



2013

ANNUAL
REPORT



BANKING – THE DCU WAY



Table Of Contents

Chairman and President’s Report.....	3
Member Participation and The Year Ahead	4
2013 Service Enhancements.....	5
DCU In The Community.....	6
Consolidated Statements Of Financial Condition.....	7
Consolidated Statements Of Income.....	8
Board and Management.....	9
Products and Services.....	10
DCU Financial, DCU Insurance, and DCU Realty.....	11
DCU Branch Locations.....	12



Chairman and President's Report

Whether you've been a member for 30 years or you joined in 2013, our goal remains the same: to deliver exceptional banking products and services while providing the exceptional level of service you've come to expect from DCU.

Throughout 2013, we remained committed to being the financial institution members turn to for any occasion. Whether it was lending money to help a member buy their first home or lending a hand to help those in need – DCU was and always will be there.

You may reach out to us by visiting a branch, speaking to us on the phone, or sending an email, but our number one priority regardless of how you reach out to us is you the member. We exist solely to serve your financial needs and especially enjoy finding many ways to save you time and money. We do this by reducing your monthly car payment, offering a better solution for your checking dollars, or increasing your savings dividends to encourage saving habits.

Our auto loan, credit card, and mortgage rates were some of the lowest available all year and more members found that they could save money by moving their loan to DCU. As always—DCU stood committed to offering you a free checking account with benefits that larger financial institutions charge for.

Making a meaningful and positive difference in the lives of our members...that's just The DCU Way. Three simple philosophies guide each and every one of us at DCU: People Come First. Do The Right Thing. Make a Difference. That's Banking - The DCU Way.

Making a difference also means supporting after school programs, providing assistance to veteran's returning from serving overseas, ensuring that food banks and pantries are able to feed the hungry, advancing research opportunities at hospitals, and donating to causes that are helping families whose loved ones are coping with a life threatening disease. In 2013, we made charitable donations over \$2 million to organizations that, like DCU, are making a difference.

Sharing the Results of 2013

Although each and every member's financial situation is unique, we strived to ensure that we saved our members money and provided products, advice, and choices specifically tailored to helping members achieve their financial goals.

DCU continued to experience tremendous growth in numerous areas and ended 2013 with \$4.74 billion in assets and 416,790 members. 53,988 people joined DCU during the year and we now serve employees or members of more than 800 businesses and organizations and their families.

Throughout 2013, we worked to maximize your return as a DCU owner through market-leading rates, new services, and product enhancements. Total deposits were \$4.35 billion and total loans under management were \$5.31 billion. Attracted by our competitive loan rates and convenient ways to apply, members opened more than 77,000 loans totaling over \$1.7 billion.

"Always Excellent. The rates are great, the payments are easy and the loan payoffs are seamless. Thank you very much!"

pfeiferh, Nashua, NH



Chairman and President's Report Continued

Member Participation

Providing members with products and services that can help improve their financial wellbeing is another way we make a difference. In 2013, members chose DCU for a variety of reasons including:

People Helping People Philosophy – This is the maxim on which credit unions were established. Members pool their savings so that their fellow members can finance their homes, cars, home improvements, education, and many other worthwhile purchases. The interest they pay provides members with savings at a competitive return on their hard-earned money

Free Checking – More than ever, members used DCU as their primary checking account. By year end, 193,271 members considered their DCU Checking account as their primary account, an increase of 16% over 2012. Members utilized our Direct Deposit benefit to receive over \$4.3 billion in 2013 in payroll and Social Security deposits throughout the year. This represents a 9% increase over 2012.

Getting a Home – Over the course of 2013, DCU helped more than 3,000 members realize the American Dream by helping them purchase or refinance their home. We ended the year with 13,540 members having their mortgages with DCU – an increase of 9% over 2012.

Affordable Transportation – Whether it was for a new or pre-owned vehicle, members chose DCU to finance 33,366 vehicles in 2013.

Making DCU The First Choice – According to our annual survey, 60% of our members say DCU is their primary financial institution and 75% say they are extremely likely to recommend DCU to their friends and co-workers.

Helping Member Businesses Grow – DCU made over \$189 million in loans to member-owned businesses in 2013, a 13% increase over 2012.

Using DCU Online – Over 216,000 members (52%) use Online Banking to access their accounts online. An average of 63,100 people visit our website every day – over 23 million visits last year. Your opinion counts at DCU, that's why we have Member Ratings and Reviews of DCU products and services on our website. Nearly 3,000 of your fellow members submitted a review to share their thoughts and opinions helping us shape our future products and services.


