



2025 Annual Report

Strength In Every Tide



91st Annual Meeting

The Atlantic Federal Credit Union

90th Annual Meeting Minutes

April 24, 2025

Directors

Present

R. M. Lear
M. A. Locurcio
P. Murray
P. Rosen
C. Rowden
R. D. Wilder

Absent

P. M. Del Sontro

Executive Staff

A. Mero
A. Cadmus
S. Hilenski
K. Pakrul

Supervisory Committee

Present

R. W. Hovland

Absent

S. C. Cummings

Recording Secretary

K. Pakrul

1. The Annual Meeting was held in-person and via video conferencing from The Atlantic Federal Credit Union, Springfield, NJ. Mr. Michael Locurcio, Chairman, called the meeting to order at 10:01 am.

2. Mr. Locurcio welcomed everyone to the Credit Union's 90th Annual Meeting. He noted the appropriateness of this year's Meeting's theme of "Navigating Uncharted Waters."

3. Mr. Locurcio said that in The Atlantic's 90-year history, The Atlantic has served its Members through considerable socioeconomic shifts in our nation and local communities. This past year tested our resilience, but it also highlighted the strength and unity of our Credit Union family. This year began with a backdrop of rising interest rates, a looming threat of recession, and a persistent inflationary environment. These factors undoubtedly impacted our Members' financial lives, creating uncertainty and increasing the need for reliable and affordable financial services. Meanwhile, The Atlantic is one of the most well-capitalized credit unions in the country. The Atlantic continues to meet the regulatory expectations set by the NCUA, including maintaining a strong liquidity position with reliable access to funds and upholding sound operating principles.

4. Mr. Locurcio noted as we look ahead to the remainder of 2025 and beyond, we maintain a clear and focused mission of meeting the financial goals and objectives of our Members. We know doing so will bring about our vision to empower financial well-being.

5. Mr. Locurcio introduced the members of the Board of Directors and Supervisory Committee. He called attention to the 2024 Annual Report and noted that the Report contained the minutes of the 2024 Annual Meeting, the Credit Union's financial statement, a combined report from the Chairman and the CEO, and the Supervisory Committee Report.

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6. The bylaws of the Credit Union require a quorum of 15 Members at Annual Meetings. The following Members were in attendance: Adam Cadmus, Grace Dibi, Dennis Fabbo, Janine Grieco, Sandy Hilenski, Russ Hovland, Mark Kabakow, Robert Lear, Michael Locurcio, Anthony Mero, Patti Murray, Kristina Pakrul, Philip Rosen, Cheryl Rowden, Carla White-Garrett, and Robert Wilder. Ms. Pakrul verified that a quorum was present.

7. Mr. Lear, Assistant Board Secretary, summarized the minutes of the 2024 Annual Meeting. Ms. Rowden moved that they be accepted as presented in the Annual Report. Ms. Murray seconded the motion, and the minutes were approved.

8. Mr. Hovland presented the Supervisory Committee Report as included in the Annual Report. He said that the Supervisory Committee retained the services of The Curchin Group, a CPA firm, to perform a 2024 Financial Opinion Audit. He said that The Atlantic is confident that it will receive a favorable opinion from this audit since it has not been notified of any material items or adjusting entries to the financials.

9. Mr. Hovland said that the Credit Union continued to operate in a safe and sound manner during 2024. Its assets were properly safeguarded, and the books and records were an accurate accounting of the Credit Union's assets, liabilities, and capital.

10. Mr. Mero began his remarks that this year's theme of the Credit Union was "Navigating Uncharted Waters". In 2024, the Credit Union was dedicated to protecting Members' savings, with more than \$5 million in total dividends paid in 2024 and more than \$20 million in new Member deposits earning high-yield dividend rates in Ultra, Smart and Kickstart Savings.

11. Mr. Mero noted during 2024 the Credit Union expanded access to affordable credit for its Members, with more than \$53 million in loans, including \$900,000 in Quick Cash life event loans, provided.

12. Mr. Mero noted the Credit Union's commitment to the communities The Atlantic serves through partnerships with local businesses and supporting local nonprofits while promoting financial literacy and inspiring youth engagement.

