

ANNUAL 20
REPORT 17

THE POWER OF
you

our
PURPOSE

We are in business to help people get more out of their finances throughout their lives. We focus on offering trusted advice and better value on the financial services people use every day.

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letter from
THE CHAIRMAN



Founded on the principle of putting people first and helping them achieve their financial goals, credit unions exist to extend value to their members. Profits are reinvested directly with members — not shareholders — in the form of competitive deposit and loan rates, superior service, no or low fees and access to emerging technologies and conveniences.

As part of belonging to a member-owned, not-for-profit entity, each member is invested and shares in the institution's success. This cooperative structure is the fundamental difference between credit unions and banks. Delta Community has successfully cared for and invested in our members for nearly eight decades. We continued this legacy in 2017 through a number of noteworthy initiatives and programs that strengthen our level of service; commitment to developing life-long relationships; and economic support of our local communities.

We opened a new free-standing, full-service branch in Alpharetta — our 27th location overall and 24th in metro Atlanta. Our Peachtree City Wisdom Road, Vinings and Sandy Springs branches marked their 10th anniversaries. And, our Salt Lake City Airport branch celebrated 30 years of operation.

We deployed new technology in all branches to facilitate paperless teller transactions. Members now provide their requests verbally to the tellers and confirm the transaction on a pop-up screen after they authenticate by swiping their Visa card or entering their member number and other confidential data. We also increased staffing in our Member Care Center and extended our hours during the week, as well as added a shift on Saturday. Although we still partner with a U.S. based third-party call center provider

to offer support overnight and on Sundays, our employees now handle almost 80 percent of the 100,000+ calls we receive on a monthly basis.

Delta Community continued to serve as a proactive corporate citizen. We invested \$560,000 in local communities through sponsorships, donations and involvement in 15 chambers of commerce. Our Philanthropic Grants program completed its fifth year, and we received a record number of applications from local charitable organizations. Our employee-led committee issued 22 grants totaling \$100,000 in support of financial literacy, jobs training and wellness programs that benefited 250,000 people. Additionally, the Credit Union awarded \$30,000 in college scholarships; facilitated more than 125 financial education workshops for students at 100 different high schools; and provided funding for a credit union storefront in Junior Achievement's Discovery Center at Gwinnett.

The Georgia Credit Union Affiliates honored our Financial Education Center with its 2017 Desjardins Award for outstanding achievement in adult financial education, and the Credit Union National Association recognized us as a finalist at the national level. Now in its second year, our Financial Education Center has provided our members with access to more than 120 free financial education workshops on a variety of topics, including budgeting, car and home buying, identity theft and the basics of investing. Approximately 2,000 members took advantage of these classes and gave us high marks for our staff's expertise and the usefulness of the information we shared. These efforts also included 10 Cool Cash Money Camps, a popular, interactive summer camp we introduced several years ago for parents to attend with their children ages 8 to 11.

I could not be more pleased or gratified by our employees' efforts to provide members as well as the public at large the understanding and support needed to make smart, sustainable financial decisions. It is a vital, honorable service and one that is more relevant than ever as consumers are overwhelmed by the options available in the marketplace today.

Thanks to the continuing loyalty and support of our valued members, Delta Community exists as Georgia's largest credit union and one of the largest financial services providers in the state. The other professionals who serve with me on the Board of Directors feel as privileged to represent you as I do, and we will continue to work with Delta Community's employees to deliver the personalized care, honest advice and superior value credit unions are specifically designed to provide.

A handwritten signature in black ink that reads "Jim Duffley". The signature is written in a cursive, flowing style.

Jim Duffley



Delta Community continued to build on the successes of the past several years as our employees achieved new heights by working together and staying focused on the needs of the 370,000 members we are fortunate to serve.

We delivered exceptional financial results again in 2017 and further strengthened Delta Community's capital position and underlying fundamentals. Our net income totaled \$44.5 million, and assets grew to \$5.6 billion, representing a year-over-year increase of \$277 million or 5.0 percent. The Credit Union's net worth or equity ratio rose to 11.97 percent, which is the best year-end mark since 2008.

