

A.O.D.
Federal Credit Union
Annual Report 2006



Front cover: members (left to right) Lemuel King, Crystal Howard, Al Bolton, Gretchen Peterson



The AOD Visa Check Card combines the convenience of ATM access for instant cash 24 hours a day, 7 days a week.

-pictured member, Kenneth Smith

Contents

Mission Statement	2
Our History	3
Original Charter Members	4
Active Charter Members	5
Past Board Chairmen	6
Leadership Team	7
Agenda	8
56th Annual Meeting Minutes	9
Chairman's Report	12
Treasurer's Report	14
Supervisory Committee's Report	19
Statement of Financial Condition	20
Statement of Income	21
Statement of Members' Equity	22
Office Information	23
Products and Services	24
Team AOD	25



Giving back to the community! AOD Federal Credit Union 2006 Charitable Contributions to United Cerebral Palsy (left) and Youth Villages (right).



Mission Statement

AOD Federal Credit Union is a cooperative organized for members to pool their savings, lend them to one another, and own the organization where they save, borrow and obtain related financial services.

Working Vision Statement

“Quality Member Service”

Organizational Values

Progressive
Commitment to a Quality Staff
Community Service
Integrity
Commitment to Members’ Financial Well-Being





Our History

AOD Federal Credit Union was federally chartered on April 21, 1950, as a financial cooperative to serve its members. The credit union's original charter group consisted of 45 members who were all employed by the Anniston Ordnance Depot. AOD's first day of operation was May 4, 1950, in an office located on the Depot property.

Since 1950, AOD Federal Credit Union has grown to four branches, located throughout Anniston with more than 260 select employer groups. For almost 57 years, the credit union's goal has been to provide its members with sound savings programs, competitive lending and checking products, and a variety of other convenient services tailored to fit the needs of each individual member.

AOD Federal Credit Union's 57 years of service and experience has positioned the credit union to become one of the largest and most stable credit unions in the state.



Mr. Roger Thackery served as CEO of AOD Federal Credit Union from September, 1961, until his retirement in April, 1982. Prior to joining AOD, Mr. Thackery served as Finance Officer at Anniston Ordnance

Depot now known as Anniston Army Depot. During his tenure as AOD's Chief Executive Officer, the Bynum office was built, and the building was named in his honor in 1982.

Mr. Thackery was instrumental in setting up a payroll deduction program for Depot employees to encourage savings. He commented in a recent interview that he would attend Depot staff safety meetings where he would ask the employees to commit to having at least \$5 each pay period deducted to deposit in an AOD share savings. "You had to know the people, to make sound loans."

Another of Mr. Thackery's accomplishments included the development of the first children's program. He spoke to parents at the Depot and suggested that they start a savings account for their teenage children with \$5. Then when many of these children reached driving age and wanted to buy their first car, they came with their parents to co-sign on an auto loan. Mr. Thackery's leadership and commitment to AOD and its members played an important role in the Credit Union's growth.

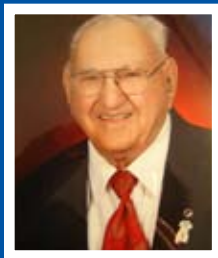
Mr. Thackery was born on January 6, 1919, near Greensburg, Indiana. He grew up on a farm there, but he knew early in life that farming would not be his career of choice. As a young adult, he left his family home and joined the Army where he served in the infantry during World War II and the Korean War. After serving in Europe, he came back to the United States and began his career at the Anniston Ordnance Depot.

Mr. Thackery and his wife, Virginia, enjoy traveling. He takes pride in the fact that he has visited every state and Canada as well. He has three sons, Russell, David, and Mark, and one daughter, Shera Lynne.

AOD Federal Credit Union Original Charter Members

Foster Oliver	Freeman A. Lambert
Jack P. Butterly	Charles W. Locke
T.L. Drummonds	Mildred J. Cowan
Milton E. Harris	Leon W. Poe
S.C. Woodard	D.E. Smith
Joseph Burn	Dudley C. Ward
Rudolph K. Baerwald	H. M. Bunch
Donald C. Koehn	E.R. Perry
Edward C. O'Brien, Jr.	Nellie C. Holmberg
M.B. Jackson	Clarence A. Gilmore
John L. Carpenter	Grady L. Tew
Lincoln Gundlack	Nobie T. Martin
Elijah J. Colley	Alanzo O'Harrow
Nell M. Flanagan	James B. Perry
Lewis E. Melton	Carrie E. Dickie
Clarence W. Gober	S.S. Penuel
Billy Malcom	Margaret Jamison
Fannie D. Battles	Ruth L. Cornelius
Catherine W. Bowling	F.J. Krysiak
James B. Owen	Revy E. Higgins
Marvin H. Voges	Thomas E. Ball
Herbert C. Price	W.W. Owens
Donald Turner	

Active Charter Members



Joe Burn

Mr. Joe Burn has been a member of AOD for over 56 years. Mr. Burn was the sixth person that was contacted to start the credit union. When asked why he wanted to participate, he stated “I joined because I was asked. I started putting \$25 in every month and I’ve been doing it ever since.” His work on the credit committee helped the credit union make sound loans to many AOD members.

Mr. Burn was born and raised in Charleston, South Carolina. He was one of four children. He started his career with the government in 1929 in Charleston. He married his late wife, Emma, in 1935. They had four children.