13. Mr. Mero ended his remarks stating during 2024 the Credit Union expanded its digital banking capabilities, streamlined loan application processes, and began connecting with Members in new ways.

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14. Mr. Mero thanked the Board of Directors for their continued support over the course of 2024, and their continued guidance into 2025.

15. Mr. Locurcio thanked the Members of The Atlantic for the Credit Union's milestone 90th anniversary. This was only made possible by the continued trust and loyalty in the Credit Union's financial cooperative. He gave sincere thanks for everyone's Membership and looks forward to growing together for years to come.

16. For the upcoming year, Mr. Locurcio said that the Board will focus on Strategic Plan initiatives and differentiating The Atlantic from other financial institutions with technology, innovation, products, flexibility, and efficiencies.

17. In conclusion, Mr. Locurcio said that the Credit Union continues to be financially sound with management making appropriate risk and return decisions for the organization.

18. Mr. Adam Cadmus, Chairman of the Nominating Committee, introduced the members of the Nominating Committee: Ms. Kristina Pakrul and Ms. Carla White-Garrett. Two candidates, Mr. Locurcio and Ms. Murray, were nominated to the Board for a three-year term.

19. Since no other names were filed with the Secretary prior to the Annual Meeting, Mr. Lear cast one ballot for the slate. The motion was passed, and the nominees were elected.

20. Mr. Locurcio acknowledged the Credit Union management for their outstanding efforts in continuing to provide all essential banking functions to service our Members' financial needs.

21. Mr. Locurcio thanked the volunteer Board of Directors and Committee Members who give so freely of their time in developing strategic vision, focusing on the long-term success of the Credit Union. He thanked the Members for their years of loyal support and continued patronage.

22. There being no further business to conduct, Mr. Lear motioned to adjourn the Meeting. This was seconded by Ms. Murray and was passed. The Annual Meeting adjourned at 10:20 am.

A Message from the Chairman of the Board and the Chief Executive Officer

To Our Valued Members,

2025 was a year of steady resolve for The Atlantic Federal Credit Union. In an environment marked by credit normalization, shifting deposit activity, and a rapidly evolving rate landscape, we stayed focused on what matters most: financial strength, Member value, and community impact.

While earnings were pressured this year, we preserved a robust capital position, served Members with competitive products, and continued our deep commitment to nonprofit partners across the counties we serve.

Our 2025 Financial Position—Strength Where It Counts

- **Balance sheet size:** We closed the year with total assets of \$241.8 million.
- **Deposit funding:** Total deposits ended the year at \$207.6 million. Within that, Member deposits grew to \$184.5 million (up \$11.8 million year-over-year), offset by a purposeful reduction of non-member deposits from \$42.8 million to \$23.0 million as we refined our funding mix toward core Member relationships.
- **Loan portfolio:** Total loans finished the year at \$187.2 million. Loan origination remained balanced, with business lending representing a larger share and consumer lending kept deliberate and disciplined.
- **Capital:** Our regulatory capital ended the year at \$32.1 million, supporting a net worth ratio of 13.26%—well above “well-capitalized” thresholds by regulatory standards and notably higher than levels of other federal credit unions.

Why this matters for Members: High net worth is a safety-and-soundness backbone. It gives us the flexibility to keep serving Members competitively through economic cycles and to keep investing in technology, access, and community programs.

Earnings and Risk Management—Candid, Prudent, Member-First

- **Earnings:** For 2025, our results reflect a net loss of \$1.5 million. The primary driver was concentrated in credit costs (a higher provision for credit losses as we absorbed charge-offs).

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- **Provision & Allowance for Credit Loss:** We recognized \$3.03 million in provision for credit losses for the year, ending with an Allowance for Credit Losses (ACL) of \$2.41 million. This reserve posture is purposefully elevated given recent charge-off trends and loss modeling. As a comparison, to illustrate the impact to prior years:



- **Operating discipline:** Even as we navigated credit challenges, we held operating expenses near plan.

