

2017 ANNUAL REPORT



• Reflecting on the past to gain perspective for the future

avadian
CREDIT UNION

CHAIRMAN'S REPORT CALVIN NELSON

Reflection is a powerful tool. As individuals, reflecting on the past helps us gain perspective and insight on our priorities and goals for the future. It is equally important for us as a credit union to take the time to reflect on history — our mission, purpose, objectives — and evaluate if these continue to be at the heart of our organization today.

Avadian Credit Union, formerly Alabama Telco Credit Union, was formed in December of 1934. To look back and realize that seven charter members with an original capital base of \$70 started what now is a credit union with over \$740 million in assets and 77,000 members, is humbling.

We were created to be the trusted financial services provider for our members, to provide opportunities for improvement of their economic and social condition, to encourage thrift, to create sources of credit at fair rates of interest and to broaden economic awareness of sound financial planning and protection.

As Avadian Credit Union, our founding principles are still the same. Our mission continues to be member-owned and member-focused. Our mission states: We are the only financial service provider that will go out of its way every day to value you as a person, to make you feel delight and to improve your life.

Staying focused on member service is the cornerstone of Avadian Credit Union. To improve service, we set out to accomplish many strategic objectives for 2017 and here are several of the accomplishments:

1. Implemented instant issue debit and credit cards giving our members a card the same day they open the account
2. Implemented EMV Chip cards to improve security against fraud
3. Implemented a new mortgage portal that streamlines the application process
4. Rolled out SBA 504 loans for our business members
5. Implemented one-time closing construction to permanent loans
6. Implemented online and mobile banking enhancements such as:
 - Showing pending transactions in history
 - Setting travel notifications for credit and debit cards
 - Setting alerts for point of sale transactions
 - Offering Apple, Samsung and Google Pay — a feature that provides members the ability to pay a merchant from their phone without using a physical debit or credit card

In closing, our members' financial well-being has been at the top of Avadian's priorities since 1934. We understand that we can best serve by providing low-cost financial services that meet our members' needs and with products that help, not hinder, our financial circumstance.

On behalf of the board of directors and committees, we look forward to continuing to build upon and further the success of Avadian Credit Union. Thank you for your continued loyalty!

STATEMENT OF FINANCIAL CONDITION & INCOME

ASSETS	
Cash	\$ 25,771,451
Investments	\$ 169,061,088
Consumer Loans	\$ 445,873,593
Business Loans	\$ 57,334,733
Allowance for Loan Loss	\$ (3,271,203)
Credit Union Premises & Equipment	\$ 33,708,259
Other Assets	\$ 18,681,367
Total Assets	\$ 747,159,288

LIABILITIES & MEMBERS' EQUITY	
LIABILITIES	
Deposits	
Consumer Share Accounts	\$ 227,375,708
Business Share Accounts	\$ 4,606,208
Consumer Checking Accounts	\$ 89,289,004
Business Checking Accounts	\$ 12,577,441
Certificates of Deposit	\$ 180,725,953
Consumer Money Market Accounts	\$ 120,826,882
Business Money Market Accounts	\$ 1,302,986
Individual Retirement Accounts	\$ 30,691,861
Total Deposits	\$ 667,396,043
Other Liabilities	\$ 6,080,926
Total Liabilities	\$ 673,476,969

MEMBERS' EQUITY	
Statutory Reserve	\$ 6,018,721
Reserve for Contingencies	\$ 74,271,512
Unappropriated Reserve	\$ 10,000
Capital Acquired in Merger	\$ 548,073
Investment/Benefits Valuation	\$ (7,165,987)
Total Members' Equity	\$ 73,682,319
Total Liabilities & Members' Equity	\$ 747,159,288

INCOME	
Interest on Loans	\$ 24,259,420
Interest on Investments	\$ 3,205,521
Other Income	\$ 14,776,719
Total Income	\$ 42,241,660

EXPENSES	
Interest Expense	
Certificates of Deposit	\$ 2,590,890
Individual Retirement Accounts	\$ 129,544
Consumer Checking, Money Market & Other	\$ 471,325
Business Checking, Money Market & Other	\$ 8,940
Consumer Share Dividends	\$ 474,522
Business Share Dividends	\$ 10,300
Other Borrowed Funds	\$ 162,520
Total Interest Expense	\$ 3,848,041

Operating Expenses	
Salary & Benefits	\$ 15,724,058
Building Occupancy	\$ 1,920,320
Insurance	\$ 242,016
Data Processing	\$ 301,277
Stationery & Supplies	\$ 261,652
Postage	\$ 304,939
Provision for Loan Losses	\$ 3,433,518
Other Operating Expenses	\$ 12,054,537
Total Operating Expenses	\$ 34,242,317
NCUSIF Stabilization Expense	
Other Gains/(Losses)	\$ (40,535)
Net Earnings	\$ 4,110,767



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