

2017 ANNUAL REPORT



REPORT TO OUR MEMBERSHIP



REPORT TO OUR MEMBERSHIP	2–3
COMMUNITY OUTREACH	4–5
REPORT OF THE SUPERVISORY COMMITTEE	6–7
BOARD OF DIRECTORS, OFFICERS, AND VOLUNTEERS	8–9
FINANCIAL STATEMENTS	10–11

Our 82nd year reflected outstanding performance on behalf of the membership of American Eagle Financial Credit Union.

Membership continued its steady rise in 2017 with 10,141 new members, reaching a total of 132,035 members. American Eagle FCU is the largest community-based credit union in Connecticut based on total membership.

Our loan balances finished the year at \$1.36 billion, an increase of \$173 million in loans outstanding over 2016. This is especially notable considering that \$40 million in first mortgages was sold to second parties while American Eagle retained the loan-servicing relationships. Our continued expansion into consumer lending focused on auto loans, capitalizing on competitive rates and relationships with franchise dealers. While members can obtain convenient loan pre-approvals, they can also take advantage of great rates and a one-stop experience at participating dealerships.

In the area of financial performance, we are pleased to report that the Credit Union ended the year with \$10.9 million in net income, an increase of \$2.9 million from 2016. Members' retained earnings were 9.06% of assets that totaled \$1.66 billion at year-end. Additional initiatives contributed to these financial results: strong lending, careful budgeting and spending, and several market rate increases that bolstered investment returns.

The year 2017 finished strong. Despite market rate increases, we delivered consistent rates and personal service for more than \$152 million in new first mortgages and \$72 million in new equity loans and credit lines. Working with local Realtors® and reaching out directly to members helped drive our business, and we experienced new lending growth in New Haven County. Whether it is for home purchase or refinance, home equity, personal or vehicle loans, or student loans, more people are choosing American Eagle as a primary credit provider. As a state-chartered community credit union, we are subject to accountability for community reinvestment and lending results and make it our mission to serve all borrowers fairly. Our success in lending helps to improve our financial stability, thus enabling investments in technology enhancements that provide more convenience to our members.

We continue to work with vendors and business partners to negotiate optimal pricing on all of our services. One transformational commitment we made in 2017 was to purchase a property at 333 East River Drive in East Hartford. This will become the new headquarters for American Eagle, centralizing office functions and providing a community room venue for many local organizations. We expect to sell our Western Boulevard location in Glastonbury and our office building in East Hartford during 2018, while providing uninterrupted service at our 417 Main Street branch. Overall, this consolidation is anticipated to be cost-neutral.

In 2017, we continued many technology investments. Key among them was the update of our payment systems, including adding such mobile wallet payment options as Apple Pay, Samsung Pay, and Android Pay and introducing CheckFree, a new bill pay

solution. We replaced our Remote Deposit Capture offering with one providing improved options when using a mobile device or an ATM to deposit checks. We implemented SecureLOCK that allows cardholders to control how, where, and when their cards can be used, helping to reduce fraud. Finally, all our members' debit and credit cards have chip-enabled technology, providing additional security against fraudulent transactions. We continue to invest in technologies to protect personal information from the threat environment that seems to grow each day. We introduced the Virtual Teller Machine in 2017, a combination of an ATM and a TV monitor that allows us to virtually serve members from our Member Contact Center. We installed and are testing this technology in our East Hartford office and at the Engineering Building at Pratt & Whitney and will keep you posted on additional installations.

A solid financial footing is always important. The year 2017 was one of sustained financial improvement, essential in an ever-changing competitive environment with the need to invest and reinvest in new and emerging technologies. Changes in the financial landscape demand careful planning, and the management team and the volunteer Board of Directors discuss strategies to improve the Credit Union every month.

We work diligently every day to ensure the safety, soundness, and regulatory compliance of American Eagle. Whether it is implementing the latest electronic security tools, training our staff, or making sound lending and investment decisions, we do our best to be prudent. These efforts would not be possible without the dedication and oversight of our Board of Directors and

Committee volunteers for whom we remain 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 member 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,

MP Allen

Mark P. Allen
Chairman, Board of Directors

Dean Marchessault

Dean Marchessault
President & Chief Executive Officer

The year 2017 was one of sustained financial improvement, essential in an ever-changing competitive environment with the need to invest and reinvest in new and emerging technologies.