This financial performance is noteworthy and beneficial to members for a couple of reasons. One, net income is still robust in spite of the earnings pressures all financial institutions are experiencing today. Significant improvements in the labor markets as well as in consumer and corporate spending over the past year have led to a tightening of the money supply and higher interest rates. Income margins for financial institutions will narrow in the short-term as funding costs rise more quickly than asset yields. Two, net income adds to our retained earnings or equity. Higher equity enables Delta Community to deliver more consistent, superior value to members when the economy slows.

Disciplined cost control and resource allocation throughout 2017 also afforded us the opportunity to make meaningful investments in the Credit Union's products, technology and infrastructure to enhance our member service, employee engagement and competitive position.

Our membership grew by 20,000 net new members or 5.70 percent. Sixty percent of the new members consist of young adults who

comprise the Gen Y and Gen Z segments. Our growth rate with these segments is ahead of peer institutions, and we welcome the opportunity to serve them as they start their careers and families. We raised deposit rates twice during the year in response to moves by the Federal Reserve and provided members with an opportunity to earn three-times the average yield on a one-year CD through a special promotion in November and December that attracted \$118 million in deposits. We also originated \$454 million in consumer loans; \$533 million in home loans; and \$55.6 million in commercial loans. Based on this demand, the balance of our direct loan portfolio increased by \$302 million or 10.85 percent.

Alpharetta, Georgia was selected as the site for our 27th full-service branch given the number of existing members who already live in the area along with its long-term growth trend. Local residents welcomed the investment we made in a vacant bank building we remodeled as well as our entry into the market as there had been few credit unions open to them with the same breadth of services as ours. We will continue to add new branches strategically and have already announced plans in 2018 to open a second location in Newnan, our 28th branch, and relocate our Snellville branch to a larger space in the same shopping center. Additionally, we expanded our facilities in Vinings to create a corporate campus where we can accommodate the majority of our administrative and support teams in one location. This consolidation is aiding communication, collaboration and productivity.

I marked my fifth year as Delta Community's CEO in January 2018. From the time I was awarded this privilege, I have focused on two metrics as key indicators of the Credit Union's health and success, namely member and employee satisfaction. Both of these metrics hit new highs in 2017. We earned a Net Promoter Score® of 71 in our annual member survey, which ranks in the 90th percentile among credit unions and is double the average for banks. Delta Community was also recognized as one of Atlanta's Best Places to Work by the *Atlanta Business Chronicle* for a third consecutive year based on the pride and commitment of our employees. These marks are encouraging, but we do not take them for granted and will continuously aim higher.

I want to personally thank our members, directors, committee members and employees for their support and contributions. Delta Community continues to have a unique, worthwhile mission, and we generated excellent results together in 2017.

A handwritten signature in black ink that reads "Hank Halter". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Hank Halter

The Supervisory Committee has two primary responsibilities:

- 1) To ensure that a comprehensive financial audit of the Credit Union is performed at least annually; and
- 2) To monitor the Credit Union's internal controls to help ensure compliance with applicable laws, regulations and the Credit Union's policies.

The Committee has engaged CliftonLarsonAllen, LLP, an independent public accounting firm, to perform the financial audit for calendar year 2017. The final 2017 report is expected by the end of April 2018. Additionally, examiners from the Georgia Department of Banking and Finance and the National Credit Union Administration (NCUA), a federal regulatory agency, conduct separate annual reviews of the Credit Union to evaluate the financial condition, the safety and the soundness of the Credit Union, and compliance with applicable laws and regulations.

As part of its responsibility to monitor the Credit Union's internal controls and compliance, the Committee oversees the internal audit function of the Credit Union. Working on the Committee's behalf, the Corporate Audit department performs auditing procedures to obtain reasonable assurance that internal controls are in place and are followed to protect member assets. Corporate Audit reviews and tests operational controls for adequate security and verifies Delta Community's compliance with state, federal and NCUA regulations and adherence to Delta Community's own written policies and procedures. Management and the Supervisory Committee periodically review the Credit Union's internal audit plan to assess and, under the guidance of the regulatory agencies, oversee the remediation of potential risks to the Credit Union's network; system and data security; privacy policies; business continuity; risk management; and related matters.



