



APCO EMPLOYEES CREDIT UNION • 2022 ANNUAL REPORT



APCO EMPLOYEES
CREDIT UNION

APCO Employees Credit Union 69th Annual Report

Mission Statement

*Making the financial difference
for members.*

Vision Statement

*Provide value and help our
members do better financially.*



2022 HIGHLIGHTS

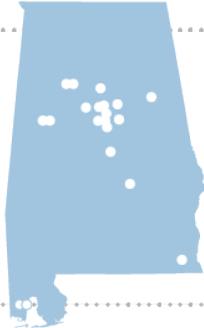
\$3.4 Billion

in Assets



Largest

State-Chartered Credit Union
in Alabama



74.8%

Net Promoter Score
Measuring Member Satisfaction

\$80 Million

Total Assets Under Management –
APCO Investment Services



20

Locations

\$85,000+

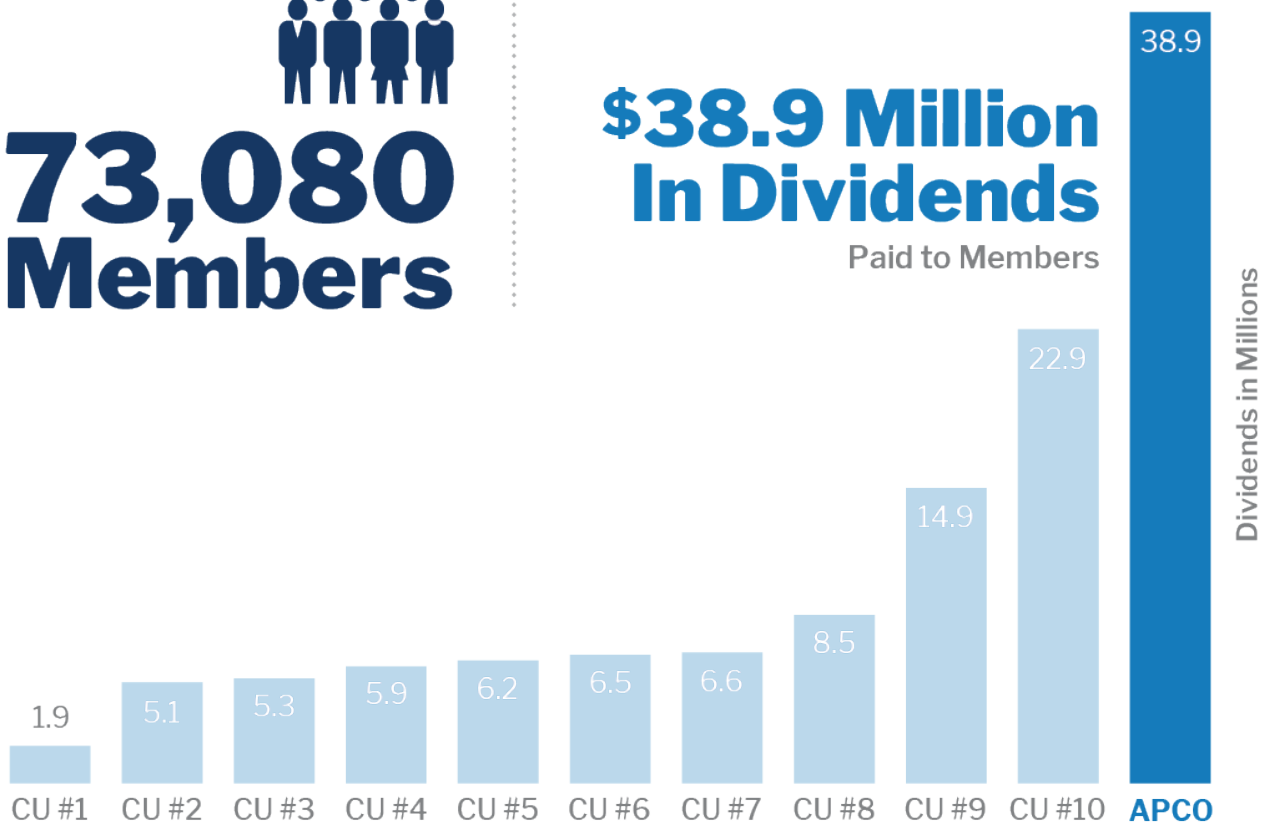
Charitable
Giving



73,080 Members

\$38.9 Million In Dividends

Paid to Members



2022 Dividends Paid to Members by Credit Unions in Alabama



Report of the Chairman and President

As Chairman of the Board of Directors and President, we are proud to report that APCO Employees Credit Union had another very successful year in 2022. Members faced overlapping economic challenges throughout 2022. At its peak in June, inflation marked 9% as interest rates started to climb significantly for the first time in over a decade. Even with inflation slowing to just over 6% in December, many continue to be affected by the rising costs of food, gas, housing, and everyday essentials. At APCO Employees Credit Union we know when resources are combined, Members thrive, and that shared prosperity is a driver of Credit Union success. With that in mind, APCO Employees Credit Union set strategic priorities for growth that remained reflective of how we can best serve our Members.

In 2022, Members needed access to affordable and reliable credit with flexible terms. The Credit Union's strategic plan focused on lending money where it was needed most, and over the fiscal year, Members borrowed over \$250 million from APCO Employees Credit Union bringing total loans to \$812 million. Our Members' loyalty in choosing APCO Employees Credit Union for their financial needs led us to have a record-breaking net income year with over \$26 million in earnings.

Beyond being a resource for Member loans in 2022, we are excited to say APCO Employees Credit Union delivered products and services to more Members than at any time in our history. Membership grew by over 900 for the year in addition to over 1,200 Members opening new Checking Accounts. In the summer of 2021, we launched our new and streamlined Digital Banking platform that included a new Mobile Banking app for phones and tablets. Over 6,000 Members downloaded the app in 2022 allowing them increased security and freedom to access their accounts seamlessly at home or on the go. This growth represents another step forward on our path to being the primary financial institution for our Members.

