



RAISING OUR GAME

2018 ANNUAL REPORT

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



Credit unions are uniquely structured financial institutions, differing from banks in significant ways, which include being member-owned, democratically controlled and dedicated to enriching members, rather than private or Wall Street investors.

Delta Community continuously invests its net income back into the business for the benefit of all members. This practice enables the Credit Union to improve existing services, introduce new ones and offer more competitive rates, lower fees and personalized care.

As Georgia's largest credit union, Delta Community provides a complete line of products and services along with convenient access through multiple channels, including 28 branch locations, online and mobile banking, an automated phone line and live support through a 24/7 call center.

I am pleased to report 2018 was another remarkably successful year for Delta Community with record income, robust membership growth and strong member satisfaction results. Also among 2018's notable achievements were: 1) the successful implementation of a new mortgage origination system to enable members to track their application and upload documents more easily; and 2) additional investment in the Member Service Platform our Member Care Center agents use to assist members when they call in with questions or to ask for help with transactions. Agents are now able to prompt members who have created an audioline PIN to enter it while they are talking. This feature allows an agent to authenticate a member's identity more quickly and securely.

During the year, we celebrated the 10-year anniversaries of six branches: Buford, Canton, Marietta - Dallas Highway, Marietta - Johnson Ferry Road, Newnan - Highway 34 East and Suwanee. The Buford, Canton and Suwanee branches were the first branches located within Kroger shopping centers, and the teams

there have provided thousands of members with friendly, knowledgeable service and convenient banking access for the past decade. We also marked the 10th anniversary of our wholly owned subsidiary, Members Insurance Advisors, LLC™.

Strengthening our local communities is one of our most important corporate commitments and, in 2018, we invested more than \$650,000 in local communities through sponsorships, donations and civic support. Our Philanthropic Fund is in its sixth year. The committee of employees from different Credit Union departments that manage the fund awarded 22 grants totaling \$105,000 in support of educational opportunities, job and career training and valuable services benefitting more than 275,000 people. We also awarded \$30,000 in college scholarships and continued our support for a Credit Union storefront in Junior Achievement's Discovery Center at Gwinnett.

As part of our ongoing commitment to financial literacy, we presented more than 50 financial education workshops to students at different high schools. Our Financial Education Center (FEC) continues to empower members and non-members with valuable financial information, and the Credit Union facilitated more than 200 free financial education workshops in 2018 on topics such as money basics for elementary and middle-school children, first-time home buying and retirement readiness. In recognition of our leadership in youth and adult financial literacy, the Georgia Credit Union Affiliates honored our FEC with its 2018 Desjardins Youth Financial Education Award and also, for the second consecutive year, its Adult Financial Education Award.

We were also named a Work-Based Learning Partner of the Year for Fayette and Cobb counties, a reflection of our commitment to help high school students gain valuable, real-world professional experience through our High School Apprenticeship Program, now in its 14th year.

Delta Community is a member-centric, service-oriented, financial services partner, committed to earning the trust of its members and helping them get the most out of their finances – each and every day. Know that we are listening, innovating and always looking for ways to ensure we deliver the best member experience possible, whether through our remote delivery or in-person service channels.

I am gratified and privileged to serve as the Chairman of your Board of Directors. You are the heart of our business and the focus of everything we do. On behalf of my fellow directors and the Credit Union's employees, thank you for giving us the opportunity to serve your personal banking, lending and business needs.

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

Jim Duffley

LETTER FROM THE CEO



Delta Community delivered exceptional financial results again in 2018, building on several consecutive years of success by producing record net income, strengthening the balance sheet and driving net worth to its highest level in ten years.

We generated \$55.8 million in net income in 2018, surpassing last year's \$44.5 million and our previous record of \$52.4 million set in 2015. Assets grew to \$5.8 billion, and net worth rose to 12.6 percent at year-end, well above the 7.0 percent defined by our regulators as being well capitalized.

This is a significant achievement considering today's challenging financial services landscape as some banks have begun to compete aggressively again by easing underwriting standards and new market entrants are vying for a share of the consumer payments business. These consistently strong results demonstrate responsible management of our finances and give us the capital we need to both fund large, innovative investments to better serve our membership in the near-term and deliver more consistent, reliable value during economic downturns over the long-term.

These positive results also reflect the excellent service and support we offer our members by maintaining low fees and competitive deposit and loan rates. In 2018, we raised our deposit rates throughout the year as the Federal Reserve increased its short-term rates. Our deposit rates across all account types remain among the highest in metro Atlanta when compared with other full-service, brick-and-mortar banks and credit unions. Our direct loan portfolio increased by 11.3% percent year-over-year, prior to strategic mortgage sales, as we made more than 42,000 loans to our members, registering strong performances in our home, auto and commercial products.

