



ANNUAL REPORT 2015

*Thank You for Your 12 Years
of Dedicated Service, Barry!*



Freedom Credit Union is federally insured by the National Credit Union Administration. Shares and deposits in excess of NCUA limits are fully insured by the Massachusetts Credit Union Share Insurance Corporation. Equal housing lender.

Chairman's Report

With tremendous pride, I was elected Chairman of Freedom Credit Union's Board of Directors at last year's Annual Meeting. I have been a Board Member for the past twelve years and was a Board Member of the Franklin Hampshire Building Trades Credit Union for 26 years, prior to the 2004 merger with Freedom. I have chaired several committees including Asset Liability, Audit, Insurance, Nominating, and Site Merger and have participated on almost every committee at Freedom.



Lawrence F. Bouley

During my first year as Chairman, I am proud of the fact that Freedom won two major awards. First, in April 2015, Freedom was presented with the Better Business Bureau's *Torch Award for Marketplace Ethics* in the large business category. The Torch Award is awarded to businesses that epitomize corporate responsibility and lead efforts to ensure that the marketplace remains trustworthy and honorable. In September 2015, we received our second award of the year – *the Financial Diversity Award* from the MA Latino Chamber of Commerce. Over the years, we have established important relationships with the Latino membership in the region and this award is proof that we have made a difference. *(See photos of both awards on page 14.)*

In an effort to offer better services to our members, we upgraded our online and mobile banking platforms in 2015 so that members could access their accounts wherever and whenever they wanted. Both online and mobile platforms are now linked together so that our membership can pay bills, deactivate/activate their debit cards, and deposit checks from their mobile device. The Board will continue to work with the senior management team to develop products and services that will better serve our membership.

As you may know, our longtime President and CEO, Barry Crosby, announced his retirement in 2015. Under his leadership, we have grown from one branch into a network of ten branches throughout the Pioneer Valley and an Operations Center in Springfield, which was named the *Barry F. Crosby Operations Center* in January 2016. On behalf of the Board of Directors and the entire staff at Freedom, I want to thank Barry for his dedicated service to Freedom over the years and we wish him all best in his retirement.

During the remaining years of my chairmanship, I am looking forward to working with Glenn Welch, the new President and CEO of Freedom *(learn more about Glenn on page 3)*, as we continue to serve our members throughout the Pioneer Valley.

Respectfully submitted,

A handwritten signature in dark ink that reads "Lawrence F. Bouley". The signature is fluid and cursive, with the first name being the most prominent.

Lawrence F. Bouley
Chairman, Board of Directors

President's Report



Barry F. Crosby

The year 2015 once again saw Freedom Credit Union move forward on many fronts. In the first quarter of 2015, Freedom Credit Union consolidated its back office operations into one location at 77 Boylston Street, which is adjacent to the Credit Union's main office. The 12,000 square-foot building was purchased in July 2014 with renovations beginning immediately after the Credit Union took ownership. This new location allowed us to consolidate all loan operations, accounting, and savings operations under one roof. The transition to this new location was seamless to the membership and we continued to provide uninterrupted service to you throughout the process. The building provides adequate space for future expansion of back office operations for years to come.

In 2014, Freedom received a low income credit union designation from our regulators. This designation allows the Credit Union to offer expanded or additional services to the membership. This designation gave Freedom the opportunity to better serve a larger group of members or potential members throughout western Massachusetts with the elimination of the member business lending caps. Freedom also expanded its Member Business Lending team to provide better service, products and programs to our member business relationships. Throughout the year, the Credit Union realized steady growth, not only in the area of business loans but also business deposit services. These programs will only enhance the Credit Union's viability going forward.

Last June, I advised the Board of Directors of my intent to retire in 2016. After 12+ years at Freedom and 42 years working in the Financial Services industry, my wife Pat and I decided it was time to begin the next phase of our journey together. The time for me to transition from Freedom was right as there were no major projects projected to begin in the near term and many existing strategic initiatives were all up and running, such as the expansion of our CUPs program, Sales and Service training for staff and the Hispanic initiative, which better serves many within our community. The Board of Directors performed a comprehensive search for my successor and I believe that Glenn Welch is the right individual to lead Freedom into the future.

