



AOD FEDERAL CREDIT UNION 2008 ANNUAL REPORT

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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.



“What I like best about the credit union is the employees.”

— Al Bolton

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. AODFCU'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 five branches, located throughout Anniston/Oxford with more than 260 select employer groups. For 59 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 59 years of service and experience has positioned the credit union to become one of the largest and most stable credit unions in the nation.



Original AOD Federal Credit Union Building

In Memoriam



Roger Thackery
1919-2008

Mr. Roger Thackery served as CEO of AOD Federal Credit Union from September, 1961, until his retirement in April, 1982. Prior to joining AODFCU, Thackery served as Finance Officer at Anniston Ordnance Depot, now known as Anniston Army Depot. During his tenure as AODFCU'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 an 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 AODFCU 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. He 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 AODFCU and its members helped position the credit union to become one of the largest and most stable credit unions in the nation.

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, enjoyed traveling. He took pride in the fact that he had visited every state and Canada as well. He had three sons, Russell, David, and Mark, and one daughter, Shera Lynne.

Mr. Thackery passed away on Wednesday, October 8, 2008 at Regional Medical Center in Anniston. AOD Federal Credit Union would like to thank Mr. Thackery for his service at the Credit Union.



James Perry
1918-2008

Mr. James Perry 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. Mr. Perry had 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 AODFCU offers. "AOD has been a great thing and helped my whole family," related Mr. Perry.

Mr. Perry passed away on Thursday, October 2, 2008. AOD Federal Credit Union would like to thank Mr. Perry for his service to the Credit Union.

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 Member



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 two sisters and the rest of her extended family. Here she met her husband, John Edward. They married and had two children: Richard and Donna.

During her career working at the Depot, she was one of the 45 individuals who pooled \$25,000 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 AODFCU. 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.

AOD Federal Credit Union

Past Board Chairpersons

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 L. 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 - 2/2008
Gordon L. "Doc" Williamson	2/2008 - present

Leadership Team

Board of Directors



Gordon "Doc" Williamson
Chairman



Ken Reid
Vice-Chairman



James L. Daugherty
Secretary



Jimmy E. Webb
Treasurer



Bobby J. Israel



Randy Wiggins



Clyde L. Wesson

Supervisory Committee



Randy Wiggins
Chairman



James Dan Munroe
Vice-Chairman



Everett Kelley
Secretary/Recording
Officer

Senior Management



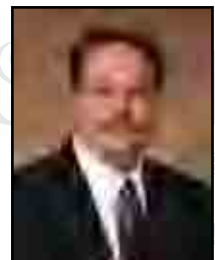
Kenneth Reynolds
Chief Executive
Officer



Nina Gilbert
Chief Operations
Officer



Jeff Napper
Chief Financial
Officer



Victor Morales
Chief Information
Officer

59th Annual Meeting Agenda

February 24th, 2009

- Call to order
- Ascertainment that a quorum is present
- Invocation & Pledge of Allegiance – Everett Kelley,
Supervisory Committee
Secretary/Recording Officer
- Annual Meeting Video
- Reading and approval or correction of the minutes of the last meeting
- Report of the Directors—Gordon “Doc” Williamson, Chairman
- Report of the Treasurer—Jimmy E. Webb, Treasurer
- Report of the Supervisory Committee—Randy Wiggins, Chairman
- Unfinished Business
- New Business
- Special Recognition of Employees and Volunteers
- Adjournment
- Awarding of Door Prizes

AOD FEDERAL CREDIT UNION
P.O. BOX 608
BYNUM, AL 36253

MINUTES OF THE 58th ANNUAL MEETING #08-2008

1. Date, Time, Place and Attendance:

- a. Date and Time: February 26, 2008 at 6:30 P.M.
- b. Place: Anniston Army Depot, CAC 251
- c. Attendance: Board Members Present:
Clyde Wesson, Chairman
Ken Reid, Vice-Chairman
James Daugherty, Secretary
Bobby Israel, Director
Randy Wiggins, Director
Gordon "Doc" Williamson, Director
Supervisory Committee Members

Present:

James Dan Munroe,
Vice Chairperson
Everett Kelley, Secretary
Absent:
Jim Webb, Treasurer
Faye Robertson,
S. C. Chairperson

- 2. Board of Directors Chairman Clyde Wesson called the meeting to order at 6:30 p.m. He verified with Secretary James Larry Daugherty that a quorum was present and welcomed those in attendance to AODFCU's 58th Annual Meeting.
- 3. Mr. Wesson introduced himself as the Chairman of the Board.
- 4. The invocation was presented by Supervisory Committee Secretary Everett Kelley. Mr. Kelley followed the invocation by leading those present in the Pledge of Allegiance.
- 5. Mr. Wesson introduced a special video presentation entitled, "Giving Back to Our Members" to the audience.

