

DOWNEY
FEDERAL
CREDIT
UNION

CONNECTED BY
ONE COMMUNITY

Annual Report 2014



CEO and CHAIRMAN'S letter

Connected By One Community

We are proud to say that 2014 was an excellent year for Downey Federal Credit Union (DFCU). We had a fantastic year of growth in a recovering economy, and renewed our commitment to the community of Downey – we have supported and been involved in so many community events in the City of Downey that it's impossible to name them all here. We'd like to say thank you to our DFCU staff for not only working hard to improve the financial health of the Credit Union, but putting in the hours and care necessary for us to remain a pillar of the community. As we move into 2015, we plan to further community efforts, but also make DFCU the place Downey does its banking, as we have plans in place to upgrade online and in-branch experiences by moving into new technologies. Our Credit Union is continuing to grow which allows us to give our members the convenience and tools they need to reach their financial goals.

DFCU continues to strive to not only serve the financial needs of the community and organizations in the city, but to be an active member of the city ourselves. In 2014, we gifted approximately \$46,832.64 back to the City of Downey in the form of special school programs, student scholarships, and Student Enrichment Grants to DUSD teachers; support for non-profit organizations such as Stay Gallery, TLC, The Arc, G.O.O.D, and SEAACA; and also, the backing of local entities, like the YMCA, Downey Police and Fire Departments, the Downey Chamber of Commerce and more.

Last year, DFCU's fight to eradicate hunger in our city culminated with the donation of 28,344 meals, to help feed families in need in Downey. Our 1st Annual Feeding Children Everywhere Food Packing Event – DFCU Cares, was a huge success. We donated 27,000 meals to PTA H.E.L.P.S. and FoodHelp, a food bank at Downey First Christian Church. The inaugural year of our cash-back dining rewards program, Mogl, which allows members to donate meals to PTA H.E.L.P.S. just for dining out at participating restaurants, resulted in the donation of 1,344 meals. And, as always \$5 of our \$7 one-time membership fee is donated to the member's choice of one of three local charities, which resulted in \$1,460.00 in donations. Thank you to our members for contributing to the work we do in Downey!

In the past year our total asset size increased from \$179.9 Million to \$186.2 Million, a whopping 3.5% in growth from 2013. Overall loan volume increased by 9.4% – from \$67.2 Million to \$73.4 Million. Not only is this a testament to our Credit Union's vitality and hardworking staff, but to a recovering economy. According to the United States Department of Labor, the United States unemployment rate went down from 6.7% in December of 2013 to 5.6% by December of 2014. Specifically in the City of Downey, the unemployment rate dropped from 7% in December of 2013 to 6% by December of 2014. The Nation is in a period of recovery and as unemployment trends downward, the Credit Union can expect more members applying and qualifying for consumer loans in 2015.

Steady improvements have been made to our online and in-branch experiences, with more exciting plans for 2015. Our new website will launch mid-year 2015, changing how members will interact with the Credit Union. With a cleaner layout, more detailed and easy to understand descriptions of all our products, up-to-date news about our Credit Union, special member-only offers and more, DFCU's website will be more engaging and easier to use, helping all of our members to be well-informed and empowered to make financial decisions. The updated site will make interacting with DFCU on mobile devices much easier. In addition, we have plans for a mobile banking app, improved online applications, and so much more. We added an automated coin machine in our branch that is completely free for members, which has been extremely popular. Improvements to member experiences and conveniences like those above are direct results from member feedback – so keep them coming! We're listening!

On behalf of the Board of Directors, Supervisory Committee, Management and Staff, we'd like to thank you for placing your trust in DFCU as a financial and community partner. As the only financial institution exclusively serving Downey, we are here for everyone that lives, works, worships, and attends school in our city. We look forward to the coming year and the growth that lies ahead in 2015.



