

ANNUAL REPORT

of

ALABAMA CREDIT UNION ADMINISTRATION

FOR THE YEAR ENDED

DECEMBER 31, 2015





STATE OF ALABAMA
ALABAMA CREDIT UNION ADMINISTRATION

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ROBERT BENTLEY
GOVERNOR

SARAH H. MOORE
ADMINISTRATOR

April 20, 2016

The Honorable Robert Bentley
Governor of the State of Alabama
Alabama State Capitol
Montgomery, Alabama 36130

Dear Governor Bentley:

It is my honor to present the 2015 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 1 million members in the State of Alabama. Alabama's state chartered credit unions have an average net worth ratio exceeding 11% at year-end 2015, that is 400 basis points above well capitalized minimums for credit unions. Alabama's state chartered credit unions continued to grow assets by 7.5% from year end 2014 to \$13.8 billion at December 31, 2015. Part of the growth in state chartered credit unions was fueled by state chartered credit unions acquiring other financial institutions, including a federally chartered credit union in Anniston and a bank in Lumpkin, Georgia. ACUA supports the prudent expansion of services to neighboring/adjacent counties of credit unions and will work with regulators in neighboring states when the expansion plans cross state lines.

At December 31, 2015, Alabama had 62 state chartered credit unions down from 64 at December 31, 2014. During 2015, two small credit unions were merged into two other state chartered credit unions. Consolidation of credit unions in Alabama is expected to continue and reflects a national trend as certain credit unions are finding it difficult to earn money and keep pace with the expense of technology changes and regulatory requirements.

Alabama has one of the few remaining corporate credit unions in the United States. The mission of the corporate credit union is to provide products and services to other credit unions. Because of the distinctive nature of its business, certain financial information herein is presented separately for the corporate credit union.

STAFFING

ACUA's staffing increased by one in 2015 and the agency is in need of at least one additional staff with specialized examination expertise. ACUA expects to fill the position in 2016. From time to time, ACUA supplements its staffing with outside resources to assist in accomplishing the agency's mission and requirement to examine each credit union on an annual basis.

EXPENSES

Expenses of the agency were funded through normal and customary fees to the credit unions and through a transfer from ACUA reserves during FY 2014-2015. Extraordinary legal fees incurred by the agency relating to the necessary exercise of enforcement authority caused the agency to seek an additional appropriation from ACUA reserves during the 2015 Special Legislative Session. Substantially all of these expenses have been recovered from the credit unions which created the necessity of such regulatory action.

LEGISLATION

The Alabama Legislature passed three bills that were signed into law that directly benefit credit unions and ACUA. The first bill passed by the legislature and signed into law in 2015, modified language in the Code to enable the Governor to appoint members to the ACUA board of directors. The old language referenced a now defunct organization as the body that recommended board members to the Governor for appointment. The new language enables the ACUA board, in consultation with the League of Southeastern Credit Unions, to recommend persons to the Governor for four positions on the Board of ACUA. The second bill passed by the Legislature and signed into law in 2015 allowed ACUA to transfer \$200,000 from its reserves in fiscal year 2014-2015, due to the extraordinary amount of legal fees referred to above. The third bill passed by the Alabama Legislature in 2016 modernized the Code governing credit unions and the

regulation thereof. We believe that the changes to the Code will put state chartered credit unions on a level playing field with federally chartered credit unions therefore improving state credit unions' ability to serve their members.

REGULATORY ACTION - CONSERVATORSHIP

The ACUA board, comprised of chief executive officers, board and committee members of state chartered credit unions, conserved Alabama One Credit Union, a \$600 million, eleven branch, state chartered credit union headquartered in Tuscaloosa, Alabama in August 2015. ACUA as conservator of the credit union operates Alabama One Credit Union using on-site management with the expertise and experience to rehabilitate the credit union. ACUA will continue to operate the credit union in conservatorship until such time the ACUA board considers the issues at the credit union to be resolved to its satisfaction.

