

A close-up photograph of a woman's face, showing her eyes, nose, and a wide smile. The image is cropped on the left side, focusing on the right half of her face.

Shining THROUGH

A solid dark blue circle that serves as a background for the year and report title.

2009 ANNUAL
REPORT

APL FEDERAL CREDIT UNION APL FEDERAL CREDIT UNION APL FEDERAL CREDIT UNION APL FED

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 DANKIK, Chair

WAYNE BETHEA

KAREN BROWN



SHAWN DANKIK
Chair,
Supervisory
Committee

A Message from Our PRESIDENT & CHAIRMAN

The staff and board of directors of APL Federal Credit Union take pride in providing the credit union's members with unsurpassed value while ensuring the safety and stability of financial assets. This has taken on added significance the past few years, as the global economic downturn that started in 2007 continued throughout 2008 and 2009.

While so many other banks and credit unions are posting record losses in these difficult times, we are pleased to report that APLFCU's conservative business approach and sound investment and lending philosophy have allowed the Credit Union to experience another year of strong financial results.

Despite one of the worst investment environments in decades, APLFCU earned more than \$1 million in 2009, while experiencing membership, loan and savings growth well above national credit union averages. The growth in both earnings and savings propelled the credit union to another milestone, as we finished the year above \$300 million in assets for the first time. By contrast, the average U.S. credit union has \$93 million in assets.

For the year ending 2009, APLFCU members increased their total savings by more than \$33 million, an increase of 14.3% from 2008. Although loan growth was down slightly from 2008, the increase of 2.8% in total loans outstanding to \$143 million was almost 50 percent better than the national credit union average. As many other financial institutions experienced negative loan growth in 2009, we were able to increase total loans by offering some of the lowest lending rates in the Credit Union's history.



James T. Deegan

JAMES T. DEEGAN
President/CEO

Perhaps most impressive about our success in 2009 is that we did not manufacture our capital growth through higher fee income charged to our members. Many financial institutions had no choice but to raise fees just to remain solvent, but APLFCU continues to have the lowest ratio of fees to average assets for any full-service credit union in our peer group. In fact, our fee ratio is less than half of the next best credit union, and five times lower than the overall peer average.

As in prior years, the strong financial results only paint part of the picture, as improving the overall member experience is a key component of any successful year. Throughout 2009, we worked diligently to fine tune the new website we launched in December 2008. The added features and benefits of the site have made banking with APLFCU that much easier and more convenient.

Additionally, we introduced several new products during the year, including our new Savings Secured VISA® card and a new Mobile Banking platform, APLFCU Mobile. In keeping with our commitment to value, the Secured VISA has the same "low rate, low fees" structure as our Classic VISA, while APLFCU Mobile is completely free for members.

As we move forward in 2010, many economists are predicting that a full economic recovery could take years. Even so, you can rest assured that APL Federal Credit Union will continue on our mission of providing quality financial services with a competitive edge, while ensuring the safety and stability of your financial assets.

