

CELEBRATING

200 YEARS

 **dupage**
credit union

2016 | Annual Report

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The Naperville Branch Office Team celebrates our 60th Anniversary.

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Our Promise & Core Values



Dedication

To embrace the spirit of the credit union movement.

Integrity

To be trustworthy and sincere in all interactions.

Service

To exceed expectations through service excellence.

Care

To demonstrate genuine concern for the community.

More than just a bank, we're a Member-owned financial institution united by a common spirit, energized to create a memorable banking experience to help you with life's events – big and small.

Joined by our Members. Supported by our Members. Inspired by our Members.

DuPage Credit Union | Banking Inspired™

Financial Wellbeing

We help our Members and community make informed financial decisions by providing educational services on life's biggest events.



Tom Trost, CFP*, Financial Advisor

◀ DuPage Financial Advisors

In the spirit of our promise to help Members with life's events, big and small, the DuPage Financial Advisors* Program debuted in the summer of 2016. Members now have access to a Financial Advisor to confidentially discuss their financial aspirations.



◀ Seminars

The Credit Union hosted 14 seminars where experts shared advice on topics such as how to improve your credit score, buying your first home, and planning for retirement.

*Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. CBSI is under contract with the financial institution to make securities available to Members. Not NCUA/NCUSIF/FDIC insured. May Lose Value. No Financial Institution Guarantee. Not a deposit of any financial institution. CUNA Brokerage Services, Inc., is a registered broker/dealer in all fifty states of the United States of America. The CFP® certification marks are not affiliated with CUNA Brokerage Services, Inc.

Community

Inspired to make a difference in our community, we proudly raised over \$14,000 for local students in need and \$7,000 for cancer research.



Drive, Drop & Donate

Hundreds of eco-friendly residents dropped off their shred-ready documents and old electronics during our annual event, helping raise over **\$3,300** for our local backpack fundraiser.



We've Got Your Back

Thanks to your support, we raised over **\$14,000** to help **1,116** DuPage County students in need begin the school year with backpacks and school supplies.



Relay For Life

Thanks to your generous donations and our dedicated Team, we raised over **\$7,000** to benefit The American Cancer Society through numerous fundraisers.



Community Sponsorship

We're proud to support local events to help strengthen the bond in the communities we call home.

Two Brothers® Summer Festival

We were excited to collaborate with Two Brothers Brewing Company for our *Mortgages On Tap - First-Time Home Financing Seminar*; as well as help sponsor their local music festival that benefited Make-A-Wish Illinois and other local charities.



Suburban Life® Scholars

For the second year, we proudly sponsored Shaw Media's Suburban Life Scholars Program honoring local students who excel in the classroom, on the playing field and in their communities.

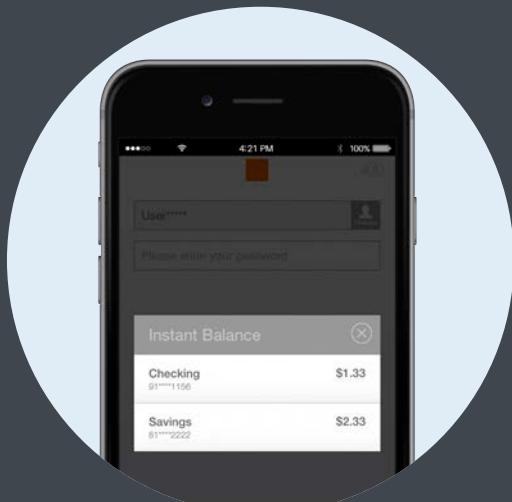


Taste of Wheaton

Supporting the communities we call home continues to be an important part of who we are. That's why you'll see us at events like Taste of Wheaton where we can visit with old friends and make new acquaintances.

Everyday Convenience

Dedicated to offering secure, innovative solutions that respond to the way you bank.



◀ Instant Balance

This convenient new feature allows Members to view their account balance in Mobile Banking from their login screen - no password, no security questions.



