

2015 ANNUAL REPORT

**America's  
First   
Federal Credit Union**

*America's First Federal Credit Union is committed to its founding principle of improving the quality of members' lives by maintaining a strong, secure, and innovative credit union that builds trust, shows respect and maximizes efficiencies while providing members with consistently superior financial value and exceptional service*

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# Chairman's Report

From my vantage point as Chairman, it has been exciting to watch the great things that unfolded at America's First in 2015. Membership growth, new services, loan production, outstanding financial performance and community involvement all helped move America's First forward as the preeminent credit union in our community. These achievements were all obtained while maintaining the highest standards of safety and soundness and delivering world-class member service.

In 2015, America's First loan demand reached new levels as credit union members turned to their credit union for cars, boats, mortgage loans, credit cards and a number of other products. During the year, we assisted over 17,000 members with their financing needs. We are very pleased that our private student loan product continues to grow and we now have the ability to offer small business loans and checking accounts. It is very gratifying to me personally as well as to the other members of the Board of Directors to be a part of an organization that makes such a positive difference in people's lives.

2015 saw the launch of a new branching strategy with two new branches at or near completion by year end and plans are being developed for an expansion of the main office campus. We also brought our new mobile branch, the "Community Cruiser" on line in 2015 so that we can expand our presence at community events and can actually bring America's First to our Benefit Partners. Other service enhancements in 2015 included major upgrades to our Call Center System and Flash Talk, our telephone voice response system.

I hope you will enjoy reading through the remainder of this report for details on our financial performance, loan production and community outreach. Thank you for your confidence and support. And most of all, thank you for your membership in America's First.

It has been my honor and privilege to serve as your Chairman. Congratulations on another successful year.

Barney J. Hatten  
Chairman of the Board



# Supervisory Committee Report

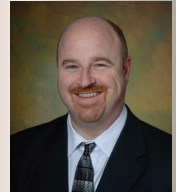
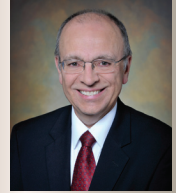
In accordance with the Federal Credit Union Act, the Supervisory Committee is given the responsibility to determine whether the operations of the credit union are carried out in compliance with the Act and the regulations of the National Credit Union Administration.

The Supervisory Committee meets regularly with Risk Management and Internal Audit staff as well as external auditors 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.

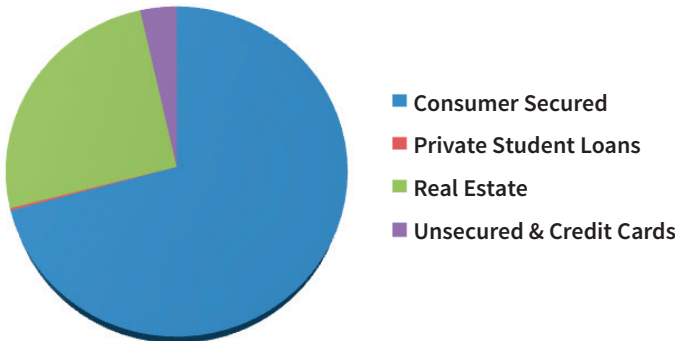
Mauldin & Jenkins, LLC, an independent certified public accounting firm, was selected by the Supervisory Committee to conduct an audit of the financial statements of America's First Federal Credit Union for the calendar year 2015. Upon review of their audit report, the Supervisory Committee is proud 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, 2015.

Cathy Antee  
Chairperson



Supervisory Committee  
(Top down):  
Cathy Antee, Chairperson;  
Jim Momenee and  
Secretary; Lee Strickland.

## 2015 New Loan Production



## Loan Officers' Report

Member loan demand was very robust across all categories in 2015. The staff of America's First provided over 17,706 new loans totaling \$341,307,911 during the year. Production included 12,234 loans for autos, boats, motor-

cycles and RVs, 4,510 new credit cards and unsecured lines of credit, 932 mortgage loans and 30 student loans. The total loan portfolio grew by \$73,401,644 to \$850,502,784 at year end, an increase of 9.33% over 2014.

