



Annual Report 2013



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2013 Annual Report Contents

4	Letter from the Chairman and President
5	Treasurer's Report
6	Supervisory Committee Report
8	Financial Statements
10	MAX in the Community
11	MAX4Kids Foundation



A Letter from the Chairman and President

2013 marked MAX's 58th year of providing customers with smarter financial products and services. Strong local management and unparalleled community support continued to make MAX one of the strongest and most stable financial institutions in Central and East Alabama.

FINANCIAL STRENGTH AND STABILITY

MAX reached a milestone in 2013, surpassing the \$1 billion mark in total assets.

In our continued growth, total loans increased by more than 10 percent from 2012 to more than \$560 million, primarily spread between auto and business lending. Deposits increased by 6.5 percent over the year due to a number of factors including varied savings alternatives and exceptional service. Total deposits ended the year at \$883 million.

MAX finished 2013 with a strong performance and continues striving to meet your financial needs while maintaining a stable foundation.

LOYALTY REWARDS PROGRAM

MAX paid \$900,132 to 31,197 qualifying customers through the Loyalty Rewards Program for 2013. Customers who trust MAX with some of their most valuable assets were rewarded for their continued banking relationships that help MAX grow year after year. Loyalty rewards were distributed in January 2014 and totaled more than 10 percent of MAX's net earnings. MAX finished the year strong, reporting net income of \$7.14 million after the dividend reward. For customers seeking to receive future loyalty payouts, the following activities may be considered as you make MAX your primary financial institution; increasing the number of products and services used, increasing balances and considering MAX first for loans.

POISED FOR GROWTH

MAX broke ground on a new relocation for our Wetumpka branch at 94 Captain Crommelin Road. The new location will allow customers to experience MAX with the ease and convenience that you have come to expect. The full-service branch will feature lobby and drive-thru service and the branch's smart retail design will include features unique to MAX's top-notch, retail service culture. Construction continues with an estimated opening date in Spring 2014.

CUSTOMER EXPERIENCE ENHANCEMENTS

Each year, we strive to make doing business at MAX simple for our customers, utilizing the utmost integrity and always showing hospitality.

In 2013, customer experience improvements involved several technology enhancements including an online and mobile banking conversion. This upgrade allowed us to offer additional services such as mobile deposit, Smartfolio (MAX's personal financial manager) and single sign-on access along with increased security.

Customers now have the option to receive MAX debit cards the same day they open new accounts with instant issue technology, and make deposits without hassle at one of MAX's several Envelope-Free ATMs.

MAX consumer education seminars continued to provide free classes on a variety of topics. In 2013, classes were offered on Countdown to College, Youth Financial Education, the Online Banking Upgrade and Backyard Gardening. In addition, helping customers and the community prevent identity theft was the focus of two MAX-sponsored shredding drives in Montgomery.

COMMUNITY

MAX continued to play a significant role in Central and East Alabama, donating to multiple organizations and supporting a variety of causes including child well-being, financial literacy and bringing families together.

MAX sponsored various events focused on family activities including the MAX Capital City Classic, Montgomery Biscuits' fireworks shows and MAX Movie Mondays. MAX also participated in several corporate team building events that benefitted charitable organizations including the City of Montgomery's Corporate Challenge and the Montgomery Dragon Boat Race & Festival.

The MAX4Kids Foundation further demonstrates MAX's commitment to community. Created in 2000 by MAX team members, the foundation has given \$797,052 to date to children's charities across Central and East Alabama and has provided college scholarships to 130 high school seniors.

Thank you for trusting MAX to service your financial needs. Your continued loyalty keeps MAX successful, allowing MAX to grow and offer even more quality products and services to Central & East Alabama.

Barbara T. Starr
Chair

H. Greg McClellan
President/CEO

Treasurer's Report

The year 2013 marked a major milestone, as MAX topped the \$1 billion mark in total assets.

MAX reported several positive financial trends in 2013 in a continually-challenging economic environment. Reported net income for the year of over \$7.14 million provided a return on average assets of 0.71%. Thus, MAX was able to return a loyalty reward to customers totaling \$900,132 for the second year in a row.

Total loans increased by more than 10% in 2013 to over \$560 million, primarily spread between the auto-secured and business lending categories. Meanwhile, total customer deposits increased by 6.5% due to a combination of MAX's competitive interest rates, varied savings alternatives, exceptional customer service and strong brand in the central Alabama region. Total customer deposits closed the year at \$883 million.

