

A large, stylized number "2018" is centered on the page. The number is composed of a dense collection of small, overlapping circles and squares in various shades of blue and green, creating a textured, mosaic-like effect. The background is a solid teal color.

2018

ANNUAL REPORT

The big impact
of small things

We guided members one step closer to their financial goals

Welcome, new members!



We continued making a difference for all

17,952 MEMBERS



We had **1,935** new members join our SFCU family in 2018.



We put **1,849** members into a vehicle



We donated **\$3,000** in scholarships to high school seniors

10 members started their first homebuying journey at SFCU



42,979

Interactive Teller Machine (ITM) sessions



9,885

online banking users

checks through Mobile Capture App

7,792



Seasons Federal Credit Union

84th Annual Meeting Of Members
June 26, 2019 : Russell Library

Business Meeting Agenda

1. Call to Order
2. Appointment of Recording Secretary
3. Approval of Last Year's Minutes
4. Introduction of Board of Directors
5. Introduction of Supervisory Committee
 - a. Supervisory Committee Report
6. Report of the Nominating Committee
 - a. Introduction of Nominees
7. Chairperson Report
8. New Business
9. Motion to Adjourn



A Letter from the President/CEO and Board Chair

There's a reason that the phrase "it's the little things that matter" has become a cliché – it's because it's true. The combination of hard work from Seasons employees and feedback from Seasons FCU members, resulted in another great year for your credit union. While each individual accomplishment can stand on its own, the sum of all these "little things" demonstrates the biggest impact.

Advancements in technology continue to change the world at a faster pace than ever. It is easy to list one or more businesses, that were once household names, that have closed their doors. The commonality for these businesses is that they were displaced by evolving technology. They were either unwilling or unable to adapt or change their business models to remain relevant. The banking industry is no different. "Fintech" companies, in addition to evolving banks & credit unions, provide consumers with innovative solutions to engage in financial transactions through advanced technology and alternative delivery channels. Instead of watching business shift away from the credit union, we've chosen to follow another cliché that rings true – "if you can't beat them, join them."

Coming September of 2019, we will have a major systems upgrade, which will streamline our operations and allow us to serve our members more effectively and efficiently. We are excited about the next-generation technology efficiencies, capabilities and member-centric service that our new systems will allow.

The decision to convert to new systems was not made lightly; we knew this project would consume much of our internal resources for the better part of a year and would challenge our team. For our leadership, the decision came down to one thing – our members. These upgrades and the time spent preparing for them, gives Seasons FCU the ability to offer financial solutions that will best-serve you.

To further improve our members' experience, in 2018 we rolled out new culture principles that serve as our compass; guiding our decisions and actions. These unique culture principles encourage our staff to make someone's day; to give each other full, undivided attention; and to choose their attitude every day when coming to work to make each day productive and positive. We unveiled a "True North" Guiding Principle, Core Values/Cornerstones and updated Service Promises:

True North Guiding Principle:
We help our members make the best financial decisions with seamless, innovative technology available anytime, anywhere.



A Letter from the President/CEO and Board Chair

Core Values/Cornerstones

We are EPIC (Evolution, Passion, Integrity and Commitment)



companies ask their employees to complete a confidential survey about their employer & workplace. Only those with the highest results are recognized and honored. Seasons FCU was among the top 12 given the “Best Places to Work in Connecticut” recognition. This is the third time in the past five years Seasons FCU has been selected. Our employees are the credit unions most important asset and their feedback is what helps us to ensure we continually seek ways to enrich our culture. We couldn’t be prouder of the employment culture at Seasons FCU, and it appears our employees agree!

Service Promises

We Promise to Make it THRIVE (Trustworthy, Happen, Responsible, Inspiring, Valuable, and Exceptional)



It’s an exciting time, and we are glad to have our members and the community experience these little things, that are sure to make a big impact. We are excited and enthusiastic about the technology and advances that will continue to make banking even more convenient and easier for you. We will continue to seek opportunities to help our members in new and better ways. And most importantly, we honor the past and look forward to an exciting and successful future.

Sincerely,

Keith Wiemert
President/CEO

William Howard
Board Chairperson

Our employees developed these highly effective and powerful principles. It was important that our True North, our Core Values, and our Service Promises were personal. Redefining our culture principles and tying them to every activity and member interaction, helps our staff remember Seasons FCU’s direction and mindset.

Once again, The Hartford Business Journal and Best Companies Group conducted their annual “Best Places to Work in Connecticut” survey. Participating



2018 Annual Meeting Minutes

Held at Russel Library – Hubbard Room, 123 Broad Street, Middletown, CT on June 13, 2018 at 3:34 PM

Present: Board Members: William Howard, Nick Cook, Christopher Carbo, and Jim Misenti.
Supervisory Committee: None
Management Staff: Keith Wiemert, Robyn Swanson, Betsy Sommers, Bill Weingartner, and Janet Porriello.