An appeal of the conservatorship of Alabama One Credit Union was filed in September 2015. In response, ACUA must show cause at trial why it should not be enjoined from continuing possession and control over Alabama One Credit Union. We believe the evidence that will be presented in the appeal will prove that the decision of the ACUA board to conserve Alabama One Credit Union was neither arbitrary nor capricious. The hearing on the appeal has not been scheduled as of the date of this report.

REGULATORY ACTION — OTHER

During 2015, the Administrator, with the approval of the ACUA board, issued three cease and desist orders ("Orders"); at year end 2015, two of those Orders remained in effect.

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.

The Honorable Robert Bentley
Governor of the State of Alabama
April 20, 2016
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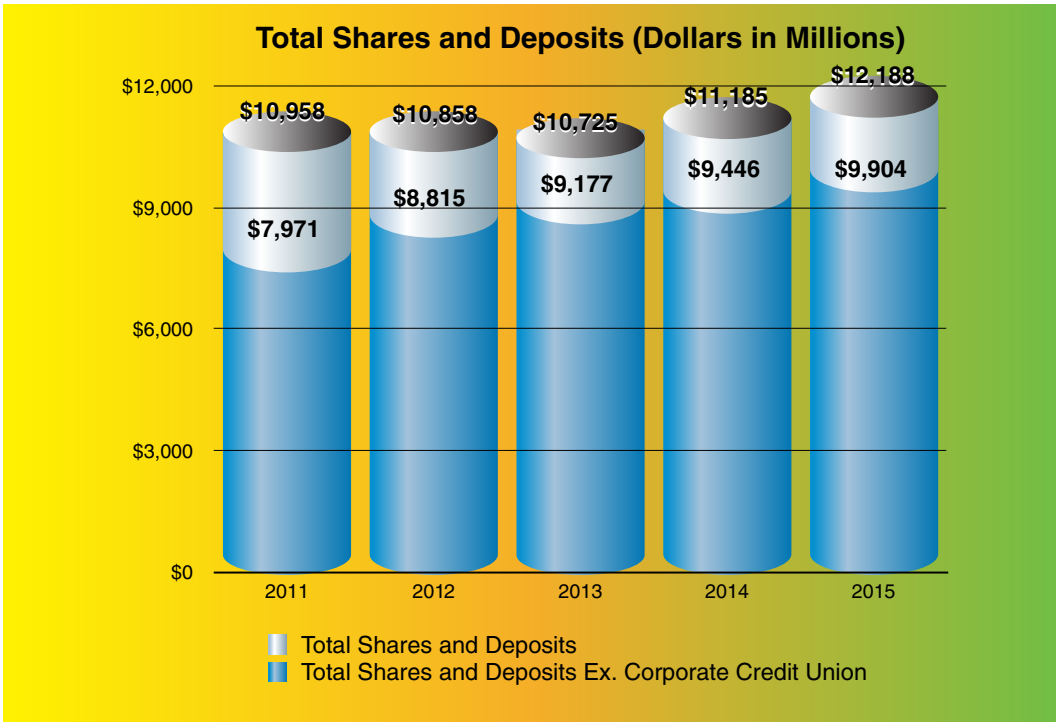
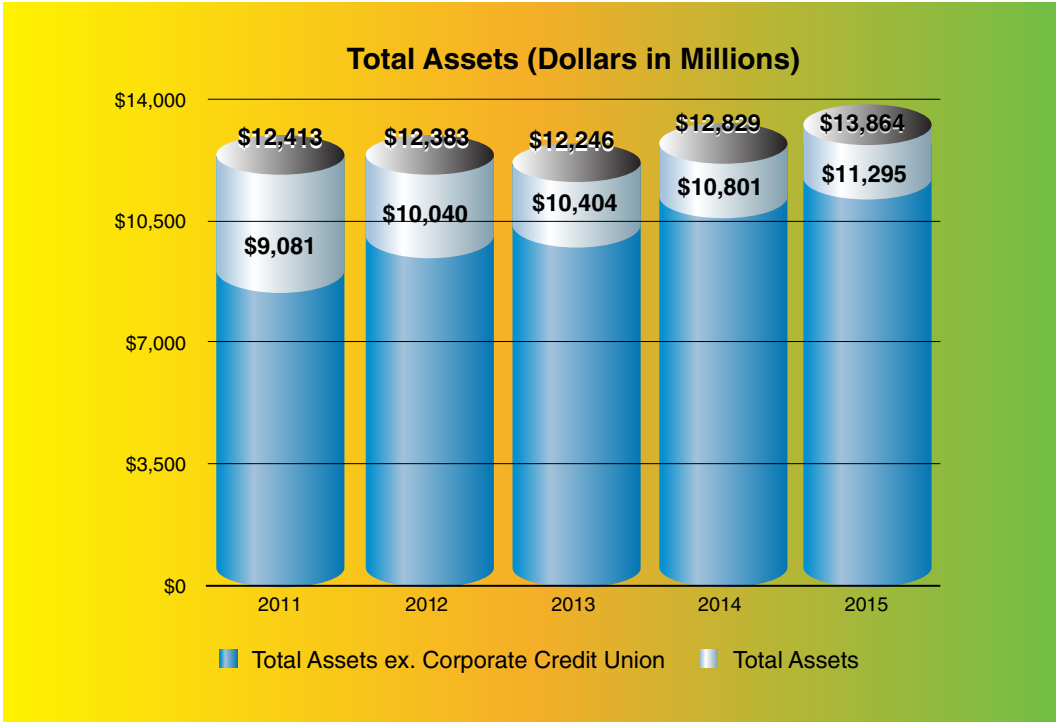
Governor Bentley, thank you for your leadership of the State of Alabama. We appreciate your support and the support of your staff during the past year.

