

MAX Credit Union
2014 Annual Report



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From the Chairman and President

MAX celebrated its 59th 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 has seen steady and consistent growth throughout the years. In 2014, MAX continued to see deposit and loan growth from previous years. MAX ended 2014 with over \$924 million in deposits, a nearly five percent increase. Total loans for the year surpassed \$600 million. Business loans and residential loans saw some of the most significant growth during 2014. MAX's capital position remains extremely strong and above regulatory guidelines. MAX continues to strive to meet customers' needs while maintaining a stable foundation.

SmartShares

At MAX, we know we're only successful because our customers give us the opportunity to meet their financial needs. So when we experience success, we believe we should share it with the people who made it possible. SmartShares was created to reward our loyal customers. SmartShares is a reward program where money is deposited right into customers' share account. Funds are distributed based on a number of factors including number of MAX products and services used, account balances, and trusting MAX as their primary financial institution. In December of 2014, we deposited over \$1 million dollars in customer accounts. The size of SmartShare deposits vary from year to year.

Poised for Growth

In January of 2014, MAX broke ground on our Auburn Downtown branch. This state-of-the-art branch features the latest in modern design and technology. During normal business hours, a concierge is greeting customers and directing them to kiosks, where MAX team members are assisting them with their financial needs. This new location opened its doors in December. The Auburn Downtown branch compliments MAX's Frederick Road branch, expanding the services offered in Lee County. Customers have access to Business Services, Mortgage Services, and Insurance Services within the new branch.

In May, MAX held the grand opening and ribbon cutting for the new Wetumpka branch. The full-service branch features lobby and drive-thru service. It also hosts the latest in modern design and technology with a concierge to assist customers as

they enter the branch, a technology bar stocked with the latest mobile devices and MAX mobile technology, and a MAX Perks refreshment center.

Customer Experience Enhancement

At MAX, we are always looking for ways to make managing your finances smarter. As more and more customers handle their banking online, we've worked to make many of our online offerings simpler. We've made it easier than ever to open an account with myMAX Online.

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.

In conjunction with MAX's building of the Auburn Downtown branch, we hosted the #MAXGives Campaign. Through the social media driven campaign, the Auburn community was invited to nominate non-profit organizations for the contest by using the hashtag #MAXGives. After receiving thousands of nominations, five organizations clearly stood out as our finalists: BigHouse Foundation, Food Bank of East Alabama, Little H.A.P.I.E. Tree, Rape Counselors of East Alabama, and Storybook Farm. The finalists submitted videos showing their positive impact on the Auburn community, and the community decided who deserved the largest donation from MAX. Voting began on Election Day in November. The winner of the #MAXGives campaign will be announced in 2015.

The MAX4Kids Foundation further shows MAX's commitment to community. Since its founding in 2001, the foundation has given more than one million dollars to local children's charities and to high school seniors through the MAX4Kids Scholarship Program.

Thank you for trusting MAX to meet your financial needs. Your loyalty keeps MAX successful and able to adapt and provide even more quality products and services.

Barbara T. Starr
Chair

H. Greg McClellan
President/CEO

A Report from the Supervisory Committee

The Supervisory Committee, established by laws, 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 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 loans, mortgage loans, and business loans; Bank Secrecy Act; wire transfers; Automated Clearing House; information technology; and customer account verification. In 2014, 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 2014, the certified accounting firm of Hutto & Carver, P.A. completed the 2013 audit. In the opinion of this firm, the financial statements accurately represented the financial position of MAX as of December 31, 2013. This firm is in the process of conducting the 2014 audit and a final report will be issued by April 2015.

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



Treasurer's Report

MAX continues to remain financially strong while providing customers smarter banking solutions. MAX reported record earnings of \$10.7 million in 2014. This equated to a return on average assets of 1.01% after a SmartShare loyalty reward to our customers for the third year in a row.

Total assets at the end of the year were nearly \$1.1 billion, with total loans increasing by more than 7% to over \$600 million. Business loans grew by over 12% and residential-secured loans in the portfolio grew by 18% to help drive this growth. Meanwhile, total share deposits increased by nearly 5% to over \$924 million, thanks to MAX's competitive interest rates, exceptional service and strong brand in the Central and East Alabama region.

Our capital position remains very strong, with an equity-to-assets ratio of 14%. MAX is significantly above the regulatory "well-capitalized" guidelines.

Total revenue for the year of over \$51 million, net of the SmartShare reward dividends paid, was nearly 5% higher than for 2013. Operating expenses increased 6% compared to 2013 as MAX prepared for expansion in Lee County and continued to improve technology options available to our customers.

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.



