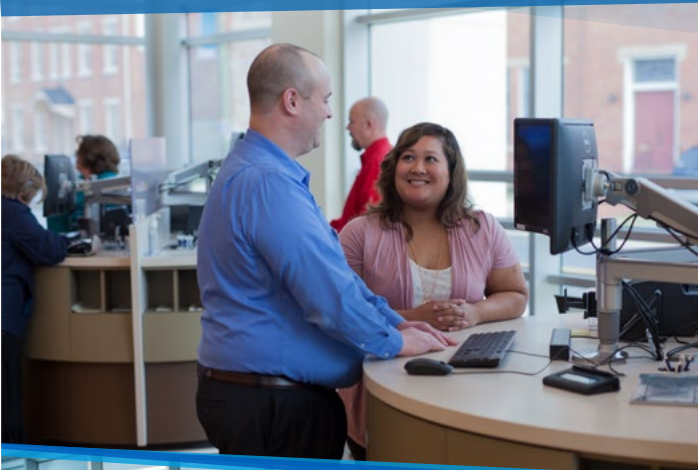


# Annual Report

2016



## Balance Sheet

ASSETS	2016 AMOUNT	2016 % OF ASSETS	2015 AMOUNT	2015 % OF ASSETS	DIFFERENCE
Loans To Members (Net Of Allow For Loan Loss)	\$ 823,992,124	75.53%	\$ 769,717,551	75.45%	\$ 54,274,573
Cash and Cash Equivalents	65,074,148	5.97%	57,330,031	5.62%	7,744,117
Investments	101,788,400	9.33%	104,475,102	10.24%	(2,686,702)
Accrued Income: Loans	2,013,991	0.18%	1,817,497	0.18%	196,494
Accrued Income: Investments	282,878	0.03%	334,597	0.03%	(51,719)
Building/Land (Net)	40,234,581	3.69%	31,764,254	3.11%	8,470,327
Furniture/Fixtures (Net)	6,305,168	0.58%	6,379,779	0.63%	(74,611)
NCUA Deposit	8,651,543	0.79%	7,990,887	0.78%	660,656
Other Assets	42,586,334	3.90%	40,418,168	3.96%	2,168,166
<b>TOTAL ASSETS</b>	<b>\$ 1,090,929,167</b>	<b>100.00%</b>	<b>\$ 1,020,227,866</b>	<b>100.00%</b>	<b>\$ 70,701,301</b>
LIABILITIES AND EQUITY					
Corporate Drafts Outstanding	\$ 4,404,153	0.40%	\$ 3,072,199	0.30%	\$ 1,331,954
Regular Shares/Clubs/IRA's	238,917,064	21.90%	210,103,919	20.59%	28,813,145
Money Market	283,586,416	25.99%	258,450,636	25.33%	25,135,780
Certificates	173,352,665	15.89%	184,313,073	18.07%	(10,960,408)
Checking	244,193,335	22.38%	216,735,397	21.24%	27,457,938
Accounts Payable	612,277	0.06%	438,291	0.04%	173,986
Loans Payable	33,613,179	3.08%	43,690,264	4.28%	(10,077,085)
Other Liabilities	10,948,861	1.00%	8,061,545	0.79%	2,887,316
<b>TOTAL LIABILITIES</b>	<b>\$ 989,627,950</b>	<b>90.71%</b>	<b>\$ 924,865,324</b>	<b>90.65%</b>	<b>\$ 64,762,626</b>
EQUITY					
Reserves	\$ 19,899,638	1.82%	\$ 19,899,638	1.95%	\$ -
Accumulated Other Comprehensive Loss (OCL)	(7,968,251)	-0.73%	(7,630,473)	-0.75%	(337,778)
Retained Earnings	89,369,830	8.19%	83,093,377	8.14%	6,276,453
<b>TOTAL EQUITY</b>	<b>\$ 101,301,217</b>	<b>9.29%</b>	<b>\$ 95,362,542</b>	<b>9.35%</b>	<b>\$ 5,938,675</b>
<b>TOTAL EQUITY (EXCLUDING OCL)</b>	<b>109,269,468</b>	<b>10.02%</b>	<b>102,993,015</b>	<b>10.10%</b>	<b>6,276,453</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,090,929,167</b>	<b>100.00%</b>	<b>1,020,227,866</b>	<b>100.00%</b>	<b>70,701,301</b>

