

# Safe. Sound. Today. Tomorrow.



*APL  
Federal  
Credit Union*

ANNUAL REPORT 2008

## Board of Directors

John Tochko, *Chair*

Rosalyn Furukawa, *Vice Chair*

Robert Miller, *Treasurer*

Charlene Hustead, *Recording Secretary*

Philip Albert, *Director*

Gwendolyn Boyd, *Director*

Laura Davis, *Director*

Jim Knowles, *Director*

Peter Newman, *Director*



**ROBERT MILLER**  
*Treasurer*

## Supervisory Committee

Shawn Dancik, *Chair*

Wayne Bethea

Karen Brown



**SHAWN DANCIC**  
*Chair,  
Supervisory Committee*



## A Message from Our President & Chairman

**O**ne of the hallmarks of APL Federal Credit Union's mission is to provide our members with safety and stability. Through sound underwriting, a conservative investment strategy, and a focus on long-term results over short-term gains, the Credit Union's staff and board of directors is dedicated to providing a safe haven for our members' assets even in the toughest of economic times.

In 2008 the financial services sector as a whole experienced one of the worst years in history, but we are happy to report that APL Federal Credit Union is thriving. While numerous banks suffered catastrophic losses, erasing billions from their balance sheets and putting their future survival in doubt, APL FCU posted net income in excess of \$1 million.

Additionally, APL FCU's capital growth was the result of efficient operations and sound investment choices, not from charging high fees for essential financial services. In fact, APL Federal Credit Union's average fee amount charged per member is extremely low even by credit union standards. On average, peer credit unions have a fee structure three times higher than ours, and for many banks the fee structure is five to six times higher than at our Credit Union.

We have always prided ourselves on offering unmatched value to our members. We believe this value proposition is one of the key reasons why APL Federal Credit Union experienced positive savings and loan growth during the worst financial crisis since the Great Depression and the worst U.S. recession in decades.



*James T. Deegan*  
**JAMES T. DEEGAN**  
 President/CEO



*John Tochko*  
**JOHN TOCHKO**  
 Chair,  
 Board of Directors

In 2008, the Credit Union's loan portfolio grew almost 13%, to a record \$138 million. This is on top of the 7% loan growth the previous year, and represents an increase of almost \$16 million when compared with 2007. This growth was realized without compromising the Credit Union's underwriting standards, as APL FCU's delinquent loan percentage remained well below the credit union industry's peer average.

Perhaps even more impressive, APL FCU's total deposits increased 6% in 2008, at a time when many consumers are depleting their savings just to make ends meet. The strong growth in deposits helped fuel a \$14 million increase in total assets, helping the Credit Union reach a record \$269.5 million in assets by year-end.

Safety, soundness, profitability and growth are all important components of APL Federal Credit Union's overall strategy, but our real success is measured by improving member services.

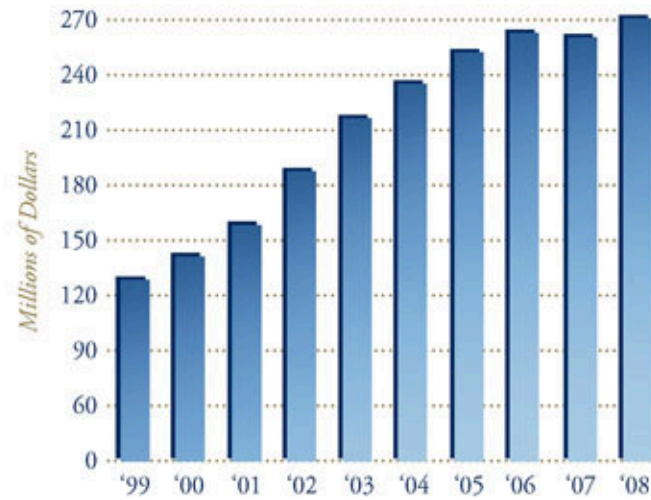
In December 2008, we launched a completely redesigned Web site, [aplfcu.org](http://aplfcu.org), using a new Web Services Provider. The new site allowed the Credit Union to offer better service at a lower cost, which we passed along to the members in the form of free electronic bill payment, free check imaging, several fee reductions and other enhancements. We will continue to build upon our new Web site in the years to come, adding new features and enhancements for our members whenever possible.

As the financial services industry, and the country as a whole, continues to suffer through a difficult recession, you can rest assured that APL Federal Credit Union is fully dedicated to its members. We will continue to provide a high level of value and service for years to come, without compromising the safety and soundness of member assets.