The DCU Visa® – With the option of having a card that offers a low interest rate or a card that provides a low interest rate and rewards – over 47% of DCU members chose to carry one of DCU's Visa cards. In 2013, members used their DCU Visa cards to make over 15 million purchases totaling over \$871 million.

The Year Ahead


Planned service enhancements for 2014 include the completion of a new branch located in Lexington, MA, as well as moving our Burlington, MA branch to a new, spacious location offering expanded services. Other initiatives include offering free FICO® credit score to all members; enhancements to Online Banking, our mobile app, and a mobile version of DCU's website; a revamped online member referral program making it easier than ever to share DCU with your relatives, friends, neighbors, and co-workers; and a new online community where members can share their own experiences using their DCU Visa Platinum Card.

We understand that you have choices when it comes to choosing a financial organization. On behalf of the Board of Directors, volunteers, management, and staff, we thank you for choosing DCU for your financial needs and we thank you for allowing us the opportunity to make a difference in your life.

In 2014, and the years to come, you have our unwavering commitment to provide exceptional member service and a team of caring individuals that delivers on that commitment each and every day.



Frank S. Branca
Chairman, Board of Directors



Jim Regan
President / CEO



Some Of Our 2013 Enhancements

A New Look for dcu.org

We launched a new design for our website with the goal of making it simple and easy to get the information you're looking for. The new site is optimized to be easily viewed on your tablet, desktop, or laptop.

1% Cash Back on Holiday Visa® Purchases

Members received well over \$1 million cash back on purchases they made between Thanksgiving and New Year's Eve with their DCU Visa Platinum, Visa Platinum Rewards, and Visa Platinum Secured cards. This offer was a special thank you to DCU Visa cardholders for their loyalty throughout the year.

Online Visa® Balance Transfer

Located in the Account Manager feature of DCU's Online Banking, you can now easily transfer your high rate credit card balances to your DCU Visa Platinum credit card and start saving immediately.

DCU Text Alerts

This service allows you to receive informational texts triggered by certain events. Our Overdrawn Check Alert notifies you in the event you do not have sufficient funds to cover a check that is attempting to clear your account. We'll give you an opportunity to transfer in the funds necessary to cover the check and even reduce the overdraft fee.

Name Your Member Described Accounts Online

In 2013, we began offering the ability to change the name of any of your Member Described Savings Accounts online through Account Manager.

Mobile Banking Enhancements

We added two features to DCU's popular smartphone app. One provides access to your mortgages to see balances and make payments. The other gives members the ability to make cross account transfers to other DCU members.

New Branches in Fitchburg, MA and Merrimack, NH

DCU opened two new branches located in Fitchburg, MA and Merrimack, NH bringing the total number of DCU branch locations up to 20. These two branches are centrally located making it more convenient for members in the respective areas to stop by and find out: What Can DCU Save You?

DCU ATMs at Rite-Aid Locations

We partnered with Rite-Aid Pharmacy by providing ATMs at over 100 Rite-Aid locations throughout Massachusetts and New Hampshire. At these locations, our members can make surcharge free cash withdrawals, inquiries, and transfers with their DCU Checking and/or Savings Account.

"Love these folks! I've been with DCU for 18+ years and would not consider anyone else! They understand value and deliver excellent Member Service - and they care!"

308GTS, Atlanta, GA



DCU in the Community



At DCU, we're committed to making a meaningful and positive contribution to the individuals, families, businesses and communities that make us who we are. Because of this, we have made a significant commitment to invest in and give back to the communities that our members work and live in.



We direct our charitable efforts toward child-focused non-profit organizations and causes in communities with DCU branches or large numbers of members. Among our efforts in 2013 were:



DCU for Kids



With a successful annual Golf Classic, raffles, and other events, our charitable foundation raised and donated over \$800,000 for charities benefiting children in 2013. The largest of our 80+ beneficiaries were Boys and Girls Clubs throughout New England, Children's Hospital Boston, Autism Speaks, the Cam Neely Foundation for Cancer Care, and the Boomer Esiason Foundation for Cystic Fibrosis. 98 cents of every dollar goes directly to children and families in need. All administrative and volunteer support is donated by DCU.



Reach Out for Schools



This non-profit raises money from membership fees and donations to support schools and classrooms in communities where its members live. DCU provides staff and financial support to the group.



DCU Memorial Scholarships



Each spring since our program began in 1996, DCU awards scholarships to graduating high school seniors judged most likely to excel at a college or university. In 2013, there were a total of thirty-five scholarships awarded.