6. Mr. Wesson recognized the charter members that started the credit union. He stated that charter member Joe Burn, a faithful member of AODFCU, passed away October 18, 2007. Mr. Wesson also referenced the write-ups in the Annual Report, recognizing the last two active charter members who were unable to attend, Catherine Bowling and James Perry.
7. Mr. Wesson referenced the Minutes of the 57th Annual Meeting found in the Annual Report and asked if there were any recommended changes. There were none. Mr. Wesson then called for a motion to suspend the reading of the 2007 Annual Meeting minutes and to approve the minutes as written. Mr. James Daugherty made a motion to suspend the reading of the minutes and to approve them as written. Mr. Bobby Israel seconded the motion. The motion was approved unanimously.
8. Chairman's Report- Mr. Wesson stated that the Annual Report and the video highlighted said everything that was included in his report.
 - a. He recognized winners of the 6 scholarships that were awarded in 2007 including:

Chad Westin Lloyd, graduated from Trinity Christian Academy, attending Faulkner Christian University

Benjamin Joseph Crosby, graduated from White Plains High School, attending The University of Alabama

Hannah E. Faulkner, graduated from White Plains High School, attending The University of Alabama

Jillian P. Brodeur, graduated from Saks High School, attending Jacksonville State University

Brett L. Fleming, graduated from Pleasant Valley High School, attending Jacksonville State University

Meghan M. Lindsey, graduated from Oxford High School, attending Southeastern Bible College

- b. Mr. Wesson expressed his gratitude to the members for using credit union services and employees for serving the members.
9. Treasurer's Report- Mr. Wesson stated that Treasurer Jimmy Webb was not in attendance tonight. Mr. Wesson referenced the report contained in the Annual Report and that we will let it stand as is.
10. Supervisory Committee Report- Mr. Wesson stated that the Supervisory Committee Chairperson had to resign due to family issues and was not present to give the report. The report is included in the Annual Report and will stand as is. Mr. Wesson turned the time over to CEO, Ken Reynolds.
11. Mr. Reynolds thanked everyone for being here tonight. He recognized employees, dressed in blue AODFCU shirts, as Team AODFCU and thanked them for being here.
12. Mr. Wesson stated that since there was no Old Business and no New Business he would continue with the Report of Election. He stated that 2 positions on the board were open and only two nominations were made. Since there were no elections the nominees, James Daugherty and Randy Wiggins, will fill the 2 positions.
13. Mr. Wesson recognized the following people for contributing to AODFCU's success:
- a. Three members who have stepped down from serving on the Supervisory Committee. Wanda Chris Lathem and Faye Robertson were not present and plaques will be reserved to give to them later. Mr. Bobby Israel was thanked for serving as chairman of the Supervisory Committee for 6 years while also serving on the Board of Directors. He was thanked for a doing a great job. Mr. Israel was then presented with a plaque.
 - b. AODFCU employees were recognized in groups and asked to stand. Mr. Wesson first recognized all Tellers including Call Center. He stated that tellers have more contact with members than other employees. He stated that he hoped that the tellers were responding to member complaints by answering "yes, sir" or "yes ma'am". He told members that he hoped they



would not give the tellers a hard time in return. His comments were followed by applause for the tellers/ call center. Following the applause he asked Member Service Representatives and Loan Officers to stand, then Nancy Tillison and the Collection Department, and last, the rest of the employees. All of which were followed by applause.

- c. Members of the credit union other than employees were also asked to stand for applause. Mr. Wesson stated that he hoped all will be around for a long time.
- 14. Mr. Wesson thanked Jim Webb, Colonel Sherry Keller and Jack Cline for making the DeSoto Entertainment Center available for the meeting tonight. He also recognized Depot Chef, Nancy Smith, for the food prepared for the Annual Meeting.
- 15. Mr. Wesson stated that Mr. Ken Reid would be drawing for door prizes after the adjournment of the meeting.
- 16. The meeting was adjourned at 7:02 p.m.
- 17. After the meeting adjourned, Mr. Ken Reid conducted the drawing for door prizes. Audrey Tinkey and Jessica Brown assisted.

Clyde Wesson, Chairman

Dawn Parker, Back-up
Recording Secretary

Chairman's Report



From humble beginnings in 1950, at the former Anniston Ordnance Depot (AOD), now Anniston Army Depot, your credit union has grown to become one of the largest locally owned financial institutions in East Central Alabama. Our credit union family has expanded from forty five (45) original members to over 24,500 members strong. AOD Federal Credit Union (AODFCU) is the credit union of choice for Anniston Army Depot and over 260 other area employer groups. The first deposit of \$5 that started the credit union has

allowed us to grow assets to over \$163 million.

Throughout our remarkable growth, one thing has not changed -- our commitment to making a positive difference in the lives of our members. AODFCU has stood strong for almost six decades and has been recognized nationally by Bauer Financial and other financial institution rating agencies as one of the strongest and safest financial institutions in the entire country. This allows AODFCU to provide members great rates on share accounts, auto loans, mortgage loans, home equity loans, credit cards, and our many other lending and deposit products. We also offer members additional money-saving opportunities with free checking, free home banking, free bill pay, free online check copies and a long list of other low cost or no cost products and services. AODFCU has money to lend.

We are pleased to highlight some of our many accomplishments in 2008,

- Provided over \$70 million in loans to members – the most in AODFCU history.
- Provided over \$190,000 in loan interest rebates to members.
- Members received over \$3 million in share dividends.
- Members received over \$65,000 in cash and rewards rebates from AODFCU's credit card "Cash Back" and "Rewards" programs.
- Awarded six \$1,000 student scholarships to AODFCU members.
- Donated \$50,000 to Habitat for Humanity to sponsor and build a house for an AODFCU member.
- Provided support for numerous charitable organizations and events throughout our communities including United Way, Habitat for Humanity, American Cancer Society, March of Dimes, American Red Cross, and many more.
- Members skipped over 3,500 loan payments through free skip-a-pay promotions saving over \$89,000 in fees.
- Placed free access coin deposit center kiosks in branch offices



"...everything I have ever needed has been taken care of."

– Jamey Reynolds



-- saving members thousands of dollars in fees charged by other providers.