Touch ID

A big thumbs up to single-digit password protection – now Members can securely log into the Mobile Banking App on an iPhone with just their fingerprint.

Popmoney®

This innovative personal payment service allows Members to send and receive money directly from virtually anyone.



Popmoney is a registered trademark of Fiserv, Inc., or its affiliates. Terms and conditions apply.

Inspiring Member Tribute

Bernie Hurley



A founding Member, Bernie's exuberance and dedication to service have been an inspiration to the Credit Union Team since day one.

James Jannisch



James' kind spirit and generous nature are contagious; he has been inspiring our Team to pay kindness forward for over 34 years.

Dr. Sandy Renehan



For over 25 years, Dr. Renehan inspired students in the Joliet Diocese to be thoughtful and giving citizens.

Katie DeSotell



Inspired to help children unlock their passion to read, Katie is dedicated to advocating for literacy locally and in developing countries.

During our yearlong 60th Anniversary celebration, each quarter we celebrated Members who have inspired us with their dedication, service and kindness. Read their stories at dupagecu.com/dceturns60.

Message From The President



Diane M. Shelton

President/CEO

2016 was a year of celebrating and reminiscing. As we celebrated our 60th anniversary and looked toward the future of serving our Members, we also remembered how we arrived here.

On February 15, 1956, 12 Wheaton educators united under a common philosophy of "people helping people" and pooled together their resources to lay the foundation for what would become DuPage Credit Union. Today, their credit union dream has grown from serving one school to offering Membership to communities in seven counties, totaling **over 34,000 Members**.

In 2016, we continued to build upon their philosophy by giving back to our Members, local educators, students and organizations. We **raised over \$21,000** to support causes such as our *We've Got Your Back* backpack fundraiser, American Cancer Society's *Relay for Life* and Pantene's *Beautiful Lengths* initiative.

Celebrating Good Times!

Throughout the year we celebrated our anniversary with special offers and giveaways, including surprising 60 Members with \$60 Visa® Gift Card bundles containing \$50 for the Member and \$10 to pay it forward.

We were also honored with a special ribbon-cutting event, sponsored by the Wheaton Chamber of Commerce, at our Wheaton Branch Office to commemorate 60 years of serving the community. It was a wonderful opportunity to say thank you to our Members and community leaders for helping us achieve this milestone.

Celebrating Inspiring Members

Each quarter, our Team nominated Members who have inspired us with their dedication, service and kindness. Each Inspiring Member was awarded a \$160 Visa® Gift Card as well as a \$60 Visa® Gift Card to pay it forward and was featured on our website and in our Branch Offices. Honorees included:

- **Bernie Hurley** - A founding Member, a retired Wheaton grade school teacher, has enthusiastically served the Credit Union and been an inspiration to Team Members and the community since the very beginning.

- **James Jannisch** - A Member for 34 years, a retired Naperville District 203 staff member, has inspired our Team with his kind spirit and numerous and gracious acts of kindness, such as bringing baked treats to our Naperville Team.

- **Dr. Sandy Renehan** - A Member for 22 years, the retired All Saints Catholic Academy Principal has inspired thousands of students in the Joliet Diocese to be well-rounded and courteous students that give back, in DuPage County and abroad.

- **Katie DeSotell** - A Member for 32 years, the retired Indian Prairie District 204 Reading Specialist has inspired thousands of young readers and her community to fight for literacy access for all children.

Celebrating Education

To celebrate our roots in education, the Credit Union held giveaways and contests for local teachers to win supplies for their classrooms, including iPads® and Chromebooks®. In our most recent giveaway, we asked teachers "What's on your classroom wish list?" We were moved by all of the inspiring stories we received. Winners were awarded a combined **\$1,850 to purchase needed supplies**, books and other items.

Celebrating Giving Back

Together we **raised \$14,833**—with over **\$3,000 collected** at our Drive, Drop & Donate Shred and Recycle Day—to help DuPage County students in need during our third-annual *We've Got Your Back* backpack fundraiser. These funds were **used to purchase 1,116** much-needed backpacks filled with supplies to help students succeed in the classroom. Thank you to the many local businesses who contributed to the fundraiser.