Charitable Contributions

DCU's primary charitable initiative is directed towards supporting programs that provide a health, welfare, or social service for children; or provide educational programs or services that primarily benefit children. Throughout the year, we partnered and financially supported over 100 local causes, educational programs, and events that had a positive impact on the lives of children.



Classroom Adoptions

We supported 60 local public elementary school classrooms in DCU branch communities in cooperation with Adopt-A-Classroom with emphasis on special needs and special needs-inclusion classrooms.



In-School Financial Education

DCU provided free financial education to students in several New England high schools. Throughout the year, DCU also taught students what it's like to live in the "real" world by hosting and participating in CU 4 Reality Financial Education Fairs.



DCU Hometown Hero

Partnering with FOX25, DCU recognized individuals throughout the summer of 2013 for making a difference in their community by awarding them with the DCU Hometown Hero Award. This award was presented to a New England resident for their courage, outstanding achievements, and contributions to make his or her community a better place to live.



Member of the Worcester Alliance for Economic Inclusion

An FDIC organized effort to bring un-banked citizens into the financial mainstream. The focus is on expanding basic retail financial services including savings accounts, affordable remittance products, small-dollar loan programs, targeted financial education programs, alternative delivery channels, and other asset-building programs.



"We feel reassured that DCU has the use of a great fraud monitoring system. DCU member service reps are always helpful and courteous!"

MAK54, Leominster, MA



Consolidated Statements of Financial Condition

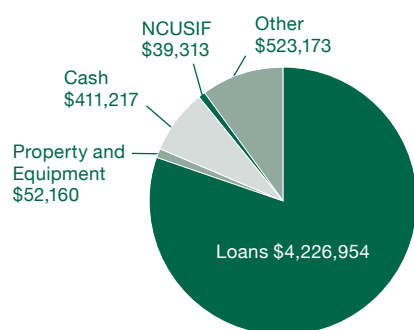
December 31,	2013	2012
Assets:	[in thousands]	
Cash and cash equivalents	\$ 411,217	\$ 262,283
Deposits in Corporate Federal Credit Union	69,000	64,000
Securities - Available-for-Sale	366,042	336,399
Other Investments	42,058	44,610
Loans Held-for-Sale	13,994	40,176
Loans, Net	4,226,954	3,868,969
Accrued Interest Receivable	15,231	14,860
Premises and Equipment, Net	52,160	52,394
NCUSIF Deposit	39,313	35,236
Other Assets	16,848	16,096
Total Assets	\$ 5,252,817	\$ 4,735,023

Liabilities and Members' Equity		
Liabilities:		
Members' Share and Savings Accounts	4,237,830	3,874,856
Borrowed Funds	510,000	428,642
Accrued Expenses and Other Liabilities	38,281	35,187
Total Liabilities	\$ 4,786,111	\$ 4,338,685

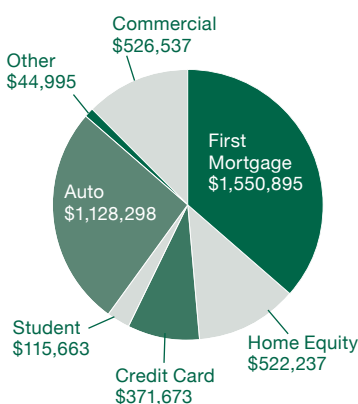
Commitments and Contingent		
Members' Equity:		
Regular Reserves	100,227	100,227
Undivided Earnings	369,386	299,729
Accumulated Other Comprehensive Loss	(2,907)	(3,618)
Total Members' Equity	\$ 466,706	\$ 396,338

Total Liabilities and Members' Equity	\$ 5,252,817	\$ 4,735,023
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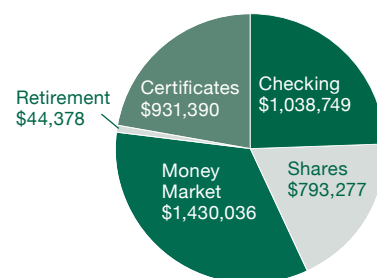
Assets



