



2023 ANNUAL REPORT • 70 YEARS OF SERVING YOU



APCO Employees Credit Union 70th Annual Report

Mission Statement

*Making the financial difference
for Members.*

Vision Statement

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



2023

HIGHLIGHTS

\$3.5 Billion

In Assets



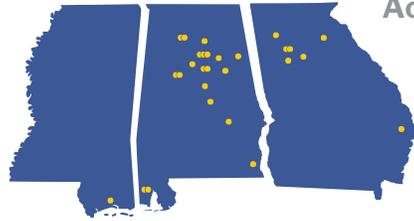
76%



Net Promoter Score
Measuring Member Satisfaction

28 Locations

Across 3 States



70 Years of Service to Members



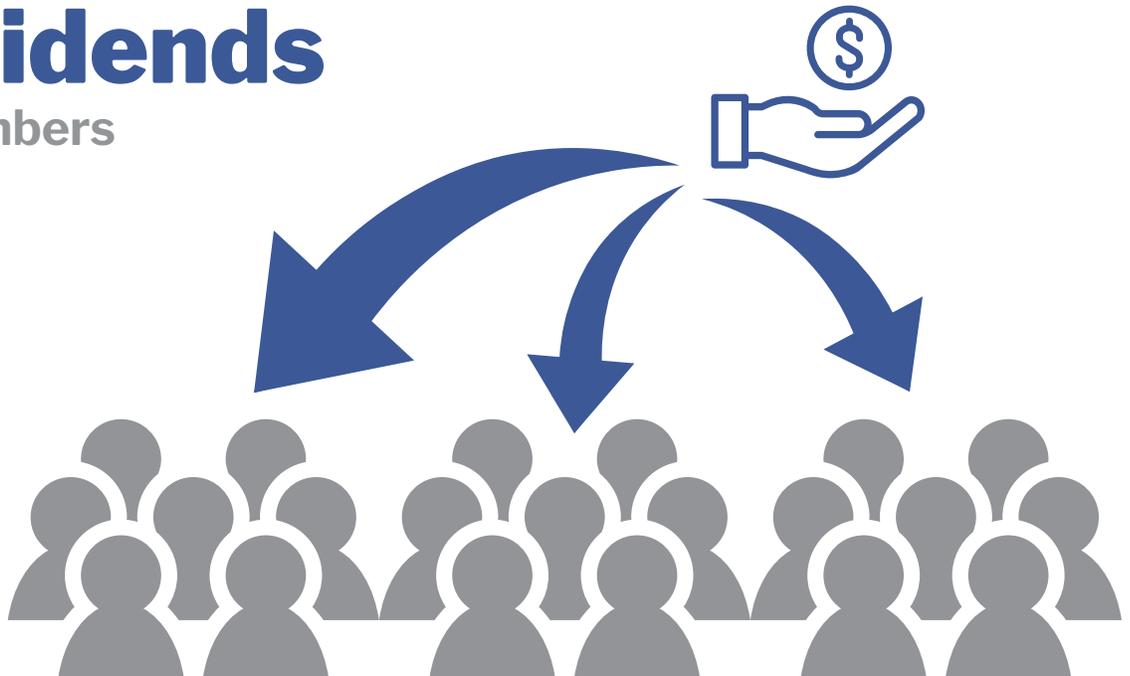
86,761

Members

Record-Setting

\$70.5 Million in Dividends

Paid to Members





I've been an APCO Employees Credit Union Member for almost 50 years. Since that time, I've witnessed the launch of our Credit Union's first ATM card and helped memorialize surpassing the \$500 million and then \$1 billion in total assets milestones. APCO Employees Credit Union has risen to be the largest state-chartered credit union in Alabama, and I believe that strength is a testament to our dedicated and accomplished Management Team. It has been my privilege to work alongside them. As we celebrate 70 years in business, I feel fortunate to know the sense of community and service to Members that makes APCO Employees Credit Union so valuable.

- Mark Wilkinson, Chairman of the Board



Report of the Chairman and President

For 70 years, APCO Employees Credit Union has operated to provide value in a way that helps our Members do better financially. As the needs and goals of our Members change, we have remained dedicated to evolving along with them. Member experience and satisfaction consistently guide our decisions as we expand our footprint, adopt technology, and model the founding credit union principle of “People Helping People.”