## Income Statement

INCOME	2016 AMOUNT	2016 % OF GROSS INCOME	2015 AMOUNT	2015 % OF GROSS INCOME	DIFFERENCE
Loan Interest	\$ 34,511,202	67.19%	\$ 30,750,061	65.87%	\$ 3,761,141
Investment Income	2,056,255	4.00%	2,010,584	4.31%	45,671
Other Income	14,571,732	28.37%	13,759,398	29.48%	812,334
Gain (Loss) On Investments	208,841	0.41%	266,952	0.57%	(58,111)
Gain (Loss) Disposition Of Assets	12,733	0.02%	(106,734)	-0.23%	119,467
<b>TOTAL GROSS INCOME</b>	<b>\$ 51,360,763</b>	<b>100.00%</b>	<b>\$ 46,680,261</b>	<b>100.00%</b>	<b>\$ 4,680,502</b>
EXPENSES					
Staff Compensation/Benefits	\$ 19,906,727	38.76%	\$ 17,269,751	37.00%	\$ 2,636,976
Training/Staff Development	535,066	1.04%	439,169	0.94%	95,897
Association Dues	103,653	0.20%	80,261	0.17%	23,392
Cost of Space	1,699,366	3.31%	1,396,081	2.99%	303,285
Cost of Operations	9,182,882	17.88%	7,603,634	16.29%	1,579,248
Marketing/Promotions	1,558,649	3.03%	1,262,819	2.71%	295,830
Annual Meeting/BOD Election	29,537	0.06%	6,304	0.01%	23,233
Provision For Loan Losses	2,233,963	4.35%	1,655,521	3.55%	578,442
Professional Services	575,255	1.12%	826,153	1.77%	(250,898)
Loan Expenses	2,526,425	4.92%	2,123,649	4.55%	402,776
Borrowed Money Expense	1,101,137	2.14%	1,288,004	2.76%	(186,867)
Miscellaneous Expense	104,497	0.20%	393,297	0.84%	(288,800)
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 39,557,157</b>	<b>77.02%</b>	<b>\$ 34,344,643</b>	<b>73.57%</b>	<b>\$ 5,212,514</b>
PAID TO MEMBERS					
Certificate Interest	\$ 2,007,739	3.91%	\$ 2,350,197	5.03%	\$ (342,458)
Dividends	3,519,414	6.85%	3,108,966	6.66%	410,448
<b>TOTAL PAID TO MEMBERS</b>	<b>\$ 5,527,153</b>	<b>10.76%</b>	<b>\$ 5,459,163</b>	<b>11.69%</b>	<b>\$ 67,990</b>
<b>ADDED TO EQUITY</b>	<b>\$ 6,276,453</b>	<b>12.22%</b>	<b>\$ 6,876,455</b>	<b>14.73%</b>	<b>\$ (600,002)</b>

## Board of Directors

DCCU's Board of Directors is comprised of members who volunteer their time and expertise to the membership by overseeing the management of the credit union. Board members serve three-year terms and are elected by you, the members.

- Everett J. Campbell, Jr.** *Chairman*
- Maurice Gresham** *Vice Chairman*
- Leslie E. Ramsey** *Treasurer*
- Lynn Wagner** *Secretary*
- Timothy M. Simmons** *Director*
- Daniel L. Bowman** *Director*
- Michael Blinn** *Director*
- Dr. Drew Ellen Gogian** *Associate Director*
- Steve F. Elkins** *President/CEO*

## Governance Committee

Responsible for ongoing review and recommendations concerning the governance of the credit union to enhance the leadership quality, effectiveness and strategic impact of the Board and all elements of the governance structure; and, to refresh and renew the Board through a thoughtful Board member nomination and development process:

- Michael Blinn** *Chairman*
- Maurice Gresham** *Director*
- Dr. Drew Ellen Gogian** *Associate Director*
- Mary Louise Leake** *Member*



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Everett J. Campbell, Jr.  
Chairman of the Board

## Chairman's Report

DuPont Community Credit Union (DCCU) experienced another positive year in 2016 as we focused on continuing our commitment to the membership and our community.

