

2016 ANNUAL REPORT



**CARING FOR MEMBERS**  
**IS OUR BUSINESS**

  
**American Eagle**  
Financial Credit Union

# REPORT TO OUR MEMBERSHIP



Our 81st year reflected another solid year of performance for the members of American Eagle Financial Credit Union.

In the area of financial performance, we are pleased to report that the Credit Union ended the year with \$8 million in net income, an increase of \$3.5 million from 2015. Members' retained earnings were 9.04% of assets that totaled \$1.5 billion at year-end. Contributing mightily to these results were the focus on lending to our membership, cost savings negotiated with vendors, and constant attention on expenses across the board.

Fulfilling our mission to provide credit to the membership, our loan balances finished the year at \$1.18 billion, an increase of \$181 million in loans outstanding versus 2015 year-end. This is quite an accomplishment considering that we sold over \$77 million in first mortgage loans to second parties while retaining those loan servicing relationships here at American Eagle. Our considerable growth in consumer lending is focused largely on auto loans and is attributed to our competitive rates, our relationships with market-leading franchise dealers, and a smooth process in place for everyone. While we enjoy providing you with the convenience of pre-approval for a new auto loan before you shop, you may also walk into any of our participating dealers to take advantage of our great rates and an efficient process.

We also had another banner year in first mortgage loan business, delivering consistent rates and great person-to-person service. Working with local Realtors® and reaching out to our members in the most attentive ways possible helped drive our business. With the addition of New Haven County to our field of membership in 2015, we are seeing some early success in reaching into that new territory; this is helping us extend our lending success with new members. Our commitment to offering loans with competitive rates and low fees has resonated with you, your family, and your friends who have chosen American Eagle as a primary credit provider. Whether it is for home purchase or refinance, home equity lending, or personal or vehicle loans, and, of course, student loans, more local residents are choosing us and that helps the cooperative. Our success in lending is helping to improve our financial stability, which means that we can continue to invest and improve many aspects of our business, from enhancing technology solutions to offering additional and better ways for members to gain access and experience more convenience.

With respect to expense control, we continue to work with vendors and business partners to negotiate and secure the best deals we can on all of our services. Our membership should expect our organization to make cost-effective decisions and, in 2016, we held expense increases to a minimum in order to strengthen our bottom line.

Membership continued its steady rise in 2016 with 17,860 new members added, reaching a total of 121,896 members. This makes American Eagle FCU the largest credit union in the state by far, based on membership numbers, and the largest community-based credit union in the state as well.

In 2016, we continued to work on many foundational investments for the future at American Eagle FCU. Key among them is the replacement and update of our telephony systems. This was not without its challenges, yet the benefits for future technology and

member service enhancements are forthcoming. This first phase of the new contact center envisioned in our business plans will enable greater ease of use, accessibility, and member-facing support in the future. We continue to upgrade our ATMs to enable electronic check acceptance and have updated our ATMs to handle chip-enabled card use.

In November 2016, American Eagle FCU began an extensive conversion to a new Visa® debit and credit card platform. This is an enormous task, but the benefits to you, our members, will be apparent in our new card rewards platform and its ease of use along with options for reward redemption. We look forward to the issuance of our new chip-based debit cards in 2017, and we will continue to enhance the card offerings, including mobile payment options and card control utilities, early in 2017.

Having a solid financial footing is always important for our cooperative. The year 2016 was one of significant financial improvement, which is important given the ever-changing competitive environment and the need to invest and reinvest in new and emerging technologies. Changes in the financial landscape demand careful thought and planning, and the management team and the Board of Directors discuss strategies and ways to improve the Credit Union each and every month.

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We work diligently every day to ensure the safety, soundness, and regulatory compliance of American Eagle, whether it's implementing the latest electronic security tools, training our staff, or making lending and investment decisions every day. These efforts would not be possible without the dedication and oversight of our Board of Directors and Committee volunteers for whom we remain ever grateful. We are equally appreciative of the expertise and commitment of our talented Credit Union employees and thank them for their diligence and hard work this past year.