Despite a difficult economy and the well-documented problems other financial institutions faced in 2023, APCO Employees Credit Union had one of its strongest years, yet. In the last year, we welcomed over 13,000 Members to our Credit Union family while assets remained solid at \$3.5 billion at year-end. We're also extremely honored to report that 2023 was a record-setting year for your Credit Union with over \$70 million in dividends and interest returned to Members. This progress is a direct reflection of the strategic vision set forth by our Management Team and Board of Directors for the long-term growth and sustainability of our Credit Union.

In January, APCO Employees Credit Union proposed a merger with Powerco Federal Credit Union based in Atlanta, Georgia. The process began with a merger proposal, followed by a vote of the Powerco Credit Union membership. Of those Powerco Members that voted, 95% voted in favor of the merger, and in April of

last year, the merger was made official. The entire team of the newly combined Credit Union spent the following months aligning products and services, and combining the best of both organizations, to meet Members' needs while working to ensure the Credit Union's successful future. This significant partnership has allowed us to expand Credit Union access to Georgia and Mississippi while remaining dedicated to our continued mission of providing Credit Union benefits and financial services to the employees of Southern Company. Post merger, APCO Employees Credit Union will operate 28 branches across the Southeast, allowing us to foster expanded Member access and the continued growth of our financial institution.

In June of last year, we introduced Zelle® as an added benefit of our Digital Banking platform. Zelle offers a fast, safe, and easy way to send money to friends, family, and other people you trust, regardless of where they bank. As we continue to assess our operations and plan for digital and product innovation, 2024 is set to bring new products, services, and technology that will enhance the Member experience while facilitating streamlined and seamless account access and management.

In July, we celebrated 70 years of service to Members. This milestone is a testament to our Members' support of APCO Employees Credit Union. Whether it's opening a child's first savings account, or helping you transition



We've embarked on significant change over the last year. It's taken time, but serving Members in twenty-eight branches, across three states, as one Credit Union is a milestone in the evolution of our organization. As we continue to grow, we work hard to create an environment where our team can thrive while financially empowering our Members. It's been my privilege to serve APCO for over 40 years, and I've never been more excited about the future that lies ahead for our Credit Union.

- Derrick E. Ragland, Jr., President / CEO



to retirement, we are humbled by our Members' commitment to selecting us as their credit union partner through it all. To celebrate, we hosted Member Appreciation Events at 20 of our branches. Along with the opportunity to recognize our Members for their loyalty throughout the years, these July celebrations let us share in our Members' experiences with APCO over the decades and hear how the Credit Union has played a part in their own lives. We always strive to provide exceptional service and help our Members meet their financial goals, but hearing the stories of what APCO has helped our Members achieve was truly an honor. As we look ahead, we believe the next 70 years will be even better than the first.

While we continue to prioritize value for our Members, we also work to create a lasting positive impact in the communities we serve. When evaluating social impact, our goal is to approach corporate giving and responsibility, intentionally. It's important that our philanthropic efforts align with our brand and mission as we work to support organizations in our area. In 2023, we were proud to donate over \$113,000 to organizations working to address issues such as housing, food security, education, and more.

Additionally, the APCO Employees Credit Union Share the Care Foundation hosted its 19th Annual Golf Tournament and its Inaugural Topgolf Tournament in 2023. Thanks to combined contributions from APCO Employees Credit Union Members, employees, and

business partners, the Foundation, in only its third year of existence, was able to make a direct impact of \$85,000 to three organizations in our local community.

Looking ahead, we're optimistic that 2024 will bring a positive economic shift for the financial services industry overall, and we're proud to say APCO Employees Credit Union is well-prepared to continue building on 2023's momentum. As we have for the last 70 years, we will remain deliberate and systematic in our approach serving our Members. We know our success is a direct result of the mutual trust our Credit Union team has built with all of you. That trust is a responsibility we will never take lightly. Service, reliability, and value will always be at the heart of what we do, and 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. We look forward to serving your financial needs in the years to come.



Mark Wilkinson
Chairman



Derrick E. Ragland Jr.
President / CEO



70th Anniversary Celebration | Trussville



70th Anniversary Celebration | Trussville



70th Anniversary Celebration | Main Office



70th Anniversary Celebration | Energy Center



70th Anniversary Celebration | Trussville



70th Anniversary Celebration | Main Office

Celebrating 70 Years of Service to Members

On July 1, 1953, three established credit unions, Western Division Credit Union, the Birmingham Electric Company Credit Union and the General Office Credit Union, merged with the purpose of establishing a larger capital base that would allow greater Credit Union service to Members. With that simple goal in mind, APCO Employees Credit Union was chartered. At the time of the merger, Credit Union assets were \$93,000. In the 70 years since its inception, APCO Employees Credit Union has grown to become the largest state-chartered credit union in Alabama with over \$3.5 billion in assets, serving over 86,000 Members.