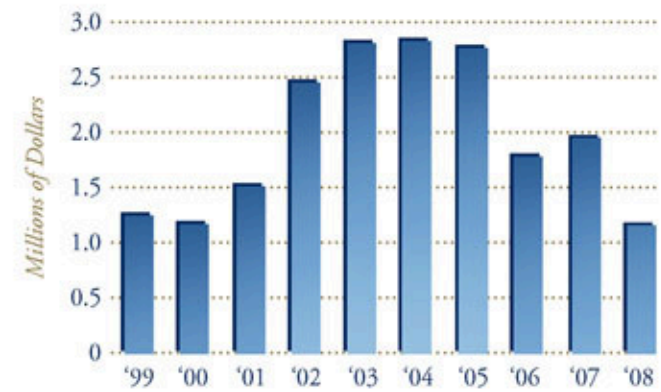
As always, we remain **"At Your Service, In Your Community."**

# 10-Year Annual Report Data

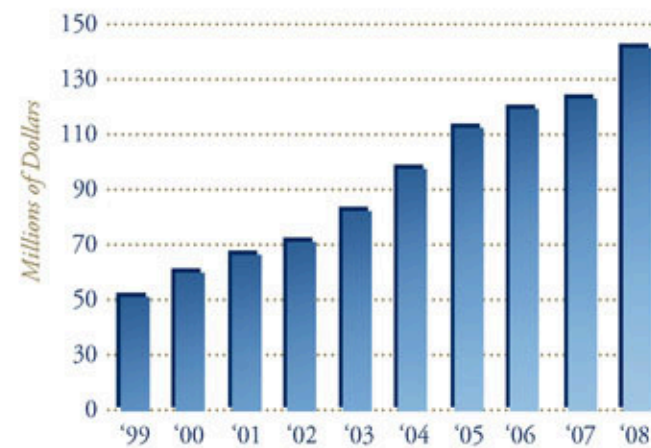
## Assets



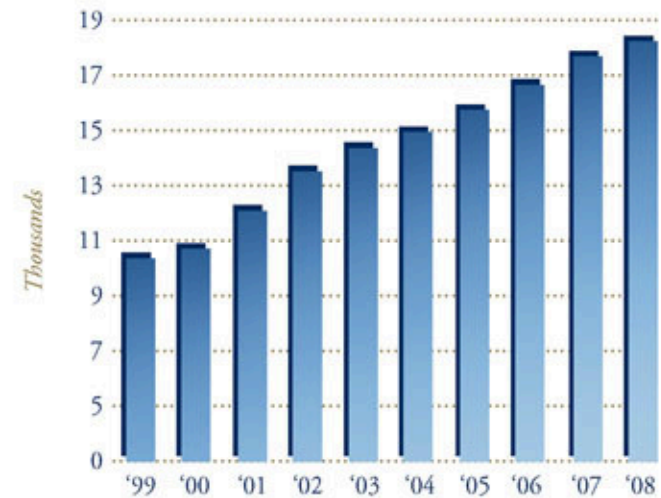
## Net Income



## Total Loans

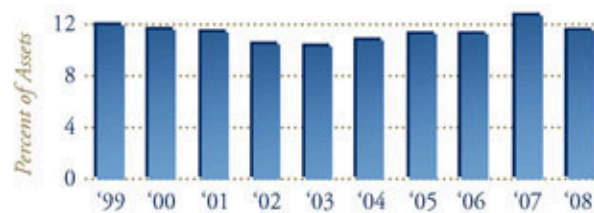


## Number of Members

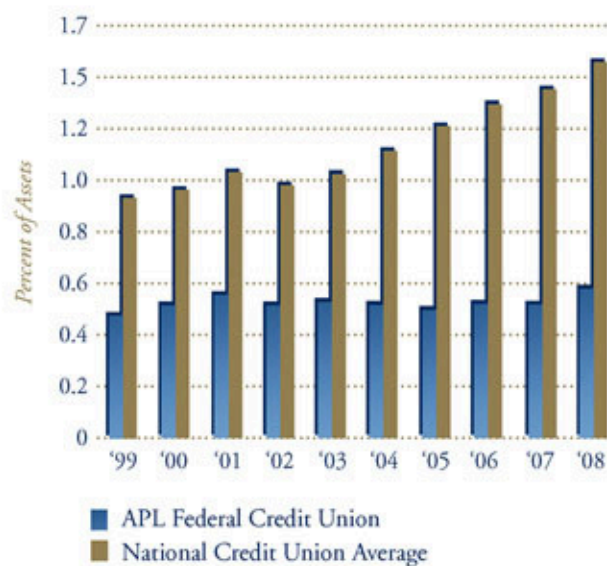




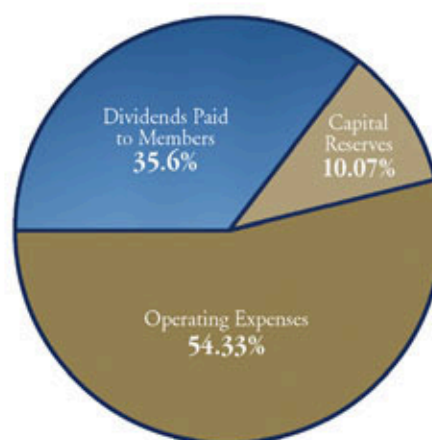
## Net Worth



## Fees & Other Operating Income to Average Assets



## Distribution of Income



## Statements of Financial Condition

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
<b>Loans</b>		
Loans to Members - Less Allowance for Loan Losses, and Net Deferred Loan Income	\$ 137,860,394	\$ 122,113,622
Loan Notes Receivable	0	778,000
<b>Loans Net:</b>	<b>\$ 137,860,394</b>	<b>\$ 122,891,622</b>
Accounts Receivable	\$ 26,273	\$ 89,000
Cash	2,296,497	2,882,011
Investments	112,194,061	114,186,368
Accrued Income Receivable	961,500	1,301,696
Prepaid Expenses	196,909	181,316
Buildings & Land	10,755,059	10,949,436
Furniture & Equipment	966,418	1,049,761
NCUSIF Deposit	1,986,671	1,996,444
Other Assets	2,275,957	0
<b>Total Assets:</b>	<b>\$ 269,519,739</b>	<b>\$ 255,527,654</b>
<b>LIABILITIES AND EQUITY</b>	<b>2008</b>	<b>2007</b>
<b>Liabilities</b>		
Accounts Payable	\$ 72,283	\$ 286,594
Accrued Expenses	702,895	436,892
Other Liabilities	376,493	376,493
<b>Total Liabilities:</b>	<b>\$ 1,151,671</b>	<b>\$ 1,099,979</b>
<b>Equity</b>		
Savings	71,003,042	69,500,942
Checking	29,266,245	26,708,584
Preferred Money Market	52,216,940	41,397,017
IRA Money Market	2,697,044	2,047,909
IRA Certificates	19,397,373	18,597,131
Certificates of Deposit	62,507,775	66,043,273
<b>Total Shares:</b>	<b>\$ 237,088,419</b>	<b>\$ 224,294,856</b>
<b>Reserves</b>		
Regular Reserve	\$ 2,614,801	\$ 2,614,801
Undivided Earnings	28,489,285	26,695,317
Net Allowance to Adjust Investments to Fair Value	(627,840)	(594,775)
Other Comprehensive Income	(376,493)	(376,493)
Net Income (Loss)	1,179,896	1,793,969
<b>Total Equity:</b>	<b>\$ 268,368,068</b>	<b>\$ 254,427,675</b>
