

2014 ANNUAL REPORT

America's
First 
Federal Credit Union

Federally Insured By NCUA

Chairman's Report

2014 was a very successful year for the credit union on a number of fronts. Membership growth, new services, outstanding financial performance and community involvement all helped move America's First forward as the preeminent credit union in our marketplace. Over 129,000 Alabamians now choose America's First for their financial needs.



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



Loan demand remained strong throughout the year as the nation's economy continued to recover from the effects of the recession. We assisted over 18,000 members with loans for cars, boats, homes, and a variety of other reasons. Our newest loan product, student loans, surpassed \$1.7 million in balances during the year. It's exciting to know that the credit union has positively impacted the lives of so many members by providing the financing they and their families needed.

I am equally proud to report that our member satisfaction levels were at an all-time high during 2014. Thanks to so many of our members who returned the surveys we sent out each week. Your feedback allowed us to continually monitor how we were doing. We have a well-trained and highly motivated team of employees at America's First whose job every day is to deliver only the highest level of service to our members and, according to you, we hit the mark.

I hope you will enjoy reading through the remainder of this report for details on our financial performance, loan activities, and community outreach. On behalf of myself and my fellow volunteer Board members and Supervisory Committee members, we are honored to work with a dedicated leadership team and staff at America's First as together, we lead our credit union into the future. Thank you for your confidence and support.

Barney Hatten,
Chairman of the Board

Supervisory Committee Report

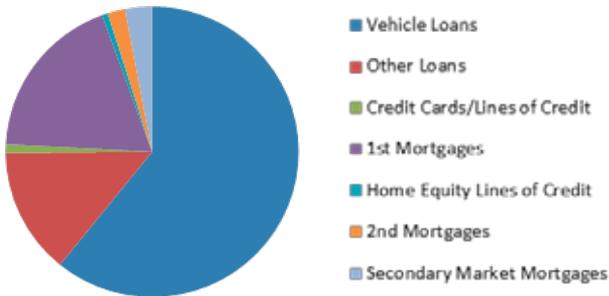
The Supervisory Committee is charged with the responsibility of overseeing the audit function of the credit union and works to manage and maintain the financial integrity of the organization. The Supervisory Committee meets monthly with Risk Management and Internal Audit Staff to review progress on the 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.

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 2014. 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, 2014.

Cathy Antee
Chairperson

2014 New Loan Production



Loan Officers Report

Member loan demand increased dramatically in 2014, particularly in the consumer categories. The credit union responded by approving over 18,079 new loans totaling \$301,387,162.65 during the year. Production included 11,967 loans for autos, boats, motorcycles and RVs; 5,261 new credit cards and unsecured lines of credit; 828 mortgages; and 23 student loans. The loan portfolio totaled \$781,132,424.29 at year end, an increase of 11.50% over 2013.



*Supervisory Committee
(Top down):
Cathy Antee, Chairperson;
Fred Brandstadt, Secretary;
Lee Strickland;
and Ross Mitchell*

Statements of Financial Condition

ASSETS	2014	2013
Cash and Cash Equivalents	\$ 159,457,998	\$ 130,956,593
Loans to Members-net	776,882,531	697,239,723
Investments	346,403,475	427,372,930
Property and Equipment	26,429,241	25,063,325
Other Assets	16,553,580	17,318,563
TOTAL ASSETS	\$ 1,325,726,825	\$ 1,297,951,134
LIABILITIES AND MEMBERS' EQUITY		
Dividends and Interest Payable	\$ 209,496	\$ 243,348
Accrued Expenses and Other Liabilities	7,275,860	6,306,563
Members' Shares and Deposits	1,175,658,253	1,160,587,521
TOTAL LIABILITIES	\$ 1,183,143,609	\$ 1,167,137,432
Regular Reserves	9,613,040	9,613,040
Undivided Earnings	132,970,176	121,200,662
TOTAL MEMBERS' EQUITY	\$ 142,583,216	\$ 130,813,702
TOTAL LIABILITIES AND EQUITY	\$ 1,325,726,825	\$ 1,297,951,134

Years Ended December 31, 2014 and December 31, 2013

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	2014	2013
Loan Interest Income	\$ 28,266,287	\$ 28,937,536
Investment Income	5,217,051	4,175,584
Fees and Other Income	17,566,656	16,242,029
TOTAL INCOME	\$ 51,049,994	\$ 49,355,149
EXPENSES		
Compensation & Benefits	18,397,709	16,374,205
Office Operations and Loan Servicing	10,044,285	9,089,913
Occupancy	2,025,432	1,779,870
Other	3,694,055	4,667,077
TOTAL OPERATING EXPENSES	\$ 34,161,481	\$ 31,911,065
INCOME FROM OPERATIONS	\$ 16,888,513	\$ 17,444,084
Provision for Loan Losses	1,964,884	2,243,657
INCOME BEFORE CAPITAL COSTS	\$ 14,923,629	\$ 15,200,427
Dividend and Interest Expense	5,990,836	7,135,172
NET INCOME	\$ 8,932,793	\$ 8,065,255

Years Ended December 31, 2014 and December 31, 2013

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.