As we look ahead, we are committed to honoring your choice in financial institutions with exceptional service, Member-centered growth, and innovative products and services that empower and reward you.



Hearing from our Members

I opened my account in 1983 when I worked at Miller Steam Plant, some 40 years ago. APCO has always been good to me. I have relatives banking there that tell me they would never leave.

– Sharron Buford, Member

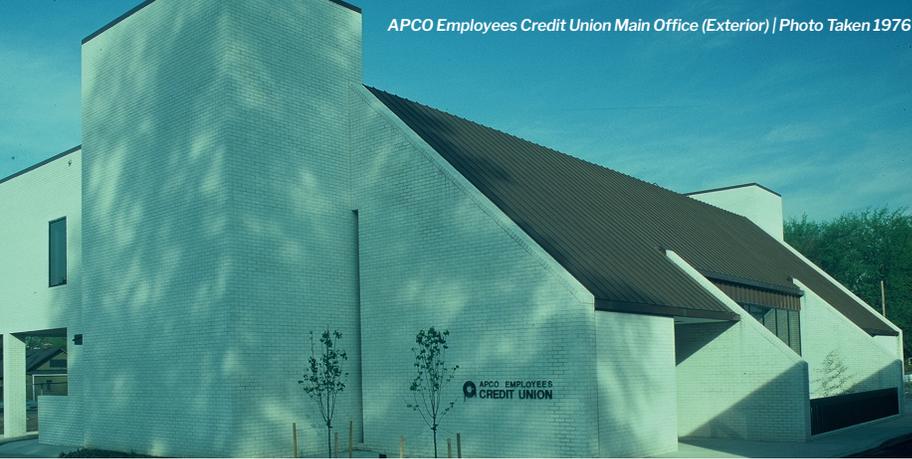
The individual care and assistance I received are a few of the reasons why I recommend this organization.

– Dwight Williams, Member

Always professional, friendly, helpful, supportive, and reliable in all my personal financial dealings over the years. I thank you, all!

