

**ANDREWS FEDERAL CREDIT UNION
MINUTES OF THE ANNUAL MEMBERSHIP MEETING
31 March 2008**

1. OPENING CEREMONY

Attendees were welcomed to the 2008 Annual Membership Meeting. The playing of the National Anthem highlighted the Opening Ceremony. A moment of silence was observed for our servicemen and women protecting our liberty and freedom around the world.

2. CALL TO ORDER

The Chairperson of the Board, Ruby B. DeMesme, called the meeting to order at 1700 hours, 31 March 2008. The meeting was held in the William J. Baldrige Training Room on the fourth floor of Andrews Federal Credit Union, 5711 Allentown Road, Suitland, Maryland 20746. The Secretary, George Simpson, confirmed that a quorum was present.

3. APPOINTMENT OF OFFICIALS

The Chairperson appointed Ms. Marjorie A. Corwin to act as the Parliamentarian and Tim Hartman, Retired Lieutenant, Prince George's County, Maryland Police Department, to act as the Sergeant at Arms.

4. INTRODUCTION

The Chairperson noted that the Board consists of a dedicated professional group of unpaid volunteers representing the members of Andrews Federal Credit Union. The Board is committed to making certain that Andrews Federal provides valuable products and services to the membership. She introduced the Vice-Chairperson, Secretary, Treasurer, Board of Directors, Associate Director, and Committee Members who were in attendance. A brief synopsis of each of their work experience was shared. The Chairperson introduced the Acting President and CEO, Debbie Matz, who is also our Executive Vice President and Chief Operating Officer.

The Acting President and CEO thanked the Chairperson, Board, Committee Members, and Andrews Federal Credit Union members for being in attendance. She asked each Officer to stand and introduce themselves to the members of the credit union. She stated that Andrews Federal Credit Union is here to provide service to members and that we are looking at all products and services so we can offer a wider variety to our membership. She expressed her appreciation to the members who attended this year's Annual Meeting.

5. APPROVAL OF THE MINUTES OF THE 30 APRIL 2007 ANNUAL MEMBERSHIP MEETING

The Chairperson stated that our first order of business is the approval of the minutes from the April 30, 2007. The Secretary moved to waive the reading of the 30 April 2007 Annual Membership Meeting Minutes. A motion was seconded by the Treasurer and PASSED without objections. The minutes and Annual Report will be distributed to all branches next week and additional copies are available in the back of the room. The Chairperson asked that all questions or comments from members be presented at the end of the meeting and re-iterated that AFCU Board and staff would be available to answer specific questions.

6. REPORT OF THE BOARD OF DIRECTORS' CHAIRPERSON

The Chairperson announced that the management team would remain after the meeting to respond to any questions, or concerns from members. We want to make sure that we care for all our members' financial needs. It has been a very busy year, and our CEO Search Team is working hard to find a full-time replacement for our former President and CEO who resigned December 20, 2007. We are thankful for all his dedicated work and accomplishments for the credit union during his tenure.

The Chairperson noted that it is the elected Board's responsibility and privilege to ensure the safety and soundness of the credit union while providing value to our member-owners. Andrews Federal Credit Union remains exceptionally safe and financially sound, and we will continue to return value to our members.

Financial Highlights

The Chairperson reported another successful year. Loans increased more than 19% and ended the year at \$333 million. Deposits increased nearly 3% and ended the year at \$549 million. Our loan to share ratio ended at 62%; again up 53% from 2006. In 2007, we focused on building new relationships while continuing to strengthen existing ones. Our membership has grown .4% even with overseas movement and we always strive to improve our accessibility.

Member Experience

New relocation brochures were introduced to assist our military members with the difficult process and experience of relocating. The brochures are filled with advice on how to simplify their upcoming transition. Enhancement to the online Education Center resulted in a more organized and a user friendly tool. Educational seminars and workshops were broadened and in-house financial counselors were trained to assist in providing even more literacy to help our members become financially knowledgeable.

New Service and Improvements

All new services and enhancements allowed us to better serve and support our members. Opening new accounts online and the ability to transfer money to other

Andrews Federal accounts were implemented. E-Statements were introduced giving members easy access to their account information online. Check 21 allowed us to process checks electronically, which reduced the cost associated with handling and processing paper checks.

Our Hanau Branch was relocated so that members could have a more convenient location. Two branches stateside were renovated. We installed additional ATMs on military bases in Europe. All of our technology improvements assisted in accelerating transactions, while providing more dynamic online capabilities.