Management Report

On behalf of the management team and staff, I am excited to present our 2014 Annual Report to the membership. This past year was characterized by a resurgence in loan demand, all-time high service satisfaction levels, solid earnings, and increased involvement in civic and community endeavors. Total membership, deposits, assets, and capital all grew to new highs.

Key to our operations was the consummation of a study of our branch network and the adoption of a long-term branching strategy by the Board of Directors. The plan identified several existing branches in need of renovation or replacement as well as several areas for new branch placements over the next three to five years. In late 2014, as the first step in the new branching strategy, we purchased property on Highway 31 in Vestavia Hills to construct a new, state of the art facility to expand our branch network into a new market. This new facility should be open in the fall of 2015.

Aside from outstanding operational and financial performance, we continued our efforts to expand training and professional development efforts for our staff. One of our primary objectives is to provide the membership with a well-trained and highly motivated staff. New training initiatives for all staffing levels were rolled out during the year adding to an already robust training curriculum. While this is certainly not without significant cost, we fully believe that the membership will reap the benefits of having a better trained staff to serve their financial needs.

2014 also saw the beginnings of our new small business services initiative. While this has been underway for quite some time, we formally began building the infrastructure and hiring experienced staff for this exciting new suite of services. We will begin offering checking accounts and loans to our small business members in 2015.

While 2014 provided successes on a number of fronts, the year was not without its share of challenges as well. Data breaches at major retailers resulted in significant fraud losses for the credit union, not to mention the inconvenience to those members whose cards had to be cancelled and reissued due to fraudulent activity. Unfortunately, data breaches at retailers have become all too commonplace, but rest assured that your information is secure at America's First. To provide enhanced security, in 2014 we began the process of converting our credit card portfolio to the new EMV cards. These new cards will be available in May of 2015.

The seemingly continuous flow of new regulations out of Washington also hampered our ability to work efficiently and provide services to the membership in a

*(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, EVP-Chief Operations Officer; Audra Weber, Sr. VP-Chief Human Resource Officer.*



timely manner. An unfortunate result of the financial crisis was a host of new rules and regulations meant to avert a repeat of the problems that led to the latest recession. Unfortunately, these regulations applied to all financial institutions, regardless of whether they contributed to the crisis or not. We expect this trend to continue for the foreseeable future. Regulatory relief remains a high priority for credit unions, and we will continue to engage in dialogue with our congressional delegation to keep regulatory relief for credit unions on their agenda.

Overall, 2014 was another very successful year for our credit union. I am pleased to report the results of our operations over the past year and equally enthusiastic about what lies ahead for our credit union. We appreciate your membership, and look forward to serving your financial needs in the coming years.

Bill Connor
President and Chief Executive Officer

2014 Community Report

At America's First, we have a passion for serving our community and local businesses. In 2014, employees participated in more than 780 community events. These events included charity walks for organizations such as the American Cancer Society, the YWCA, and Easter Seals; community festivals supporting area neighborhoods; blood drives at our branch locations; and chamber of commerce events advocating local businesses.

Part of our commitment to local businesses involves offering our Benefit Partner program at no cost. This program offers businesses and organizations that partner with us special benefits such as free financial education workshops. In 2014, we added 155 new Benefit Partners and conducted 20 financial workshops educating individuals on budgeting, saving, improving credit, and investing.

In 2014, we introduced our "Community First" campaign, a charitable giving and community awareness campaign that benefited three local non-profit organizations. Through member donations and fundraisers such as our annual charity open golf tournament, more than \$50,000 was raised for March of Dimes, the Cystic Fibrosis Foundation,

and the Community Food Bank of Central Alabama. We look forward to continuing the "Community First" campaign in the coming years and highlighting organizations doing valuable work in our communities.

Our "First Class Student" program once again recognized outstanding area high school students and awarded three scholarships in 2014. Since the program's inception in 2009, we have awarded \$59,000 in scholarships for higher education. This was also our sixth year to sponsor the City of Birmingham Division of Youth Services Holiday Toy Drive. All of our Birmingham area branches collected toys during November and December to help families in need have a brighter holiday season. Additionally, employees volunteered more than 390 hours in 2014 for organizations such as Junior Achievement, the Community Food Bank and United Cerebral Palsy of Greater Birmingham.

We are proud of the commitment that our employees and members make in the communities where they live, work and serve. Thank you for helping us put community first in 2014.

**America's
First 
Federal Credit Union**

Refreshingly Unbank-like



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