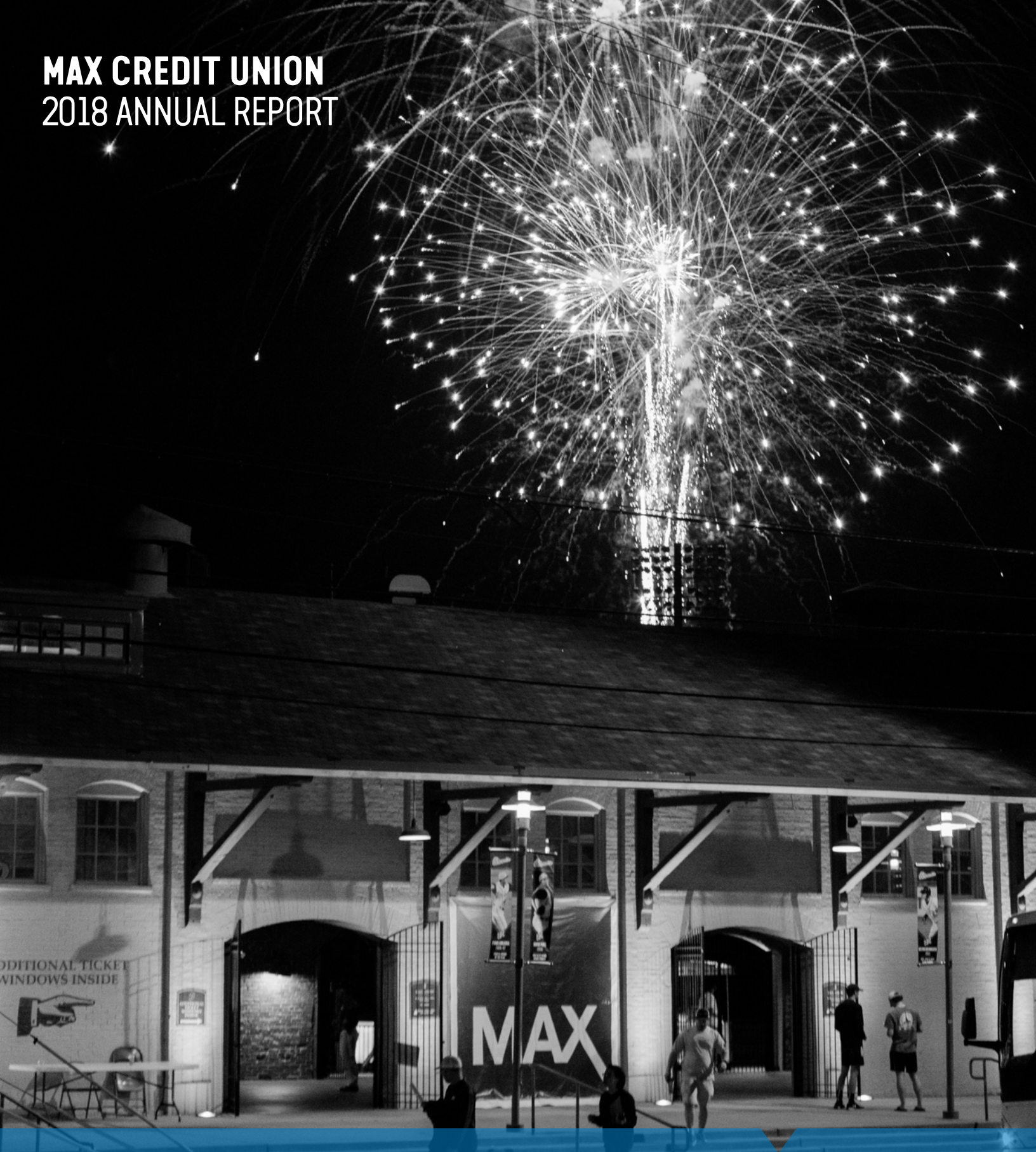


# MAX CREDIT UNION 2018 ANNUAL REPORT



SMART MONEY.  
MADE SIMPLE.®

Federally insured by the NCUA.