COMMUNITY OUTREACH



American Eagle Financial Credit Union continued a long-standing record of contribution in the communities it serves throughout 2017.

In the areas of academic support, AEFCU awarded a \$1,000 scholarship to a Goodwin College student majoring in Business Administration; the scholarship was made on the basis of both academic achievement and financial need. Students in Grades K-12 at East Hartford Public Schools were the beneficiaries of the Credit Union's second annual back-to-school rally in August. After raising funds and gathering supplies, AEFCU volunteers filled more than 950 backpacks and distributed them to students prior to the start of school.

Financial literacy represents a cornerstone of the value American Eagle Financial Credit Union offers to students and members of the community. Among the Credit Union's 2017 initiatives were the Financial Reality Fairs that were hosted by the Credit Union League of Connecticut at Central Connecticut State University and at Goodwin College. Nearly 700 students from high schools around the state attended each and participated in a range of activities including money management exercises, career exploration, budgeting, and investment and saving exercises. American Eagle employees volunteered to register students, provide credit counseling, and lead mock exercises.

Other financial literacy programs were sponsored by AEFCU throughout the year—all free of charge—at Wesleyan University; New Britain, East Hartford, and Wethersfield high schools; Middlesex Community College, and within the community. Topics included first-time home buying, budgeting, use of credit, and college financing. AEFCU also sponsors interactive, online education through the "Banzi Financial Education" program at 21 schools in Hartford, Tolland, Middlesex, and New Haven counties.



Local organizations receiving support from American Eagle FCU in 2017 included the WTIC 1080/Salvation Army Holiday Store with Credit Union volunteers collecting and sorting food items and toys, the East Hartford Lions Club poinsettia and Easter plant sales at several AEFCU locations, and the Children's Home Cheers for ÄDELBROOK event. Credit Union volunteers helped the United Way's 12th annual Jumpstart reading program held in various Hartford Public Schools by reading to students.

AEFCU additionally supported such local events as the United States Marine Corps Toys for Tots Holiday Toy Drive, Veteran's Day (donating \$5,000 to the Community Renewal Team of Hartford and Middlesex counties to assist veterans), and the annual Foodshare Turkey Drive in Bloomfield with gifts in kind, collected contributions, and donations.

Following the devastation from hurricanes Irma and Maria, American Eagle FCU employees volunteered throughout the fall months to raise funds for the residents of Puerto Rico. More than \$3,200 was raised in an effort that included employee donations, funds matching by the Credit Union's senior leadership team, and contributions from members of American Eagle FCU's Board of Directors as a show of solidarity and support for employee efforts.

Other events organized by American Eagle Financial Credit Union included quarterly "Jeans Day" fundraisers—in which employees donated \$4 per week via payroll deduction for the privilege of wearing jeans to work on Fridays and Saturdays. By year-end, the following contributions had been raised: CULAC (\$4,140), AEFCU Fund (\$3,660), Humane Society (\$4,224), and Connecticut Food Bank (\$4,608). In the 8th annual Putt Putt for Charity Mini-golf Fundraiser, American Eagle FCU raised \$18,450 in the one-day event held at Putter's Paradise in Berlin, Connecticut; many employees volunteered their time that day to raise funds supporting a variety of nonprofit organizations in the Greater Hartford area.

Two popular recycling and shredding events were held in 2017 that provide community members with an opportunity to shred documents at no charge and have various electronic items accepted for recycling/reuse. Among those items recycled were 20,113 pounds of computers as well as 944 cars. Nearly 80 CRT TVs were brought to the station along with 32 flatscreen TVs. More than 8,000 pounds of computers, monitors, and printers were also brought to the events held at the East Hartford Main Office of the Credit Union.