Opening: William Howard, Board Chairman, opened the annual meeting at 3:34 PM. Suzanne Marquard was appointed Recording Secretary.

William Howard welcomed everyone to the 83rd Annual Meeting of the Credit Union. A quorum was present with 36 members in attendance. The 2017 annual meeting minutes were approved with a motion by Chris Carbo. The motion was seconded by Nick Cook.

William Howard introduced members of the Board and Supervisory Committee (supervisory committee was not present due to conference attendance).

Supervisory Report: William Howard told the members that the Supervisory Committee Report was provided in the Annual Report.

Report of the Nominating Committee: Richard Larke read the report of the Nominating Committee. The Nominating Committee put forth the following slate for nomination: William Howard

Chris Carbo asked the membership to cast one vote to elect the member nominated by the committee. Dick Larke casted vote.

There were no petitions from the membership to be added to the nomination list. William Howard was re-elected for a three year term.

Chairman's Report: Mr. Howard told the membership that there was a written report included in the Annual Report.

Mr. Howard addressed the membership with our 2018 theme of looking ahead. We will continue to embrace technology. Technology is the wave of the future. Each year we have fewer and fewer in person transactions. Mr. Howard noted we had a complete redesign of our website, making it more user and mobile friendly. Mr. Howard also announced that Seasons FCU was recently voted as one of the best places to work in the State of Connecticut. This recognition was provided by an employee answered questionnaire conducted by the Hartford Business Journal and Best Companies Group.

A motion to accept annual report was made by Chris Carbo. The motion was seconded by Jim Misenti Motion carried.

New Business: William Howard asked if there was any additional new business.

Keith Wiemert addressed member question regarding our products and fees, a short discussion proceeded. There was congratulations from the membership in being recognized as a Best Place to Work in Connecticut.

With no more new business, Mr. Howard requested a motion to adjourn.

Motion to adjourn the business meeting was made by Jim Misenti at 3:50 PM. Dick Larke seconded the motion. Motion carried.

William Howard thanked everyone for attending.

Suzanne J. Marquard
Recording Secretary

Treasurer's Report

During 2018, the U.S. economy experienced the strongest growth in over three years, the Federal Reserve raised interest rates four times throughout the year, and interest rates were the at the highest levels since 2008. However, the credit union continued to face financial restraints due to a strict regulatory burden, increased operating expenses, and a reduction in core deposits. The credit union ended 2018 with a positive ROA of 0.181% and net income of \$280,196. Total assets Increased by \$5,441,311 or 3.45% to \$157,739,948 for the year ended 2018. Deposit balances also decreased as year-end growth was -\$7,243,130 or -5.434%, resulting in a year-end deposit balance of \$133,291,727. Loan growth increased in 2018 by \$5,991,905 or 4.516% though 2018 with a year ending balance of \$132,687,611.

Seasons Federal Credit Union's regulatory capital ratio, an indicator of financial strength, was 7.797% as of December 31, 2018. The regulatory capital ratio is above the 7.00% ratio established for well capitalized credit unions set by the National Credit Union Administration (NCUA).

Please take a moment to review this year's audited financial statements by the certified public accounting firm of Doeren Mayhew. The audited financial statements are as of September 30, 2018. The financial information provided above is based upon a December year end and is consistent with the financial information posted at the branches on a monthly basis.

For 2019, we at Seasons will continue to provide even more value to our membership. We thank you for your continued support of the credit union.

Respectfully submitted,

Michele Patton
AVP of Finance

From your SFCU Supervisory Committee

The role of the Supervisory Committee is to ensure the safety and soundness of the credit union. As such the Board of Directors appoints the Supervisory Committee, which oversees the annual financial audit. As an independent body, the committee reviews practices and procedures by staff to verify that management carries out the policies set by the board. We also monitor compliance with applicable laws and government regulations. To accomplish these we engage an independent certified public accounting firm to perform an audit that evaluates our accounting controls, financial statements and verify members' accounts. The firm Doeren Mayhew was engaged to conduct the annual audit. We are pleased to report that we have received a favorable opinion from Doeren Mayhew.

The Supervisory Committee would like to thank our employees and the Management Team for all the hard work and time they put into this audit. We are very satisfied with the working relationship between Doeren Mayhew and the Supervisory Committee, the Board of Directors and the Management Team of Seasons Federal Credit Union.

The Supervisory Committee continually audits the various departments throughout the credit union and is pleased with the professionalism and performance of each department.

As Seasons moves into the next century with new technology, we remain vigilant in ensuring that our members will have the safety of their accounts and excellent service they expect and deserve.