Justin Evans, volunteering at our Shred Drive event.

## BOARD OF DIRECTORS

|  |                                       |
|--|---------------------------------------|
| <b>Chair</b><br>M. Keivan Deravi       | <b>Director</b><br>James W. Solze Jr. |
| <b>Vice Chair</b><br>Barbara T. Starr  | <b>Director</b><br>Gary A. Tomlin     |
| <b>Secretary</b><br>K. Sue Jackson     | <b>Director</b><br>A. Kelli Wise      |
| <b>Treasurer</b><br>Bradley L. Sanders | <b>Director</b><br>Lloyd Woodman Jr.  |
| <b>Director</b><br>John E. Averrett    |                                       |

## SUPERVISORY COMMITTEE

|                                      |   |
|--------------------------------------|---|
| <b>Chair</b><br>Richard M. Jones     | <b>Member</b><br>R. Jeff Baldwin                |
| <b>Secretary</b><br>Donald Y. Walker | <b>Board Representative</b><br>John E. Averrett |

## EXECUTIVE MANAGEMENT COMMITTEE

|  |   |
|--|---|
| <b>President &amp; CEO</b><br>H. Greg McClellan      | <b>Chief Marketing Officer</b><br>D.G. Markwell |
| <b>Chief Retail Officer</b><br>M. Wayne Blackwell    | <b>Chief Financial Officer</b><br>Tim Marquardt |
| <b>Chief Lending Officer</b><br>Martin Head          | <b>Chief Support Officer</b><br>Cheryl Payson   |
| <b>Chief Information Officer</b><br>Scott M. Lindley | <b>Chief Talent Officer</b><br>Sandra Stenger   |

## CONTENTS

|        |  |
|--------|--|
| Pg. 3  | Letter from the Chairman and President |
| Pg. 4  | Supervisory Committee Report           |
| Pg. 5  | Treasurer's Report                     |
| Pg. 6  | Financial Statements                   |
| Pg. 7  | MAX in the Community                   |
| Pg. 9  | MAX4Kids Foundation                    |
| Pg. 10 | MAXimizing Health and Volunteerism     |



## FROM THE CHAIRMAN AND PRESIDENT

For over 63 years, MAX has provided its customers with quality financial products and services. Through strong local management and community support, MAX continues to grow as one of the most stable financial institutions in Central and East Alabama.

### Financial Strength and Stability

MAX has a strong financial foundation and has seen consistent growth throughout the years. In 2018, MAX continued to see deposit and loan growth. MAX ended 2018 with more than \$1.3 billion in total assets, which is an increase of 4 percent year over year. Total loans increased by 10 percent to more than \$880 million. MAX's capital position remains extremely strong and above regulatory guidelines.

MAX finished 2018 with a vigorous performance and continues striving to meet your financial needs.

### SmartShares

At MAX, we know we are only successful because our customers give us the opportunity to meet their financial needs. When we experience success, we believe we should share it with those who made it possible. As a thank you for choosing MAX as their financial institution, SmartShares is a program that was created to reward customers for their loyalty to MAX. In order to be eligible for SmartShare cash rewards, a customer must have and use a certain number of MAX products and services. Details on SmartShare qualifications can be found at [myMAX.com/SmartShares](http://myMAX.com/SmartShares).

In 2018, we deposited nearly \$1.1 million SmartShares into customer accounts!

### Poised for Growth

In February of 2018, MAX broke ground on our new Chantilly branch location. This state-of-the-art facility features the latest in modern design and technology. During normal business hours, a concierge greets customers and directs them to teller

pods, where MAX associates assist them with their financial needs. The Chantilly branch also houses MAX's Business Services and Wealth Management groups. This new location allows MAX to serve more customers in the River Region with the same quality service our customers have come to expect.