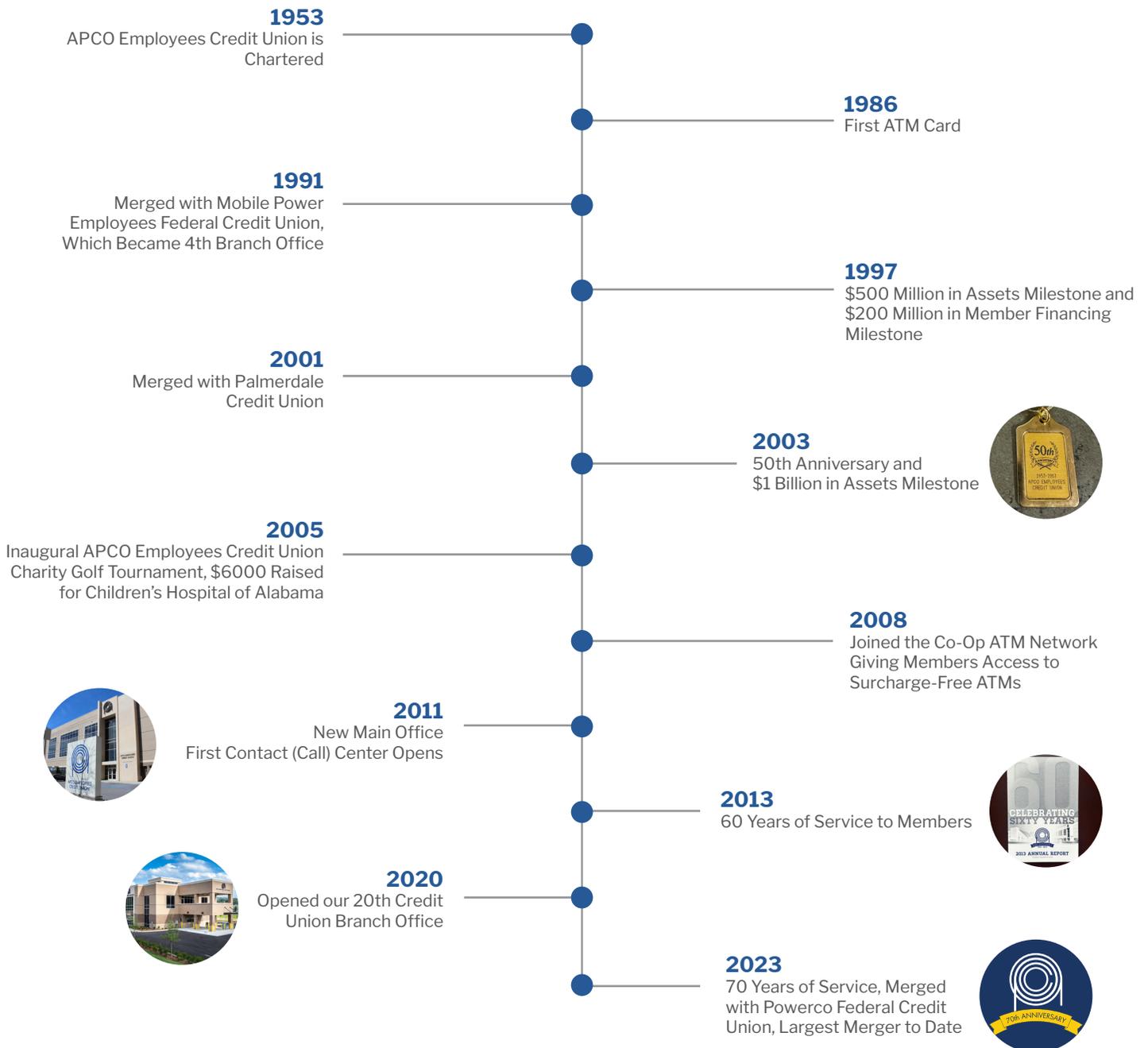
– Louis Colston, III, Member





APCO Employees Credit Union Main Office (Interior) | Photo Taken 1976

APCO Employees Credit Union Through the Years





APCO Employees Credit Union Charitable Giving



\$113,745.75 donated in 2023

\$25,000 to Mississippi Power Community Connection

Employees, retirees and their families make up the Community Connection service organization. Members donate their time and talents to countless community projects that impact Mississippi Power’s customers, community and environment.

\$25,000 to Citizens of Georgia Power

More than 2,900 employees and their family members volunteer and work with community organizations through 39 chapters throughout Georgia.

Over \$13,000 to the Alabama Power Service Organization

The Alabama Power Service Organization (APSO) includes more than 5,000 Alabama Power, Southern Nuclear and Southern Company Services employees and their families. From 10 chapters across the state, members focus their efforts on helping nonprofit groups and charitable projects that promote education, environment and community enhancement and meet critical human needs.

Organizations Impacted in 2023, include:

Magic Moments, Ronald McDonald House, Golf Fore Kids, Boys and Girls Club of Central Alabama, Salvation Army Angel Tree, Special Olympics, Breakthrough Birmingham, Hoover Area Chamber of Commerce Links Fore Scholars, The Wellhouse, and more.



2023 APCO Employees Credit Union Share the Care Foundation Topgolf Tournament



2023 APCO Employees Credit Union Share the Care Foundation Golf Tournament



2023 APCO Employees Credit Union Share the Care Foundation Topgolf Tournament

The APCO Employees Credit Union Share the Care Foundation

In addition to the charitable donations made by the Credit Union, the APCO Employees Credit Union Share the Care Foundation partners with qualifying nonprofits and organizations whose missions and values align with those of the Credit Union. Established in 2021, the Foundation promotes progress by contributing to initiatives, organizations, and agents of change committed to positively impacting the quality of life for individuals in our local communities.

In 2023, the APCO Employees Credit Union Share the Care Foundation hosted its 19th Annual Golf Tournament and its Inaugural Topgolf Tournament. Thanks to combined contributions from APCO Employees Credit Union Members, employees, and business partners, the Foundation was able to donate \$85,000 dollars for the year 2023. The donation benefited three community organizations.

Children's of Alabama – Children's of Alabama provides specialized medical care for ill and injured children from every county in Alabama and nearly every state.

Blanket Fort Hope – Blanket Fort Hope is a nonprofit organization offering essential services and restoration to child sex trafficking survivors.

Jessie's Place – Jessie's Place is a comprehensive residential program providing a holistic approach to healing for women and children who have experienced trauma, instability, and dangerous circumstances.



