

State of Alabama
Credit Union Administration

ANNUAL REPORT
of the
ALABAMA CREDIT UNION ADMINISTRATION

FOR THE CALENDAR YEAR ENDED
DECEMBER 31, 2018





KAY IVEY
GOVERNOR

STATE OF ALABAMA
ALABAMA CREDIT UNION ADMINISTRATION

100 N. UNION STREET, SUITE 650, MONTGOMERY, ALABAMA 36104
TELEPHONE: (334) 353-5770 • FAX (334) 353-5795
www.acua.alabama.gov



LLOYD H. MOORE, CPM
ASSISTANT ADMINISTRATOR

April 22, 2019

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 2018 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 consumer loans, including credit cards and depository services, for little or no fees.

The number of state-chartered credit unions declined by one to 60 at December 31, 2018 due to one merger. We expect consolidation will continue to 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. Larger credit unions are continuing to grow, thereby increasing the total assets under supervision by ACUA to \$15.1 billion at December 31, 2018.

Alabama has one of only eleven corporate credit unions nationwide. The mission of the corporate credit union is to provide liquidity funding to natural person credit unions and offer products and services to these credit unions, primarily asset-liability and investment services. As of December 31, 2018, the corporate credit union had 482 credit union members. Because of the distinctive nature of its business, certain financial information herein is presented separately for the corporate credit union.

Staffing

The ACUA has ten employees. As the State's credit unions grow larger and become more complex, additional examiners will be necessary even with fewer credit unions. ACUA continuously evaluates its needs and will strategically add 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. Operating fees collected for fiscal year 2018 increased 4% over fiscal year 2017 due to asset growth of state-chartered credit unions. The agency operated well within its appropriation for the fiscal year ended September 30, 2018.

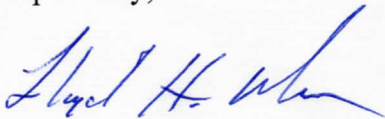
Mission

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.

ACUA's annual reports for the seven years ended December 31, 2018 are available on ACUA's website: www.acua.alabama.gov.

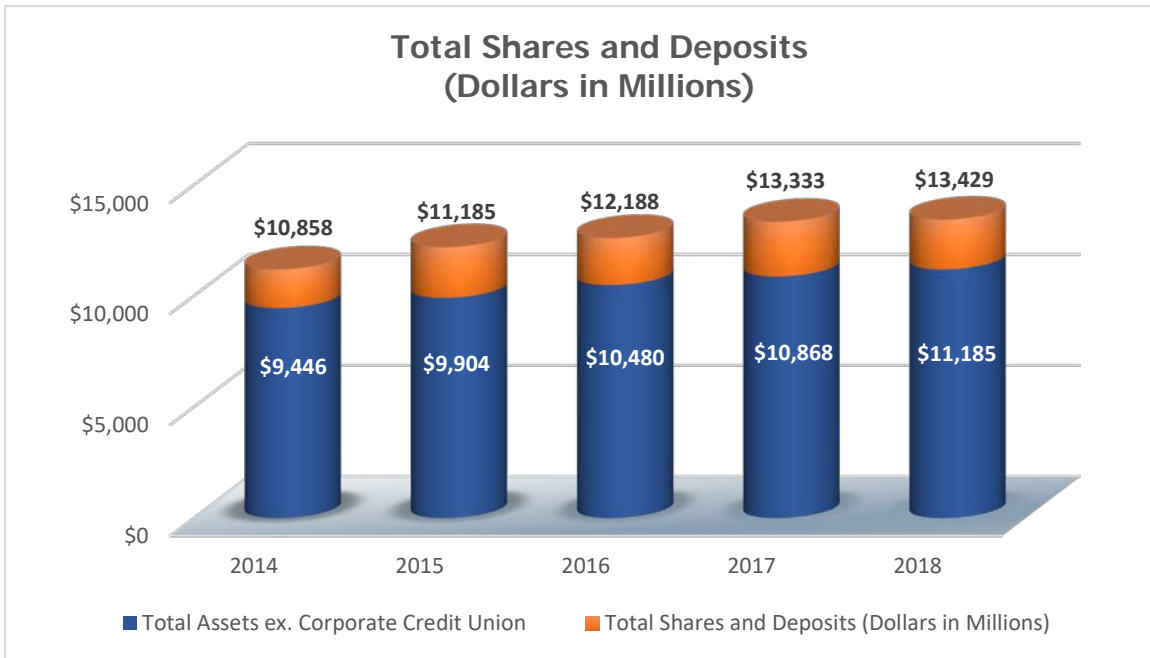
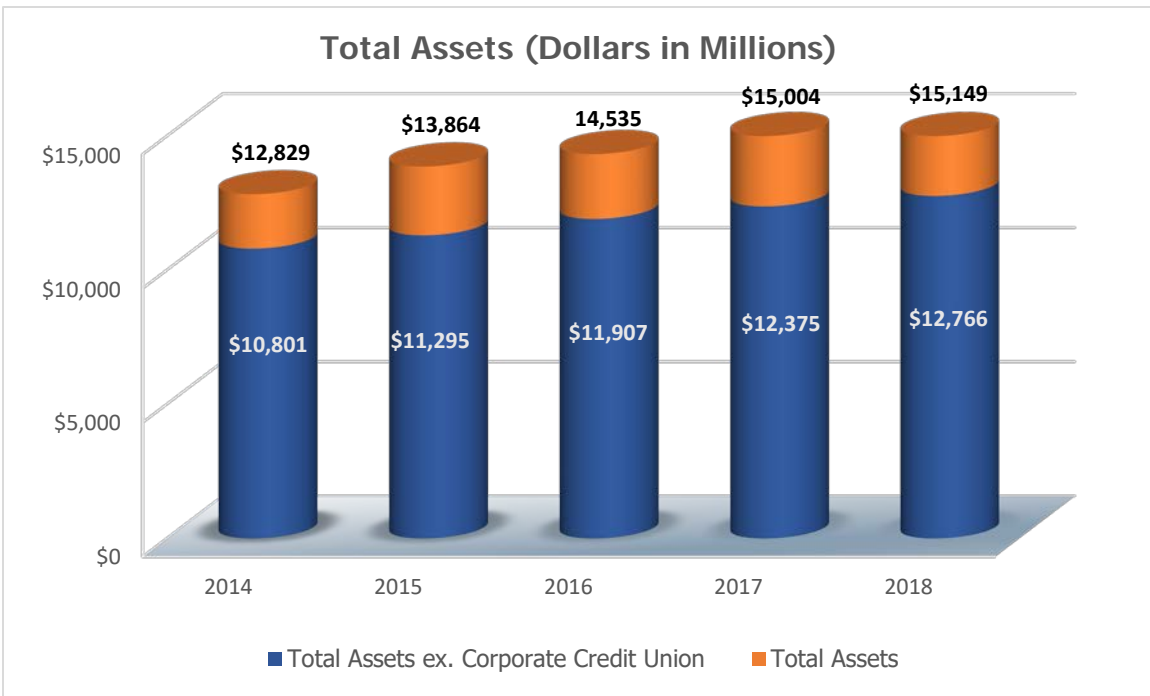
Respectfully,



