

A YEAR OF

reach AND results

two-thousand and seven annual report

2007

OUR EVOLVING
expansion
HAS CREATED AN
impact
THAT CAN BE
seen, measured
and felt.

\$10 million
results
2007
reach 170,000
growth

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\$2.6 billion

Chairman's Report

The Board of Directors, which is made up of volunteers, acts on your behalf to make major decisions in the best interest of **our members, now totaling more than 170,000**. Our goal is to expand the credit union to better serve our members, while maintaining our solid reputation of integrity and financial strength, ensuring our long-term stability and continuing our commitment to service excellence.

Our world is rapidly changing and is affected by both economic and environmental issues. Delta Community is aware of how these outside influences can affect the unique needs of our members. When such factors impact our members, we take them into consideration in the business decisions we make. Over the years, during both good and bad economic times, the credit union has helped thousands of families buy their first home, purchase a new car, save for their children's education and invest in secure retirements.

The credit union is regulated by the Georgia Department of Banking and Finance and the National Credit Union Administration (NCUA). The safety and security of your money is of the utmost importance to the credit union, which is insured through the National Credit Union Share Insurance Fund (NCUSIF), a division of the NCUA, a federal government agency. The insured amount under current law is at least \$100,000 for savings accounts and up to \$250,000 for IRAs. Deposit accounts maintained in different rights, capacities or forms of ownership may be separately insured.

We owe our progress and success to our members, our talented staff and our dedicated Board. I want to take this opportunity to thank my fellow Board members for the many volunteer hours they've spent to ensure that Delta Community's position as an outstanding leader in the financial industry remains strong. I also want to express the Board's appreciation for the credit union's employees. Our staff worked hard to make the credit union operate smoothly and to provide superior member service throughout the year. Lastly, I particularly thank you, our members, for your loyal business and solid support.



JIM DIFFLEY
CHAIRMAN OF THE BOARD

\$2.6
billion
IN ASSETS



unwavering
FINANCIAL
strength



President & CEO's Message

2007 was a very successful year for the credit union, and I am happy to share with you some of the most significant results. It was a year when our goals pushed us to reach high and the results were outstanding. We ended the year with **assets of \$2.6 billion**, up 14% from the beginning of the year. This performance reflects significant increases in both loans and deposits. Total deposits rose by 14% to \$2.1 billion, while our total loan portfolio grew to \$1.6 billion, up 16% for the year.

We shared 2007's successes with members by giving back **\$10 million in Patronage Rewards**. The Patronage Dividend equaled 7.5% of the total interest earned on deposits. The dividend applied to active Savings, Checking, Individual Retirement Accounts, Certificate of Deposit, Money Market and Business Deposit Accounts that were open during 2007. We also paid a Patronage Refund of 5.5% based on the loan interest paid by members during 2007 on consumer, business and mortgage loans. Sharing the credit union's financial successes with our members is important to the staff and Board of Directors of Delta Community. It's one of the major differences between our credit union and other financial institutions. Simply put, it is what makes us a better choice for our members.

Membership in Delta Community is now available to the residents of ten metro-Atlanta counties. Following the approval by the Georgia Department of Banking and Finance, we added Cherokee, Clayton, DeKalb and Forsyth Counties to the list of residential communities we serve. Additionally, we added **59 companies and associations to our field of membership**. Branch growth continued at a well-planned pace with the opening of three new branches in 2007 and one in early 2008. In addition to three out-of-state branches, we now have 12 locations throughout the metro-Atlanta area with plans to open at least three more in the next twelve months. Strategically locating branches in high-growth areas attracts new members and creates the potential to grow deposits and generate additional loans which benefits our existing membership and allows us to serve you better.

Late in 2006, we began offering small business accounts to a group of members with business banking needs. By the end of 2007, a full suite of services for small business owners was available and more than **160 business owners** became credit union members. The business loan portfolio totaled more than \$16 million at the end of the year. Companies located in the 10 counties within our field of membership may join, and we are also actively pursuing relationships with trade associations and franchises that would allow us to reach other small business owners who could benefit from our offering.