Your Credit Union is consistently looking for ways to empower our partners along with organizations in our local communities to provide a greater positive impact. In 2022 we hosted the APCO Employees Credit Union Share the Care Foundation Golf Tournament. Thanks to our generous partners and Credit Union family, we were able to raise \$50,000 for Children's of Alabama and donate the largest contribution made by this event in its 18-year history.

In engaging with our members through community initiatives, we decided to take a bigger stage in 2022 by



2021 Annual Meeting



2022 APCO Employees Credit Union Share the Care Foundation Golf Tournament at Greystone Golf and Country Club



Food Truck Friday



Main Office - Downtown Birmingham



The World Games 2022 - Oak Mountain State Park

contributing to The World Games as a Patron Partner and Presenting Sponsor of Events at Oak Mountain State Park. The World Games was an 11-day international multi-sport event organized with the support of the International Olympic Committee. Across 5 days in July, 5,300 patrons attended events at Oak Mountain State Park. We were proud to support The World Games 2022 alongside several of our Select Employee Groups and welcome over 600 Members of our Credit Union community to our Member Appreciation Tent on site throughout the week.

As we look ahead, we believe 2023 will be a benchmark year. Since our inception in 1953, APCO Employees Credit Union has been called to provide value and help our Members do better financially, and we hope membership is for a lifetime. 2023 will mark 70 years of APCO Employees Credit Union and we look forward to celebrating the milestone with the Members who continue choosing us for their financial services. We are committed to honoring that choice with exceptional service, member-centered innovation, and industry leading rates to better serve, empower, and reward you.

On behalf of the entire APCO Employees Credit Union Board of Directors, Supervisory Committee, Executive Team, and staff, we would like to say thank you for your continued support and membership. Serving you in your pursuit for financial wellness is a privilege, and this is only the beginning.



Mark Wilkinson
Chairman



Derrick E. Ragland, Jr.
President / CEO

Report of the Supervisory Committee

Elected by the membership, the APCO Employees Credit Union Supervisory Committee is responsible for protecting the interest of Members' by independently evaluating the soundness of the Credit Union's operations and activities. The Committee works with management to make changes where necessary and to ensure all fiscal operations are performed accurately and in compliance with the Credit Union's procedures and bylaws.

The Supervisory Committee works in conjunction with the Credit Union's Internal Control Supervisor to ensure the accounting practices, procedures, and internal controls are adequately designed to safeguard Members' assets. The Supervisory Committee provides a fair and accurate representation of the Credit Union's financial condition and ensures the Credit Union is well positioned to serve its Members.

