

Balance Sheet

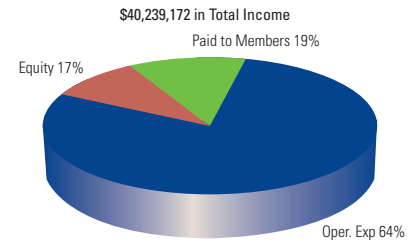
	2011		2010		2009-2010 Difference
	Amount	% of Assets	Amount	% of Assets	
ASSETS					
Loans To Members (Net Of Allow For Loan Loss)	\$579,618,534	73.66%	\$578,715,388	78.17%	\$903,146
Cash and Deposits in Transit	13,366,571	1.70%	11,712,022	1.58%	1,654,549
Investments	142,806,190	18.15%	112,716,540	15.23%	30,089,650
Accrued Income					
Loans	1,268,719	0.16%	1,252,844	0.17%	15,875
Investments	348,596	0.04%	315,087	0.04%	33,509
Building/Land (Net)	19,571,324	2.49%	18,498,898	2.50%	1,072,426
Furniture/Fixtures (Net)	3,192,614	0.41%	2,473,999	0.33%	718,615
NCUA Deposit	6,196,388	0.79%	5,922,255	0.80%	274,133
Other Assets	20,558,474	2.61%	8,731,187	1.18%	11,827,287
TOTAL ASSETS	\$786,927,410	100.00%	\$740,338,221	100.00%	\$46,589,189
LIABILITIES AND EQUITY					
Corporate Drafts Outstanding	\$2,373,010	0.30%	\$1,530,290	0.21%	\$842,720
Regular Shares/Clubs/IRA's	132,906,169	16.89%	121,170,418	16.37%	1,735,751
Money Market	186,482,121	23.70%	167,400,281	22.61%	19,081,840
Certificates	217,900,764	27.69%	225,404,097	30.45%	(7,503,333)
Checking	120,889,217	15.36%	105,440,030	14.24%	15,449,187
Accounts Payable	431,207	0.05%	443,746	0.06%	(12,539)
Loans Payable	42,961,964	5.46%	41,900,533	5.66%	1,061,431
Other Liabilities	11,080,564	1.41%	9,381,117	1.27%	1,699,447
TOTAL LIABILITIES	\$715,025,016	90.86%	\$672,670,513	90.86%	\$42,354,503
EQUITY					
Reserves	\$19,899,638	2.53%	\$19,899,638	2.69%	\$
Accumulated Other Comprehensive Loss	\$(3,230,145)	-0.41%	\$(2,268,413)	-0.31%	(961,732)
Retained Earnings	55,232,901	7.02%	50,036,483	6.76%	5,196,418
TOTAL EQUITY	\$71,902,394	9.14%	\$67,667,708	9.14%	\$4,234,686
TOTAL LIABILITIES AND EQUITY	\$786,927,410	100.00%	\$740,338,221	100.00%	\$46,589,189

Income Statement

	2011		2010		2010-2011 Difference
	Amount	% of Gross Income	Amount	% of Gross Income	
INCOME					
Loan Interest	\$29,210,053	72.59%	\$31,054,104	74.20%	\$(1,844,051)
Investment Income	1,822,947	4.53%	1,568,125	3.75%	254,822
Other Income	9,042,186	22.47%	9,280,344	22.17%	(238,158)
Gain (Loss) On Investments	528,068	1.31%	-	0.00%	528,068
Gain (Loss) Disposition Of Assets	(364,082)	-0.90%	(50,291)	-0.12%	(313,791)
TOTAL GROSS INCOME	\$40,239,172	100.00%	\$41,852,282	100.00%	\$(1,613,110)
EXPENSES					
Staff Compensation/Benefits	\$12,526,222	31.13%	\$12,165,973	29.07%	\$360,249
Conference/Education	140,487	0.35%	137,569	0.33%	2,918
Association Dues	67,243	0.17%	59,600	0.14%	7,643
Cost of Space	986,906	2.45%	1,009,386	2.41%	(22,480)
Cost of Operations	4,695,884	11.67%	4,664,859	11.15%	31,025
Marketing/Promotions	738,461	1.84%	395,822	0.95%	342,639
Annual Meeting/BOD Election	42,328	0.11%	40,612	0.10%	1,716
Provision For Loan Losses	2,741,075	6.81%	3,705,462	8.85%	(964,387)
Professional Services	385,893	0.96%	410,137	0.98%	(24,244)
Loan Expenses	1,656,160	4.12%	1,629,810	3.89%	26,350
Member Insurance Expense	-	0.00%	735,544	0.00%	(735,544)
Borrowed Money Expense	1,510,277	3.75%	1,434,264	3.43%	76,013
Miscellaneous Expense	186,440	0.46%	193,698	0.46%	(7,258)
TOTAL OPERATING EXPENSE	\$25,677,376	63.81%	\$26,582,734	61.76%	\$(905,358)
PAID TO MEMBERS					
Certificate Interest	\$4,739,142	11.78%	\$5,971,647	14.27%	\$(1,232,505)
Dividends	3,077,138	7.65%	3,350,662	8.01%	(273,524)
Bonus Dividend	-	0.00%	-	0.00%	-
Loan Interest Refund	-	0.00%	-	0.00%	-
TOTAL PAID TO MEMBERS	\$7,816,280	19.42%	\$9,322,309	22.27%	\$(1,506,029)
Added To Equity	\$6,745,516	16.76%	\$5,947,238	14.21%	\$798,278
Corporate CU Stabilization Expense	\$1,549,097	3.85%	\$795,474	1.90%	\$753,623
Net Added to Equity	\$5,196,419	12.91%	\$5,151,764	12.31%	\$44,655