Loans to Members



Member Savings



Consolidated Statements of Income

December 31,	2013	2012
Interest Income:	[in thousands]	
Loans	\$ 180,981	\$ 178,165
Securities, Interest Bearing Deposits and Cash Equivalents	3,457	2,666
Total Interest Income	\$ 184,438	\$ 180,831
Interest Expense:		
Members' Share and Savings Accounts	24,001	24,933
Borrowed Funds	6,859	9,356
Total Interest Expense	\$ 30,860	\$ 34,289
Net Interest Income	\$ 153,578	\$ 146,542
Provision For Loan Losses	\$ 17,500	\$ 3,000
Net Interest Income After Provision for Loan Losses	136,078	143,542
Non-Interest Income		
Service Charges and Fees	13,720	12,637
Interchange Income	20,499	21,923
Other Non-Interest Income	7,849	4,672
Net Gain on Sale of Loans	4,905	6,694
Net Gain on Sale of Securities	1,281	-
Total Non-Interest Income	\$ 48,254	\$ 45,926
Non-Interest Expense		
Employee Compensation and Benefits	54,374	47,347
Office Occupancy and Operations	31,757	30,837
Share Insurance Premiums	3,145	3,347
Other Operating Expenses	23,919	22,978
Net Loss on Prepayment of Borrowed Funds	-	6,665
Net Loss on Sale of Foreclosed Assets	1,480	3,285
Total Non-Interest Expense	\$ 114,675	\$ 114,459
Net Income	\$ 69,657	\$ 75,009



Board of Directors

Frank Branca
Chairman

Karyn Brown
Treasurer

Harriet Cohen

Steven Eddleston
Vice Chairman

David Garrod
Secretary

Jim Hom

William Kilgore

Supervisory Committee

Harriet Cohen
Chair

Scott Gordon
Vice Chair

Cathy Giunta
Secretary

Carlo Cestra

Management

James Regan
President
Chief Executive Officer

Donna Russo
Sr. Vice President
Human Resources

Debbie Taverna
Vice President
Consumer Lending

Tim Garner
Sr. Vice President
Marketing and Strategy

David Araujo
Vice President
Information Systems

Mike Winter
President / CEO
FiVision

Steve Mackowitz
Sr. Vice President
Commercial Lending

David DeWitt
Vice President
Risk Management

Kim Chagnon
Director
DCU Realty

Carol Raposa
Sr. Vice President
Branch Services

Laurie LaChapelle
Vice President
Finance

Dennis Murphy III
Director
DCU Insurance

Craig Roy
Sr. Vice President
Retail Lending

Julie Moran
Vice President
Support Services

Marianne Zawacki
Director
DCU Financial

“Free Checking with DCU is a great product. I have been a member for over 15 years and the member service is world class”

Hank1019, Laurel, MD

Products and Services

Personal Banking

Loans

Apply online or by phone 24-hours a day

- Auto, Boat, Recreational Vehicle, Motorcycle, Personal Aircraft, and more
- Visa® Platinum, Visa Platinum Rewards, and Visa Platinum Secured Credit Cards
- Private Student Lending Solutions
- Mortgages, Home Equity Loans and Lines
- Personal, Consolidation, Savings, Certificate, and Stock-Secured Loans

Savings

Account opening and online access 24-hours a day

- Savings, Checking, Money Market, and Certificates
- Ltd Savings Account
- Individual Retirement Accounts
- Holiday Club and Member Described Accounts
- Trust and UTMA Accounts

Special Programs

- Mobility Vehicle and Access Loans
- Financial Wellness and Recovery Program
- Skip-A-Payment
- Auto Buying Service

Account Access and Other Services

- Online Banking with Bill Payer
- Mobile Banking
- Online Deposit
- DCU Visa Check Card and ATM Card
- Easy Touch Telephone Teller
- Overdraft Protection Service
- CashEdge Funds Transfer Service
- Domestic and International Money Wires
- Money Orders and Travelers Cheques

- Direct Deposit
- DCU Visa Gift Cards
- FinanceWorks™
- Notary, Signature Guarantee
- Bank by Mail

Education and Information

- DCU eNEWS
- *StreetWise* Consumer Education Program
- *Members' Monthly* Newsletter
- *Show Me* Website and Newsletter
- *Barnyard Cents* Website and Newsletter
- Auto Buying Research Services
- Online Calculators

Business Banking

Loans

- Lines of Credit and Term Loans
- Investment Property Equity Lines and Loans
- Commercial Mortgages
- Construction Mortgages
- Auto, Business Vehicle, and Business Equipment
- Visa Business Platinum
- SBA Loans

Savings

- Free and Premier Business Checking
- Savings, Money Market, Certificates, Ltd Savings Accounts
- SEP and SIMPLE IRAs

Account Access and Other Services

- Online Banking
- Business Visa Check Card
- Online Federal Tax Payments (EFTPS)
- Merchant Credit Card Referral Services
- Payroll Services

"DCU is the best place for a apply loan. They are straightforward and member oriented. Loan was approved on the same day and check was received the next day. I love DCU!"

raj9009, OFallon, MS



DCU Financial

- Financial Planning - Retirement, college, estate and wealth transfer, trust services, and asset management
- Investing Services - 401(k) and IRA rollovers, professional money management, mutual funds and annuities, stocks and bonds, unit investment trusts
- Insurance - long-term care, term and universal life, and accidental death

Securities and advisory services offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates. DCU and DCU Financial are not registered broker/dealers, nor are they affiliated with LPL Financial. The DCU Financial site is designed for U.S. residents only. The services offered within this site are offered exclusively through our U.S. registered representatives.