What we did about it: We focused on prudent underwriting, re-emphasized collections efforts and recoveries, re-balanced investments to improve future net interest margin, and offered Members attractive share certificates to replace more volatile non-member funding.

Member Value—What Members Saw and Felt in 2025

- **Better everyday rates and access:** We expanded certificate offerings and realigned deposit pricing to benefit Members, which is reflected in the \$15.2 million year-over-year increase in Member certificate balances. This helped many Members earn more on savings while reducing the Credit Union's reliance on wholesale and non-member funds.
- **Utilization of Member funds:** We continued our focus on maintaining a strong loan-to-savings ratio, demonstrating that the dollars Members entrust to The Atlantic are actively redeployed to Members and local businesses.

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- **Responsible credit posture:** Focused credit standards and selective growth in business lending helped us preserve capital and protect Members' cooperative equity over the long run.

How these efforts work collectively to drive value: Members felt these shifts in tangible ways—earning more on savings, seeing their dollars put to work locally, and benefiting from a credit approach designed to support their long-term goals. Together, these choices meant that even in a tough financial year, Members experienced stronger value, smarter reinvestment, and a cooperative that stayed focused on their financial well-being.

Where We Outperformed Peers

- **Capital strength:** The Atlantic's 13.26% net worth ratio exceeded the national system ratio of 11.26% reported by the NCUA in 2025—an advantage of 200 basis points.
- **Core funding re-orientation:** We executed a strategic reduction of non-member deposits by \$19.7 million year-over-year while growing Member certificate balances, resulting in a mix improvement that reduces funding volatility.
- **Member intermediation:** Our loan-to-share utilization near 90% compares favorably with the national median of 70%, signaling more of our balance sheet is working for Members and small businesses in the communities we serve.

Where we set ourselves apart: Even in a challenging year, The Atlantic outpaced other financial institutions across key metrics. Ultimately, these measures and our resilient balance sheet translate to more opportunity to help our Members continue to grow savings, borrow funds affordably, and achieve financial well-being.

Community Impact—Powered by Purpose

- **Nonprofit partnerships:** We continued our tradition of supporting organizations that strengthen financial wellness, education, and local resilience. We are proud to have partnered with numerous nonprofit partners making a positive difference in Union and Essex counties, including St. Joseph Social Service Center, United Way of Greater Union County, Bianca F.L.O.W.E.R.S. Inc., Interfaith Food Pantry of the Oranges, Golden Rule Community Outreach Organization and Mobile Meals of Westfield, just to name a few.

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- **Employee volunteerism:** Team Atlantic contributed countless volunteer hours at community events across Essex and Union counties throughout the year, not counting other supporting endeavors with community partners.



- **Monetary contributions:** We provided over \$50,000 in grants and donations to local nonprofits, consistent with our efforts in prior years, because impact should not be cyclical.

What fueled our continued engagement through challenging financial performance: Despite earnings pressure, our commitment to community did not waver in 2025. Member-owned institutions exist to improve Member and community well-being. Even in a tighter year, your Credit Union stayed faithful to that purpose.

Looking Ahead to 2026

We enter 2026 with a strong capital base, a more resilient deposit mix, and clear priorities: protect credit quality, continue migrating funding to core Member relationships, stabilize margin, and deliver value through prudent growth. At the same time, we will keep investing in service, access, and financial education while maintaining transparent communication with the Board of Directors and our Members.

On behalf of our Board and the entire team at The Atlantic, thank you for your trust. Together, we will continue to make The Atlantic Federal Credit Union a safe, reliable, and impactful partner for its Members, families and businesses in the counties that we serve.

Respectfully,

Michael Locurcio
Chairman of the Board

Anthony Mero
Chief Executive Officer

Supervisory Committee Report

Your Supervisory Committee, an independent body of volunteers, is mandated by the Federal Credit Union Act and serves as a watchdog for the Members of The Atlantic Federal Credit Union.