- Members took advantage of AODFCU's "Courtesy Pay/Paid NSF" program and saved over \$1 million in fees and the embarrassment of returned checks.
- Provided members early payment posting of direct deposited Payrolls, Social Security, Retirement Benefits, etc. -- giving members quicker access (1 to 3 days) to funds during holidays and weekends.
- Offered a "Rate Match" guarantee so members were assured of getting the best loan rates at AODFCU.
- Provided credit union services to members in 45 states and a number of foreign countries.
- Provided members a totally new and improved web site at www.aodfcu.com
- Debit card usage exceeded 2.1 million transactions.
- Broke ground on our fifth (5) branch location in Oxford.

The tradition of excellence achieved by AOD Federal Credit Union is the direct result of a dedicated team of volunteers, managers, and staff. Their steadfast efforts and hard work are what make AODFCU one of the best credit unions in the nation. As members, we all reap the rewards of the credit union's success. As a member-elected Board of Directors, we will strive to ensure that your credit union will remain strong to serve future generations.

None of this would be possible without the tremendous support we receive from you, our members. Your loyalty is needed and appreciated. Thank you for putting your trust in AOD Federal Credit Union. It was an honor and privilege to serve as your Board Chairman in 2008.

Respectfully,

Gordon "Doc" Williamson
Chairman of the Board

Treasurer's Report



Distribution of Income

AOD Federal Credit Union had a financially successful year with over \$2.3 million of net income. As a result, your credit union was able to offer great loan rates and deposit rates to the membership. The competitive loan pricing and historical loan growth had a major impact to income from loans. The credit union's income from loans increased by \$804,868 or 16.1%.

During 2008, the credit union's investment yields and balances declined due to historical decreases to yields in the economy and historical loan growth. These changes resulted in a \$527,274 decline to investment income between 2007 and 2008. Fees and charges continued to significantly grow during 2008 due to the success of the "Paid NSF" or "Courtesy Pay" program. Member usage continued to rise in many credit union products in addition to the "Paid NSF" program. The debit card program had a record year in Debit card transactions growing from 1.9 million to 2.1 million transactions or 10.5%. The successes of these services increased income, but also had a direct or indirect cost to the credit union.

Income	2008	2007
Income from Loans	\$5,802,804.35	\$4,997,935.89
Investment Income	\$1,853,855.97	\$2,381,130.18
Fees & Charges	\$3,405,402.37	\$2,859,094.40
Misc Operating Income	\$882,762.34	\$743,283.15
SVC Income on Loans	<u>\$94,667.98</u>	<u>\$47,870.49</u>
Total Operating Income:	<u>\$12,039,493.01</u>	<u>\$11,029,314.11</u>

Distribution of Expenses

During 2008, the credit union had an 11% increase to overall expenses from the previous year. Compensation & Benefits rose by 6% due to increases to cost of living and insurance costs. These costs continued to be below peer averages on these categories. Operating expense and Professional and Outside expenses increased as membership usage increased in products and services. The credit union added several machines to support the membership needs which included the CoinLINK machines located in the branch lobbies. The credit union's financial success allowed the credit union to pay for additional services and above market rates on deposit accounts during 2008. Due to the declining market condition in 2008, the credit union increased the provision for loss to prepare for the negative effects in 2009.



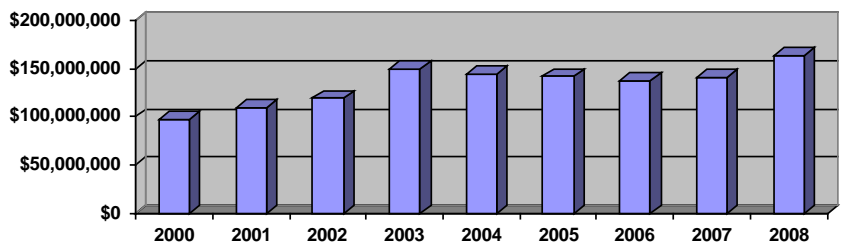
*Convenient ATMs
located throughout
Calhoun and
Talladega
Counties.
Pictured - Fran
Johnson*

Expenses

	2008	2007
Compensation & Benefits	\$2,693,525.52	\$2,524,126.39
Operating Expenses	\$3,524,748.14	\$2,980,985.28
Dividends	\$3,099,822.74	\$3,191,449.36
Provision for Loss	<u>\$415,000.00</u>	<u>\$70,311.03</u>
Total Expenses	<u>\$9,733,096.40</u>	<u>\$8,766,872.06</u>

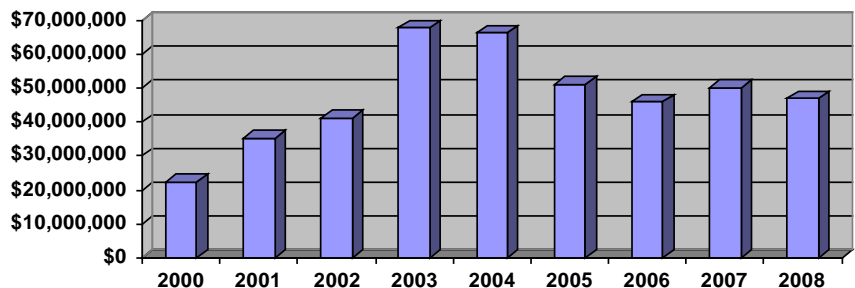
Total Assets

Between 2007 and 2008, total assets increased from \$140,987,649 to \$163,530,164. The increase of \$22.5 million or 15.99% was due to an increase in member deposits. The credit union increased balances in every deposit category except for money market accounts. AODFCU continued to provide a safe alternative to other financial institutions such as banks or brokerage firms that were failing during 2008. During this same period, the credit union increased Total Equity by 14.99% which allows the credit union the ability to offer new products and services, build a new branch, and pay above market rates on deposit accounts.