### HIGHLIGHTS FROM 2016 INCLUDE:

- Thanks to our continued mortgage focus, we originated \$101.5 million in real estate lending in 2016. DCCU remains committed to becoming the premiere real estate lender in the Shenandoah Valley.
- Additionally, we originated \$84.3 million in auto, credit card, and home equity loans; and \$15.1 million in member business loans.
- Gerald Hershey announced his retirement as President/CEO at 27 years of service to DCCU. Steve Elkins, Executive Vice President and Chief Operating Officer, was named as his successor.
- We selected MasterCard® as our new member payment provider. This partnership enabled us to issue new debit and credit cards equipped with EMV chip technology, which increases card data security and reduces chances of fraud, while offering the best combination of convenience and added benefits for the membership.
- In 2016, we completed the transformation of our Riverside Member Center located in Waynesboro. We also began construction on our Downtown Staunton Member Center, a full-service ATM in Grottoes, and announced our fourth Harrisonburg location – all expected to be completed in 2017.
- We partnered with GreenPath Financial Wellness to help expand our commitment to improving the lives of our members through valuable financial education, information, and resources.
- Each year, DCCU employees select a corporate charity to support. In 2016, DCCU donated over \$11,000 and volunteered over 70 hours which benefited local homeless shelters. Through our "Help for the Homeless" donation drive, we collected 54 boxes filled with daily household supplies, weighing approximately 1,300 pounds.
- Employees also raised over \$22,000 and volunteered over 200 hours to benefit the United Way organizations of Greater Augusta, Harrisonburg and Rockingham County, the Northern Shenandoah Valley, and Rockbridge County.

These highlights reflect DCCU's focus on putting our members first, providing quality products and services, and helping our community. We are excited about 2017 and the many years ahead. On behalf of the Board of Directors and the staff of DuPont Community Credit Union, thank you for your membership and for your continued support of our financial cooperative.

## Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors to oversee the operation of the credit union. The Committee acts as your member advocate. It strives to assure members that DCCU is operated in a financially safe and sound manner so that member assets are protected.

The Committee is currently composed of the following four members: Bruce Hamrick (Chairman); Ron Harlow (Secretary), Gene Walker (Member) and Ken Hawkins (Associate). As in the past, the Committee is ably assisted by the Internal Audit team, headed by its Director Alan Christopher.

As required by law, an Annual Opinion Audit was performed by the independent CPA firm, CliftonLarsonAllen. The report stated that DCCU's financial statements were prepared in accordance with accepted accounting principles. The auditors noted only minor exceptions that were promptly corrected by DCCU staff.

Also during 2016, a routine joint examination was performed by Virginia and NCUA examiners. That report gave DCCU good ratings for financial safety and soundness. All recommendations in the report were promptly responded to by the Board and management.

DCCU continues to work hard to protect members from fraud. However, an important part of fraud reduction is member vigilance. This Committee urges each member to routinely monitor all of his or her DCCU statements and/or accounts and report any suspicious activity promptly.

In summary, your credit union is operated in a safe and sound manner and continues to be in excellent financial condition.



Leslie E. Ramsey  
Treasurer

## Treasurer's Report

The 2016 financial performance and accomplishments are reflected by category in detail below.

### GROWTH

Assets grew at a rate of 6.9% or \$70.7MM ending 2016 at \$1.09B. Member savings grew 8.1% or \$70.4MM during 2016. The ratio of our loans to assets remained at 75.5%. Total loans outstanding increased by 7.1% or \$54.3MM. The investment portfolio decreased 2.6% or \$2.7MM during the year. All of our investments are issued by the U.S. Treasury, U.S. Government Sponsored Enterprises, or insured institutions.

