



2016
ANNUAL REPORT

Chairman's Report

Reflection is a powerful tool. As individuals, looking back on the past helps us to gain perspective and insight on our goals and priorities for the future. For the credit union, it is equally important to take time to reflect on our history, our original mission, purpose and objectives and to make certain that we remain on course.

As I reflect on the past year, I am grateful for the dedicated volunteers that serve on the Board of Directors, Supervisory Committee, and our Associate Directors. Together, with a very talented and dedicated staff and management team, we work to ensure that our original mission to improve the lives of our members by providing quality financial products and services remains at the forefront of everything that we do.

2016 was a milestone year for America's First, as we celebrated our 80th anniversary. Our Credit Union was originally formed on July 23, 1936 as the Iron and Steel Workers Credit Union when 19 employees of Tennessee Coal, Iron and Railway Company pooled their resources and established a credit union to meet their financial needs during the Great Depression. From that very modest beginning, America's First has now grown to over \$1.444 billion in assets and has a membership in excess of 144,500. Even though we have grown tremendously since 1936, we have remained true to our mission of providing superior financial services and being responsive to our members' needs in a cost effective manner. I truly believe that our 19 founding members would be extremely proud of the credit union that they had the vision to create.

Whether you've been with America's First for many years or you're one of our newest members, we think you will agree that America's First has been blessed with great people who have embraced the credit union principle of people helping people. As we move forward, our mission and goals remain constant; to deliver outstanding member service, grow safely and responsibly, be an employer of choice, support the communities that we serve and remain financially strong.

It has been an honor and privilege to serve as your Chairman and to be a member of a team that is focused on helping you meet your financial goals. Thank you for your membership and confidence in our credit union.

Barney J. Hatten
Chairman of the Board



Board of Directors
(Top row, L to R):
Barney Hatten,
Chairman; Joe McCarty,
Vice Chairman; Cathy
Antee, Treasurer; (2nd
row, L to R): Ross
Mitchell, Secretary;
and Lee Strickland.



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 2016. 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, 2016.

Lee Strickland
Chairman



Supervisory Committee
(Top down):
Lee Strickland, Chairman;
Chris Townes and
Secretary; Jim Momenee.

2016 Loan Officers' Report

Our financial stability and growth have allowed America's First to continue our focus on what is best for our membership. For 80 years, we have provided high quality products combined with low loan rates. We continued our successful growth across all categories in 2016. America's First was able to meet the needs of our membership by providing 18,146 new loans totaling \$389,750,385 during the year. Production included 13,571 loans for autos, boats,

motorcycles and RVs, 3,420 new credit cards and unsecured lines of credit, 1,099 mortgage loans and 27 student loans. In addition, our product offerings were broadened for our membership to include Member Business Loans. In 2016, we closed 29 Member Business Loans, totaling \$921,896. The total loan portfolio grew by \$82,530,033 to \$933,033,115 at year end, an increase of 9.69% over 2015.

Statements of Financial Condition

ASSETS	2016	2015
Cash and Cash Equivalents	\$ 239,467,570	\$ 201,528,923
Loans to Members-net	933,033,115	850,502,784
Investments	224,852,302	290,071,843
Property and Equipment	31,154,561	30,990,016
Other Assets	15,864,406	16,724,255
TOTAL ASSETS	\$ 1,444,371,954	\$ 1,389,817,821
LIABILITIES AND MEMBERS' EQUITY		
Dividends and Interest Payable	\$ 168,470	\$ 176,978
Accrued Expenses and Other Liabilities	13,701,768	8,546,923
Members' Shares and Deposits	1,272,661,542	1,230,928,479
TOTAL LIABILITIES	\$ 1,286,531,780	\$ 1,239,652,380
Regular Reserves	9,613,040	9,613,040
Undivided Earnings	148,367,090	140,552,401
TOTAL MEMBERS' EQUITY	\$ 157,840,174	\$ 150,165,441
TOTAL LIABILITIES AND EQUITY	\$ 1,444,371,954	\$ 1,389,817,821

Years Ended December 31, 2016 and December 31, 2015

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	2016	2015
Loan Interest Income	\$ 30,431,454	\$ 28,824,426
Investment Income	4,879,553	4,768,062
Fees and Other Income	20,306,053	18,982,217
TOTAL INCOME	\$ 55,617,060	\$ 52,574,705
EXPENSES		
Compensation & Benefits	20,933,297	20,238,952
Office Operations and Loan Servicing	11,971,983	10,557,970
Occupancy	2,265,352	1,994,686
Other	4,375,147	4,100,548
TOTAL OPERATING EXPENSES	\$ 39,545,779	\$ 36,892,156
INCOME FROM OPERATIONS	\$ 16,071,281	\$ 15,682,549
Provision for Loan Losses	2,388,222	1,577,351
INCOME BEFORE CAPITAL COSTS	\$ 13,683,059	\$ 14,105,198
Dividend and Interest Expense	5,646,810	5,678,128
NET INCOME	\$ 8,036,249	\$ 8,427,072

Years Ended December 31, 2016 and December 31, 2015

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Management and Community Report

2016 was year of exciting growth and prosperity for our credit union as the leadership and staff pursued and achieved a number of challenging performance and operational goals set by the Board of Directors. The results were admirable. Combining strong loan growth, healthy earnings, solid capital, membership expansion, and a high degree of member service satisfaction, America's First is now the choice of over 144,500 members for their consumer and small business financial services.