As required by law, the APCO Employees Credit Union Supervisory Committee is responsible for the annual financial audit of the Credit Union's records. To fulfill its duty, the Supervisory Committee retained the services of the CPA firm Pearce, Bevill, Leesburg, Moore, P.C., independent external auditor, to perform the audit for the period ending June 30, 2022. The audit was concluded, and it confirmed the Supervisory Committee's position that the Credit Union meets the highest level of financial standards.

In addition to the CPA audit, the Alabama Credit Union Administration, and the National Credit Union Administration performed their annual examinations for the period ending March 31, 2022. The Supervisory Committee reviewed the results of these audits with the Board of Directors and President of the Credit Union. The examinations found the Credit Union is financially secure and efficiently managed.

An additional function of the Supervisory Committee is to review past due loans and uncollectible accounts. During 2022, the Committee, with the assistance of the Credit Union's President and staff, reviewed outstanding loans and recommended to the Board of Directors that 214 loans totaling \$930,108.78 be charged to the Allowance for Loan Losses Account. The Board took affirmative action on the Committee's recommendations.

The Supervisory Committee confirms APCO Employees Credit Union is adhering to accepted accounting principles and regulations, while ensuring a positive Member experience. As a committee, we will remain dedicated to working with auditors and regulators, making certain that APCO Employees Credit Union is a model of financial strength and stability. As always, thank you for allowing us to serve you.



Greg Bass

Chairman

Carissa Ledbetter, Member

Ann Wilkinson, Member

“As a committee, we will remain dedicated to working with auditors and regulators, making certain that APCO Employees Credit Union is a model of financial strength and stability.”

Report of the Treasurer

2022 was a year of economic change following the low interest rate environment established during the COVID-19 pandemic. Home sales fell 35% over the year due to rising interest rates and affordability, and inflation has caused 2022 to be among the slowest for saving in the past forty years. Despite a shifting economy, APCO Employees Credit Union continued to provide a sound financial institution that remains dedicated to its mission of “Making the financial difference for members.”

We are proud to report that your Credit Union made progress on the strategic direction established by the Board of Directors and management team. Due to the higher cost of products being financed, the need for lending has increased across the credit union landscape throughout the year. In 2022, the Credit Union remained a reliable and competitive source for members in need of affordable and accessible financing solutions. APCO Employees Credit Union lent its Members \$812.3 million for auto loans, mortgages, and personal lines of credit.

An essential measure of a financial institution's wealth is Net Worth. Net Worth represents the Credit Union's future sustainability regardless of market volatility or economic shift. Asset growth slowed at APCO Employees Credit Union, but I am happy to report we ended the year with over \$3.4 billion in assets. With a net income of \$26.2 million, the Credit Union's 12.91% capital strength significantly exceeded the National Credit Union Administration's well capitalized threshold of 7%.

In addition to the Credit Union's financial success, it is important to note the impact and success of our dedicated membership. APCO Employees Credit Union paid 73,080 members over \$38 million in dividends and interest on deposits. That is \$8 million more than in 2021, \$12 million more than was retained in capital, and more than any other credit union in the state. Operational expenses also remained five times lower than the average of our peers and continues to provide an avenue for delivering industry leading financial returns.