We've supported Children's of Alabama through our golf tournament for more than 20 years and have been fortunate to donate more than \$400,000 throughout our relationship. I couldn't be more thrilled to expand our giving in 2023 to include Blanket Fort Hope and Jessie's Place.

Derrick E. Ragland, Jr.
President of the APCO Employees Credit Union Share the Care Foundation



Report of the Supervisory Committee

The APCO Employees Credit Union Supervisory Committee is elected by the membership to safeguard Member interest by evaluating operations with the purpose of ensuring soundness, compliance, and reliability of the institution.

The Supervisory Committee, along with the Internal Control Supervisor, works to certify the Credit Union's financial statements accurately represent the condition of the Credit Union, ensure the accounting practices, procedures, and internal controls are adequately designed to safeguard Members' assets, and confirm that all operations comply with all applicable laws and regulations. The Internal Control Supervisor is responsible for conducting internal operational audits and compliance reviews and for reporting findings to the Committee. The Committee then works with management to make changes where necessary to confirm 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, Beville, Leesburg, Moore, P.C., independent external auditor, to perform the audit for the period ending June 30, 2023. 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, 2023. 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 2023, the Committee, with the assistance of the Credit Union's President and staff, reviewed outstanding loans and recommended to the Board of Directors that 290 loans totaling \$1,511,375.36 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

Report of the Treasurer

As the Treasurer of APCO Employees Credit Union, it is my responsibility to oversee the financial decisions made throughout the year on behalf of the Credit Union's membership. Despite rising interest rates and a generally challenging global economic landscape, I am pleased to report that the financial performance of APCO Employees Credit Union remained strong and well-positioned for growth in 2023. The following report, graphs, and summary financials, detail the continued efforts to fulfill our mission of making the financial difference for Members.

In its bid to fight inflation, the Federal Reserve raised interest rates several times in 2023, which allowed for some of the best returns seen in years. Your Credit Union's Certificates of Deposit experienced growth, up \$595 million for the year. As returns on savings instruments rose, so did interest rates on credit cards, home mortgages and auto loans. This made reliable financing solutions more important than ever for our Members. Your Credit Union recorded loan balances of \$921.2 million for auto loans, mortgages, and personal lines of credit, an increase of \$109 million from the previous year.

APCO Employees Credit Union's net income for 2023 was over \$17 million. Its net worth ratio, a key measure of financial stability and soundness, ended the year at 13.56%, which is far higher than the National Credit Union Administration's well-capitalized threshold of 7%. This makes APCO Employees Credit Union one of the safest places in the nation for Members.

In April, our team successfully launched a merger with Powerco Federal Credit Union, allowing us to expand our market and seamlessly serve Members across

Alabama, Georgia, and Mississippi. With the addition of eight new branches, we have also added a talented group of employees and leaders from Georgia and Mississippi that allow us to continue delivering on the Member experience we promise.

APCO Employees Credit Union finished 2023 with assets of over \$3.5 billion, while dividends and interest on deposits paid to Members rose to \$70.5 million for year. That is over \$30 million more than was returned in 2022, \$53.2 million more than was retained in capital, significantly more than any other credit union in our market. Operating expenses also remained four times lower than the average of our peers, which allows us to focus on offering competitive financing and reliable rates of return.

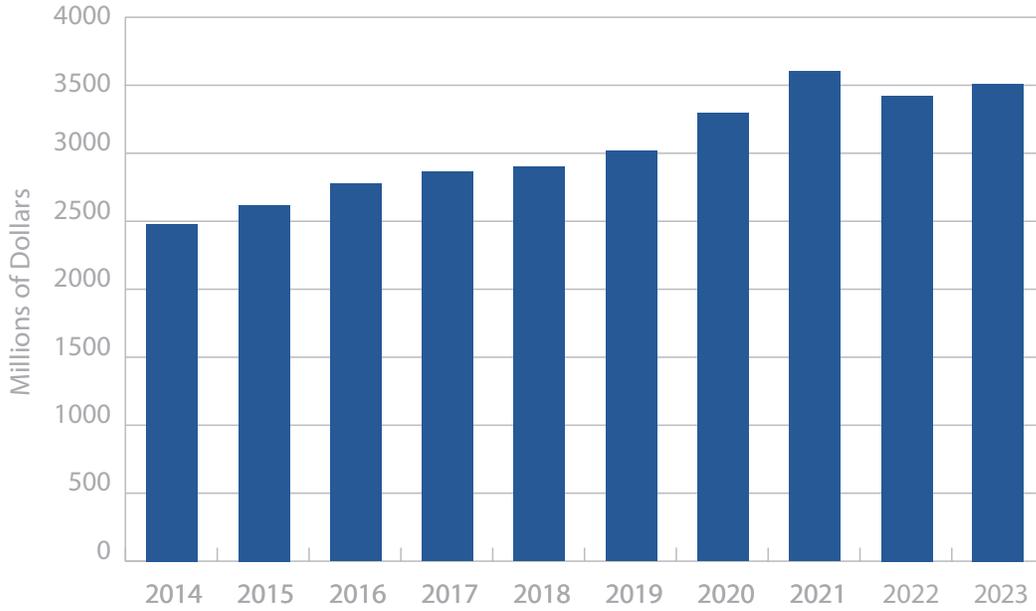
As a Member of APCO Employees Credit Union, you are also an owner and integral partner in our achievement. Thanks to your support, your Credit Union remains a sound financial institution positioned for sustainable growth. We look forward to continued innovation, expansion and progress in the year ahead. As always, we are committed and proud to serve you. Thank you for choosing APCO Employees Credit Union.



