



AmFirst

AMERICA'S FIRST
FEDERAL CREDIT UNION

2019 Annual Report

Chairperson's Report

Cathy Antee, Chairperson of the Board

Achieving success in the digital age appears to be pretty simple. All we need is to have the latest technology with all the bells and whistles to serve our members. However, doing that is not as simple as it sounds, and we have to remind ourselves that the digital transformation might not be the complete solution that it appears to be.

While AmFirst is committed to having the right technology, we have to maintain our commitment to personal service because that is who we are and distinguishes us from others in the financial services industry. Although products, services and delivery systems change and evolve over time, our primary mission of serving our members however they choose to engage us has not and will not change. To that end, the Board of Directors is committed to having the right balance between technology and personal service so that we can serve members of all generations and all stations in life.

We strive to meet these needs by constantly evaluating our systems and integrating new technology across our platforms to provide exceptional personal service as well as 24/7 access. The rapid adoption of technology brings challenges presented by legacy systems that risk becoming obsolete and has caused us to re-evaluate our processes. Many of our members do much of their business on their smart phones and other digital devices with a myriad of apps and online solutions that help them manage their daily lives. Others want the in-person branch experience for help with their financial needs. To achieve the right balance, we are increasingly charged with finding the next thing that meets member expectations and services to drive our business purpose.

To ensure that we properly address the needs of our members, in 2019, we increased the number of Board of Directors from five to seven members. Our newest members, Dr. Sara Robicheaux and Mr. Eric Housh have served as Associate Directors and are now full members of the Board of Directors. We are very fortunate to have these highly qualified professionals and look forward to their service and contributions to our Board.

In 2019, to address many of the challenges of the digital age, we implemented a new digital platform to bring state of the art technology to our members so that our credit union is at their fingertips whenever they need us. We have also begun a long-term project to evaluate our core processing system to ensure that our capabilities will continue to meet our members needs for many years to come. We are committed to giving our members the tools that they need and expect from their credit union.

Finally, as we move forward, we know that the digital and personal service worlds complement and supplement each other. In addition to technology upgrades, our branch network is growing with new locations in Calera and Pell City that will soon open to help us better serve our members. With more than 175,000 members, 21 locations and more than \$1.6 billion in assets, AmFirst is committed to effectively and efficiently meeting the needs of our members however they choose to be served.

It has been an honor and privilege to serve as your Chairperson and to be a member of a team that remains focused on helping our members meet their financial needs and goals. Thank you for your membership and confidence in our credit union. We are excited about the future and look forward to continuing to serve you.



Board of Directors (Top row, L to R):
Cathy Antee, Chairperson;
Ross Mitchell, Vice Chair;
Melanie McNary, Treasurer;
(2nd row, L to R): Lee Strickland, Secretary;
Eric Housh; and James Momenee
(3rd row): Dr. Sara Robicheaux

Supervisory Committee Report

James Momenee, Chairman

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 Audit Services 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 (AmFirst) for the calendar year 2019. 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, 2019. This opinion is the highest attainable and reflects very favorably on the financial stewardship of the Board of Directors and the AmFirst Management Team.



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

Loan Officers' Report

In 2019, AmFirst concluded the decade with another successful year in lending, well positioned to enter 2020 with confidence in our strategic plans. We have long believed that our business is only as good as the health of the communities that we serve, and our actions are guided by that principle. Each loan made to a member is an investment in the community. We focus daily on handling each request in a fair and equitable manner, treating each circumstance with the utmost importance, all while delivering prompt first-class service.

During the year, we granted 27,042 loans with a related volume of \$624,607,383. Our portfolio growth remained strong at a net loan growth of \$154,230,115. The team produced 18,232 loans for autos, boats, motorcycles, and recreational vehicles, 7,153 new unsecured loans and credit cards, 1,543 real estate loans, and 28 student loans. Our Business Services area continued our planned growth by granting 86 loans totaling \$3,492,627. Indeed, 2019 was an outstanding year for all of our lending programs. We are pleased by our significant achievements, but there is much more work ahead. We look forward to the challenges of 2020 and helping our members meet their financial needs and goals.

Statements of Financial Condition

ASSETS	2019	2018
Cash and Cash Equivalents	\$ 109,617,271	\$ 97,603,460
Loans to Members-net	1,324,543,723	1,170,226,910
Investments	168,390,263	235,584,244
Property and Equipment	62,686,686	55,798,932
Other Assets	17,744,911	17,290,807
TOTAL ASSETS	\$ 1,682,982,854	\$ 1,576,504,353
LIABILITIES AND MEMBERS' EQUITY		
Dividends and Interest Payable	\$ 745,808	\$ 448,594
Accrued Expenses and Other Liabilities	14,579,101	14,063,128
Members' Shares and Deposits	1,470,040,024	1,384,213,901
TOTAL LIABILITIES	\$ 1,485,364,933	\$ 1,398,725,623
Regular Reserves	9,613,040	9,613,040
Undivided Earnings	188,004,881	168,165,690
TOTAL MEMBERS' EQUITY	\$ 197,617,921	\$ 177,778,730
TOTAL LIABILITIES AND EQUITY	\$ 1,682,982,854	\$ 1,576,504,353