He was transferred to Alabama in 1942 and worked for the Anniston Ordnance Depot until he retired in 1970. He has lived in the same house in Anniston since 1952. His 10 grandchildren and 7 great grandchildren reside in many different states. He is very active in the Knights of Columbus, the Retired Federal Employees Association and Sacred Heart Church. He enjoys playing poker with friends in his spare time.

Catherine Bowling



Ms. Catherine Bowling was born in 1922 in Hamlet, NC. She moved to Anniston, Alabama to work at the Anniston Ordnance Depot in the early 1940’s leaving behind her 2 sisters and the rest of her extended family. She and her husband, John Edward, had two children: Richard and Donna.

During her career working at the Depot, she was one of the 45 individuals who pooled \$25.00 to open the credit union in order to make loans to other members. As secretary to the Depot Colonel, Ms. Bowling made time to volunteer at AOD. She processed the first loan made. She retired in 1980.

AOD Federal Credit Union is proud to recognize Ms. Bowling as a charter member and appreciates her commitment to helping the credit union grow to serve the needs of Anniston and surrounding areas.

James Perry



Mr. James Perry had always wanted to be in the military and was the first in his family to serve. Mr. Perry was drafted into the military in 1941, and proudly served 4 years, 3 months and 16 days. He then returned to his home town of Anniston, AL, and began work at the Anniston Ordnance Depot.

Soon after he began work at the Depot, he was asked to join a new credit union that was being organized to serve the needs of Depot employees. Mr. Perry and his late wife, Grace, made the decision to join AOD Federal Credit Union at the request of Mr. Roger Thackery, and that is how they became charter members. Mr. Perry was well known at the Depot, and asked others to join too. At age 88, Mr. Perry still has fond memories of his years growing up in Golden Springs, his days in the military, and the years that he and his late wife enjoyed as they raised their family.

After serving in the Army Air Corp and completing a tour of France, Italy, Germany and Africa, Mr. Perry began his career at the Depot doing carpentry work. He retired at age 55 as supervisor of the Box and Crate Shop. During that time, Mr. Perry remained a member of AOD Federal Credit Union and took advantage of the benefits available. He instilled in his three children, Robert, Bryant, and Grace, as well as his 2 granddaughters, the membership advantages that AOD offers. “AOD has been a great thing and helped my whole family,” relates Mr. Perry.

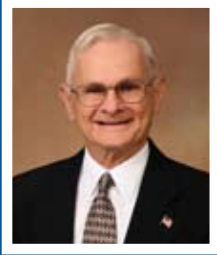
AOD FEDERAL CREDIT UNION

PAST BOARD CHAIRMEN

Rudolph K. Baerwald	5 / 1950	-	7 / 1950
George Mayne	7 / 1950	-	1 / 1951
Foster F. Oliver	1 / 1951	-	1 / 1953
Woodrow W. Owens	1 / 1953	-	1 / 1954
C. C. Parker	1 / 1954	-	1 / 1955
Jack Butterly	1 / 1955	-	1 / 1956
Troy C. Mintz	1 / 1956	-	1 / 1966
Bernise R. Slay	1 / 1966	-	1 / 1968
Edson W. Laney	1 / 1968	-	1 / 1969
Randall Q. Cassity	1 / 1969	-	1 / 1973
Robert F. Estes	1 / 1973	-	1 / 1975
Bonnie J. McDougal	1 / 1975	-	1 / 1977
Samuel E. Brown	1 / 1977	-	1 / 1979
Evelyn J. Brooks	1 / 1979	-	1 / 1980
Harold M. Mooneyham	1 / 1980	-	1 / 1982
Wallace E. Self	1 / 1982	-	1 / 1983
Chester Webb	1 / 1983	-	1 / 1984
Gordon L. "Doc" Williamson	1 / 1984	-	2 / 1991
Robert E. Nicholson	2 / 1991	-	2 / 1992
Clyde L. Wesson	2 / 1992	-	3 / 1994
Bobby J. Israel	3 / 1994	-	3 / 1995
James Dan Munroe	3 / 1995	-	4 / 1997
Gordon L. "Doc" Williamson	4 / 1997	-	3 / 1998
Clyde L. Wesson	3 / 1998	-	4 / 2000
Gordon L. "Doc" Williamson	4 / 2000	-	3 / 2002
Jimmy E. Webb	3 / 2002	-	2 / 2003
George Moore, Jr.	2 / 2003	-	2 / 2004
Clyde L. Wesson	2 / 2004	-	Current

Leadership Team

Board of Directors



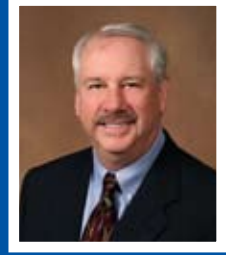
Clyde Wesson
Chairman



Ken Reid
Vice-Chairman



James Daugherty
Secretary



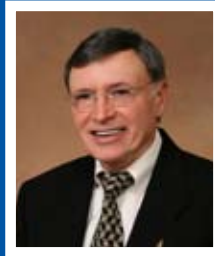
Jim Webb
Treasurer



Bobby Israel



Randy Wiggins

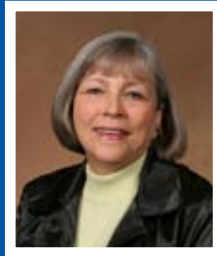


Gordon "Doc"
Williamson

Supervisory Committee



Bobby Israel
Chairman



Faye Robertson
Vice-Chairperson



Everett Kelley
Secretary/Recording
Officer



Wanda Chris
Lathem



James Dan
Munroe

Senior Management



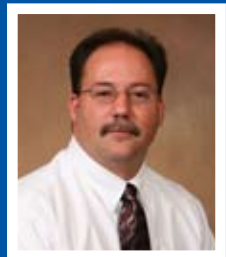
Kenneth R.
Reynolds
President and
Chief Executive
Officer



