2013 ANNUAL REPORT

CARING TRUST DEPENDABILITY






American Eagle™
Federal Credit Union

REPORT TO OUR **MEMBERSHIP**

Since our founding in 1935, American Eagle Federal Credit Union has been committed to providing its members with a complete line of products and services that meet their growing financial needs with outstanding levels of customer service and value. Equally important is the Credit Union's steadfast commitment to provide a safe and sound financial institution that members can depend upon and trust to serve their needs now and into the future. In reflecting upon the achievements and financial performance of 2013, we are pleased to report that we are continuing on our steady path toward fulfilling these goals.

During 2013, we continued to expand our branch network with the opening of our South Windsor branch at 530 Buckland Road. We are also pleased to note that the Credit Union began construction of a new branch facility in Newington at 3579 Berlin Turnpike. This branch is scheduled to open in May of 2014. The completion of our Newington branch will bring the total number of publicly accessible branches to 13 throughout our community field of membership, which encompasses Hartford, Middlesex, and Tolland counties. We also added convenience for our membership with the addition of a branch and ATM locator. Members can now use our web site, online banking, or mobile banking sites to identify the nearest branch or ATM location, including surcharge-free ATMs in the Allpoint® and SUM® networks. We are pleased that our continuing branch and ATM expansions are adding greater access and convenience to our expanding field of membership, which now totals nearly 103,000 members.

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

In keeping with our mission to provide maximum convenience and a complete line of products and services to our members, we improved our auto lending with an enhancement to our Indirect Auto Lending Program. Now members can apply for a Credit Union loan through any one of over 50 dealerships in our tri-county market area and close the loan without ever having to come into the Credit Union. We also introduced a First-time Auto Buyer Loan. This product is designed to meet the needs of younger auto buyers and members who may have a limited credit profile.

In the area of financial performance, we are pleased to report that the Credit Union ended the year with $4.6 million of net income and members' retained earnings grew to $129 million, or 9.46% of assets, which now total $1.36 billion. This reserve level is a testament to the financial stability of the Credit Union. In addition to our focus on the safety and soundness of the Credit Union, we want to assure our membership that we are equally mindful of the safety of members' records and confidential information.

American Eagle continues to strive to play an important role in the communities where we conduct business. The year 2013 was no exception as we continued to expand our presence as a community leader and a community credit union. Throughout last year, our employees contributed nearly 1,500 hours in volunteer service to a variety of civic and community organizations. Additionally, the Credit Union provided over $79,000 in financial support and charitable giving to more than 111 nonprofit organizations throughout Hartford, Middlesex, and Tolland counties. As a community credit union, we recognize the importance of supporting the many agencies and organizations that provide services to those in need and improve the quality of life in their communities.

We are looking forward to 2014 and another year of continued success for the Credit Union as we strive to provide even more to our members with quality products and exceptional member service. As the year progresses, members can look forward to additional products and enhancements to our existing products and programs. The Credit Union will be introducing the new Visa® Signature Card to the membership and offering a new and improved Visa Rewards Program. Additionally, the Credit Union will launch a new student lending program called *"Credit Union Student Choice."* This program will enable students and parents to borrow up to $75,000 for undergraduate school and up to $100,000 for graduate school. We will also be introducing new Checking account product offerings, which will improve the value and convenience members can receive. These new programs and product enhancements validate our commitment to providing financial products and services that satisfy member needs in an ever-changing financial services marketplace.

We wish to express our gratitude to our volunteer Board and Committee members for their guidance and dedication to the Credit Union during this year and previous years, to the Credit Union staff for their hard work and accomplishments, and to our members for their continued support and use of Credit Union services. Together, these individuals continue to demonstrate the principles and philosophy of cooperation on which credit unions were founded, and they have contributed greatly to the level of success the Credit Union has achieved today. We are looking forward to serving the financial needs of our membership in 2014 and for generations to come.