We recognize that in order to be your financial partner, we must listen to your needs so we can continue to offer products and services that will help you meet your financial goals. In 2007, we added several convenient and competitive products, including Money Market Accounts and additional Online Banking services, such as eAlerts and Account to Account Transfers (A2A).

Our commitment to conservative, sound financial management is unwavering, and our adherence to prudent lending guidelines protects us from the problems many financial institutions face as a result of their sub-prime lending policies. While Delta Community enjoys a strong financial position, we will be ever diligent in protecting your assets as we enter an economic period of some uncertainty. We can look ahead with confidence, knowing that we have the resources to continue to provide you with exceptional products and services that enhance the value of your Delta Community membership.

Thank you for your ongoing and loyal support.



RICK FOLEY
PRESIDENT & CEO

\$10
million

IN PATRONAGE REWARDS
GIVEN BACK TO OUR MEMBERS

how does that make you feel?

Delta Community Leadership



Board of Directors

Jim Diffley **CHAIRMAN**
Allison Ausband **VICE CHAIRMAN**
Linda O'Shea **SECRETARY/TREASURER**
Walter Brill
Charlie Boyajian

Rick Foley **PRESIDENT & CEO**
Hank Halter
Esther Hammond
Robin Stricklin
Lem Wimbish

BOARD OF DIRECTORS PICTURED

Front row, left to right:
Rick Foley, Allison Ausband, Esther Hammond and Jim Diffley

Back row, left to right:
Robin Stricklin, Lem Wimbish, Charlie Boyajian, Linda O'Shea

Not pictured:
Hank Halter and Walter Brill

Supervisory Committee

Walter A. Brill **CHAIRMAN**
Debbie Adan
Alan Arnold
Timothy Mitchell
Rick Price
David Rogers
Brad Strother
Bill Williams

Credit Committee

Robin L. Stricklin **CHAIRMAN**
Reynaldo Lado
Todd Marksberry
Carol Sundberg



Executive Team

Rick Foley **PRESIDENT & CEO**
Todd Marksberry **EVP & COO**
Jay Gratwick **EVP & CFO**
Debbie Adan **SVP, OFFICE OPERATIONS**
Bill Mesplay **SVP & CIO**

Jason Osterhage **SVP, LENDING & CORPORATE STRATEGY**
Matthew Shepherd **SVP, MARKETING & SALES**
Carol Sundberg **SVP, eCOMMERCE**

EXECUTIVE TEAM PICTURED

Front row, left to right:
Carol Sundberg, Jason Osterhage, Matthew Shepherd and Debbie Adan

Back row, left to right:
Todd Marksberry, Rick Foley, Jay Gratwick and Bill Mesplay

Leadership Team

June Albright **VP, AUDIT & LOSS PREVENTION**
Barb Baker **VP, CONTACT CENTER**
Charlotte Bennett, **VP, CONSUMER LENDING**
Larry Bloom **VP, BUSINESS & COMMUNITY DEVELOPMENT**
Becky Davis **VP, BRANCH OPERATIONS**
Pam Davis **VP, REAL ESTATE SERVICES**
Rob Elliott **VP, MEMBER SERVICE & LOYALTY**
Eric King **VP, BUSINESS SERVICES**
Matt Knighton **VP, IT PROGRAMMING**

Dana Macie **VP, IT OPERATIONS**
Jaye McMillan **VP, BRANCH OPERATIONS**
Suzanne Mitchell **VP, HR & TRAINING**
Amie Mize **VP, ACCOUNTING & CONTROLLER**
David Moye **VP, PROPERTIES & FACILITIES**
Sharon Odom **VP, STRATEGIC PLANNING & PERFORMANCE**
Mary Olson **VP, MARKETING**
Donnie Pardee **VP, CORPORATE INVESTMENTS**
Jan Tripp **VP, INVESTMENT & INSURANCE SERVICES**

3 NEW
branches

IN 2007

reaching out

IN

15

locations

CAN YOU

feel it?

2007 Year In Review

The credit union ended 2007 with great measurable results, and we have a lot of exciting things to share. As we reached new heights, our 170,000 members felt the benefits of membership. The most impressive benefit of all was the payout to members of \$10 million in Patronage Rewards.