Thomas, a Member since 2016, received a \$50 Gift Card and a \$10 Gift Card to pay it forward during one of our 60th Anniversary Gift Card Giveaways at our Wheaton Branch.

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For the third-straight year we were ranked the #1 credit union mortgage lender in 3 counties.¹

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1. DuPage Credit Union ranked the number one credit union mortgage lender in DuPage, Kane and Kendall Counties according to the 2013, 2014 & 2015 HMDA data (Home Mortgage Disclosure Act).

Celebrating Giving Back (continued)

We also continued our support of the I-88 Corporate Relay for Life. Over a dozen Team Members participated in this year's event and helped **raise over \$7,000 for the American Cancer Society**, including your generous donations and patronage of our candy sales. In addition, the Credit Union backed the community and local businesses by sponsoring the Suburban Life Scholars Program, Taste of Wheaton, Two Brothers® Summer Festival and more.

Celebrating Innovation

In February of 2016, the Credit Union launched an enhanced Online & Mobile Banking platform to keep up with the ever-changing banking needs of our Members. With the introduction of the Popmoney® personal payment service, sending and receiving money to/from virtually anyone became easier by eliminating the inconvenience of checks and cash. We also added External Transfers for Members to

securely transfer money to and from accounts at other financial institutions.

With the Mobile Banking App, Members can now view their account balances without logging in, and Members with iPhones® can log in with just their fingerprint. We are excited about a number of additional Mobile Banking App features coming in early 2017.

Celebrating Recognition

For the third-straight year, the Credit Union was **ranked the number one credit union mortgage lender** in DuPage, Kane and Kendall counties by the Home Mortgage Disclosure Act (HMDA).¹ This feat could not be accomplished without the steadfast and personalized service our Residential Lending Team provides Members seeking home loans.

Residential Lending Specialist Assistant Manager Nora Hickey was awarded the **Five Star Mortgage Professional Award** for the second year for her exemplary service in the mortgage industry. Less than two-percent of all mortgage professionals in the Chicagoland area received this recognition.

Thank You

I would like to extend a heartfelt thank you to our Board of Directors and to the Supervisory Committee for their willingness to serve and for the many hours they devote to the Credit Union. I would also like to express my gratitude to longtime Credit Union Board and Committee Member Larry Kammes, who passed away in 2016. His commitment and contribution to the Credit Union will truly be missed.

I would also like to recognize the hard work and devotion our Team demonstrates daily to living the credit union philosophy and serving our Members.

Finally, I would like to thank our Members. Your dedication to the Credit Union and to the communities we call home continues to inspire us.

Sincerely,

Diane M. Shelton
President/CEO



Wheaton Chamber of Commerce celebrating 60 years with a special ribbon cutting at our Wheaton Branch Office.

Message From The Board Chair



Debra Ragusa
Chairperson

2016 was another banner year for your Credit Union as we continued to advance the financial wellbeing of the organization, while helping our Members improve their own financial standing.

We experienced another successful year of operation that made it possible for us to expand our capital base, making the institution stronger than it has ever been. While an ever-evolving regulatory environment continued to provide challenges in 2016, we are hopeful that regulatory relief is just around the corner. This relief will make it easier for us to serve our Membership in the thoughtful and considerate manner to which they have become accustomed. This level of service would not be possible without the outstanding efforts of our very capable and loyal Team. Of course, this organization would not enjoy any success without the dedication and trust of you, our devoted Members. It is your trust and confidence that makes it possible for us to succeed year after year and creates an environment that makes it possible for us to dream of what someday might be. To you, our Members, we pledge that we will put forth our best effort in being a financial institution within which you can take great pride.

Regulatory Challenges

Regulatory issues are a challenge that the financial industry must face on an almost daily basis. Issues related to Member equity, interest rate risk, credit quality and the plethora of rules and regulations concerning mortgage lending are among the most pressing regulatory challenges we face. We are also preparing for future regulation including risk-based capital and Current Expected Credit Loss (CECL) that will change the way we do business for years to come. However, our goal continues to be to provide superior products and service to our Members and this goal will not change regardless of any expansion in government regulation.

