

DEPENDABILITY

Annual Report 2019

CARING

TRUST


American Eagle
Financial Credit Union





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We continue to upgrade and invest in better solutions and expand our footprint physically and digitally to provide you with better service and improved financial outcomes.

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REPORT TO OUR MEMBERSHIP

American Eagle Financial Credit Union set records again in 2019 for asset growth, membership, and providing credit to the community.

Membership continued its steady rise in 2019 as our market presence and outreach expanded. In 2019, we added Hampden County, Massachusetts, to our field of membership that includes New Haven, Middlesex, Tolland, and Hartford counties in Connecticut. American Eagle FCU is the largest credit union in the state based on our membership and our asset size. We continue to upgrade and invest in better solutions and expand our footprint physically and digitally to provide you with better service and improved financial outcomes.

In the area of financial performance, the Credit Union ended the year with \$10.8 million in net income. The largest impact on our income last year was the decision made to de-risk the increasing and unknown future pension liability. A good outcome of the pension termination was that our reserve position improved by over \$19 million, to a total of \$184.4 million. Offsetting the costs of the pension change, we saw strong results in our investments and in controlling other expenses at budgeted levels. Total assets ended at \$2.045 billion, a new record and an increase of \$235.6 million; this was due largely to our growth in shares of \$219.2 million. Market rate changes allowed us to provide the best rates in our markets, and many of you took advantage of the opportunity. Also contributing to our solid financial results were strong loan demand across all product lines and the finalization of our back office moves to consolidate space. These results point to the ability of American Eagle FCU to continue to grow and be a stable financial partner for you and your family for many years to come.

Our loan balances finished the year at \$1.58 billion, an increase of \$78.2 million in loans outstanding over 2018. Real estate loan demand for both fixed-rate and adjustable-rate mortgages increased significantly in the second half of 2019, resulting in healthy increases in production and in balances over our budget. Other lending categories that ended with balances higher than our budget in 2019 include fixed-rate home equity loans and nearly all categories of auto loans. Whether the loan comes through our franchise auto dealer network, our branch network, online, or with one of our local specialists, American Eagle offers options that appeal to our membership and the market. 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 and potential borrowers fairly.

In 2019, we opened two new full-service branches: Avon on West Avon Road in April and North Haven on Route 5 in September. Both of these new locations are proving successful in terms of engaging their respective communities and membership and growth in deposits and loans is exceeding our expectations. Each branch opening also included outreach and engagement with several local charities and business organizations. We now have 15 full-service local branches for your convenience.

On the technology front, we made great strides in 2019 in the area of cybersecurity, building out the newest safeguards to protect your valuable member data. We also chose a new core processing technology that will provide better sales and service interactions with us. We invested time and effort in 2019 to prepare for the rollout of new online account opening solutions and to upgrade our online and mobile banking offerings in 2020. Finally, we continue to add new services to our phone center solutions by using chat, self-help, and call-back options to speed up the service levels you expect. We continue to invest prudently, protect your data, and make your everyday banking easy and informative.

We work diligently each day to ensure the safety, soundness, and regulatory compliance of American Eagle FCU. Whether it is implementing the latest electronic security tools, training our staff, making sound lending decisions, or reaching out to serve the community, we do our best to be prudent and maintain the long view. These efforts are possible with the dedication and oversight of our volunteer 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 remember our roots. Since our founding in 1935, American Eagle Financial Credit Union has demonstrated its commitment to providing members with exceptional member service and outstanding value. We strive to continue our quest for excellence in delivering on our shared values of caring, trust, and dependability.

Respectfully submitted,



Michael P. DePasquale
Chairman, Board of Directors

Dean Marchessault
President & Chief Executive Officer



“ As American Eagle FCU celebrates its 85th anniversary in 2020, it reflects on an exceptional year of dedication and giving back to the communities it serves. ”

As American Eagle Financial Credit Union celebrates its 85th anniversary in 2020, it reflects on an exceptional year of dedication and giving back to the communities it serves. With a robust history of supporting organizations, people, and families throughout the counties of Hartford, Middlesex, Tolland, and New Haven, Connecticut, as well as Hampden County, Massachusetts, American Eagle upheld its core values of caring, trust, and dependability. From working with schools and not-for-profit organizations in the community to offering support through the Donor-advised Fund at the Hartford Foundation for Public Giving, American Eagle is truly vested in making a difference.

Three broad areas of need drive the Credit Union's initiatives: education and youth, basic human needs, and community development. Foremost among the Credit Union's goals has been making the greatest direct impact on local residents. To that end, the Credit Union maximizes its ability to help others via the Hartford Foundation and through charitable donations—both from the Credit Union itself and the generous support our employees have always stepped forward to provide.