Nina Gilbert
Chief Operations
Officer



Jeff Napper
Chief Financial
Officer



Victor Morales
Chief Information
Officer

57th Annual Meeting Agenda

FEBRUARY 27, 2007

Call to order

Invocation and Pledge of Allegiance – Ken Reid, Vice Chairman

Ascertainment that a quorum is present

Reading and approval or correction of the minutes of the last meeting

Report of the Directors—Clyde Wesson, Chairman

Report of the Treasurer—Jimmy Webb, Treasurer

Report of the Supervisory Committee—Bobby Israel, Chairman

Unfinished Business

New Business other than Elections

Reporting of Board Election Results—Clyde Wesson, Chairman

Special Recognition of Employees

Adjournment

Awarding of Door Prizes



AOD offers a variety of options to help members securely save their money and build interest.

-pictured member, Donald Swearingen

Minutes of the 56th Annual Meeting

1. Date, Time, Place and Attendance:

- a. Date and Time: February 28, 2006 at 6:30 P.M.
- b. Place: Anniston Army Depot's Physical Fitness Center
- c. Attendance:
Board Members Present:
Clyde Wesson, Chairman
Ken Reid, Vice-Chairman
Gordon "Doc" Williamson, Secretary
Jim Webb, Treasurer
James Daugherty, Director
Bobby Israel, Director/Supr. Com. Chair
Randy Wiggins, Director
Supervisory Committee Members Present:
Bobby Israel, Chairman
James Dan Munroe, Vice Chairman
Faye Robertson, Recording Officer
Wanda Chris Lathem

2. Board of Directors Chairman Clyde Wesson called the meeting to order at 6:30 p.m. He verified with Secretary Gordon Williamson that a quorum was present and welcomed those in attendance to AOD's 56th Annual Meeting.

3. The invocation was presented by Everett Kelley, Pastor of St. Mary's Missionary Baptist Church in Lincoln, Alabama and AFGE Union President.

4. The Posting of the Colors was not performed due to cancellation by the Boy Scouts. Instead, Chairman Wesson asked those present to stand and Pledge Allegiance to the flag of the United States of America.

5. A special video presentation, People Helping People, was viewed by the attendees.

6. Mr. Wesson then called for a motion to suspend the reading of the 2005 Annual Meeting minutes and to approve the minutes as written. Mr. George Moore made a motion to suspend the reading of the minutes and to approve them as written. Mr. Randy Wiggins seconded the motion. The motion was approved unanimously.

7. Chairman's Report - Mr. Wesson reviewed the highlights of page 8 of the 2005 Annual Report.

“To me, AOD Federal Credit Union is personal. They have my family’s needs in mind, whereas banks can’t or won’t help.”

-James Coley



- a. He stated that we are all proud of what was accomplished in 2005, and we think that 2006 will present even greater opportunities for our members.
 - b. He added that AOD now serves its’ members in 45 states, DC, Guam, and Puerto Rico, as well as our members serving in the military throughout the world.
 - c. A total of \$42 million in loans was made in 2005. This seems like an enormous increase in total loans until you realize that \$31 million was necessary to replace the loans that matured last year. However, total loans did increase by \$11 million or 15% in 2005. This is the largest ever one year increase in loans made by AODFCU.
 - d. Mr. Wesson emphasized the Courtesy Pay Program. For those who qualify, this is a program for members who need a fast availability of small amounts of money for short periods of time.
 - e. Mr. Wesson expressed his gratitude to everyone for making this year a successful year for AODFCU.
8. Treasurer’s Report- Mr. Jimmy Webb asked those in attendance to review the report. He stated that he would answer any questions from the membership.
9. Supervisory Committee Report - Mr. Israel stated that the audits and the financial statements were all favorable, and this has been a successful year for the credit union. He also said that he had received minimal complaints from our members and that employees were providing good service to our members. If anyone has a complaint, they should contact the Supervisory Committee.
10. Mr. Wesson introduced Mr. Ken Reynolds, President and CEO of AOD Federal Credit Union. Mr. Reynolds reiterated that 2005 had been a financially sound and successful year for the credit union.
11. Mr. Wesson asked if there was any unfinished business. There was none.
12. Mr. Wesson asked if there was any new business other than elections. There was none.
13. Mr. Wesson stated that there were three positions on the Board to be filled. There were four candidates for these three positions which included the three directors whose term had expired. The three members who were elected are: Mr. Kenneth Reid, Mr. Gordon “Doc” Williamson, and Mr. Clyde Wesson. He congratulated those elected and welcomed them to the Board of Directors of AODFCU.
14. Mr. Wesson recognized the following people for contributing to AODFCU’s success.
- a. The charter members who are still AOD members: Catherine Bowling, Joseph Burn and James Perry. Mr. Burn was present and the members gave him a standing ovation.
 - b. The members who were present
 - c. The CEO and Management Staff



-pictured member,
Leida B. Tress

We want to make sure
we are serving our
members with all their
financial needs.

