



48TH ANNUAL REPORT

APRIL 23, 2017



Ocean Financial
Federal Credit Union

Catholic Values You Can Bank On.

The Catholic Credit Union

REPORT TO THE MEMBERSHIP

Our new name and tagline Ocean Financial Federal Credit Union, "Catholic values you can bank on" clearly states we are a Catholic financial institution you can trust to always look out for you.

The decision to change our name after 48 years came after much research, deliberation and soul searching. Although our name has changed, our commitment to you has not. We continue to be a credit union exclusively for Catholics and their families. We believe our new name and tagline positions us better for growth and will raise the awareness of our unique credit union charter.

The accompanying financials indicate that 2016, like every year at Ocean Financial was a year of solid growth, good earnings and capital accumulation. Our assets grew by 6% and stand at \$315 million and our loan portfolio grew by \$3 million to \$175 million. Ocean Financial has \$28 million in our reserve accounts that equates to a capital to asset ratio of 8.9%. Our regulators classify a 7% ratio as "well capitalized."

Strong financials were not the only highlight of 2016.

As your Catholic credit union, our work with the Diocese of Rockville Centre continues to be important to us. In 2016 we contributed more than \$26,000 to participating parishes through our Revenue Sharing Program. Since the inception of this program in 2011, Ocean Financial has donated in excess of \$173,000 to the parishes.

We launched our financial literacy program, Let's Make Cents, for Catholic elementary schools. In our first year, the program reached 282 students in five schools. As we move forward with the program, our goal is to be in 15 parochial schools in 2017, with more schools added each year. It is also our plan to launch a college program to offer to incoming freshman for the 2017 Fall Semester.

One of the things we take pride in as a credit union is charging fewer fees than you will find at a "mega-bank." As a result, we reviewed our fees and not only lowered some, but were able to get rid of some fees altogether.

While reviewing our fee schedule, we were also cognizant of the fact that some of our products could

be improved to provide you, our member-owners, with a better account or loan. From free checks to free photo customization on your Visa credit or debit card, we are providing you with more value. But we didn't stop there; we also assessed our Home Equity Line of Credit (HELOC) product and now offer a No Closing Cost HELOC for your convenience.

We believe our Visa credit card is paramount in the industry, but that didn't stop us from digging deeper to see how it could be even better. As a result, we'll be lowering the rates on our credit cards in 2017!

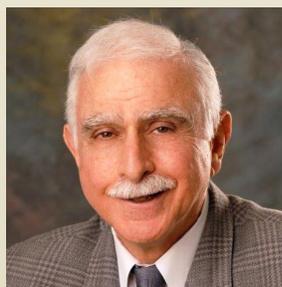
Our youth savings account is the best around and we will be creating certificate and checking accounts, as well as credit cards to round out that suite of products for our members under the age of 21.

We will continue to review our products to see where we can make adjustments so you will always have the best product available.

As an organization, we were humbled to be honored by Catholic Charities at their 14th Annual Golf Classic this past year. The outpouring of support from industry partners and colleagues to benefit this great organization allows them to continue to provide a variety of programs. We urge you to check them out if you would like to help or if you are in need of one of their services. We look forward to working with Catholic Charities even more in the future.

Everyone at Ocean Financial is excited about the changes at our credit union as well as the anticipation of things to come. Our adoption of "spread the love" as our mission statement speaks to our Catholic values and we are poised to bring the message of Ocean Financial to Catholics anywhere.

On behalf of your volunteer board, committee members and staff we thank you for your confidence and support. We'll spread the love, you spread the word and Ocean Financial will continue to be a Catholic financial institution we are all proud of.



Don Maresca
Chairman of the Board



Joseph Garay
President / CEO

GROWTH CHARTS: Continuous Strength and Stability for Decades



SUPERVISORY COMMITTEE

The Supervisory Committee is appointed by the Board of Directors and consists of independent volunteers who work on the members' behalf to ensure management practices and procedures safeguard members' assets. The Committee:

- Oversees financial reporting and coordinates both internal and annual financial statement audits.
- Ensures compliance with the National Credit Union Administration (NCUA) and other federal regulations.
- Makes sure certain member complaints are thoroughly investigated, responded to and reported to the Board when necessary.