Delta Community delivered value to our members throughout 2007 in the form of convenient and high-yield services. Money Market Accounts, which offer competitive dividends, were a great addition to our growing line of deposit products. Enhancements were added to Online Banking, including A2A transfers, a service that allows members to transfer funds electronically from an account at another institution into their Delta Community accounts or vice versa.

A special mortgage loan product was introduced to assist members purchasing or refinancing homes. The *Liberty Loan* offers no-closing fees, no private mortgage insurance (PMI) and no origination fee for eligible members. We completed staffing of our community branch locations with Home Loan Specialists to give members convenient access to knowledgeable staff and personalized service. The growth of the credit union's real estate portfolio in 2007 defied industry trends and underscored the strength of Delta Community's position as a mortgage lender members can trust.

We enhanced the Reward Points program by extending the expiration period for point redemption from three to five years. An online shopping site was introduced in a secure Internet environment making redemptions quick and easy. In December, the site was further enhanced with the addition of a robust search engine for travel and related services bringing a complete interactive experience to Reward Points for its 51,000 participants.

We had a busy year, attracting **14,765 new members**. We added a number of companies including Chick-Fil-A, PetSmart, Aaron Rents, Nestle, Purina and Yamaha Motors as employee groups and received approval from the Georgia Department of Banking and Finance to include Cherokee, Clayton, DeKalb and Forsyth counties as residential communities in our field of membership. Three new branches opened in 2007: Peachtree City (Wisdom Road) in April; Vinings (Cumberland Boulevard) in October; and Sandy Springs (Hammond Drive) in December. We have more locations scheduled to open in 2008, which will allow us to better serve existing and new members over the long term. ►



We made strides in serving as a good corporate citizen in the communities where we work and live. Our employees generously volunteered their time, energy and talents in a variety of causes. Through three of our official community sponsorships, our employees donated their time and raised money for Relay for Life, the Jesse Draper Boys & Girls Club and Christian City. We supported schools through the Partners in Education program; sponsored local teams; walked in parades and raised money for the Alzheimer's Walk and Special Olympics. Delta Community also contributed more than **\$82,000 to Children's Miracle Network (CMN)**. Since 1998 we have given \$342,000 to this worthy organization.

We take the credit union philosophy of “people helping people” very seriously, and work hard to make it a reality.

We were rewarded for our dedication to this philosophy as Delta Community won two coveted first place awards in 2007. Delta Community received the Louise Herring Philosophy in Action Award for giving back to our membership through our \$8.5 million Patronage Award in 2006. We were also awarded the Dora Maxwell Award for Social Responsibility for the Fiscal Fitness program, a financial literacy event that we developed as our community service initiative. ►

Delta Community partnered with Georgia State University and the Getting Ahead Association to sponsor the Fiscal Fitness program at the university. The event was designed specifically with college students in mind and provided information on the importance of maintaining good credit and avoiding fraud and identity theft. U.S. Congressman John Lewis (D-GA) opened the event with a speech to encourage young people to see credit as a responsibility that needs to be managed wisely. This education for young adults focused on the pros and cons of credit cards, student loans and sound advice on car buying and the importance of credit reports.

In 2007, Delta Community Credit Union awarded **three \$5,000 scholarships** to worthy students in the second year of the credit union's Scholarship Program. The students were chosen from more than 200 very talented applicants. The credit union selected its winners based on academic accomplishments, leadership and participation in both school and community activities and an essay on the value of membership in Delta Community Credit Union.

Delta Community sponsored its second annual golf tournament in October to raise funds for Credit Union Political Action Committee (CUPAC) and Credit Union Legislative Action Council (CULAC). Ninety-seven golfers took part in the day's events, and a record amount, **more than \$20,000, was raised** to help fund the campaigns of candidates from both political parties who support credit union issues in state and national government. These contributions help to ensure the voice of credit unions is heard when there is important legislation in the Georgia General Assembly and in Washington, D.C.