Our renowned service and attractive financial products also continue to be factors that grow our membership and benefit

all members by allowing us to diversify our revenue sources and spread our fixed operating costs over a larger base. We welcomed almost 21,000 net new members to Delta Community in 2018, a growth rate of 5.7 percent, outperforming the credit union national growth rate of 4.3 percent, and bringing our membership total to more than 390,000.

In 2018, we expanded our branch footprint again and opened our Coweta Crossroads branch in Newnan, our 25th branch in metro Atlanta and 28th overall, to better serve existing members and to attract and grow new members living and working in this area. We also relocated our Snellville branch to a new, larger facility to provide more convenient access for current and prospective members. Additionally, we completed construction on additional parking facilities at our Peachtree City - Wisdom Road location to ease congestion and better accommodate members.

Our ongoing local expansion confirms our commitment to metro Atlanta, with our long-term strategic growth plan calling for us to open additional branches as we identify opportunities that will meet our current and future members' needs in specific geographical areas. We have already announced plans to open a new stand-alone, full-service branch in McDonough, Georgia in mid-2019, our third in Henry County, to support the demands of a rapidly growing membership there.

Finally, one of the many privileges of serving as your CEO is to be able to work alongside our greatest asset – our employees. For the second consecutive year our more than 1,000 employees exceeded expectations and recorded highs in our most important business indicators: member and employee satisfaction. Our annual member satisfaction survey ranked us in the 94th percentile among credit unions nationwide, improving upon last year's record ranking of being in the 90th percentile of credit unions.

In addition, it makes me proud to share that for the fourth consecutive year, our employees chose Delta Community as one of the "Best Places to Work in Atlanta" in the *Atlanta Business Chronicle's* annual survey. This survey evaluates employee engagement and satisfaction at local companies, and our employees continue to acknowledge their commitment to the Credit Union's not-for-profit, member-first mission.

Please know we will always strive to be metro Atlanta's preferred place to bank, recognized for providing members honest value, superior service and trusted advice. I want to thank you on behalf of our dedicated employees for your ongoing loyalty and for making 2018 such a successful year at the Credit Union.

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

Hank Halter

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 to help assure 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 2018. The final 2018 report is expected by the end of April 2019. 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 its financial condition, its safety and soundness, and its 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 thank all committees and Delta Community employees for their assistance with the Credit Union's auditing and compliance functions.

A handwritten signature in cursive script that reads "Esther L. Hammond".

Esther L. Hammond
Supervisory Committee Chairwoman

YEAR IN REVIEW

JANUARY

- Issued first of three awards for the 2018 Philanthropic Fund, as part of investing \$105,000 in 22 charitable organizations serving metro Atlanta

FEBRUARY

- Introduced enhanced Mobile App, featuring visual and functionality improvements to mobile Bill Pay service
- Named a 2017 Visa® Debit Processing Solutions Client Achievement Award winner in the Pursuit of Excellence Debit category

MARCH

- Celebrated 10th anniversary of Marietta - Johnson Ferry Road branch
- Initiated fraud protection text messaging service
- Board Member Robin Stricklin named 2017 Georgia Credit Union Affiliates (GCUA) Moses C. Davis Volunteer of the Year
- Won nine Credit Union National Association (CUNA) Diamond Awards for creative excellence and outstanding results in marketing, advertising and financial education
- Introduced Online Statements functionality to Mobile App

APRIL

- Celebrated 10th anniversary of Marietta - Dallas Highway branch
- Named Hitachi® Customer Excellence Innovation Award winner for Member Service Platform, the system our call center uses to service members

MAY

- Awarded a total of \$20,000 to five Scholarship Program winners in 13th annual Scholarship Program
- Named Cobb County School District's Career Technology & Agricultural Education Business Partner of the Year
- Successfully implemented Interactive Voice Response Unit Personal Identification Number authentication, providing an additional layer of security and convenience for self-service telephone options

JUNE

- Officially opened expanded parking facilities to include 50 additional parking spaces at Peachtree City - Wisdom Road branch and administrative center

JULY

- Relocated Snellville branch into expanded space
- Welcomed 21 students to High School Apprentice Program, an annual work-study opportunity for rising seniors
- More than 300 parents, and children ages 7–14, attended fifth annual series of Cool Cash Money Camps
- Named Work-Based Learning Business Partner of the Year for Fayette and Cobb counties

AUGUST

- Opened Newnan - Coweta Crossroads branch in Coweta County, our 28th branch overall and the 25th branch in metro Atlanta
- Celebrated 10th anniversary of Newnan - Highway 34 East branch
- Named by GCUA as the 2018 Desjardins Youth and Adult Financial Education Award winners
- Launched updated Members Insurance Advisors website, featuring responsive design, more robust content and updated branding