Treasurer's Report (continued)

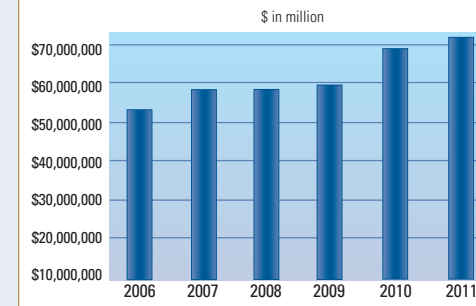
Figure 3 illustrates the distribution of income.



Equity (net worth)

Our equity position increased from 9.45% to 9.55% of assets at year-end. The \$71.9MM of equity helps maintain our sound financial position, and benefits both savers and borrowers as it provides a cushion for loan losses and other economic pressures that may arise.

Figure 4 shows equity in dollars for the past 6 years.



Loan Quality

Our delinquency rate (based on all loans) decreased 22.7% from 0.53% in 2010 to 0.41% in 2011. Net write-offs in 2011 were \$2.8MM or 0.37% of average assets, compared to \$3.0MM or 0.41% in 2010. These ratios, by far, continue to outperform industry averages.

Summary

These financial results are a positive reflection of the prudent Balance Sheet management being conducted by Management and the Board of Directors during these challenging economic times. We look forward to another strong year in 2012 and, as always, appreciate your cooperation and support.



540.946.3200 • 800.245.8085 • www.mydccu.com



2011 Annual Report



Chairman's Report



Everett J. Campbell
Chairman of the Board

The word "challenge" can be a verb or a noun. Merriam Webster defines the noun as "a stimulating task or problem," and the verb as, amount other things, "to demand as due, or required," DCCU certainly faced challenges in 2011. Like all financial service providers we were required, or challenged, to operate within the vast regulatory framework prescribed by Congress and our Federal and State regulators. These regulations are, for the most part, well intended, but add costs and burdensome administrative tasks to our core mission of delivering high

quality, low cost products and services to our membership. Your Board of Directors and Management Team took actions to minimize the often unintended adverse effects of regulations. The Board and Management took on the challenge – the stimulating task – of navigating the Credit Union through a slowly improving economy, an unpredictable and sometimes hostile statutory and regulatory environment, and your evolving needs for products and services to manage your financial life. During these challenging times your Credit Union was able to produce very positive results as reported and illustrated in the Annual Report Brochure.

Here are some of the positive results that we – Board, management, staff and members achieved in 2011:

- We increased the potential for participation in the Grow Green Checking account by adding a second tier.
- We opened the Reservoir Member Center in Harrisonburg on January 3rd. This represents a new, exciting way to conduct your credit union transactions, leveraging technology and staff expertise to create a new experience.
- We implemented a new, online Consumer Loan application which makes applying for a loan easy and approval much faster. The loan process is now a more consistent experience for you and our employees.
- Continued our commitment to be the Valley's best source for mortgage related products by funding \$80 million in Real Estate loans.
- In addition, DCCU Title Services (CUSO) ended the year with a positive Net Income, proving that our area is hungry for a high-quality trusted partner in the process of obtaining a mortgage.
- Implemented cutting edge technology that allows the instant issue of Debit Cards – no more waiting to get your card in the mail when you open an account – it is available and active the same day!
- Reinforced our vital ties to the communities we serve by raising over \$10,000 for our 2011 Corporate Charity – Regional Homeless Shelters. \$5,362 raised by employees, \$5,000 contribution by DCCU.
- In addition to our corporate charity, our employees, through various fundraising events, voluntarily contributed \$17,762 for the local United Way organizations.

Although the economic outlook and regulatory environment may continue to be challenging, you may rest assured that your Board and Management Team will continue to be vigilant and take advantage of opportunities to ensure that we

maintain the highest level of quality services and products for our Members. Your credit union remains safe, sound, and strong – ready to meet the challenges ahead and continue to serve as your trusted partner in your financial life.

Thank you for your continued trust and support of your member owned financial cooperative.