During my tenure at Freedom, I strived to be accessible to the membership so I could better understand your financial needs. I believe our expansion from one location to ten branches, a new operations center and many new products and services were a direct result of our listening to our members' requests.

As always, I thank you for your membership!

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Barry F. Crosby". The signature is fluid and cursive, written over a light blue rectangular background.

Barry F. Crosby
President and Chief Executive Officer

Our New President and CEO

Effective January 4, 2016, the Board of Directors of Freedom Credit Union elected Glenn S. Welch as the new President and CEO. Glenn succeeds Barry F. Crosby, who served as President and CEO since 2003. In the summer of 2015, Barry notified the Board of his intent to retire in early 2016.



Glenn S. Welch

According to Lawrence F. Bouley, Chairman of the Board, "After conducting an extensive search that identified several superbly qualified candidates, we decided that Glenn was our choice to lead Freedom. Throughout the process, it was extremely important to us that the new president could build on the strong foundation already in place at Freedom. And to that point, we are grateful for the leadership that Barry Crosby has provided over the past 12 years."

Upon learning of his appointment, Glenn commented, "I am grateful to serve as Freedom's new president and to continue the organization's 93-year tradition of serving the members, families, businesses, and communities of the Pioneer Valley. Also, I want to thank the Board of Directors for their confidence in me and their support."

Most recently, Glenn was an Executive Vice President of Berkshire Bank following their acquisition of Hampden Bank (HB). Prior to that, he was President and CEO of Hampden Bank for two years before the Berkshire Bank acquisition. During his 17-year tenure at HB, he held various positions including, President and COO, Executive Vice President, and Senior Vice President of Business Banking. Before joining HB, he served as Vice President, Middle Market Banking Group at Fleet Bank.

Glenn is a graduate of Western New England University (WNEU) with a BSBA in Finance and earned his MBA from the University of Massachusetts. He is currently active on many boards throughout the Pioneer Valley, including HAP Housing, the Association for Community Living, the Business School Advisory Board at WNEU, Develop Springfield, and Springfield Business Leaders for Education.

"I am *grateful* to serve as
Freedom's **new president**
and to continue the organization's
93-year tradition of serving the members,
families, businesses, and communities of the
Pioneer Valley."

Financial Report



Louis J. Scungio

In 2015, Freedom Credit Union's balance sheet increased from \$514.5 million to \$530.5 million, an increase of \$16.0 million or 3.1%. This increase was primarily due to the increase in deposits over last year of \$13.9 million.

Regarding loans, the total portfolio increased by \$16.7 million or 5.9%. This increase was due to increases in loans secured by real estate at nearly \$12.8 million and member business loans that increased by \$5.6 million. These increases were offset by declines in personal loans and vehicle loans of \$1.0 million and \$700,000, respectively.

For deposits, there was a total increase versus last year of \$13.9 million, which brought the total from \$440.7 million to \$454.6 million as of year-end. This increase was heavily weighted in share savings accounts at \$10.9 million, NOW accounts at \$7.9 million, and member business deposits at \$4.7 million. Offsetting these increases, share savings certificates declined by \$10.5 million.

Net income at year-end 2015 amounted to \$1.3 million, which was equivalent to a return on average assets (ROA) of 25 basis points or 0.25%.