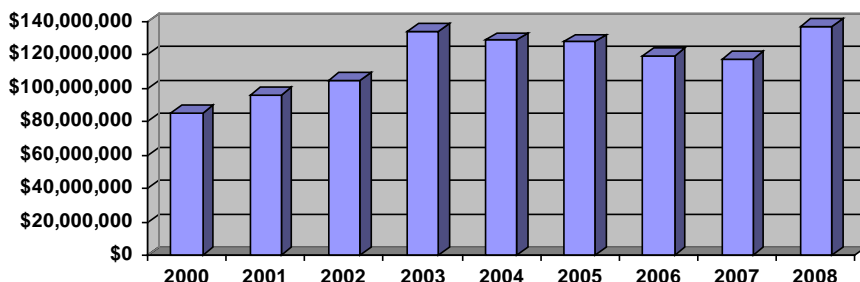
Total Investments

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, changes to equity, and loan growth. Between 2007 and 2008, the credit union had a decline of \$3 million in investments due to funding historical loan growth.



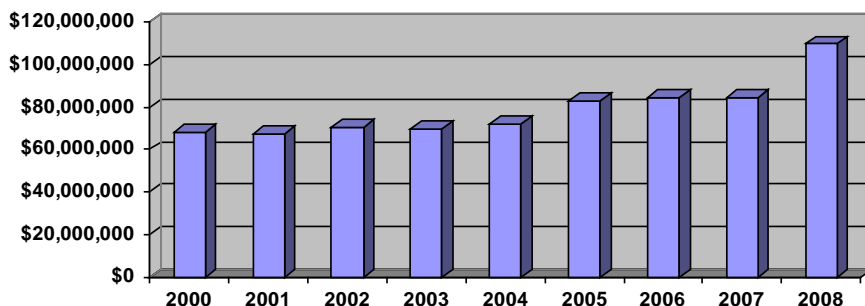
Total Member Shares and Deposits

Total Member Shares and Deposits increased \$19,414,399 or 16.48% between 2007 and 2008. The credit union had managed growth in all deposit categories except for money market accounts. During 2008, the credit union succeeded in giving members safe alternatives to the declining market. The credit union continues to review deposit accounts to verify that we are giving the member the best value for each product and service.



Total Loans

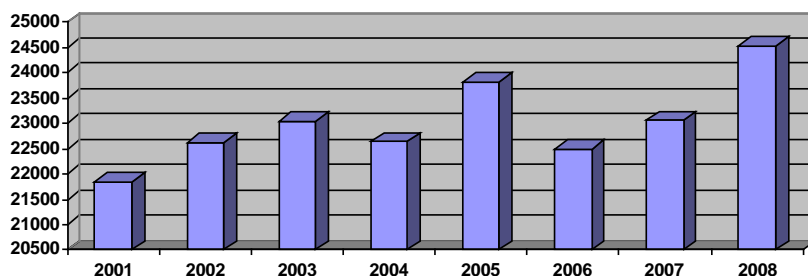
Member loans increased \$25,239,444 or 29.94% between 2007 and 2008. The credit union maintained a level pricing strategy to offer competitive loan rates to the membership. Between changes in market conditions and attractive loan rates, the credit union had the largest loan growth in the credit union's history. The credit union increased loans in every category which allows the credit union to remain very stable for years to come. The credit union increased loans while continuing to keep delinquencies well below the local, state and national levels. The credit union offered several promotions to give back to the membership and improve loan growth which included, but was not limited to, a \$300 rebate for new and refinanced car loans, two free skip-a-pay promotions, and various rewards programs for credit cards.



"Anytime I had an emergency come up the credit union was always willing to help me."
— Patricia Brooks

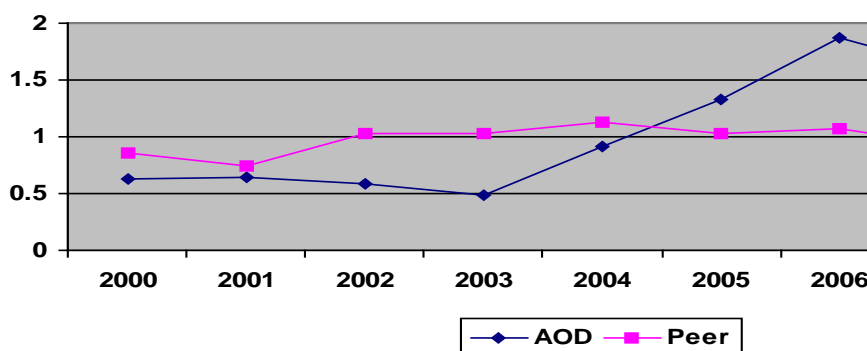
Membership

Between 2007 and 2008, the credit union had a net increase of 1,481 new members which was over twice the increase in 2007. During 2008, the credit union merged with M&H Employees Federal Credit Union and added 364 members. The credit union continued an aggressive SEG development program to increase membership and product penetration. The SEG development strategy had a positive impact to the membership growth plan.