Ray Mesler
CEO/President



Stan Hanstad
Chairman of the Board

"After the downfall in 2008 I had a really hard time trying to get "caught up" on my financial situation. I ended up having to file bankruptcy. My credit was a disaster. 4 months after being discharged, DFCU financed my car – a car I bought from a family member. DFCU gave me a lower rate than the previous owner and a \$1000 credit card to rebuild my credit. I am back on track to the great credit score I used to have. I really appreciate the help they have given me. DFCU gave me a chance when on paper I didn't look so hot. Everyone is always so friendly and quick to help. I love my credit union. They are awesome."

Daniel Fredrick
DFCU Member Since 2013

"I joined DFCU after I got married because my husband was a member. One of the big banks served as my primary financial institution prior to joining the Credit Union. I quickly learned why my husband loves being a member of DFCU. We use them for checking, savings, and everything in between. When we bought our first car as a couple, there was no question where we would get our auto loan. They pre-approved us before we went shopping and handled the details of our sale with the utmost professionalism. Later, when there was a problem with one of our automatic payments, causing a chain reaction that we didn't want, they listened to our concerns and resolved the issue immediately. Then, they suggested a solution protecting us from a recurrence. I rarely appear at the branch. Most of my "banking" happens online. This fact, however, doesn't mean I don't get the same personal and exemplary service of a member who visits in person. And I appreciate the ability to handle my finances wherever I am, whenever I want, online. My membership started over 14 years ago, days after my wedding to my Prince Charming. Like all the girls in the fairy tales, I am happy to report that so far we are on track for our happily ever after. I expect my relationship with the prince's Credit Union will ensure that our finances will have their happily ever after, too!"

Terri Lively
DFCU Member Since 1981

"DFCU has helped me prepare myself for my future in multiple ways. I have learned to be a responsible young adult, paying my Visa bill on a monthly basis, saving up for my future vehicle, and saving up for my schooling. I've been thankful to have an account at this Credit Union since I was really young, and still use the old "Looney Tunes" piggy bank the employee gave me when I signed up for my first bank account. I'm able to stay up to date on my funds in my account and pay my bills online when my schedule is tight with my schooling. I also love the holiday account option and I have used it in the past with DFCU giving me extra interest during the holiday season for a little "extra boost". I love this Credit Union and I'm truly thankful for the assistance and help I have received."

Amanda Boggs
DFCU Member Since 2011

"As a member of Downey and employee at PIH Health Downey, I had the opportunity to get a loan from DFCU. My credit was really bad, I had some bad records, but in less than a year my score increased. I had problems obtaining a credit line in a lot of places. I couldn't believe it when DFCU offered me the opportunity to get a loan from them to fix my credit. And we all know how important it is to have a very good score. Thanks a lot DFCU!"

Mynor Santos
DFCU Member Since 2012

"I have been a member of DFCU since I was 7 years old and shared many great experiences over the years. One of my life goals was to own a classic Porsche 911. When I was 22, DFCU provided a loan to me (cosigned by my parents) of \$10,000 and today I own one of my childhood dream cars (1984 Porsche 911 Targa). More recently, my fiancé and I just opened our first joint account at DFCU and hope to carry the wonderful banking services throughout our family now and into the future."

Chris Manneh
DFCU Member Since 1983

"In January 2014 my divorce had just been finalized and financially, I was starting at ground zero - no savings and bad credit. I was picking myself up "by my boot straps," putting my life back together, and looking forward to my future, but didn't know where to start. My mom, a long time DFCU member, suggested that I open an account with DFCU to establish a banking relationship. What happened next surprised (and delighted) me. In April, when I had a few dollars saved, I opened a savings account and started rebuilding my financial independence. At the same time, my new boyfriend (also a long time DFCU member) suggested that I talk to them about refinancing my car. I completed the application online, and received a call back that afternoon from a very nice lady telling me that she would get back to me within a day with an answer (you don't get that from a large bank, that's for sure)! As promised, I got a call back the very next day, and to my delight, I was approved! She also told me that I could apply for my own VISA card (REALLY?!). I set up an appointment to sign the paperwork the following week. A week and a day later, (I remember it was a Friday) I visited the branch and within 30 minutes, DFCU had refinanced my car (and shaved \$100.00 off the monthly payment) and set me up with my first credit card in over two years. Today, one year later, I have a small nest egg saved, I have reestablished my credit, and I am financially independent. Thank you DFCU for believing in me, giving me an opportunity to prove that I was credit worthy, and for being there with a smile, a helping hand, and great customer service!"