SEPTEMBER

- Named as one of *Atlanta Business Chronicle's* "Best Places to Work in Atlanta" for fourth consecutive year
- Announced 29th retail branch to be located in McDonough, in Henry County, in 2019
- Won two CUNA Excellence in Operations & Member Experience Council Awards in the Contact Center/E-Support Operations and Rising Star categories

OCTOBER

- Named a 2017 Visa Global Service Quality Award winner in the category of Highest Authorization Approval Rate for Cash Consumer Debit
- Celebrated 10th anniversary of Duluth branch

NOVEMBER

- Announced Philanthropic Fund to invest \$100,000 in 24 metro Atlanta charities in 2019
- Celebrated 10th anniversary of Members Insurance Advisors
- Celebrated 10th anniversaries of Buford and Suwanee branches
- Named by Callahan & Associates, a credit union research and consulting firm, as the top-ranked credit union in Georgia and one of the top-ranked nationally for value and breadth of services

DECEMBER

- Rated one of the best Mobile Apps by MagnifyMoney® for third consecutive year
- Awarded a total of \$10,000 during the year to four students attending Historically Black Colleges and Universities

TRENDS AT A GLANCE

ASSETS (\$ in 000s)

2013	\$4,499,200
2014	\$4,662,300
2015	\$4,882,500
2016	\$5,294,500
2017	\$5,571,200
2018	\$5,756,300

DEPOSITS (\$ in 000s)

2013	\$3,986,200
2014	\$4,093,800
2015	\$4,265,800
2016	\$4,612,100
2017	\$4,840,000
2018	\$4,987,300

LOANS (\$ in 000s)

2013	\$2,745,600
2014	\$3,104,800
2015	\$3,540,800
2016	\$4,023,200
2017	\$4,367,700
2018	\$4,591,000

MEMBERS

2013	292,000
2014	311,300
2015	332,300
2016	350,000
2017	369,900
2018	390,900

STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2018

UNAUDITED

ASSETS (\$ in 000s)	2018	2017
Cash	\$ 59,219	\$ 58,199
Receivables	40,788	40,677
Loans, Net Net of allowances for possible loan losses & deferred income (expense) relating to mortgage originations	4,558,282	4,334,624
Investments	894,142	941,795
Accrued Interest	15,242	13,315
Prepaid and Other Assets	101,833	82,256
Property, Equipment and Leasehold Improvements, at Cost Net of accumulated depreciation and amortization	86,797	100,344
TOTAL ASSETS	\$ 5,756,303	\$ 5,571,210
LIABILITIES AND EQUITY (\$ in 000s)		
Accounts Payable	\$ 55,610	\$ 70,481
Member Deposits	4,987,326	4,840,037
Equity	713,367	660,692
TOTAL LIABILITIES AND EQUITY	\$ 5,756,303	\$ 5,571,210

STATEMENT OF OPERATIONS
AS OF DECEMBER 31, 2018
UNAUDITED

REVENUES (\$ in 000s)	2018	2017
Interest on Loans	\$ 189,823	\$ 170,615
Interest on Investments	16,760	12,895
Fees	20,536	20,173
Miscellaneous	56,305	44,973
	\$ 283,424	\$ 248,656
EXPENSES (\$ in 000s)		
Salaries	\$ 90,074	\$ 84,769
Training	1,050	871
Office Occupancy	9,802	8,880
Loan Servicing	19,353	16,660
Advertising	5,062	4,087
Office Expenses	9,022	8,329
Depreciation and Amortization	6,945	5,697
Checking Accounts	5,165	3,739
Debit Card	15,723	14,257
Shared Branches	1,099	1,164
Professional and Outside Services	9,179	7,339
Other Expenses	10,989	9,322
Provision for Loan Loss	20,460	25,235
	\$ 203,923	\$ 190,349
COST OF FUNDS (\$ in 000s)		
Interest on Borrowings	\$ 9	\$ 85
Dividend Expenses	23,732	13,688
	\$ 23,741	\$ 13,773
Net Income	\$ 55,760	\$ 44,534

BOARD OF DIRECTORS



JIM DIFFLEY
Chairman



LINDA O'SHEA
Vice Chairman



LEM WIMBISH
Secretary/Treasurer



HANK HALTER
Board Director & CEO



ALAN ARNOLD
Board Director



ALLISON AUSBAND
Board Director



CHARLIE BOYAJIAN
Board Director



ESTHER HAMMOND
Board Director



ROBIN STRICKLIN
Board Director



MATTHEW SULLIVAN
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.



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DeltaCommunityCU.com



800-544-3328



NCUA

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