

**MAX CREDIT UNION**  
**2017 ANNUAL REPORT**



**SMART MONEY.  
MADE SIMPLE.®**

Federally insured by the NCUA.









## BOARD OF DIRECTORS

**Chair**  
M. Keivan Deravi

**Director**  
James W. Solze Jr.

**Vice Chair**  
Daniel L. Dunaway

**Director**  
Gary A. Tomlin

**Secretary**  
K. Sue Jackson

**Director**  
A. Kelli Wise

**Treasurer**  
Barbara T. Starr

**Director**  
Lloyd Woodman Jr.

**Director**  
Bradley L. Sanders

## SUPERVISORY COMMITTEE

**Chair**  
Richard M. Jones

**Member**  
Jeff Baldwin

**Secretary**  
Don Y. Walker

**Board Representative**  
Gary A. Tomlin

## EXECUTIVE MANAGEMENT COMMITTEE

**President & CEO**  
H. Greg McClellan

**Chief Marketing Officer**  
D.G. Markwell

**Chief Retail Officer**  
M. Wayne Blackwell

**Chief Financial Officer**  
Tim Marquardt

**Chief Lending Officer**  
Martin Head

**Chief Support Officer**  
Cheryl Payson

**Chief Information Officer**  
Scott M. Lindley

**Chief Talent Officer**  
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 60 years, MAX has been a respected financial institution for its customers and the communities we serve. With 17 branches throughout Central and East Alabama, MAX continues to grow and enter into relationship with both consumers and businesses. As MAX enters into new areas, we will continue to stay committed to our customers and sustain lasting relationships.

## Financial Strength and Stability

MAX has shown steady and consistent financial growth. MAX ended 2017 with over \$1.3 billion in total assets, which is an increase of 5.8% for the year. Total loans for the year also saw growth in 2017. MAX's capital position remains extremely strong and above regulatory guidelines. MAX will continue to strive to maintain a stable foundation to better meet customers' needs.

## SmartShares

At MAX, we like to make sure our customers know they are appreciated, that's why we created the SmartShares reward program. In order to receive SmartShares, customers must have and use a certain number of MAX products and services, in order to be eligible to receive the rewards.

This program was created to reward those customers who are loyal to MAX, as a "Thank You" for choosing MAX as their financial institution. MAX was thankful to once again be able to deposit SmartShares into customer accounts in 2017, totaling \$906,644.53!

## Poised for Growth

In December of 2016, MAX soft opened two new branches and had their official grand openings at the beginning of 2017. Opening a new location in Troy, Alabama and a branch at the Baptist South Morrow Tower, MAX is now able to serve more customers in the River Region and Pike County. Customers have access to all MAX products, as well as various lines of business and the same quality service our customers have come to expect.

As we look toward 2018, MAX will continue to grow with smarter financial products and services.

## Community

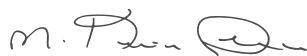
MAX is a community focused organization. Partnering with 8 non-profits in Central and East Alabama through its Community Giving efforts, MAX has helped to make a difference in the lives of children and families in the surrounding communities.

In 2017, MAX encouraged team members to further invest in the communities MAX serves through the volunteerism program. Team members invested more than 3,400 hours volunteering in our communities. Over 50 local non-profits benefitted from the efforts.

In addition to our volunteer efforts, MAX launched its first financial education program, Ascend Financial Wellness. The educational program held workshops for 28 public and private schools in the River Region, as well as non-profit and community organizations. We are excited to see the financial education program continue to grow and make an impact in our communities!

The MAX4Kids Foundation continues to make a significant impact on our communities. Since its founding in 2001, the MAX4Kids Foundation has donated over \$1 million to local children's charities and the MAX4Kids Scholarship Program in Central and East Alabama.

Thank you for trusting MAX to service your financial needs. We look forward to continuing to provide quality products and services for our customers.



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 2017, 102 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 2017, the accounting and professional services firm of CliftonLarsonAllen LLP completed the 2016 audit. In the opinion of this firm, the financial statements present fairly the financial position of MAX Credit Union as of December 31, 2016. This firm is in the process of conducting the 2017 audit and a final report will be issued by April 2018.

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

MAX finished the year with over \$1.3 billion in total assets and more than \$1.1 billion in total share deposits, up nearly 6% from a year ago. This is a strong measure of our customers' continued loyalty to MAX. Meanwhile, our total loans increased by over 6% during the year, with particularly strong growth in our business lending and residential mortgage lending sectors.

MAX continues to offer very competitive interest rates for both loans and deposits to complement our focus on remarkable customer service in Central and East Alabama. For the 2017 fiscal year, MAX reported net income of \$9.3 million for a return on average assets of 0.73%. This included a pay-out of a year-end loyalty reward to our customers for the fifth year in a row through our SmartShares program.