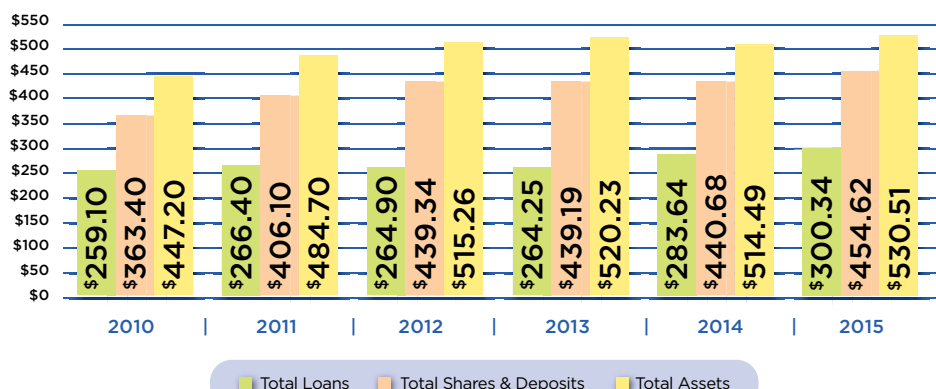
As of December 31, 2015, the Credit Union's capital, or net worth, was 13.18%. The NCUA definition for a well-capitalized credit union is capital of at least 7.00%.

Respectfully submitted,

Louis J. Scungio, CPA, CGMA, MBA
Senior Vice President and Chief Financial Officer

Freedom's Financial Performance

IN MILLIONS



Consolidated Statements of Financial Condition

ASSETS

2015

2014

(In thousands)

Cash and cash equivalents	\$ 2,307	\$ 2,715
Interest bearing deposits	2,480	992
Securities available for sale, at fair value	156,422	142,345
Securities held to maturity, at amortized cost	33,773	51,371
Loans, net of allowance for loan losses of \$2,336 in 2015 and \$2,022 in 2014	298,381	281,622
Property and equipment, net	6,556	6,552
Property held for sale	375	0
Accrued interest receivable	1,175	1,216
Federal Home Loan Bank stock, at cost	1,621	2,328
Other real estate owned	0	168
National Credit Union Share Insurance Fund deposit	4,252	4,164
Credit Union owned life insurance	15,662	15,217
Officer Loan Receivable	4,886	4,859
Other assets	<u>2,537</u>	<u>941</u>
Total assets	<u>\$530,427</u>	<u>\$514,490</u>

LIABILITIES AND MEMBERS' EQUITY

Member share accounts	\$ 455,312	\$ 440,684
Borrowings	3,945	1,569
Accrued expenses and other liabilities	<u>1,373</u>	<u>2,317</u>
Total liabilities	<u>460,630</u>	<u>444,570</u>
Regular reserves	8,264	8,264
Members' equity	61,693	60,386
Accumulated other comprehensive income	<u>(160)</u>	<u>1,270</u>
Total members' equity	<u>69,797</u>	<u>69,920</u>
Total liabilities and members' equity	<u>\$530,427</u>	<u>\$514,490</u>

Consolidated Statements of Income

	2015	2014
	(In thousands)	
Interest income:		
Loans, including fees	\$ 12,966	\$ 12,724
Securities and interest bearing deposits	3,568	4,042
Interest-bearing deposits	19	0
Total interest income	<u>16,553</u>	<u>16,766</u>
Interest expense:		
Members' shares	3,249	3,253
Borrowings	6	7
Total interest expense	<u>3,255</u>	<u>3,260</u>
Net interest income	13,298	13,506
Provision for loan losses	<u>600</u>	<u>540</u>
Net interest income, after provision for loan losses	<u>12,698</u>	<u>12,966</u>
Non-interest income:		
Member service fees	1,783	1,839
Gain on sale of securities available for sale	624	172
Mortgage banking income	307	321
Increase in cash surrender value of life insurance	445	487
Other	1,310	1,341
Total non-interest income	<u>\$ 4,469</u>	<u>\$ 4,160</u>
Non-interest expenses:		
Salaries and employee benefits	8,702	8,687
Occupancy and equipment	5,098	4,699
Education and promotion	533	590
Loan service expense	404	377
Professional and outside services	611	550
Travel and conferences	255	262
Other general and administrative	257	422
Total non-interest expenses	<u>15,860</u>	<u>15,587</u>
Net income	<u>\$ 1,307</u>	<u>\$ 1,539</u>

Branch Administration Report

Since 1909 when the first credit union was established in New Hampshire, credit unions have been an alternative to banks for people to fulfill their financial needs. As not-for-profit financial institutions, credit unions offer better rates on deposit and loan products, are deeply involved in the communities they serve, and provide financial education to area students. In 2015, Freedom made significant gains in each of these areas.



