

We go  
the **Extra Mile** for  
our Members!

**America's**  
**First**   
**Federal Credit Union**

Federally Insured By NCUA

## Chairman's Report

At America's First, we strive to go the extra mile for our members. For us, that means exceeding member expectations while continuing to grow the credit union in a financially responsible manner. I'm proud to say that in 2012, your credit union met both of these objectives.

In what for most of the year was a still sluggish economic environment, the credit union saw growth across all facets of the operation. Net loans increased \$8.1 million or 1.2%, deposits grew \$48.9 million or 4.5% and total assets were up \$56.4 million or 4.7%, ending at \$1.26 billion. Membership continued to grow as well with over 119,000 members now doing business with the credit union.

From an earnings perspective, revenues from loans and investments declined in 2012, due primarily to the continuing low interest rate environment. To counter this, your credit union worked hard to find efficiencies throughout the organization. As a result, operating expenses grew only 1.5%. Loan losses were significantly less than the previous year, down \$1.4 million or 52%. The results were \$9.0 million in net income, strengthening our member's equity position and insuring that America's First remains a strong, well-capitalized financial institution.

We appreciate the trust and confidence that our members have put in us to be their financial institution of choice. I and my fellow board members consider it an honor to serve the credit union and a privilege to work with a talented and extremely dedicated group of employees. Together, we pledge to continue to go the extra mile to serve you.

Randy Freeman, Chairman  
Board of Directors



Board of Directors (Top row, L to R):  
Randy Freeman, Chairman; Joe McCarty;  
Tom Cash; (2nd row, L to R): Barney Hatten;  
Fred Brandstadt.

# Supervisory Committee Report

The Supervisory Committee is charged with the responsibility of overseeing the audit function of the credit union and works to manage and maintain the financial integrity of the organization. The Supervisory Committee meets monthly with the Internal Audit staff to review progress on the audit plan, discuss audit results and address the policies and procedures supporting the internal control systems of the credit union. The Board of Directors reviews a report from the Supervisory Committee each month.

Supervisory Committee members are appointed by the Board of Directors annually and serve on a volunteer basis. Members of the committee are selected based on their experience and expertise in the areas of business, finance and accounting.

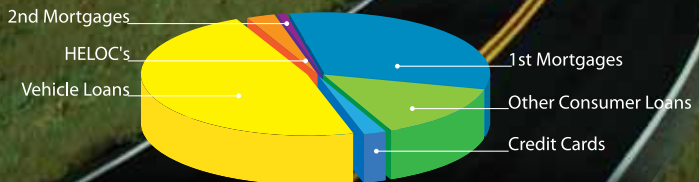
Hazlett, Lewis & Bieter, PLLC, an independent certified public accounting firm, was selected by the Supervisory Committee to conduct an audit of the financial statements of America's First Federal Credit Union for the calendar year 2012. Upon review of their audit report, the Supervisory Committee is proud to report that America's First received an unqualified opinion, meaning the financial statements as presented by management fairly represent the financial condition of the credit union as of December 31, 2012.

Cathy Antee  
Chairperson



Supervisory Committee  
(Top down): Cathy Antee,  
Chairperson; Lee Strickland;  
Fred Brandstad.

## 2012 New Loan Production



## Loan Officers Report

As the economy continued a slow recovery in 2012, the credit union provided a wide variety of loan products to meet our members' needs. Nearly 14,000 new loans totaling \$247 million were closed during the year. Production included 7,000 loans for autos, boats, motorcycles and RVs, 1,160 new credit cards, 987 mortgages and 27 new student loans. The loan portfolio totaled 64,277 loans for \$695.2 million at year end.

# Statements of Financial Condition

ASSETS	2012	2011
Cash and cash Equivalents	\$ 125,633,261	\$ 131,024,896
Loans to Members-net	692,324,492	684,185,185
Investments	402,188,517	348,383,504
Property and Equipment	22,633,217	23,120,585
Other Assets	21,722,3001	21,359,064
<b>TOTAL ASSETS</b>	<b>\$ 1,264,501,787</b>	<b>\$ 1,208,073,234</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Dividends and Interest Payable	\$ 294,552	\$ 416,534
Accrued Expenses and other Liabilities	5,591,885	6,818,125
Members' Shares and Deposits	1,131,387,037	1,082,409,210
<b>TOTAL LIABILITIES</b>	<b>\$ 1,137,273,474</b>	<b>\$ 1,089,643,869</b>
Regular Reserves	9,613,040	9,613,040
Undivided Earnings	117,615,273	108,816,325
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$ 127,228,313</b>	<b>\$ 118,429,365</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,264,501,787</b>	<b>\$ 1,208,073,234</b>

Years Ended December 31, 2012 and 2011

These condensed financial statements are derived from the credit union's audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles (GAAP). To receive a detailed report of the company's financial statements, including the auditor's opinion, write to: America's First Federal Credit Union, Marketing Department, 1200 4th Avenue North, Birmingham, Alabama 35203.