Respectfully submitted,

Kevin Nolan
Supervisory Committee Chair

2018 Lending Report

2018 was a successful lending year for Seasons Federal Credit Union. The credit union originated 2,609 loans, lines of credit and credit cards totaling \$51,084,598. Additionally, the Mortgage Department originated 34 mortgages totaling \$6,662,790. These mortgages were subsequently sold to the secondary market. Last year's loan production totals, detailed by product type and amount of credit extended, were as follows:

Loan Type	Number of Loans Originated	Total Credit Extended
New Auto	35	\$1,008,184
Used Auto and RV	261	\$4,169,389
New Auto - Indirect	384	\$12,962,034
Used Auto - Indirect	1169	\$24,766,988
Closed End Second Mortgages	26	\$1,612,607
Home Equity Lines of Credit	38	\$2,475,665
Signature Loans	391	\$2,393,305
Credit Cards	219	\$559,800
Home Improvement Loans	40	\$455,653
SFCU Student Loans	22	\$332,633
Share Secured Loans	22	\$149,340
Portfolio First Mortgages	2	\$199,000
Subtotal	2609	\$51,084,598
Sold First Mortgages	34	\$6,662,790
Total	2643	\$57,747,388

The loan portfolio balance as of December 31, 2018 was \$132,687,911. The yield on the credit union's loan portfolio at year-end was 4.902%.

Respectfully submitted:

Betsy Sommers
Senior Vice President

2019 Scholarship Award Winners

Charlotte C.

The Director's Scholarship

North Haven High School

Matthew L.

The Dragon's Vault Scholarship

Middletown High School

Elexa B.

The Jean Crook Memorial Scholarship

Middletown High School

Statements Of Financial Condition As Of September 30, 2018 And 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$3,879,794	\$4,681,283
Interest bearing deposits	249,000	895,000
Investment securities:		
Available-for-sale	5,448,904	6,135,082
Held-to-maturity	1,799	2,468
Loans held for sale	—	1,353,780
Loans to members, net of allowance for loan losses	130,795,796	130,855,586
Accrued interest receivable	430,514	408,758
Property and equipment	4,239,756	4,635,840
Prepaid and other assets	9,737,413	9,491,970
NCUSIF deposit	1,401,064	1,416,021
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Total assets	\$156,184,040	\$159,875,788
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<u>Liabilities and Members' Equity</u>		
Liabilities:		
Members' shares and savings accounts	\$136,001,081	\$142,857,742
Borrowings	8,953,221	6,000,000
Accrued expenses and other liabilities	1,161,209	963,397
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Total liabilities	146,115,511	149,821,139
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Commitments and contingent liabilities		
Members' equity:		
Regular reserves	2,241,414	2,241,414
Undivided earnings	8,779,715	8,605,691
Equity acquired from business combination	1,033,234	1,033,234
Accumulated other comprehensive loss	(1,985,834)	(1,825,690)
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Total members' equity	10,068,529	10,054,649
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Total liabilities and members' equity	\$156,184,040	\$159,875,788
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Statements Of Income Years Ended September 30, 2018 And 2017

	<u>2018</u>	<u>2017</u>
Interest income:		
Loans to members	\$6,333,732	\$6,687,779
Investments	313,539	284,451
	<u>6,647,271</u>	<u>6,972,230</u>
Interest expense:		
Members' shares and savings accounts	634,146	585,793
Borrowings	106,061	94,167
	<u>740,207</u>	<u>679,960</u>
Total interest expense	740,207	679,960
Net interest income	5,907,064	6,292,270
Provision for loan losses	863,947	712,395
	<u>5,043,117</u>	<u>5,579,875</u>
Net interest income after provision for loan losses	5,043,117	5,579,875
Non-interest income:		
Fees and charges	2,019,482	1,778,974
Interchange income	744,331	743,581
Other operating income	324,578	293,643
Gain on sale of loans	169,504	235,710
	<u>3,257,895</u>	<u>3,051,908</u>
Total non-interest income	3,257,895	3,051,908
Non-interest expenses:		
Compensation and benefits	3,389,007	3,581,661
Office operations	2,810,628	2,866,239
Office occupancy	827,999	779,468
Loan servicing	550,439	599,517
Other	302,964	434,441
Outside services	245,951	270,219
	<u>8,126,988</u>	<u>8,531,545</u>
Total non-interest expenses	8,126,988	8,531,545
Net income	<u>\$174,024</u>	<u>\$100,238</u>

Meet Our SFCU Team

BOARD OF DIRECTORS

William Howard
Chair

Nick Cook
Vice Chair

Jim Misenti
Secretary

Chris Carbo
Director

Scott Coleman
Director

Mike DiPiro
Director

Meghann LaFountain
Director

SUPERVISORY COMMITTEE

Kevin Nolan
Chair

Stanley Stachura, Jr.
Vice Chair

Edith Dubey
Secretary

Jon Rhinesmith
Member

BRANCH LOCATIONS

Middletown Branch
Lobby
524 S Main Street
Middletown, CT 06457

Meriden Branch
Lobby & Drive Up
1371 E Main Street
Meriden, CT 06450

Middletown Operations Center
Drive Up
635D S Main Street
Middletown, CT 06457