To this day, our deposit and loan rates continue to be among the most competitive in our marketplace and last year, our deposits increased by \$13.9 million over 2014. This increase was our highest increase since 2012 and was fueled by increases in savings and NOW checking accounts of \$10.9 million and \$7.9 million, respectively. The reasons for this growth are: 1) we increased sales and service training, and 2) a few bank mergers occurred in the region. Last year marked the first full year of our comprehensive Sales and Service Training program that involved the participation of every employee throughout the Credit Union, from the staff in our ten branches to our back office support departments. We also incorporated mystery shoppers to gauge the effectiveness of the training and I am proud to say that our entire branch staff performed well. In 2015, there were a few bank mergers that occurred throughout the Pioneer Valley. We have seen several consumers of those banks come into our branches and many have become members of Freedom Credit Union.

As you will see on page 12, Freedom continues to be involved in local communities throughout the Pioneer Valley. Our branch in Turners Falls is a prime example because we relocated the branch to 191 Avenue A in 2015. The new site is in the center of town and allows us to better serve our membership. Our members in Turners Falls like the new location because it is more convenient than the former location.

Regarding financial education, for years, Freedom has participated in the large *Credit for Life* (CFL) financial literacy fairs in which high school students throughout the region learn the importance of credit and establishing a budget. Last year, Freedom participated in those larger fairs and also managed a CFL fair in Ludlow High School. In addition, Freedom established relationships with Greenfield Community College and Springfield Technical Community College last year to offer financial education as part of their business curriculums.

We thank you for choosing Freedom Credit Union as your primary financial institution and appreciate the trust you place in us as you make your financial decisions.

Respectfully submitted,



Kara B. Herman, CCUE
Vice President of Retail Administration

Lending Report

When it comes to lending, Freedom Credit Union's objective is to help our members with their credit needs. Whether it is helping a member buy a new car, finance a home purchase, tap into their home equity, or obtain a loan for their business, we are here to assist our members with service that is personal, quick, easy, and economical.



To that end, in 2015, the Credit Union was able to make great strides in these areas through process improvement projects within the mortgage loan department and additions to staffing in the Member Business Lending department. The purpose of redesigning the process within the mortgage department was to improve the member's experience. As a result, the process is much smoother today and member feedback has been positive. In May 2015, we also hired David Chase as Vice President of Member Business Services to lead the Member Business Lending area. He brings over 30 years of commercial lending experience to the Credit Union and we have already seen consistent growth in both business loans and business deposits.

Lending to the membership is a complete team effort. From the branch network to the loan officers to the IT team, these channels enabled Freedom Credit Union to serve more members in person, via telephone and online in 2015. Freedom closed over \$80 million loans in 2015, a 12% increase over 2014. The loan products included personal unsecured loans, auto loans, mortgage loans, home equity loans and business loans. The Credit Union's mortgage and home equity loan volume drove the increase in 2015 loan originations, which were both up 17% and 37% respectively over 2014 totals. As a result, Freedom's market share (according to The Warren Group) for mortgage and home equity loans in the Pioneer Valley has increased substantially the past two years going from #16 in 2013 to #6 in 2015.

Freedom Credit Union is committed to protecting the assets of our members while maintaining a trustworthy source of affordable credit. We continually strive to improve our members' financial well-being by providing tangible savings opportunities across all of our loan products. As Freedom looks to the future, be assured that we will continue our commitment to provide a wide range of superior credit services that are responsive to members' needs, while preserving the safety and soundness of the Credit Union.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey M. Smith".