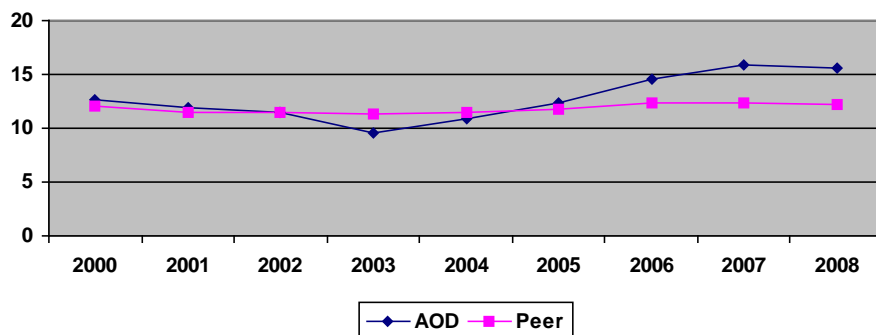
Return on Assets

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 AODFCU's ROA and that of its peer group* which is published by Callahan and Associates. AOD Federal Credit Union has historically been below the peer average until 2005. Between 2007 and 2008, the credit union's ROA declined from 1.59% to 1.51%. During 2008, the credit union continued the strategy to give more back to the membership. The credit union gave back to the membership in many ways such as attractive loan and deposit rates, CoinLINK machines, cash dispensers, loan promotions and many other items not listed. The credit union's goal is to give back to the membership while maintaining a safe and secure financial environment for future generations at the credit union.



Net Worth Ratio

The net worth ratio is calculated as a ratio of AODFCU'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 2008, the credit union's net worth ratio declined from 15.91% to 15.65% as a result of total assets growth outpacing undivided earnings growth. This trend is projected to continue as the credit union gives back to the membership and total assets increase. The credit union continued to be well above the state average of 12.19% for net worth.



**The peer averages were based on 143 Alabama credit unions. The 2008 peer ratios were based on September 2008 data, because December 2008 data was not available.*

Supervisory Committee 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 2008 included Randy Wiggins, Chairperson, Dan Munroe, Vice-Chairman, and Everett Kelly, Secretary/Recording Officer.

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.



Helping families reach financial goals.

Pictured - Andy Cox, Rochelle Fulcher and Canyon Cox. Branch Specialist Stacy Thrift

To meet these responsibilities, the Supervisory Committee engages outside auditors to provide an independent review of the Credit Union. The 2008 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, 2008. Kemp and Associates also performed the 2008 Agreed Upon Procedures Audit and Bank Secrecy Act 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.

We would like to encourage all members who encounter any problems, no matter how small they may seem, to contact a member of the Supervisory Committee and let us help to resolve the problem. We like the old adage, "If we please you, tell everyone else, if we do not, tell us."

Randy Wiggins,
Supervisory Committee Chairman

Statements of Financial Condition

December 31, 2008

	2008	2007
ASSETS		
Cash and cash equivalents:		
Non-interest bearing	\$3,035,845	\$2,907,110
Interest bearing	16,546,020	14,500,729
Total Cash and Cash Equivalents	19,581,865	17,407,839
Securities available-for-sale	24,113,493	30,328,203
Securities held-to-maturity	2,057,115	2,402,680
CD's with other financial institutions	1,879,046	493,945
Loans to members, net of allowance for loan loss	108,996,353	83,766,505
Deposit in NCUSIF	1,237,624	1,168,232
Investments in corporate credit unions	894,022	887,860
Accrued income	586,734	633,711
Property and equipment	3,236,574	3,169,408
Other assets	947,338	729,267
Total Assets	<u>\$163,530,164</u>	<u>\$140,987,650</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' share and savings accounts	\$137,192,829	\$117,778,430
Dividends accrued and payable	78,034	71,518
Accrued expenses and other liabilities	404,223	653,057
Total Liabilities	137,675,086	118,503,005
Members' equity:		
Regular reserve, restricted	3,159,240	3,017,985
Undivided Earnings	22,434,746	19,413,000
Accumulated other comprehensive income	261,092	53,660
Total Members' Equity	<u>25,855,078</u>	<u>22,484,645</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	<u>\$163,530,164</u>	<u>\$140,987,650</u>

These financial statements were internally prepared.



*"... I feel a lot better
here than I would
at a regular bank."
— David Sharp*

Statement of Income

For the Years Ending December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
INTEREST INCOME		
Interest on loans	\$5,802,804	\$4,997,936
Interest on investments	1,853,856	2,381,130
Total Interest Income	<u>7,656,660</u>	<u>7,379,066</u>
INTEREST EXPENSE	<u>3,100,550</u>	<u>3,192,636</u>
Net Interest Income	<u>4,556,110</u>	<u>4,186,430</u>
PROVISION FOR LOSSES	<u>415,000</u>	<u>70,311</u>
Net Interest Income After Provision for Losses	<u>4,141,110</u>	<u>4,116,119</u>
NON-INTEREST INCOME	<u>4,348,401</u>	<u>3,650,248</u>
NON-INTEREST EXPENSE		
Compensation and benefits	2,693,526	2,524,126
Operations and loan servicing	1,641,051	1,548,224
Professional & outside services	828,284	638,619
Occupancy	329,466	241,051
Other	725,219	551,904
Total Non-Interest Expense	<u>6,217,546</u>	<u>5,503,925</u>
NON-OPERATING INCOME (Expense)	<u>34,432</u>	<u>0</u>
NET INCOME	<u><u>\$2,306,397</u></u>	<u><u>\$2,262,442</u></u>

These financial statements were internally prepared.