- d. All of the employees except the CEO and Management Staff
- e. The members of the Supervisory Committee and their spouses
- f. The members of the Board of Directors and their spouses

15. Mr. Wesson presented to the assembled members from people who had received letters of appreciation from the Board during 2005 for exceptional work for the credit union members.

a. Ms. Audrey Cole – an employee. The members repeatedly stated that Ms. Cole always treated them with respect and always made an extra effort to provide them with friendly service.

b. Ms. Mary Rice – an employee. Ms. Rice voluntarily assisted and trained the Supervisory Committee in the mechanics of applying for loans so that they could better advise the members in their loan application process.

c. Mr. Bobby Israel – a volunteer. As Chairman of the Supervisory Committee, Mr. Israel determined that the audits being performed were not adequate and that the expenses for an out of state auditor were excessive. Mr. Israel researched the market and obtained the services of a professional local audit firm to perform the required audits of AODFCU. The costs to do the annual audits were greatly reduced.

d. Mr. Jim Webb – a volunteer. Mr. Webb facilitated the Credit Union's Strategic Planning Session for the past three years, saving the credit union money. While serving as the Board Treasurer, he also has served as Chairman of the Credit Union's Asset Liability Committee for the past two years. Both of these two functions are seldom ever performed by volunteer directors.

16. Mr. Mike Abrams gave a testimonial on the wonderful service he has received at AOD FCU since becoming a member in 1983. Mr. Wesson thanked Mr. Abrams for taking the time to come speak to the membership.

17. Mr. Dan Astin, who has been a member of AOD for over 35 years, also gave a testimonial of the great service he has received since becoming a member.

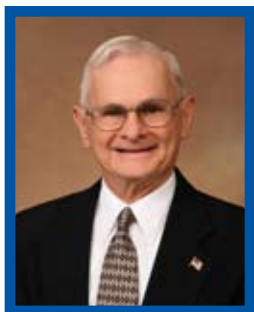
18. Mr. Joseph Burn, one of the three, original charter members, also said a few words about the credit union and the experiences he has had as a member of AOD.

19. Mr. Wesson recognized Depot Chef, Nancy Smith, for the food prepared for the annual meeting.

20. The meeting was adjourned at 8:00 P.M. Mr. Ken Reid then conducted the drawing for door prizes.

Clyde Wesson, Chairman

Sonya Heathcock, Recording Secretary



Chairman's Report

With a strong history spanning more than 56 years, AOD Federal Credit Union continues its tradition of providing best-in-class products and services while preserving and protecting member accounts. At the core of each new product, improved service and upgraded technology is our top priority--the member.

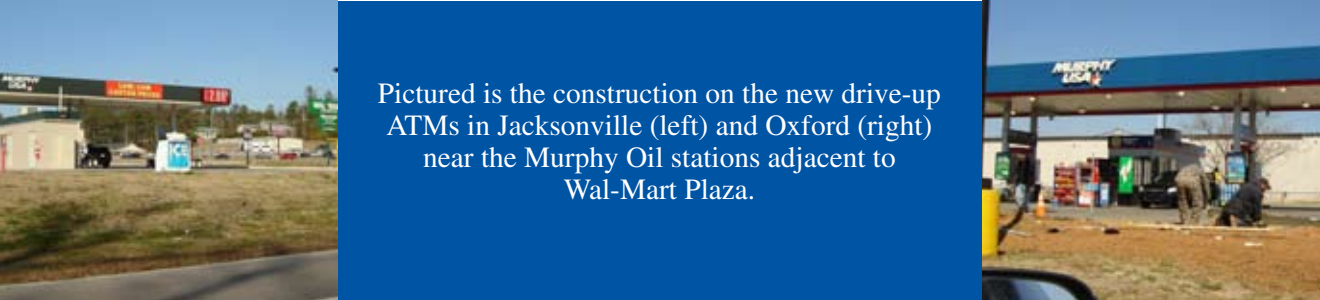
At the heart of the credit union's success is its dedicated Board of Directors, management team and staff. Each of us works and/or lives in the communities we serve. This connection to the community allows us to better understand the goals and dreams of members and their families.

As a financial partner, AOD Federal Credit Union remains committed to helping members reach their financial objectives. I look forward to continued financial success of the credit union and its members in the coming years.

2006 HIGHLIGHTS

AOD Federal Credit Union celebrated another outstanding year in 2006.

- Provided over \$43 million in loans to members
- Paid bonus dividends of \$200,000 to members
- ROA (Return on Assets) was among the top 100 credit unions in the nation
- Members accessed AOD's Paid NSF program over 70,000 times saving hundreds of thousands of dollars in merchant fees
- Increased capital/net worth to 14.63%
- Members completed over 1.6 million debit card transactions
- Members skipped approximately 2,500 loan payments through skip-a-pay promotions -- including a no fee promotion saving over \$37,000 in fees
- Purchased land for new branch office in Oxford area
- Completed conversion to new state of the art data processing system that will allow for significant advancement in member product and service offerings and increase efficiencies
- Implemented a new "Scholarship" fund to assist member families with education expenses
- Provided for increased credit union involvement in member related community activities through "Volunteer Paid Time Off Program"
- Enhanced credit card programs to provide members cash back (estimated to be over \$200,000 in 2007) with every purchase
- Increased member security and reduced fraud through new multi-factor authentication processes



Pictured is the construction on the new drive-up ATMs in Jacksonville (left) and Oxford (right) near the Murphy Oil stations adjacent to Wal-Mart Plaza.

