

ALLIANCE
CREDIT UNION



MORE *for* **MORE**

2017
ANNUAL
REPORT



**MORE
FREEDOM**

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2016 ANNUAL MEETING MINUTES

I. Board Chairman, Rex Andrews called the Annual Meeting to order at 6:38 p.m. Board Secretary, Patsy Wilson confirmed a quorum was present. All actions approved in this meeting are unanimous unless otherwise noted.

II. INVOCATION

Scott Rose, President and CEO gave the invocation.

III. MINUTES

Chairman Andrews presented the Minutes of the last Annual Meeting. There were no changes or corrections, therefore the Minutes were approved as written.

IV. CHAIRMAN AND CEO REPORT

Chairman Andrews noted the Chairman and CEO Report printed in the Annual Report distributed at the meeting. A motion and second was made to dispense with the reading of all reports. The motion carried.

V. FINANCIAL REPORT

Mr. Rose presented the Financial Report as printed in the Annual Report. There was a typo on the Income Statement regarding December 31, 2015 money market account balance being \$41,499,295. That should have been \$1,499,295. A motion was made to accept the Financial Report with the correction. The motion carried.

It should be noted that a corrected 2016 Annual Report for 2015 was printed and retained in the archives.

VI. SUPERVISORY COMMITTEE REPORT

Chairman Andrews noted the Supervisory Committee Report, which was printed in the Annual Report, and thanked the Supervisory Committee Members for their service.

VII. NOMINATING COMMITTEE REPORT

Mr. Rose recognized the Nominating Committee members and thanked them for their commitment and service to the credit union. The nominating committee nominated Rex Andrews and Vicki Ritcherson for the two Board vacancies. Nominations by petition were called for earlier in accordance with the Bylaws. Subsequently, there were no candidates nominated by petition. A motion was made to accept the nominations by acclamation.

VIII. OLD BUSINESS

None.

IX. NEW BUSINESS

New Business was called for in writing, with no submissions. Several drawings were held and \$2,900 was given away to members.

X. RECOGNITION

Mr. Andrews thanked the members, Board of Directors and spouses, Supervisory Committee and spouses, management and employees for supporting ALLIANCE.

XI. ADJOURN

There being no further business, a motion was made to adjourn the meeting at 7:40 p.m.

Rex Andrews, Board Chairman

Patsy Wilson, Board Secretary

AGENDA

- Call to Order
- Invocation
- Ascertainment of a Quorum
- Approval of 2016 Annual Meeting Minutes
- Report of Officials
- New business- asked for in writing
- CEO Report

- Rex Andrews**
- Scott Rose**
- Rex Andrews**
- Rex Andrews**
- Rex Andrews**
- None submitted**
- Scott Rose**

MORE TIME



BOARD of DIRECTORS

Rex Andrews
Chairman

Dewain Collins
Vice Chairman

Matt Grannan
Treasurer

Patsy Wilson
Secretary

Bob Clemmons

Darrel Crump

Vicki Ritcherson

Supervisory Committee

Mike Martin, CCUV
Chairman

Robert Garcia, CCUV

Kenny Maines



**MORE
GROWTH**

CHAIRMAN'S REPORT

This year is in the books and 2016 will forever be known as a benchmark year at ALLIANCE Credit Union. I am delighted and humbled by the trust you have placed in me and my fellow board members, whose leadership, dedication, and passion for credit unions have been integral to our success.



Rex Andrews, Board Chairman

As a credit union member, you can take comfort in knowing, that unlike for-profit financial institutions, your board of directors serves on a volunteer basis and does not profit from their service. The credit union does need to make a profit in order to keep the doors open, but we do not work for shareholders demanding to collect high profits. Our core interests are the same as yours and together we are the stakeholders in this credit union, and we all share in its future.

Your Board of Directors has a responsibility to ensure that we have a capable, competent, qualified, and trustworthy management team, and I can say unequivocally that we do. I appreciate the vision and out-of-the-box thinking they use to keep ALLIANCE on the up-and-up!

I am proud to say that your credit union is not just a financial institution, but one of thousands in a credit union movement that spans the globe. We each serve as a supporting pillar in this movement, and the success of one credit union is a success for the entire movement. As a financial cooperative, we understand that we can most effectively serve you and strengthen that movement by engaging in a vast network of organizations. We do so to make a difference worldwide and not just in West Texas.

