

MAX CREDIT UNION
2016 ANNUAL REPORT



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and Volunteerism



FROM THE CHAIRMAN AND PRESIDENT

With over 60 years of success and financial growth, MAX remains a trusted name in the communities we serve and continues to develop strong and lasting relationships with our customers as we enter new markets. From \$125 in a cigar box to 17 branch locations in Central and East Alabama, as well as the Wiregrass, MAX remains committed to our customers and communities.

Financial Strength and Stability

With nearly \$1.24 billion in assets, MAX ended 2016 by achieving financial growth with controlled consistency. Not only did we see an increase in total loans, but MAX's capital continues to remain strong and steady. Above all, this financial strength will continue to help aide in the consumer relationships MAX has developed and attract new customers in the future.

SmartShares

We know our customers are smart, so we designed a program that thanks you for your loyalty, while celebrating our success. At MAX, we aim to help our customers reach your financial goals, all while giving you a little something extra as a token of our appreciation. That's what we like to call a win-win. SmartShares rewards our customers based on the number of MAX products and services you use. Funds are automatically deposited into customers' share accounts at year-end.

Market Growth

In 2016, MAX experienced tremendous growth within our markets. In May, MAX board members and executives joined city officials from the Pike County area for the official ground breaking of the new MAX retail branch in Troy, Alabama. Customers in that market now have access to MAX products and services, as well as various lines of business such as Mortgage Services and MAX Wealth Management. Our customers can expect the same level of quality and service they are accustomed to, while managing their financial relationship right in their own community. MAX also grew within the River Region by taking up quarters in Baptist Medical Center South located inside Morrow Tower. These two locations mark the 16th and 17th branch locations in the MAX footprint. Both Troy and Baptist South branches had soft openings in December 2016.

As we look toward 2017, MAX hopes to see continued growth and potential for new markets, while offering smart financial products for our customers.

Our Communities

One aspect MAX holds dear is supporting our local communities by giving back. MAX donated over \$70,000 to multiple organizations in Central and East Alabama that support child well-being, financial literacy, and growth within families.

We continue to encourage our team members to not only give financially, but to serve by giving our time to these organizations. Through our volunteerism program, MAX invested over 3,300 hours in volunteering in our local communities. Over 50 local non-profits benefited from both our team members' hands-on work and our financial contributions. We pride ourselves on supporting and providing a positive impact on those we serve.

To further highlight our success, the MAX4Kids Foundation hit a celebratory mark of over \$1 million given to local children's charities and scholarships. This was a historic milestone for the 15 year foundation! In 2001, the MAX4Kids Foundation was formed and has continued to give to our local communities and children in the Central and East Alabama regions to further their education and improve their overall well-being. MAX is excited to see all that the MAX4Kids Foundation will do to continue making a positive impact in children's lives.

M. Keivan Deravi
Chair

H. Greg McClellan
President/CEO

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 2016, 108 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 2016, the certified accounting firm of Hutto & Carver, P.A. completed the 2015 audit. In the opinion of this firm, the financial statements accurately represented the financial position of MAX as of December 31, 2015. The accounting and professional services firm of CliftonLarsonAllen, LLP is in the process of conducting the 2016 audit and a final report will be issued by April 2017.

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.

Dr. Richard M. Jones
Supervisory Committee Chair



TREASURER'S REPORT

2016 was yet another year of substantial growth for MAX, as we finished the year with over \$1.24 billion in total assets. MAX also reported nearly \$1.1 billion in total share deposits, up more than 5% from the previous year end. These numbers both serve as strong indicators of our customers' continued loyalty to MAX.

In spite of an otherwise challenging economic environment in 2016, MAX reported a net income of \$8.2 million, for a return on assets of 0.67%. This steadiness allowed us the opportunity to reward our customers for their continued loyalty for the fifth year in a row with our SmartShares program.

Interest rates remained top-of-mind in 2016 for both MAX and consumers. We strive to offer market competitive rates for both deposit and loan products. Through our competitive loan rates and conservative lending philosophy, we saw a growth in total loans with an increase of over 14% throughout the year. Our lending sectors saw a significant change as auto loans increased 14% and both business and residential loans increased each by 20% from 2015. This showcased strong growth in 2016.

Overall, interest rates continued to remain steady or even lower than the previous year, which helped to tighten our interest margin. MAX maintains strong capital positioning, once again reporting an equity-to-assets ratio of 14%, well above regulatory guidelines. Looking forward, we are eager to see what is in store for MAX and our customers. Our financial performance is only part of what we consider the most important aspects to our success; without our customers, we understand MAX would not be what it is today, with a strong and stable 61 year history. MAX will strive to reach new heights, while maintaining our secure foundation rooted deep in strength and stability. And, with our customers' loyalty and trust, the sky is the limit!