Our Members, Community, and Commitment

Throughout 2007, Andrews Federal participated in many community events and continues to be an active participant and supporter for local military and civilian stateside and overseas communities. The Chairperson shared the following initiatives that the credit union participated in:

- 1st Annual Hands to Hearts Winter Drive was held at our Stateside and Overseas branches. Non-perishable food and winter garments were donated to the less fortunate.
- Hundreds of care packages were sent to our troops overseas.
- One of the initiatives that the credit union sponsored provided military family members the opportunity to send video-recorded messages to their loved ones in combat.
- Andrews Federal sponsored 36 runners for the Credit Union Cherry Blossom 10-Mile Run. The race raised \$828 thousand, which was donated to 170 Children's Miracle Network hospitals.
- The credit union also contributed to the Fisher House. This program offers "a home away from home" so family members can be close to their loved ones during hospitalization for serious illnesses, diseases or injuries.
- We donated 6 computers to the Boy Scouts in Maryland giving them the opportunity to become more computer literate.

Challenges

During 2007, the credit union faced many challenges. The majority of our members overseas is military and had been deployed to the Middle East. Devaluation of the United States dollar is affecting our members and employees in Europe. Because we are committed in returning value to our members and strive to improve accessibilities, we increased interest rates on our certificates, as well as offered more competitive loan rates. We will continue to monitor economic changes to determine necessary evaluation on rates.

Projected Goals for 2008

We are celebrating our 60th Anniversary and have unveiled our new logo, along with our improved website. The new website has a powerful search engine in addition to easy navigational features.

Enhanced checking accounts, youth accounts and alternative loan products are some of the new products we are looking forward to offering this year. To help our members achieve their goals and financial power, our main focus will be ongoing education and guidance.

The Chairperson thanked the members for their support, trust, and confidence as we continue to offer a variety of products and financial solutions to meet and exceed their financial expectations.

Treasurer's Report

The Treasurer took a moment during the Annual meeting and offered a deposit for an attendee to open a new account for her infant.

The Treasurer noted that we are in a very strong and sound financial position with Capital at 15% of assets. Our strong position allows us to invest more resources to improve the quality of services we provide to our members. Our assets have grown to \$801 million. Loans increased almost 20%, thanks to our members taking advantage of our outstanding loan rates. Interest expense is higher than last year attributed to our very attractive CD rates. The organization has a great network and looks forward to offering great rates as we did last year.

Opinion of NCUA Regulators provided us the highest rating and successful review as we maintained our CAMEL Code 1 rating. We also had a successful audit by our external auditor, McGladrey & Pullen. He encouraged members to read and review the Annual Report, which has a lot of information. The Treasurer's report is included in the Annual Report located in the back of the room.

Supervisory Committee's Report

The Supervisory Committee Chairperson shared that the Supervisory Committee had a busy year with special audits, along with additional committee responsibilities with fraud issues. Also, we welcomed a new committee member, Major Dennis Martin. Under the capable leadership of Mr. Han, Director of Internal Audit, we completed 15 high-risk audits this past year. Even with the Internal Audit department being under staffed at that time, we also completed the majority of the moderate-risk audits.

As a result of the expense audits performed by both the external and internal auditors, a new comprehensive expense policy will be forthcoming this year. We anticipate returning more value back to our members by streamlining some of those policies. We had a wonderful and exciting year and hope that it validates the trust our membership placed in our role. The entire credit union looks forward to a safe, sound, and successful year in 2008.

The Supervisory Committee Report is also included in the Annual Report in the back of the room.

Old Business

Mr. Bowman indicated that the Chairperson may take a voice vote or declare the nominee elected by general consent or acclamation when only one person is nominated for each position. George Simpson, Derald Emory, and Frank Cardile are nominees for three positions this year. The Chairperson declared the three nominees elected by general consent.

New Business

The Chairperson asked for any new business from the floor, and because of federal privacy regulations, the Management team will meet one on one with the members to ensure their issues have been effectively discussed.

- One member requested an update on an initiative, which began several years ago, for Prince George's County residents to be eligible for membership. He noted that it was similar to the membership requirements for the District of Columbia. Mr. Brown replied that the initiative did start several years ago, and that the President and CEO received a notice from NCUA that stated that potential membership would be SEGs only. Therefore, the initiative was removed from the list.

The Chairperson inquired if there were any other comments. There were no additional comments. The Chairperson stated that our intent is to help our members and to serve the underserved. We appreciate all comments, suggestions, and recommendations.

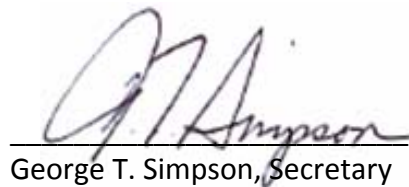
12. UNFINISHED BUSINESS

There was no unfinished business.

There being no further business, the meeting adjourned at 1756 hours.



Ruby B. DeMesme, Chairperson
Board of Directors



George T. Simpson, Secretary
Board of Directors