The credit union's values are reflected in its dedication to the communities it serves. AOD Federal Credit Union and its employees provided invaluable support to a variety of non-profit community-based organizations that provide compassionate assistance to those in need. Organizations assisted included United Way, Youth Villages, United Cerebral Palsy, Rainbow Omega, ARC, and many others.

COMING IN 2007

AOD Federal Credit Union continues to improve our member services by providing convenient, trusted, and reliable financial products and services. With member needs as a top priority, 2007 will be exciting. We are expanding our network, our products and our services while simultaneously innovating and enhancing technology to remain the area's premier locally owned financial institution.

The most exciting opportunity in 2007 is the expansion of our branch and ATM network. Construction will begin, in the Oxford area, on the Credit Union's fifth office. Drive-up ATMs will be added in Talladega, Oxford, Anniston, and Jacksonville near the Murphy Oil Stations adjacent to Wal-Mart Stores. This will provide members with more Branch and ATM locations than are provided by any other financial institution in our market area.

Our commitment to product excellence will shine in 2007 as we unveil an expanded product offering. Access to new products will include auto insurance; property/home insurance; long term care insurance; expanded life and disability insurance products; and mechanical break down coverage.

Enhancements to essential online services—internet/e-Link will play an important role in member convenience. On-line account statements will be provided as an option for members along with copies of member checks.

As I complete this year of service, as your Chairman, I would like to extend my thanks to Team AOD -- your Credit Union Volunteers, Management and Staff.

On behalf of all of us, thank you for giving us the opportunity to serve. It is our privilege to work for you.

Respectfully Submitted,
Clyde L. Wesson
Chairman of the Board

Treasurer's Report



Distribution of Income

AOD Federal Credit Union had a record year with over \$2.6 million of net income, a 38% increase over 2005. As a result, your credit union was able to offer very competitive pricing with loan products while continuing to offer above average market rates on share certificates and regular shares. During 2006, a rise in interest rates had a positive impact to income from loans and investments. Fees and charges significantly grew between 2005 and 2006 due to the success of the "Paid NSF" programs or "Courtesy Pay" program with the members. Member usage continued to rise in many credit union products, in addition to the "Paid NSF" program. Debit card transactions rose to historical levels in the credit union during 2006. The success of these services increase income, but also have a direct or indirect cost to the credit union.

Income	2006	2005
Income from Loans	\$5,015,668.41	\$4,696,145.55
Investment Income	\$1,884,310.74	\$1,881,573.35
Fees & Charges	\$2,571,162.76	\$1,721,947.17
Misc Operating Income	\$749,122.55	\$573,567.25
SVC Income on Loans	\$92,502.07	\$63,250.14
Total Operating Income:	\$10,312,766.53	\$8,936,483.46

Distribution of Expenses

During 2006, the credit union had a 9% increase to overall expenses from the previous year. These expenses were offset by a 15% increase to income. As loan balances increased, additional funding for Provision Loan Loss was used. Dividends paid increased in 2006 due to rate changes on certificates and share balances. The credit union increased average dividend rates by over 17% between 2005 and 2006. The credit union also paid bonus dividends in the amount of \$200,000 during 2006. Compensation & Benefits rose due to cost of living and insurance costs. However, the credit union continued to be below peer average on these categories. Operating expense and Professional and Outside expense increased as membership usage increased in products and services.

Expenses	2006	2005
Compensation & Benefits	\$2,396,632.70	\$2,157,209.25
Operating Expenses	\$2,904,382.68	\$2,725,335.96
Dividends	\$2,142,718.49	\$1,940,597.25
Provision Loan Loss	\$233,690.13	\$210,000.00
Total Expenses	\$7,677,424.00	\$7,033,142.46

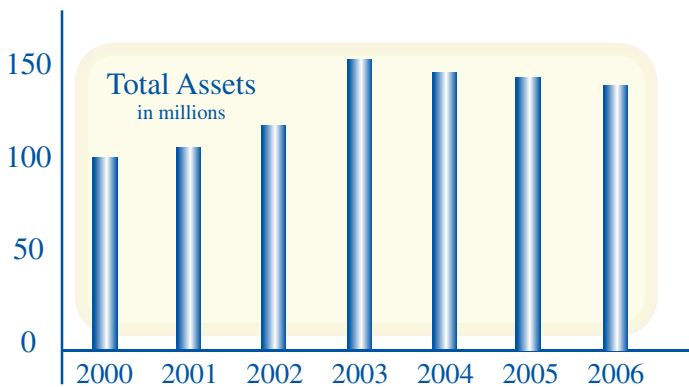


Robert Gary Bailey contacted a local bank, but he was not impressed with their level of customer service. That's when he chose AOD. Twenty years have now passed, and AOD helped him by refinancing his home loan so he could perform some necessary home improvements.