Jeffrey M. Smith, MBA
Vice President and Chief Lending Officer

Our Former President and CEO, Barry Crosby



Barry (far right) stands with former Western MA Telephone Workers Credit Union Presidents, Al LaRiviere and Paul MacDonald.



Barry, his wife Pat, and staff and family members march in the 2014 Springfield Puerto Rican Parade.



Barry with Paul MacDonald at Paul's retirement party in 2003.



Barry cuts the ribbon in front of Freedom's branch in the Putnam Vocational Technical Academy that opened in 2014. Standing with Barry are Daniel Warwick - the Springfield Schools Superintendent, Springfield Mayor Domenic Sarno, George Johnson - Principal of Putnam, students from Putnam, and members of Freedom's management team.

2003



1
Branch
LOCATION

Total Assets
\$250
MILLION

10,768

Members

Employees **35**


Operations
NO Center



In the summer of 2012, we discovered that the Open Pantry was running out of food. Barry presented the Open Pantry with a donation and since then, Freedom has held summer food drives.



In honor of Barry's vision and dedicated service, Freedom's Operations Center was renamed the Barry F. Crosby Operations Center in January 2016.



Barry shakes hands with Glenn Welch, Freedom's new President and CEO.



Barry joins Springfield Mayor Domenic Sarno and volunteers from Freedom prior to the start of a Credit for Life financial literacy fair at STCC.



In 2015, Barry is interviewed by WAQY's morning drive D.J.s Bax and O'Brien during their annual Thanksgiving Mayflower Marathon food drive. Barry initiated Freedom's involvement in this yearly food drive and we have contributed over \$20,000 to this worthy cause.

2015

 **10**
Branch
LOCATIONS

Total Assets
\$531
MILLION

27,354

Members

Employees **140**


Operations
Center
YES

Our Branch Officers



Heather Dameworth

Easthampton and Northampton
413-527-7702 | 413-586-3590



Kriste Joy

Greenfield | 413-774-4182



C. Melin Menas

Springfield & Putnam Academy
413-739-6961 | 413-505-5850



Lisa Pandolfi

Ludlow | 413-505-5800



Shane Powell

Turner Falls | 413-774-9909



Lynn Reigner

Feeding Hills | 413-786-6200



Lucila (Lucy) Sánchez

Chicopee | 413-532-5085



Beverly Walz

Sixteen Acres | 413-505-5700

Hours

Lobby – All Locations
(except Putnam Academy)

Monday, Tuesday, Wednesday
8:30 am – 4:30 pm

Thursday
8:30 am – 6:00 pm

Friday
8:30 am – 5:00 pm

Saturday
9:00 am – 1:00 pm

Drive-Up – All Locations
(except Putnam Academy)

Monday – Friday+
8:30 am – Closing

Saturday
9:00 am – 1:00 pm

+ Every weekday, drive-up at Main Street
in Springfield opens at 8:00 am.

Putnam Academy – Lobby

Monday – Friday
9:00 am – 2:00 pm

Saturday
Closed

The Putnam Academy Branch is open only
while school is in session. If Putnam Academy
is closed for a holiday, storm or other reason,
the branch will be closed, too. This branch
will also be closed in the summer.

Our Community Donations

Community support is one of the primary features of being a credit union. At Freedom Credit Union, we take pride in the fact that we support local organizations throughout Berkshire, Franklin, Hampden, and Hampshire counties. Below is a sampling of the community donations we made in 2015.