# Statements of Financial Condition

ASSETS	2015	2014
Cash and Cash Equivalents	\$ 201,528,923	\$ 159,457,998
Loans to Members-net	850,502,784	776,882,531
Investments	290,071,843	346,403,475
Property and Equipment	30,990,016	26,429,241
Other Assets	16,724,255	16,553,580
<b>TOTAL ASSETS</b>	<b>\$ 1,389,817,821</b>	<b>\$ 1,325,726,825</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Dividends and Interest Payable	\$ 176,978	\$ 209,496
Accrued Expenses and Other Liabilities	8,546,923	7,275,860
Members' Shares and Deposits	1,230,928,479	1,175,658,253
<b>TOTAL LIABILITIES</b>	<b>\$ 1,239,652,380</b>	<b>\$ 1,183,143,609</b>
Regular Reserves	9,613,040	9,613,040
Undivided Earnings	140,552,401	132,970,176
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$ 150,165,441</b>	<b>\$ 142,583,216</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,389,817,821</b>	<b>\$ 1,325,726,825</b>

Years Ended December 31, 2015 and December 31, 2014

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	2015	2014
Loan Interest Income	\$ 28,824,426	\$ 28,266,287
Investment Income	4,768,062	5,217,051
Fees and Other Income	18,982,217	17,566,656
<b>TOTAL INCOME</b>	<b>\$ 52,574,705</b>	<b>\$ 51,049,994</b>
<b>EXPENSES</b>		
Compensation & Benefits	20,238,952	18,397,709
Office Operations and Loan Servicing	10,557,970	10,044,285
Occupancy	1,994,686	2,025,432
Other	4,100,548	3,694,055
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 36,892,156</b>	<b>\$ 34,161,481</b>
<b>INCOME FROM OPERATIONS</b>	<b>\$ 15,682,549</b>	<b>\$ 16,888,513</b>
Provision for Loan Losses	1,577,351	1,964,884
<b>INCOME BEFORE CAPITAL COSTS</b>	<b>\$ 14,105,198</b>	<b>\$ 14,923,629</b>
Dividend and Interest Expense	5,678,128	5,990,836
<b>NET INCOME</b>	<b>\$ 8,427,072</b>	<b>\$ 8,932,793</b>

Years Ended December 31, 2015 and December 31, 2014

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# Management and Community Report

On behalf of the management team and staff, I am proud to present our 2015 Annual Report to the membership. This past year was characterized by record breaking loan demand, all-time high service satisfaction levels, solid earnings, and increased involvement in civic and community engagement. We experienced growth in virtually all of our key areas as the credit union's assets grew to \$1.389 billion by year end.

2015 saw the culmination of several initiatives that had been in progress over the past few years. In 2015, our Small Business Services Department began offering checking accounts for our small business members that feature debit cards, merchant services and remote deposit capture. We processed our first member business loan application in late 2015 and we anticipate this program will continue to grow in 2016 and beyond.

Another major accomplishment of 2015 was the completion of our new Bessemer branch that replaced an outdated structure. This new, state of the art facility opened in October, solidifies our commitment to the Bessemer community and has been warmly received by our western area members. Additionally, our new Vestavia Hills branch was substantially completed by the end of 2015 and is now open for business. As part of our branching strategy, we continue to survey our business footprint to develop future branch locations to serve our members.

2015 also saw the implementation of the EMV or "chip" credit cards to provide additional security to protect our members and the credit union from the ever increasing battle against fraud. The new credit cards feature fraud alerts so that



*(Back row, L to R) Kevin Morris, Sr. VP-Lending Services; Phil Boozer, Sr. VP-Chief Sales Officer; Bill Connor, President and CEO; Mike Northrup, Sr. VP-Chief Information Officer; Alan Stabler, EVP-Chief Admin. Officer/General Counsel. (Front row, L to R) Teresa Owens, Sr. VP-Finance; Shirley Lochamy, E VP-Chief Operations Officer; Audra Weber, Sr. VP-Chief Human Resource Officer.*

members can be notified in real time if a fraudulent transaction has been attempted. The new cards also provide our members with better on-line access to their credit card accounts through our home banking application, Easy Link.