Not NCUA Insured	Not Credit Union Guaranteed.	May Lose Value.
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DCU Insurance

Direct independent agency services in CO, CT, GA, ME, MA, and NH. Policies in other states available through direct affinity programs of national insurance carriers.

- Personal Automobile
- Homeowners / Condo Owners
- Renters, Dwelling Fire, and Flood
- Umbrella Liability

Property and casualty insurance provided by DCU Insurance (DCU Financial Insurance Services, LLC), a subsidiary of DCU. Business conducted with DCU Insurance is separate and distinct from any business conducted with the credit union. Remember that any insurance required as a condition of the extension of credit by the credit union need not be purchased from DCU Insurance but may, without affecting the approval of the application for credit, be purchased from an agent or insurance company of the member's choice. Insurance products are not deposits of Digital Federal Credit Union (DCU) and are not protected by the NCUA. They are not an obligation of or guaranteed by the credit union and may be subject to risk. Any questions or concerns regarding this relationship may be addressed to the Office of Consumer Affairs.

DCU Realty

Full-service realty specialists to help you buy or sell a home or condo. List "By Owner" homes for sale nationwide on dcuhomes.com, or in the Massachusetts and New Hampshire Multiple Listing Services. Our relocation service helps members in all 50 states.

"I just purchased a new vehicle and went through DCU for my car loan. They made the experience so much less stressful and easier. I am so happy banking with DCU!"

veronikaB, Worcester, MA

DCU Branch Location

Massachusetts Branches

Acton

100 Powdermill Road
Acton, MA 01720

Andover

209 North Main Street
Andover, MA 01810

Burlington

91 Middlesex Turnpike
Burlington, MA 01803

Fitchburg

350 John Fitch Highway
Fitchburg, MA 01420

Framingham

60 Worcester Road
Framingham, MA 01702

Franklin

209 North Main Street
Andover, MA 01810

Leominster

1123 Central Street
Leominster, MA 01453

Lexington

1751 Mass Ave.
Lexington, MA 02420

Littleton

255 Great Road
Littleton, MA 01460

Lowell

564 Bridge Street
Lowell, MA 01850

Marlborough

279 East Main Street
Marlborough, MA 01752

Marlborough

865 Donald Lynch Boulevard
Marlborough, MA 01752

Tyngsborough

378 Middlesex Road
Tyngsborough, MA 01879

Waltham

130 Lexington Street
Waltham, MA 02452

Westborough

18 Lyman Street
Westborough, MA 01581

Worcester

131 Gold Star Boulevard
Worcester, MA 01606

Worcester

225 Shrewsbury Street
Worcester, MA 01604

New Hampshire Branches

Hudson

275 Lowell Road
Hudson, NH 03051

Manchester

369 South Willow Street
Manchester, NH 03103

Merrimack

19 Premium Outlets Blvd.
Merrimack, NH 03054

Nashua

379 Amherst Street
Nashua, NH 03063

Branch Hours

Monday - Wednesday

9:00am - 5:00pm

Thursday - Friday

9:00am - 7:00pm

Saturday

9:00am - 3:00pm

Lowell & Manchester Branch Hours:

Monday - Wednesday

9:00 am - 5:00pm

Thursday - Friday

10:00am - 6:00pm

Saturday

9:00am - 3:00pm

Lexington Branch Hours:

Monday - Wednesday

8:00 am - 4:00pm

Thursday - Friday:

8:00 am - 6:00pm

Saturday

9:00am - 3:00pm

Information Center Hours

Monday - Friday

8:00am - 9:00pm

Saturday

9:00am - 3:00pm

Don't see a DCU Branch in your community? You can bank at home with Online Banking or on the go with Mobile Banking, our iPhone, iPad, and Android apps, and Online Deposit.

"Very smooth and hassle-free application process with very good member service. Very generous credit approval, low rate, and Free Checking. Proud to be a member of DCU. "

Ramashankar, Irving, TX



220 Donald Lynch Boulevard • Marlborough, MA 01752
dcu.org • 508.263.6700 • 800.328.8797

 [facebook.com/DigitalFederalCreditUnion](https://www.facebook.com/DigitalFederalCreditUnion)



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BANKING – THE DCU WAY