<b>Total Liabilities &amp; Equity:</b>	<b>\$ 269,519,739</b>	<b>\$ 255,527,654</b>

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# Statements of Income

<b>Operating Income</b>	<b>2008</b>	<b>2007</b>
Interest on Loans	\$ 3,183,535	\$ 3,288,137
Interest on Real Estate Loans	4,626,687	4,652,902
<b>Net:</b>	<b>\$ 7,810,222</b>	<b>\$ 7,941,039</b>
Income From Investments	4,312,024	5,075,654
Fees and Charges	526,444	473,622
Other Operating Income	1,023,658	966,623
<b>Total Operating Income:</b>	<b>\$ 13,672,348</b>	<b>\$ 14,456,938</b>
<b>Operating Expenses</b>	<b>2008</b>	<b>2007</b>
Compensation	\$ 3,059,044	\$ 2,846,457
Employee/Retiree Benefits	1,526,013	1,266,707
Education & Conference Expenses	73,224	69,207
Association Dues	13,743	14,496
Office Occupancy Expenses	740,515	662,010
Office Operations Expenses	750,493	666,318
Education & Promotional Expenses	162,738	146,578
Loan Servicing Expenses	251,881	248,758
Professional & Outside Services	522,100	470,217
Regulatory Fees	56,975	51,982
Cash Over and Short	(441)	1,232
Annual Report & Meeting Expenses	4,000	(9,000)
Miscellaneous Operating Expenses	211,511	14,634
Share Draft Processing Expenses	56,272	54,981
<b>Total Operating Expenses:</b>	<b>\$ 7,428,068</b>	<b>\$ 6,504,577</b>
Provision for Loan Losses	406,000	190,000
Interest on Borrowed Money	0	15,260
<b>Non-Operating Gains (Losses)</b>		
Gain (Loss) on Investments	208,800	1,587
Gain (Loss) on Disposition of Assets	0	0
Other Non-Operating Income (Expenses)	(69)	(1,587)
<b>Total Non-Operating Gains (Losses):</b>	<b>\$ 208,731</b>	<b>\$ 0</b>
Income (Loss) Before Dividends	\$ 6,047,011	\$ 7,747,101
Dividends	\$ (4,867,115)	\$ (5,953,132)
<b>Net Income (Loss):</b>	<b>\$ 1,179,896</b>	<b>\$ 1,793,969</b>



# Our Mission

*APL Federal Credit Union is  
dedicated to providing its  
members quality financial services  
with a competitive edge, while  
ensuring the safety and stability  
of financial assets.*

*APL  
Federal  
Credit Union*

11050 Johns Hopkins Road, Laurel, MD 20723  
240-228-5250 Washington, D.C. Area  
443-778-5250 Baltimore Area  
1-800-367-5796 Out of Area

**aplfcu.org**