Respectfully,

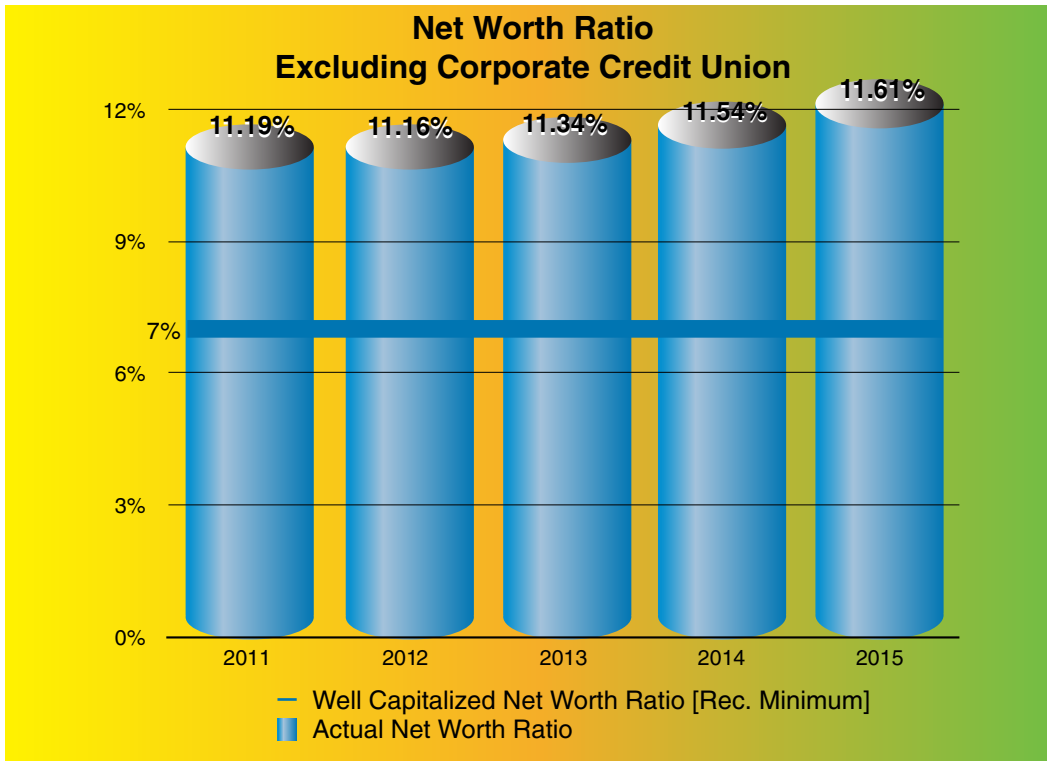
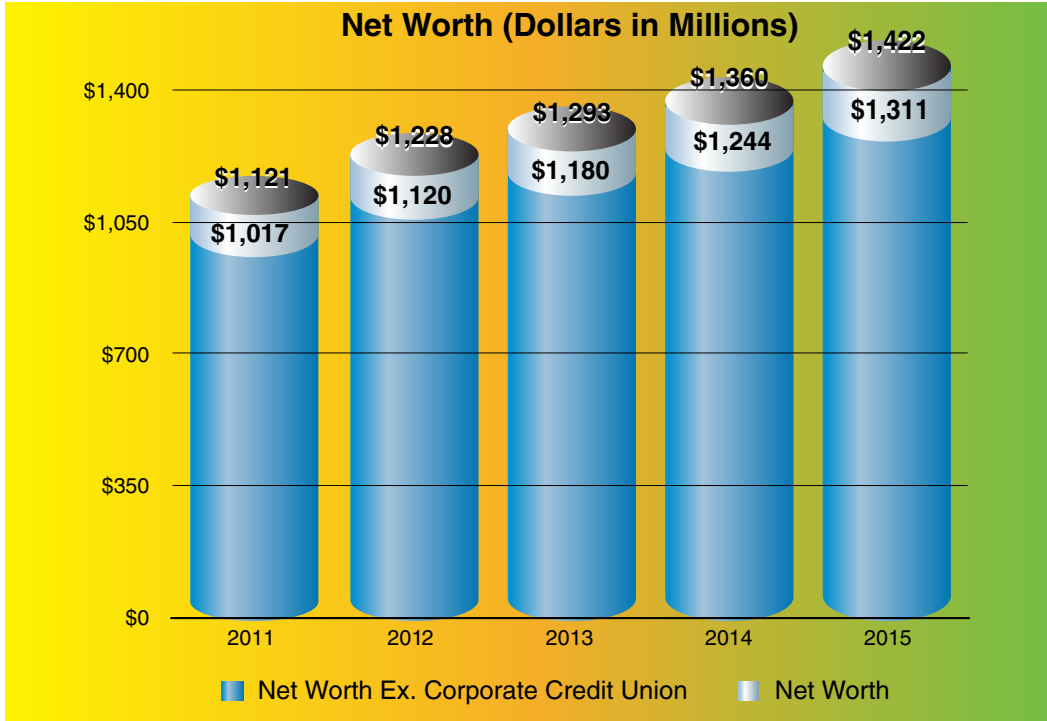
A handwritten signature in black ink that reads "Sarah Henderson Moore". The signature is written in a cursive style with a long, sweeping tail on the "e" at the end.