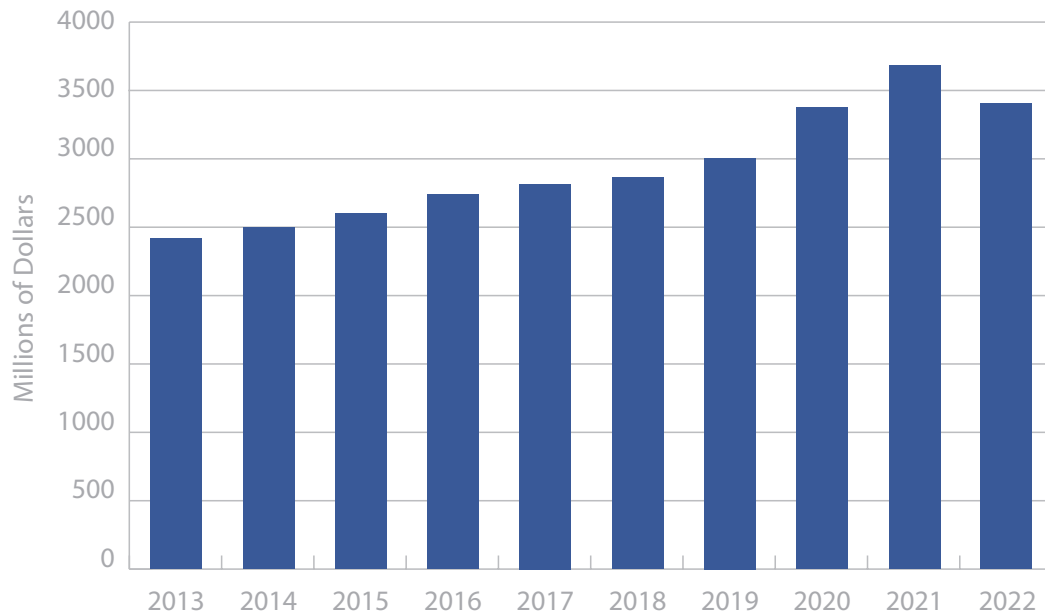
As the Treasurer for APCO Employees Credit Union, I am pleased to report that your institution firmly provides a financial foundation of strength, security, and safety for its membership. Thanks to the guidance of the Board of Directors and the Credit Union executive team, APCO Employees Credit Union is positioned for member-focused growth and sustainability. We look forward to a promising year ahead, and we are thankful for the opportunity to serve you. Thank you for choosing APCO Employees Credit Union.



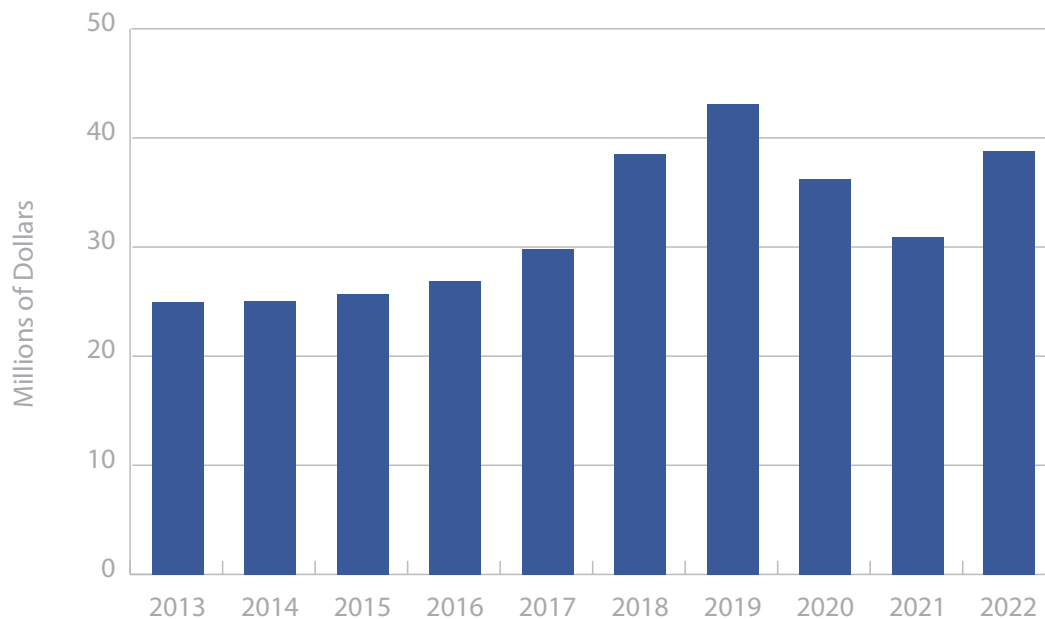
John Valekis
Treasurer

	2022	2021	Increase or (Decrease)	%
Total Assets	\$3,420,389,537	\$3,681,543,052	(\$261,153,515)	-7.09%
Member Loans	812,313,109	749,422,621	62,890,488	8.39%
Shares	2,386,319,424	2,582,538,845	(196,219,421)	-7.60%
Certificates of Deposit	645,067,948	474,921,346	170,146,602	35.83%
Chek-Plus	232,961,850	227,096,620	5,865,230	2.58%
Reserves	421,641,472	395,437,088	26,204,384	6.63%
Undivided Earnings	20,000,000	20,000,000	0	0.00%
Number of Members	73,080	72,166	914	1.27%