The Committee engaged Nawrocki Smith LLP to conduct the 2016 annual audit. The audit resulted in an unmodified opinion on the accuracy of financial statements for the year ended December 31, 2016.

OFFCU SUPERVISORY COMMITTEE | P.O. Box 431, Oceanside, NY 11572

Michael S. Sloan, Committee Chairman
Lisa McGuinness, Committee Member

FINANCIAL HIGHLIGHTS

| Statements of Financial Condition | | As of December 31, | 2016 | 2015 |
|--|--|--------------------------------------|----------------------|----------------------|
| Assets | Cash and cash equivalents | | \$41,962,581 | \$41,585,486 |
| | Investment securities: | | | |
| | Available for sale, net | | \$87,045,887 | \$71,571,754 |
| | Held to maturity, net | | \$987,331 | \$1,430,390 |
| | Federal Home Loan Bank of New York stock | | \$280,900 | \$279,100 |
| | Alloya Corporate Credit Union capital shares | | \$80,000 | \$80,000 |
| | Loans receivable, net of allowance for loan loss | | \$175,190,175 | \$172,247,243 |
| | Accrued interest receivable | | \$844,584 | \$758,287 |
| | Foreclosed real estate | | - | \$543,384 |
| | Premises and equipment, net | | \$4,440,750 | \$4,360,933 |
| | National Credit Union Share Insurance Fund deposit | | \$2,681,701 | \$2,552,680 |
| | Prepaid expenses and other assets | | \$2,484,037 | \$2,517,051 |
| | Total assets | | \$315,997,946 | \$297,926,308 |
| | Liabilities | Members' shares and savings accounts | | \$291,079,716 |
| Accrued expenses and other liabilities | | | \$869,518 | \$704,760 |
| Total liabilities | | | \$291,949,234 | \$273,653,523 |
| Members' Equity | Appropriated regular reserve | | \$1,007,161 | \$1,007,161 |
| | Unappropriated earnings | | \$26,961,387 | \$26,006,910 |
| | Accumulated other comprehensive income (loss) | | \$(3,919,836) | \$(2,741,286) |
| | Total members' equity | | \$24,048,712 | \$24,272,785 |
| | Total liabilities and members' equity | | \$315,997,946 | \$297,926,308 |

| Statements of Income | | For the years ended December 31, | 2016 | 2015 |
|----------------------------------|--|----------------------------------|--------------------|--------------------|
| Interest Income | Interest on loans receivable | | \$6,941,335 | \$6,855,727 |
| | Interest on investments | | \$1,728,600 | \$1,617,905 |
| | Total interest income | | \$8,669,935 | \$8,473,632 |
| Interest Expense | Members' shares and savings accounts | | \$1,794,236 | \$1,797,914 |
| | Net interest income | | \$6,875,699 | \$6,675,718 |
| Provision for Loan Losses | | | \$658,167 | \$536,688 |
| | Net interest income after provision for loan losses | | \$6,217,532 | \$6,139,030 |
| Non-Interest Income | Other operating income | | \$590,117 | \$603,097 |
| | Fee income and charges | | \$427,771 | \$442,233 |
| | Gain (loss) on sale of investments | | \$(7,193) | \$27,165 |
| | Loss on sale of other real estate owned | | \$(7,196) | \$(100,844) |
| | Total non-interest income | | \$1,003,499 | \$971,651 |
| Non-Interest Expense | Compensation and benefits | | \$2,982,287 | \$2,570,715 |
| | Occupancy and operations | | \$1,170,111 | \$1,140,373 |
| | Professional and outside services | | \$897,173 | \$840,306 |
| | Depreciation | | \$316,307 | \$308,109 |
| | Education and promotion | | \$460,011 | \$278,233 |
| | Loan service fees | | \$232,463 | \$231,796 |
| | Travel and conference | | \$96,510 | \$72,948 |
| | Examination and supervision fees | | \$54,217 | \$51,693 |
| | Miscellaneous operating expense | | \$57,475 | \$83,554 |
| | Total non-interest expense | | \$6,266,554 | \$5,577,727 |
| Net Income | | \$954,477 | \$1,532,954 | |

CREDIT UNION LEADERSHIP

BOARD OF DIRECTORS

Donald Maresca
Chairman

Muriel Steigerwald Gennosa
Vice Chairwoman

Paul Wigand
Secretary/Treasurer

Jay T. Korth
Director

Michael Sloan
Director

Patrick Smith
Director

Kevin Timoney
Director

COUNSEL

John Morgan, Esq.