M. Keivan Deravi
Treasurer



2014 Financial Statements

ASSETS (\$000's)	2014	2013
Cash and Equivalents	121,876	52,415
Investments	300,599	361,228
Federal Home Loan Bank Stock	932	1,210
Loans, Net of Allowance	592,952	553,672
NCUSIF Deposit	8,754	8,365
Fixed Assets, Net	31,808	26,620
All Other Assets	35,145	31,422
Total	1,092,065	1,034,932

LIABILITIES & CAPITAL (\$000's)	2014	2013
Customers' Share Deposits	924,148	883,055
Other Liabilities	10,825	9,731
Equity	157,092	142,146
Totals	1,092,065	1,034,932

INCOME STATEMENT (\$000's)	2014	2013
Net Interest Income	29,728	27,645
Non-Interest Income	21,492	21,257
Total Revenue	51,220	48,901
Provision for Loan Losses	3,500	6,927
Non-Interest Expenses	36,997	34,830
Net Income	10,723	7,144

COMPARISONS	2014	2013
Number of New Customers	7,658	11,173
Number of Loans Issued	11,208	12,101
Total Loans Issued (\$000s)	\$275,345	\$249,971

MAX is proud to support what matters most, our community.

MAX has a long history of giving back to the people and communities we serve, and we aren't stopping anytime soon.

The truth is, we don't simply move into a community. We become part of it. We're invested in the community, and we want to serve not only our loyal customers, but the community at large. And what's smarter than that?

A. Auburn Downtown Branch Ground Breaking. MAX celebrated beginning construction of its new Auburn regional branch, and smarter banking products and services, with a groundbreaking at Auburn Downtown site on Wednesday, January 15, 2014. As the new East Alabama regional office, the MAX branch serves customers in Auburn, Opelika and surrounding Lee County communities. We were proud to have Samford, Auburn High School's mascot, join us for the ground breaking.

B. MAX Capital City Classic. Each year, MAX hosts the MAX Capital City Classic baseball game between rival teams Alabama and Auburn at the Riverwalk Stadium. In 2014, the 6th annual Classic, the University of Alabama was able to end Auburn University's five-game MAX Capital City Classic winning streak with a 4-3 victory.

C. ESPN Raycom Media Camellia Bowl. MAX was proud to sponsor the 2014 ESPN Raycom Media Camellia Bowl at Cramton Bowl. The ESPN Raycom Media Camellia Bowl is credited with bringing more than \$12 million in revenue to the City of Montgomery as well as promoted more downtown development.

D-E. New Wetumpka Branch. MAX opened our new state of the art Wetumpka Branch. Located at 94 Captain Crommelin Road, the full-service branch features the latest in modern design and technology. The branch offers both lobby and drive-thru service, with a concierge to assist customers as they enter the branch. The new Wetumpka branch includes a MAX Perks refreshment center and a technology bar stocked with the latest mobile devices. On May 14, 2014, local leaders, MAX team members, the MAX Board of Directors and the Wetumpka Chamber of Commerce were on hand to celebrate the Wetumpka Branch Ribbon Cutting.

F. MAX Community Achievement Award. 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 positively impacted the quality of life in Central and East Alabama. In 2014, MAX honored the Central Alabama Sports Commission with the MAX Community Achievement Award. The award was presented to CASC Chairman, Karl Stegall, and Executive Director, Kenneth Blankenship, by MAX CEO, Greg McClellan.

G. MAX Shredding Drive. MAX is committed to helping protect our customers from identity theft. In 2014, we partnered with organizations in the community to sponsor two shredding drives. Along with the shredding drives, participants were encouraged to bring food to donate to the Montgomery Area Food Bank. The events were a huge success!





The MAX4Kids Foundation® is a non-profit organization that was created in 2001 by MAX associates as a way to give back to our community. Throughout the year, MAX volunteers hold fundraisers that include the MAX4Kids Annual Charity Golf Tournament, blue jean days, cookbook sales, candy bar sales and other events to raise money. To date, MAX4 Kids has donated over \$797,000 to children's charities in the River Region and East Alabama, as well as awarded more than \$315,000 in scholarships to deserving high school seniors for their scholastic achievements. The MAX4Kids Charity Golf Tournament is our largest MAX4Kids fundraiser of the year.

15th Annual MAX4Kids Golf Tournament

The MAX4Kids Foundation hosted its 15th Annual Charity Golf Tournament at the Robert Trent Jones Golf Trail in Prattville on October 15, 2014. With nine event sponsors, 184 registered golfers, and approximately 130 sponsors, the fundraising event was a huge success and grossed over \$59,000.

MAX4Kids Scholarship Recipients

The MAX4Kids Foundation donated \$25,000 in scholarships to ten highly accomplished, college-bound students. Each central Alabama high school senior was acknowledged for his or her accomplishments at the 2014 MAX4Kids Scholarship Reception on May 6, 2014.

Back Row (left to right): Shelby Smith – Loveless Academic Magnet Program High School, Taylor Gray – Lowndes Academy, Rachel Warwick – The Montgomery Academy, William Mitchell – Prattville High School, John Mitchell – Prattville High School

Front Row (left to right): Jenna Gietl – Loveless Academic Magnet Program High School, Regan Goocher – Trinity Presbyterian School, Faith Barringer – Booker T. Washington Magnet High School, Kasey Hedgecock – Prattville High School, D.G. Markwell - MAX4Kids Foundation President & MAX Senior Vice President of Marketing
Not Pictured: Tayler Fanher – Dallas County High School



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CONTACT

Mailing Address

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

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



LOCATIONS

Auburn

Auburn Downtown 336 North Gay Street

Millbrook

Magnolia Ridge 3441 US Highway 14

Montgomery

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

Wetumpka

Hwy 231 94 Captain Crommelin Road