Sarah Henderson Moore
Administrator

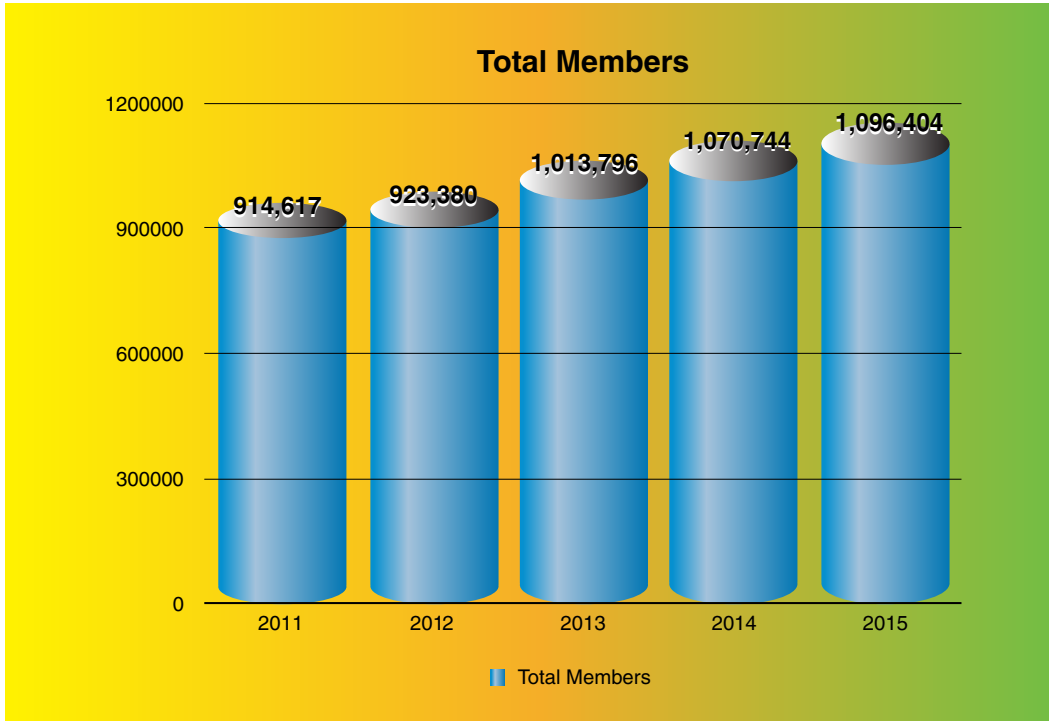
Alabama Credit Unions Key Statistics As of December 31



Alabama Credit Unions Key Statistics As of December 31



Alabama Credit Unions Key Statistics As of December 31



Alabama Credit Unions, ex. Corporate Condensed Financial Highlights as of December 31

	2014	2015	% Increase
Total Assets	\$ 10,801,137,155	\$ 11,294,446,202	4.6%
Shares and Deposits	9,445,542,351	9,904,288,441	4.9%
Total Loans, net	5,208,811,843	5,705,644,999	9.5%
Total Net Worth	1,244,045,921	1,310,919,151	5.4%

Key Ratios for the years ended December 31

	2014	2015
Net Worth/Total Assets	11.54%	11.60%
Return On Average Assets	0.64%	0.60%
Net Charge-Offs / Average Loans	0.60%	0.59%
Yield on Average Loans	5.31%	5.19%
Cost of Funds / Average Assets	0.65%	0.62%
Net Margin Interest	3.96%	3.96%
Market (Share) Growth	2.96%	4.82%
Loan Growth	8.52%	7.34%

Corporate Credit Union Condensed Financial Highlights as of December 31

	2014	2015	% Increase <Decrease>
Total Assets	\$ 2,027,776,985	\$ 2,568,627,915	26.7%
Shares and Deposits	1,739,173,861	2,283,801,265	31.3%
Total Loans, net	5,491,061	14,230,699	159.2%
Total Net Worth	116,453,110	110,834,086	<4.83>%

Key Ratios for the years ended December 31

	2014	2015
Net Worth/Total Assets	6.04%	4.00%
Retained Earnings Ratio	0.81%	0.97%
Return On Daily Average Net Assets	0.22%	0.29%
Net Charge-Offs / Average Loans	0.00%	0.00%
Yield on Average Loans	0.01%	0.49%
Cost of Funds / Average Assets	0.48%	0.52%
Net Margin Interest	0.34%	0.42%
Market (Share) Growth	-1.18%	13.34%
Loan Growth	-77.41%	77.59%