Respectfully submitted,

A. F. Bull
Angela F. Bull
Chairman, Board of Directors

William J. Dokas
William J. Dokas
President & Chief Executive Officer

COMMUNITY OUTREACH

American Eagle Federal Credit Union has maintained a longstanding commitment to the communities it serves 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.

Our employees read to children at East Hartford's Willowbrook School, which serves preschoolers enrolled in Head Start and preschool special education. The West Hartford branch distributed 50 savings kits and our volunteers talked to 300 students about financial careers during a career day at Sedgwick Middle School in West Hartford. At East Hartford Middle School, our employees gave a "how to save for college" presentation to parents and students participating in the U.S. Department of Education's GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs). This discretionary grant program is designed to increase the number of low-income students who are prepared to enter and succeed in college. Employees talked to parents about saving for college during lunch-and-learn events held in conjunction with parent-teacher conferences. Our staff taught financial literacy to students at Conard High School's REACH program in West Hartford, Pathways High School in Windsor, and at CREC's Greater Hartford Academy of Arts High School in Hartford.

Employees also helped over 900 high school students understand personal finance and money management strategies at Credit Union League of Connecticut-sponsored Financial Reality fairs held at Central Connecticut State University and the State Capitol. Our

In 2013, the Credit Union provided over $79,000 in support to 111 nonprofit organizations.

employees spoke at career fairs and mentoring events at Glastonbury High School and Newington High School. We taught financial literacy to Wesleyan University students enrolled in The Ronald E. McNair Post Baccalaureate Achievement Program. We also held a financial education workshop for Pratt & Whitney employees in East Hartford.

Throughout 2013, our employees helped others through a number of initiatives, from selling apple pies at the Glastonbury Apple Harvest Festival to grilling hot dogs and hamburgers at the Klingberg Family Centers' Vintage Motorcar Festival in New Britain. Employees stuffed 4,000 giveaway bags for the South Windsor Jaycees Wapping Fair. Shelves were stocked at the Enfield Food Bank and turkeys were collected for Foodshare's annual drive. We collected and distributed food for Amazing Grace Food Pantry in Middletown and food pantries in East Hartford, Glastonbury, Manchester, and South Windsor. At our Plainville and Southington branches, volunteers collected toys for tots. We also collected 21 units of blood during the Red Cross Blood Drive at the West Hartford branch.

During the Credit Union's free electronic recycling and paper shred events, Iron Mountain shredded 20,000 pounds of paper and SpaceFitters recycled 9,952 pounds of electronics, including computers, printers, and televisions.

In 2013, the Credit Union provided over $79,000 in support to 111 nonprofit organizations. More than $30,000 was raised and contributed to the American Eagle Federal Credit Union Fund at the Hartford Foundation for Public Giving from nine fundraising events. Grants totaling $32,000 were awarded from the Credit Union Fund to Purple Heart Homes' Manchester project, South Windsor Food & Fuel Bank, Amazing Grace Food Pantry in Middletown, The Cornerstone Foundation in Rockville, CREC Foundation in Hartford, Foodshare and Operation Fuel in Bloomfield, Salvation Army in Hartford, Vernon Tri-Town Fuel Bank, Enfield Loaves and Fishes Soup Kitchen, Plainville Community Food Pantry, Southington Bread for Life, Cromwell Food Pantry, special programs in East Hartford, MARC of Manchester, and United Way of Central and Northeastern Connecticut.

Money was also raised for the Credit Union Fund from activities including the in-branch Wings for Charity Fundraiser, Dining for Charity fundraisers at Sakura Japanese and Bertucci's restaurants in Glastonbury, and the Vernon Diner. The annual Putt Putt for Charity golf event in Berlin raised $22,155 for the Fund. Additional monies were raised through employee volunteer efforts at the Hebron Lions' Harvest Fair, internal computer equipment sales, and battery returns.