In addition to establishing policies and ensuring that the credit union adheres to pertinent laws, regulations, and sound business practices, we are also charged with making sure new products and services are developed as needed. Because of the continued success of ALLIANCE we can offer beneficial savings, wealth-building tools and other financial products and services that enhance your life, and expand our community outreach.

As a community credit union, our most important purpose in serving you includes, but is not limited to, the following:

- To target particular segments in our community where we can make the greatest impact.
- To help with financial literacy and account management for our members. Providing education to those who are most vulnerable, such as middle school children, young adults, retirees, and our elderly is one way we can achieve that.
- To be a knowledge base that places the credit union at the center of our members' financial lives and provides the opportunity for them to trade peer advice and insights about budgeting, buying, retiring, and saving.
- To offer better resources that ensure our members are using the safest, most secure, and most convenient technology available.
- To grow our community impact through basic interest payouts, financial capability programs, payment deferral during community emergencies, and working with members that face challenges in whatever life phase they might be in.
- To help our members finance life activities, such as education, small businesses, transportation and home ownership in a responsible way.

I would like to express my confidence in the leadership of our President and CEO Scott Rose, his management team, and the employees at ALLIANCE. Also, I greatly appreciate the dedication and guidance of our esteemed Board of Directors and the vigilance of our Supervisory Committee. Most of all I am grateful for the support of our members, past and present. We are extremely optimistic about our future because ALLIANCE Credit Union is positioned to face any challenge and seize any opportunity that presents itself in 2017.

Respectfully Submitted,

Rex Andrews
Chairman of the Board

PRESIDENT & CEO REPORT

The work done at ALLIANCE Credit Union in 2016 will allow us to offer More for More in 2017.



Scott Rose, President & CEO

In August of 2016, the membership of ALLIANCE Federal Credit Union voted to approve a charter conversion from Federal to State with 76% approval. The membership also voted to convert from Federal share insurance to private share insurance with American Share Insurance Corporation (ASI). Subsequently, the Board of Directors voted unanimously to provide to members excess share insurance coverage from Excess Share Insurance Corporation (ESI), insuring deposits up to \$500,000 per account. This level of coverage is unique to the industry. ALLIANCE is the only privately and excessively insured credit union in Texas. This speaks directly to the safety and soundness of ALLIANCE Credit Union. We are one of the most well capitalized credit unions in the world. Our net worth ratio as of December 31, 2016 was 14.38%. That is over twice the 7% requirement imposed by any regulator.

As membership at ALLIANCE grows, so do its assets, which is one of the primary indicators of how well members are receiving the products and services we offer. Our year end assets eclipsed \$234.4 million. Overall membership is at 26,406 with the number of accounts increasing by 6.36% in 2016. This is what you call, More doing More.

I am happy to report that loans outstanding this year increased by 17.49%! Delinquencies and charge offs remain low at a combined .39%. In my 25 years as a credit union CEO, ALLIANCE has afforded the most talented lending, operational, and support team I have had the pleasure to lead. A big thanks to the Board of Directors for seeing my vision and allowing us to do More for More every day.

As you are committed to your financial institution, we are just as committed to you. The following are high points from 2016 to demonstrate our dedication to providing services that best benefit you and your families:

- We improved our website, mobile application, and bill payer.
- Launched our Home Loan Center at the South Branch on 82nd and University.
- Increased the number of IRA Share Certificate options.
- Improved Call Center functionality.

In 2017, we will be doing More for More in every way possible:

- Begin building the new Main full-service branch on Spur 327 and Justice.
- Begin building the new Central full-service branch on 34th Street to replace the current facility.
- Continue to update our new ALLIANCE Credit Union brand throughout.
- Launch Apple Pay and other payment conveniences.
- Explore 24/7 Access by phone.
- Looking into the concept of ALLIANCE Retirement and Investment Services.
- We will do more for you...faster, safer, and better than ever.

We are sincerely grateful that you are part of ALLIANCE Credit Union. I am highly optimistic about our future, and on behalf of the entire staff, we look forward to doing More for More in 2017.