We also want to express our gratitude to you, our loyal members, and your families and friends for your continued support and use of the Credit Union's products and services. We are here to serve you, and we want to hear your feedback on how we are doing.

Since our founding in 1935, American Eagle Financial Credit Union has demonstrated its commitment to providing members with exceptional service, outstanding value, and a comprehensive array of products and services. We strive to continue our quest for excellence in delivering on our shared values of caring, trust, and dependability.

Respectfully submitted,

*M. P. Allen*  
Mark P. Allen  
Chairman, Board of Directors

*Dean Marchessault*  
Dean Marchessault  
President & Chief Executive Officer

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# COMMUNITY OUTREACH



Always dedicated to helping those in our community, American Eagle Financial Credit Union deepened its commitment in 2016 with the launch of “Random Acts of Kindness.”

This program recognizes our employees for efforts they make within their own departments to further assist the external organizations that AEFCU supports. Throughout the year, a number of employees got involved on an individual department basis and collectively made a big difference in the lives of many people.

Just some of the highlights include one department’s staff organizing a “Cards for Hospitalized Kids” campaign, creating and sending cards to hospitalized children around the country... another department collected toys and games for inpatient children at Connecticut Children’s Medical Center... and yet another department organized a drive collecting donations for the Protectors of Animals Shelter in East Hartford. Recognizing the needs of local families, one department organized the collection of clothing for children and adults displaced by a condominium fire.

Similar efforts were made by other departments to collect and donate clothing and/or nonperishable foods to the East Hartford Community Shelter and the Veterans Crossing Home in East Hartford as well as to raise funds for the Diaper Bank (helping needy children in New Haven, Hartford, Fairfield, and Middlesex counties). Donations of used DVDs that were subsequently sold were sought to support the Friendship Service Center in New Britain. No-shave November, a nationwide effort supporting cancer awareness, was launched at the Credit Union, raising funds toward cancer research.

Accompanying these grassroots efforts were many individual random acts of kindness that included employees appreciating their fellow employees’ actions and thanking peers, sometimes anonymously, with Dunkin’ Donuts coupons, thank-you notes, pens, candy, lunch, sparkling water, etc. These examples, and many others, embody the principles our employees demonstrate every day—those values that make American Eagle the institution it is.

Sustaining its reputation for supporting many organizations throughout the communities we serve, American Eagle donated more than \$45,000 to dozens of charitable organizations through the Hartford Foundation for Public Giving. Complementing monetary and in-kind donations were the hundreds of volunteer hours contributed by more than 75 AEFCU employees. Activities they supported included such causes as United Way’s Read Across America and Year of Caring Project at MOSAIC Group Home (Bloomfield), the Salvation Army’s Holiday Store Drive, FoodShare’s Turkey Drive, the Cornerstone Foundation Food Shelter, the Cheers for Adelbrook event, Financial Reality fairs at the Capitol in Hartford and Central Connecticut State University, and AEFCU’s own Shred Day event. The Credit Union’s 7th annual mini-golf fundraiser attracted more than 130 participants and 30+ sponsors in 2016 and raised \$17,725. Two Dine for Charity events raised nearly \$1,000 for the foundation fund.

Leveraging the power of social media, AEFCU launched a campaign on Facebook that promoted project graduation events at area high schools. Members and nonmembers alike were encouraged to vote for the school of their choice to be selected for project graduation grants of \$1,500, \$1,000, and \$500 based on the highest numbers of votes received. More than 15,000 people participated with high schools in Enfield, Manchester, and Newington receiving the top votes and grants. Fourteen additional area high schools each received \$200.

Adding to its record of supporting education and local schools, AEFCU brought the financial literacy program, Banzai, free of charge to 600+ students in eight area high schools. This web-based programming provides students with education in money management.