Barbara T. Starr

Barbara T. Starr
Treasurer



2016 FINANCIAL STATEMENTS

ASSETS (\$000's)	2016	2015
Cash and equivalents	80,408	105,172
Investments	330,796	341,933
Federal Home Loan Bank stock	1,103	1,025
Loans, net of allowance	746,595	651,891
NCUSIF deposit	9,799	9,279
Fixed assets, net	35,768	32,353
Other assets	38,402	36,560
Total	1,242,871	1,178,214

LIABILITIES & CAPITAL (\$000's)	2016	2015
Customers' share deposits	1,056,706	1,002,733
Other liabilities	15,924	12,201
Equity	170,241	163,279
Totals	1,242,871	1,178,214

INCOME STATEMENT (\$000's)	2016	2015
Net interest income	33,366	33,349
Non-interest income	22,779	21,366
Total revenue	56,145	54,715
Provision for loan losses	4,374	4,200
Non-interest expenses	43,618	41,811
Net Income	8,152	8,704

COMPARISONS	2016	2015
Number of new customers	8,700	8,227
Number of loans issued	13,536	12,519
Total loans issued (\$000s)	\$398,443	\$337,520



SMART IS MAKING A DIFFERENCE RIGHT WHERE YOU ARE.

A. MAX Community Achievement Award: MAX was proud to honor the Montgomery Area Council on Aging with the Community Achievement Award at the 13th Annual MAX Community Reception. The MAX Community Reception is an annual event that brings together business, 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. The award was presented to MACOA Executive Director Donna Marietta and Board Chairman Pete Knight by MAX President and CEO, Greg McClellan.

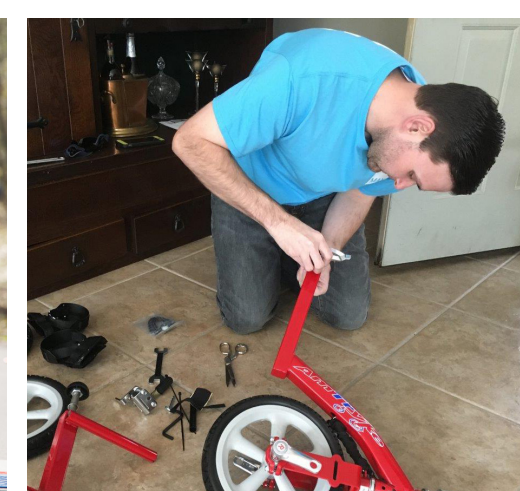
B. MAX Capital City Classic: Each year, MAX hosts the MAX Capital City Classic baseball game between rivals, the University of Alabama and Auburn University, at Riverwalk Stadium. MAX is thankful to be a part of the event, as well as the sponsor for the MAX Fireworks during the Biscuits' regular season.

C. Troy Groundbreaking: MAX celebrated its expansion into Pike County with a groundbreaking ceremony at the branch construction site in May. Representatives from the City of Troy and Pike County Chamber made an appearance and assisted President and CEO, Greg McClellan, and other MAX executives and board members with the celebration of this new branch.

D. Tim Marquardt named CFO of the year: In February, MAX was honored to announce Chief Financial Officer, Tim Marquardt, was awarded the Credit Union Times' 2016 Trailblazer Award for CFO of the Year. This award aims to honor credit union executives, volunteers and financial institutions that promote change by creating and implementing innovative strategies and solutions. Marquardt joined MAX as the Chief Financial Officer in 2012.

E-F. MAX Community Giving: At MAX, we believe it is essential to invest in our communities. For over 60 years, we have supported hundreds of local non-profits, but we know we can make bigger impact when we give more to our selected non-profits. This year we donated \$40,000 to eight local non-profits based out of our markets including Montgomery, Lee, Autauga, and Elmore counties. We gave to Alabama Shakespeare Festival, EAT South, MANE, Montgomery Museum of Fine Arts, BigHouse Foundation, Storybook Farm, Prattville Field of Dreams, and W.E.L.C.O.M.E.





MAX4KIDS FOUNDATION

THE MAX4KIDS FOUNDATION HITS THE \$1 MILLION MARK

The MAX4Kids Foundation is a non-profit organization that was created in 2001 by MAX team members as a way to give back to the community – specifically children’s charities. The MAX4Kids Foundation held the MAX4Kids Toy Drive to benefit Common Ground Montgomery and Big House Foundation. Along with collecting toys in the branches, the MAX4Kids Foundation and MAX team members donated toys from their annual shopping trip for both Montgomery and Lee County markets.

Through MAX’s MAXimizing Health program, MAX team members got involved in their communities. Throughout the year, team members participated in 5Ks, 10Ks, and other fun runs benefitting a variety of great, local non-profits. MAX also sponsored and participated in the Montgomery Dragon Boat Race.

In 2016, MAX placed a large emphasis among team members to become more involved in the communities MAX serves through the volunteerism program. Over 180 MAX team members spent more than 3,300 hours serving the community through MAX’s volunteer efforts. From putting together tricycles for AMBUCS to delivering meals to seniors through MACOA’s Meals on Wheels Program, over fifty organizations were impacted by their efforts.





SMART MONEY.
MADE SIMPLE.®

CONTACT

MAX Mobile Banking App

Available in the iTunes Store and Google Play Store

MAX Online Branch

myMAX.com

myMAX 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
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