As a result of the internal and external audits, regulatory examinations and meetings with the Credit Union's management and members of the Corporate Audit department, we believe the Credit Union's financial condition and its internal controls and procedures are sound.

We extend our thanks to all committees and Delta Community employees for their assistance with the Credit Union's auditing and compliance functions.

A handwritten signature in black ink that reads "Esther L. Hammond". The signature is written in a cursive style.

Supervisory Committee Chairwoman

YEAR IN 20 REVIEW 17

quarter 1

JANUARY

- Issued first two awards of the 2017 Philanthropic Fund, as part of investing \$100,000 in 22 charitable organizations serving metro Atlanta

FEBRUARY

- Integrated Apple Pay, Android Pay and Samsung Pay
- Membership surpassed 350,000

MARCH

- Celebrated 10th anniversary of Peachtree City Wisdom Road branch
- Launched Member Service Platform in Member Care Center, providing agents with a consolidated information platform to assist members
- Completed implementation of Paperless Banking in all branches

quarter 2

APRIL

- Retired bank-by-phone/Automated Response Unit, also known as Audioline, and migrated transactions to Interactive Voice Response (IVR) unit
- Achieved record performance in Member Care Center for average speed of answering, call handling time, and call abandonment rate following integration of Member Service Platform
- Won two Credit Union National Association (CUNA) Diamond Awards for creative excellence and outstanding results in marketing and advertising
- Launched new commercial banking website

MAY

- Board Chairman Jim Diffley honored with Georgia Credit Union League Lifetime Achievement Award
- Opened Alpharetta branch — the 24th metro Atlanta branch and 27th overall
- Awarded a total of \$20,000 to five Scholarship Program winners in 12th annual Scholarship Program

JUNE

- Field of Membership extended to include anyone working in our 11-county metro area
- Hosted first-ever Adult Simulation Class at Junior Achievement Finance Park
- Replaced 29 older ATMs with new, state-of-the-art, chip-enabled machines with additional features

quarter 3

JULY

- Welcomed a record 24 students to High School Apprenticeship Program, an annual work-study opportunity for rising seniors
- Cool Cash Money Camps held for nearly 250 parents and children ages 8-11
- Reopened Delta Air Lines General Offices branch in new, upgraded location
- Established IVR PIN set up in Mobile Banking
- Launched refreshed Refer-a-Friend program with new online microsite
- Celebrated one-year anniversary of Financial Education Center that offers free member workshops

AUGUST

- Highest rating in annual member satisfaction survey in nine years
- Awarded two Visa® Global Service Quality Awards for superior performance with transaction authorizations and international cash withdrawals
- Opened Riverwood 200 as part of Vinings Campus administrative center, which includes a conference center with 8,000 square feet of event space
- Named by the Georgia Credit Union Affiliates as the 2017 Desjardins Adult Financial Education Award winner for Financial Education Center

SEPTEMBER

- Named as one of the *Atlanta Business Chronicle's* "Best Places to Work in Atlanta" for third consecutive year
- Celebrated 10th anniversary of Vinings branch

quarter 4

OCTOBER

- Received CUNA Operations & Member Experience Council Excellence Award for EUREKA! Sales & Service Excellence Program
- Celebrated 30th anniversary of Salt Lake City branch

NOVEMBER

- Announced Philanthropic Fund to invest \$105,000 in 22 metro Atlanta charities in 2018
- Tussahaw Elementary Junior Beta Club named winner of \$10,000 Give-back Giveaway Promotion with Star 94.1
- Completed Vinings Campus relocation of 22 departments and more than 300 employees
- Completed Virginia Avenue Data Center move to state-of-the-art facility in Franklin, TN

DECEMBER

- Launched new personal finance tool in online and mobile banking, with a streamlined responsive user interface
- Celebrated 10th anniversary of Sandy Springs branch
- Awarded a total of \$8,000 to four students attending Historically Black Colleges or Universities
- Rated one of the best Mobile Banking apps by *Magnify Money* for the second consecutive year
- Membership reached nearly 370,000

ASSETS
(\$ IN 000s)

2012	\$4,365,300
2013	\$4,499,200
2014	\$4,662,300
2015	\$4,882,500
2016	\$5,294,500
2017	\$5,571,200