Our employees (137 of them in 2019) volunteered 1,004 hours in a number of key initiatives ranging from blood drives, health and wellness fairs, and school reading programs to Chamber events, festivals, shred and recycling days, and more. In 2019, staff and employee volunteers conducted more than 20 financial education classes and seminars. Topics addressed included savings, checking, budgeting, credit, financial planning, fraud protection, first-time home buying, and elder fraud.

During 2019, the Credit Union made corporate sponsorships totaling \$44,145 to more than 50 civic organizations and educational institutions. In addition, American Eagle provided \$34,588 in corporate donations and in-kind support to various community and service organizations. Our employees personally donated \$51,100. Through the Donor-advised

Fund, the Credit Union also provided \$25,500 in grant funding. Since the Hartford Foundation for Public Giving's inception in 2010, the Credit Union has made grants exceeding \$250,000—all to organizations throughout the field of membership, including The Salvation Army, MARC Community Resources, and the Iwo Jima Memorial Historical Foundation, among others.

In the area of education and youth, with an emphasis on financial literacy and personal finance, the Credit Union supported many schools and colleges as well as organizations delivering finance education to the public. Highlights include providing a \$5,000 grant that funded 85% of the Backpackers Food Program, serving 50 children per week at 15 public schools in East Hartford throughout the year in collaboration with the East Hartford Hunger Action Team. Seven employees participated in United Way's annual "Read for the Record" day at the Joseph Goodwin Elementary School in East Hartford. The Credit Union also provided \$500 in support for the Siena Learning Center in New Britain for a volunteer tutoring program that helps residents with English language skills.

With respect to basic human needs, including food, clothing, and shelter, the Credit Union and its employees helped nearly two dozen organizations throughout the past year—from food pantries and family centers to organizations providing healthcare services. This includes raising \$2,000 for veterans' outreach programs provided by the Community Renewal Team of Hartford and Middlesex counties. Ten cents from every debit card transaction made on November 11 was donated (more than 18,000 transactions—rounded up to equal \$2,000). Operation Fuel and the Community Renewal Team of Hartford each received \$2,000 to support year-round heat and energy assistance programs for low-income households.

Nearly \$6,000 was donated by AEFCU employees to Hartford Food System through the Credit Union's "Jeans Fridays" program. The program enables employees to wear jeans to work each Friday while making a weekly donation through payroll deduction that supports operation of the Hartford Mobile Market. This operation delivers fresh produce to low-income Hartford neighborhoods where access to healthy foods is limited.

Finally, community development efforts in 2019 included many initiatives, such as our employees partnering with coffee shops in 11 of the communities AEFCU serves to surprise people with a complimentary breakfast during American Eagle's "On Us" event. This past year marked the Credit Union's 10th annual Putt & Roll for Charity event at Lessard Family Entertainment Center in Plainville. The one-day event raised \$21,343, 100% of which benefits the American Eagle Financial Credit Union Fund at the Hartford Foundation for Public Giving. The Foundation provides charitable grants to nonprofit organizations throughout the Greater Hartford region.

Nonprofit organizations receiving \$5,000 grants each from the partnership and Foundation include the Connecticut Association of Human Services (financial education programming for teens/young adults), Dress for Success Hartford (career training, coaching, and networking for unemployed/underemployed women), the Gifts of Love & Community Farm of Simsbury (food, clothing, and household items to Central Connecticut families in need), and the Urban League of Greater Hartford (funding for financial education programs through Project Ready College Access). Susan Pribyson, Executive Director for Gifts of Love, wrote the following about the Credit Union's gift: "Thank you so much... This donation will be a big help to local families in need!"

American Eagle Financial Credit Union was again named one of the Best Places to Work in Connecticut by the Hartford Business Journal. With about 320 employees, the Credit Union was one of 17 large-sized companies (200+ US employees) in the state that was recognized.

The foundation of American Eagle Financial Credit Union's core values—caring, trust, and dependability—informs each of the programs, charities, and causes to which contributions are made and to which our employees volunteer their time. These values are enduring and will continue to propel our mission of making a difference in our community in 2020.