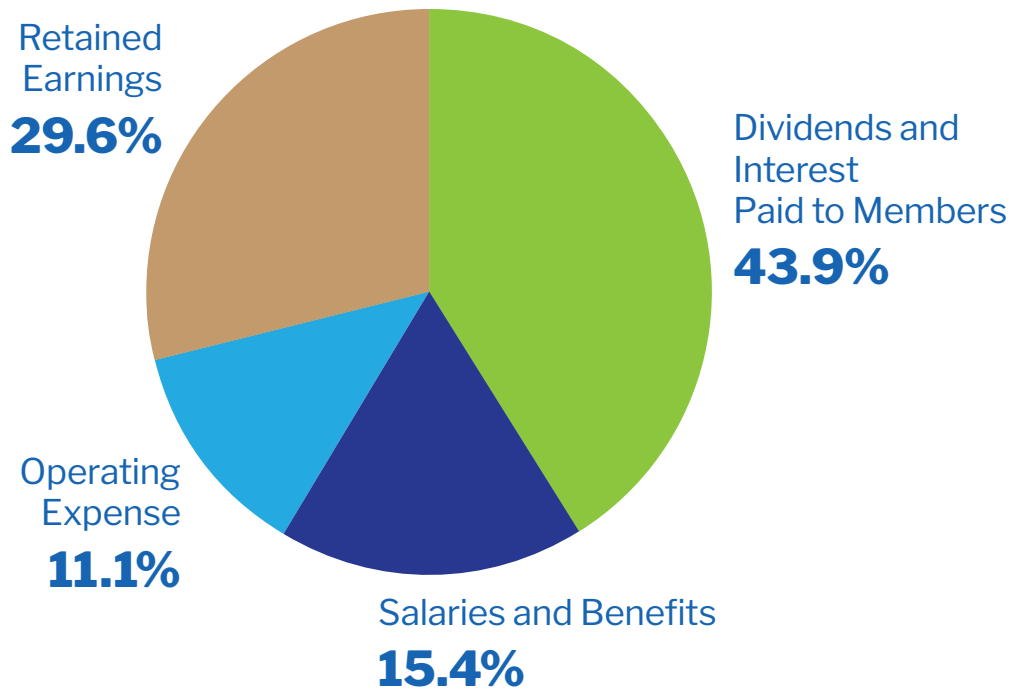
Assets



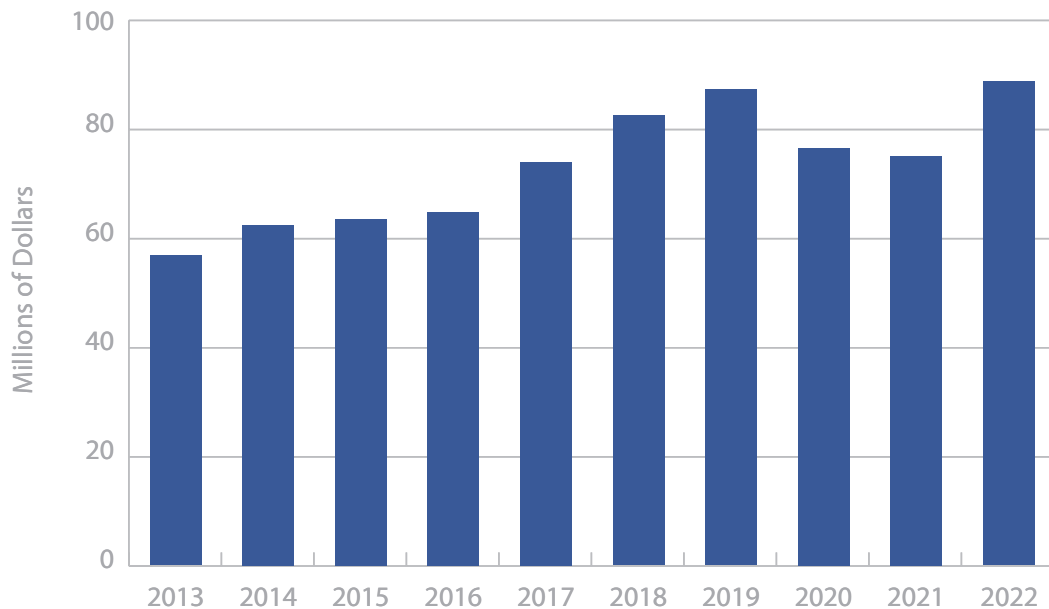
Dividends and Interest Paid to Members



Distribution of 2022 Gross Income



Gross Income



Condensed Statement of Financial Condition

Assets			
	2022	2021	INCREASE (DECREASE)
Net Member Loans	\$811,116,465	\$747,818,706	\$63,297,759
Cash and Cash Equivalents	142,585,174	179,450,734	(36,865,560)
Federal Agency Securities	2,327,408,445	2,381,624,842	(54,216,397)
Federal Reserve Account	0	251,500,000	(251,500,000)
NCUA Insurance Deposit	26,455,106	28,350,210	(1,895,104)
Fixed Assets, Land and Building	26,206,953	25,330,851	876,102
Other Assets	86,617,394	67,467,709	19,149,685
TOTAL ASSETS	\$3,420,389,537	\$3,681,543,052	(\$261,153,515)
Liabilities and Members' Capital			
Accounts Payable and Other Liabilities	(\$285,601,157)	(\$18,450,847)	(\$267,150,310)
Member Shares & Deposits	3,264,349,222	3,284,556,811	(20,207,589)
Regular Reserves	421,641,472	395,437,088	26,204,384
Undivided Earnings	20,000,000	20,000,000	0
TOTAL LIABILITIES AND CAPITAL	\$3,420,389,537	\$3,681,543,052	(\$261,153,515)

Condensed Statement of Income and Expense

Income			
	2022	2021	INCREASE (DECREASE)
Interest on Loans	\$33,699,355	\$34,400,452	(\$701,097)
Income from Investments	51,425,568	37,509,205	13,916,363
Noninterest Income	3,490,454	3,087,092	403,362
GROSS INCOME	\$88,615,377	\$74,996,749	\$13,618,628
Expenses			
Dividends to Members	\$38,900,954	\$30,853,583	\$8,047,371
Salaries and Benefits	13,679,221	12,983,336	695,885
Provision for Loan Losses	150,000	50,000	100,000
Noninterest Expense	9,680,818	9,299,470	381,348
TOTAL EXPENSES	\$62,410,993	\$53,186,389	\$9,224,604
NET INCOME	\$26,204,384	\$21,810,360	\$4,394,024

