagement letters for independent auditing CPA firm services by: (1) Doeren Mayhew (financial statements); and (2) Yates, Hyde, and Barbour (internal controls).
- Attended the annual meeting of AgFed members.
- Reviewed and revised the supervisory committee's charter with AgFed's governance committee and board.
- Completed training in: (1) Bank Secrecy Act/Anti-Money Laundering; (2) Consumer Compliance; (3) Enterprise Risk Management for Credit Union Volunteers.



Theodore D. Corey
Chairperson, AgFed
Supervisory Committee

AgFed Board of Directors

AgFed Credit Union is the financial home to more than 25,000 members. AgFed operates 4 branches in Washington, D.C. and Maryland, and serves members in all 50 states through a network of over 5,000 shared branches, online and mobile banking and a robust offering of services at www.agfed.org.



Elard J. Phillips
Chair



Patricia O'Connell
Vice-Chair



Carolyn Parker
Secretary



John Link
Treasurer



Duane Williams
Board Member



Sederis Fields
Board Member



David Lewis
Board Member



Lynn Moaney
Board Member



Christian Obineme
Board Member

“
**AgFed,
you have
truly been a
“Partner for Life.”**

88th Annual Meeting Minutes

April 26, 2023

The 88th Annual Meeting of the Agriculture Federal Credit Union (AgFed) was called to order by Mr. Elard J. Phillips, Chairperson of the Board, at 11:00 a.m. on Wednesday, April 26, 2023. The meeting was held via live stream and in-person at the South Building Branch.

The meeting moderator determined a quorum was present.

CHAIRPERSON REPORT

Mr. Phillips reported that there was a lot to be proud of in 2022, despite the challenges of rising inflation and interest rate increases. He said that in AgFed's 88-year history the credit union and membership has recovered from tough times, such as wars, economic depressions, recessions, natural disasters, terrorism and pandemics.

TREASURER'S REPORT

Mr. Phillips presented the Treasurer's Report on behalf of the Board Treasurer, John Link. AgFed ended the year with assets of over \$365 million and had a net income of over \$1 million. AgFed's capital to assets ratio of 10.90% significantly exceeded the 7% requirement set by the regulators. The credit union remains financially strong.

FOUNDATION REPORT

Mr. Phillips provided a brief report on the AgFed CU Foundation, highlighting its accomplishments in 2022, which included awarding four \$1,000 scholarships to individuals attending college or trade schools, providing twenty-seven \$100 grants to teachers in the DC metro area, providing a \$1,500 scholarship to the Tuskegee Airmen in honor of former board member Preston Davis, and donating to charities in the DC metro area and areas affected by Hurricane Ian.

CEO REPORT

Margie Click, President/CEO stated that AgFed spent the previous year providing solutions to an everchanging environment. AgFed reopened its branches, increased



its staff, and modified services to better fit the members' needs. Ms. Click also highlighted that AgFed was financially sound, with a net income of over \$1 million and loan growth of over 17%, as well as adding over 2,700 new members. AgFed modified products and services to provide better value to the membership, including increasing deposit rates and lowering fees, as well as providing low-cost loans throughout the country.

Ms. Click addressed recent bank failures, stating that although the regulators took swift actions to ensure that depositors did not lose their money, the banks' business models were quite different from that of the AgFed and most other financial institutions. She emphasized that risk management continues to be a top priority of the Board of Directors and Management.

CYBERSECURITY REPORT

Adam Rosenthal, CIO reported on cybersecurity. The rise of digital banking and online transactions has made banking convenient, but also introduced the threat of cyber-attacks. Mr. Rosenthal provided examples of best practices for members to protect their privacy, data, and devices from unauthorized access. AgFed takes cyber security seriously and maintains a comprehensive approach to protect its systems and data.

NOMINATING COMMITTEE REPORT

Mr. Phillips, reported that Lynn Moaney, Christian Obineme and John Link were reappointed to the Board of Directors by acclamation. He thanked Carolyn Parker, Patricia O'Connell and Ted Covey for serving on the Nominating Committee.

Mr. Phillips turned the meeting over to Ms. Click to address member inquiries.

Ms. Click addressed member inquiries. The moderator adjourned the meeting.



We're proud to say that we're
"Your Partner for Life."

IT'S MORE THAN OUR MOTTO.

It's our promise to give you the financial tools you need for a richer tomorrow. When you bank with us, you are not just a number. You're a member and part-owner of a community that believes in your financial well-being.



We make banking simple

Online at www.agfed.org

24/7 Member Services/Loans
(202) 479-2270 or (888) 451-LOAN (5626)

members@agfed.org



LOCATIONS

WASHINGTON, DC

USDA South Building Branch

1400 Independence Ave., SW
Room SM2
Washington, DC 20250

Cafeteria Branch

1400 Independence Ave., SW
Wing 2, Room 1210
Washington, DC 20250

MARYLAND

Riverdale Branch

4700 River Rd., RM 1C09
Riverdale, MD 20737

Carver Center Branch

5601 Sunnyside Ave.
Rm 1-1180
Beltsville, MD 20705

Credit union service centers are available nationwide.

To locate a Credit Union Service Center near you,
please visit www.agfed.org.



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