Tina Flores
DFCU Member Since 2014

STATEMENT OF FINANCIAL CONDITION*

Assets	2014
Loans	\$73,007,567
Investments	\$109,320,382
Other Assets	\$3,417,726
Land and Building	\$408,914
Fixed Assets	\$71,017
TOTAL ASSETS	\$ 186,225,606

Liabilities and Equity	2014
Members' Shares and Certificates	\$162,197,576
Reserves and Undivided Earnings	\$22,251,796
Other Liabilities	\$1,776,233
TOTAL LIABILITIES AND EQUITY	\$ 186,225,606

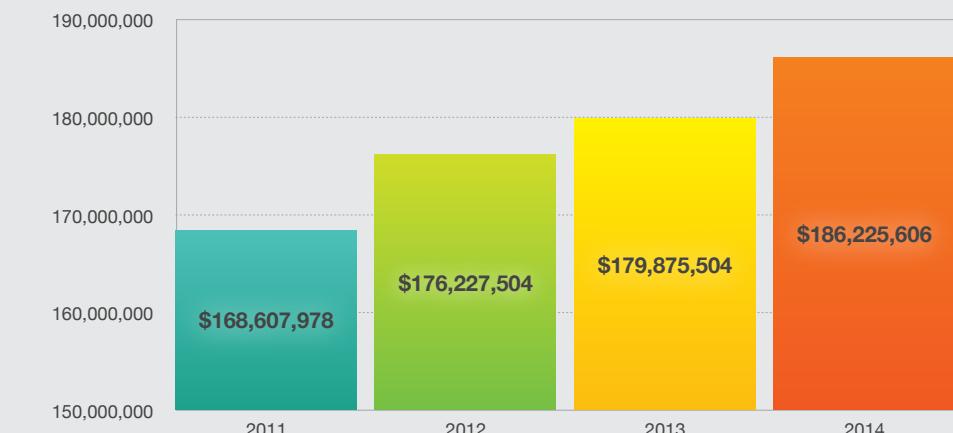
STATEMENT OF INCOME AND EXPENSE*

Income	2014
Interest on Loans	\$3,583,835
Income from Investments	\$911,247
Miscellaneous Income	\$1,025,777
TOTAL OPERATING INCOME	\$ 5,520,859

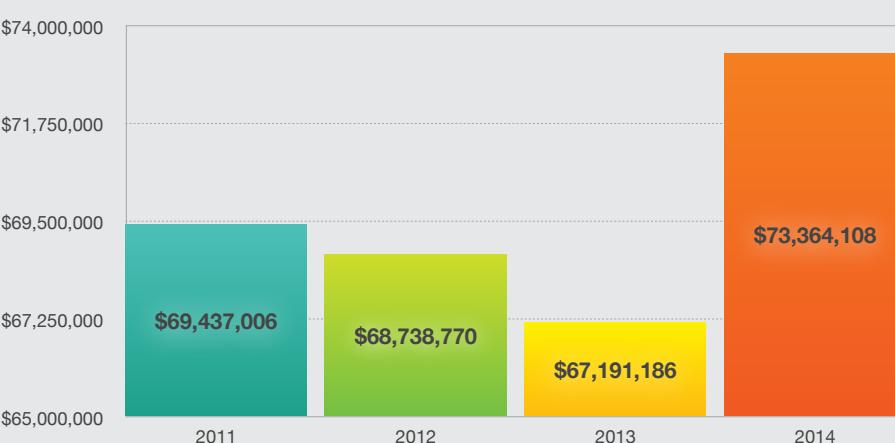
Expenses	2014
Personnel	\$2,147,925
Office Operations	\$1,167,566
Professional/Outside Services	\$308,875
Provision for Loan Losses	\$100,276
Education/Promotion	\$212,876
Other Expense	\$95,552
Non-Operating Expense	\$10
TOTAL EXPENSES	\$ 4,033,080
NET INCOME BEFORE DIVIDENDS	\$ 1,487,747
DIVIDENDS	\$ 645,325
NET INCOME	\$ 842,422

*Year Ended December 31, 2014. Unaudited numbers listed.