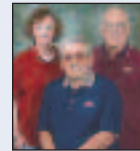
Board of Directors



Front (left to right): Robert (Bob) Arbaugh, Director; Everett J. Campbell, Jr., Chairman; Q. Maurice Gresham, Vice Chairman

Back (left to right): Lynn Wagner, Director; Shane Wills, Director; Leslie E. Ramsey, Treasurer; Mary Rothacker, Secretary

Credit Committee Report



Center: James (Jim) W. Roberts, III
Left: Yvonne S. Weatherholtz
Right: Marv A. Schaff, Chairman

The Credit Committee is appointed by the Board of Directors from the Credit Union membership. Currently, the members are Marv Schaff, Chairman, James (Jim) W. Roberts, III, Secretary, and Yvonne S. Weatherholtz.

The Credit Union has a staff of loan professionals to originate everyday loan requests. This allows the Credit Committee to: (1) meet with members appealing loan denials, (2) review denied loans in order to monitor loan department decisions, and (3) make decisions regarding requests for loan extensions. In 2011, the Committee had 86 meetings with members.

The Credit Committee meets Monday through Thursday from 4 PM to 5:30 Pm. We are dedicated to serving the membership, and any member wishing to meet with us about a lending problem can arrange an appointment by calling the Credit Union.

Supervisory Committee Report



Center: Bruce F. Hamrick,
Chairman

Left: Jerry M. Campbell
Right: Ron L. Harlow

The Supervisory Committee is appointed by the Board of Directors to protect the interest of credit union members. The committee is charged with:

- The ongoing review of credit union operations
- Oversight and coordination of the annual audit and other audits as required by Federal and State laws
- Evaluating and upgrading internal controls, procedures, & compliance regulations
- Safeguarding member assets

The Committee had three members during 2011, Bruce Hamrick, Ron Harlow, and Jerry Campbell. The Supervisory Committee works closely with the Risk Management Department, which consists of the Vice President of Risk Management and three staff members.

During 2011, Larson Allen, a CPA firm from Northern Virginia, performed the annual audit. The resulting report stated that your Credit Union is being operated in a cost effective and financially sound manner. The auditors noted only minor exceptions that were promptly corrected by the Credit Union staff. The auditors commented on the high level of professionalism shown by the management and staff.

Since we are State Chartered we are subject to State examinations on a periodic basis. The State Examiners, along with NCUA auditors, also completed their exam in 2011 and gave DCCU a high rating with favorable comments. Additional audits were conducted in Information Systems, Human Resources, ATM controls and the Bank Secrecy Act as required by State and Federal regulations.

During 2011 the Internal Audit Committee performed branch cash audits. All of the branches audited were found to be in order. Several suggestions to improve security and internal controls were made by this Committee and accepted by staff.

We continue to recommend that members routinely review their accounts and feel free to contact a member of the Supervisory Committee with any problem you may have.

This Committee, along with the Risk Management Dept., continually reviews the effectiveness of internal controls through the use of various audit techniques such as unannounced cash counts, account reviews, expense report reviews, and sampling of various Credit Union reports and procedures. The Committee works closely with management to improve fraud detection techniques while maintaining cost effective operations and member services.

In summary, your Credit Union continues to be in excellent financial condition and the audits show the Credit Union to be managed in a sound and competent manner.

Nominating Committee

Mary Louise Leake
Chuck Goodrich
Elizabeth Middleton

Roy Barksdale
Margaret Hersh

Treasurer's Report

The 2011 financial performance and accomplishments are reflected by category in detail below.



Leslie E. Ramsey
Treasurer

Growth

Assets grew at a rate of 6.3% or \$46.6MM ending 2011 at \$786.9MM. Member savings grew 6.3% or \$38.8MM during 2011. The ratio of our loans to assets was 73.7%. Total loans outstanding increased by 0.2% or \$0.9MM. Our liquidity position, readily available funds (not including available lines of credit), was 7.6% at year-end. The investment portfolio increased 26.7% or \$30.1MM during the year. All of our investments are in U.S. Government agency securities or insured institutions.

Figure 1 illustrates the 6-year relationship of assets, savings and loans.

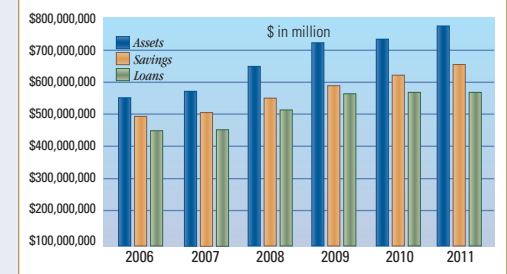
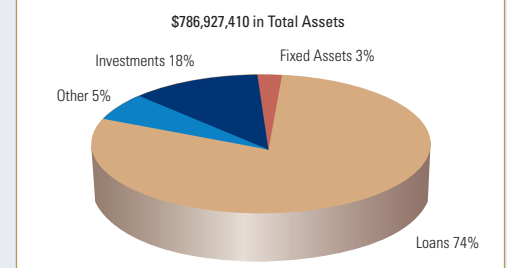


Figure 2 shows the distribution of assets.



Net Income

Net Income for 2011 was \$5.2MM, an increase of \$0.05MM. Dividends and interest paid to members totaled \$7.8MM, a decrease of \$1.5MM or 16.2% compared to 2010.