# Statements of Income

INCOME	2012	2011
Loan Interest Income	\$ 31,538,071	\$ 34,873,394
Investment Income	4,455,485	5,218,552
Fees and Other Income	15,778,315	14,613,699
<b>TOTAL INCOME</b>	<b>\$ 51,771,871</b>	<b>\$ 54,705,645</b>
<b>EXPENSES</b>		
Compensation & Benefits	15,445,819	14,343,605
Office Operations and Loan Servicing	9,919,613	9,367,875
Occupancy	1,697,296	1,702,338
Other	5,319,079	6,484,799
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 32,381,807</b>	<b>\$ 31,898,617</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$ 19,390,064</b>	<b>\$ 22,807,028</b>
Provision for Loan Losses	1,264,082	2,635,056
<b>INCOME BEFORE CAPITAL COSTS</b>	<b>\$ 18,125,982</b>	<b>\$ 20,171,972</b>
Dividend and Interest Expense	9,093,883	12,411,948
<b>NET INCOME</b>	<b>\$ 9,032,099</b>	<b>\$ 7,760,024</b>

Years Ended December 31, 2012 and 2011

These condensed financial statements are derived from the credit union's audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles (GAAP). To receive a detailed report of the company's financial statements, including the auditor's opinion, write to: America's First Federal Credit Union, Marketing Department, 1200 4th Avenue North, Birmingham, Alabama 35203.

# Moving America's First Forward

## Management Report

The management and staff of America's First are always looking for ways to help make our members' financial lives easier. First and foremost, we provide an array of consumer loans at rates and terms that are hard to beat. Most of our services are no-fee and where we do charge fees, they are typically well below industry averages. Many of our products actually return cash or other benefits. For example, our credit card users received \$457,577 in cash-back for their purchases in 2012. Our Kids Club members earned \$32,448 in Honor Dollars for their good grades. And America's First Debit Card holders redeemed more than 38 million rewards points for gift cards and merchandise. It truly pays to be a member of America's First!

Going the extra mile means planning ahead to provide products and services that will help our members save time and money now and in the future. Over the course of the year, we introduced a number of new products and services designed to do just that. Mobile banking, which allows members to access their America's First account via their smartphone, has been a huge success. The same can be said for our three new credit card products. In addition to our cash-back and travel points cards, we now feature a no-frills, super-low rate VISA® Platinum card, a secured VISA card for those members attempting to build or rebuild their credit status, and our Indie VISA card tailored especially for first-time cardholders. As the year came to a close, we were hard at work on Remote Deposit Capture, which will allow you to take a picture of a check with your smartphone and deposit it to your AFFCU account.

We are proud of the accomplishments we made in 2012 and look forward to continuing to find new ways to save you money and make doing business with the credit union easier. Thanks for your confidence and your support.

REMOTE DEPOSIT CAPTURE

5 CREDIT CARD CHOICES

DEBIT CARD REWARDS

LOW INTEREST LOANS

FREE BILL PAYMENT

MOBILE BANKING

ONLINE BANKING

FREE CHECKING

KIDS 1ST CLUB

HONOR DOLLARS

STUDENT LOANS

eSTATEMENTS

(Top row, L to R) Bill Connor, President and CEO; Vickie Yaeger, Executive VP and CAO; Alan Stabler, VP Legal/ Compliance; Shirley Lochamy, VP Real Estate; Rick Britnell, VP Consumer Loans; (2nd row, L to R) Phil Boozer, VP Marketing; Mike Thomas, VP Operations; Teresa Owens, VP Controller; Mike Northrup, VP Information Technology; Audra Weber, VP Human Resources





# We go the EXTRA MILE!

## Community Report

For America's First, going the extra mile means giving back not just to our members, but to the community at large. This past year, we instituted a "Volunteer Day," to encourage employees to take time to volunteer in the community. We also built our 6th Habitat for Humanity home, raised over \$26,000 for the Juvenile Diabetes Research Foundation, hosted six blood drives, collected toys for children in need at Christmas, continued our First Class Student program, and participated in numerous walks, runs, and other events benefitting various organizations in our community.





Refreshingly Unbank-like

**America's**  
**First**   
**Federal Credit Union**

[www.amfirst.org](http://www.amfirst.org)