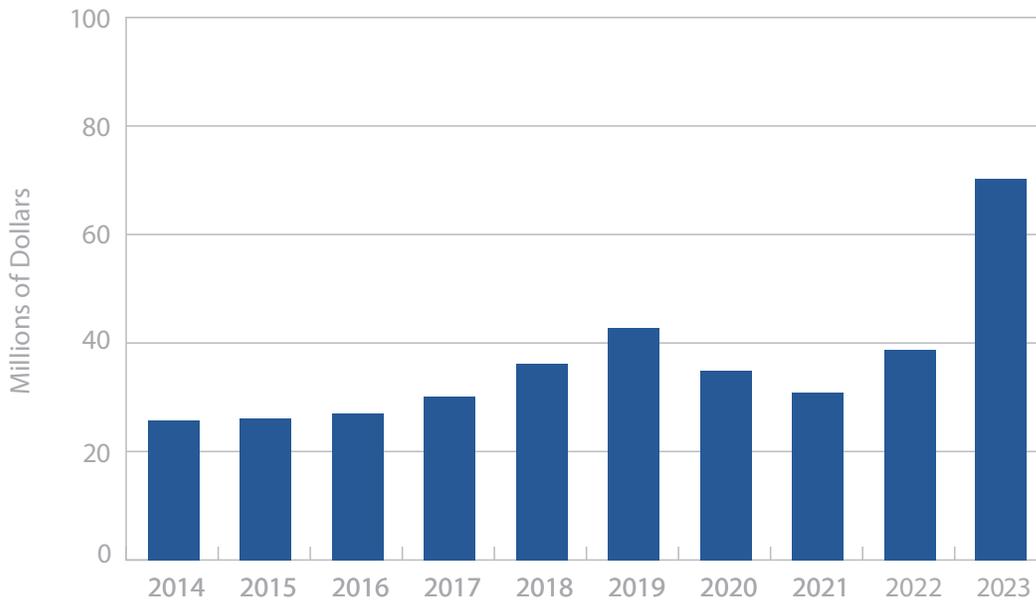
John Valekis
Treasurer

| | 2023 | 2022 | Increase or (Decrease) | % |
|--------------------------------|-----------------|-----------------|------------------------|---------|
| Total Assets | \$3,501,472,069 | \$3,420,389,537 | \$81,082,532 | 2.37% |
| Member Loans | \$921,223,736 | \$812,313,109 | \$108,910,627 | 13.41% |
| Shares | \$1,762,528,348 | \$2,386,319,424 | (\$623,791,076) | -26.14% |
| Certificates of Deposit | \$1,240,377,768 | \$645,067,948 | \$595,309,820 | 92.29% |
| Chek-Plus | \$261,345,895 | \$232,961,850 | \$28,384,045 | 12.18% |
| Reserves | \$454,861,923 | \$421,641,472 | \$33,220,451 | 7.88% |
| Undivided Earnings | \$20,000,000 | \$20,000,000 | 0 | 0.00% |
| Number of Members | 86,761 | 73,080 | 13,681 | 18.72% |

