



ANNUAL REPORT

of

ALABAMA CREDIT UNION ADMINISTRATION

FOR THE YEAR ENDED

DECEMBER 31, 2016





KAY IVEY
GOVERNOR

STATE OF ALABAMA
ALABAMA CREDIT UNION ADMINISTRATION

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SARAH H. MOORE
ADMINISTRATOR

May 22, 2017

The Honorable Kay E. Ivey
Governor of the State of Alabama
Alabama State Capitol
Montgomery, Alabama 36130

Dear Governor Ivey:

It is my honor to present the 2016 Annual Report of the Alabama Credit Union Administration (ACUA) to the people of the State of Alabama and you.

Overview

Alabama's state chartered credit unions provide vital access to financial services and products to over one million members in the State of Alabama. State chartered credit unions primarily provide low cost financing to their members for home ownership, new and used vehicles and small consumer loans including credit cards and depository services for little or no fees.

While the number of credit unions decreased 4% nationwide, the number of Alabama's state chartered credit unions remained at 62 as of December 31, 2016. We expect consolidation will impact Alabama's credit unions over the next few years as small credit unions are having difficulty keeping pace with product and service innovations, expense of technology changes and regulatory compliance.

Alabama has one of only eleven corporate credit unions nationwide. The mission of the corporate credit union is to provide products and services to other credit unions primarily asset-liability and investment services. As of December 31, 2016, the corporate credit union had 484 credit union members. Because of the distinctive nature of its business, certain financial information herein is presented separately for the corporate credit union.

Staffing

ACUA employs eleven people. As the State's credit unions grow larger and become more complex, additional examiners will be necessary. ACUA continuously evaluates its needs and will strategically add to staff or engage contractors as needed to accomplish the agency's mission.

Expenses

Expenses of the agency were funded through normal and customary fees assessed to the credit unions. Fees collected for calendar year 2016 increased 5.5% over calendar year 2015 due to asset growth of state chartered credit unions. The agency operated well within its appropriation for the fiscal year ended September 30, 2016 and for the six months ended March 31, 2017.

Legislation

During the 2016 Regular Session of the Alabama Legislature, SB 209 passed and was signed into law effective July 1, 2016. SB 209 modernized the Code of Alabama 1975, Title 5 Chapter 17 governing state chartered credit unions. The bill clarified and codified certain powers of credit unions, including, but not limited to, loan purchases, borrowing capacity, mergers, voluntary dissolutions, and other measures to provide parity with products and services offered by federal credit unions; provided appellate rights for persons affected by a suspension from office of a credit union; authorized the Administrator of ACUA to involuntarily merge a credit union into another credit union or another financial institution in certain extenuating circumstances; to modernize the bond provisions covering employees of ACUA by providing that the employees are bonded under the Alabama Division of Risk Management; provided the Administrator of ACUA with certain investigatory and enforcement powers; and codified rules governing confidentiality of the conditions and affairs of state chartered credit unions.

SB 27 passed the 2017 Regular Session of the Alabama Legislature and was signed into law on April 27, 2017. The bill lengthened the required examination cycle of credit unions from an annual examination by ACUA to an examination conducted at least every 18 months. ACUA requested the change in law in response to the National Credit Union Administration's (NCUA) new risk based examination schedule that lengthened the examination schedule for highly rated credit unions with assets less than \$1 billion. ACUA and NCUA have historically conducted annual joint examinations of all state chartered federally insured credit unions with assets over \$250 million and of smaller credit unions on a rotational basis. By allowing ACUA to examine state chartered credit unions every 18 months rather than annually, ACUA will have greater flexibility to perform more frequent examinations of riskier credit unions while providing regulatory relief to lower risk credit unions.

Regulatory Action- End of Conservatorship

ACUA elected a new board of directors, new supervisory committee and hired a chief executive officer during conservatorship to oversee and manage Alabama One Credit Union. The new management team, board and supervisory committee remediated the issues that led to conservatorship and restored the credit union to profitability. I am pleased to report that I released Alabama One Credit Union from conservatorship on February 15, 2017.