True to our core value of being first and foremost a lending organization, 2016 was another consecutive year of record-breaking loan production. The number of new loans granted increased by 13% over 2015, totaling nearly \$390 million. We saw growth across all categories of loans, including our newest loan products for small business members. Yet despite this significant growth in loans, delinquency and charge-offs remained low and home foreclosures were at the lowest level in ten years.

Total membership grew by more than 6% as over 17,000 members and 89 new Benefit Partners joined the credit union. 1,800 companies now participate in our Benefit Partner program, offering credit union services as a no-cost employee benefit. In addition to providing access to our array of consumer financial services, we conducted 261 membership enrollments and 50 financial education workshops at Benefit Partner workplaces. Our Community Cruiser mobile branch vehicle also made numerous visits to worksites to provide ATM services and allow staff to open new accounts and accept loan applications.



(Back row, L to R) Kevin Morris, Sr. VP - Chief Lending Officer; 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-Chief Financial Officer; Shirley Lochamy, EVP-Chief Operations Officer; Audra Weber, Sr. VP-Chief Human Resource Officer.

A number of new products and services debuted in 2016 including investment property mortgages, a new home equity product featuring a longer initial-term fixed rate, and our first small business loan. We introduced the use of electronic signatures for loan documents, providing an easy and convenient way for members to conduct loan business without the need to visit a branch. We also retooled our home equity lending process, resulting in significantly shorter turn-around time for these types of loans. On the technology front, mobile payments options like Apple Pay, Samsung Pay, Google Wallet and Microsoft Wallet were introduced in time for the holiday shopping season.

We were very pleased to open our 19th branch office in Vestavia Hills early in the year. This full service, state-of-the-art branch features the latest in lobby design, foregoing the traditional teller line in favor of dialogue stations for typical teller activity and private offices for loans and investments. The branch is staffed with a full-time wealth management specialist providing retire-

ment planning, investment and insurance services through our America's First Financial program. This office is also the first to be equipped with a community room, available for use by local civic groups and associations. We are excited about being a member of the Vestavia Hills community and look forward to seeing this branch grow as we bring our unique brand of credit union service to this area.

Finally, our credit union continued its focus on being a productive member of our communities and being a good corporate citizen. Numerous staff serve in volunteer positions in local chambers of commerce,

non-profits, and educational organizations. Throughout the year, our staff members volunteered their time to serve in their communities, extending the credit union motto of people helping people. Our Community First campaign continued to gain momentum, eclipsing a new-high in fundraising.

On behalf of our volunteers, management and staff, I want to thank you for your continued support of America's First. The credit union spirit here is strong and we remain committed to our mission and core values of improving the quality of our members' lives.

2016 Community Report

Community involvement is very important to America's First and says a lot about who we are. In 2016, our employees participated in 728 community events, including festivals, walks, races, blood drives, and chamber of commerce events. In addition, employees volunteered over 857 hours to serve at various local organizations including serving food to the sick and homeless members of our community as well as helping high school students prepare for job interviews and make wise financial choices.

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 workshop. In 2016, we conducted over 50 financial workshops for our benefit partners that covered topics like budgeting, financial planning and tips for buying a first home.

Each year, our Community First campaign selects three charities that provide valuable services in our community to support. In 2016, we continued our successful fundraising efforts and raised \$75,000 that was

shared with the Alabama Institute for Deaf and Blind Foundation, Autism Society of Alabama, and Red Mountain Park through the "Community First" campaign. These funds were generated by our annual Charity Open Golf Tournament, our annual Sporting Clays Charity Tournament, member donations, and internal fundraisers. We appreciate the support of our event participants as well as our members for embracing the Community First campaign and making 2016 the most successful fundraising year yet!

Our "Rising Star" program recognized thirty local high school students and awarded three scholarships in 2016 to help these very deserving students continue their education. Since the program's inception in 2009, we have awarded \$89,000 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. We are very pleased to be a part of the communities that we serve. Thank you for helping our Community First campaign to be so successful in 2016!

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.



Federally Insured By NCUA



**EQUAL HOUSING
LENDER**

We do business in accordance
with the Federal Fair Housing Law
and the Equal Credit Opportunity Act.