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

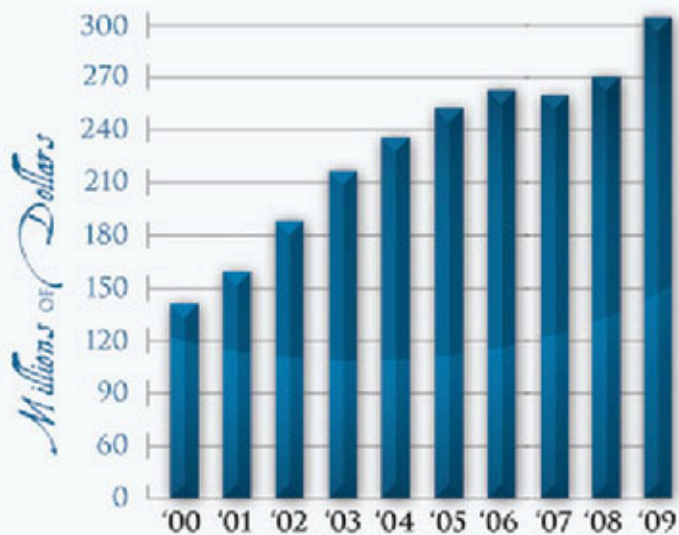


John Tochko

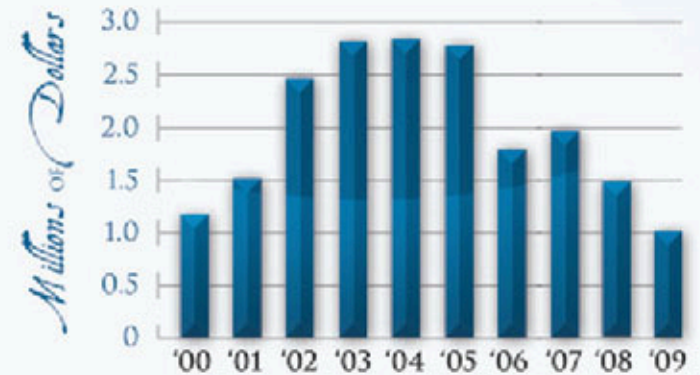
JOHN TOCHKO
Chair,
Board of Directors

10-YEAR ANNUAL REPORT DATA

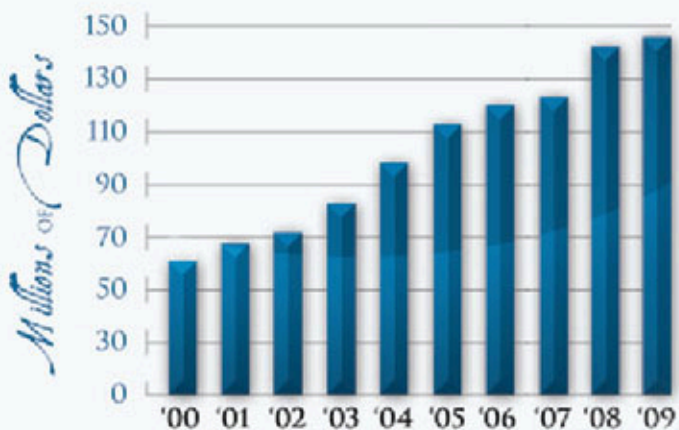
ASSETS



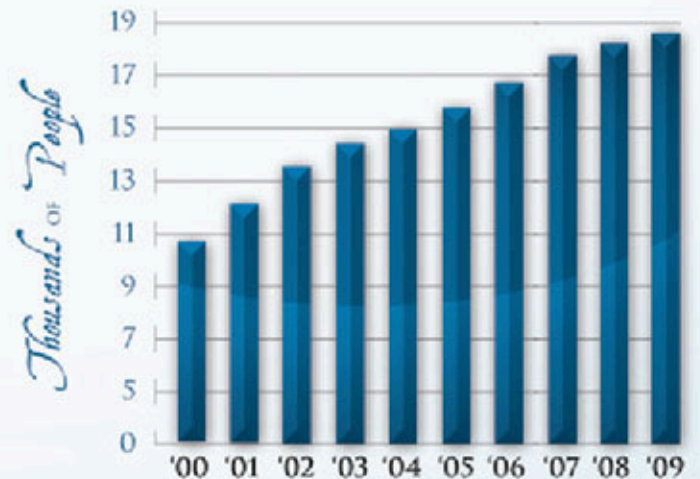
NET INCOME



TOTAL LOANS

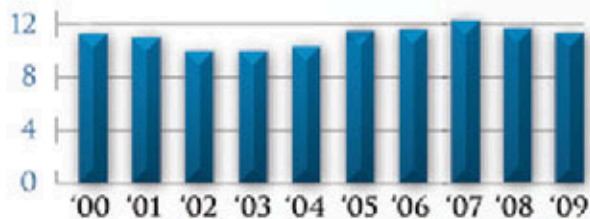


NUMBER OF MEMBERS



NET WORTH

Percent of Assets

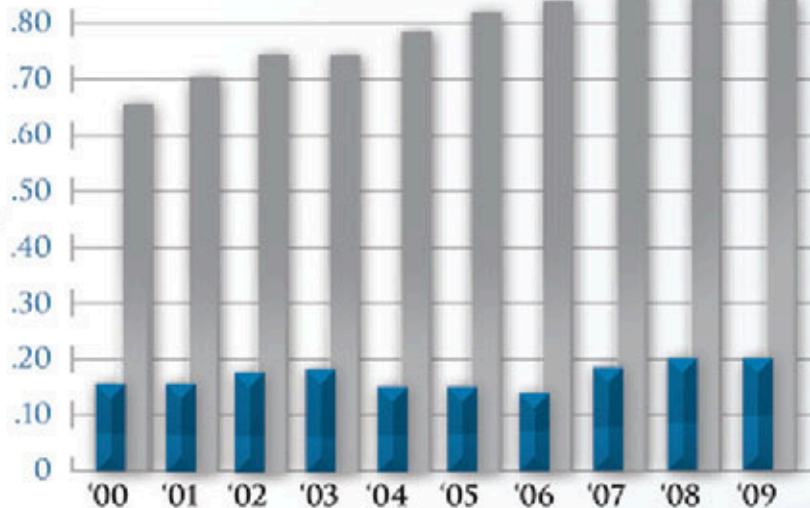


DISTRIBUTION OF INCOME



MEMBER FEE INCOME TO AVERAGE ASSETS

Percent of Assets



- APL FEDERAL CREDIT UNION
- NATIONAL CREDIT UNION AVERAGE

STATEMENTS OF FINANCIAL CONDITION

ASSETS	<u>2009</u>	<u>2008</u>
Loans		
Loans to Members - Less Allowance for Loan Losses, and Net Deferred Loan Income	\$ 141,227,993	\$ 137,860,394
Loan Notes Receivable	915,890	-
Loans Net:	\$ 142,143,883	\$ 137,860,394
Other Assets		
Accounts Receivable	\$ 46,370	\$ 26,273
Cash	2,493,280	2,296,497
Investments	146,330,738	112,194,061
Accrued Income Receivable	897,306	961,500
Prepaid Expenses	259,449	196,909
Buildings & Land	10,560,681	10,755,059
Furniture & Equipment	820,302	966,418
NCUSIF Deposit	2,431,158	1,986,671
Other Assets	455,000	2,275,957
Total Assets:	\$ 306,438,167	\$ 269,519,739
LIABILITIES AND EQUITY	<u>2009</u>	<u>2008</u>
Liabilities		
Accounts Payable	\$ 274,807	\$ 72,283
Accrued Expenses	903,246	702,895
Other Liabilities	272,689	1,512,557
Total Liabilities:	\$ 1,450,742	\$ 2,287,735
Equity		
Savings	78,386,170	71,003,042
Checking	34,170,034	29,266,245
Preferred Money Market	59,773,555	52,216,940
IRA Money Market	3,783,962	2,697,044
IRA Certificates	22,109,287	19,397,373
Certificates of Deposit	72,646,763	62,507,775
Total Shares:	\$ 270,869,771	\$ 237,088,419
Reserves		
Regular Reserve	\$ 2,614,801	\$ 2,614,801
