



moving *forward*

APL FEDERAL CREDIT UNION
2010 ANNUAL REPORT

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 Dancik
Chair



A MESSAGE FROM OUR PRESIDENT & CHAIRMAN

The slow pace of economic recovery over the past few years has caused APL Federal Credit Union's senior management and board of directors to focus on two primary goals:

- Increasing the overall value of being an APL FCU member.
- Ensuring the safety and stability of our members' and the Credit Union's financial assets.

Whether we are introducing new products and services, maintaining low fees when so many other financial institutions are raising theirs, or implementing new initiatives to improve member service, we are constantly making sure these efforts to improve the Credit Union do not compromise our financial stability.

Maintaining a solid financial footing in these uncertain economic times can be difficult, but credit unions are also facing the added burden of the National Credit Union Administration (NCUA) Corporate Stabilization Program that went into effect in 2009 (The NCUA is the credit union equivalent of the FDIC. It federally insures your deposits to at least \$250,000). This legislation requires all credit unions to contribute funds to the NCUA over the next several years to ensure its financial well-being.

The legislation has caused numerous credit unions to post negative earnings for 2010, as their NCUA stabilization expense exceeded their net income. This was not the case for APL FCU, as we exceeded \$1.7 million in net income for the year, prior to the stabilization expense. Even after deducting the stabilization expense we surpassed \$1 million in net income for the year.

Many credit unions have cut services and raised fees in response to the economic downturn and new financial regulations, but we remained diligent in maintaining our low fee structure while adding several new services for our members. We launched our

free Mobile Banking service, introduced a free Quicken interface for our personal financial management software users, and rolled out free electronic documents (eDocuments) to our eStatement users.

We also launched our new Open Transfer service in 2010, which allowed members to transfer funds between APL FCU and other financial institutions quickly and easily. In just the first six months after the launch, we had more than 800 members sign up for the service and conduct transfers totaling more than a half million dollars.

In addition to these service enhancements, APL FCU also assisted our members with above-market savings rates and below-market loan rates. This helped us experience savings and loan growth well above national peer averages, and propelled us to several new milestones. For the first time ever, APL FCU finished the year above \$150 million in loans outstanding. We also witnessed our assets surpass one-third of a billion dollars for the first time, as continued strong growth has seen our assets almost triple in just the past 12 years.

In 2010, APL FCU members increased their total savings by more than \$27 million, exceeding a 10% growth rate for the second straight year. Loan growth for the year was more than twice the 2009 rate, while the 6% increase in total loans outstanding is even more impressive considering the credit union industry as a whole experienced a stagnant growth rate.

As we move forward in the years ahead, we will continue to focus on improving the overall member experience without compromising our financial soundness or philosophy. This approach has served our members well for the past 56 years, and we are confident it will continue to do so in the future.

