

DeltaCommunity[®]
CREDIT UNION

WIRED

TO BE RESPONSIVE

2019 ANNUAL REPORT

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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.

LETTER FROM THE CHAIRMAN



Credit unions differ from banks in important, substantial ways. For example, credit unions typically offer lower rates and fees, higher interest on deposits and are widely known for providing better service than banks. Credit unions are also structured differently from banks as they are organized as not-for-profit, member-owned financial cooperatives.

This not-for-profit structure allows credit unions to reinvest their earnings directly in their member-owners. Banks, on the other hand, operate on a for-profit basis with a purpose to create profits for investors.

Delta Community was founded in 1940 when eight Delta Air Lines employees with \$45 in capital came together to ensure their peers had access to fair, affordable financing. Over the past 80 years, that humble investment has grown into Georgia's largest credit union, with more than \$6 billion in assets. And, throughout this Annual Report you will read details about the continuing success of your Credit Union and the impressive financial and operational results achieved in 2019.

As we look back over the past decade, particularly over the last few years, our consistent financial and operational success is a testament to your ongoing trust, loyalty and support, and our ability to be responsive to your financial needs. With a full-suite of products and services, 29 branches, online banking, a mobile app, an automated phone line and a 24/7 call center, we are committed to helping you get more out of your finances.

As we reflect on 2019, below are just three notable service enhancements that were made to help you manage your finances better:

- We launched Zelle®, a fast, safe and easy digital person-to-person money transfer service

- We implemented an automated wire platform, a service that enables you to initiate a domestic or international wire transfer securely in Online Banking
- We deployed a new mortgage origination system with enhanced functionality that allows you to upload required documents as well as receive forms us securely and easily online.

As always, one of our most important corporate responsibilities is to strengthen the communities we serve, and in 2019 we invested more than \$850,000 in local communities through sponsorships, donations and civic support.

Our Philanthropic Fund is now in its seventh year. The employee committee that oversees the fund awarded 24 grants totaling \$100,000 to metro Atlanta non-profit organizations in support of educational opportunities, job and career training and other valuable services. We also awarded \$30,000 in college scholarships and continued our long-time support of Children's Healthcare of Atlanta.

In addition, through our industry-leading Financial Education Center (FEC), now in its fourth year, we presented more than 230 free financial education workshops on topics such as budgeting, first-time home buying, and investing 101, attracting almost 5,000 attendees of all ages. For a third consecutive year, Georgia Credit Union Affiliates awarded our FEC with the Desjardins Adult Financial Education Award, and for a second consecutive year the Desjardins Youth Financial Education Award. These awards, which also achieved national recognition, are presented to credit unions that show leadership in adult and youth financial literacy education and initiatives.

As we welcome a new decade, our focus remains the same as when we were first founded: serving you, our valued member. Our commitment to providing you with superior service, honest value and trusted advice also make us an attractive alternative for consumers looking to build a better relationship with a financial institution they can call home. More than 400,000 already do, and we look forward to welcoming more to our growing community in the years ahead.

It is my privilege and honor to serve as Chairman of your Board of Directors. On behalf of the Board and all Delta Community employees, thank you for providing us the opportunity to serve your personal banking, lending and business needs.

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

Jim Diffley

LETTER FROM THE CEO



I am pleased to report that in 2019 Delta Community again delivered remarkable results for our members, both financially and operationally. This includes generating record net income for the second consecutive year, which enhances our ability to continuously invest in our infrastructure and provide the service, value and latest technologies members deserve.

A major highlight of the year was achieving \$68.9 million in net income, surpassing last year's record of \$55.8 million. Over the course of the year, assets grew to \$6 billion, and our net worth rose to 13.07 percent by year-end, the highest since 2008 and significantly higher than the 7 percent defined by our regulators as being well capitalized.

Our strong financial results over the past several years demonstrate how we are effectively managing the business, generating capital, strengthening the balance sheet to improve the long-term stability of the Credit Union and protecting the consistent value we offer you through varying economic cycles. This means you can depend on us to routinely offer superior service, low fees and competitive deposit and loan rates.

