2012 ANNUAL REPORT

WE GROW TOGETHER

American Eagle™
Federal Credit Union

REPORT TO OUR **MEMBERSHIP**

American Eagle Federal Credit Union is pleased to report that 2012 was an exciting and successful one, highlighted by solid financial performance and a number of key achievements. This performance and these achievements were made possible through the dedicated efforts of our volunteers and employees along with the loyal support of our members, now numbering in excess of 102,000 individuals. We remain committed to offering our members a complete line of products and services that meet their financial needs and provide maximum value with outstanding levels of customer service.

We began the year with the opening of our West Hartford Branch on January 3rd and we are pleased to announce that the Branch has received a tremendous response from the community. This was evidenced by excellent growth in new membership, deposits, and loans. We are also pleased to report that in December, we began construction of a new branch at 530 Buckland Road in South Windsor. Additionally, we joined Allpoint®, the world's largest surcharge-free ATM network with 50,000 locations globally, including 2,400 in New England. These branch deployments and the availability of this broad ATM network are part of our continuing effort to provide maximum convenience to our members throughout our community field of membership, which now encompasses Hartford, Middlesex and Tolland counties.

American Eagle Federal Credit Union once again was named as one of the *"Best Places to Work in Connecticut."*

In keeping with our strategy to provide maximum convenience to our members, we also added a number of new technologies that enable members to access Credit Union services via mobile phone or computer. "Deposit on the Go" was introduced in June and provides the capability for members to deposit checks via an iPhone, Android or desktop scanner. Another mobile phone product addition enables members to perform mobile phone bill payments. Our online services were also enhanced with the introduction of "Spending Reports" that offer members basic budget modeling, income and expense tracking, and the ability to create savings goals and track monthly progress. Additionally, we continued our constant commitment to ensure uninterrupted service to our members and the protection of member information. This was accomplished with the relocation of our disaster recovery site to Chicago, Illinois, and the installation of additional technologies to prevent data intrusions.

Service enhancements were also introduced in the lending area with the introduction of Credit Union Direct Lending, a service that makes purchasing a vehicle easier and less stressful. To foster borrowing convenience, we added a new "loan by phone" contact center and enhanced our call tracking and reporting system to ensure the best possible service to our members. We also ran successful loan promotions for debt consolidations, personal loans, and auto loans which with that offered exceptionally low interest rates for members in these difficult economic times.

In September, the Credit Union successfully merged with the Hartford Postal Employees Credit Union, making our products and services available to more than 2,300 new members. This merger added $8 million in deposits, $7.5 million in loans, and $2 million in cash and cash equivalents to our balance sheet. Overall, Credit Union assets increased $6.2 million, or 2.6%, and we ended the year with $5.2 million in net income, which enabled our reserves to climb to $114.5 million, or 8.42% of assets. It's important to note that building the Credit Union's equity position provides safety and soundness to protect members' interests and fosters the long-term viability of the Credit Union. The Credit Union also continues to earn the highest rating possible from its regulatory authority, the National Credit Union Administration. This validates our commitment and success in operating a safe and sound organization that is fully compliant with federal rules and regulations.

The Credit Union earned designation as one of the "Best Places to Work" in *The Hartford Business Journal's* "Best Places to Work in CT" awards program. The Credit Union is grateful to its hard-working and generous employees for their efforts in the workplace and in giving back to the community. This past year, 135 employees contributed 1,540 volunteer hours, while the Credit Union provided more than $112,000 in support to nonprofit organizations. As a community credit union, we are mindful of the importance of supporting the many agencies that provide services to those in need throughout the areas where we conduct business.

We wish to express our gratitude to our volunteer Board and Committee members for their guidance and dedication during this year and previous years. We also wish to express our appreciation to the Credit Union staff for their continued hard work and accomplishments during this past year. Their efforts have contributed greatly in helping the Credit Union achieve the level of success it enjoys today.

