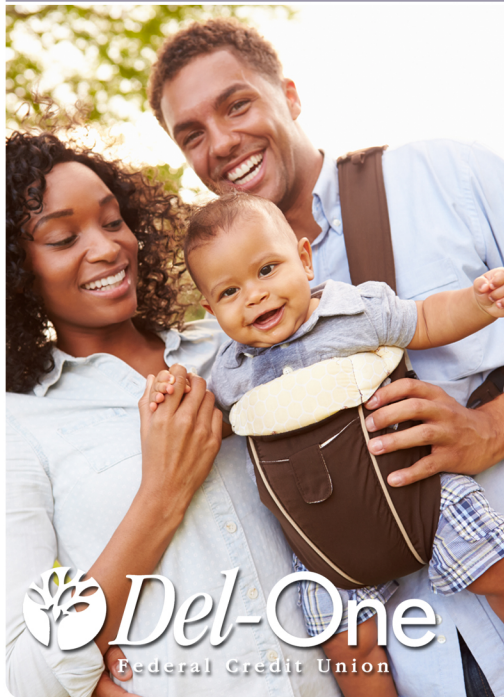


2015 Annual Report



The One way to a Better Life.

Join our Family - be a part of something better.



Del-One
Federal Credit Union

Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA
National Credit Union Administration, a U.S. Government Agency

Agenda

Tuesday, May 24, 2016

- Business Meeting
 - Minutes of Prior Annual Meeting
 - Report of Credit Union Condition
 - Nominating Committee Report
 - Old Business
 - New Business
 - Adjourn
- Banquet Service
- Awards and Presentations



*Voted Delaware's Best Credit Union
4 Years in a Row by our Members!*



*Recognized as a Top Workplace 4
Years in a Row!*



*Voted First State Favorite Credit
Union in Smyrna/Clayton area and
Sussex County*

Minutes of the 2014 Annual Meeting

Modern Maturity Center, Dover, Delaware
Tuesday, May 19, 2015, at 5:40 PM.

A quorum being present, the meeting was called to order by Chair Nancy Shevock at 5:40 PM.

Motion by Kellie Rychwalski and second by Cynthia Evans to dispense with the reading of the minutes from the 2014 Annual Meeting. Motion carried.

Board Chair Shevock individually recognized the Board of Directors, Supervisory Committee and Insurance Committee members for their continuous years of hard work and dedication that has contributed to the continued growth and success of the credit union. Secondly, Chair Shevock recognized Michael Arrington, Del-One legal counsel as Parliamentarian. Furthermore, Chair Shevock commended CEO Dion Williams, COO Paul Steelman and CFO Gary Loraditch for their extraordinary leadership abilities that have resulted in continual expansion throughout the state of Delaware. With that said she noted for three consecutive years Del-One FCU has been recognized as the top employee workplace and also voted the best credit union in Delaware. Lastly, Chair Shevock recognized retired Director Karen Whitaker for her years of dedicated service as a board member, Supervisory Committee member and ALM Committee Chair.

Chair Shevock took the opportunity to explain to the members of Del-One that both management and Board members engage in a strategic planning session annually with the intent to create a five year plan. The blueprint typically incorporates expansion and merger opportunities throughout the state of Delaware. Chair Shevock highlighted a couple of mergers that have already come to fruition. Del-One FCU acquired Seaford Federal Credit Union in late 2013. Additionally, the latest transaction includes the merger with U-DEL Federal Credit Union, thus giving Del-One a presence in Newark. Lastly, former U-DEL Federal Credit Union Board Chairman Gary Stokes has been appointed as the newest member to the Del-One Supervisory Committee.

On another note Chair Shevock commented that members have a plethora of opportunities to financially better themselves with the seminars and programs offered by Del-One FCU. Classes offered throughout the year include financial freedom seminars and credit builder classes. Members looking for their first home should take advantage of Del-One's first time homebuyers program. Chair Shevock concluded by encouraging members to view the Del-One Web site, talk to a branch representative and utilize the 24/7 call center as these resources are available to serve members and accommodate their needs.