Thomas Gandolfo, Esq.

EXECUTIVE MANAGEMENT

Joseph Garay
President/CEO

Lisa Mingoia
Chief Financial Officer

Maureen Genna
Chief Credit Officer

MANAGEMENT

Tricia Daley
Director, Marketing

David Franco
Director, IT

Daniel Goosk
Branch Manager, Oceanside

Jennifer Stone
Human Resources Manager

Rudy Zilli
Branch Manager, Seaford

STAFF

Jennifer Abrams
Teller

Edward Bolmarcich
Senior Loan Officer

Elizabeth Jane Brennan
Member Contact Rep

Eileen Cahill
Project Manager

Barbara Casap
Card Services Rep

Theresa Clarke
Teller Supervisor

Paul Delaney
Lending Rep

Norma DeJesus
Teller

Rose Eifler
Teller

Phil Faller
Loan Officer

Jennifer Fort
Graphic Designer

Kristina Gandolfo
Marketing Assistant

Gail Jackson
Teller Supervisor

Lorraine Keegan
Quality Assurance/
Legal Processing Specialist

Christine LeBlanc
Teller

Michael Levy
IT Support Technician

Elizabeth Lora
Assistant Branch Manager,
Seaford

Laurie Marino
Member Contact Rep

Teresa Mazzeo
Teller

Alex Molano
Teller

Gary Olson
Recovery Specialist

Carmella Pacifico
Teller Supervisor

Kathy Powers
Executive Assistant

Tracey Revere
Teller

James Ruescher
Teller Supervisor

Marie Rullo
Senior Loan Officer

Nancy Scavone
Controller

Carol Stuber
Card Services Rep

Michael Torres
IT Support Technician

Christopher Trotta
Member Contact Rep

Deb Weidler
Recovery Specialist

MEMORIES AND MILESTONES



1 OFFCU became a part of the Catholic Credit Unions of America
 President/CEO Joseph Garay (far right in photo) joined forces with other Catholic credit unions from across the country to create the Catholic Credit Unions of America, which provides discussion, partner and networking opportunities.

2 Santa in the Branches
 Santa Claus paid a special visit to the Oceanside and Seaford branches in 2016 to visit with our members, from the very young to the young-at-heart.

3 Let's Make Cents
 Ocean Financial launched a financial literacy program, called "Let's Make Cents!" for Catholic elementary schools on Long Island.
 Pictured: Joseph Garay, President/CEO, congratulated the 4th grade class at St. Agnes in Rockville Centre for completing the "Let's Make Cents!" financial literacy program.

4 St. Anthony's Feast
 The credit union was once again a leading sponsor for the St. Anthony's Parish Feast in Oceanside where we raffled off a bicycle as well as a basket of cheer. We were able to catch up with our members.

5 2016 Scholarship
 Board of Directors Chairman Don Maresca with the winners of the 2016 Patrick McNeill Memorial Scholarship.
 Pictured from left to right: Anthony Capellupo, Jr., Margaret Crean, Scholarship Chairman Don Maresca, Bridget Leake, Alexandra Kosakoff

6 Catholic Charities
 The credit union was humbled to be chosen as the honoree of the Catholic Charities Annual Golf Outing. Catholic Charities of the Diocese of Rockville Centre assists in serving the basic needs of the poor, troubled, weak, and oppressed and is committed to addressing the causes of injustice.
 Pictured left to right: Laura Cassell, Catholic Charities CEO, Joseph Garay and Brother Thomas J Cleary S.M. Chair, Catholic Charities Board of Trustees

7 Food Drive
 Once again, the credit union collected food in 2016. Donations were made to St. Anthony's and St. William the Abbot. The food collected fed more than 150 families over the holiday season.



**Ocean Financial
 Federal Credit Union**
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Oceanside
 45 Atlantic Avenue
 Oceanside, NY 11572

Seaford
 4050 Merrick Road
 Seaford, NY 11783
 516.620.8100
www.OceanFinancial.org