### Community

MAX believes in supporting the communities we serve by giving back. We are committed to making a difference by investing in multiple organizations in Central and East Alabama that support child well-being, financial literacy, and growth within families. Why? Because Community Matters.

We continue to encourage our associates to invest in the communities we serve through our volunteerism program. In 2018, MAX associates volunteered over 6,600 hours in their communities, which is almost double the number of hours our employees spent volunteering in 2017.

MAX's financial wellness program, SIDEKICK, is growing and reaching more classrooms in the River Region. With more than 200 hours spent teaching inside schools and organizations, we continue to see the positive effect our financial wellness program is having in our schools and our communities.

The MAX4Kids Foundation continues to have a positive effect on children's lives in Central and East Alabama. In 2001, the MAX4Kids Foundation was formed to open pathways for giving to our local communities and children in order to further their education and improve their overall well-being. Since its founding, the MAX4Kids Foundation has invested more than \$1.3 million to local children's charities and through the MAX4Kids Scholarship Program

M. Keivan Deravi  
Chair

H. Greg McClellan  
President/CEO

MAX President, Board Members and Executives  
at the Chantilly Branch Groundbreaking Ceremony.



## A REPORT FROM THE SUPERVISORY COMMITTEE

The Supervisory Committee, established by law, reviews and evaluates the performance of MAX and makes recommendations for improvement. The Committee reviews policies and procedures; safeguards customer assets; and reviews MAX's operations and internal controls. It also ensures MAX is complying with consumer and commercial credit regulations. We serve as the customers' representative to Management and the Board of Directors.

The Supervisory Committee employs a full-time internal audit staff that performs audits and monitors operations. These audits include, but are not limited to: internal control review of branch and back office operations; financial statements; new, closed, and dormant accounts; consumer, mortgage, and business loans; Bank Secrecy Act; wire transfers; Automated Clearing House; information technology; and customer account verification. In 2018, 100 audits were completed and reported to Management and the Board of Directors.

A primary function of the Supervisory Committee is to ensure an annual audit of MAX is conducted. In March 2018, the accounting and professional services firm of CliftonLarsonAllen, LLP completed the 2017 audit. In the opinion of this firm, the financial statements present fairly the financial position of MAX Credit Union as of December 31, 2017. This firm is in the process of conducting the 2018 audit and a final report will be issued by April 2019.

As the customers' representative, the Committee places special emphasis on assisting customers with inquiries and resolving complaints. It is our policy to investigate all inquiries thoroughly and respond to the customer as quickly as possible. We strive to protect the customers' interest and encourage them to contact us should they have any questions or problems.

Richard M. Jones  
Supervisory Committee Chair



Lindsey Crum helping with the Family Guidance Center Food Pantry.

# TREASURER'S REPORT

MAX continued to experience growth in 2018 and finished the year with over \$1.3 billion in total assets, up 3.8 % from last year. MAX also grew over \$1.1 billion in total share deposits. These numbers reflect its member's loyalty and trust in MAX.

MAX continues to offer competitive rates for both deposits and loan products. MAX saw strong growth in its business lending and residential mortgage lending sectors. This growth increased its total loans by 10% to more than \$880 million. This loan growth is reflective of MAX knowing and meeting the needs of its member's businesses and their home requirements. MAX's specialized business loans and mortgage options helped MAX grow and gave its members choices and options in their business and home buying decisions.

Its 2018 deposit growth of 4.1% reflects MAX's commitment to competitive interest rates. MAX has expanded its array of savings alternatives in order to enhance member choices and services. All of these are important ingredients in attracting and holding deposits.

In addition to its loan and deposit growth, MAX continues to invest in its branch network and to focus on member convenience and to make its member's experiences with MAX memorable. In January, MAX broke ground on its newest location on Chantilly Parkway. This location will further meet the service needs of its east Montgomery and Pike Road members in 2019 and beyond.