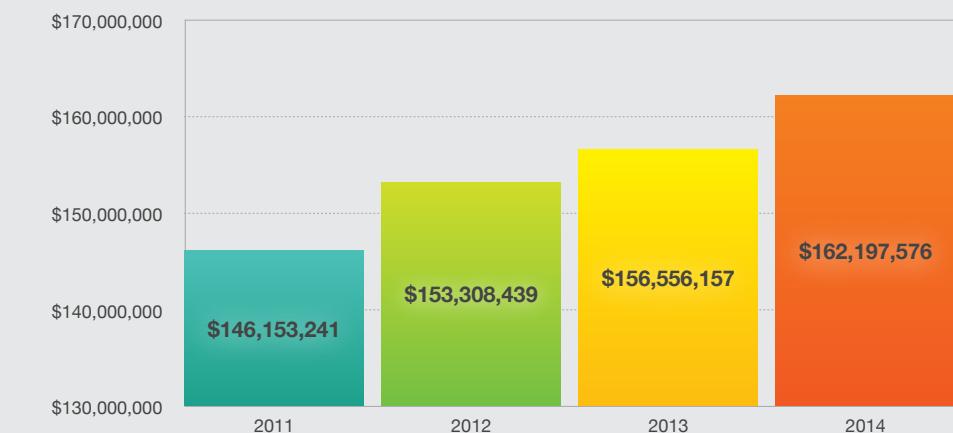
Asset Growth



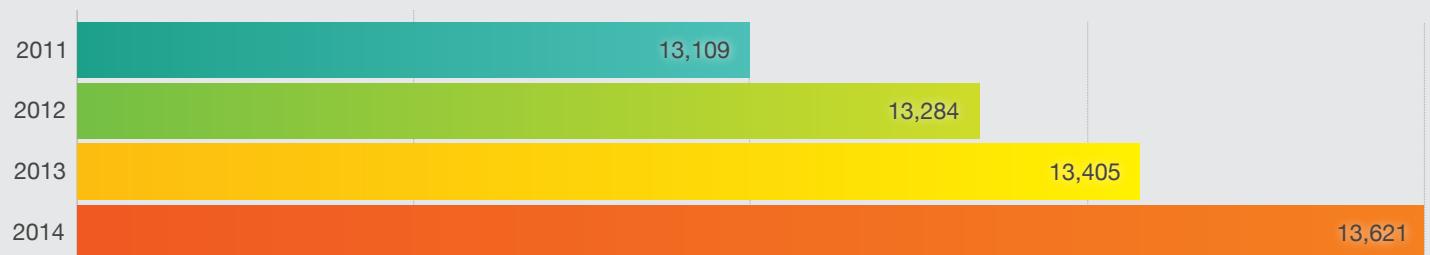
Loan Growth



Share Growth

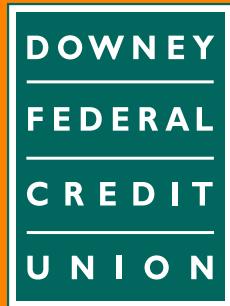


Membership Growth



Net Worth





Downey Federal Credit Union
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562.862.8141
www.downeyfcu.org

DFCU Board Members

Stan Hanstad (Chairman)
Robert J. Becker
Brian Brown
Laura Kramer
Raul Lopez
Ed Potter
Brian Saylors

DFCU Supervisory Committee

Ray Brown
Rob Fuller
Monica Lueke-Nelson
Giovanna Saab
Bobbie Samperi

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