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



Jim Deegan
President/CEO

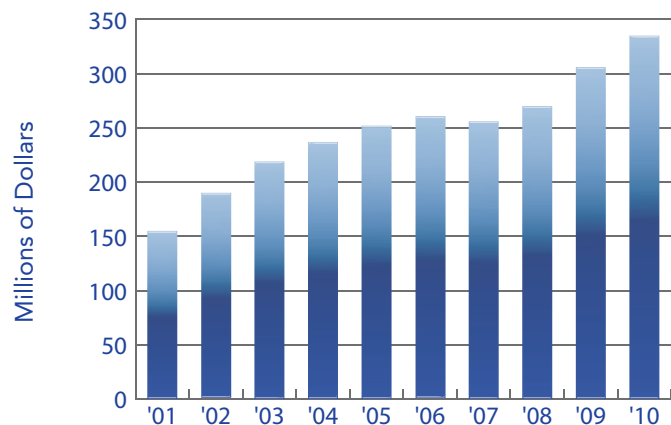


John Tochko
Chair

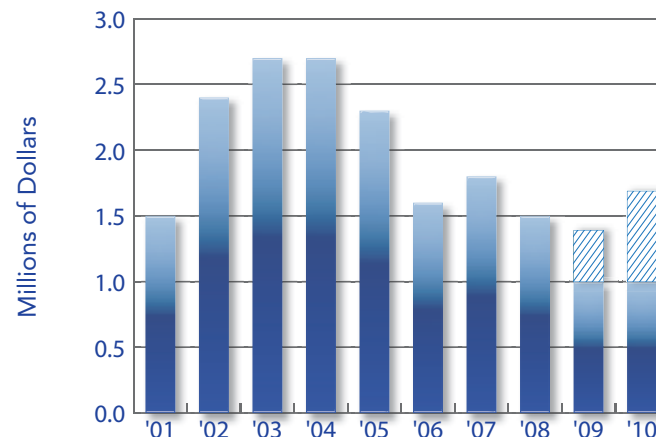
10-YEAR ANNUAL REPORT DATA

2000

ASSETS

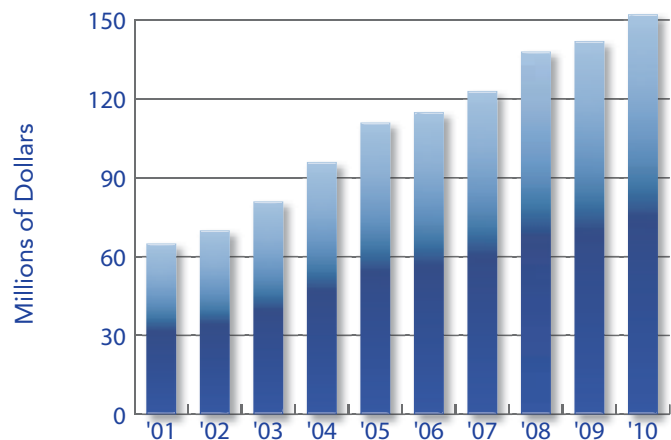


NET INCOME

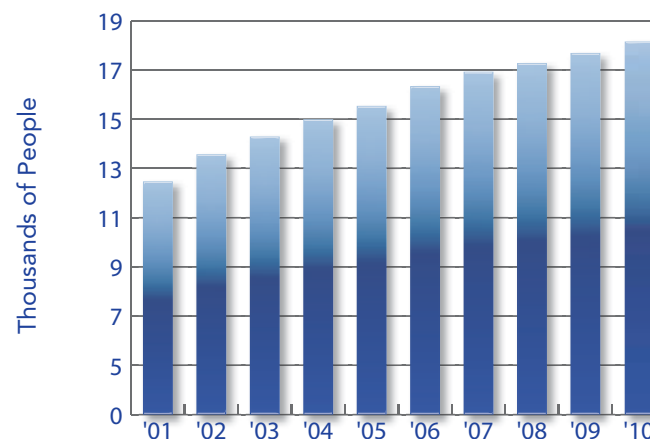


*2009 and 2010 income shown before and after NCUA Stabilization Expense

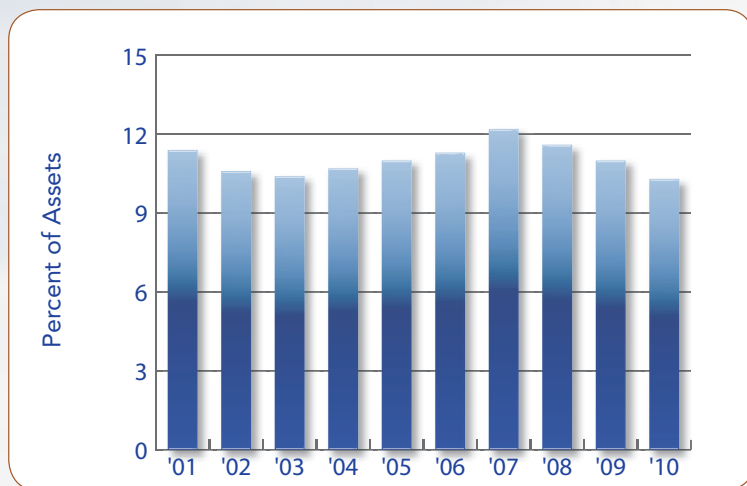
TOTAL LOANS



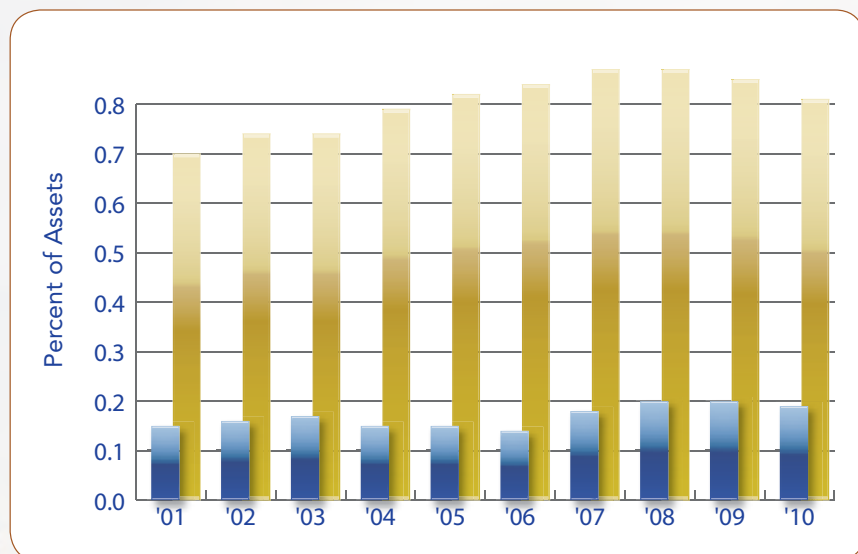
NUMBER OF MEMBERS



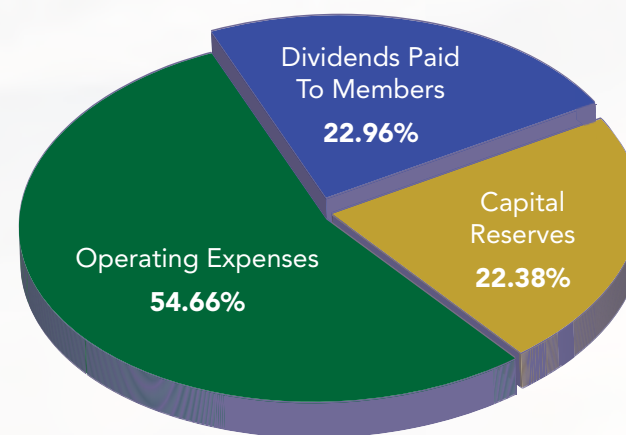
NET WORTH



MEMBER FEE INCOME TO AVERAGE ASSETS



DISTRIBUTION OF INCOME



- APL Federal Credit Union
- National Credit Union Average

STATEMENTS OF FINANCIAL CONDITION

ASSETS

	2010	2009
Loans		
Loans to Members - Less Allowance for Loan Losses, and Net Deferred Loan Income	\$ 149,521,682	\$ 141,227,993
Loan Notes Receivable	1,306,035	915,890
Loans Net:	\$ 150,827,717	\$ 142,143,883

Other Assets

Accounts Receivable	\$ 160,214	\$ 46,370
Cash	2,092,668	2,493,280
Investments	166,083,903	146,330,738
Accrued Income Receivable	886,797	897,306
Prepaid Expenses	237,966	259,449
Buildings & Land	10,366,302	10,560,681
Furniture & Equipment	660,301	820,302
NCUSIF Deposit	2,746,516	2,431,158
Other Assets	966,990	455,000