Statement of Members' Equity

For the Years Ending December 31, 2008 and 2007

	Comprehensive Income	Total Members' Equity	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income
BALANCE, December 31, 2006		\$19,696,992	\$3,017,985	\$17,150,559	\$(471,552)
Comprehensive income:					
Net Income	\$2,262,442	2,262,442	--	2,262,442	--
Other comprehensive income:					
Unrealized holding gains on securities available for sale	525,212	525,212	--	--	525,212
Total comprehensive income	\$2,787,654				
Transfers		--	0	0	--
BALANCE, December 31, 2007		\$22,484,646	\$3,017,985	\$19,413,001	\$53,660
Comprehensive income:					
Net Income	\$2,306,397	2,306,397	--	2,306,397	--
Other comprehensive income:					
Unrealized holding gains on securities available for sale	207,432	207,432	--	--	207,432
Total comprehensive income	\$2,513,829				
Merger with M&H Employees FCU	856,604	141,255	715,349		
Transfers		--	0	0	--
BALANCE, December 31, 2008		\$25,855,079	\$3,159,240	\$22,434,747	\$261,092

These financial statements were internally prepared.

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

Oxford • 12 Elm Street • Oxford, AL 36203 (*under construction*)

Office Hours

Website

www.aodfcu.com

Bynum

Monday – Friday

9:00 a.m.-5:00 p.m.

Phone

(256) 237-9494

(800) 637-0299

(256) 237-3285 - fax

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)



Architectural Rendering of New Oxford Office

Products and Services

Share Accounts	GAP Insurance
First Choice Checking	Excess Share Insurance
Freedom Classic Checking	Master Card and Visa Credit Cards
AODFCU Plus Checking	VoiceLINK
Blue Ribbon Checking	eLINK
AOD Gold Checking	CoinLINK
Christmas Club	Online Bill Pay
Kids Club	Online Statements
Share Certificates	e-Notifications
Individual Retirement Account (IRA's)	Check Reordering
Home Loans	Payroll Deduction
Manufactured Home Loans	Electronic Funds Transfer
Construction/Permanent Loans	Night Depository
Home Equity Lines of Credit	U.S. Savings Bonds
Home Improvement Loans	American Express Gift Cards
Automobile Loans	Visa Check Card
Boat Motor and Trailer/RV/Motorcycle Loans	ATM Card
Recreational Loans	Notary Public
Farm Equipment Loans	American Express Travelers Cheques
Share Secured/Certificate Secured Loans	Official Bank Check
Signature Loans	Check by Phone
Student Loans	Money Orders
Lines of Credit	Direct Deposit
Overdraft Protection	Payroll Deduction
Identity Theft Insurance	Night Depository
Member's Home Owner's Insurance	U.S. Savings Bonds
Member's Auto Insurance	Wire Transfers
Accidental Death & Dismemberment Insurance	Shared Branching
Credit Life Insurance	Safe Deposit Boxes
Credit Disability Insurance	Coin Link



*AODFCU
CoinLINK
Pictured - Sherlyn
and Jalen Kelley*

You are part of our *“Field of Membership”* if you are an employee or a family member of an employee of one of our *Select Employee Groups (SEGs)*

ABS BUSINESS SYSTEMS
 ACAPULCO RESTAURANT
 ADVANCE AMERICA
 ADVANCE AUTO PARTS
 ADVANCED FEDERAL SERVICES CORPORATION
 AERO MISSILE COMPONENTS
 ALA BEECHING ENTERPRISES, DBA THE HONEY
 BAKED HAM CO. & CAFÉ
 ALABAMA'S ABC 33/40
 ALAMED PULMONARY CARE SERVICES
 ALEXANDER'S THE GREAT EVENTS
 ALLERGY & ASTHMA CENTER, LLC
 ALLSTATE INSURANCE
 AMERICAN AWARDS
 AMERICAN FIREWARE, INC.
 ANAD EMPLOYEES
 ANAD-MILITARY
 ANIMAL MEDICAL CENTER OF JACKSONVILLE
 ANNISTON BRIDGE ASSOCIATION
 ANNISTON EMERGENCY MEDICAL SERVICES, INC.
 ANNISTON EXECUTIVE AVIATION
 ANNISTON FIRST WESLEYAN CHURCH
 ANNISTON FITNESS CENTER
 ANNISTON HEALTH & SICKROOM SUPPLY
 ANNISTON LINCOLN MERCURY
 ANNISTON MEDICAL CLINIC
 ANNISTON MOTORS INC. DBA CLASSIC CADILLAC,
 PONTIAC, GMC
 ANNISTON MUSEUM OF NATURAL HISTORY
 ANNISTON OXFORD REALTY CO. INC.
 ANNISTON PLATING & METAL FIN.
 ANNISTON PUMP SHOP DBA APS PETROLEUM
 EQUIPMENT
 ANNISTON QUALITY MEATS
 ANNISTON RUNNERS CLUB
 ANNISTON VETERINARY HOSPITAL
 ANY MEMBER (RETIRED OR ACTIVE) US MILITARY
 OR FEDERAL CIVIL SERVICE PERSONNEL IN
 NORTHEAST ALABAMA
 ARRIS, INC.
 AUTO CUSTOM CARPETS
 B & M AUTOMOTIVE SERVICE
 BAE SYSTEMS GROUND SYSTEMS - ANNISTON
 BAMA BUDWEISER OF ANNISTON
 BECKWOOD MANOR
 BENTLEY GLENN FLOORING
 BEST WAY RENT-TO-OWN
 BETTY'S B-B-Q
 BIG LOTS
 BLACK'S AGENCY
 BLASTCRETE EQUIPMENT CO.
 BLUE MOUNTAIN PALLET CO
 BONNIE RAY'S BAKE SHOPPE
 BOOTS, SHOES, THINGS, ETC. AKA S&W
 ENTERPRISES
 BOSTROM SEATING, INC
 BRIDGEWATER INTERIORS
 BROWN ROOFING CO.
 BUBBA'S CAR WASH
 BURGESS CHIROPRACTIC
 BUSTER MILES CHEVY-OLDS
 BUSTER MILES HEFLIN FORD
 CABLE ONE
 CALHOUN COUNTY CHAMBER OF COMMERCE
 CALHOUN COUNTY COMMISSION