-pictured member, Robert Gary Bailey

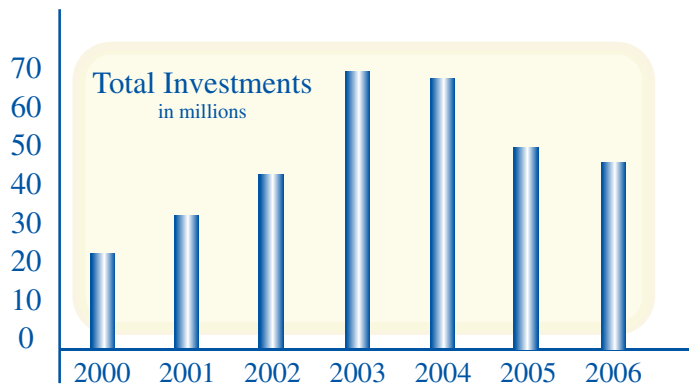
Total Assets

During 2006, total assets declined \$3,998,685 or 2.82% due to a net withdrawal in member deposits. Approximately 17% of the credit union's share balances were transferred to more attractive share certificate products offered by the credit union and financial competitors. These transfers increased share certificate balances over 39% between 2005 and 2006.



Total Investments

The credit union invests excess funding between shares and loans into investments with the best possible returns. These funds are used to offset member withdrawals and loan growth. Since the credit union had both during 2006, the investment portfolio declined more than 10% or \$5.2 million.



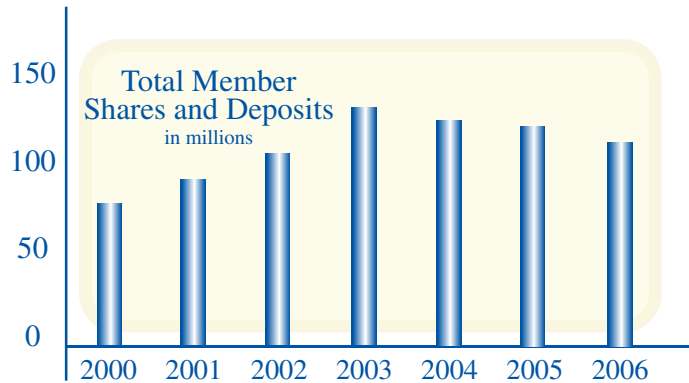
Getting cash when you need it is important. AOD ATMs give you convenient access to your cash 24 hours a day, 7 days a week around the world.

-pictured member, Loretta Ray



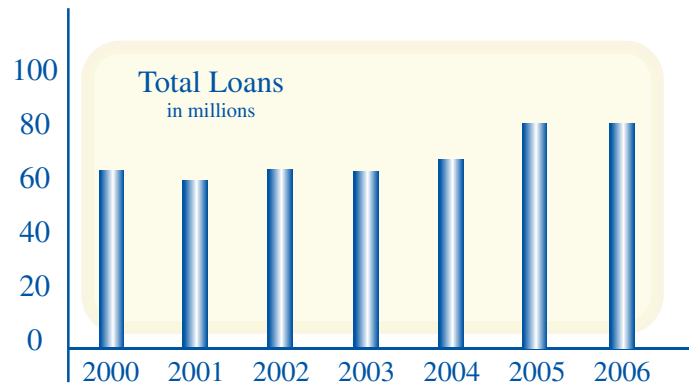
Total Member Shares and Deposits

Total Member Shares and Deposits declined over 6.21% or \$7.9 million between 2005 and 2006. Regular share balances were transferred to certificate balances to take advantage of more aggressive pricing strategies, such as promotional certificates. The credit union implemented an aggressive pricing strategy to minimize member withdrawals and give back to the membership.



Total Loans

Member loans increased \$898,066 or 1.08% during 2006. Although interest rates on loans rose in the market, the credit union maintained a level pricing strategy to offer competitive loan rates to the membership. This pricing strategy assisted in maintaining existing loan balances with the members. The credit union credit card program added a cash back option which was well received by the membership.





“AOD took care of the whole process.” His home had already sold and he had only a week to move out. “AOD took the worry and headaches completely away. Everything fell right into place.”

-Ricky Cline

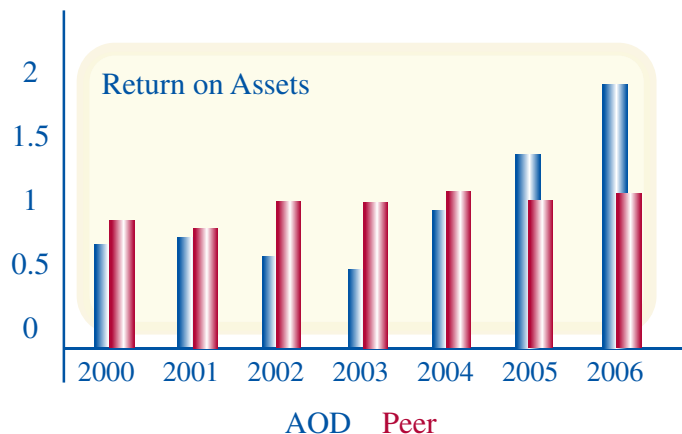
Membership

Although AOD had an increase in active members in 2006, actual membership numbers decreased due to a purge of zero balance and inactive member accounts.