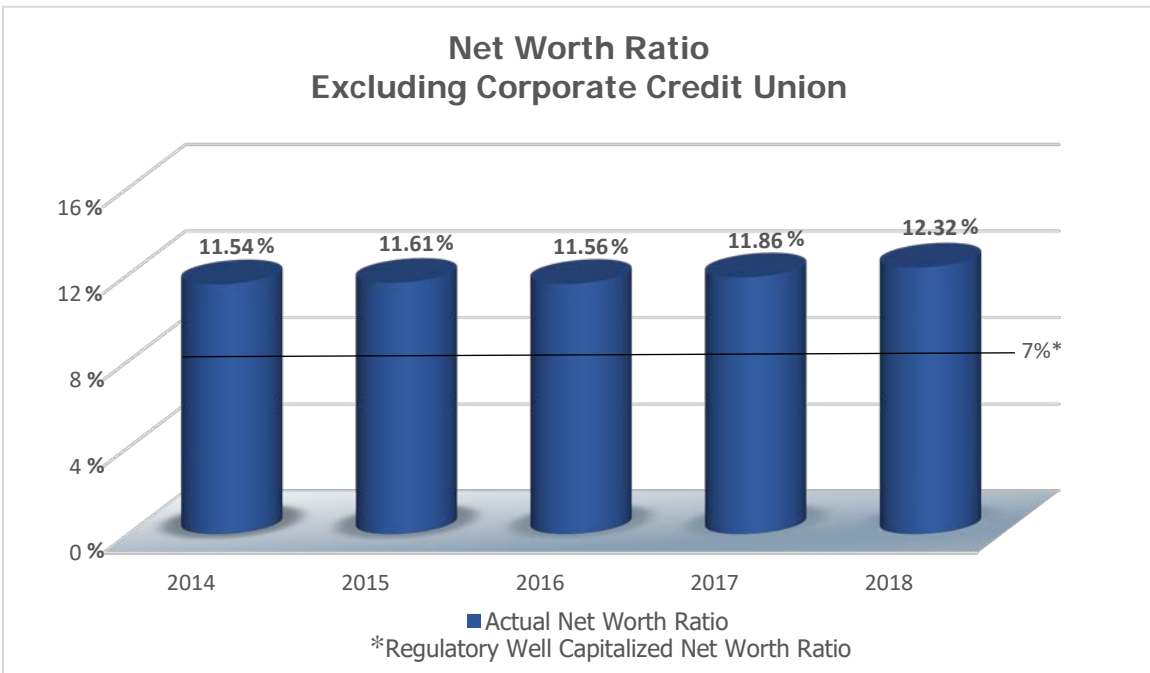
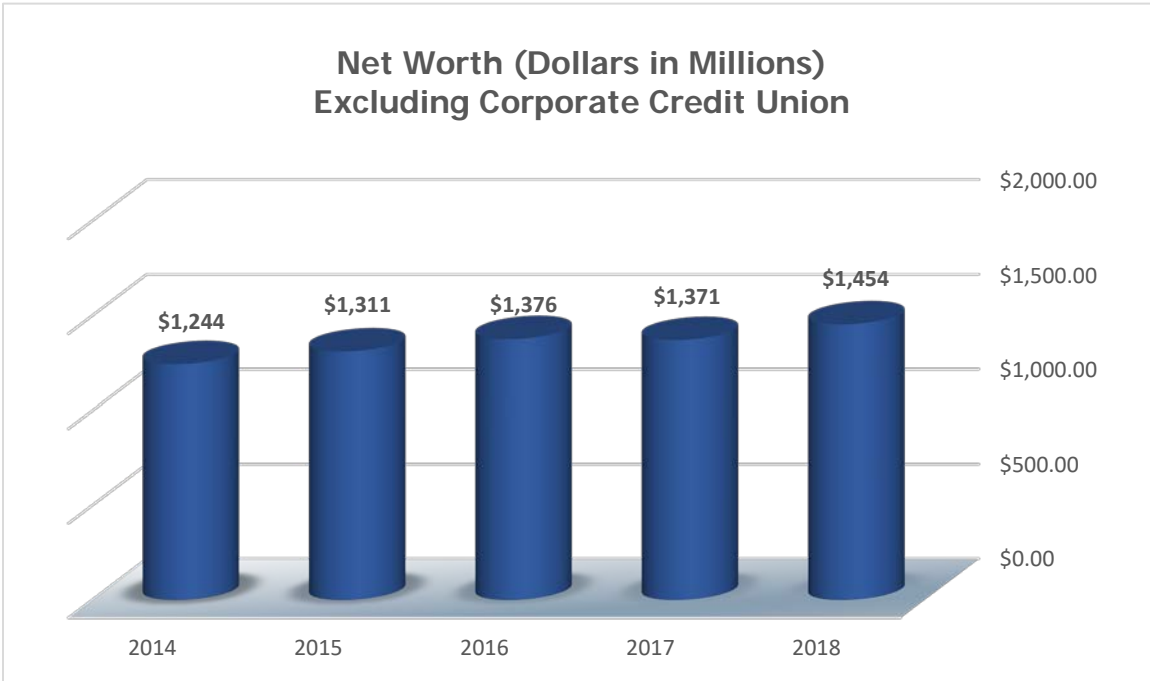
Lloyd H. Moore
Acting Administrator and Chairman of the Board