During the year Delta Community developed a new logo and brand identity with the help of member input. The target date for introduction to members was January 2008. The new look, which reflects our energetic, welcoming personality, is rooted in our heritage with Delta Air Lines and points to the promise ahead as we expand further into the community. We're committed to offering you, our members, the best service and product offering in the industry today and in the years to come. ■

\$82,000

DONATED TO

Children's
Miracle
Network

YOUR

success

FELT BY

your
community

we're turning
POSSIBILITY INTO

true
progress

Supervisory Committee Report

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 so as to help assure compliance with applicable laws, regulations and the credit union's policies.

The Committee has engaged McGladrey & Pullen, LLP, an independent public accounting firm, to perform the financial audit for calendar year 2007. The final 2007 report is expected by the end of May 2008. Results of the audit will be made available on the credit union web site when completed. Additionally, examiners from the Georgia Department of Banking and Finance and the National Credit Union Administration (NCUA) conduct separate annual reviews of the credit union to evaluate the financial conditions, the safety and the soundness of the credit union.

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 Internal Audit and Loss Prevention department performs auditing procedures to obtain reasonable assurance that internal controls are in place to protect member assets. The Internal Audit and Loss Prevention department reviews and tests operational controls for adequate security and verifies Delta Community Credit Union'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 remediate any potential risk to the credit union's network and system security, privacy, business continuity and related matters.

Based on the processes and results of the internal audits, regulatory examinations, financial statement audits and meetings with the credit union's management and members of the Audit and Loss Prevention department, the Supervisory Committee believes that the credit union's financial condition and its internal controls and procedures continue to be sound.

We extend our thanks to all committees and staff of the credit union for another year of outstanding performance.



WALTER BRILL



Credit Committee Report

The Credit Committee is appointed by the Board of Directors and is responsible for reporting to the Supervisory Committee the quality and integrity of the credit union's consumer lending portfolio as well as loans originated through its new small business program. The Committee is charged with the responsibility of providing Delta Community Credit Union members with a broad selection of sound consumer, real estate and small business lending products to meet your varied financial needs.

Consumer Lending experienced outstanding **growth of 13%**. The Credit Union participated in two successful Car Sales that brought in close to **\$2.0 million in car loans**. We also hosted quarterly credit seminars to provide members with knowledge about their credit report. Our Loans-to-Go program, which proactively takes credit union representatives onsite to member groups or special functions, brought in 192 new member accounts generating more than \$1.0 million in consumer loans and more than \$2.0 million in mortgage loans.

Real Estate Services continued its positive momentum in 2007. The overall **real estate portfolio grew by \$133 million**, an increase of 19% over 2006 totals. This is impressive growth, especially when gauged against the many challenges facing the real estate industry today. The introduction of the *Liberty Loan*, offering eligible members reduced closing fees and other savings on home buying costs, significantly contributed to these robust totals. Our special first time home buyer's loan (HLPR) continued to offer payment relief to qualified members, and last year we funded 64 HLPR loans. We also hosted several Home Buying Seminars and a Realtor Open House.

The eCommerce team enhanced our products and services with the addition of Business Credit and Check Cards, Money Market ATM cards, A2A transfers and eAlerts. Fraud control initiatives brought efficiencies in card fraud management and reduced Check Card fraud by 27% this year. Visa® credit purchases for 2007 totaled \$312 million. Visa credit card balances were \$131 million at year end, representing a **9% increase over 2006**. Participation in Reward Points, the loyalty program that rewards enrolled credit and check card holders for their purchases, grew by 22% and redemptions increased by 78%.

The Credit Committee appreciates the exceptional performance of the credit union staff. And we certainly thank you, our members, for choosing the credit union to meet your lending needs. We look forward to continuing teamwork that helps our members achieve their financial goals through responsible borrowing.