Return on Assets

The return on assets (ROA) looks at a ratio of AOD Federal Credit Union net income divided by its average total assets. The graph shows both AOD's ROA and that of its peer group* which is published by the National Credit Union Association (NCUA). AOD Federal Credit Union has historically been below its peer's average until 2006. During 2006, AOD's ROA continued to follow the same trend as 2005. Since income outpaced expense, the ROA continued to rise to 1.87% which was within the top 100 credit unions in the nation. As new services are offered and a new branch is built, the credit union's ROA will decline.



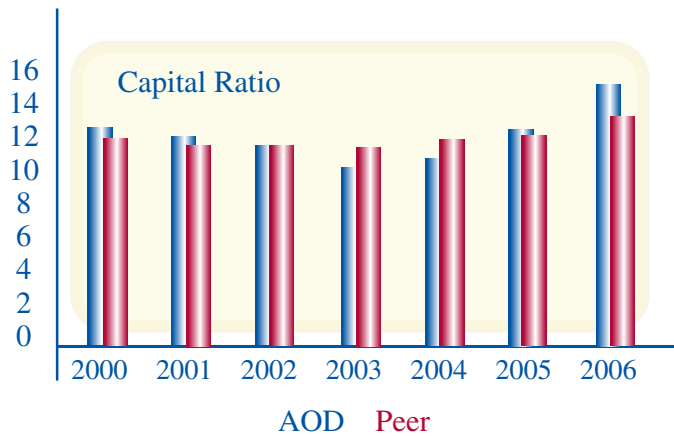
Convenience is the key when it comes to financial services.

-pictured member, Mae Barnett



Capital Ratio

The capital ratio is calculated as a ratio of AOD's regular reserve and undivided earnings divided by end of year total assets. As shown by the graph, AOD Federal Credit Union has outperformed peer averages since 2005. During 2006, the credit union increased its capital ratio from 12.36% to 14.63%.



*The peer averages were based on 152 Alabama credit unions. The 2006 peer ratios were based on September 2006 data, because December 2006 data was not available.

Jim Webb
Treasurer

Supervisory Committee's Report



The Supervisory Committee is created by Federal law and is appointed by the Board of Directors according to the provisions in the Federal Credit Union Act. Committee members for 2006 included Bobby Israel, Chairman, Faye Robertson, Vice-Chairperson, Everett Kelly, Secretary/Recording Officer, Dan Munroe and Wanda Chris Lathem.

In accordance with the rules and regulations of the National Credit Union Administration (NCUA) and the Federal Credit Union Act, the Committee is accountable for the effective performance of certain duties and responsibilities. The Supervisory Committee is available to assist any member who encounters problems transacting Credit Union business.

In addition to providing impartial and independent assistance to members, the Committee is also responsible for conducting audits and protecting the Credit Union against carelessness, error, and fraud.

To meet these responsibilities, the Supervisory Committee engages outside auditors to provide an independent review of the Credit Union. The 2006 Financial Audit of the Credit Union's accounts and financial records was performed by Kemp and Associates, PC. This audit validated that the financial statements present the true and accurate financial condition of your Credit Union as of March 31, 2006. Kemp and Associates also performed the 2006 Agreed Upon Procedures Audit and Bank Secrecy Act (BSA) Audit. These audits validated that your Credit Union's operational procedures and practices followed NCUA guidelines.

The Supervisory Committee wishes to thank all our members who supported the Credit Union during the year. Together we were able to again successfully pool our resources in the true credit union philosophy of people helping people for the benefit of all members.

Bobby Israel
Supervisory Committee Chairman



Members for 40 and 30 years respectively, Reginald and Dorothy Lawley “don’t know what [they] would have done without AOD Federal Credit Union.”

-Reginald and Dorothy Lawley

Statement of Financial Condition

December 31, 2006

	2006	2005
ASSETS		
Cash and cash equivalents:		
Non-interest bearing	\$4,171,526	\$4,748,213
Interest bearing	9,045,881	7,783,412
Total Cash and Cash Equivalents	13,217,407	12,531,625
Securities available-for-sale	31,326,061	36,661,199
Securities held-to-maturity	2,696,133	3,014,932
CD's and investments with other financial institutions	501,273	1,255,412
Loans to members, net of allowance for loan loss	83,353,874	82,471,447
Deposit in NCUSIF	1,144,854	1,196,212
Investments in corporate credit unions	1,061,255	1,070,906
Accrued income	581,659	562,858
Property and equipment	3,238,896	2,253,050
Other assets	728,209	830,666
Total Assets	\$137,849,623	\$141,848,308
LIABILITIES AND MEMBERS' EQUITY		
Members' share and savings accounts	\$119,823,057	\$127,761,072
Dividends accrued and payable	67,699	40,515
Accrued expenses and other liabilities	(1,738,125)	(2,625,558)
Total Liabilities	118,152,631	125,176,029
Members' equity:		
Regular reserve, restricted	3,017,985	2,807,985
Undivided Earnings	17,150,558	14,726,386
Accumulated other comprehensive income	(471,552)	(862,092)
Total Members' Equity	19,696,991	16,672,279
TOTAL LIABILITIES & MEMBERS' EQUITY	\$137,849,623	\$141,848,308

AOD offers a variety of loans to choose from with great rates.