MAX's net income for 2018 was \$10.6 million; this resulted in a return on assets of 0.79% and allowed MAX the opportunity to again reward its members for through its SmartShares program. MAX deposited more than \$1,058,581 in SmartShares dividends into its member's accounts at the end of 2018.

MAX maintains a strong capital position and MAX ended 2018 with an equity-to-assets ratio of 14.10%. This strong financial ratio will enable MAX to retain its high level of member service and financial strength. But, financial performance is only part of MAX's success. Without its members, MAX would not be where it is today. MAX will continue to strive to reach new heights and continue to meet its financial needs.

MAX thank you for its loyalty and confidence.

*Bradley L. Sanders*  
Bradley L. Sanders  
Treasurer

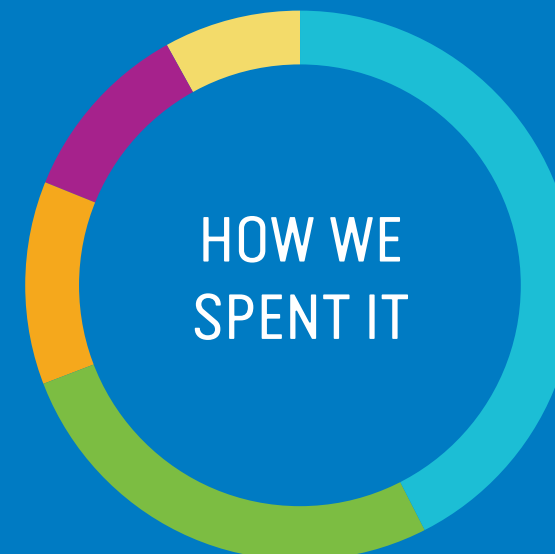


Carrie Rauch participating in the Family Guidance Center Run.

# 2018 FINANCIAL STATEMENTS



- 55% Interest on Loans
- 18% Fee Income
- 15% Other Income
- 12% Income from Investments



- 43% Employee Costs
- 27% Occupancy and Operations
- 12% Other Expenses
- 11% Dividends Paid to Members
- 8% Provision for Loan Losses

| ASSETS (\$000's)          | 2018             | 2017             |
|---------------------------|------------------|------------------|
| Loans to Customers        | 887,584          | 804,371          |
| Allowance for Loan Losses | 10,140           | 9,266            |
| Cash & Investments        | 401,637          | 435,324          |
| Other Assets              | 85,981           | 84,988           |
| <b>Total</b>              | <b>1,365,063</b> | <b>1,315,417</b> |

| LIABILITIES & CAPITAL (\$000's) | 2018             | 2017             |
|---------------------------------|------------------|------------------|
| Customers' share deposits       | 1,164,471        | 1,118,862        |
| Other liabilities               | 13,733           | 18,636           |
| Equity                          | 186,859          | 177,919          |
| <b>Total</b>                    | <b>1,365,063</b> | <b>1,315,417</b> |

| INCOME STATEMENT (\$000's) | 2018          | 2017          |
|----------------------------|---------------|---------------|
| Interest on Loans          | 38,033        | 34,247        |
| Income from Investments    | 8,446         | 7,654         |
| Fee Income                 | 12,596        | 12,023        |
| Other Income               | 10,157        | 9,935         |
| <b>Total</b>               | <b>69,232</b> | <b>63,859</b> |

| EXPENSES (\$000's)        | 2018          | 2017          |
|---------------------------|---------------|---------------|
| Dividends Paid to Members | 6,440         | 5,265         |
| Provision for Loan Losses | 4,489         | 4,741         |
| Employee Costs            | 24,993        | 23,129        |
| Occupancy and Operations  | 15,664        | 14,916        |
| Other Expenses            | 7,042         | 6,496         |
| <b>Total</b>              | <b>58,628</b> | <b>54,547</b> |
| <b>Net Income</b>         | <b>10,604</b> | <b>9,311</b>  |



# 2018 COMMUNITY IMPACT

## Charitable Contributions

Through MAX's Community Giving Program, we donated \$40,000 to eight organizations that are making a positive difference in the communities we serve. The Alabama Shakespeare Festival, Alabama Wildlife Federation – Lanark, BigHouse Foundation, EAT South, MANE, Montgomery Museum of Fine Arts, Prattville Field of Dreams, and Storybook Farm were selected as recipients of MAX's Community Giving Program in 2018. Supporting these organizations allows us to establish partnerships with each organization and work to help them thrive in our communities.