Financial Highlights

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**



Corporate Credit Union
Condensed Financial Highlights as of December 31

\$ in 000's	2016	2017	2018
Assets	\$2,420,811	\$2,628,564	\$2,383,519
Loans, net	\$11,038	\$12,756	\$24,991
Investments	\$1,765,951	\$2,084,648	\$1,572,420
Shares and Deposits	\$2,120,555	\$2,465,060	\$2,243,678
Total Capital	\$137,519	\$142,570	\$155,571
Net Income	\$10,838	\$10,800	\$10,059
Members	489	486	482

Key Ratios
for the years ended December 31

	2016	2017	2018
Tier 1 Capital	4.41%	5.23%	5.91%
Retained Earnings Ratio	--	1.61%	1.99%
Total Risk Based Capital Ratio	18.06%	18.00%	19.94%
Return on Average Assets	0.40%	0.41%	0.39%
Yield on Investments	1.26%	1.76%	2.26%
Cost of Funds/ Average Assets	0.69%	1.00%	1.50%
Net Interest Margin	0.58%	0.76%	0.79%

Alabama Credit Unions Ranked by Assets

2018 Rank	Ins. #	Credit Union Name	City	Total Assets 12/31/2018
1	62728	APCO EMPLOYEES	Birmingham	\$ 2,863,040,687
2	65991	CORPORATE AMERICA	Birmingham	2,383,519,158
3	68575	MAX	Montgomery	1,365,063,060
4	60823	ALABAMA	Tuscaloosa	876,272,368
5	63057	LISTERHILL	Muscle Shoals	790,038,024
6	68583	AVADIAN	Birmingham	787,591,400
7	60605	FAMILY SECURITY	Decatur	654,624,253
8	68595	ALABAMA ONE	Tuscaloosa	606,535,764
9	68374	GUARDIAN	Montgomery	486,969,412
10	68302	FIVE STAR	Dothan	434,524,436
11	68628	FAMILY SAVINGS	Rainbow City	405,734,853
12	68559	TVA COMMUNITY	Muscle Shoals	312,333,209
13	67252	ALABAMA TEACHERS	Gadsden	302,815,886
14	64598	ALABAMA STATE EMPLOYEES	Montgomery	294,473,216
15	97076	WINSOUTH	Gadsden	261,600,320
16	61800	FORT MCCLELLAN	Anniston	230,261,781
17	60799	NEW HORIZONS	Mobile	198,667,103
18	60501	MUTUAL SAVINGS	Birmingham	173,640,663
19	65464	eCO	Birmingham	141,452,421
20	60712	ALABAMA CENTRAL	Birmingham	137,710,797
21	60934	ALATRUST	Hoover	135,819,874
22	68586	HERITAGE SOUTH	Sylacauga	125,141,054
23	60942	RIVERFALL	Tuscaloosa	119,473,574
24	68688	RAILROAD COMMUNITY	Irondale	105,749,024
25	62661	NAHEOLA	Pennington	104,222,035
26	60500	NORTH ALABAMA EDUCATORS	Huntsville	95,555,879
27	61286	MOBILE EDUCATORS	Mobile	85,570,285
28	60930	VALLEY	Tuscumbia	71,773,776
29	63834	JEFFERSON	Hoover	65,114,575
30	63614	CHAMPION COMMUNITY	Courtland	50,595,112
31	64232	1ST RESOURCE	Birmingham	39,587,700
32	97083	LANDMARK	Fairfield	39,549,150
33	68624	ALABAMA RURAL ELECTRIC	Montgomery	33,754,219
34	61391	SOCIAL SECURITY	Birmingham	30,821,814
35	61944	LAUDERDALE COUNTY TEACHERS	Florence	29,538,398
36	63940	DCH	Tuscaloosa	29,360,191
37	68224	AZALEA CITY	Mobile	27,325,608
38	61150	WCU	Decatur	25,138,780
39	61339	MOBILE GOVERNMENT EMPLOYEES	Mobile	20,559,698
40	62664	HEALTH	Birmingham	19,127,467
41	62599	FEDERAL EMPLOYEES	Birmingham	18,902,545
42	65402	ALABAMA RIVER	Monroeville	18,211,202
43	62062	CITY	Tuscaloosa	18,165,378
44	61474	RAILWAY EMPLOYEES	Muscle Shoals	17,982,103
45	64603	ALABAMA LAW ENFORCEMENT	Birmingham	14,145,830
46	62486	OPP-MICOLAS	Opp	12,334,739
47	62471	MOBILE POSTAL	Mobile	11,210,008
48	64464	TUSCALOOSA COUNTY	Tuscaloosa	9,571,685
49	64528	BIRMINGHAM CITY EMPLOYEES	Birmingham	8,765,737
50	62356	L&N EMPLOYEES	Birmingham	8,695,601
51	64644	BLUE FLAME	Mobile	7,578,365
52	63634	PIKE TEACHERS	Troy	7,285,248
53	64645	ALABAMA POSTAL	Birmingham	7,190,040
54	61055	CHEM FAMILY	Anniston	6,736,614
55	64594	FIREMAN'S	Birmingham	5,821,670
56	61277	CHEMCO	McIntosh	5,112,391
57	60593	BRASSIES	Anniston	4,041,714
58	64774	POSTAL EMPLOYEES	Huntsville	3,181,732
59	64593	O'NEAL	Birmingham	2,573,859
60	62798	DIXIE CRAFT EMPLOYEES	Goodwater	1,786,105
Total				<u>\$ 15,149,939,590</u>