Mission

We are focused on our mission to provide effective supervision and regulation in order to affirm the future viability of credit unions and the safety of deposits therein, promote the unencumbered commerce between the citizens of Alabama and credit unions, allow for innovations in services, products, and technology that maximize credit unions' capabilities to provide service, and assure that Alabama state credit unions provide professional, and competent financial services to the citizens of Alabama regardless of means.

Governor Ivey, thank you for your leadership of the State of Alabama. We appreciate your support and the support of your staff during the past year.

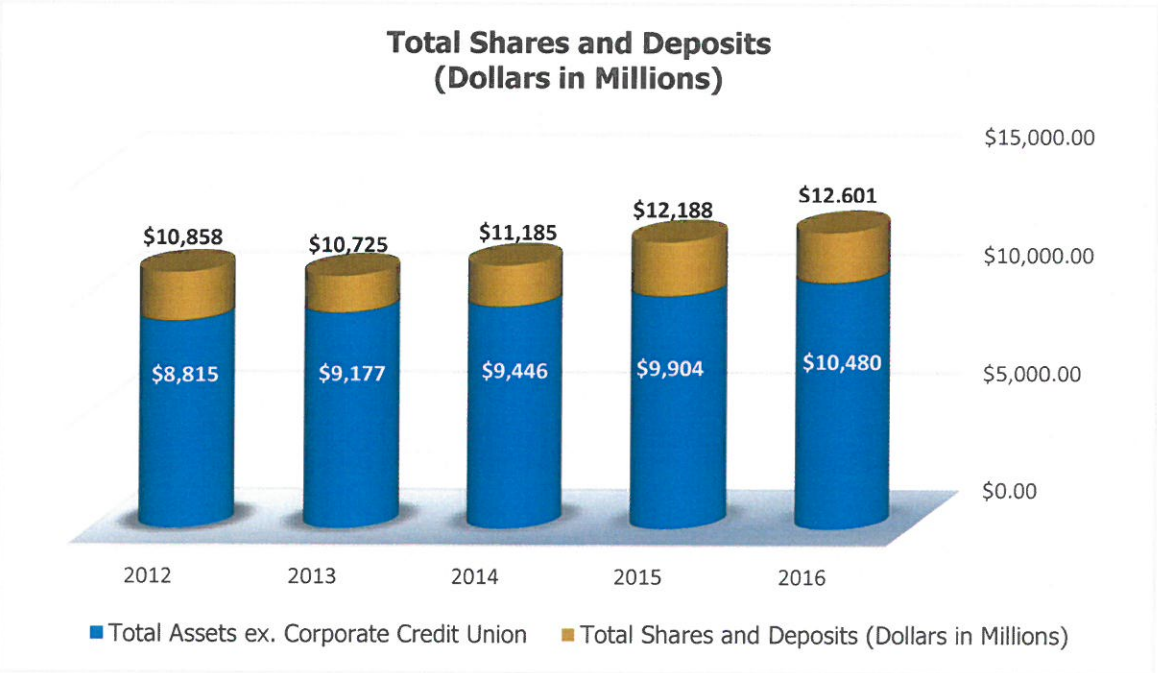
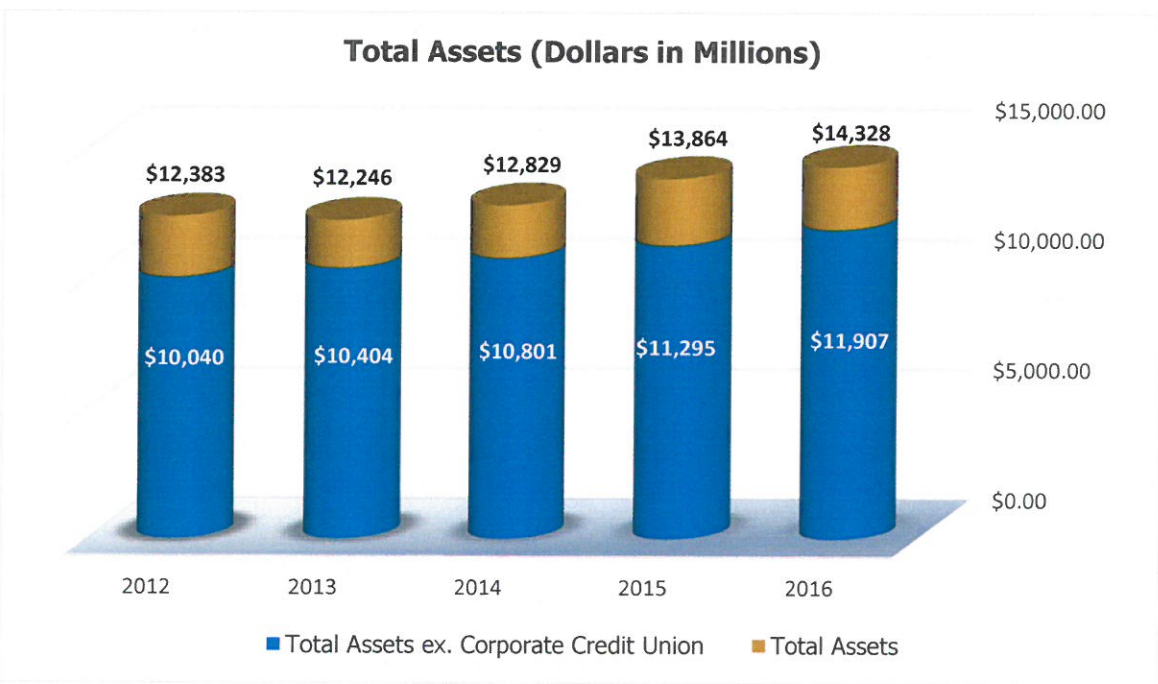
This report and ACUA annual reports for the four years ended December 31, 2015 are available on ACUA's website: www.ACUA.Alabama.gov.