## Community Event Sponsorships

We sponsor and participate in numerous community events throughout the year. With a strong presence in the community, the 2018 events include the 10th Annual MAX Capital City Classic, MAX Community Reception, MAX Burger Bash, shred drives, various city and chamber events, volunteer service projects, and financial education workshops.

MAX honored Hope Inspired Ministries and Valiant Cross Academy as recipients of the MAX Community Achievement Award at the 15th Annual MAX Community Reception. Along with the MAX Community Achievement Award, MAX was also honored to present Hope Inspired Ministries and Valiant Cross Academy with a \$3,000 donation to further support the efforts of both organizations. The MAX Community Reception is an annual event that brings together businesses, political, and community leaders to celebrate community successes and recognize organizations and individuals who have made a significant difference in the quality of life in Central and East Alabama.

## Employee Contributions

At MAX, we are passionate about the giving of our time to the communities we serve through corporate donations, employee contributions, and volunteer outreach. In 2018, employees contributed more than \$28,000 to the MAX4Kids Foundation through a payroll drive, as well as more than \$6,000 to United Way. With more than 6,600 employee volunteer hours served in 2018, MAX is committed to making our communities better places to live, work, and play.

## SIDEKICK Financial Wellness

MAX launched its financial wellness program in 2017, providing numerous workshops to local schools and organizations in Central and East Alabama. In 2018, more than 200 hours were spent teaching others the importance of financial management.



Pete Jordan at Troyfest 2018.



Taco Libre 2018



10<sup>th</sup> Annual MAX Capital City Classic



Hope Inspired Ministries recipient of the 2018 MAX Community Achievement Award



Valiant Cross Academy recipient of the 2018 MAX Community Achievement Award



Bethany Burger teaching a SIDEKICK class.



2018 MAX Burger Bash Judges



Associates and their families shop for Common Ground Montgomery's Christmas Store



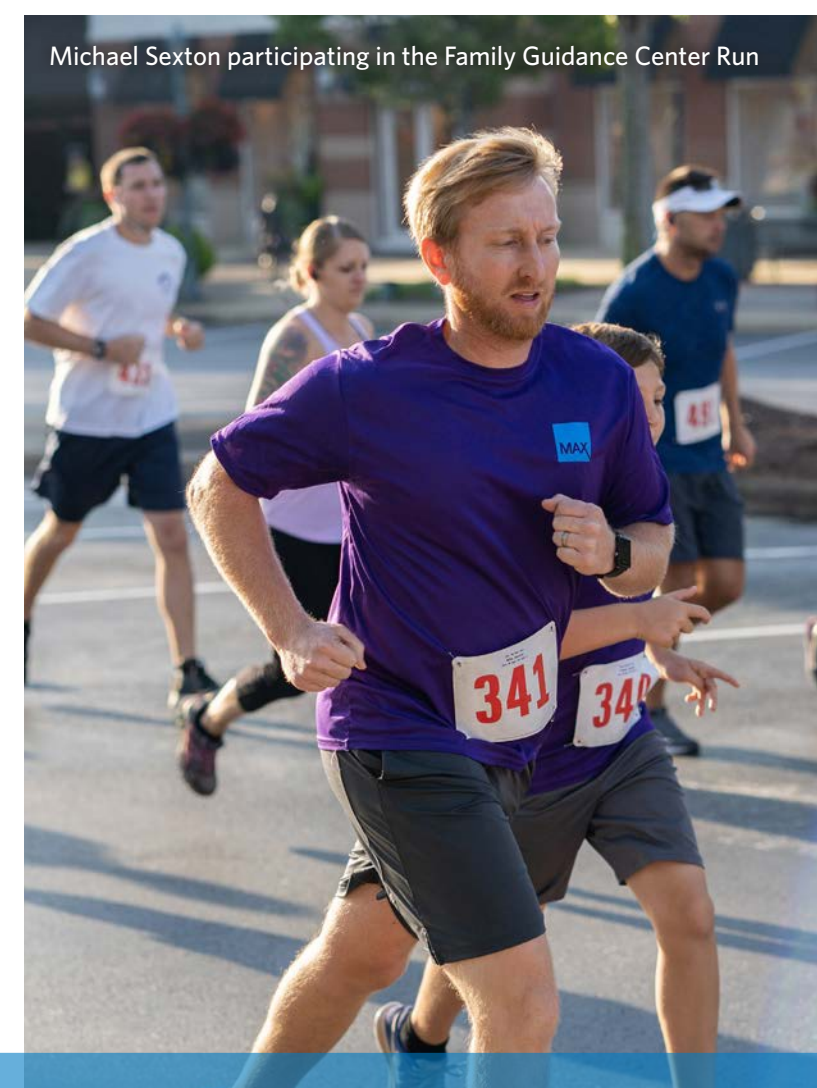
Volunteers at the WYLD in the Woods 5K Trail Run