Through the American Eagle Financial Credit Union Fund at the Hartford Foundation for Public Giving, four nonprofit organizations

Four nonprofit organizations were selected to each receive a \$5,000 grant.

were selected to each receive a \$5,000 grant. In 2017, the recipients were the Connecticut Association of Human Services Youth Money School Program, the Gifts of Love & Community Farm of Simsbury's Basic Human Needs Program, the Urban League of Greater Hartford (ULGH) Project Ready College Access, and Dress for Success Hartford Employment Readiness Program.

As always, American Eagle FCU's commitment to the communities it serves focuses on providing resources to organizations that promote and support three core tenets: Education and Youth (with an emphasis on literacy and personal finance), Basic Human Needs (emphasizing food, clothing, and shelter), and Community Development. Along with its valued employee-volunteers, American Eagle Financial Credit Union strives to serve and improve the quality of life for residents throughout Hartford, Middlesex, New Haven, and Tolland counties.

REPORT OF THE SUPERVISORY COM- MITTEE



We are pleased to report that the business affairs of your Credit Union are handled accurately and comply with State and Federal regulations.

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, 2017, the Credit Union's independent auditors, Doeren Mayhew 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 2017 and that the practices and procedures followed are in accordance with generally accepted accounting principles.

The operations of the Credit Union are under continual 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 work with management to resolve issues of concern as fairly and expeditiously as possible.

Respectfully submitted,

Michael Rogers

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*



Allison W. Burch
*Director
Volunteer since 2009*



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*



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*



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*



Jeffrey Rindfleisch
*Vice President,
Consumer Lending*



Ron Ryel
*Vice President,
Information Technology*



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



Chris A. Willey
*Vice President,
Risk Management*

VOLUNTEERS

Channasandra Nagaraj
*Supervisory & Technology Committees
Volunteer since 2010*

Mohammed Islam
*Supervisory & Loan Advisory Committees
Volunteer since 2016*



CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

(In thousands)

Assets

Cash and Cash Equivalents		
Loans to Members		
Investment Securities		
Other Assets		
Premises and Equipment		
National Credit Union Share Insurance Fund		
Accrued Interest Receivable		
Total Assets		

Liabilities and Members' Equity

Members' Shares		
Notes Payable		
Accrued Expenses and Other Liabilities		
Dividends Payable		
Members' Retained Earnings		
Total Liabilities and Members' Equity		

2017

2016

\$183,946	\$114,144
1,357,382	1,184,793
48,143	182,000
27,596	22,319
22,701	15,805
13,491	12,285
3,791	3,389
<u>\$1,657,050</u>	<u>\$1,534,735</u>
\$1,467,898	\$1,357,624
20,000	20,000
18,848	18,142
247	166
150,057	138,803
<u>\$1,657,050</u>	<u>\$1,534,735</u>

CONSOLIDATED STATEMENT OF INCOME

(In thousands)

Interest Income

Interest on Loans	2017	2016
Income from Investments	\$48,198	\$42,312
Total Interest Income	<u>2,524</u>	<u>2,911</u>
	50,722	45,223

Interest Expense

Dividends on Shares	5,199	3,975
Interest on Borrowed Money	<u>675</u>	<u>682</u>
Total Interest Expense	5,874	4,657

Net Interest Income	44,848	40,566
Provision for Loan Loss	<u>4,625</u>	<u>4,800</u>
Net Income after Provision	40,223	35,766

Non-Interest Income

Visa® Operating Income	3,839	3,491
Other	<u>15,088</u>	<u>14,792</u>
Total Non-Interest Income	18,927	18,283

Non-Interest Expense

Compensation and Benefits	27,291	25,339
Office Operations	10,867	10,336
Office Occupancy	3,627	3,149
Loan Servicing	3,137	3,953
Professional and Outside Service	1,351	1,352
Education and Promotion	1,071	1,046
Travel and Conference	436	367
Miscellaneous Operating	262	215
Member Insurance	153	259
Operating Fees	<u>79</u>	<u>72</u>
Total Non-Interest Expense	48,274	46,088
Net Income	<u>\$10,876</u>	<u>\$7,961</u>



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



Federally insured by NCUA