Alabama Credit Unions Ranked by Shares/Deposits

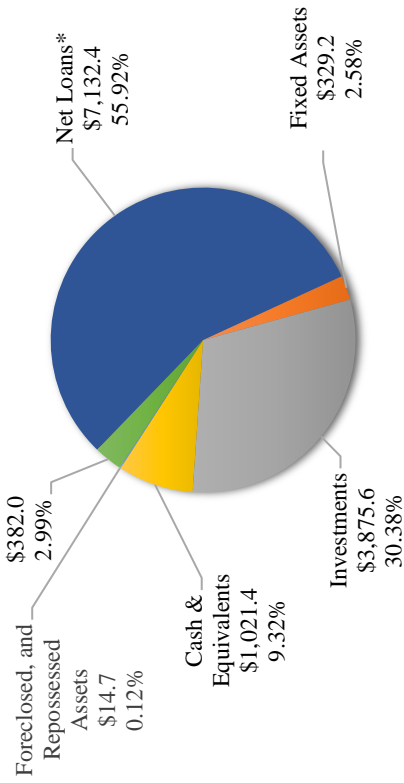
2018					Shares and
Rank	Ins. #	Credit Union Name	City		Deposits 12/31/18
1	62728	APCO EMPLOYEES	Birmingham	\$	2,549,625,913
2	65991	CORPORATE AMERICA	Birmingham		2,243,880,578
3	68575	MAX	Montgomery		1,164,470,842
4	60823	ALABAMA	Tuscaloosa		764,657,447
5	63057	LISTERHILL	Muscle Shoals		710,931,852
6	68583	AVADIAN	Birmingham		702,764,110
7	60605	FAMILY SECURITY	Decatur		554,001,841
8	68595	ALABAMA ONE	Tuscaloosa		539,823,325
9	68374	GUARDIAN	Montgomery		424,296,191
10	68302	FIVE STAR	Dothan		379,443,106
11	68628	FAMILY SAVINGS	Rainbow City		353,884,805
12	68559	TVA COMMUNITY	Muscle Shoals		265,073,453
13	64598	ALABAMA STATE EMPLOYEES	Montgomery		260,971,472
14	67252	ALABAMA TEACHERS	Gadsden		260,596,818
15	97076	WINSOUTH	Gadsden		238,185,110
16	61800	FORT MCCLELLAN	Anniston		198,405,642
17	60799	NEW HORIZONS	Mobile		184,500,773
18	60501	MUTUAL SAVINGS	Birmingham		145,317,906
19	65464	eCO	Birmingham		128,180,918
20	60712	ALABAMA CENTRAL	Birmingham		124,458,026
21	60934	ALATRUST	Hoover		118,141,675
22	68586	HERITAGE SOUTH	Sylacauga		112,946,781
23	60942	RIVERFALL	Tuscaloosa		102,894,515
24	68688	RAILROAD COMMUNITY	Irondale		92,994,416
25	60500	NORTH ALABAMA EDUCATORS	Huntsville		87,202,402
26	62661	NAHEOLA	Pennington		77,294,160
27	61286	MOBILE EDUCATORS	Mobile		76,565,671
28	60930	VALLEY	Tuscumbia		59,400,167
29	63834	JEFFERSON	Hoover		58,415,256
30	63614	CHAMPION COMMUNITY	Courtland		44,279,464
31	64232	1ST RESOURCE	Birmingham		34,990,223
32	97083	LANDMARK	Fairfield		34,596,947
33	68624	ALABAMA RURAL ELECTRIC	Montgomery		29,444,151
34	61944	LAUDERDALE COUNTY TEACHERS	Florence		25,720,724
35	63940	DCH	Tuscaloosa		25,012,878
36	61391	SOCIAL SECURITY	Birmingham		24,140,024
37	68224	AZALEA CITY	Mobile		23,661,523
38	61150	WCU	Decatur		22,480,410
39	61339	MOBILE GOVERNMENT EMPLOYEES	Mobile		17,278,223
40	65402	ALABAMA RIVER	Monroeville		16,039,492
41	62599	FEDERAL EMPLOYEES	Birmingham		15,513,507
42	62664	HEALTH	Birmingham		14,507,665
43	62062	CITY	Tuscaloosa		14,263,154
44	61474	RAILWAY EMPLOYEES	Muscle Shoals		13,705,729
45	64603	ALABAMA LAW ENFORCEMENT	Birmingham		12,046,781
46	62471	MOBILE POSTAL	Mobile		9,386,762
47	62486	OPP-MICOLAS	Opp		9,106,380
48	64464	TUSCALOOSA COUNTY	Tuscaloosa		8,608,838
49	64528	BIRMINGHAM CITY EMPLOYEES	Birmingham		7,340,458
50	62356	L&N EMPLOYEES	Birmingham		7,116,951
51	64644	BLUE FLAME	Mobile		6,379,155
52	63634	PIKE TEACHERS	Troy		6,176,626
53	61055	CHEM FAMILY	Anniston		5,897,126
54	64645	ALABAMA POSTAL	Birmingham		4,956,596
55	61277	CHEMCO	McIntosh		4,322,217
56	64594	FIREMAN'S	Birmingham		3,937,836
57	60593	BRASSIES	Anniston		3,324,320
58	64774	POSTAL EMPLOYEES	Huntsville		2,781,027
59	64593	O'NEAL	Birmingham		1,946,885
60	62798	DIXIE CRAFT EMPLOYEES	Goodwater		1,470,994
					\$13,426,340,358