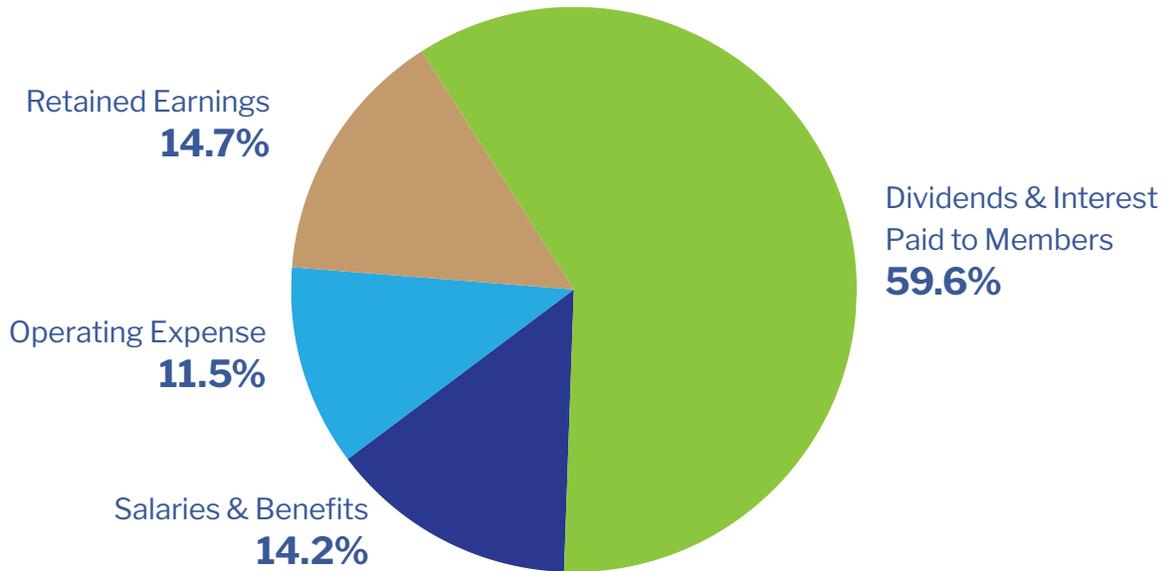
Assets



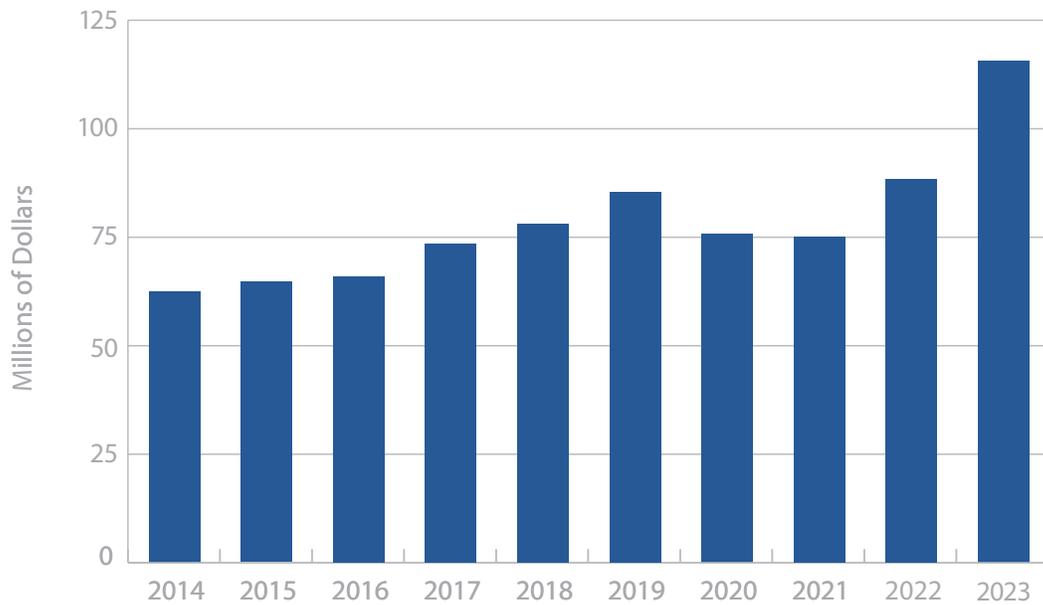
Dividends and Interest Paid to Members



Distribution of 2023 Gross Income



Gross Income



Condensed Statement of Financial Condition

Assets

| | 2023 | 2022 | INCREASE (DECREASE) |
|---------------------------------|------------------------|------------------------|------------------------|
| Net Member Loans | \$918,256,693 | \$811,116,465 | \$107,140,228 |
| Cash and Cash Equivalents | \$226,978,778 | \$142,585,174 | \$84,393,604 |
| Federal Agency Securities | \$2,210,556,577 | \$2,327,408,445 | (\$116,851,868) |
| NCUA Insurance Deposit | \$27,023,241 | \$26,455,106 | \$568,135 |
| Fixed Assets, Land and Building | \$26,328,236 | \$26,206,953 | \$121,283 |
| Other Assets | \$92,328,544 | \$86,617,394 | \$5,711,150 |
| TOTAL ASSETS | \$3,501,472,069 | \$3,420,389,537 | \$81,082,532 |