Figure 1 Assets, Savings, Loans (Millions of dollars)

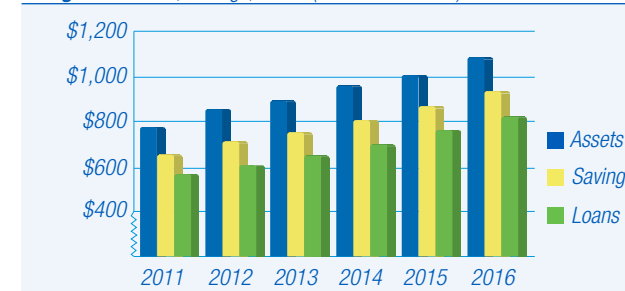
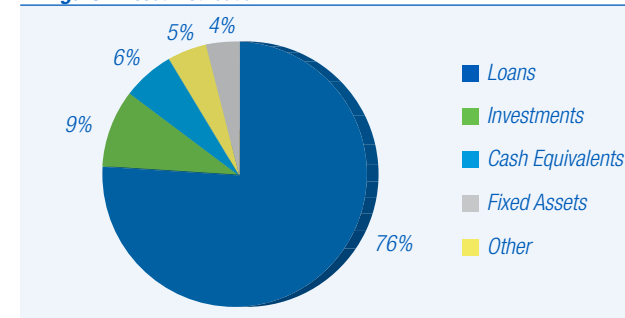


Figure 1 illustrates the 6-year relationship of assets, savings and loans, while Figure 2 shows the distribution of assets.

Figure 2 Asset Distribution



### NET INCOME

Net Income for 2016 was \$6.3MM, a decrease of \$0.6MM. Dividends and interest paid to members totaled \$5.5MM, an increase of \$0.1MM or 1.2% compared to 2015.

Figure 3 Distribution of Income

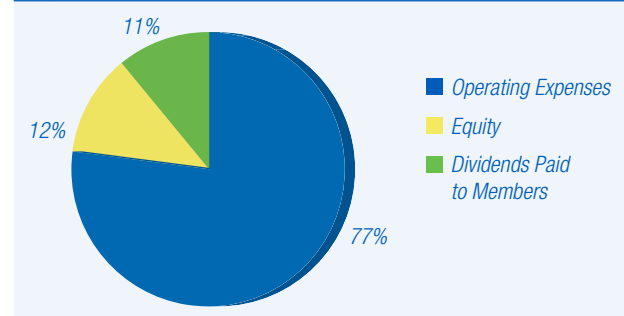


Figure 3 illustrates the distribution of income.

### EQUITY (NET WORTH)

Our equity ratio decreased to 10.02% of assets at year-end as compared to 10.10% at year-end 2015. The \$101.3MM of equity helps maintain our sound financial position, and benefits both savers and borrowers as it provides a cushion for loan losses and other economic pressures that may arise.

Figure 4 Equity (Millions of dollars)

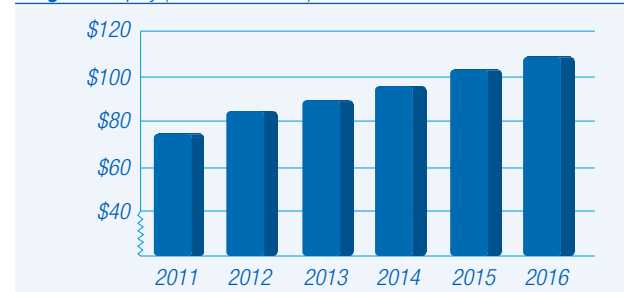


Figure 4 shows equity in dollars for the past 6 years.

### LOAN QUALITY

Our delinquency rate (based on all loans) increased from 0.39% at year-end 2015 to 0.46% at year-end 2016. Net write-offs in 2016 were \$1.9MM or 0.24% of average loans, compared to \$2.0MM or 0.27% in 2015. These ratios continue to outperform industry averages.

### SUMMARY

These financial results reflect strong performance and stability in DCCU's Balance Sheet. This strong position will enable DCCU to continue providing various forms of member-giveback and to make investments in our products, services, and delivery channels.

We look forward to another strong year in 2017 and, as always, appreciate your cooperation and support!