Credit Card

Our credit cards have always been a cornerstone in the portfolio of products that we make available to our Members. In 2016, we continued to consider our credit card offerings, pursued opportunities to improve our current cards and began to discuss the possibility of enhancing our card portfolio by offering a new card. The results of this intensive process will be seen beginning in 2017 and carrying into the future. We are committed to becoming and remaining the payment option of choice for all of our Members.

Brand Revitalization and Culture Standards

Our brand is a critical component of defining who we are by carrying our message to our

Members and non-members. In 2016, we continued in our quest to revitalize our brand by conducting brand training with our entire Team. This included the creation of a new set of culture standards to help guide our Team and make it easier for them to understand the level of service that we expect them to employ in their interactions with our Members. We will continue to pursue opportunities to strengthen our brand and to use that strength to better serve our current Membership and to expand our impact by making our services available to those we do not currently serve.

Online and Mobile Banking

We converted to a new provider for our online and mobile banking products in 2016. We undertook this conversion in an effort to provide our Members with an improved product and with an eye toward the future. The new platform added a number of additional features in 2016 and will add even more in 2017. Our goal is to present our Members with the best product available that will not only serve their current needs, but will also constantly evolve to offer improved services in the future.

DuPage Financial Advisors

We introduced DuPage Financial Advisors in 2016 to provide our Members with a financial planning option that mirrors the high level of service they have come to expect from the Credit Union Team. Our Financial Advisor, Tom Trost, has already met a number of



The Worklife Integration Group meets regularly to organize events for Team Members, like the Chill N' Grill.



Team Members at the Downers Grove Branch wear their orange t-shirts in celebration of our 60th anniversary.

our Members and has been able to assist many of them in improving their financial position and helping them plan their financial future. We are very excited to have Tom onboard and if you haven't already met him, we encourage you to stop by for a visit in our Wheaton office or give Tom a call to schedule an appointment.

60th Anniversary

We were excited to celebrate DuPage Credit Union's 60th anniversary in 2016. We are proud to look back at all we have accomplished over these many years, and we are equally excited about the future and finding new and improved ways to better serve you, our Members. We remain committed to doing our part to assist you in improving your financial wellbeing and we thank you for the confidence that you have shown in us throughout the years.

Member Commitment

In March, we hosted our 59th Annual Meeting of Members at our Operations Center. It is our annual opportunity to greet our Members and provide them an opportunity to hear from our Board of Directors and Management Team. We extend a very special thank you to all who attended and for expressing your loyalty and commitment to our financial institution. As is the case each year, the Board of Directors of DuPage Credit Union and its Committees continue to meet on a regular basis in an effort to fulfill their fiduciary responsibilities. The Board met on a monthly basis throughout

2016. The Executive Committee also met on a monthly basis while the Asset Liability Management Committee met on average twice per month throughout the year. The Supervisory Committee met quarterly, which included meetings with our Certified Public Accountants and Regulatory Examiners.

Conclusion

It has been a great honor to serve as the Chairman of the Board of Directors and to represent our wonderful Members. The Board of Directors is a group of volunteers who are elected by the Credit Union's Members to represent their interests in the operations of this financial institution. In order to serve on the Board one must be willing to dedicate their time, energy and talents toward the common goal of maintaining a safe and secure operation and to serve the Membership in the best way possible. On behalf of the Board of Directors, Committee Members and the DuPage Credit Union Team, I thank you for the confidence that you have shown in us and hope that you continue to provide us with the opportunity to be your financial partner in 2017 and into the future.