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



REPORT OF THE SUPERVISORY COMMITTEE

During the year, the Supervisory Committee, appointed by the Board of Directors, provides membership with an independent appraisal of the safety and soundness of the Credit Union's operations and activities in compliance with federal and state laws as well as the American Eagle Financial Credit Union bylaws. The Committee, together with the Credit Union's internal audit staff and external auditors, perform a variety of audits to ensure that effective controls are in place to protect your assets. The State of Connecticut Department of Banking and the National Credit Union Administration (NCUA) also perform periodic supervisory examinations. The Committee reviews all audit reports and meets monthly to discuss audit results, audit recommendations for strengthening internal controls, and the status of management's action on all prior audit recommendations. We are pleased to report that the business affairs of your Credit Union are handled accurately and comply with state and federal regulations.

The Supervisory Committee is also 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. Your comments help ensure that the American Eagle Financial Credit Union maintains the highest levels of service to its members.

For the year ended December 31, 2019, 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 2019 and that the practices and procedures followed are in accordance with generally accepted accounting principles in the United States of America.

Respectfully submitted,



Michael Rogers
Chairman, Supervisory Committee



BOARD OF DIRECTORS

Board Officers



Michael P. DePasquale
Chairman of the Board
Volunteer since 2002



Raymond C. Gandy III
First Vice Chairman
Volunteer since 1997



Michael W. Hawman
Second Vice Chairman
Volunteer since 1998



Allison W. Burch
Secretary
Volunteer since 2009

Directors



Mark P. Allen
Director
Volunteer since 1998



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



Kenneth D. Stevenson, Jr.
Director
Volunteer since 1992



Joseph Ploszay
Director
Volunteer since 2010



Michael Rogers
Associate Director
Volunteer since 2010

Volunteers

Channasandra Nagaraj
Supervisory & Technology Committees
Volunteer since 2010

Mohammed Islam
Supervisory Committee
Volunteer since 2016



OFFICERS



Dean Marchessault
*President &
Chief Executive Officer*



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



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



Khaled Ahmed
*Vice President,
Information Technology*



Ann G. Riley
*Vice President,
Member Experience
& Innovation*



Howard Brady
*Senior Vice President,
Chief Lending Officer*



Ann-Marie Katzer
*Vice President,
Retail Sales & Service*



Jeffrey Rindfleisch
*Vice President,
Consumer Lending &
Collections*



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



Dara Macchi
*Vice President,
Marketing*



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



Jim Evans
*Senior Vice President,
Chief Information
Officer*



Patty Mason
*Vice President,
Real Estate Lending*



Chris A. Willey
*Vice President,
Enterprise Risk
Management /
Security Officer*



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



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



CONSOLIDATED STATEMENT OF FINANCIAL CONDITION



(In thousands)

Assets

	2019	2018
Cash and Cash Equivalents	\$327,179	\$217,984
Loans to Members	1,574,749	1,495,130
Investment Securities	64,938	21,128
Other Assets	28,872	27,360
Premises and Equipment	29,188	29,862
National Credit Union Share Insurance Fund	16,043	14,168
Accrued Interest Receivable	4,670	4,366
Total Assets	<u>\$2,045,639</u>	<u>\$1,809,998</u>

Liabilities and Members' Equity

Members' Shares	\$1,849,254	\$1,630,006
Notes Payable	—	—
Accrued Expenses and Other Liabilities	11,243	14,250
Dividends Payable	724	583
Members' Retained Earnings	184,418	165,159
Total Liabilities and Members' Equity	<u>\$2,045,639</u>	<u>\$1,809,998</u>

CONSOLIDATED STATEMENT OF INCOME

(In thousands)	2019	2018
Interest Income		
Interest on Loans	\$61,171	\$56,149
Income from Investments	6,246	2,904
Total Interest Income	67,417	59,053
Interest Expense		
Dividends on Shares	16,487	9,099
Interest on Borrowed Money	13	290
Total Interest Expense	16,500	9,389
Net Interest Income	50,917	49,664
Provision for Loan Loss	4,065	4,030
Net Income after Provision	46,852	45,634
Non-interest Income		
Visa® Operating Income	3,839	3,880
Other	19,484	16,454
Total Non-interest Income	23,323	20,334
Non-interest Expense		
Compensation and Benefits	33,752	29,373
Office Operations	13,066	11,716
Office Occupancy	4,915	4,617
Other	4,343	3,976
Loan Servicing	3,268	3,283
Total Non-interest Expense	59,344	52,965
Net Income	\$10,831	\$13,003



Avon
427 West Avon Road
Avon, CT 06001

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

North Haven
84 Washington Avenue
North Haven, CT 06473

Plainville
378 New Britain Avenue
Plainville, CT 06062

Southington
888 Queen Street
Southington, CT 06489

South Windsor
530 Buckland Road
South Windsor, CT 06074

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

American Eagle Financial Center
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East Hartford, CT 06108
americaneagle.org



Federally insured by NCUA.

