

AGFED CREDIT UNION

Power of Purpose

2021 ANNUAL REPORT



87TH ANNUAL MEETING AGENDA

April 27, 2022

CALL TO ORDER

QUORUM PRESENT

APPROVAL OF
THE 2021 ANNUAL
MEETING MINUTES

CHAIRPERSON REPORT

CEO REPORT

TREASURER'S REPORT

ADJOURNMENT

2021 ANNUAL MEETING MINUTES • 86th Annual Meeting • April 28, 2021

The 86th Annual Meeting of the Agriculture Federal Credit Union (AgFed) was called to order by Mr. Elard J. Phillips, Chairperson of the Board, at 12:00 p.m. on Wednesday, April 28, 2021. The meeting was held virtually.

The meeting moderator determined that a quorum was present. The August 26, 2020 Annual Meeting minutes were presented to the attendees prior to the meeting with no suggested changes or corrections and have passed.

Chairperson Report: Mr. Phillips reported that there was a lot to be proud of in 2020, despite the challenges of the COVID-19 pandemic. He thanked the membership for their patience and flexibility throughout the crisis.

Mr. Phillips reported on the credit union's accomplishments since the last meeting in August 2020. The credit union took the opportunity to improve upon its virtual services. Multi-factor authentication was implemented to improve mobile and online banking security. The long-awaited Zelle implementation occurred on March 31, 2021.

CEO Report: Ms. Margie Click, President/CEO thanked the Board of Directors, Supervisory Committee and staff for their dedication and leadership. She also thanked the membership for their loyalty and perseverance during uncertain times.

Ms. Click stated that despite the challenges presented by the COVID-19 pandemic, AgFed persevered and generated solid financial results with income of over \$600,000.

Ms. Click highlighted the accomplishments since the August 26, 2020 Annual Meeting.

- The credit union implemented a call-back feature in lieu of being placed on hold while waiting for call center representatives
- An additional layer of security was added to online and mobile banking using multi-factor authentication
- Zelle, a popular person-to-person payment application, was launched in March of 2021
- AgFed expanded its E-services department to better assist members remotely
- An ATM was installed in the USDA Kansas City facility
- Renovations on the George Washington Carver Center branch commenced
- A new streamlined online account system for new and existing members was implemented
- AgFed experienced record-breaking home purchases and refinances

Foundation Report: Mr. Phillips reported that the AgFed Credit Union Foundation received over \$9,000 in donations. It awarded four \$1,000 scholarships to students in college or trade school. The Foundation made various donations to DC-area charities assisting in pandemic-relief efforts. The Foundation also donated funds to assist hurricane victims in Louisiana.

Treasurer's Report: Mr. Phillips reported that the Credit Union ended 2020 in a solid financial position with over \$362 million in assets. Net income for the year was \$606,000. The credit union received excellent results from the external auditor as well as its financial regulator, NCUA.

Nominating Committee Report: Mr. Phillips, reported that Iris Carter, Sederis Fields and David Lewis were reappointed to the Board of Directors by acclamation. He thanked Christian Obineme for chairing 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.

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PRESIDENT/CEO AND BOARD



Margie Click, President/CEO



Elard J. Phillips, Chair



Patricia O'Connell, Vice-Chair



Carolyn Parker, Secretary



John Link, Treasurer



Iris Carter



Sederis Fields



David Lewis



Lynn Moaney



Christian Obineme

CHAIRPERSON AND CEO REPORT FOR 2021

Throughout the challenges and triumphs of the last few years, one thing has remained constant about AgFed: we are guided by our Purpose.

AgFed is here for the people, families, and communities we serve, throughout every stage of their lives. We have a deep-seated commitment to the well-being of our members, and every decision is made with empathy and reliance on our core values. When times are uncertain, we rely on our Purpose for guidance.

It's a simple, but profound difference. And it works.

This commitment to our Purpose led to strong, sustainable financial performance in 2021. We ended the year with over \$1.1 million in net income, strong loan growth, and a net worth ratio of 10.89% with low delinquencies and charge-offs.

This was achieved in many ways. For example, we modified our loan pricing and processes in order to reach more members in the communities we serve. This resulted in over 8% loan growth in the latter half of the year.

We have also assessed and streamlined many other processes using input from staff and members.

Although COVID-19 continues to linger, we have been able to re-open most of our branches for appointments, and most of our staff have been able to safely return to the office. We've added staff to better meet member needs with 24 hour telephone support.

Continuous technology and process improvements continue, and will always be a large part of AgFed's focus. It's part of our commitment to serve our members when and where and how you need us. We're constantly working to understand and anticipate our members' needs, and find innovative ways to meet them.

As we look forward to the rest of 2022 and beyond, we remain committed to our Purpose, expressed in our simple motto: "Your Partner for Life".

We thank you for choosing AgFed, and we look forward to continuing to support you in reaching your goals.

Elard J. Phillips, Chair, and Margie Click, President/CEO

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TREASURER'S REPORT

Agriculture Federal Credit Union ended the year in a fiscally sound position with a capital to assets ratio of 10.89%. 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 the COVID-19 pandemic, the credit union's loan portfolio grew by over \$5.4 million, while member deposits remained steady at \$316.2 million.

Our asset size ended the year at over \$356 million, and we experienced a good return on assets of 0.31% 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.