Our capital position showed net worth at 14.0% of total assets. MAX would also be considered "well-capitalized" under the NCUA's proposed new risk-based capital rules.

Total operating revenue for the year was nearly \$49 million, net of the dividends paid to customers, and was also up more than 10% compared to 2012. Total operating expenses of \$35 million were up less than 3% compared to 2012 and included \$669,000 assessed by the NCUA for continued recovery of the Corporate Stabilization Fund. Our customers received a total of \$4.7 million in dividends.

We are proud of our overall financial performance and the 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 future growth while maintaining a secure and stable foundation.

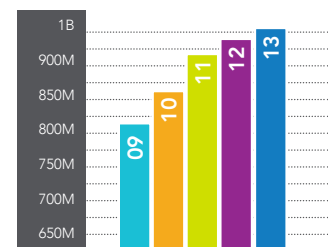


M. Keivan Deravi
Treasurer

TOTAL ASSETS

See pg. 9

TOTAL ASSETS



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 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 team 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 loans, and business loans; Bank Secrecy Act; wire transfers; Automated Clearing House; information technology; and customer account verification. In 2013, 107 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 2013, the certified accounting firm of Hutto & Carver, P.A. completed the 2012 audit. In the opinion of this firm, the financial statements accurately represented the financial position of MAX as of December 31, 2012. This firm is in the process of conducting the 2013 audit and a final report will be issued by April 2014.

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



"MAX is a great place to do your banking! Convenient, and no big bank buy outs!"





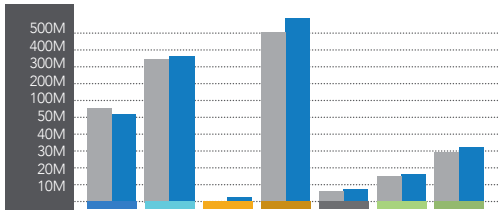
"MAX is the greatest for our checking, savings, and loans. Been with them for over 27 years and they have never let me down."



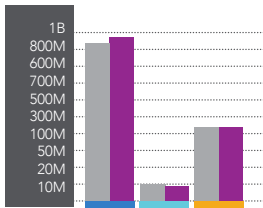
"We have been with MAX for over 20 years, they have helped finance everything from our computers to our tractor and all things in between. Would not switch. They are like family."

2013 Financial Statements

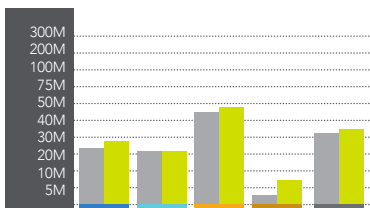
ASSETS



LIABILITIES & CAPITAL



INCOME STATEMENT



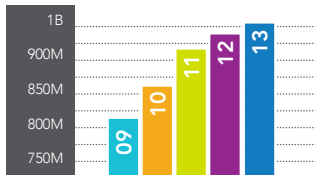
ASSETS (\$000's)	2013	2012
Cash and Equivalents	52,415	76,647
Investments	361,228	341,510
Federal Home Loan Bank Stock	1,210	-
Loans, Net of Allowance	553,672	500,537
NCUSIF Deposit	8,365	7,990
Fixed Assets, Net	26,620	25,202
All Other Assets	31,422	29,377
Total	1,034,932	981,264

LIABILITIES & CAPITAL (\$000's)	2013	2012
Members' Share Deposits	883,055	828,992
Other Liabilities	9,731	10,028
Equity	142,146	142,243
Totals	1,034,932	981,264

INCOME STATEMENT (\$000's)	2013	2012
Net Interest Income	27,645	22,965
Non-Interest Income	21,257	21,365
Total Revenue	48,901	44,330
Provision for Loan Losses	6,927	3,289
Non-Interest Expenses	34,830	33,830
Net Income	7,144	7,211

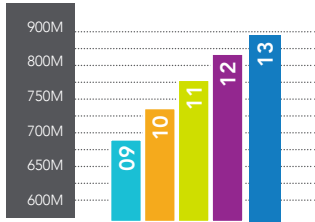
COMPARISONS	2013	2012
Number of New Members	11,173	10,295
Total Membership Accounts	109,891	108,304
Number of Loans Issued	12,101	9,842
Total Loans Issued (\$000s)	\$249,971	\$186,630

TOTAL ASSETS (\$000's)



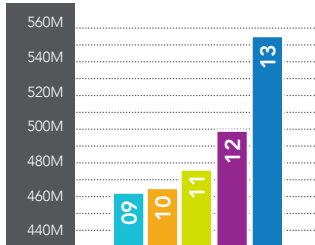
2013	1,034.932
2012	981.3
2011	913.7
2010	862.6
2009	813.6

TOTAL MEMBER DEPOSITS (\$000's)



2013	883.0
2012	829.0
2011	776.3
2010	732.7
2009	687.7

TOTAL NET LOANS (\$000's)



2013	553.7
2012	500.5
2011	475.1
2010	467.0
2009	464.5



Our customers are our strongest assets.