Statements of Income

	2019	2018
INCOME		
Loan Interest Income	\$ 48,197,574	\$ 39,305,808
Investment Income	5,565,592	7,003,637
Fees and Other Income	31,301,784	23,612,236
TOTAL INCOME	\$ 85,064,950	\$ 69,921,681
EXPENSES		
Compensation & Benefits	27,356,830	25,023,692
Office Operations and Loan Servicing	16,002,100	13,419,531
Occupancy	3,215,498	2,380,701
Other	5,905,749	5,316,401
TOTAL OPERATING EXPENSES	\$ 52,480,177	\$ 46,140,325
INCOME FROM OPERATIONS		
Provision for Loan Losses	4,181,495	3,632,373
INCOME BEFORE CAPITAL COSTS	\$ 28,403,278	\$ 20,148,983
Dividend and Interest Expense	11,299,907	7,691,655
NET INCOME	\$ 17,103,371	\$ 12,457,328

Years Ended December 31, 2019 and December 31, 2018

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

With committed leadership from our Board of Directors, and solid execution of our management team and staff, AmFirst experienced another stellar year of performance in 2019. Among the notable milestones achieved during 2019 were:

- 22,276 new members joined the credit union, extending total membership to just over 174,000
- \$624 million in new loans were granted, surpassing the previous year's total by \$61 million
- Highest volume provider of point of sale auto and boat loans in Birmingham metro area with a 7.36% market share
- Eclipsed \$86.5 million in assets under management in our America's First Financial program
- Returned \$11.3 million in dividends and interest to our members
- Opened 13,725 new checking accounts
- Launched a revised state-of-the-art website
- Welcomed 44 new Benefit Partners
- Conducted 422 enrollments at existing Benefit Partner locations
- Maintained a 98% member satisfaction rating throughout the year
- Participated in 888 community events
- Completed the Main Office Campus expansion
- Held grand opening for new Talladega branch
- Began construction on new leased locations in Pell City and Calera
- Employees used 1,739 volunteer hours in the communities we serve
- Raised a record \$120,000 for our Community First campaign, benefitting three worthy non-profits
- Top tier finalist in Best Places to work in both Birmingham and state-wide categories



America's First Executive Team (L to R): Alan Stabler, EVP-CAO General Counsel; Audra Weber, SVP- Chief Operating 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 that includes two new branch locations set to open in 2020. On behalf of our volunteers, management team, and staff, it has been both a privilege and pleasure to serve you during 2019. Despite the current headwinds brought about by the coronavirus pandemic, 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.

Community Report

During 2019, AmFirst employees participated in nearly 900 community events, including festivals, walks, races, blood drives, and chamber of commerce events. Employees volunteered over 1,700 hours to serve at various local organizations, including Jones Valley Teaching Farm, Alabama Institute for the Deaf and Blind, Sight Savers America, The Red Barn, and many others. During the holiday season, AmFirst continued our participation in the City of Birmingham Mayor's Office Division of Youth Services Holiday Toy Drive that assisted over 500 very deserving families as well as the Habitat for Humanity Home for the Holiday home build.

We celebrated another successful year of our Community First campaign raising \$120,000 for our three recipients, American Foundation for Suicide Prevention- Alabama Chapter, Aletheia House, and Sight Savers America. Each year, our employees select three nonprofit agencies in our communities to be the recipients of our Community First campaign. Funds are raised through events such as our annual Golf and Sporting Clays charity tournaments, internal fundraisers, and 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 2019 another successful year of fundraising and supporting our communities. In 2019, AmFirst also began working to formally establish the AmFirst Foundation to help us make an even more significant impact in the local nonprofit community.

AmFirst is proud to support education in many facets. In 2019, we renewed our sponsorship of the "Rising Star" program that recognized 30 local high school students and awarded five scholarships to help these outstanding students to continue their education. Since the program's inception in 2009, we have awarded \$120,000 in scholarships to graduating high school seniors. AmFirst continues to be the presenting sponsor of The Shelby County Chamber of Commerce, Educator and Student of the Year awards. This program recognizes excellence in Shelby County School classrooms. Additionally, AmFirst sponsors many events throughout the year that support local schools.

AmFirst remains committed to serving local businesses through our Benefit Partner Program. With our no-cost program, we offer companies and organizations exclusive membership benefits and free Financial Education Workshops. We conducted over 400 enrollments and 145 Financial Education Workshops in 2019 for local businesses, organizations, and schools. These Financial Workshops cover topics such as financial planning, identity theft, budgeting, and preparing to purchase your first home. We have worked diligently with many of the schools in Jefferson, Shelby, St. Clair Counties as well as Birmingham City to provide Financial Education to all grades and ages. AmFirst also offered Financial Wellness for nonprofit organizations such as Habitat for Humanity, United Way of Central Alabama, and Olivia's House to empower clients for future success. Through Financial Education, we can promote all services of the Credit Union and membership growth.

Our 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.