**Alabama Credit Union
2018 Board of Directors**

	Appointment Date	Confirmation Date	End of Term
Mrs. Sarah H. Moore, Chairman, Ex Officio 100 North Union Street, Suite 650 Montgomery, Alabama 36104 sarah.moore@acua.alabama.gov	1/26/2015	4/2/2015	2/1/2019
Mr. Charles Faulkner, President Jefferson Credit Union 5261 Ross Bridge Pkwy Hoover, AL. 35226 cfaulkner@jcubanking.com	5/03/2016	3/09/2017	2/01/2019
Mr. Joey Hand, President ECO Credit Union P.O. Box 2385 Birmingham, AL. 35201 jhand@ecocu.org	5/03/2016	3/09/2017	2/01/2019
Mr. Ralph A. Altice 601 Savannah Street Mobile, AL 36603 RalphAltice@aol.com	2/23/2017	3/9/2017	2/01/2020
Mr. Harold G. McClellan, President MAX Credit Union P.O. Box 244040 Montgomery, AL 36124-4040 hgm@mymax.com	2/23/2017	3/09/2017	2/01/2020
Mr. Steve Nix, President AlaTrust Credit Union 1018 Merchants Drive Birmingham AL. 35244 snix@alatrustedcu.com	2/23/2017	3/09/2017	2/01/2020
Ms. Linda Cencula, President Avadian Credit Union P. O. Box 360287 Birmingham, AL. 35236-0287 lcencula@avadiancu.org	3/13/2018	3/14/2018	2/01/2021
Ms. Greta Webb-Williams 125 Forest Hill Road Wetumpka, AL 36093 greta.williams@labor.alabama.gov	3/13/2018	3/14/2018	2/01/2021

Supplemental Information

Alabama Asset Distribution (\$ in Millions)

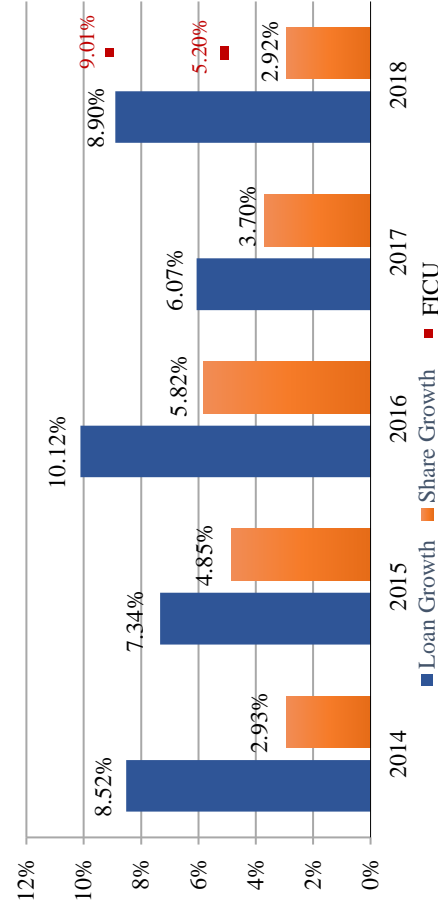


*Net Loans equals Total Loans (\$7,199.5 million) minus Allowance for Loan and Lease

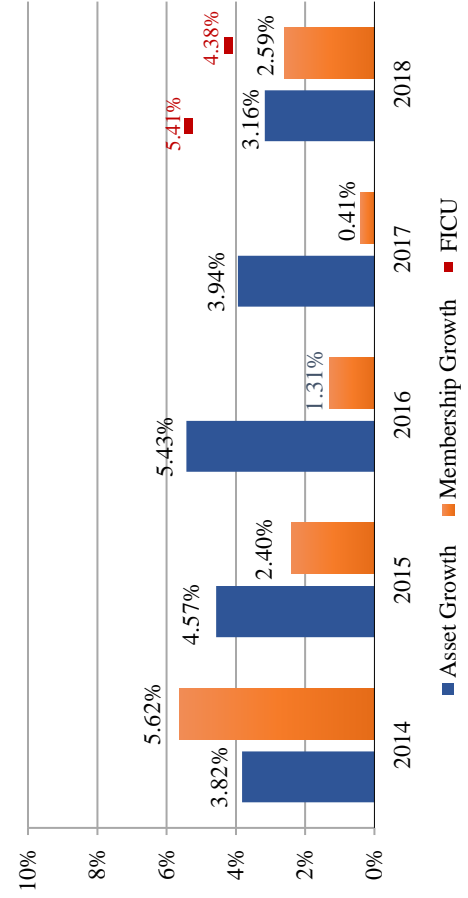
Number of Insured Credit Unions Reporting

	Federal Charter	State Charter	Total	Alabama
2014	3,927	2,346	6,273	63
2015	3,764	2,257	6,021	62
2016	3,608	2,177	6,785	61
2017	3,499	2,074	5,573	61
2018	3,376	1,999	5,375	60