-pictured member, Pamela Bedwell



Statement of Income

For the Years Ending December 31, 2006 and 2005

	2006	2005
INTEREST INCOME		
Interest on loans	\$5,015,668	\$4,696,146
Interest on investments	<u>1,884,311</u>	<u>1,881,573</u>
Total Interest Income	6,899,979	6,577,719
INTEREST EXPENSE	<u>2,143,168</u>	<u>1,943,019</u>
Net Interest Income	4,756,812	4,634,700
PROVISION FOR LOAN LOSSES	<u>233,690</u>	<u>210,000</u>
Net Interest Income After Provision for Loan Losses	<u>4,523,121</u>	<u>4,424,700</u>
NON-INTEREST INCOME	<u>3,412,787</u>	<u>2,358,765</u>
NON-INTEREST EXPENSE		
Compensation and benefits	2,396,633	2,157,209
Operations and loan servicing	1,487,405	1,411,055
Professional & outside services	631,308	633,773
Occupancy	256,100	245,873
Other	<u>529,121</u>	<u>432,214</u>
Total Non-Interest Expense	5,300,566	4,880,123
NON-OPERATING INCOME (Expense)	<u>(1,170)</u>	<u>217</u>
NET INCOME	<u><u>\$2,634,172</u></u>	<u><u>\$ 1,903,558</u></u>



Phyllis C. Crosson won our Grand Prize drawing in the AOD “Dream Vacation” promotion this summer. Her name was randomly selected from over 1,250 entries to win a 4 day, 3 night vacation.

-pictured member, Phyllis C. Crosson

Statement Of Members' Equity

For the Years Ending December 31, 2006 and 2005

	Comprehensive Income	Total Members' Equity	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income
BALANCE, December 31, 2004		\$15,282,248	\$2,571,161	\$13,059,653	\$(348,566)
Comprehensive income:					
Net Income	\$1,903,558	1,903,558	-	1,903,558	-
Other comprehensive income:					
Unrealized holding gains on securities available for sale	<u>(513,526)</u>	(513,526)	-	-	(513,526)
Total comprehensive income	<u>\$1,390,032</u>				
Transfers		<u>-</u>	236,824	<u>(236,824)</u>	<u>-</u>
BALANCE, December 31, 2005		\$16,672,280	\$2,807,985	\$14,726,387	\$(862,092)
Comprehensive income:					
Net Income	\$2,634,172	2,634,172	-	2,634,172	-
Other comprehensive income:					
Unrealized holding gains on securities available for sale	<u>(390,540)</u>	390,540	-	-	390,540
Total comprehensive income	<u>\$3,024,712</u>				
Transfers		<u>-</u>	210,000	<u>(210,000)</u>	<u>-</u>
BALANCE, December 31, 2006		<u>\$19,696,992</u>	<u>\$3,017,985</u>	<u>\$17,150,559</u>	<u>\$(471,552)</u>

Office Information

Bynum • 334 Victory Drive • Bynum, AL 36253

Depot • Anniston Army Depot Building 141 • Bynum, AL 36253

Greenbrier • 216 E. Greenbrier Dear Road • Anniston, AL 36207

Lenlock • 150 Bill Robison Parkway • Anniston, AL 36206

Office Hours

Bynum

Monday – Friday
9:00 a.m.-5:00 p.m.

Depot

Monday – Friday
8:00 a.m. – 4:00 p.m.
Closed for Lunch
1:30 p.m. - 2:00 p.m.

Greenbrier

Monday – Friday
9:00 a.m. – 5:00 p.m.
Drive Thru open until 6:00 p.m. Friday
Saturday
8:00 a.m. – 12:00 p.m.

Lenlock

Monday – Friday
9:00 a.m. – 5:00 p.m.
Drive Thru open until 6:00 p.m. Friday
Saturday
8:00 a.m. – 12:00 p.m. (Drive Thru Only)

Website

www.aodfcu.com

Phone

(256) 237-9494
(800) 637-0299
(256) 237-3285-fax



Giving Back to our
Membership!
The new Oxford office is
scheduled to open in early
2008.

Our success now, and in the future, depends on providing you with the products and services our members need.

-pictured member, Robert J. Brightbill



Products and Services

- Share Accounts
 - First Choice Share Draft Account
 - Freedom Classic Share Draft Account
 - AOD Plus Share Draft Account
 - Blue Ribbon Share Draft Account
 - AOD Gold Share Draft Account
 - Christmas Club
 - Share Certificates
- Individual Retirement Account (IRA's)
 - Home Loans
 - Manufactured Home Loans
 - Construction/Permanent Loans
 - Home Equity Lines of Credit
 - Home Improvement Loans
 - Automobile Loans
 - Boat Motor and Trailer/RV/Motorcycle Loans
 - Farm Equipment Loans
 - Share Secured/Certificate Secured Loans
 - Signature Loans
 - Student Loans
- Master Card and Visa Credit Cards
 - Voice Link
 - AOD E-Link
 - Online Bill Pay
 - Visa Check Card
 - ATM Card
 - Notary Public
- American Express Travelers Cheques
- Official Bank Check
- Check by Phone
- Money Orders
- Direct Deposit
- Payroll Deduction
- Night Depository
- U.S. Savings Bonds
- Gift Cards
- Wire Transfers
- Safe Deposit Boxes

Team

A.O.D.
Federal Credit Union



*Thank You
Members*

Excess Share



www.aodfcu.com