After being introduced by Chair Shevock, CEO Williams graciously thanked the members of Del-One for attending the Annual meeting. Secondly, CEO Williams expressed his gratitude to the staff of the Modern Maturity Center for being an outstanding partner and appreciated their hospitality. CEO Williams commented on the extraordinary efforts by the Marketing department of Del-One for the background work that includes organizing the Annual Meeting, menu selection and ticket sales.

Lastly, CEO Williams recognized the Board of Directors, Supervisory Committee members and Insurance Committee members for their tireless efforts and commitment.

CEO Williams reviewed the Annual Report and acknowledged that the economy still presents challenges and wanted to reassure members that Del-One Federal Credit Union is financially sound. CEO Williams conveyed that Del-One is not immune to the financial crisis, but has the resources to weather the storm. Del-One's capital, which is akin to a rainy day fund, is at 9% or approximately \$30 million. Additionally, CEO Williams quickly recapped the branch projects over the course of the last couple of years. First, the Wilmington branch relocated on Market Street to a facility that is both considerably larger and easier to access by foot and with better parking availability. Secondly, the New Castle branch was renovated both internally and externally to better accommodate employees and members. Lastly CEO Williams noted that the Blue Hen ATM relocation discussed at the previous annual meeting did not come to fruition for a number of reasons. However, CEO Williams stated available alternatives include the use of ATM machines at Royal Farms, Wawa and Seven-Eleven convenience stores that offer surcharge free ATM transactions. Furthermore, members participating in Better Life Checking can earn ATM fee refunds up to \$25 per month.

CEO Williams further noted that as of August 2013, the call center became available 24 hours a day, 7 days a week. Technology enhancements included iPhone, iPad and Android applications for mobile banking. A few features include bill pay, transfer of funds and depositing a check by taking a picture with one's smart phone. Additionally, Apple Pay will be incorporated later this year. This feature lets users make payments and serves as a digital wallet. CEO Williams wanted to assure members that although technology is a large part of Del-One FCU, branches will not become obsolete as additional branches are likely moving forward.

CEO Williams commented on his recent experience at a conference in which attendees heard feedback from a focus group regarding the difference between banks and credit unions. Bank criticisms included perceptions of high fees, charging fees for seemingly every service provided and the lack of availability of small loans. While credit unions are perceived to be more consumer friendly by way of lower fees, better rates and the availability of small loans, credit unions continue to hold less than 10% of the market share in the financial services industry.

CEO Williams pointed to some misconceptions in the focus group that may contribute to credit unions lagging behind banks in market share. The first misconception is that credit unions are not accessible. Using Del-One as an example, there are 10 full service branches in the state of Delaware plus approximately 5,000 shared branching locations throughout the country. In addition to branches, members have access to online banking, mobile banking, ATM's and a 24/7 call center. Del-One members have around the clock access to their credit union both electronically or via live person.

A second misconception is that credit unions offer limited products and services. Again, using Del-One as

an example, CEO Williams illustrated that many credit unions offer a wide array of products and services. From real estate loans to small personal loans, Del-One has lending solutions to meet the needs of its members. On the deposit side, Del-One offers checking accounts, certificates, IRA's, share accounts and money market accounts. Other services include instant issue debit cards, financial planning and business services. The membership of Del-One is diverse and the product, service and delivery channels are geared to effectively serve those diverse needs.

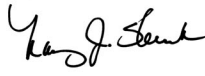
CEO Williams concluded by discussing the notion that credit union deposits are not insured like bank deposits. The truth is that credit union deposit insurance is not provided through the FDIC as it is for banks. However, credit union deposits are insured through the NCUA (National Credit Union Administration). Thus, individual accounts are covered to an aggregate total of \$250,000. As an added benefit to Del-One members, additional deposit account insurance is available through ESI (Excess Share Insurance) and provides up to an additional \$250,000 worth of coverage. The insurance coverage offered provides peace of mind to Del-One members.