CALHOUN COUNTY JUVENILE PROBATION OFFICE
 CARNABY STREET BEAUTY SALON
 CAROLINA LOGISTIC SERVICES
 CAROL'S CREATIONS
 CARQUEST
 CENTRAL CASTING CORPORATION / TYCO FIRE &
 BUILDING PRODUCTS
 CENTURY 21 HARRIS-MCKAY REALTY
 CHEAHA AREA REGIONAL EMERGENCY SERVICES
 (C.A.R.E.S.)
 CHINA LUCK RESTAURANT
 CHRISTIAN & ASSOCIATES ARCHITECTS, INC.
 CITIFINANCIAL
 CITY OF OXFORD
 CITY OF WEAVER
 CIVILIAN MARKSMANSHIP PROGRAM
 CLASSIC CATERING
 CLAY CHEVROLET
 CLAY COUNTY COMMISSION
 CLAY COUNTY E-911
 COLOMBIAN KNIGHTS/KNIGHTS OF COLUMBUS
 COUNCIL 3227
 COLUMBUS FINANCE CO.
 COMPLETE CAR WASH SYSTEMS
 COMPREHENSIVE BEHAVIORAL SERVICES
 CONTEMPORARY TILE
 CONTRACTORS STAFFING
 COOK'S AUTO SALES
 COOPER CHEVROLET
 COOSA VALLEY YOUTH SERVICES DETENTION
 CENTER
 COTTAGE HILL COUNCIL OF GIRL SCOUTS
 COUNTRYSIDE HOSPICE
 CROWN KIA
 CUE TIMES CAFÉ & BILLIARDS
 CUSTOM PIZZA
 DAMN YANKEES OYSTER BAR
 DD PIZZA, L.L.C. DBA CICI'S PIZZA #398
 DR. DAVID CUMMINGS FAMILY DENTISTRY
 DR. STEPHEN LYNCH, D.M.D
 EAST ALABAMA REGIONAL PLANNING AND
 DEVELOPMENT COMMISSION
 ELITE HOME CARE
 ELITE IMAGES
 EMPLOYEES OF THE CREDIT UNION
 EVANS FLOWER SHOP
 FAITH CHRISTIAN HIGH SCHOOL
 FAITH TEMPLE CHRISTIAN CENTER
 FAMILY CHRISTIAN BOOKSTORE
 FEDEX GROUND
 FITCO
 FOOTHILLS TIMBER CO., INC.
 FORSYTH BUILDING COMPANY INC
 GABLE & SON PLUMBING, INC.
 GEICO INSURANCE
 GOLDEN LIVING CENTER
 GREAT AMERICAN CAR WASH
 HABITAT FOR HUMANITY OF CALHOUN COUNTY
 HAGER COMPANIES
 HALE BUILDING COMPANY, INC.
 HARLEY-DAVIDSON MOTOR COMPANY
 HAVARD PEST CONTROL
 HAYNES MACHINE COMPANY
 HGS ENGINEERING
 HOWARD CORE & CO.

Select Employee Groups (SEGs) continued...

IDEAS PLUS
INTERNAL MEDICINE ASSOCIATES, P.C.
ISOM & STANKO, LLC-ATTORNEYS AT LAW
J & J WINDOW CLEANERS
J D BYRIDER SALES
J SUPPLY COMPANY
JACKSON MORTGAGE CO.,INC
JACKSONVILLE HOME CENTER
JIM PREUITT FORD
JIM'S QUINTARD TRANSMISSION
K & K AUTO SALES
K L BROWN MEMORY CHAPEL
KELLY GROUP MORTGAGE
KID'S FIRST CHILDCARE
LANEY AIR CONDITIONING
LASER FABRICATION & MACHINE CO., INC.
LAWN DOCTOR/JIM RAY ENTERPRISES, INC
LEE'S HEATING & AIR CONDITIONING
LENN COSTNER AUTO SALES
LESCO, INC.
LIFETIME EYE HEALTH CARE
LINDAHL'S SMALL ENGINE REPAIR
LIPSCOMB AUTO SALES
M&H VALVE
MAIN STREET MARKETING
MARTIN'S PHARMACY
MARVEL CLEANERS
MARVIN'S BUILDING SUPPLY
MCCELLELLAN FAMILY CHIROPRACTIC
MERRILL LYNCH
METRO MAIL SERVICE
MILLER'S OFFICE FURNITURE
MINTON HOME CENTER
MOORE PRINTING COMPANY
MOORE REALTY
MORRIS ALTERATIONS
MOVIE GALLERY
MT. OLIVE VOL FIRE DEPARTMENT
MULLINAX AUTO SALES, INC
NANNEY & SON INC.
NETWORK TECHNOLOGY, INC.
NEW LEAF MARKETING
NHC HEALTHCARE
NOBLE SIGNS
NUNNALLY'S FRAMING
OMNI CLINIC
ORION TECHNOLOGY, INC.
OXFORD BLUEPRINT & REPROGRAPHICS, INC.
OXFORD EMERGENCY MEDICAL
OXFORD LUMBER COMPANY, INC
OXFORD MACHINE & FAB COMPANY, INC
OXFORD MEDICAL CLINIC
PARRIS MASONRY
PEE WEE TURNER MOTORS INC.
PHYSICIANS CARE CLINIC
PINEY WOODS FURNITURE
PLAYTIME COMICS
PRECISION STRIP, INC
PRESTIGE MEDICAL SPA
PRIMERICA FINANCIAL SERVICES
PRYOR GIGGEY COMPANY
QUINTARD MALL
QUIZNO'S SUBS
RAINBOW OMEGA
REMODELER'S OUTLET/ADVANCED FENSTRATION
PRODUCTS