Alabama Credit Unions Ranked by Assets

2015	Charter	Credit Union Name	Location	Total Assets 12/31/2015
1	62728	APCO EMPLOYEES	BIRMINGHAM	\$2,599,286,233
2	65991	Corporate Credit Union	BIRMINGHAM	2,568,627,915
3	68575	MAX	MONTGOMERY	1,178,213,634
4	63057	LISTERHILL	SHEFFIELD	687,956,466
5	60823	ALABAMA	TUSCALOOSA	687,258,465
6	68583	AVADIAN	BIRMINGHAM	616,897,125
7	68595	ALABAMA ONE	TUSCALOOSA	579,826,859
8	60605	FAMILY SECURITY	DECATUR	557,320,496
9	68302	FIVE STAR	DOTHAN	365,830,803
10	68628	FAMILY SAVINGS	GADSDEN	357,267,148
11	68374	GUARDIAN	MONTGOMERY	334,844,813
12	68559	TVA	MUSCLE SHOALS	302,611,757
13	67252	ALABAMA TEACHERS	GADSDEN	259,965,014
14	97076	WIN SOUTH	GADSDEN	243,474,229
15	64598	ASE	MONTGOMERY	238,594,667
16	60799	NEW HORIZONS	MOBILE	222,912,926
17	61800	FORT MCCLELLAN	ANNISTON	214,348,248
18	60501	MUTUAL SAVINGS	BIRMINGHAM	180,746,727
19	60712	ALABAMA CENTRAL	BIRMINGHAM	136,559,336
20	60934	ALATRUST	BIRMINGHAM	132,551,766
21	65464	ECO	BIRMINGHAM	129,121,093
22	60942	TUSCALOOSA TEACHERS	TUSCALOOSA	117,675,804
23	68586	HERITAGE SOUTH	SYLACAUGA	105,977,977
24	60500	NORTH ALABAMA EDUCATORS	HUNTSVILLE	85,684,226
25	62661	NAHEOLA	PENNINGTON	82,348,882
26	61286	MOBILE EDUCATORS	MOBILE	76,824,357
27	60930	VALLEY	TUSCUMBIA	68,868,816
28	60485	TUSCALOOSA	TUSCALOOSA	68,033,704
29	62843	RIVERDALE	SELMA	66,971,955
30	63834	JEFFERSON CREDIT UNION	BIRMINGHAM	66,292,641
31	63614	CHAMPION COMMUNITY	COURTLAND	54,616,829
32	97083	LANDMARK	BIRMINGHAM	44,555,788
33	64232	1ST RESOURCE	BIRMINGHAM	33,033,529
34	68624	ALABAMA RURAL ELECTRIC	MONTGOMERY	32,082,131
35	63940	DCH	TUSCALOOSA	30,104,066
36	61944	LAUDERDALE COUNTY TEACHER	FLORENCE	29,516,038
37	61391	SOCIAL SECURITY	BIRMINGHAM	28,462,420
38	61150	WCU CREDIT UNION	DECATUR	23,536,443
39	61339	MOBILE GOVERNMENT EMP.	MOBILE	21,677,939
40	62664	HEALTH	BIRMINGHAM	19,985,477
41	68224	AZALEA CITY	MOBILE	19,490,371
42	65402	ALABAMA RIVER	MONROEVILLE	17,723,117
43	61474	RAILWAY EMPLOYEES	MUSCLE SHOALS	17,326,502
44	62062	CITY	TUSCALOOSA	17,223,302
45	62599	FEDERAL EMPLOYEES	BIRMINGHAM	15,286,450
46	62486	OPP-MICOLAS	OPP	13,589,908
47	63944	CRAIG	SELMA	11,885,990
48	62471	MOBILE POSTAL	MOBILE	10,953,105
49	62356	L&N EMPLOYEES	BIRMINGHAM	9,683,707
50	64603	ALABAMA LAW ENFORCEMENT	BIRMINGHAM	8,865,994
51	64464	TUSCALOOSA COUNTY	TUSCALOOSA	8,674,989
52	63634	PIKE TEACHERS	TROY	8,172,718
53	64644	BLUE FLAME	MOBILE	8,023,977