In spite of an increasingly competitive marketplace, we also exceeded our internal projections for new member growth and loan production.

We added 24,000 net new members in 2019, which is the third consecutive year the number has exceeded 20,000. Our total membership stood at more than 414,000 at year-end. This strong member growth reflected a more than six percent increase year over year; approximately double the average of 3.3 percent for credit unions nationally. Our steady, strategic member growth helps us diversify our revenue sources, lower our operating expenses through scale and

welcome individuals and families who may have not had the opportunity to belong to a credit union in the past.

The opening of our new branch in McDonough in Henry County helped to propel this growth. The McDonough branch is our 29th overall and 26th in metro Atlanta. We remain committed to expanding in the Atlanta area, and this branch became our third full-service location in Henry County. We also added Rockdale, Douglas and Paulding counties to our field of membership, so people who live or work there can now join Delta Community.

Our outstanding loan balances rose by \$249 million to \$4.8 billion at year-end. Consumer, residential and commercial loan originations totaled \$1.3 billion and equated to 16 percent growth in our direct loan portfolio, prior to select, strategic loan sales. Our residential lending team had several months of record mortgage production, and our commercial lending team grew our commercial loan portfolio by an astounding 63 percent.

We stayed relentlessly focused on two other equally critical performance indicators, too: member and employee satisfaction. In a national survey of members from more than 100 credit unions conducted by an independent consulting company, Delta Community received its highest-ever rating. Our score also ranked as the single-highest mark among all of the participating credit unions. This accomplishment is particularly gratifying and motivating since our core mission is to make a meaningful and lasting difference in the personal finances of our members.

In similar fashion, we were recognized by the *Atlanta Business Chronicle* as one of the "Best Places to Work in Atlanta" for the fifth consecutive year. Inclusion on this list is based on the business publication's assessment of our employees' level of engagement, satisfaction with their working environment and pride in our mission as expressed through their responses to a confidential questionnaire. Employees are Delta Community's greatest asset, and I very much appreciate the superior member service they deliver every day.

Finally, I want to thank Delta Community's highly committed Board of Directors for their ongoing, expert support and our loyal members for the opportunity to be of service. Our success in 2019 and the years ahead is made possible by our members' willingness to entrust us with their financial needs. We are both grateful for this privilege and professionally fulfilled by it.

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

Hank Halter

AUDIT COMMITTEE REPORT



The Audit 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 2019. The final 2019 report is expected by the end of April 2020. 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 Audit Committee periodically review the Credit Union's internal audit plan to assess and 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 fluid and cursive.

Esther L. Hammond
Audit Committee Chairwoman

YEAR IN REVIEW

JANUARY

Named one of the best credit unions in the U.S. in Bankrate's® 2019 Top Ten National Ranking

Upgraded ATMs with new branded surrounds and LED lighting

Atlanta Magazine names Hank Halter, CEO, and Jai Rogers, VP of Business and Community Development, among 'Top 500 Business Leaders'

FEBRUARY

Expanded Field of Membership to include Douglas, Paulding and Rockdale counties

MARCH

Won two Credit Union National Association (CUNA) Diamond Awards for creative excellence and outstanding results in marketing and advertising

Presented the first of four quarterly scholarships in the amount of \$2,500 to a student at a Historically Black College or University (HBCU)

Deployed new mortgage origination system with enhanced functionality

APRIL

Participated in Kennesaw State University's Executive Leadership Training program for the first time with seven Leadership Team members graduating

MAY

Awarded a total of \$20,000 to five Scholarship Program winners in 14th annual Scholarship Program

Opened McDonough branch in Henry County, Delta Community's 29th branch and 26th in metro Atlanta

Registered highest Member Satisfaction rating ever on the annual Raddon Member Relationship Survey conducted by the Raddon Financial Group, with Delta Community named the highest-ranked credit union in the nation in this survey

JUNE

Membership reached 400,000

JULY

Welcomed 24 students to High School Apprenticeship Program, an annual work-study opportunity for rising seniors

More than 300 parents and children ages 7-14 attended the sixth annual series of Cool Cash Money Camps