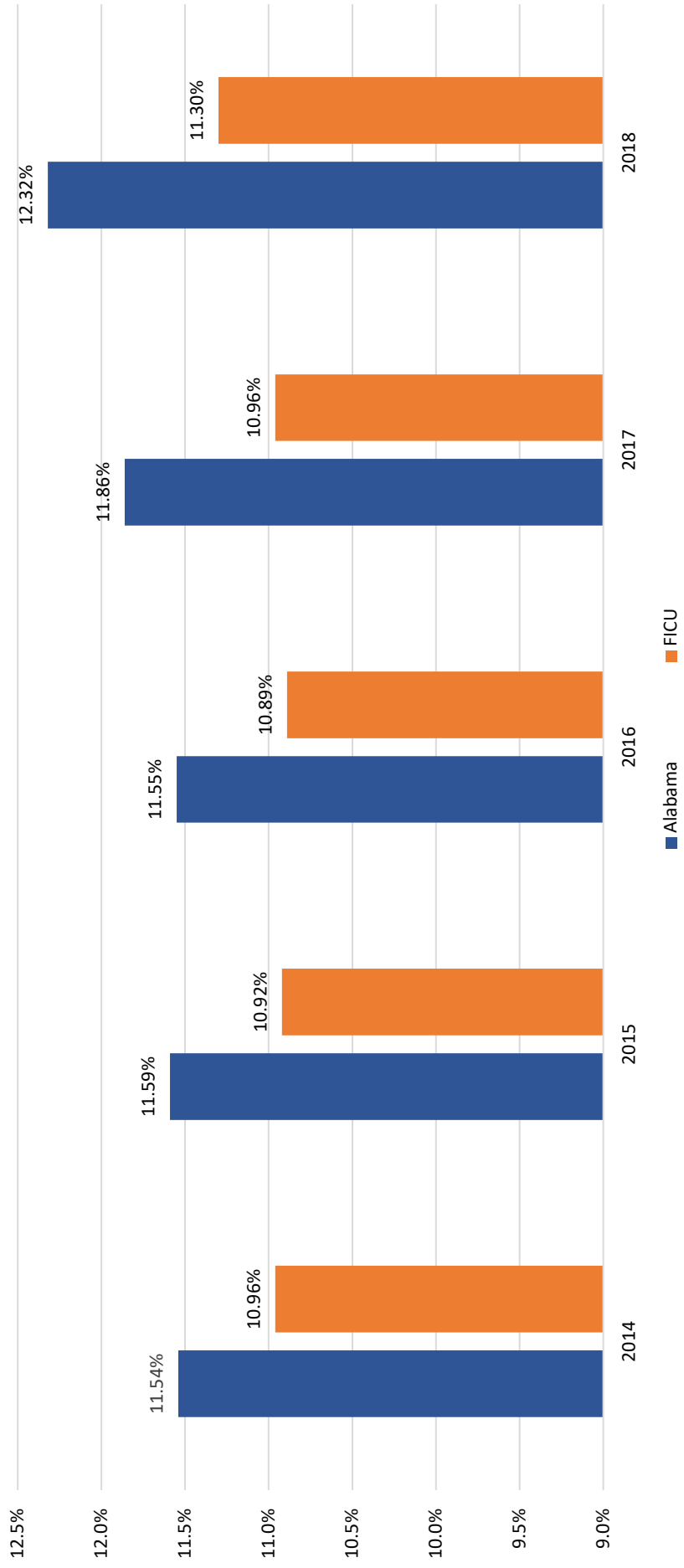
Loan Growth vs. Share Growth



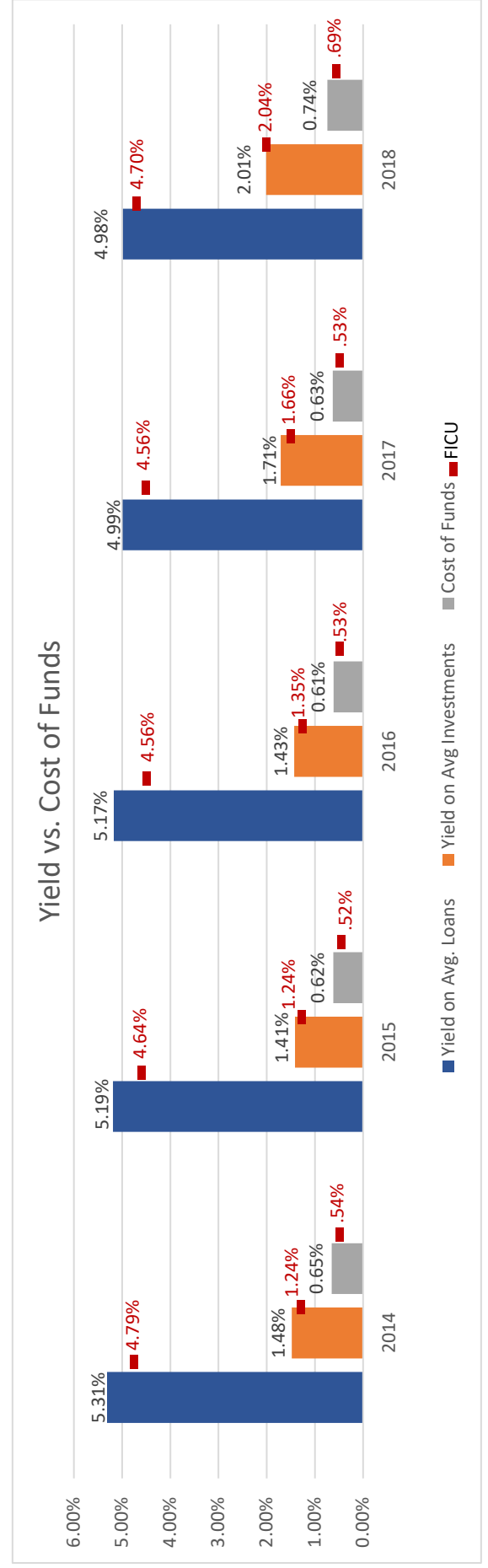
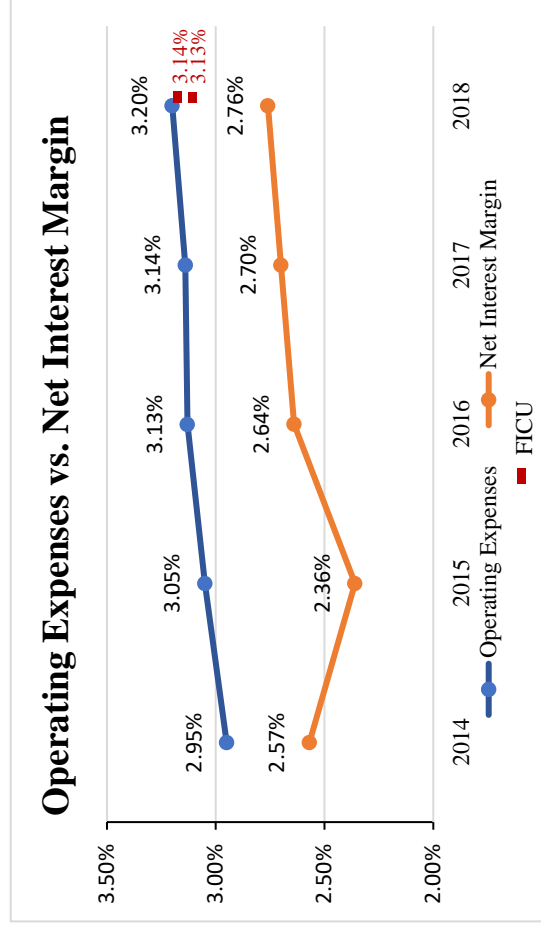
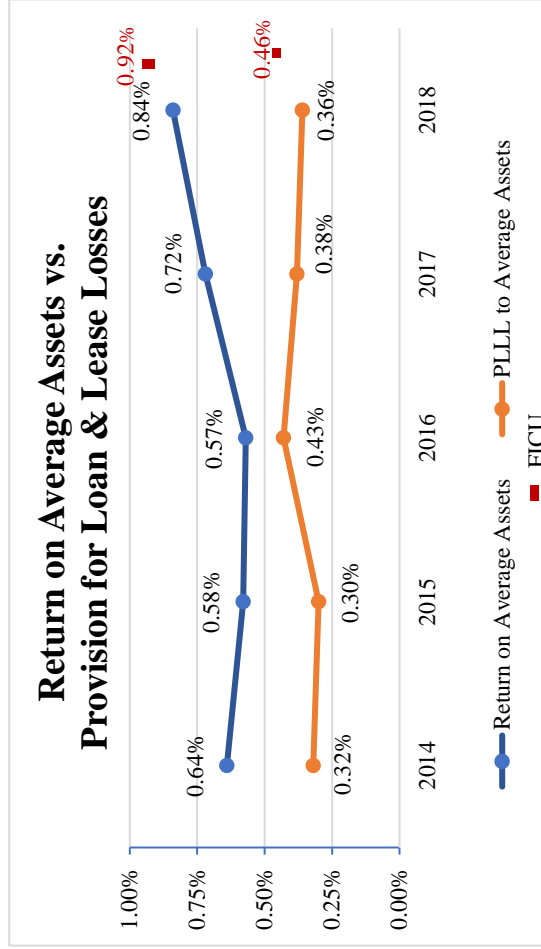
Asset Growth vs. Membership Growth