Total Assets:	\$ 335,029,374	\$ 306,438,167
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LIABILITIES & EQUITY

	2010	2009
Liabilities		
Accounts Payable	\$ 344,920	\$ 274,807
Accrued Expenses	1,166,573	903,246
Other Liabilities	0	272,689

Total Liabilities:	\$ 1,511,493	\$ 1,450,742
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Equity

Savings	89,942,449	78,386,170
Checking	36,217,525	34,170,034
Preferred Money Market	67,660,404	59,773,555
IRA Money Market	4,090,042	3,783,962
IRA Certificates	23,655,449	22,109,287
Certificates of Deposit	76,907,824	72,646,763

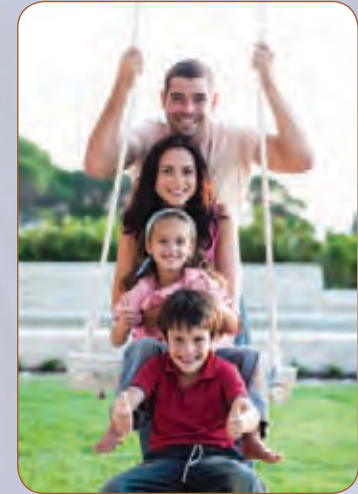
Total Shares:	\$ 298,473,693	\$ 270,869,771
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Reserves

Regular Reserve	\$ 2,614,801	\$ 2,614,801
Undivided Earnings	31,014,120	30,006,771
Net Allowance to Adjust Investments to Fair Value	699,059	1,271,453
Other Comprehensive Income	(324,663)	(782,720)
Net Income (Loss)	1,040,871	1,007,349

Total Equity:	\$ 333,517,881	\$ 304,987,425
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Total Liabilities & Equity:	\$ 335,029,374	\$ 306,438,167
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STATEMENTS OF INCOME

STATEMENTS OF INCOME

Operating Income

Interest on Loans	\$ 2,501,983	\$ 2,836,841
Interest on Real Estate Loans	4,996,495	4,713,867

Net: \$ 7,498,478 \$ 7,550,708

Income from Investments	4,250,824	4,040,247
Fees & Charges	591,679	565,483
Other Operating Income	1,163,751	945,030

Total Operating Income: \$ 13,504,732 \$ 13,101,468

Operating Expenses

Compensation	\$ 3,254,632	\$ 3,126,434
Employee/Retiree Benefits	1,622,762	1,609,714
Education & Conference Expenses	55,368	61,979
Association Dues	17,838	15,957
Office Occupancy Expenses	658,659	704,366
Office Operations Expenses	736,164	719,734
Education & Promotional Expenses	168,868	168,189
Loan Servicing Expenses	260,837	225,112
Professional & Outside Services	476,027	463,359
Regulatory Fees	71,802	64,164
Annual Report & Meeting Expenses	4,200	4,200
Miscellaneous Operating Expenses	11,654	16,671
Share Draft Processing Expenses	43,198	52,556

Total Operating Expenses: \$ 7,382,009 \$ 7,232,435

Provision for Loan Losses	1,280,900	1,064,000
Interest on Borrowed Money	0	0

Non-Operating Gains (Losses)

Gain (Loss) on Investments	6,084	33,985
Gain (Loss) on Disposition of Assets	0	0
Other Non-Operating Income (Expenses)	(2,886)	0

Total Non-Operating Gains (Losses): \$3,198 \$33,985

Income (Loss) Before Dividends	\$ 4,845,021	\$ 4,839,018
Dividends	\$ (3,101,115)	\$ (3,466,996)

Net Income (Loss) Before NCUSIF Stabilization Expense: \$ 1,743,906 \$ 1,372,022

NCUA Insurance Premium	341,118	0
NCUA Stabilization Expense	361,917	364,673

Net Income (Loss): \$ 1,040,871 \$ 1,007,349



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.

APLFCU.ORG