- Sponsored the annual Springfield Puerto Rican Parade for \$2,000
- Donated \$2,550 to the Cancer Care Program at Cooley Dickinson Hospital
- Sponsored Spirit of Springfield's Bright Nights 5K road race for \$1,000
- Donated \$1,200 to MA Latino Chamber of Commerce to sponsor the annual Hispanic Heritage Gala and the annual Community Expo
- Sponsored Baystate Health's 3rd Annual Diversity and Inclusion workshop for \$1,500
- Sponsored the 2nd Annual GCC 5K Turkey Run to support Greenfield Community College. Freedom was the lead sponsor for this event at \$2,500.
- Matched the \$1,000 collected by Freedom employees to benefit Big Brothers Big Sisters of Hampden County. The total contribution was \$2,000.
- Sponsored the WMAS-FM Radiothon for \$750 that supports the Baystate Children's Hospital
- Donated \$500 to the Special Olympics of Berkshire County
- Contributed \$500 to the scholarship program of the local chapter of the National Association of Hispanic Nurses
- Awarded ten (10) \$1,250 scholarships to members who are current college students or seniors in high school with proof of acceptance to a college or university
- Sponsored the Rays of Hope walk in Springfield for \$500
- During the holiday season, the credit union donated:
 - Christmas presents to over 500 foster children in Holyoke, Northampton, and Springfield through Freedom's 8th Annual Cherish the Children program in conjunction with the Department of Children and Families
 - \$2,000 to the Open Pantry of Greater Springfield

Our Board of Directors



Lawrence F. Bouley, Chairman
Chair, Investment Committee



Donald C. Emerson, Vice Chairman
Chair, ALCO Committee
Chair, Nominating Committee
Chair, Security Committee



Louis G. Guillette, Treasurer



William T. Carey, Clerk
Chair, Auditing Committee
Chair, Corporate Giving Committee
Chair, Regulatory/Compliance Committee



John R. Reigner, Security Officer
Past Chairman | 2009-2012



Richard T. Grover
Past Chairman | 2002-2004



Brian D. Harrington



William G. O'Brien
Past Chairman | 2006-2009
Chair, Site Merger Committee



F. Rory Santaniello
Chair, Credit Committee
Chair, Training Committee



Donald R. Senecal
Chair, By Laws Committee
Chair, Financial Planning Services Committee
Chair, Personnel Committee



Charles J. Simonich
Past Chairman | 2012-2015

Our Award-Winning Employees and Organization



In April 2015, Freedom Credit Union won the Torch Award for Marketplace Ethics from the Better Business Bureau. Accepting the award are, left to right: Lucy Sánchez, Lisa Pandolfi, Edward Nuñez, Karen Katsanos, Jeffrey Smith, Angela Rocheleau - Board Chair of BBB of Central and Western MA, Cheryl Podgorski, Barry Crosby - President and CEO of Freedom, Bill Russo-Appel, Nancy Callahan - President and CEO of BBB of Central and Western MA, and Patricia Carbee.



At the annual gala of the Massachusetts Latino Chamber of Commerce (MLCC) in October 2015, Freedom was once again awarded the Chamber's Financial Diversity Award. Pictured from left to right are: Edward Nuñez, Kara Herman, Bill Russo-Appel, and Carlos Gonzalez - President of the MA Latino Chamber of Commerce.



At Freedom Credit Union's annual dinner in November 2015, Jamie Convery, Assistant Branch Officer at the Main Office Branch, received the **President's Award** from Barry Crosby. The award recognizes an employee who is committed to professional excellence, takes pride in the credit union, motivates those around them, and represents the credit union with an overall sense of integrity. Here is a portion of her nomination. *"The one adjective I keep thinking of to describe Jamie is "awesome." She just gets things done and does it with a smile. During times when you can feel stress in the air, Jamie consistently remains calm and does not show stress while handling the situations at hand. She is a team player and is always willing to lend a hand to problems that arise. Her work ethic is very admirable and one that you want instilled in all employees at Freedom Credit Union."*

Every quarter, the credit union recognizes an employee who goes "above and beyond" in the service to members and fellow colleagues. Pictured are the four winners from 2015.



Eugene Marceau

Information Technology



David Micka

Member Business Lending



Selenny Hernandez

Main Office Branch



Carla Hootor

Main Office Branch



www.freedom.coop

800-821-0160

Editor:

William Russo-Appel, Marketing Officer, Freedom Credit Union

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Edward Cohen, William Russo-Appel

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