



2013 Annual Report



MESSAGE FROM THE

Chairman

2013 was another challenging year for our credit union. As we continue to feel the impact of our country's economic challenges, DVA Federal Credit Union has remained financially strong and is committed to the financial health of our members. The success of our credit union is dependent not only on our management team, but also our members' loyalty and continued support. I would like to take this opportunity to thank you for your membership.

The primary responsibility of your Board of Directors is to ensure that the operations of the DVA FCU are performed safely and soundly. The financial reports included in the 2013 Annual Report show that your credit union is indeed managed in accordance with policies, laws, and regulations. We finished 2013 with a capital ratio of 11.09%. This is an increase from 10.98% at the end of 2012. The National Credit Union Administration considers the DVAFCU to be "Well-Capitalized" which is an important measurement of our financial health.

On June 1st DVA FCU will be unveiling a major technology upgrade. The enhancements included in this upgrade will give our members the ability to transfer funds electronically from DVA FCU to individuals (known as P2P transfers) as well as to other institutions through a more robust online banking and bill payment system. An electronic filing system and electronic signature pads will reduce the need for paper documents. New technology will speed up teller transactions and the loan application and approval process. In addition, the technology upgrade will provide the infrastructure needed for new products and services such as mobile banking, using your smartphone, and remote deposit capture (depositing a check electronically). These additional services will be rolled out over the next 9-18 months.

Greg Hosmer
Board Chairman





MESSAGE FROM THE

President & CEO

Don Johnson
President/CEO

It has been a tremendous pleasure to serve as the President/CEO of DVA Federal Credit Union for the past year. Since almost my first day at the helm the Management Team and credit union staff have been diligently working on the system upgrade that was announced last year. On June 1, 2014 we will roll out an enhanced technology platform that will provide the basis for a host of new services. Our hope and our goal are to make the upgrade a seamless transition so that you will only be aware of the upgrade through improvements in our products and services.

2013 was a pretty good year for DVA Federal Credit Union but it was not without its challenges, as we continue to struggle with fallout from "The Great Recession" in the form of additional NCUA assessments, delinquent mortgages and historically low interest rates. In addition, state and federal government regulators continue to heap on new layers of rules and regulations that add to our operating costs without creating any benefit for our members. To top the year off, approximately 350 of our members were impacted by the Target Card breach. Although neither the members nor the credit union did anything to compromise the member's data the credit union was forced to absorb a loss of more than \$10,000 while Target continues to rake in profits.

Even after absorbing the losses related to the Target breach and dealing with the increased regulation your credit union managed to remain profitable, increasing the net worth of the credit union to more than 11%. We saw year over year loan growth for the first time in many years. Loan growth for 2013 came in at 5%. Loan charge offs and delinquency declined substantially while share balances grew by 2.5% as our members continued to support their credit union.

As part of our technology upgrade we reviewed our ATM network, removing some nonperforming ATMs while replacing others. During 2013 we also introduced a new and expanded menu of home equity loan products which are now handled directly by the credit union staff instead of a 3rd party vendor.

The vision and guidance of the Board of Directors have positioned DVA Federal Credit Union for success for many years to come. The Management and staff thank you, our members, for your loyalty and support and we look forward to serving you in 2014 and beyond.

National Mall,
Washington DC

MESSAGE FROM THE Treasurer

2013 turned out to be a much better year than originally envisioned. After initially projecting a loss for the year, DVA Federal Credit Union managed to generate a profit of \$211,905 through reduced loan charge offs and implementation of a number of cost saving measures. Assets increased to \$106,784,933 from \$105,993,941 in 2012. In addition to absorbing losses from the Target card breach the credit union was required to pay over \$75,000 into the NCUA's Temporary Corporate Credit Union Stabilization fund. This fund was used to rescue corporate credit unions that failed in the financial collapse of 2008 - 2009. Fortunately, improvements in the economy will eliminate this expense for DVA Federal Credit Union in 2014.

With our improved earnings and high capital reserves we continue to maintain a financially strong credit union. For 2014, the Board of Directors has instructed management to invest a small portion of those capital reserves in a technology upgrade that will benefit the membership for years to come.