Respectfully,

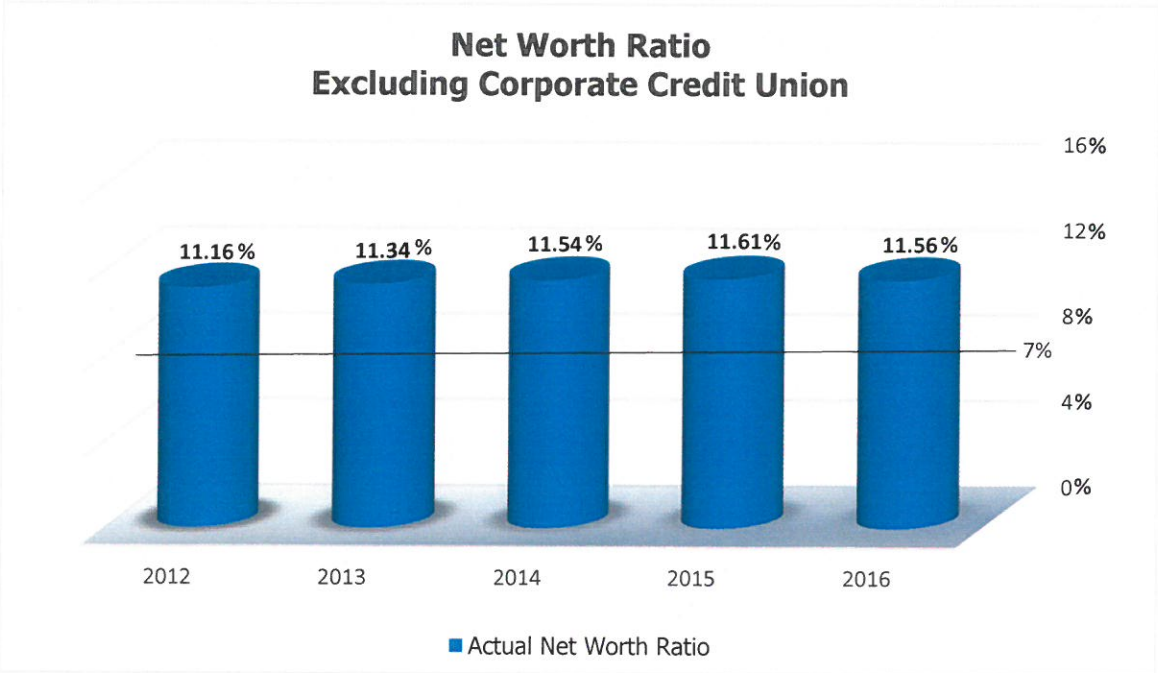
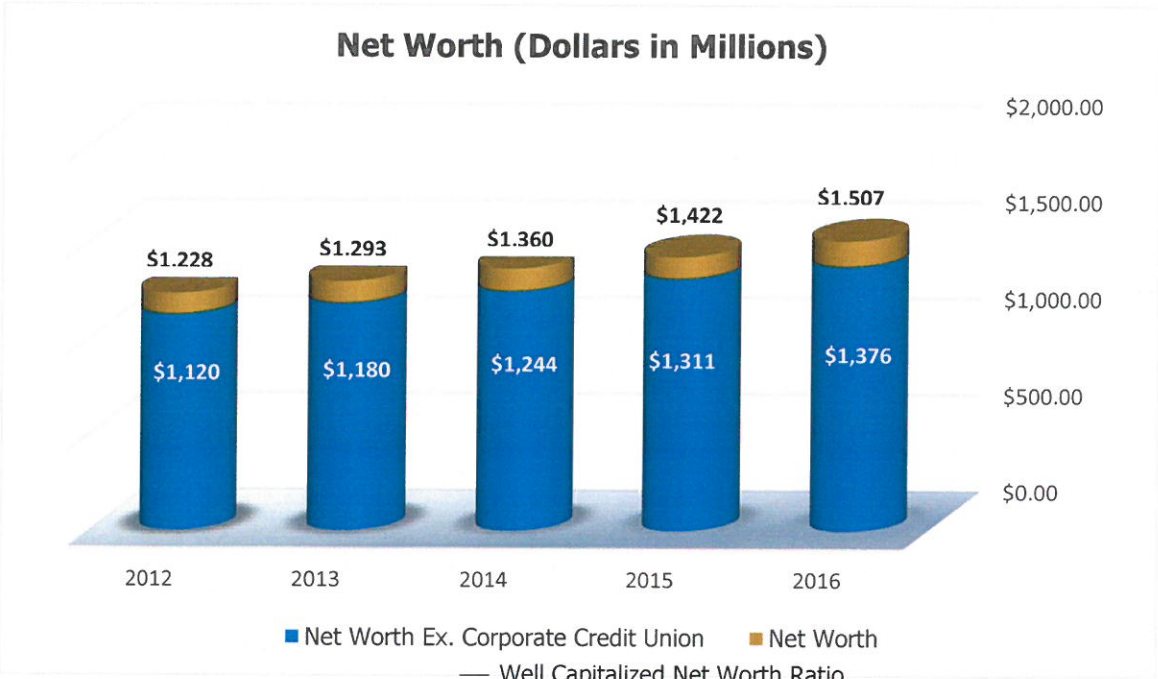


Sarah Henderson Moore
Administrator

Alabama Credit Unions Key Statistics As of December 31



Alabama Credit Unions Key Statistics As of December 31



**Alabama Credit Unions
Key Statistics
As of December 31**



**Alabama Credit Unions
2016 Merger**

**Financial Institutions Acquired by/ Merged Into
Alabama State Chartered Credit Unions**

Date	Seller	Assets	Acquirer	City
April 30, 2016	American Bank of Huntsville	\$103 million	Avadian	Birmingham

**Alabama Credit Unions, ex. Corporate
Condensed Financial Highlights (\$ in 000's)**

	2015	2016	Increase		2016 National Average
			\$	%	
Number of Credit Unions	61	61	—	—	—
Assets	\$11,294,446	\$11,906,906	\$612,459	5.42%	7.33%
Loans, net	\$5,705,645	\$6,226,114	\$520,469	9.12%	7.06%
Shares and Deposits	\$9,904,288	\$10,480,288	\$575,999	5.82%	7.54%
Net Worth	\$1,310,919	\$1,507,287	\$196,368	14.98%	10.43%
Net Income	\$64,622	\$66,554	\$1,932	2.99%	10.30%
Members	1,096,404	1,110,738	14,334	1.31%	4.80%