We are excited about the year ahead. 2013 promises to be a year of continued success as we work to provide even more to our members through our focus on quality products and services at maximum value. We are also committed to providing you with outstanding customer service that will exceed your expectations. Thank you for choosing American Eagle Federal Credit Union for your financial needs. We value and appreciate your business and look forward to continuing to serve your financial needs, now and in the future.

Respectfully yours,

Kenneth D. Stevenson, Jr.
Chairman, Board of Directors

William J. Dokas
President & Chief Executive Officer

COMMUNITY **OUTREACH**

Caring. Trustworthy. Dependable. Those words represent the core values toward which American Eagle Federal Credit Union aspires in everything we do. The Credit Union takes very seriously its longstanding commitment to those communities served throughout Hartford, Middlesex, and Tolland counties. Through charitable donations and employee volunteer incentives, the Credit Union works to assist and enhance nonprofit Connecticut organizations. American Eagle FCU's mission is to provide support in three principal areas: Education and Youth (with an emphasis on literacy and personal finance), Basic Human Needs (focusing on food, clothing, and shelter), and Community Development. More than $25,000 was raised and contributed to the American Eagle Federal Credit Union Fund during 2012 from a variety of fundraising events.

In 2012, the Credit Union provided $74,653 in financial support to 86 nonprofit organizations located throughout our field of membership. Thirteen grants totaling $29,700 were awarded to nonprofit organizations from the Credit Union's Fund at the Hartford Foundation for Public Giving. A direct donation of $6,000 was awarded by American Eagle Federal Credit Union to one organization while 60 nonprofit organizations received a total of $38,953 in sponsorships during 2012.

Our generous employees donated their time to about 35 different events this past year. A total of 1,540 hours were contributed by 135 different employees in 2012. Money was raised for the American Eagle Federal Credit Union Fund at the Hartford Foundation for Public Giving. Activities that included the in-branch

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Wings for Charity Fundraiser, Dining for Charity Fundraisers at Sakura Japanese Restaurant in Glastonbury, the annual Putt Putt for Charity golf event at the Berlin Batting Cages in Berlin, and internal computer equipment sales raised $25,144 for the Fund this past year.

A variety of activities, including collection of toys and/or food drives, was held in branches of American Eagle Federal Credit Union in support of a number of causes. The East Hartford Main Office Branch held a food drive to support the East Hartford food pantries. The Bloomfield Branch supported the Helping Hand Food Pantry in Hartford by collecting food and toys. The Enfield Branch collected personal care items and food for the Enfield Food Shelf. Donations of food were collected at the Manchester Branch and the Plainville Branch for the Food Pantry operations located in each town. The Middletown Branch collected and delivered food and gift cards to the Amazing Grace Food Pantry. The Plainville and Southington branches collected Toys for Tots for the US Marine Corps Reserve. A food drive was held by the Vernon Branch to support the Hockanum Valley Community Council (HVCC).

American Eagle Federal Credit Union is deeply committed to giving back to the communities it serves. For more than 75 years, the Credit Union has played a leadership role as it strives to be a good neighbor. We value the efforts of our employees who join together to make a real difference in helping others. And we will continue our long history of giving back to communities throughout our geographic region.

REPORT OF THE **SUPERVISORY COMMITTEE**

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 Federal regulations.

For the year ended December 31, 2012, the Credit Union's independent auditors, Orth, Chakler, Murnane & Co., 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 2012 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.

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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 Wilcox