American Eagle Financial Credit Union remains steadfast in its commitment to be a good neighbor, support the volunteer efforts of its employees, and enhance the quality of life for residents throughout Hartford, Middlesex, Tolland, and New Haven counties.





# REPORT OF THE SUPERVISORY COMMITTEE



The Supervisory Committee is available to assist individual members in resolving any questions or problems they may have regarding their accounts or transaction activity.



During the year, the Supervisory Committee, appointed by the Board of Directors, has represented the membership of the Credit Union. The Committee, together with the Credit Union's internal audit staff, performs a variety of audits to ensure that effective controls are in place to protect your assets. We are pleased to report that the business affairs of your Credit Union are handled accurately and comply with State and Federal regulations.

For the year ended December 31, 2016, the Credit Union's independent auditors, DoerenMayhew CPAs and Advisors, performed a comprehensive annual audit. This year, as in the past, an unqualified opinion was issued on the financial statements of the Credit Union. This means that the financial statements fairly represent the financial results achieved during 2016 and that the practices and procedures followed are in accordance with generally accepted accounting principles.

The operations of the Credit Union are under daily review by the internal audit staff working under the direction of the Supervisory Committee and your Board of Directors. The audit staff conducts internal audits and reviews the adequacy and effectiveness of policies and procedures within your Credit Union.

The Supervisory Committee is available to assist individual members in resolving any questions or problems they may have regarding their accounts or transaction activity. Please mail questions or concerns directly to the Supervisory Committee, P.O. Box 280128, East Hartford, CT 06128-0128. Upon receipt of a member's written request, the Committee will investigate and attempt to resolve issues of concern as fairly and expeditiously as possible.