Sincerely,

Debra Ragusa, Chairperson
On Behalf of the Board of Directors

Supervisory Committee Report



Judy Lyons

Supervisory Committee Chairperson

Earning Member Trust & Confidence For Six Decades

The Supervisory Committee consists of five Members of the Credit Union who are appointed annually by the Board of Directors of DuPage Credit Union. The Committee has oversight responsibility for monitoring the business affairs of the Credit Union. In that capacity, the Committee met quarterly during the 2016 term year and also attended various Board of Directors meetings and strategic planning sessions. The Committee also met with regulatory examiners, share insurance examiners and independent

auditors to review their findings in relation to audits and exams of the Credit Union's operations and internal control.

DuPage Credit Union is an Illinois state-chartered credit union, governed by the Illinois Credit Union Act with regulatory oversight by the Illinois Department of Financial and Professional Regulation's (IDFPR) Division of Financial Institutions, Credit Union Section. By law, the Credit Union is required to undergo an annual internal audit and external audit of its books and business affairs. An independent public accountant, engaged by the Supervisory Committee, performs the external audit and participates in the completion of the internal audit.

Annual External Audit

Selden Fox, Ltd. performed the external audit and then presented to the Committee their independent auditor's unqualified report. This audit included a review of the Credit Unions' statement of financial condition, income statement and Members' equity and cash flows as of September 30, 2016. Selden Fox, Ltd. also thoroughly reviews all lending and collections reports, as well as all balance sheet account reconciliations. The audit results were submitted in December of 2016 to the IDFPR's Credit Union Section and American Share Insurance (ASI), the Credit Union's share savings insurer.

The reports were also thoroughly reviewed by DuPage Credit Union's Board of Directors and Management Team. The Credit Union Team was enthusiastically commended by the auditors for its cooperation and conscientiousness in the maintenance of the books and records of the Credit Union. As has been the case for the past several years, there were no financial or accounting audit adjustments.

Regulatory Exam

DuPage Credit Union is also required by law to undergo a regulatory examination. The IDFPR's Credit Union Section and ASI conducted a joint examination during the year. The full examination was conducted in February and March of 2016 and was based on December 31, 2015 operational and financial results. The examination

report was reviewed and discussed with the Board of Directors, Management and Supervisory Committee Members at the May 2016 meeting.

Internal Audit

In addition to the annual audit and regulatory examination, the Credit Union's Internal Control Specialist and Compliance Manager conducted numerous compliance, internal and quality control reviews during the year. Their reports and findings were reviewed quarterly by the Committee. These reviews, and the corrective action taken when appropriate, are repeatedly lauded for their effectiveness by external auditors and regulators. The Internal Control Specialist also conducted security reviews at each Credit Union location at various times throughout the year.

Internal and External Data and Infrastructure Security Audits

Internal and external data and infrastructure security audits were performed in 2016 by an independent firm specializing in data processing security. These included manual reviews of information handling processes and user practices, automated processes that scanned the financial institution's computer systems and network for commonly exploited vulnerabilities, and simulated attacks on the computer systems with the intention of identifying security weaknesses. The Credit Union received an excellent report for its technology security systems

and processes as it has for many years. Members can be assured that their personal information is secure and protected from those with nefarious intent.

I would like to thank my fellow Committee Members: Marc DesMarteau, William Hicks, Deborah Lange and James Martner, for their time and commitment throughout the year. I would also like to mention long-time Credit Union volunteer Larry Kammes who passed away this past year. Larry was serving on the Supervisory Committee at the time of his passing and he has been sorely missed. On behalf of the Committee, I would also like to commend the Board of Directors, Management and the entire DuPage Credit Union Team for continuing to provide extraordinary value to Members.