RICE & RICE, P.C.
ROBBINS GIOIA
ROBERT'S RENTALS, LLC
RON'S BAR-B-Q
ROY HANNER AGENCY
RUSSELL MACHINE CO.
SAM'S AUTO SERVICE
SAVE YOUR DATA, LLC
SERVICE REALTY COMPANY
SERVICEMASTER BY MIMSCO
SHAFFER USED CARS
SHAWN SNIDER STATE FARM
SHINE THROUGH JANITORIAL TECH
SNEAKY PETE'S AKA RANNOV INC
SOUTHERN WASTE SYSTEMS INC
SOUTHWIRE MEDIUM VOLTAGE
SPIRIT OF ANNISTON
SPORTS TRAILERS, INC
STILL MID-TOWN CERAMICS
STRINGFELLOW HOSPITAL
SUNNY KING MOTOR COMPANY
SUPERIOR AUTOMOTIVE
SUPERVALU/WESTERN SUPERMARKETS
SUPERVISORY OFFICE--US DEPT OF AGRICULTURE,
SOIL CONSERVATION SERVICE IN AUBURN
SYSTEMS BY DESIGN
TAGERT INSURANCE GROUP/FARMERS INSURANCE
TALLADEGA ACE HOME CENTER
TALLADEGA OB-GYN
TAYLOR CORP
TEMPFORCE
THE ANNISTON STAR
THE DONOHO SCHOOL
THE MOELLER LAW FIRM
THE SUPPLY ROOM
THE SURGERY CENTER
THE VILLAGE STATIONER
TRACTOR & EQUIPMENT
UNIQUE BEAUTY SALON
UNREMARIED SPOUSES OF DECEASED MEMBERS
OF THE CREDIT UNION
US DEPARTMENT OF AGRICULTURE, HEFLIN
VALLEY MACHINE CO., INC
VALLEY PHOTOGRAPHY
VAULT BUILDERS
WAL-MART ANNISTON
WAL-MART JACKSONVILLE
WAL-MART OXFORD
WATER WORKS SEWER BOARD OF THE CITY OF
HEFLIN
WDNG RADIO
WELLNESS FOUNDATION
WESTERN SIZZLIN' OF OXFORD
WHMA RADIO
WHOG RADIO
WIDENET CONSULTING, LLC
WILHOITE & ASSOCIATES
WILLS AIR FREIGHT
WJXS- TV 24
WOODARD BROADCASTING CO./WVOK 97.9
WOODMEN OF THE WORLD
WOOD'S BODY SHOP
YOUNG, WOLLSTEIN, JACKSON, WHITTINGTON,
ROBINSON, RUSSELL LLC
YOUNG'S DENTISTRY

Community Involvement

AOD Federal Credit Union (AODFCU) is committed to making a difference in peoples' lives. Support is given to organizations, which provide for the health, education, and welfare needs of our members and potential members. As a socially responsible company, AODFCU supports employee participation in worthwhile projects and organizations in communities where our employees and members live and work. AODFCU recognizes that such participation provides employees valuable leadership training, work experience and a sense of personal fulfillment. In turn, our communities benefit from the time and energy of AODFCU volunteers. Following is a list of the organizations that received monetary and/or volunteered time donations from AOD Federal Credit Union in 2008:

Alabama Press Association Journalism Foundation	Concern for Children, Inc.
Alabama Teen Challenge, Inc.	East Alabama Credit Association
American Cancer Society	East Alabama Shrine Club
American Heart Association	East Central Alabama United Cerebral Palsy
Anniston Army Depot Morale Welfare & Recreation	Empty Stocking, Inc.
Anniston High School Parent Teacher Organization	Habitat for Humanity of Calhoun County
Anniston Lions Club	Kiwanis Club of Anniston
Association of the U.S. Army	League for Animal Welfare
Big Brothers Big Sisters of Northeast Alabama	March of Dimes
Boys & Girls Club	Rainbow Omega
Calhoun County Achievement Foundation	Reality Check program @ Oxford High School & Pleasant Valley High Schools
Calhoun/Cleburn County American Red Cross	Salvation Army / Classic Cares Toy Drive
Children's Miracle Network	Sunny King Charity Classic Golf Tournament
Children's Hospital of Alabama	The Anna-Elizabeth Garner Memorial Foundation
Children's Services, Inc.	The Calhoun County Humane Society
	The Salvation Army Women's Auxiliary
	United Way of East Central Alabama
	YMCA of Calhoun County



Habitat for Humanity House



*Thank You
Members!*