Undivided Earnings	30,006,771	28,489,285
Net Allowance to Adjust Investments to Fair Value	1,271,453	(627,840)
Other Comprehensive Income	(782,720)	(1,850,147)
Net Income (Loss)	1,007,349	1,517,486
Total Equity:	\$ 304,987,425	\$ 267,232,004
Total Liabilities & Equity:	\$ 306,438,167	\$ 269,519,739

STATEMENTS OF INCOME

Operating Income	2009	2008
Interest on Loans	\$ 2,836,841	\$ 3,183,535
Interest on Real Estate Loans	4,713,867	4,626,687
Net:	\$ 7,550,708	\$ 7,810,222
Income From Investments	4,040,247	4,312,024
Fees and Charges	565,483	526,444
Other Operating Income	945,030	1,023,658
Total Operating Income:	\$ 13,101,468	\$ 13,672,348
Operating Expenses	2009	2008
Compensation	\$ 3,126,434	\$ 3,059,044
Employee/Retiree Benefits	1,609,714	1,188,423
Education & Conference Expenses	61,979	73,224
Association Dues	15,957	13,743
Office Occupancy Expenses	704,366	740,515
Office Operations Expenses	719,734	750,493
Education & Promotional Expenses	168,189	162,738
Loan Servicing Expenses	225,112	251,881
Professional & Outside Services	463,359	522,100
Regulatory Fees	64,164	56,975
Annual Report & Meeting Expenses	4,200	4,000
Miscellaneous Operating Expenses	16,671	211,070
Share Draft Processing Expenses	52,556	56,272
Total Operating Expenses:	\$ 7,232,435	\$ 7,090,478
Provision for Loan Losses	1,064,000	406,000
Interest on Borrowed Money	0	0
Non-Operating Gains (Losses)		
Gain (Loss) on Investments	33,985	208,800
Gain (Loss) on Disposition of Assets	0	0
Other Non-Operating Income (Expenses)	(364,674)	(69)
Total Non-Operating Gains (Losses):	\$ (330,689)	\$ 208,731
Income (Loss) Before Dividends	\$ 4,474,345	\$ 6,384,601
Dividends	\$ (3,466,996)	\$ (4,867,115)
Net Income (Loss):	\$ 1,007,349	\$ 1,517,486



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