One of our primary objectives every year is to provide our members with a well-trained and highly motivated staff. New training initiatives for all staffing levels were implemented during the year adding to an already robust training and professional development curriculum. In February, the entire staff had the opportunity to hear from nationally recognized business and leadership expert John Spence, as he led discussions on providing superior member service and a workshop on Life Strategies for Success. We strongly believe that investing in the development of our staff will result in providing better service to our members.

Another of our long term strategic goals was met in 2015 as we appointed our first Associate Board Members. Three individuals were appointed by the Board of Directors to serve one-year terms in order to allow them to gain knowledge of the credit union industry and to learn about America's First.

The purpose of the Associate Board positions is to prepare them to be considered for future volunteer leadership positions as they become available. Our newest Associate Board Members have brought a wealth of knowledge and experience of their respective industries to America's First and we are very proud to have them on our leadership team.

Staying engaged with our elected officials remained a high priority for the management staff of America's First. Throughout the year, our staff members met with our elected officials at local events as well as in Washington, DC and Montgomery to voice our concerns about the seemingly endless flow of new laws and regulations that stem mostly from the Dodd-Frank Act of 2010. We have joined with our national trade groups and other credit unions around the country to make sure that Congress understands how much the added layer of regulations can affect our ability to serve our members.

Having our staff involved in our communities and other professional endeavors is very important to us. Once again, our staff rose to the occasion by increasing their participation

in community events. Our Community First initiative added several new events that provided fund raising opportunities for our three charities, The Bell Center, The Alabama Kidney Foundation and United Cerebral Palsy of Greater Birmingham. On a national level, our very own Jimese Harkley was the winner of the Next Top Credit Union Executive in a competition that included credit unions from across the United States and Canada. Additionally, other staff members are serving on local, state and national committees, boards and task forces to allow other organizations to take advantage of their talents and expertise. I am very proud that our staff members are well respected in the credit union community and continue to be sought out and recognized.

Thank you for your membership in America's First Federal Credit Union. Rest assured that we will work very hard to maintain our standards of caring leadership, outstanding member service, community involvement and cost effective operations.

Bill Connor,  
President and Chief Executive Officer

## *2015 Community Report*

Community involvement is a critical part of America's First. In 2015, our employees participated in more than 680 community events, including festivals, walks, races, blood drives, and chamber of commerce events. Additionally, employees volunteered more than 700 hours to various local organizations.

Our commitment to serving local businesses is exemplified through our no-cost Benefit Partner program. This program offers local businesses and organizations special membership benefits and free financial education workshops. We conducted over 40 financial workshops in 2015.

In 2015, America's First raised more than \$63,000 for United Cerebral Palsy of Greater Birmingham, the Alabama Kidney Foundation, and The Bell Center through the 2015

"Community First" campaign. These funds were generated by our annual Charity Open Golf Tournament, our inaugural Sporting Clays Charity Tournament, and member donations. We appreciate our members for embracing the Community First campaign and making 2015 the most successful fundraising year yet.

Our "Rising Star" program recognized local high school students and awarded three scholarships in 2015. Since the program's inception in 2009, we have awarded \$74,000 in scholarships. We were also involved in the Greater Shelby County Chamber of Commerce, "Educator and Student of the Year" awards and the City of Birmingham Division of Youth Services Holiday Toy Drive.

Thank you for helping us put community first in 2015!

**America's  
First   
Federal Credit Union**

Refreshingly Unbank-like



Member FDIC. Member NCUA.  
Member Equal Housing Lender.  
Member Equal Credit Opportunity Act.