AUGUST

Delta Community's Financial Education Center named by Georgia Credit Union Affiliates as the state winner of the 2019 Desjardins Financial Education Award in both the Youth and Adult categories

SEPTEMBER

CEO Hank Halter named to serve on Board of Directors for the newly consolidated League of Southeastern Credit Unions and Affiliates, which represents 342 credit unions in Alabama, Florida and Georgia

Celebrated 10th anniversary of Snellville branch

Named as one of *Atlanta Business Chronicle's* "Best Places to Work in Atlanta" for fifth consecutive year

Implemented online wire automation process

OCTOBER

Awarded the final grants for the 2019 Philanthropic Fund as part of investing \$100,000 in 24 charitable organizations serving metro Atlanta

NOVEMBER

Delta Community's Financial Education Center named by the Credit Union National Association as the national 2nd place winner of the 2019 Desjardins Financial Education Award in the Youth category

Awarded \$10,000 to Ruth Hill Elementary School in Newnan, plus another \$5,000 to other metro Atlanta schools in second annual "Give Back Giveaway" contest, recognizing student-led community service projects

DECEMBER

Announced Philanthropic Fund grants to 18 metro Atlanta charities for 2020 totaling \$100,000

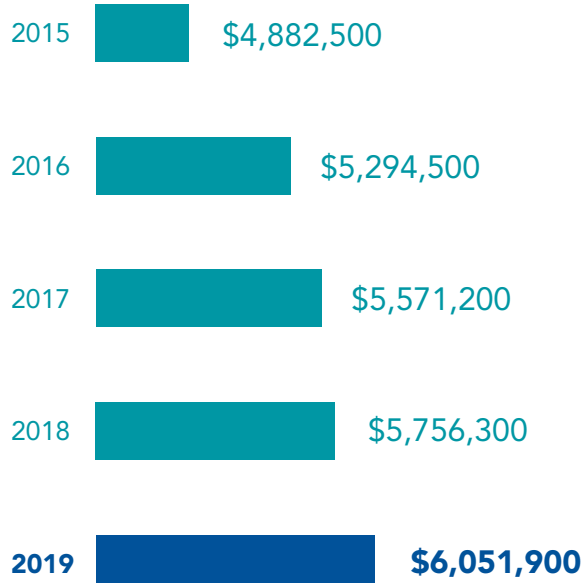
Ranked among the nation's top 10 credit unions that consumers should consider in 2020 by GOBankingRates.com

Zelle person-to-person money transfer service implemented

TRENDS AT A GLANCE

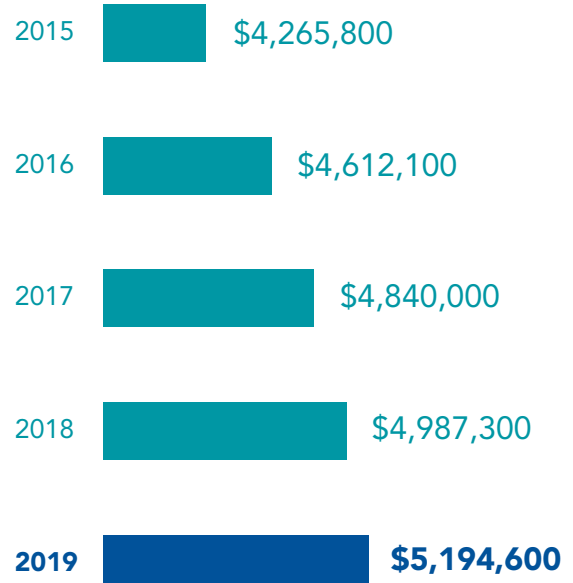
ASSETS

(\$ in 000s)