To fulfill its obligations, the Supervisory Committee has engaged CliftonLarsonAllen (CLA), a certified public accounting firm, endorsed by the Credit Union's Board, to conduct an extensive audit of The Atlantic's financial records annually. The findings from this audit, combined with the National Credit Union Administration's (NCUA) routine inspections, additional Internal Audits conducted by Hamilton & Babitts and Mercadien, and further evaluations completed by the Director of Compliance & Risk Management (a new position added to The Atlantic Federal Credit Union Staff in 2021), and all Management Staff corrective actions are presented to the Board upon completion and then tracked and reported monthly till closure. Moreover, in 2022, a contract was finalized with Wolf & Co. to carry out thorough IT Audits, Cybersecurity Risk Assessments, and IT General Control Audits, which have been conducted on a routine basis since that time and presented to the Board as completed. All findings and recommendations from these reviews have been addressed or are currently being addressed by the appropriate Credit Union Executive Management Staff.

We have just received a Preliminary Draft of the recently completed NCUA Exam in mid-March 2026 and a follow-up to their last full exam in June 2025. These results are currently being assessed for corrective actions, where warranted, by the Credit Union Executive Staff Team. We expect the 2025 Financial Opinion Audit by CLA to be completed as scheduled. As of April 10, 2026, they have advised that no significant deficiencies or matters of material significance have been identified. From the recent reviews with Wolf & Co., their assessments have indicated that overall, your Credit Union continues to maintain a satisfactory / strong set of controls in all focused areas of their assessment to manage their Information Technology and Information System functions, technology, and hardware platforms.

Your Supervisory Committee is pleased to report that these audits, examinations, and assessments have thereby confirmed the adequacy and effectiveness of internal controls, policies, and procedures to ensure compliance and mitigate risks for the Credit Union. The assets of the Credit Union are properly safeguarded, and the books and records are an accurate accounting of its assets, liabilities, capital, and associated net worth. The Supervisory Committee expects to receive final confirmation of this position once the 2025 Financial Opinion Audit has been completed by CLA and finalization of the NCUA Report from their exam from mid-March 2026. As it relates to the NCUA Report, we have been led to believe that all outstanding items from the June Exam have now been satisfied. The Atlantic Federal Credit Union Executive Management Staff are currently assessing the results from the current mid-March NCUA Exam for any further corrective actions that may still be warranted.

Respectfully submitted,

Russell Hovland, Chairman of the Supervisory Committee

Statement of Financial Condition

December 31, 2025 and 2024

Assets	2025	2024
Loans to Members, less allowance for loan losses	\$184,799,000	\$196,482,000
Investments	16,238,000	19,802,000
Cash and cash equivalents	13,665,000	9,871,000
Land and building	7,638,000	7,826,000
Furniture and equipment less depreciation	856,000	1,098,000
Share insurance fund	2,027,000	2,065,000
Other assets	16,588,000	11,844,000
Total Assets	\$241,811,000	\$248,988,000
Liabilities & Members' Equity		
Shares	\$207,561,000	\$215,518,000
Accounts payable and accrued expenses	3,071,000	1,819,000
Retained earnings, substantially restricted	31,179,000	31,651,000
Total Liabilities & Members' Equity	\$241,811,000	\$248,988,000

Statement of Income

Years Ended December 31, 2025 and 2024

Operating Income	2025	2024
Income from loans	\$12,790,000	\$12,595,000
Investment income	957,000	1,322,000
Other income	1,829,000	1,936,000
Total Income	\$15,576,000	\$15,853,000
Operating Expenses		
Compensation and employee benefits	\$4,139,000	\$3,954,000
Office operations	1,586,000	1,343,000
Professional and outside services	1,785,000	1,372,000
Provision for loan losses	3,026,000	1,824,000
Other	2,304,000	2,322,000
Total Operating Expenses	\$12,840,000	\$10,815,000
Income from Operations before Dividends	\$2,736,000	\$5,038,000
Dividends paid on deposits	\$4,544,000	\$5,437,000
Net Income (Loss) from Operations	(\$1,808,000)	(\$399,000)
Extraordinary Items		
CARES Act employee retention tax credits net	\$377,000	\$0
Non-operating loss settlement	(75,000)	0
Net Income (Loss)	(\$1,506,000)	(\$399,000)