Allison Wilcox
Chairman, Supervisory Committee

BOARD OF **DIRECTORS**

Kenneth D. Stevenson, Jr.
Chairman of the Board
Volunteer since 1992

Michael P. DePasquale
Volunteer since 2002

Michael W. Hawman
Volunteer since 1998

Angela F. Bull
First Vice Chairwoman
Volunteer since 1998

Janice Deskus
Associate Director
Volunteer since 2011

Allison Wilcox
Associate Director
Volunteer since 2009

Mark P. Allen
Second Vice Chairman
Volunteer since 1998

Raymond C. Gandy III
Volunteer since 1997

Kenneth Wilczewski
Volunteer since 1998

Catherine M. Banbury
Volunteer since 1984

Gerald Benedetto
Volunteer since 1982

A. Lisa Burgarella
Volunteer since 1992

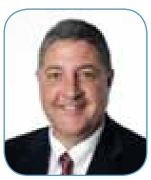
Joseph R. Camposeo
Volunteer since 1977

OFFICERS

William J. Dokas
President &
Chief Executive Officer

John C. Conant
Executive Vice President,
Chief Financial Officer

Dean Marchessault
Executive Vice President,
Chief Operations Officer



Edward H. Fox
Senior Vice President,
Chief Lending Officer

Jim Evans
Senior Vice President,
Information Technology

Teresa E. Knox
Senior Vice President,
Retail Delivery & Operations

Susan M. Bushnik
Vice President,
Human Resources

Jennifer L. Cowles
Vice President,
Real Estate Lending

Brian A. Kennedy
Vice President,
Marketing & Public Relations

Peter J. Melly
Vice President,
Business Services

Larry W. Michaud, Jr.
Vice President,
Finance

Kevin J. Murray
Vice President,
Branch Operations &
Administration

Debra J. Plourde
Vice President,
Consumer Lending

Ann G. Riley
Vice President,
Quality

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

Chris A. Willey
Vice President,
Risk Management

VOLUNTEERS

Jeffrey Arakelian
Supervisory Committee
Volunteer since 2009

Nagaraj Channsandra
Supervisory Committee
Volunteer since 2010

Stephanie Costello
Supervisory Committee
Volunteer since 2009

Vincent Mugavero
Marketing Committee
Volunteer since 2010

Joseph Ploszay
Loan Advisory and
Technology Committees
Volunteer since 2010

Michael Rogers
Marketing Committee
Volunteer since 2010

CONSOLIDATED STATEMENT OF **FINANCIAL CONDITION**

(In thousands)	2012	2011
Assets		
Cash on Hand and in Banks	$180,958	$102,163
Investment Securities	407,276	461,868
Loans to Members	732,964	723,575
Accrued Interest Receivable	4,096	4,574
Other Assets	6,201	5,232
Premises and Equipment	16,712	16,549
National Credit Union Share Insurance Fund	11,929	11,947
Total Assets	$1,360,136	$1,325,908
Liabilities and Members' Equity		
Members' Shares	$1,208,114	$1,176,317
Notes Payable	20,000	20,000
Dividends Payable	143	206
Accrued Expenses and Other Liabilities	17,350	16,652
Members' Retained Earnings	114,529	112,733
Total Liabilities and Members' Equity	$1,360,136	$1,325,908

CONSOLIDATED STATEMENT OF **INCOME**

(In thousands)	**2012**	**2011**
Interest Income		
Interest on Loans	$37,033	$39,199
Income from Investments	5,212	6,354
Total Interest Income	42,245	45,553
Interest Expense		
Dividends on Shares	6,220	9,268
Interest on Borrowed Money	718	792
Total Interest Expense	6,938	10,060
Net Interest Income	35,307	35,493
Provision for Loan Loss	2,670	2,750
Net Income after Provision	32,637	32,743
Non-Interest Income		
Visa Operating Income	2,976	3,012
Other	10,652	8,410
Total Non-Interest Income	13,628	11,422
Non-Interest Expense		
Compensation & Benefits	23,615	21,047
Office Operations	7,786	7,456
Loan Servicing	3,077	2,795
Office Occupancy	2,487	2,295
Education & Promotion	854	759
Professional & Outside Service	861	899
Travel & Conference	331	340
Miscellaneous Operating	347	259
Member Insurance	275	194
Operating Fees	255	250
Impairment Loss on Investments	0	250
Total Non-Interest Expense	39,888	36,544
NCUA Premium Assessment	1,126	2,987
Net Income	$5,251	$4,634

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

Plainville
378 New Britain Avenue
Plainville, CT 06062

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, ext. 5101
800.842.0145, ext. 5101

americaneagle.org

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