Rudered for Success,

Scott Rose, CCUE, CFSP, CCE, DE

President and CEO

www.scottleerose.com



**MORE
THOUGHT**



**MORE
HAPPINESS**

SUPERVISORY COMMITTEE REPORT

The National Credit Union Administration (NCUA) charges the Supervisory Committee in Part 715 of the NCUA Rules and Regulations with the responsibility of examining the affairs of the Credit Union. This includes an annual audit of its financial records and a report to the membership. Along with the financial supervision, the Supervisory Committee sees to the maintenance of proper conduct by all officers, directors, members of committees/teams and employees in carrying out the business of the credit union. The NCUA was the regulator and insurer of ALLIANCE Federal Credit Union through October 31, 2016.

According to the Federal Credit Union Act, the Supervisory Committee is responsible for scheduling an annual audit. Professional accounting services were obtained from Greg R. Schmidt, Certified Public Accountant. In his letter he stated that as of June 30, 2016, "We are pleased to report that during the course of our audit process, we found no matters involving the internal control structure and its operation that we consider to be control deficiencies or material weaknesses under standards established by the American Institute of Certified Public Accountants." Also, Mr. Schmidt wrote "In our opinion the financial statements present fairly, in all material respects, the financial position of ALLIANCE Federal Credit Union as of June 30, 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America." Subsequently any exceptions were noted and responded to by senior management in a timely fashion.

In August of 2016, the membership of ALLIANCE Federal Credit Union voted to approve a charter conversion from Federal to State with 76% of members voting "Yes". Also, the membership voted to convert from Federal share insurance to private share insurance with American Share Insurance Corporation. Subsequently, the Board of Directors voted unanimously to provide members with excess share insurance coverage from Excess Share Insurance Corporation, insuring deposits up to \$500,000 per account. This level of coverage is unique in the industry with ALLIANCE being the only privately and excessively insured credit union in Texas. This speaks directly to the safety and soundness of ALLIANCE Credit Union.

Effective November 1, 2016, ALLIANCE Credit Union became responsible for adhering to the Texas Credit Union Department's Rules for Credit Unions and operating within the scope of the Texas Finance Code. It is the opinion of this Supervisory Committee that ALLIANCE Credit Union operates within the sphere of its responsibility and that the financial statements present a true and accurate report of its financial condition.

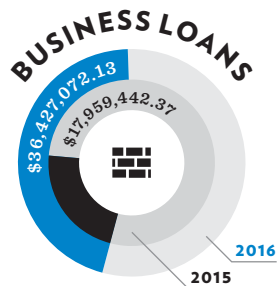
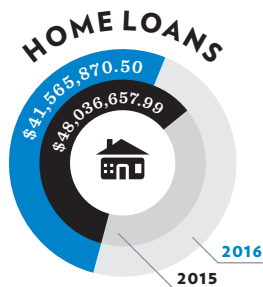
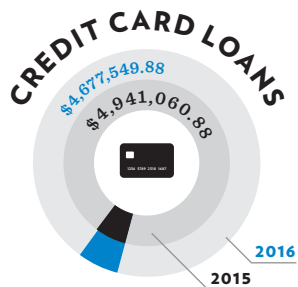
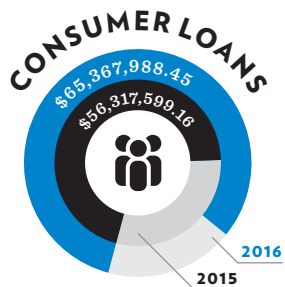
Respectfully Submitted:

Mike Martin, CCUV
Supervisory Committee Chairman

(Other members of the Supervisory Committee are Robert Garcia, CCUV and Kenny Maines.)