Direct donations of $9,000 were awarded by American Eagle Federal Credit Union to three organizations, while 78 nonprofit organizations received $38,275 during 2013. Our generous employees donated their time at 65 volunteer events. A total of 1,486 hours were contributed by 164 employees.

Since its founding in 1935, American Eagle Federal 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 to help others.

REPORT OF THE **SUPERVISORY COMMITTEE**

The audit staff conducts internal audits and reviews the adequacy and effectiveness of policies and procedures within your Credit Union.

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, 2013, 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 2013 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.

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 W. Burch

Allison W. Burch
Chairman, Supervisory Committee

BOARD OF **DIRECTORS**

Angela F. Bull
Chairman of the Board
Volunteer since 1998

Mark P. Allen
First Vice Chairman
Volunteer since 1998

Michael P. DePasquale
Second Vice Chairman
Volunteer since 2002

Catherine M. Banbury
Volunteer since 1984

Gerald Benedetto
Volunteer since 1982

A. Lisa Burgarella
Volunteer since 1992

Joseph R. Camposeo
Volunteer since 1977

Stephanie Costello
Associate Director
Volunteer since 2009

Janice Deskus
Associate Director
Volunteer since 2011

Raymond C. Gandy III
Volunteer since 1997

Michael W. Hawman
Volunteer since 1998

Kenneth D. Stevenson, Jr.
Volunteer since 1992

Allison W. Burch
Associate Director
Volunteer since 2009

Kenneth Wilczewski
Volunteer since 1998

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

Michael C. Ferraro
Vice President,
Consumer Lending

Brian A. Kennedy
Vice President,
Marketing & Public Relations

Larry W. Michaud, Jr.
Vice President,
Finance

Kevin J. Murray
Vice President,
Branch Operations &
Administration

Debra J. Plourde
Vice President,
Real Estate Lending

Ann G. Riley
Vice President,
Organizational
Excellence

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 Channasandra
Supervisory Committee
Volunteer since 2010

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)	2013	2012
Assets		
Cash on Hand & in Banks	$76,817	$180,958
Investment Securities	481,049	407,276
Loans to Members	760,850	732,964
Accrued Interest Receivable	4,131	4,096
Other Assets	7,335	6,201
Premises & Equipment	17,903	16,712
National Credit Union Share Insurance Fund	11,840	11,929
Total Assets	$1,359,925	$1,360,136
Liabilities and Members' Equity		
Members' Shares	$1,199,737	$1,208,114
Notes Payable	20,000	20,000
Dividends Payable	101	143
Accrued Expenses & Other Liabilities	11,506	17,350
Members' Retained Earnings	128,581	114,529
Total Liabilities & Members' Equity	$1,359,925	$1,360,136

CONSOLIDATED STATEMENT OF **INCOME**

(In thousands)	**2013**	**2012**
Interest Income		
Interest on Loans	$34,344	$37,033
Income from Investments	4,934	5,212
Total Interest Income	39,278	42,245
Interest Expense		
Dividends on Shares	4,416	6,220
Interest on Borrowed Money	850	718
Total Interest Expense	5,266	6,938
Net Interest Income	34,012	35,307
Provision for Loan Loss	2,800	2,670
Net Income after Provision	31,212	32,637
Non-Interest Income		
Visa® Operating Income	3,259	2,976
Other	12,407	10,652
Total Non-Interest Income	15,666	13,628
Non-Interest Expense		
Compensation & Benefits	24,052	23,615
Office Operations	8,564	7,786
Loan Servicing	3,076	3,077
Office Occupancy	2,512	2,487
NCUA Premium Assessment	947	1,126
Professional & Outside Services	924	861
Education & Promotion	813	854
Travel & Conference	477	331
Impairment Loss on Investments	265	0
Miscellaneous Operating	264	347
Operating Fees	231	255
Member Insurance	164	275
Total Non-Interest Expense	42,289	41,014
Net Income	$4,589	$5,251

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 (Opening 2014)
3579 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, ext. 5101
800.842.0145, ext. 5101

americaneagle.org

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