



AmFirst

AMERICA'S FIRST
FEDERAL CREDIT UNION

2018 Annual Report

Chairperson's Report

The Board of Directors are very pleased to report that America's First has experienced another year of healthy growth while continuing to focus on delivering valuable financial services to our members. As you read this report, we believe that you will agree that 2018 was another outstanding year for America's First.

There are many ways to measure the performance of a financial institution. Industry analysts rely on quantitative signs of strength, safety and growth. Others look at metrics and ratios that measure net income, capital, and market share. While all of these measurements are important, we think that the most important measurement is how we serve our members.

In its 82 years, America's First has endured many economic cycles that included recessions, rising interest rate environments, inflation, housing industry changes and fluctuating employment rates. Through it all, America's First has continued to offer valuable financial services to our members. This is only possible by maintaining the focus on our members and being there when our members need us. One of the ways that we measure service is through our Quality Loop surveys. At year-end, the member satisfaction scored at 6.9% out a possible score of 7. That equates to a member satisfaction rate exceeding 98%. That speaks volumes of the dedication of the staff and their commitment to our members.

In January of 2018, the Board of Directors approved a new Strategic Plan for America's First to serve as the way forward for the next few years. Paramount in the Strategic Plan is the directive that we stay true to our mission of serving all members, regardless of their economic status or the size of their account. We believe that serving all of our members in a dignified and efficient manner is the calling of our credit union.

We also believe that we must have the right balance of personal service while utilizing technology to achieve efficiencies. We understand that the financial services world is changing rapidly and being able to offer our services in ways that appeal to all of our members is important to us. Whether you want personal service in a branch, or you would prefer to conduct your financial transactions on your smart phone, we believe that we have the tools to meet your needs. It is critical for the growth and success of our organization to be vigilant about the needs of our members and is a responsibility that we take very seriously.

It has been an honor and privilege to serve as your Chairperson and to be a member of a team focused on helping you meet your financial goals. Thank you for your membership and confidence in our credit union. We look forward to serving you in 2019 and into the future.



Cathy Antee
Chairperson 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 2018. 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, 2018. This opinion is the highest attainable and reflects very favorably on the financial stewardship of the Board of Directors and the Management Team of America's First Federal Credit Union.

James Momenee
Chairman



Supervisory Committee
(From top down):
James Momenee,
Chairman; Chris Townes,
Secretary; Katie Voss and
Barney Hatten

2018 Loan Officers' Report

At the heart of our vision, America's First defines success by meeting the needs of our membership and improving the communities where they live. From the inception of the credit union in 1936, lending has been a primary component of helping our members to meet their financial needs and goals. Our decisions and efforts have always focused on providing high quality products combined with low rates and world-class service. In 2018, we experienced another year of solid, managed loan growth across all of our lending programs by granting 26,600 loans with a related volume of \$563,646,185. In 2017, America's First reached a new milestone with over \$1 billion in loan balances. In 2018, we built on the success of this strong performance with net loan portfolio growth of \$166,940,288. During the year, our lending team produced 18,233 loans for autos, boats, motorcycles and RV's, 3,606 new credit cards and unsecured lines of credit, 1,292 real estate loans, 45 student loans and other types of consumer loans. Finally, in 2018 we granted 103 member business loans totaling \$1,732,771 and continued to build the foundation for more opportunities to help our members meet their personal and professional needs by adding new loan products and features to our suite of services. 2018 was an outstanding year for our lending programs. We look forward to building on this success in 2019.

Statements of Financial Condition

ASSETS	2018	2017
Cash and Cash Equivalents	\$ 97,603,460	\$ 248,604,053
Loans to Members-net	1,170,226,910	1,003,619,114
Investments	235,584,244	200,609,206
Property and Equipment	55,798,932	37,003,691
Other Assets	17,290,807	15,779,743
TOTAL ASSETS	\$ 1,576,504,353	\$ 1,505,615,807
LIABILITIES AND MEMBERS' EQUITY		
Dividends and Interest Payable	\$ 448,594	\$ 195,746
Accrued Expenses and Other Liabilities	14,063,128	18,136,965
Members' Shares and Deposits	1,384,213,901	1,318,355,059
TOTAL LIABILITIES	\$ 1,398,725,623	\$ 1,336,687,770
Regular Reserves	9,613,040	9,613,040
Undivided Earnings	168,165,690	159,314,997
TOTAL MEMBERS' EQUITY	\$ 177,778,730	\$ 168,928,037
TOTAL LIABILITIES AND EQUITY	\$ 1,576,504,353	\$ 1,505,615,807

Years Ended December 31, 2018 and December 31, 2017

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	2018	2017
Loan Interest Income	\$ 39,305,808	32,907,412
Investment Income	7,003,637	6,035,593
Fees and Other Income	23,612,236	21,512,066
TOTAL INCOME	\$ 69,921,681	\$ 60,455,071
EXPENSES		
Compensation & Benefits	25,023,692	22,817,276
Office Operations and Loan Servicing	13,419,531	12,608,446
Occupancy	2,380,701	2,412,019
Other	5,316,401	4,375,724
TOTAL OPERATING EXPENSES	\$ 46,140,325	\$ 42,213,465
INCOME FROM OPERATIONS	\$ 23,148,983	\$ 18,241,606
Provision for Loan Losses	3,632,373	3,044,518
INCOME BEFORE CAPITAL COSTS	\$ 20,148,983	\$ 15,197,088
Dividend and Interest Expense	7,691,655	5,837,766
NET INCOME	\$ 12,457,328	\$ 9,359,322

Years Ended December 31, 2018 and December 31, 2017

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Management Report

With committed leadership from our Board of Directors, and solid execution of our management team and staff, America's First experienced another stellar year of performance in 2018.