Aggregate Net Worth Ratio

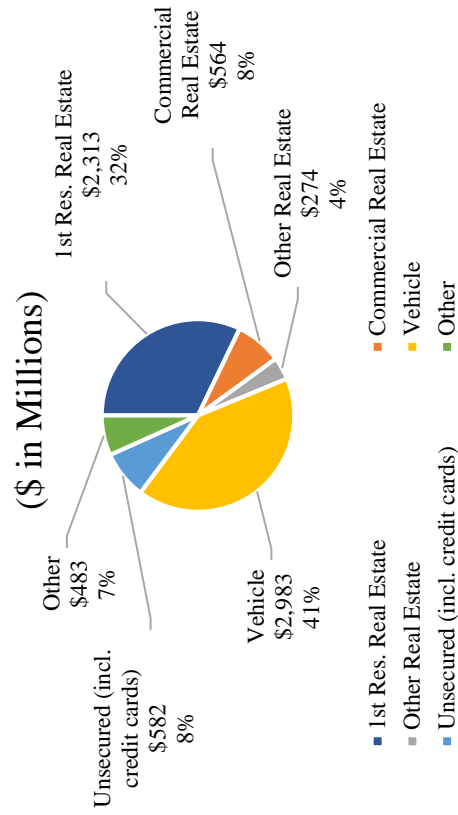


Earnings

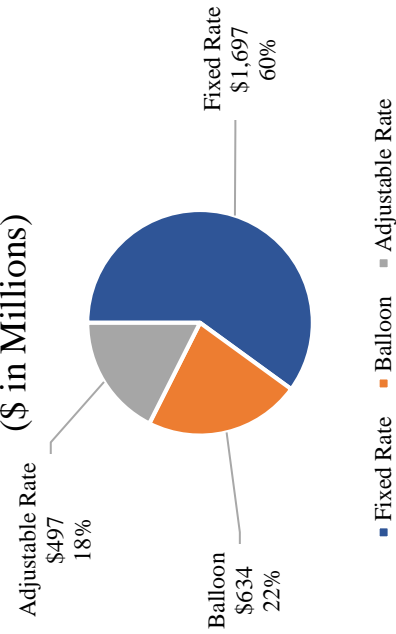


Loan Distribution

Loan Distribution (\$ in Millions)



First Mortgage Real Estate Loans Residential and Commercial (\$ in Millions)