DEPOSITS
(\$ IN 000s)

2012	\$3,888,400
2013	\$3,986,200
2014	\$4,093,800
2015	\$4,265,800
2016	\$4,612,100
2017	\$4,840,000

LOANS
(\$ IN 000s)

2012	\$2,665,200
2013	\$2,745,600
2014	\$3,104,800
2015	\$3,540,800
2016	\$4,023,200
2017	\$4,367,700

MEMBERSHIPS

2012	271,100
2013	292,000
2014	311,300
2015	332,300
2016	350,000
2017	369,900

statement of

FINANCIAL CONDITION

As of December 31, 2017

UNAUDITED

assets (\$ in 000s)	2017	2016
Cash	\$ 58,199	\$ 47,503
Receivables	40,677	40,242
Loans, Net	4,334,624	3,994,801
Net of allowances for possible loan losses and deferred income (expense) relating to mortgage originations		
Investments	941,795	1,025,926
Accrued Interest	13,315	12,420
Prepaid and Other Assets	82,256	75,957
Property, Equipment and Leasehold Improvements, at Cost, Net of accumulated depreciation and amortization	100,344	97,652
Total Assets	\$ 5,571,210	\$ 5,294,501
liabilities and equity		
Accounts Payable	\$ 70,481	\$ 65,962
Member Deposits	4,840,037	4,612,072
Equity	660,692	616,467
Total Liabilities and Equity	\$ 5,571,210	\$ 5,294,501

statement of
OPERATIONS
 As of December 31, 2017
 UNAUDITED

revenues (\$ in 000s)	2017	2016
Interest on Loans	\$ 170,615	\$ 155,402
Interest on Investments	12,895	12,759
Fees	20,173	19,029
Miscellaneous	44,973	45,901
	\$ 248,656	\$ 233,091
expenses		
Salaries	\$ 84,769	\$ 75,128
Training	871	768
Office Occupancy	8,880	6,991
Loan Servicing	16,660	16,957
Advertising	4,087	4,318
Office Expenses	8,329	8,126
Depreciation and Amortization	5,697	4,833
Checking Accounts	3,739	3,285
Debit Card	14,257	13,579
Shared Branches	1,164	1,152
Professional and Outside Services	7,339	6,733
Other Expenses	9,332	8,427
Provision for Loan Losses	25,235	18,440
	\$ 190,349	\$ 168,737
cost of funds		
Interest on Borrowings	\$ 85	\$ 51
Dividend Expenses	13,688	12,099
	\$ 13,773	\$ 12,150
Net Income	\$ 44,534	\$ 52,204

BOARD OF DIRECTORS



Jim Diffley
Chairman

Lem Wimbish
Secretary/Treasurer

Allison Ausband
Board Director

Hank Halter
Board Director & CEO

Matthew Sullivan
Board Director

Linda O'Shea
Vice Chairman

Alan Arnold
Board Director

Charlie Boyajian
Board Director

Esther Hammond
Board Director

Robin Stricklin
Board Director

EXECUTIVE MANAGEMENT



BACK ROW FROM LEFT TO RIGHT:

Jay Gratwick (EVP & Chief Financial Officer)

Bob Walsh (EVP & Chief Lending Officer)

Bill Mesplay (SVP, Remote Delivery Channels)

Tim Mitchell (SVP & Chief Information Officer)

Pam Davis (SVP, Branch Delivery & Operations)

Bill Buchanan (SVP & Chief Risk Officer)

Suzanne Mitchell (SVP & Chief Human Resources Officer)

FRONT ROW FROM LEFT TO RIGHT:

Bob Manning (SVP & General Counsel)

Hank Halter (Chief Executive Officer)

Matthew Shepherd (EVP & Chief Operating Officer)

our
VISION

We want to be metro Atlanta's preferred place to bank, known for providing our members with honest value, superior service and trusted advice.



facebook.com/DeltaCommunity



[@Delta Community](https://twitter.com/DeltaCommunity)



[@DeltaCommunity](https://instagram.com/DeltaCommunity)



DeltaCommunityCU.com



800.544.3328



NCUA

This credit union is federally insured by the National Credit Union Administration.

THE POWER OF
you