**Key Ratios
for the years ended December 31**

	2015	2016	2016 National Average
Net Worth/ Total Assets	11.60%	11.55%	10.89%
Return on Average Assets	0.60%	0.57%	0.77%
Net Charge-offs/ Average Assets	0.59%	0.67%	0.55%
Delinquent loans/ Total Loans	1.04%	1.13%	0.83%
Yield on Average Loans	5.19%	5.17%	4.56%
Cost of Funds/ Average Assets	0.62%	0.61%	0.53%
Net Interest Margin	2.57%	2.64%	2.88%
Average Shares/ Member	9,000	9,440	10,222

**Corporate Credit Union Condensed
Financial Highlights as of December 31 (\$ in 000's)**

	2015	2016	Increase	
			\$	%
Assets	\$2,568,628	\$2,420,811	-\$147,816	-5.75%
Loans, net	\$14,231	\$11,038	-\$3,193	-22.44%
Investments	\$1,625,937	\$1,765,951	\$140,014	8.61%
Shares and Deposits	\$2,283,801	\$2,120,555	-\$163,247	-7.15%
Total Capital	\$128,092	\$137,519	\$9,427	7.36%
Net Income	\$6,872	\$10,838	\$3,965	57.70%
Members	508	489	(9)	-3.74%

**Key Ratios
for the years ended December 31**

	2015	2016
Tier 1 Capital	5.15%	4.41%
Total Risk Based Capital Ratio	21.95%	18.06%
Return on Average Assets	0.29%	0.40%
Yield on Investments	0.93%	1.26%
Cost of Funds/ Average Assets	0.52%	0.69%
Net Interest Margin	0.42%	0.58%

Alabama Credit Unions Ranked by Assets

2016 Rank	Charter	Credit Union Name	City	Total Assets 12/31/2016
1	62728	APCO	Birmingham	\$ 2,736,929,668
2	65991	CORPORATE AMERICA	Birmingham	2,420,811,431
3	68575	MAX	Montgomery	1,242,870,839
4	60823	ALABAMA	Tuscaloosa	737,580,906
5	68583	AVADIAN	Birmingham	733,531,765
6	63057	LISTERHILL	Muscle Shoals	728,273,469
7	60605	FAMILY SECURITY	Decatur	587,783,025
8	68595	ALABAMA ONE	Tuscaloosa	582,801,684
9	68302	FIVE STAR	Dothan	384,613,764
10	68628	FAMILY SAVINGS	Rainbow City	381,695,998
11	68374	GUARDIAN	Montgomery	376,512,697
12	68559	TVA COMMUNITY	Muscle Shoals	306,564,181
13	67252	ALABAMA TEACHERS	Gadsden	278,596,160
14	64598	ALABAMA STATE EMPLOYEES	Montgomery	249,392,341
15	97076	WINSOUTH	Gadsden	249,297,485
16	61800	FORT MCCLELLAN	Anniston	228,709,727
17	60799	NEW HORIZONS	Mobile	214,007,183
18	60501	MUTUAL SAVINGS	Birmingham	177,847,187
19	60712	ALABAMA CENTRAL	Birmingham	135,911,332
20	60934	ALATRUST	Hoover	132,941,817
21	65464	ēCO	Birmingham	131,604,098
22	60942	RIVERFALL	Tuscaloosa	119,773,433
23	68586	HERITAGE SOUTH	Sylacauga	114,030,725
24	60500	NORTH ALABAMA EDUCATORS	Huntsville	89,247,438
25	62661	NAHEOLA	Pennington	87,334,824
26	61286	MOBILE EDUCATORS	Mobile	79,523,975
27	60485	TUSCALOOSA	Tuscaloosa	72,855,740
28	62843	RIVERDALE	Selma	72,673,823
29	60930	VALLEY	Tuscumbia	70,756,163
30	63834	JEFFERSON	Hoover	66,782,163
31	63614	CHAMPION COMMUNITY	Courtland	52,198,158
32	97083	LANDMARK	Fairfield	41,949,481
33	64232	1ST RESOURCE	Birmingham	35,120,638
34	68624	ALABAMA RURAL ELECTRIC	Montgomery	31,638,007
35	63940	DCH	Tuscaloosa	29,509,448
36	61391	SOCIAL SECURITY	Birmingham	29,255,862
37	61944	LAUDERDALE COUNTY TEACHERS	Florence	28,262,834
38	68224	AZALEA CITY	Mobile	24,147,042
39	61150	WCU	Decatur	24,070,193
40	61339	MOBILE GOVERNMENT EMPLOYEES	Mobile	21,804,309
41	62664	HEALTH	Birmingham	19,543,725
42	65402	ALABAMA RIVER	Monroeville	18,450,950
43	62599	FEDERAL EMPLOYEES	Birmingham	18,283,695
44	61474	RAILWAY EMPLOYEES	Muscle Shoals	17,756,268
45	62062	CITY	Tuscaloosa	17,556,494
46	62486	OPP-MICOLAS	Opp	13,106,087
47	63944	CRAIG	Selma	12,008,548
48	64603	ALABAMA LAW ENFORCEMENT	Birmingham	10,818,729
49	62471	MOBILE POSTAL	Mobile	10,286,972
50	64464	TUSCALOOSA COUNTY	Tuscaloosa	9,088,298
51	62356	L&N EMPLOYEES	Birmingham	9,055,215
52	64528	CITY OF BIRMINGHAM EMPLOYEES	Birmingham	8,596,207
53	64644	BLUE FLAME	Mobile	8,466,173
54	63634	PIKE TEACHERS	Troy	8,101,950
55	64645	ALABAMA POSTAL	Birmingham	7,837,724
56	61055	CHEM FAMILY	Anniston	6,232,115
57	60593	BRASSIES	Anniston	5,290,579
58	64594	FIREMAN'S	Birmingham	5,161,311
59	61277	CHEMCO	McIntosh	5,083,114
60	64774	POSTAL EMPLOYEES	Huntsville	3,062,344
61	64593	O'NEAL	Birmingham	2,440,056
62	62798	DIXIE CRAFT EMPLOYEES	Goodwater	2,279,393
			Total	\$ 14,327,716,960