Among the notable milestones achieved during 2018 were:

- 21,648 new members joined the credit union, extending total membership to just over 163,000
- \$563 million in new loans were granted, surpassing the previous years total by \$140 million
- Highest volume provider of auto and boat loans in Birmingham metro area*
- Eclipsed \$75 million in assets under management in our America's First Financial program
- Returned \$7.6 million in dividends to our members
- Opened 13,008 new checking accounts
- Welcomed 53 new Benefit Partners
- Conducted 430 enrollments at existing Benefit Partner locations
- Maintained a 98% member satisfaction rating throughout the year
- Participated in 896 community events
- Held grand opening for new Hoover branch and began construction on our new Talladega branch
- Employees used 1,570 volunteer hours in the communities we serve
- Raised a record \$111,000 for our Community First campaign, benefitting three worthy non-profits
- Named a Best Company to Work For in Birmingham and state-wide



America's First Executive Team (L to R): Alan Stabler, EVP-CAO General Counsel; Audra Weber, SVP- Chief People Officer; Phil Boozer, SVP-Chief Sales Officer; Bill Connor, President/CEO; Kevin Morris, SVP- Chief Retail Officer; Teresa Owens, SVP-Chief Financial Officer; Mike Northrup, SVP-Chief Delivery Systems Officer

The legacy of our credit union now stretches over eight decades and we are poised to continue our record of success well into the future. On behalf of our volunteers, management team, and staff, it has been both a privilege and pleasure to serve you during 2018. We are confident that our future remains bright and we are eager to continue delivering the products and services our membership both expect and deserve.

* Source: *AutoCount Automotive Market Reporting | Experian Automotive*

Community Report

Each year, our employees select three nonprofit agencies in our communities to be the recipients of our Community First campaign. In 2018, we had our most successful fundraising campaign yet and raised over \$111,000 that supported the Boys and Girls Clubs of Central Alabama, Greater Birmingham Humane Society, and Laura Crandall Brown Foundation. Funds are raised through events such as our annual Golf and Sporting Clays charity tournaments, member donations, internal fundraisers and in-branch member donations. We also held a Community Shred Day in April and all proceeds went to our Community First charities. We appreciate the support of our event participants as well as our members for embracing the Community First campaign and making 2018 the most successful fundraising year yet!

During 2018, our employees participated in 896 community events, including festivals, walks, races, blood drives, and chamber of commerce events. Employees volunteered over 1,570 hours to serve at various local organizations including Meals on Wheels, Greater Birmingham Humane Society, Jones Valley Teaching Farm, Habitat for Humanity and many others. We were also very proud to host a fishing day for veterans and sponsored the First Responders tribute in Vestavia Hills. When Hurricane Michael hit the Florida coast last fall, America's First provided support to Tyndall Credit Union in Panama City, Florida by sending our Community Cruiser to be used as a mobile branch so that storm victims could have access to cash in the immediate aftermath until services could be restored. During the holiday season we continued our participation in the City of Birmingham Division of Youth Services Holiday Toy Drive that assisted over 500 very deserving families.

Our commitment to serving local businesses continued through our no-cost Benefit Partner program. This program offers local businesses and organizations special membership benefits and free financial education workshops. In 2018, we conducted over 130 financial workshops for our benefit partners that covered topics like budgeting, financial planning, and tips for buying a first home. These workshops allow us to promote membership growth and increase credit union awareness.

America's First is very proud to be supportive of education and in 2018 we renewed our sponsorship of the "Rising Star" program that recognized 30 local high school students and awarded five scholarships to help these very deserving students to continue their education. Since the program's inception in 2009, we have awarded \$114,000 in scholarships. America's First is also the presenting sponsor of The Shelby County Chamber of Commerce, Educator and Student of the Year awards. This program recognizes excellence in Shelby County classrooms.

It is important to us as an organization to emphasize our core value of being community focused by being a good neighbor and actively supporting events that reflect family values and financial responsibility. We believe that this core value is the essence of America's First.

AmFirst Core Values

Integrity Based

The Board of Directors and Management have instilled the highest ethical standards for all business practices and personal conduct and will accept nothing less.

Member Focused

We are committed to consistently providing exceptional service and value to our members and pledge to treat every member with dignity and respect and in a fair and equitable manner.

Financially Sound

We maintain disciplined business practices to ensure that we have the financial resources to meet the needs of our members.

Community Commitment

We will be a valued corporate participant in the communities we serve by actively supporting organizations and events that improve the quality of life of our neighbors.

Employee Centric

We strive to maintain a corporate culture and learning environment that inspires, attracts and retains highly talented and service minded team members.