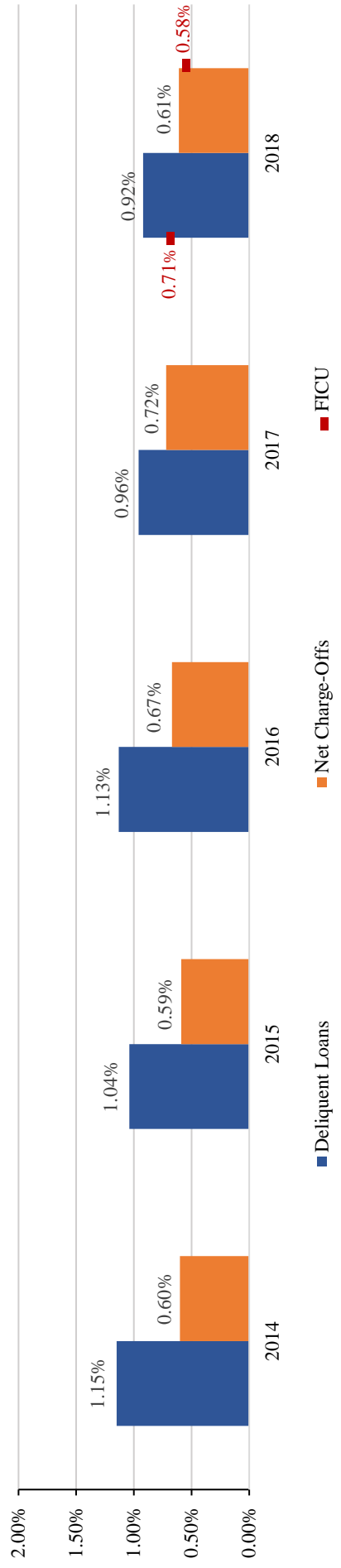


Loan Category	December 2017 \$ In Millions	% of Total Loans December 2017	December 2018 \$ In Millions	% of Total Loans December 2018
Unsecured Credit Card	\$251	3.80%	\$259	3.60%
All Other Unsecured	\$325	4.92%	\$323	4.49%
New Vehicle	\$604	9.15%	\$984	13.67%
Used Vehicle	\$2,009	30.43%	\$1,999	27.77%
First Res. Mortgage Real Estate	\$2,207	33.43%	\$2,313	32.13%
Other Real Estate	\$268	4.06%	\$274	3.81%
Leases Receivable & All Other	\$462	7.00%	\$483	6.71%
Commercial Loans	\$476	7.21%	\$564	7.82%
Total Loans	\$6,602		\$7,199	

Numbers may not add up due to rounding

Loan and Delinquency Trends

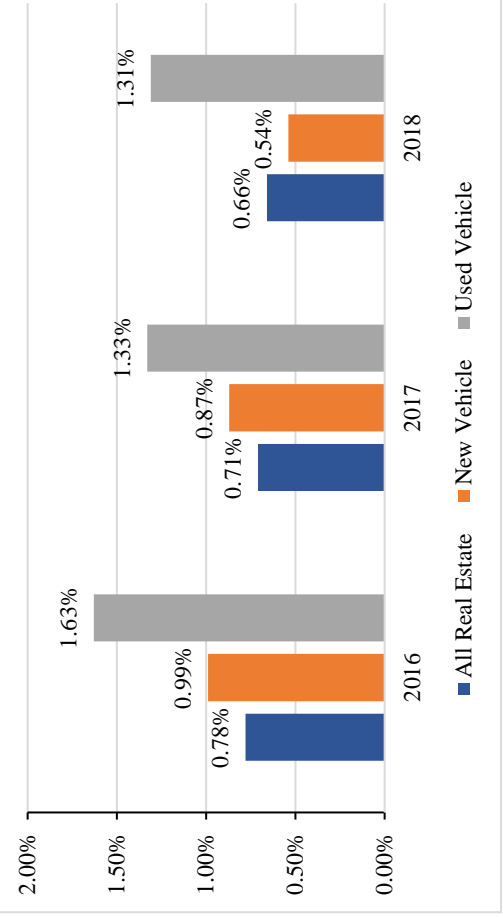
Delinquency & Net Charge-Offs



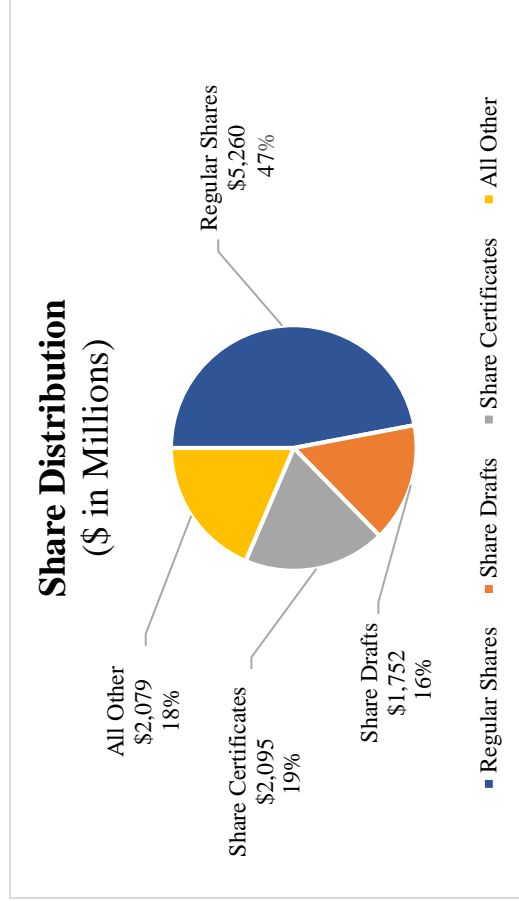
Charge-Offs by Loan Type

	2017 % of Average	2018 % of Average
Unsecured Credit Card	1.83%	2.10%
Vehicle	0.99%	0.81%
First Mortgage Real Estate	0.12%	0.05%
Other Real Estate	0.18%	0.26%
Total Net Charge-Offs	0.72%	0.61%

Delinquency by Loan Type



Share Trends



Shares						
Share Category	December 2017 Balance \$ in Millions	% of Total Shares December 2017	December 2018 Balance \$ in Millions	% of Total Shares December 2018	Growth \$ in Millions	Growth Rate (Annualized)
Share drafts	\$1,661.6	15.28%	\$1,752.0	15.66%	\$90.4	5.44%
Regular Shares	\$5,134.0	47.24%	\$5,260.0	47.02%	\$126.0	2.45%
Money Market Shares	\$937.5	8.63%	\$908.7	8.13%	(\$28.8)	(3.07%)
Share Certificates	\$1,960.2	18.04%	\$2,095.0	18.73%	\$134.8	6.88%
IRA / KEOGH Accounts	\$1,039.3	9.56%	\$1,038.3	9.28%	(\$1.0)	(0.10%)
All Other Shares	\$121.4	1.12%	\$121.0	1.08%	(\$0.4)	(0.33%)
Non-Member Deposits	\$14.0	0.13%	\$11.0	0.10%	(\$3.0)	(21.43%)
Total Shares and Deposits	\$10,868		\$11,186		\$318.0	2.93%

Asset-Liability Management Trends