Alabama Credit Unions Ranked by Assets

2015	Charter	Credit Union Name	Location	Total Assets 12/31/2015
54	64528	CITY OF B'HAM GENERAL EMP	BIRMINGHAM	7,918,037
55	64645	ALABAMA POSTAL	BIRMINGHAM	7,880,731
56	61055	CHEM FAMILY	ANNISTON	6,152,181
57	61277	CHEMCO	MCINTOSH	5,607,698
58	60593	BRASSIES	ANNISTON	5,472,285
59	64594	FIREMAN'S	BIRMINGHAM	4,856,838
60	64774	POSTAL EMPLOYEES	HUNTSVILLE	3,017,382
61	64593	O'NEAL	BIRMINGHAM	2,520,426
62	62798	DIXIE CRAFT EMPLOYEES	GOODWATER	2,283,667
Totals:				<u>\$ 13,863,074,117</u>

Alabama Credit Unions Ranked by Shares/Deposits

2015	Charter	Credit Union Name	Location	Total Shares and Deposits 12/31/2015
1	62728	APCO EMPLOYEES	BIRMINGHAM	\$ 2,323,311,772
2	65991	Corporate Credit Union	BIRMINGHAM	2,283,801,265
3	68575	MAX	MONTGOMERY	1,002,733,497
4	63057	LISTERHILL	SHEFFIELD	616,805,664
5	60823	ALABAMA	TUSCALOOSA	594,758,963
6	68583	AVADIAN	BIRMINGHAM	545,992,590
7	68595	ALABAMA ONE	TUSCALOOSA	522,661,045
8	60605	FAMILY SECURITY	DECATUR	479,839,596
9	68302	FIVE STAR	DOTHAN	328,862,151
10	68628	FAMILY SAVINGS	GADSDEN	312,506,209
11	68374	GUARDIAN	MONTGOMERY	276,118,359
12	68559	TVA	MUSCLE SHOALS	261,722,244
13	67252	ALABAMA TEACHERS	GADSDEN	224,880,750
14	97076	WIN SOUTH	GADSDEN	223,469,495
15	64598	ASE	MONTGOMERY	210,241,908
16	60799	NEW HORIZONS	MOBILE	197,097,333
17	61800	FORT MCCLELLAN	ANNISTON	185,112,166
18	60501	MUTUAL SAVINGS	BIRMINGHAM	147,869,814
19	60712	ALABAMA CENTRAL	BIRMINGHAM	123,533,242
20	65464	ECO	BIRMINGHAM	116,324,789
21	60934	ALATRUST	BIRMINGHAM	115,844,878
22	60942	TUSCALOOSA TEACHERS	TUSCALOOSA	102,378,272
23	68586	HERITAGE SOUTH	SYLACAUGA	94,527,121
24	60500	NORTH ALABAMA EDUCATORS	HUNTSVILLE	78,471,669
25	61286	MOBILE EDUCATORS	MOBILE	69,083,948
26	62661	NAHEOLA	PENNINGTON	63,520,768
27	60485	TUSCALOOSA	TUSCALOOSA	61,758,823
28	63834	JEFFERSON CREDIT UNION	BIRMINGHAM	59,776,884
29	60930	VALLEY	TUSCUMBIA	57,271,907
30	62843	RIVERDALE	SELMA	56,600,297
31	63614	CHAMPION COMMUNITY	COURTLAND	48,360,258
32	97083	LANDMARK	BIRMINGHAM	39,556,955
33	64232	1ST RESOURCE	BIRMINGHAM	29,585,416
34	68624	ALABAMA RURAL ELECTRIC	MONTGOMERY	28,730,343
35	63940	DCH	TUSCALOOSA	26,245,715
36	61944	LAUDERDALE COUNTY TEACHER	FLORENCE	26,007,346
37	61391	SOCIAL SECURITY	BIRMINGHAM	22,349,578
38	61150	WCU CREDIT UNION	DECATUR	21,186,748
39	61339	MOBILE GOVERNMENT EMP.	MOBILE	18,403,403
40	68224	AZALEA CITY	MOBILE	15,948,706
41	62664	HEALTH	BIRMINGHAM	15,814,052
42	65402	ALABAMA RIVER	MONROEVILLE	15,633,890
43	62062	CITY	TUSCALOOSA	13,645,878
44	61474	RAILWAY EMPLOYEES	MUSCLE SHOALS	13,041,434
45	62599	FEDERAL EMPLOYEES	BIRMINGHAM	12,084,554
46	62486	OPP-MICOLAS	OPP	10,348,132
47	63944	CRAIG	SELMA	10,241,925
48	62471	MOBILE POSTAL	MOBILE	9,408,721
49	62356	L&N EMPLOYEES	BIRMINGHAM	8,265,653
50	64464	TUSCALOOSA COUNTY	TUSCALOOSA	7,897,471
51	64603	ALABAMA LAW ENFORCEMENT	BIRMINGHAM	7,473,605
52	63634	PIKE TEACHERS	TROY	7,013,411
53	64644	BLUE FLAME	MOBILE	6,855,171
54	64528	CITY OF B'HAM GENERAL EMP	BIRMINGHAM	6,813,945