John Link, Treasurer

INCOME AND EXPENSES

Years Ended December 31,

2021

2020

Interest on Revenue

Interest on Loans

\$7,674,391

\$8,854,106

Interest on Investments

\$1,259,961

\$1,550,559

\$8,934,352

\$10,404,665

Interest Expense

Dividends on Shares

\$1,007,398

\$2,379,656

Net Interest Income

\$7,926,954

\$8,025,009

Provision for Loan Losses

-\$191,163

\$801,087

Net Interest Income After Provision

\$8,118,117

\$7,223,922

Other Operating Income

\$2,354,718

\$2,297,263

Operating Expenses

\$9,354,073

\$8,868,465

Non-Operating Losses (Gains)

\$15,270

\$456,260

Net Income

\$1,103,492

\$606,460

FINANCIAL CONDITION

As of December 31,

2021

2020

Assets

Net Loans

\$221,158,769

\$215,744,338

Net Cash & Investments

\$115,727,878

\$125,821,040

Other Assets

\$19,188,392

\$20,839,585

Total Assets

\$356,075,039

\$362,404,963

Liabilities and Equity

Shares

\$316,210,457

\$321,980,708

Other Liabilities

\$1,496,109

\$1,526,009

Reserves

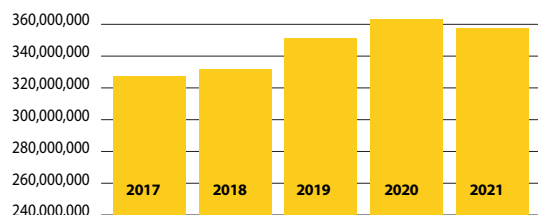
\$38,368,473

\$38,898,246

Total Liabilities and Equity

\$356,075,039

\$362,404,963



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SUPERVISORY COMMITTEE

Mr. Theodore Covey
Chair

Ms. Senney Gray

Ms. Lynn Moaney
Secretary

SUPERVISORY COMMITTEE REPORT

AgFed's Supervisory Committee is comprised of 3-5 volunteer members with one serving as the chairperson and another as the secretary. Supervisory Committee members are appointed by the AgFed Board of Directors and normally serve 3-year staggered terms. Committee officers are elected annually by the Committee following the annual membership meeting. The Committee safeguards member assets by ensuring that the AgFed Board of Directors' policies and operating procedures are executed in a timely, efficient, and effective manner. The Committee's primary activities involve oversight of the AgFed's external and internal audits and intermediating between individual members, AgFed, and the National Credit Union Administration (NCUA). The Committee's election year 2021 (EY 2021) activities and accomplishments ensure the adequacy of AgFed's internal controls and financial reporting.

During EY 2021, the AgFed Supervisory Committee:

- Met with a representative of AgFed's external auditors (Doeren Mayhew CPAs and Advisors) to review new external audit findings (year ending 3/31/2021) and the member verification procedures.
- Reviewed audit and examination results with AgFed management and followed up on any relevant recommendations.
- Held virtual monthly Supervisory Committee meetings using Zoom technology; filed monthly Committee minutes with the Board of Directors; attended monthly Board meetings; participated in Board/Supervisory Committee planning sessions; reviewed Board and Supervisory travel & training annual expenditures; responded to AgFed members' concerns.
- Was briefed on the annual branch audit report by the AgFed SVP/CFO.
- During EY 2021, AgFed's previous internal independent auditor (Rowles & Company, LLP) joined Yount, Hyde & Barbour, P. C. ("YHB") who now serves as AgFed's independent internal auditor.
- Met periodically and corresponded with our YHB engagement partner regarding issues of importance to Credit Union risk management; reviewed and discussed findings in YHB's periodic internal audit procedural reports regarding AgFed Credit Union internal controls.
- Completed Bank Secrecy Act/Anti-Money Laundering (BSA/AML) training and other online training essential to the successful performance of the supervisory committee's role within the credit union.

Theodore D. Covey, Chairperson
AgFed Supervisory Committee
2/22/22

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FOUNDATION BOARD

John Link

Chairman of the Board

Margie Click

Secretary of the Board

Elard J. Phillips

Treasurer

Theodora Ezekwerre

Board Member

Patricia O'Connell

Board Member

Carolyn Parker

Board Member

AGFED CREDIT UNION FOUNDATION

The AgFed Credit Union Foundation continued its mission in 2021 as well as, adding new members. The Foundation received over \$10 thousand in donations. This allowed it to provide assistance to more entities.

The 2021 accomplishments:

- Awarded four \$1,000 scholarships to individuals attending college or trade schools
- Awarded a \$1,500 scholarship to the Tuskegee Airmen in honor of former Board member, Preston Davis
- Donation to a family of the DC Metro area who lost everything in a house fire
- Donated over \$5,000 to the following metro area charities to provide much needed assistance during the COVID-19 pandemic:
 - Bread for the City
 - Children's National Hospital

The Foundation Board of Directors sincerely appreciates your generous contributions and are 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 or mail a check to AgFed Credit Union Foundation, P.O. Box 523383, Springfield, VA 22152. 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!

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AgFed Credit Union

Your Partner for Life

www.agfed.org
24/7 Member Services/Loans
(202) 479-2270
(888) 451-LOAN (5626)
members@agfed.org

*We continue to help our members remotely
and offer appointments at the South Building,
Carver Center, Riverdale and Smithsonian
branches for members who have proper
employee ID.*

USDA SOUTH BUILDING BRANCH
1400 Independence Ave. SW, Rm SM2
Washington, DC 20250

CAFETERIA BRANCH
1400 Independence Ave. SW
Wing 2, Rm 1210
Washington, DC 20250

SMITHSONIAN BRANCH
Smithsonian Castle, Rm B-10
1000 Jefferson Dr., SW
Washington, DC 20560

RIVERDALE BRANCH
4700 River Rd., Rm 1C09
Riverdale, MD 20737

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

BARC WEST BRANCH
10300 Baltimore Ave.
Building 003, Rm 327
Beltsville, MD 20705

*Credit Union Service Centers
are available nationwide.*

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