Del-One members were reminded they have access to a broad array of affordable financial products and services through a member-owned cooperative structure. Credit unions are governed by volunteers, earn profits to build capital for rainy days, invest in the future and return the rest to members through favorable rates and low fees. CEO Williams once again thanked the members on behalf of the entire staff of Del-One for the opportunity to serve them and be their financial advocates. The Nominating Committee report was next on the agenda.

The nominating Committee, consisting of Chairman R. Bryce "Breezy" Brown, Bill Hufnal and Dion Williams, unanimously approved nominees Nancy Shevock, Vanessa McCall and John Bradley to be placed on the ballot for Del-One Federal Credit Union Board of Directors. Since no additional nominees were received by the petition deadline, Nancy Shevock, Vanessa McCall and John Bradley were unanimously elected to Del-One's Board of Directors in accordance with credit union Bylaws, Article V, Elections, Option A4, Section 1, Paragraph 2 which reads "an election will not be conducted by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled."

With there being no old business or new business for the annual meeting, Board Chair Nancy Shevock requested a motion to adjourn.

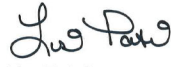
Motion by Kellie Rychwalski and second by Cynthia Evans to adjourn the 2015 Del-One Federal Credit Union's Annual Business meeting. Meeting adjourned at 6:00 PM.



Nancy Shevock
Board Chair



Vanessa McCall
Board Secretary



Lisa Patni
Executive Office
Manager

Report of Credit Union Condition

On behalf of the Board of Directors, Supervisory Committee, and staff of Del-One Federal Credit Union, it is with great pleasure and confidence to report that your credit union is financially sound. It is with great excitement to inform the member-owners of Del-One that some noteworthy milestones were reached in 2015.

The first milestone is that membership in Del-One exceeded 50,000 members as of December 31, 2015. No other credit union with headquarters in Delaware can stake that claim. With 10 full-service branches, Del-One has locations in every county of the state. In addition, Del-One participates in the Shared Branching network, which makes available another 5,400 locations nationwide. Del-One also offers its members a 24 x 7 Call Center, mobile banking, and online banking. In short, your credit union is convenient and accessible around the clock! The growth in membership is a testament to the continued support of the member-owners of Del-One and we look forward to continued growth. Del-One's commitment to its member owners is to continue making your credit union convenient and accessible as we explore new opportunities for branch locations and technology based services.

A second milestone is that total loan production in 2015 exceeded \$100 million. Del-One is a financial cooperative. Thus, members participate in the cooperative by depositing money, borrowing money, and utilizing available products and services. This number represents very strong participation over the past year. Your credit union assisted members with a number of borrowing needs: purchasing a home, refinancing a home, buying a vehicle, and personal loans for debt consolidation just to name a few. New additions were implemented to enhance the borrowing experience for members over the past year. The first is that members can participate in Del-One's car buying program, designed to help members with the entire car buying experience. The second is the Opportunity Auto Loan, which is designed to assist members who have had credit blemishes obtain affordable automobile financing. There are many significant moments in one's financial life and we want you to know that your credit union is here to help with those.

The financial performance as a whole was outstanding in 2015. Del-One's Return on Assets (ROA) increased from .66% to .90% in 2015. Del-One's performance was well above the peer average of .54%. Furthermore, Del-One's capital increased from 9.00% to 9.60% in 2015. Delinquency and charge off loans decreased from 3.07% to 2.14%. Membership increased by 10.18% compared to the peer average of 2.09%. Lastly, assets increased by 11.62% to \$365 million as of December 31, 2015. These numbers reflect strong and responsible growth, improved performance of the loan portfolio, increased earnings, and more than sufficient reserves. The financial foundation of your credit union is extremely healthy.

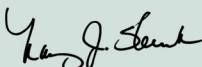
The Supervisory Committee represents a crucial component of protecting the safety and soundness of Del-One. Appointed by the Board of Directors, the Supervisory Committee reports the findings from audits, examinations, and engagements to the Board. In addition, the Supervisory Committee ensures management addresses and resolves any findings.