Alabama Credit Unions Ranked by Shares/Deposits

2015	Charter	Credit Union Name	Location	Total Shares and Deposits 12/31/2015
55	64645	ALABAMA POSTAL	BIRMINGHAM	\$ 5,697,419
56	61055	CHEM FAMILY	ANNISTON	5,129,684
57	61277	CHEMCO	MCINTOSH	4,867,314
58	60593	BRASSIES	ANNISTON	4,643,276
59	64594	FIREMAN'S	BIRMINGHAM	3,486,665
60	64774	POSTAL EMPLOYEES	HUNTSVILLE	2,617,944
61	64593	O'NEAL	BIRMINGHAM	1,930,038
62	62798	DIXIE CRAFT EMPLOYEES	GOODWATER	1,927,637
				\$ 12,188,089,706

Alabama Credit Unions 2015 Charter Activity

Number of State Chartered Credit Unions as of December 31, 2014	64
Mergers of Alabama Credit Unions into Alabama Credit Unions	<u>-2</u>
Number of State Chartered Credit Unions as of December 31, 2015	<u>62</u>

Mergers of Alabama Credit Unions with Alabama Credit Unions

Date	Seller	Assets	Acquirer
7/1/2015	Secure First, Birmingham, AL	\$42.3 million	Mutual Savings, Birmingham, AL
7/1/2015	Allied, Jackson, AL	\$14.5 million	New Horizons, Mobile, AL

Mergers of Federal Credit Unions with Alabama Credit Unions

Date	Seller	Assets	Acquirer
10/1/2015	N.E.A.R.M.C. Employees Federal Credit Union	\$2.4 million	Fort McClellan Credit Union, Anniston, AL

Out of State Financial Institutions Acquired by/Merged into Alabama State Chartered Credit Unions

Date	Seller	Assets	Acquirer
10/30/2015	Farmers State Bank, Lumpkin, GA	\$44.7 million	Five Star Credit Union, Dothan, AL

Alabama Credit Union Administration Board of Directors 2015

Board Members	Appointment Date	Expiration 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	2/1/2019
Ms. Linda Cencula, President Avadian Credit Union P. O. Box 360287 Birmingham, AL 35236 -0287 lcencula@avadiancu.org	2/25/2015	2/1/2018
Mr. Charles Faulkner, President Jefferson Credit Union 5261 Ross Bridge Pkwy Hoover, AL 35226 cfaulkner@jeffersoncreditunion.org	5/22/2015	2/1/2016
Mr. Steve Nix, President AlaTrust Credit Union 1018 Merchants Drive Birmingham AL 35244 snix@alatrustedcu.com	7/16/2013	2/1/2017
Mr. Joey Hand, President ECO Credit Union P.O. Box 2385 Birmingham, AL 35201 jhand@ecocu.org	5/22/2015	2/1/2016
Mr. Harold G. McClellan, President MAX Credit Union P.O. Box 244040 Montgomery, AL 36124-4040 hgm@mymax.com	5/22/2015	2/1/2017
Ms. Greta Webb-Williams 125 Forest Hill Road Wetumpka, AL 36093 greta.williams@labor.alabama.gov	5/22/2015	2/1/2018
Mr. Ralph A. Altice 601 Savannah Street Mobile, AL 36603 RalphAltice@aol.com	3/13/2015	2/1/2017