Alabama Credit Unions Ranked by Shares/ Deposits

2016 Rank	Charter	Credit Union Name	City	Shares and Deposits 12/31/16
1	62728	APCO	Birmingham	\$ 2,466,761,450
2	65991	CORPORATE AMERICA	Birmingham	2,120,554,566
3	68575	MAX	Montgomery	1,056,705,995
4	63057	LISTERHILL	Muscle Shoals	653,238,312
5	68583	AVADIAN	Birmingham	648,545,175
6	60823	ALABAMA	Tuscaloosa	646,683,382
7	68595	ALABAMA ONE	Tuscaloosa	526,636,590
8	60605	FAMILY SECURITY	Decatur	503,740,349
9	68302	FIVE STAR	Dothan	342,006,886
10	68628	FAMILY SAVINGS	Rainbow City	333,331,437
11	68374	GUARDIAN	Montgomery	320,277,285
12	68559	TVA COMMUNITY	Muscle Shoals	264,386,106
13	67252	ALABAMA TEACHERS	Gadsden	241,069,794
14	97076	WINSOUTH	Gadsden	228,681,635
15	64598	ALABAMA STATE EMPLOYEES	Montgomery	220,784,187
16	61800	FORT MCCLELLAN	Anniston	198,003,935
17	60799	NEW HORIZONS	Mobile	197,990,360
18	60501	MUTUAL SAVINGS	Birmingham	145,358,202
19	60712	ALABAMA CENTRAL	Birmingham	123,036,058
20	65464	ēCO	Birmingham	119,542,923
21	60934	ALATRUST	Hoover	117,082,480
22	60942	RIVERFALL	Tuscaloosa	105,287,540
23	68586	HERITAGE SOUTH	Sylacauga	102,460,987
24	60500	NORTH ALABAMA EDUCATORS	Huntsville	81,039,893
25	61286	MOBILE EDUCATORS	Mobile	71,535,360
26	62661	NAHEOLA	Pennington	67,301,294
27	60485	TUSCALOOSA	Tuscaloosa	65,948,860
28	63834	JEFFERSON	Hoover	60,188,415
29	60930	VALLEY	Tuscumbia	59,015,867
30	62843	RIVERDALE	Selma	58,685,238
31	63614	CHAMPION COMMUNITY	Courtland	45,874,301
32	97083	LANDMARK	Fairfield	37,041,523
33	64232	1ST RESOURCE	Birmingham	31,414,623
34	68624	ALABAMA RURAL ELECTRIC	Montgomery	27,981,234
35	63940	DCH	Tuscaloosa	25,574,012
36	61944	LAUDERDALE COUNTY TEACHERS	Florence	24,629,071
37	61391	SOCIAL SECURITY	Birmingham	23,048,436
38	61150	WCU	Decatur	21,539,786
39	68224	AZALEA CITY	Mobile	20,297,719
40	61339	MOBILE GOVERNMENT	Mobile	18,475,191
41	65402	ALABAMA RIVER	Monroeville	16,236,158
42	62664	HEALTH	Birmingham	15,285,995
43	62599	FEDERAL EMPLOYEES	Birmingham	14,992,971
44	62062	CITY	Tuscaloosa	13,906,430