In 2015, the National Credit Union Administration (NCUA) provided a regulatory review of Del-One. In addition, Padden, Guerrini and Associates continued its internal audit engagement to complement the in-house internal controls program of Del-One. Clifton Larson Allen provided the independent CPA audit, which once again resulted in a clean opinion. Other engagements completed by Clifton Larson Allen include Del-One's annual Bank Secrecy Act (BSA) and ACH audits. Again, the Supervisory Committee works with management, the Board, and third parties on an active and successful program designed to continue Del-One's proud tradition as a safe and sound member-owned financial cooperative.

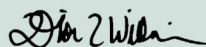
Del-One was recognized by its members as the "Best Credit Union" for the fourth consecutive year (2012, 2013, 2014, and 2015). Furthermore, Del-One was voted as a "Top Work Place" by its employees for the fourth consecutive year. These recognitions were part of the News Journal's annual survey. A special thank you goes out to members and employees for their continued confidence and support. It is truly an honor to be recognized in this manner.

Credit unions are unique. The Board of Directors serve on a volunteer basis. Each member of the credit union is also an owner of the credit union - equal to all other member-owners. The "profits" earned by your credit union go back to its member-owners in a variety of ways. One way is that capital is built for "rainy days" such as an economic recession. Another way is that your credit union offers favorable rates for deposits and loans. Fees are kept as low as possible to ensure your credit union provides affordable products and services. Lastly, your credit union invests in staffing, technology, and branches to provide around the clock convenience and access. The operative term is that Del-One is your credit union. Everything we do is geared toward serving you, the member-owner. And that is the credit union difference!

Respectfully,



Nancy J. Shevock
Board Chair



Dion Williams
President/CEO



R. Bryce Brown
Treasurer



Dorcell Spence
Supervisory
Committee Chair



In the Community

The Del-One Foundation was very busy in 2015 by participating in various events to benefit charitable organizations throughout Delaware. Over \$23,000 was donated to these charities through funds raised by selling items such as candy and t-shirts, and by hosting the 4th Annual Golf Tournament which raised over \$9,000. The charities the Del-One Foundation supported in 2015 included the Juvenile Diabetes Research Foundation, Down Syndrome Association of Delaware, People's Place, Kay's Kamp, Caring Hearts Helping Hands, Inc., Clothing Our Kids, Delaware SPCA, Foundation for a Better Tomorrow, and Adopt-A-Family in New Castle, Kent and Sussex County.

For 2016, the Del-One Foundation is excited to participate in events and fundraising activities for Kay's Kamp, Clothing Our Kids, and Foundation for a Better Tomorrow. More information on these charities and the events involved, as well as information on the 5th Annual Golf Tournament scheduled for September 21st at Wild Quail Golf and Country Club in Wyoming, DE, can be viewed at www.del-one.org.



Nominating Committee Report

The members of the Nominating Committee for 2016 are R. Bryce Brown, Chairperson, John Bradley and Dion Williams.

For three open positions of three-year terms on the Board of Directors, the Nominating Committee unanimously approved the following applicants as nominees to be placed on the ballot for Del-One Federal Credit Union's Board of Directors: Robert Baldwin, D. Steven Smith, and William Hufnal.

Having received one resume for nomination, for one unexpired term on the Board of Directors, the Nominating Committee unanimously approved the following applicant as a nominee to be placed on the ballot for Del-One Federal Credit Union's Board of Directors: Lisa Strusowski.