Our net interest margin continued at approximately 2.80% of average assets, while interest rates showed signs of increasing at the end of the year. Overall gross revenue increased by almost 5% compared to 2016, while total expenses increased by less than 3% and interest paid to our members increased by over 7%. Our capital position remains significantly above the regulatory "well-capitalized" guidelines, with an equity-to-assets ratio of 13.8%.

We are proud of our overall financial performance and outlook for the future. I would like to thank our customers for your loyalty and confidence in MAX. We will continue to strive to meet your financial needs and position MAX for continued growth, while maintaining a strong, secure, stable foundation.

*Barbara T. Starr*

Barbara T. Starr  
Treasurer





# 2017 FINANCIAL STATEMENTS

ASSETS (\$000's)	2017	2016
Cash and equivalents	80,312	80,408
Investments	353,851	330,796
Federal Home Loan Bank stock	1,161	1,103
Loans, net of allowance	795,105	746,595
NCUSIF deposit	10,665	9,799
Fixed assets, net	33,811	35,768
Other assets	40,522	38,402
<b>Total</b>	<b>1,315,417</b>	<b>1,242,871</b>

LIABILITIES & CAPITAL (\$000's)	2017	2016
Customers' share deposits	1,118,862	1,056,706
Other liabilities	18,636	15,924
Equity	177,919	170,241
<b>Totals</b>	<b>1,315,417</b>	<b>1,242,871</b>

INCOME STATEMENT (\$000's)	2017	2016
Net interest income	36,307	33,366
Non-interest income	22,287	22,779
Total revenue	58,593	56,145
Provision for loan losses	4,741	4,374
Non-interest expenses	44,541	43,618
<b>Total</b>	<b>9,311</b>	<b>8,153</b>





# SMART IS MAKING A DIFFERENCE RIGHT WHERE YOU ARE.

**A. MAX Community Achievement Award:** MAX was proud to honor the Montgomery Chamber Convention and Visitor Bureau with the MAX Community Achievement Award at the 14th 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 Montgomery Chamber Convention and Visitor Bureau Vice President, Dawn Hathcock by MAX President and CEO, Greg McClellan.

**B. MAX Capital City Classic:** MAX sponsored the 9th Annual MAX Capital City Classic baseball game between two state rivals, Auburn University and the University of Alabama. The event is held every year at Riverwalk Stadium, home of the Montgomery Biscuits. MAX is proud to partner with both University's as well as the Biscuits during their regular season, while sponsoring the MAX Fireworks!

**C. Troy Ribbon Cutting:** MAX celebrated its expansion into Pike County with a ribbon cutting ceremony at MAX's new retail branch in Troy, Alabama. Representatives from the City of Troy and Pike County Chamber of Commerce assisted President and CEO, Greg McClellan, and other MAX associates and board members with the ribbon cutting in January.

**D. Baptist South Morrow Tower Ribbon Cutting:** MAX celebrated the opening of another branch for its River Region customers, located at the Baptist South Morrow Tower. Representatives from the City of Montgomery and Montgomery Chamber of Commerce were present to assist President and CEO, Greg McClellan and other MAX associates and board members with the ribbon cutting in January.

**E-F MAX Sponsors the Montgomery Burger Bash:** For the first time, MAX was named as the presenting sponsor of the MGM Burger Bash held in September. The event was held in beautiful downtown Montgomery. Local restaurants provided their specialty burgers for event goers to score their favorite burgers, while a few MAX employees helped serve as judges for the event









# MAX 4 Kids<sup>®</sup> foundation



A



B



C

## MAX4KIDS FOUNDATION

The MAX4Kids Foundation is a non-profit organization that was created in 2001 by MAX team members as a way to give back to local children's charities and the MAX4Kids Scholarship Program. Throughout the year, MAX volunteers held fundraisers that included the 1st Sporting Clay Shoot, blue jean days, candy bar sales, and other events to raise money.

A. The MAX4Kids Foundation held the MAX4Kids Toy Drive to benefit Common Ground Montgomery and Big House Foundation. MAX team members had a great time shopping for toys in both Montgomery County and Lee County markets.





D



G



E



H



F

**B-C.** In 2017, the MAX4Kids Foundation donated over \$78,000 to local non-profits who are making a difference in the River Region and East Alabama.

**D-F.** MAXimizing Health: MAX team members participated in several 5Ks, 10Ks, and other runs benefitting local non-profit organizations. MAX's MAXimizing Health program encourages MAX team members to improve their wellness efforts, while getting involved in their local communities.

**G-H.** MAX also sponsored and participated in the Montgomery Dragon Boat Race and Festival, held at Riverfront Park.







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  
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