Liabilities and Members' Capital

| | | | |
|--|------------------------|------------------------|---------------------|
| Accounts Payable and Other Liabilities | (\$237,641,865) | (\$285,601,157) | \$47,959,292 |
| Member Shares & Deposits | \$3,264,252,011 | \$3,264,349,222 | (\$97,211) |
| Regular Reserves | \$454,861,923 | \$421,641,472 | \$33,220,451 |
| Undivided Earnings | \$20,000,000 | \$20,000,000 | 0 |
| TOTAL LIABILITIES AND CAPITAL | \$3,501,472,069 | \$3,420,389,537 | \$81,082,532 |

Condensed Statement of Income and Expense

Income

| | 2023 | 2022 | INCREASE (DECREASE) |
|-------------------------|----------------------|---------------------|------------------------|
| Interest on Loans | \$37,457,396 | \$33,699,355 | \$3,758,041 |
| Income from Investments | \$72,524,754 | \$51,425,568 | \$21,099,186 |
| Noninterest Income | \$8,365,086 | \$3,490,454 | \$4,874,632 |
| GROSS INCOME | \$118,347,236 | \$88,615,377 | \$29,731,859 |

Expenses

| | | | |
|---------------------------|----------------------|---------------------|---------------------|
| Dividends to Members | \$70,520,560 | \$38,900,954 | \$31,619,606 |
| Salaries and Benefits | \$16,840,877 | \$13,679,221 | \$3,161,656 |
| Provision for Loan Losses | \$449,351 | \$150,000 | \$299,351 |
| Noninterest Expense | \$13,187,907 | \$9,680,818 | \$3,507,089 |
| TOTAL EXPENSES | \$100,998,695 | \$62,410,993 | \$38,587,702 |

| | | | |
|-------------------|---------------------|---------------------|----------------------|
| NET INCOME | \$17,348,541 | \$26,204,384 | (\$8,855,843) |
|-------------------|---------------------|---------------------|----------------------|

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



Dan Blalock



Allison Boone



Wendell W. Pate



Robert B. Roy



Carlton Stephens

Advisory Board



Chris D'Andrea



Amy Giles



Constantine Sfakianos



William M. Bass



Billy Gober

Directors Emeritus

Supervisory Committee



Greg Bass
Chairman



Carissa Ledbetter
Member



Ann Wilkinson
Member



Erin Autrey



Antyne James

Advisory Supervisory Committee

President / CEO



Derrick E. Ragland Jr.

Locations

Alabama

MAIN OFFICE

750 17th Street North
Birmingham, AL 35203

Anniston

925 Quintard Avenue

Chelsea

370 Chelsea Crossroads

Clanton

1872 7th Street South

Alabama Power

Corporate Headquarters

600 18th Street North

Dothan

2220 Montgomery Highway

Energy Center (Colonnade - Hoover)

3535 Colonnade Parkway

Gardendale

949 Main Street

Hoover

4725 Chace Circle

Hueytown

2901 Allison-Bonnett Drive

Jasper

706 20th Avenue East

Jasper West

2501 Highway 78 West

Mobile

150 St. Joseph Street

Montgomery

244 Dexter Avenue

Pelham

101 Huntley Parkway

Tattersall

6400 Tattersall Park Drive

Trussville

151 Main Street

Tuscaloosa

630 15th Street

Tuscaloosa Queen City

915 Queen City Avenue

West Mobile

6396 Airport Boulevard

Georgia

30 Allen Plaza

Southern Company Building
30 Ivan Allen Jr. Boulevard NW
Suite 105

Athens

285 Newton Bridge Road

Cobb

1501 Johnson Ferry Road
Suite 150

Forest Park

62 Lake Mirror Road
Building 12

Georgia Power Corporate Headquarters

241 Ralph McGill Boulevard NE

Henry County

2500 Patrick Henry Parkway

Savannah

3101 Kilowatt Drive

Mississippi

Gulfport

2201 17th Street