Brilliant.

MAX in the Community



MAX CAPITAL CITY CLASSIC

MAX hosted the 5th Annual Capital City Classic at Riverwalk Stadium on March 5, 2013 where Auburn University continued its undefeated streak against the University of Alabama baseball team. Auburn pulled out the win with a score of 6-3 over Alabama.



MAX SHREDDING DRIVE

In efforts to protect customers from identity theft, MAX partnered with organizations in the community to sponsor two shredding drives. The events were a huge success as members of the community brought 58,830 pounds of documents to be destroyed.



THE MAX COMMUNITY ACHIEVEMENT AWARD

MAX presented the 2013 MAX Community Achievement award to EMERGE Montgomery for its efforts to attract, engage and retain young professionals in the City of Montgomery and surrounding areas.



MAX FIREWORKS

Since the Montgomery Biscuits debuted in the River Region, MAX has sponsored the MAX fireworks show as a way to provide family-friendly entertainment to the community. 2013 marked the 10th year of this great partnership.

Go Team MAX!



DRAGON BOAT RACE

More than 20 MAX team members participated in the 4th Annual Dragon Boat Race and Festival and competed against other financial institutions and local businesses. All proceeds from the event went to the Central Alabama Community Foundation.



MONTGOMERY CORPORATE CHALLENGE

MAX team members competed in the Montgomery Corporate Challenge in May. Team members stepped up and enjoyed an event promoting fitness, fun and fellowship while showcasing their minds and talents in the spirit of corporate competition.

MAX4Kids Foundation



14TH ANNUAL MAX4KIDS GOLF TOURNAMENT

The MAX4Kids Foundation hosted its 14th Annual Charity Golf Tournament at the Robert Trent Jones Golf Trail in Prattville, Alabama on October 16, 2013. The tournament hosted 46 teams, consisting of 181 golfers. Teams enjoyed the competition and, along with 120 corporate sponsors, raised a net amount of more than \$36,000 for the organization.

“The annual Charity Golf Tournament is the foundation’s largest fundraiser each year,” said MAX4Kids Foundation President D.G. Markwell. “Through the golf tournament and numerous other fundraisers, the MAX4Kids Foundation is able to support several fantastic organizations making a difference in the lives of children in Central and East Alabama.”



MAX4KIDS SCHOLARSHIP RECIPIENTS

On May 2, 2013 the MAX4Kids Foundation recognized 10 graduating seniors from Central Alabama by presenting each with a \$5,000 MAX4Kids Scholarship. A committee of area college educators chose winners based on scholastic achievement, extra-curricular activities, qualities of character and leadership, and essay responses. Winners were honored during a reception with family and friends.

Back row L to R: Kaitlin Russell, Prattville High School; Savannah Phinney, Prattville Christian Academy; Jordan Rivers, Booker T. Washington Magnet High School; Alicia Cook, Booker T. Washington Magnet High School; DG Markwell, President, MAX4Kids Foundation. Front row L to R: Maunica Malladi, Loveless Academic Magnet Program High School; Morgan Watkins, Loveless Academic Magnet Program High School; Audrey Ang, Loveless Academic Magnet Program High School. Not pictured: Annah Blair, Loveless Academic Magnet Program High School; Alyssa Reynolds, Stanhope Elmore High School; Savannah Ruud, Wetumpka High School.

CONNECT

MAX Mobile Banking App

Available in the iTunes Store and Android Market

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



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LOCATIONS

Millbrook

Magnolia Ridge

3441 US Highway 14

Montgomery

Downtown

401 Monroe Street

Eastdale

400 Eastdale Circle

Gunter Annex

100 South Turner Boulevard

Lanier High School

1756 South Court Street

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

Wetumpka

Hwy 231

94 Captain Crommelin Road