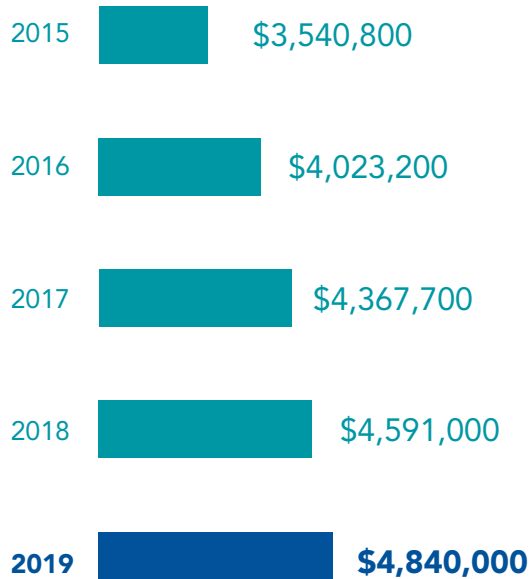
DEPOSITS

(\$ in 000s)

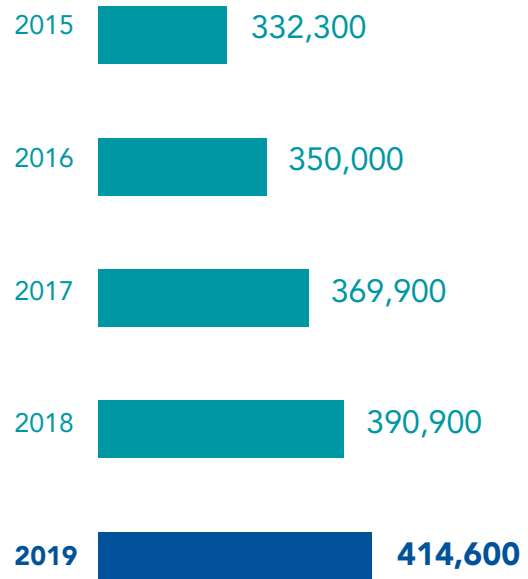


LOANS

(\$ in 000s)



MEMBERS



STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2019
UNAUDITED

Assets (\$ in 000s)	2019	2018
Cash	\$ 59,823	\$ 59,219
Receivables	47,742	40,788
Loans, Net	4,804,603	4,558,282
Net of allowances for possible loan losses & deferred income (expense) relating to mortgage originations		
Investments	947,607	894,142
Accrued Interest	15,608	15,242
Prepaid and Other Assets	89,377	101,833
Property, Equipment and Leasehold Improvements, at Cost, Net of accumulated depreciation and amortization	87,100	86,797
Total Assets	\$ 6,051,860	\$ 5,756,303

Liabilities and Equity (\$ in 000s)	2019	2018
Accounts Payable	\$ 64,571	\$ 55,610
Member Deposits	5,194,578	4,987,326
Equity	792,711	713,367
Total Liabilities and Equity	\$ 6,051,860	\$ 5,756,303

STATEMENT OF OPERATIONS

AS OF DECEMBER 31, 2019
UNAUDITED

Revenues (\$ in 000s)	2019	2018
Interest on Loans	\$ 209,354	\$ 189,823
Interest on Investments	21,306	16,760
Fees	22,244	20,536
Miscellaneous	56,938	45,845
	\$ 309,842	\$ 272,964

Expenses (\$ in 000s)	2019	2018
Salaries	\$ 8,129	\$ 90,074
Training	1,508	1,050
Office Occupancy	11,330	9,802
Loan Servicing	11,820	12,038
Advertising	6,643	5,062
Office Expenses	8,915	9,022
Depreciation and Amortization	7,239	6,945
Checking Accounts	5,597	5,165
Debit Card	13,540	12,580
Shared Branches	1,107	1,099
Professional and Outside Services	9,352	9,179
Other Expenses	12,297	10,987
Provision for Loan Loss	23,100	20,460
	\$ 210,577	\$ 193,463

Cost of Funds (\$ in 000s)	2019	2018
Interest on Borrowings	\$ 20	\$ 9
Dividend Expenses	30,363	23,732
	\$ 30,383	\$ 23,741
Net Income	\$ 68,882	\$ 55,760

BOARD OF DIRECTORS



JIM DIFFLEY
Chairman



LINDA O'SHEA
Vice Chairwoman



LEM WIMBISH
Secretary/Treasurer



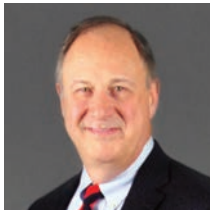
HANK HALTER
Board Director & CEO



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.