MAX won the Dragon's Lair paddle at the Dragon Boat Race and Festival



2018 Family Guidance Center Run



Michael Sexton participating in the Family Guidance Center Run



2<sup>nd</sup> Annual MAX4Kids Clay Shoot



19<sup>th</sup> Annual MAX4Kids Charity Golf Tournament in Prattville



2018 Dragon Boat Team

## MAX4KIDS FOUNDATION

Since its' founding in 2001, the MAX4Kids Foundation has donated more than \$1.3 million to local children's charities and the MAX4Kids Scholarship Program in Central and East Alabama. In 2018, more than \$100,000 was given back to 12 non-profits and 10 high school seniors. Fundraisers like the annual golf tournament and clay shoot take place throughout the year to help raise funds for the MAX4Kids Foundation.

## MAXIMIZING HEALTH

Through MAX's MAXimizing Health program, associates are encouraged to get involved in the community by participating in an annual dragon boat race and various 5K and 10K runs. The program encourages associates to improve their personal health and wellness efforts.





SMART MONEY.  
MADE SIMPLE.®

## CONTACT

MAX Mobile Banking App  
Available in the iTunes Store and Google Play Store

MAX Online Branch  
**myMAX.com**

MAX Telephone Service Center  
334.260.2600 / 800.776.6776

MAX Telephone Banking  
334.270.1111 / 800.366.7777

Mailing Address  
P.O. Box 244040  
Montgomery, Alabama 36124-4040



## LOCATIONS

### Auburn

Auburn Downtown      336 North Gay Street

### Millbrook

Magnolia Ridge      3441 US Highway 14

### Montgomery

Baptist South      2055 East South Boulevard  
Chantilly      11020 Chantilly Parkway  
Downtown      401 Monroe Street  
Eastdale      400 Eastdale Circle  
Gunter Annex      100 South Turner Boulevard  
Maxwell AFB      10 East Selfridge Street  
Taylor Road      3401 Malcolm Drive  
Vaughn Road      5245 Vaughn Road  
West Montgomery      4705 Mobile Highway  
Zelda Road      2785 Zelda Road

### Opelika

Frederick Road      3021 Frederick Road

### Prattville

Cobbs Ford Road      2309 Cobbs Ford Road  
Main Street      752 East Main Street

### Tallassee

Hwy 229      1600 Highway 229 South

### Troy

Hwy 231 1207      US Highway 231 South

### Wetumpka

Hwy 231      94 Captain Crommelin Road