ROBIN STRICKLIN

13%
GROWTH
for consumer
LENDING



Statement of Financial Condition

Assets

Cash and Equivalents	\$ 28,078,037
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Receivables	1,985,837
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Loans to Members

Net of allowances for possible loan losses of \$18,900,887 & net of deferred income & corresponding accumulated amortization relating to mortgage fees of \$348,494.	1,576,105,116
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Business Loans to Members, Net	16,563,866
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Investments:

Overnight Funds	138,437,880
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US Government Securities	81,021,875
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Capital Shares	22,054,110
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Certificates of Deposit	580,000,000
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Credit Union Service Organization	8,659,705
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	830,173,571
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Accrued Interest	15,758,941
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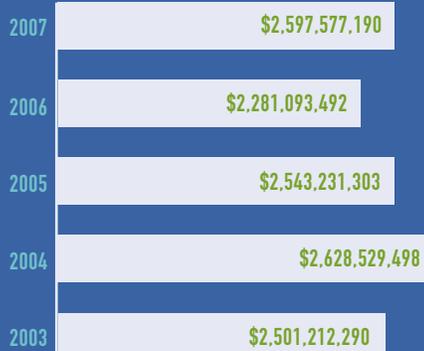
Prepaid and Other Assets	21,079,915
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Property, Equipment, and Leasehold Improvements, at cost,

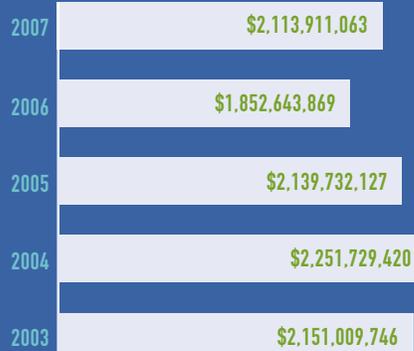
Net of accumulated depreciation and amortization of \$10,852,323	107,831,907
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TOTAL ASSETS	\$2,597,577,190
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Asset Growth



Deposit Growth



(Savings/Checking/IRA/401K)

Liabilities and Equity

Accounts Payable	\$ 39,947,557
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Notes and Related Interest	40,104,767
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Member Deposits:

Savings Accounts	1,351,813,186
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Checking Accounts	238,915,373
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Certificates of Deposit	226,821,658
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Money Market Accounts	104,004,729
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IRA Accounts	178,658,439
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401K Participant Savings	12,830,500
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Member Business Savings	306,074
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Member Business Checking	475,276
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Member Business Money Market	85,829
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	2,113,911,063
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Equity:

Unrealized Gain (Loss) on Investments	1,125,471
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Reserve Fund	58,272,541
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Undivided Earnings	344,215,792
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	403,613,804
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TOTAL LIABILITIES AND EQUITY	\$2,597,577,190
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Statement of Operations

Revenues

Interest on Loans	\$99,523,686
Interest on Business Loans	748,966
Loan Interest Rebate	(5,184,169)
Interest on Investments	42,887,744
Fees	7,432,620
Miscellaneous	14,512,219
	<u>159,921,067</u>

Expenses

Salaries	27,137,483
Office and Other Operating Expenses	7,886,603
Depreciation and Amortization	2,723,154
Advertising/Member Education	2,943,636
Checking Accounts	1,421,162
Debit Card	5,375,521
Visa	3,877,477
Collections and Loan Servicing	2,906,436
Shared Branches	1,211,346
Professional and Outside Services	4,939,353
Provision for Loan Losses	10,800,000
	<u>71,222,169</u>

Cost of Funds

Interest on Borrowings	1,387,267
Dividend Expenses	66,616,362
Business Dividend Expenses	3,725
Bonus Dividend Expenses	4,932,356
	<u>72,939,710</u>

Extraordinary Gains and Losses	(641,283)
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CONTRIBUTION TO CAPITAL **\$15,117,905**

Loan Growth (Gross)

2007	\$1,611,918,363
2006	\$1,383,812,839
2005	\$1,253,225,143
2004	\$1,254,008,990
2003	\$1,191,685,647

Membership Growth

2007	170,325
2006	162,876
2005	161,394
2004	164,482
2003	176,771

For the Year Ended December 31, 2007 (unaudited)

Note – Contribution to Capital is after disbursement of the \$10 million Patronage Reward.



more

branches, members, products, growth

CAN YOU FEEL IT?

170,000



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