45	61474	RAILWAY EMPLOYEES	Muscle Shoals	13,447,518
46	63944	CRAIG	Selma	10,370,808
47	62486	OPP-MICOLAS	Opp	9,861,581
48	64603	ALABAMA LAW ENFORCEMENT	Birmingham	9,103,376
49	62471	MOBILE POSTAL	Mobile	8,594,135
50	64464	TUSCALOOSA COUNTY	Tuscaloosa	8,262,849
51	62356	L&N EMPLOYEES	Birmingham	7,659,290
52	64528	CITY OF BIRMINGHAM	Birmingham	7,404,860
53	64644	BLUE FLAME	Mobile	7,270,437
54	63634	PIKE TEACHERS	Troy	6,933,908
55	64645	ALABAMA POSTAL	Birmingham	5,574,990
56	61055	CHEM FAMILY	Anniston	5,354,286
57	60593	BRASSIES	Anniston	4,441,874
58	61277	CHEMCO	McIntosh	4,342,604
59	64594	FIREMAN'S	Birmingham	3,627,984
60	64774	POSTAL EMPLOYEES	Huntsville	2,662,446
62	62798	DIXIE CRAFT EMPLOYEES	Goodwater	1,916,331
63	64593	O'NEAL	Birmingham	1,835,121
Total				\$ 12,600,842,409

**Alabama Credit Union
2016 Board of Directors**

2016 Board Members	Appointment Date	Confirmation Date	End of Term
Mrs. Sarah M. Moore, Chairman, Ex Officio 100 North Union Street, Suite 650 Montgomery, Alabama 36104 sarah.moore@acua.alabama.gov	01/26/2015	04/02/2015	02/01/2019
Ms. Linda Cencula, President Avadian Credit Union P. O. Box 360287 Birmingham, AL. 35236-0287 lcencula@avadiancu.org	02/25/2015	04/07/2015	02/01/2018
Mr. Charles Faulkner, President Jefferson Credit Union 5261 Ross Bridge Pkwy Hoover, AL. 35226 cfaulkner@jcubanking.com	05/03/2016	03/09/2017	20/01/2019
Mr. Steve Nix, President AlaTrust Credit Union 1018 Merchants Drive Birmingham AL. 35244 snix@alatrustcu.com	02/23/2017	03/09/2017	02/01/2020
Mr. Joey Hand, President ēCO Credit Union P.O. Box 2385 Birmingham, AL. 35201 jhand@ecocu.org	05/03/2016	03/09/2017	02/01/2019
Mr. Harold G. McClellan, President MAX Credit Union P.O. Box 244040 Montgomery, AL 36124-4040 hgm@mymax.com	02/23/2017	03/09/2017	02/01/2020
Ms. Greta Webb-Williams 125 Forest Hill Road Wetumpka, AL 36093 greta.williams@labor.alabama.gov	05/22/2015	05/28/2015	02/01/2018
Mr. Ralph A. Altice 601 Savannah Street Mobile, AL 36603 RalphAltice@aol.com	02/23/2017	03/09/2017	02/01/2020