Summary financials only. For more detailed financial statements, please visit one of our branch locations or call our Contact Center.

Board of Directors

Officers



Mark Wilkinson
Chairman



Greg Shipp
Vice Chairman



John Valekis
Treasurer



Celia Yates
Secretary

Directors



Allison Boone



Wendell W. Pate



Robert B. Roy



Carlton Stephens

Advisory Board Members



Amy Giles



Constantine Sfakianos



William M. Bass



Billy Gober

Director Emeritus

Supervisory Committee



Greg Bass
Chairman



Carissa Ledbetter
Member



Ann Wilkinson
Member

President / CEO



Derrick E. Ragland, Jr.

Locations

MAIN OFFICE
750 17th Street North
Birmingham, AL 35203
(205) 226-6800
1-800-249-APCO (2726)

Anniston
925 Quintard Avenue
(205) 813-7500

Chelsea
370 Chelsea Crossroads
(205) 678-8406

Clanton
1872 7th Street South
(205) 280-0366

Alabama Power
Corporate Headquarters
600 North 18th Street
(205) 257-1592

Dothan
2220 Montgomery Highway
(334) 793-7226

Energy Center (Colonnade - Hoover)
3535 Colonnade Parkway
(205) 992-5030

Gardendale
949 Main Street
(205) 598-8300

Hoover
4725 Chace Circle
(205) 823-7403

Hueytown
2901 Allison-Bonnett Drive
(205) 257-3905

Jasper
706 20th Avenue East
(205) 221-4238

Jasper West
2501 Highway 78 W
(205) 878-4600

Mobile
150 St. Joseph Street
(251) 694-2383

Montgomery
244 Dexter Avenue
(334) 832-3822

Pelham
101 Huntley Parkway
(205) 664-7421

Tattersall
6400 Tattersall Park Drive
(205) 547-9400

Trussville
151 Main Street
(205) 661-2715

Tuscaloosa
630 15th Street
(205) 345-6550

Tuscaloosa Queen City
915 Queen City Avenue
205-722-7300

West Mobile
6396 Airport Blvd
(251) 434-5634



APCO EMPLOYEES
CREDIT UNION

apcocu.org



Federally Insured by NCUA
Equal Housing Opportunity Lender