BALANCE SHEET

ASSETS



TOTAL LOANS
2016 \$149,516,140.96
2015 \$127,254,760.40

ALLOWANCE FOR LOSS
2016 \$580,998.31
2015 \$611,331.98

NET LOANS OUTSTANDING

2016	\$148,935,142.65
2015	\$126,643,428.42

CASH

2016	\$9,061,468.06
2015	\$5,797,118.65

TOTAL INVESTMENTS

2016	\$64,375,000.48
2015	\$91,377,256.38

TOTAL FIXED ASSETS

2016	\$8,334,288.15
2015	\$6,454,808.76

TOTAL OTHER ASSETS

2016	\$3,723,615.46
2015	\$2,844,400.58

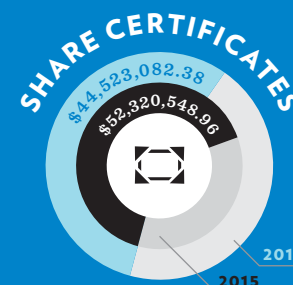
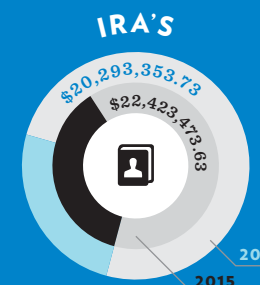
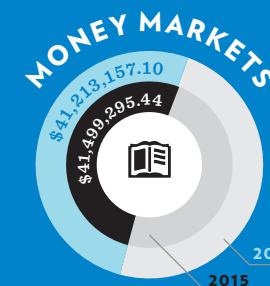
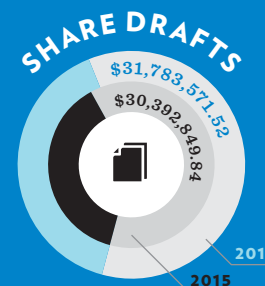
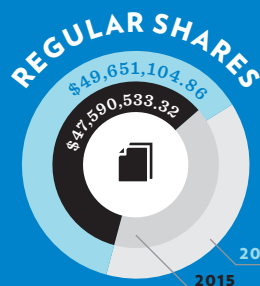
TOTAL ASSETS

2016	\$234,429,514.80
2015	\$233,117,012.79

LIABILITIES, SHARES & EQUITY

ACCOUNTS PAYABLE

2016 \$13,121,930.62
2015 \$6,184,631.84



TOTAL SHARES

2016 \$187,464,269.59
2015 \$194,226,701.19

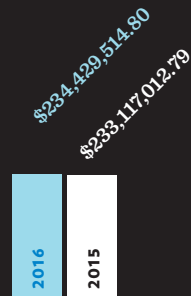
TOTAL OTHER LIABILITIES



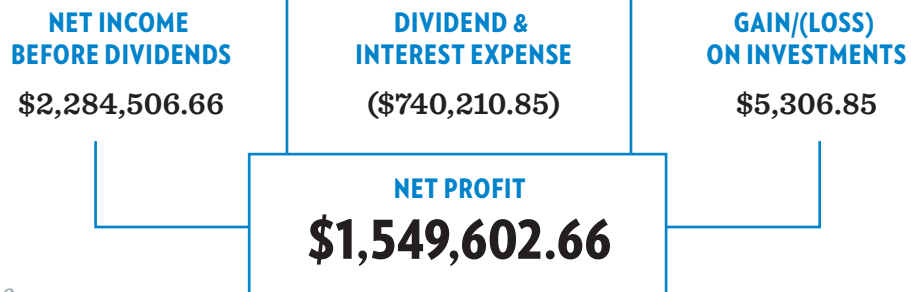
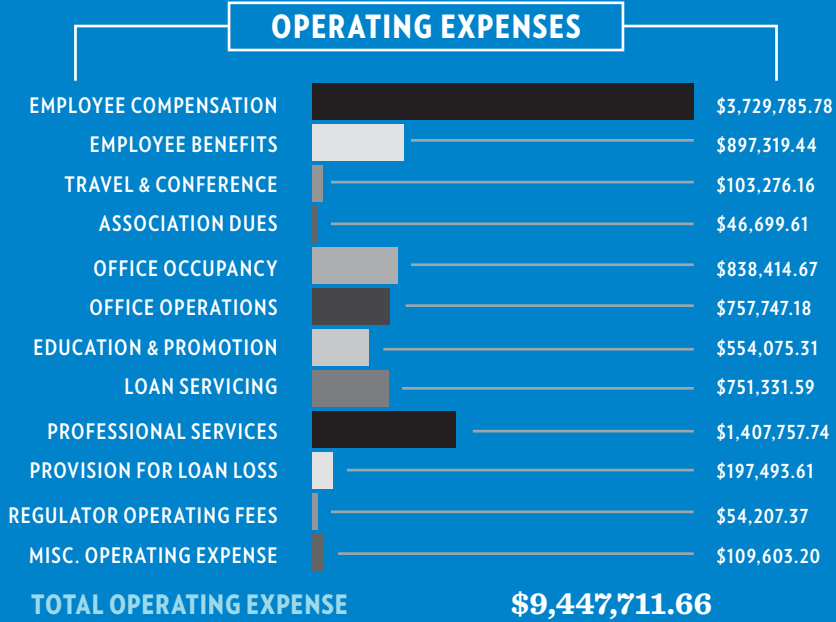
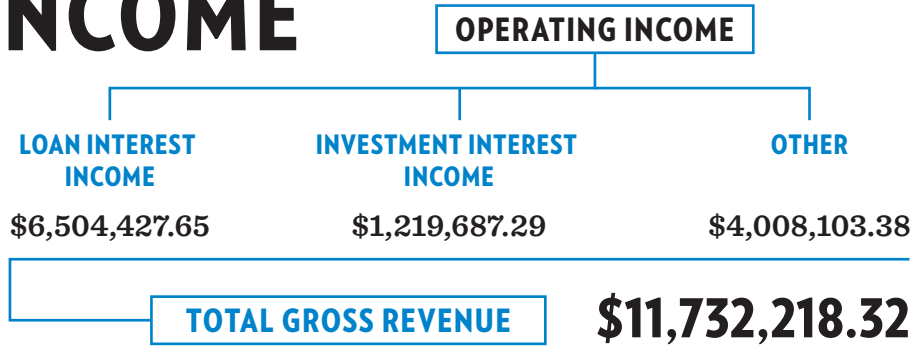
RESERVE & UNDIVIDED EARNINGS