Respectfully submitted,

Allison W. Burch

Chairman, Supervisory Committee





# BOARD OF DIRECTORS



**Mark P. Allen**  
Chairman of the Board  
Volunteer since 1998



**Michael P. DePasquale**  
First Vice Chairman  
Volunteer since 2002



**Raymond C. Gandy III**  
Second Vice Chairman  
Volunteer since 1997



**Catherine M. Banbury**  
Director  
Volunteer since 1983



**Gerald Benedetto**  
Director  
Volunteer since 1981



**Angela F. Bull**  
Director  
Volunteer since 1998



**A. Lisa Burgarella**  
Director  
Volunteer since 1992



**Joseph R. Camposeo**  
Director  
Volunteer since 1977



**Michael W. Hawman**  
Director  
Volunteer since 1998



**Kenneth D. Stevenson, Jr.**  
Director  
Volunteer since 1992



**Allison W. Burch**  
Associate Director  
Volunteer since 2009



**Joseph Ploszay**  
Associate Director  
Volunteer since 2010



**Michael Rogers**  
Associate Director  
Volunteer since 2010



# OFFICERS



**Dean Marchessault**  
President &  
Chief Executive Officer



**John C. Conant**  
Executive Vice President,  
Chief Finance & Risk  
Officer



**Howard Brady**  
Senior Vice President,  
Chief Lending Officer



**Susan M. Bushnik**  
Senior Vice President,  
Chief Talent Officer



**Jim Evans**  
Senior Vice President,  
Chief Information Officer



**Brian A. Kennedy**  
Senior Vice President,  
Chief Strategy Officer



**Teresa E. Knox**  
Senior Vice President,  
Chief Operations Officer



**Michael C. Ferraro**  
Vice President,  
Consumer Lending



**Ann Marie Katzer**  
Vice President,  
Branch Sales & Service



**Patty Mason**  
Vice President,  
Real Estate Lending



**Larry W. Michaud, Jr.**  
Vice President,  
Finance



**Ann G. Riley**  
Vice President,  
Organizational  
Excellence



**Pamela R. Villanova**  
Vice President,  
Deposit Products &  
Service Delivery



**Chris A. Willey**  
Vice President,  
Risk Management

# VOLUNTEERS

**Jeffrey Arakelian**  
Marketing Committee  
Volunteer since 2009

**Channasandra Nagaraj**  
Supervisory & Marketing Committees  
Volunteer since 2010

**Mohammed Islam**  
Supervisory Committee  
Volunteer since 2016



## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION



(In thousands)	2016	2015
<b>Assets</b>		
Loans to Members	\$1,184,793	\$1,004,257
Investment Securities	182,000	343,274
Cash on Hand & in Banks	114,144	40,448
Premises & Equipment	15,805	16,385
National Credit Union Share Insurance Fund	12,285	11,887
Other Assets	22,319	13,734
Accrued Interest Receivable	3,389	3,801
<b>Total Assets</b>	<b>\$1,534,735</b>	<b>\$1,433,786</b>
<b>Liabilities and Members' Equity</b>		
Members' Shares	\$1,357,624	\$1,266,871
Notes Payable	20,000	20,000
Accrued Expenses & Other Liabilities	18,142	15,562
Dividends Payable	166	116
Members' Retained Earnings	138,803	131,237
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$1,534,735</b>	<b>\$1,433,786</b>

## CONSOLIDATED STATEMENT OF INCOME

(In thousands)	2016	2015
<b>Interest Income</b>		
Interest on Loans	\$42,312	\$38,871
Income from Investments	2,911	3,336
<b>Total Interest Income</b>	<b>45,223</b>	<b>42,207</b>
<b>Interest Expense</b>		
Dividends on Shares	3,975	3,682
Interest on Borrowed Money	682	711
<b>Total Interest Expense</b>	<b>4,657</b>	<b>4,393</b>
Net Interest Income	40,566	37,814
Provision for Loan Loss	4,800	3,486
<b>Net Income after Provision</b>	<b>35,766</b>	<b>34,328</b>
<b>Non-Interest Income</b>		
Visa Operating Income	3,491	3,729
Other	14,792	12,701
<b>Total Non-Interest Income</b>	<b>18,283</b>	<b>16,430</b>
<b>Non-Interest Expense</b>		
Compensation & Benefits	25,339	26,064
Office Operations	10,336	10,391
Loan Servicing	3,953	4,140
Office Occupancy	3,149	2,813
Professional & Outside Service	1,352	1,157
Education & Promotion	1,046	944
Travel & Conference	367	345
Miscellaneous Operating	215	259
Member Insurance	259	144
Operating Fees	72	70
<b>Total Non-Interest Expense</b>	<b>46,088</b>	<b>46,327</b>
<b>Net Income</b>	<b>\$7,961</b>	<b>\$4,431</b>



**Bloomfield**

699 Cottage Grove Road  
Bloomfield, CT 06002

**Cromwell**

4 Hammerhead Place (Rt. 372)  
Cromwell, CT 06416

**East Hartford**

417 Main Street  
East Hartford, CT 06118

**Enfield**

201 Elm Street  
Enfield, CT 06082

**Farmington**

4 Farm Springs Road  
Farmington, CT 06032

**Glastonbury**

109 Sycamore Street  
Glastonbury, CT 06033

**Manchester**

304 Broad Street  
Manchester, CT 06040

**Newington**

3579A Berlin Turnpike  
Newington, CT 06111

**Plainville**

378 New Britain Avenue  
Plainville, CT 06062

**South Windsor**

530 Buckland Road  
South Windsor, CT 06074

**Southington**

888 Queen Street  
Southington, CT 06489

**Vernon**

455 Hartford Turnpike (Rt. 30)  
Vernon, CT 06066

**West Hartford**

1245 New Britain Avenue  
West Hartford, CT 06110

**Member Contact Center**

860.568.2020  
800.842.0145

[americaneagle.org](http://americaneagle.org)



Federally insured by NCUA

The logo features a stylized white eagle feather above the text "American Eagle" in a large, bold, sans-serif font. Below this, the words "Financial Credit Union" are written in a smaller, all-caps, sans-serif font.

**American Eagle**  
Financial Credit Union