Respectfully submitted,

R. Bryce Brown
Nominating Committee Chairperson

Board of Directors

Nancy J. Shevock
Chair

R. Bryce “Breezy” Brown
Treasurer

William Pffaffenhauser
Director

John Bradley
Director

Lisa Strusowski
Director

D. Steven Smith
Vice Chair

William Hufnal
Secretary

Robert Baldwin
Director

Alton Hillis Sr.
Director

Supervisory Committee

Dorcell Spence
Chair

Trisha Neely
Committee Secretary

Gerald McNesby
Member

Patricia Isherwood
Member

Senior Management

Dion Williams
Chief Executive Officer

Gary Loraditch
Chief Financial Officer

Cynthia Evans
Director of Compliance

Marc Kidwell
Director of Information Technology

Amy Resh
Director of Marketing

Todd Smith
Director of Mortgage Lending

Paul Steelman
Chief Operating Officer

Kellie Rychwalski
Director of Accounting and Collections

John Lowery
Director of Lending

Ruby Herrington
Director of Member Advocacy

Amy Draper
Director of Operations

Lisa Patni
Executive Office Manager



Condensed Statements of Financial Condition

At December 31,	2015	2014
Assets		
Cash and cash equivalents	17,316,293	5,469,247
Loans to members, net	293,412,584	260,818,409
Investment securities available for sale	14,178,167	24,083,139
Certificates of deposit in other financial institutions	12,215,062	10,102,005
National Credit Union Share Insurance Fund deposit	3,147,172	2,886,373
Membership capital account	1,297,336	1,174,144
Other Investments	4,351,240	4,518,056
Loans held for sale	0	0
Accrued interest receivable	879,896	816,754
Property and equipment	16,976,820	16,358,262
Other real estate owned & repossessed assets	495,839	624,518
Prepaid expenses and other assets	877,693	292,232
Total assets	365,148,102	327,143,139
Liabilities and Members' Equity		
Members' share accounts	329,249,397	296,377,907
Nonmembers' share accounts	0	603,596
Accrued expenses and other liabilities	1,113,730	934,207
Total liabilities	330,363,127	297,915,710
Members' equity		
Regular reserve	5,618,194	3,126,687
Undivided earnings	29,428,282	26,325,724
Accumulated other comprehensive income	(261,501)	(224,982)
Total members' equity	34,784,975	29,227,429
Total liabilities and members' equity	365,148,102	327,143,139

Condensed Statements of Members' Equity

	Regular reserve	Undivided earnings	Accumulated other comprehensive income	Comprehensive income
Balance at December 31, 2013	3,126,687	24,171,514	(851,317)	
Net income		2,154,210		2,154,210
Unrealized gains on investments available for sale			626,335	626,335
Total comprehensive income				2,780,545
Balance at December 31, 2014	3,126,687	26,325,724	(224,982)	
Net income		3,102,557		3,102,557
U-Del FCU Merger	2,795,483			
Newport Site Employees FCU Merger	(303,931)			
Unrealized gains on investments available for sale			(36,519)	(36,519)
Total comprehensive income				3,066,038
Balance at December 31, 2015	5,618,194	29,428,281	(261,501)	

Condensed Statements of Income

At December 31,

2015

2014

Interest Income

Interest on loans	14,262,077	13,329,024
Interest on investments	453,014	558,568
	<u>14,715,091</u>	<u>13,887,592</u>

Interest expense

Dividends on members' shares & other	2,064,294	2,153,423
Net interest income	<u>12,650,797</u>	<u>11,734,169</u>

Less Provision for loan losses

	<u>1,636,493</u>	<u>2,021,202</u>
Net interest income after provision for loan losses	<u>11,014,304</u>	<u>9,712,967</u>

Noninterest income

Fee income	5,202,423	4,517,293
Other Operating Income	3,431,209	3,530,960
Gain or <Loss> on investments	(36,207)	597
Gain or <Loss> on Disposition of Repossessed Assets	195,949	(341,173)
	<u>8,793,374</u>	<u>7,707,677</u>

Noninterest expense

Compensation and benefits	7,171,128	6,479,802
Office occupancy	4,561,043	3,519,642
Office operations	2,231,395	2,033,174
Education and promotion	518,052	868,862
Loan servicing	1,011,993	1,259,699
NCUSIF stabilization	0	0
Professional fees	910,859	781,717
Other	300,651	323,538
	<u>16,705,121</u>	<u>15,266,434</u>

Net Income

	<u>3,102,557</u>	<u>2,154,210</u>
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These condensed financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of cash flows and notes to the financial statements, are available at the Credit Union office during normal hours of operation.