TOTAL LIABILITIES, SHARES & EQUITY



INCOME



MORE VALUE



STAFFING

Leadership:

Scott Rose
Jonathan Brunson
Josh Wade

Operations Center:

Shannon Durlap
Tim McClellan
Mickie Owens
Tyler Garcia
Andrea Garcia

Business Solutions:

Larry Chapman
Ashley Barker
Nancy Palmer

Human Resources:

Pam Bruce
Brittany McIntire

Accounting:

Clay Beardemphl
Lucas Pequeño
Traci Moore
Brenda Cambron

Compliance/ Loan Servicing:

Amber Cook
Laura Boles
Olema Anaya
Sheila Jordan
Tabitha Kelley
Elliott Metherd-West

Mortgage:

Tracy Weatherly
Kacy Hensley
Normalinda Vasquez
Stephanie Ratty
Brooke Frizzell

Information Technology:

Amy Wilkinson
Bobby Johnston
Jordan Holder

Marketing:

Melenie Segura

Collections:

Drew Phillips

MAIN

Dalton Cockerham
Krisha Saucedo
Mary Joe Gonzales
Ciara Northern
Devannie Buck
Charles Jones
Jeremiah Stewart
Noe Hernandez
Matt McKay
McKinzie Smith

NORTHWEST

Tammy Cox
Judy Alvarado
Andrew Marmolejo
Jay Mancilla
Morgan Burkhart
Micah Norris
Katy Mire

MIDTOWN

Krystal Hedrick
Kayla Ellis
Mary Ann Rinehart
Maria Corredor

CENTRAL

Susan Urrutia
Veronica Tello
Laura Mendoza
Azz Carabali
Roxie Rammage
John Covarrubio
Matt Ingalls
Brittainy Trigg

MEDICAL

Camie Burgess
Vickie Reynolds
Josh Deluna
Tori Vestal
Michelle Helm

CALL CENTER

LeAnn Robbins
Michelle Williamson
Sarah Garcia
Aaron Bracy
Ashley Lovette
Alex Ford

SOUTH

Lauri Moreno
Marissa Anthony
Kayla Pena
Emily Stocking
Emily Hanby

SOUTHWEST

Erica King
Shawn Yates
Kristen Luke
Joann Wales
Matthew Davis
Glynnis Stephens



BRANCHES

ALLIANCE CREDIT UNION
806.798.5554 | 800.687.4328

MAIN

8401 Quaker Ave
Lubbock, Texas 79424

CENTRAL

2220 34th Street
Lubbock, Texas 79411

MEDICAL

3802 24th Street
Lubbock, Texas 79410

MIDTOWN

6601 Indiana Ave
Lubbock, Texas 79413

NORTHWEST

1008 Frankford Ave
Lubbock, Texas 79416

SOUTH

2404 82nd Street
Lubbock, Texas 79423

SOUTHWEST

6716 82nd Street
Lubbock, Texas 79424

Internet Banking
alliancecutx.com

ALLIANCE

CREDIT UNION

alliancecutx.com

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