Sincerely,

Judy Lyons
Supervisory Committee Chairperson

2016 Financial Statements

Balance Sheet

Assets	2016	2015
Cash & Cash Equivalents	\$59,340,165	\$55,693,880
Investments	\$60,881,556	\$49,165,761
Loans to Members	\$199,614,744	\$192,020,067
Allowance For Loan Loss	-\$1,632,848	-\$2,145,176
Building & Land	\$7,597,905	\$7,759,464
Other Fixed Assets	\$874,757	\$830,766
Accrued Interest on Loans	\$667,259	\$681,042
Other Assets	\$10,603,375	\$10,083,899
TOTAL ASSETS	\$337,946,913	\$314,685,503

Liabilities & Member Equity	2016	2015
Accounts Payable	\$ 1,407,591	\$1,163,112
Other Liabilities	\$2,525,761	\$1,836,054
Member Savings	\$307,492,866	\$288,074,036
Reserves & Undivided Earnings	\$ 26,520,696	\$23,612,302
TOTAL LIABILITIES & EQUITY	\$337,946,913	\$314,685,503

2012-2016 Total Assets



2012-2016 Total Loans to Members

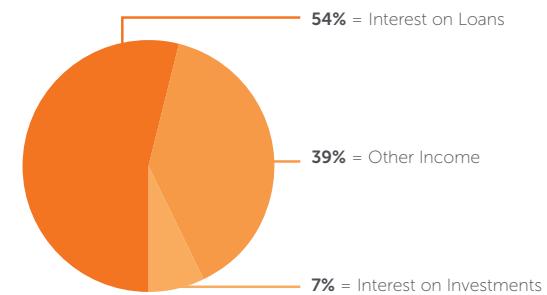


Income & Expenses

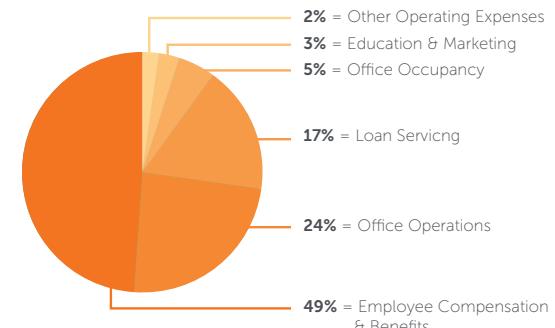
Income	2016	2015
Interest on Loans	\$9,494,641	\$9,548,193
Interest on Investments	\$1,207,365	\$665,291
Operating Fees & Other Income	\$6,902,803	\$6,724,563
TOTAL INCOME	\$17,604,808	\$16,938,048

Expense	2016	2015
Dividends on Member Savings	\$52,789	\$72,615
Provision for Loan Loss	-\$279,372	-\$523,379
Employee Compensation & Benefits	\$7,318,772	\$6,708,390
Travel & Conference	\$44,820	\$45,707
Office Occupancy	\$712,164	\$806,926
Office Operations	\$3,569,866	\$3,456,659
Education & Marketing	\$434,227	\$425,977
Loan Servicing	\$2,572,575	\$2,533,995
Professional & Outside Services	\$107,726	\$184,377
Regulatory Fees	\$72,000	\$58,268
Misc. Operating	\$90,846	\$62,711
TOTAL EXPENSE	\$14,696,414	\$13,832,246
NET INCOME	\$2,908,394	\$3,105,801

Sources of Income



Distribution of Operating Expenses



2016 Board of Directors & Committee Members

BOARD MEMBERS

Debra Ragusa, Chairperson
Gary Saake, Vice Chairperson
Gretchen Lewis, Secretary
Kathleen Rush, Treasurer
Martin Bourke
William Hicks
Kaitlin Plucinski

EXECUTIVE COMMITTEE

Debra Ragusa, Chairperson
Gary Saake
Gretchen Lewis
Kathleen Rush, Alternate

SUPERVISORY COMMITTEE

Judy Lyons, Chairperson
Marc DesMarteau
William Hicks
Deborah Lange
James Martner
The Late Lawrence C. Kammes

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

Frank Sposito, Chairperson
Amy Brandt
John Dumas
Roberta Kozlowicz
Jennifer Sheldon
Gail Mosher, First Alternate
Diane Shelton, Second Alternate

Contact Us

BRANCHES & ATMS

Downers Grove
725 Ogden Avenue
Downers Grove, IL 60515

Naperville
790 Royal St. George Drive
Naperville, IL 60563

Wheaton
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2719-9019-8

NMLS NUMBER

445096

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