Thank you for your continued membership.

Donald Walsh
Treasurer

STATEMENT OF INCOME

For years ended December 31, 2012 & 2013

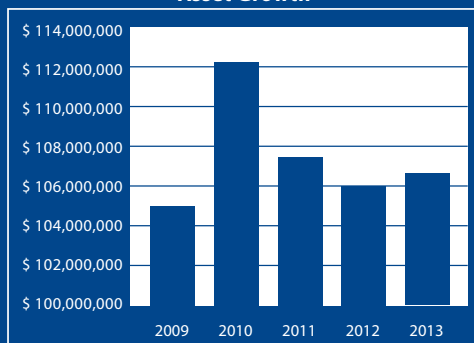
INTEREST INCOME	2013	2012
Loans to members	\$ 2,553,345	\$ 2,628,422
Investment securities	\$ 709,091	\$ 780,957
Total Interest Income	\$ 3,262,436	\$ 3,409,379
INTEREST EXPENSE		
Member share & savings accounts	\$ 422,115	\$ 538,660
Interest on borrowed funds	\$ 0	\$ 0
Total Interest Expense	\$ 422,115	\$ 538,660
Net interest income, before provision	\$ 2,840,320	\$ 2,870,719
Less: Provision for loan losses	\$ -165,676	\$ -503,580
Net interest income after provision loan losses	\$ 2,674,644	\$ 2,367,139
NON-INTEREST INCOME		
Fee, charges & other operating income	\$ 2,115,500	\$ 2,185,368
Gain on sale of investments	\$ 8,526	\$ 59,738
Total Non-interest Income	\$ 2,124,026	\$ 2,245,106
NON-INTEREST EXPENSE		
Employee compensation & benefits	\$ 2,017,090	\$ 1,958,669
General & administrative expenses	\$ 2,433,419	\$ 2,351,673
Federal operating & accounting fees	\$ 99,234	\$ 113,545
Association dues	\$ 21,994	\$ 23,771
Miscellaneous expense	\$ 15,028	\$ 90,186
Total Non-interest Expense	\$ 4,586,765	\$ 4,537,844
Non-operating Expenses	\$ 0	\$ 0
NET INCOME	\$ 211,905	\$ 74,401

STATEMENT OF FINANCIAL CONDITION

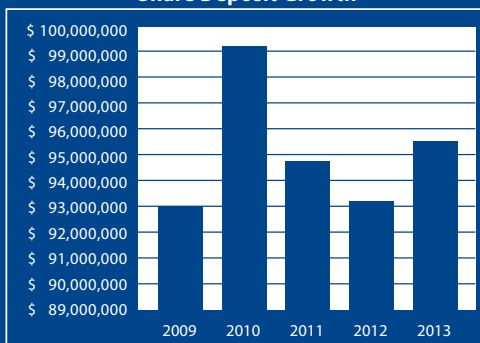
For years ended December 31, 2012 & 2013

ASSETS	2013	2012
Cash	\$ 2,007,197	\$ 2,247,217
Loans to members	\$ 46,049,898	\$ 43,723,224
Investment securities	\$ 57,794,022	\$ 60,087,923
Accrued income receivable	\$ 303,719	\$ 264,421
Fixed assets	\$ 324,496	\$ 413,826
Prepaid expenses & other Assets	\$ 1,085,662	\$ 145,482
Allowance for loan loss	\$ (780,062)	\$ (888,152)
Total Assets	\$ 106,784,933	\$ 105,993,941
LIABILITIES & MEMBERS EQUITY		
Member share & savings accounts	\$ 95,558,198	\$ 93,221,751
Accounts payable & other liabilities	\$ 271,849	\$ 680,276
Accrued expenses	\$ 222,970	\$ 192,182
Total Liabilities	\$ 96,053,017	\$ 94,094,209
MEMBERS EQUITY		
Members equity, partially restricted	\$ 10,731,915	\$ 11,899,732
Total Liabilities & Equity	\$ 106,784,933	\$ 105,993,941

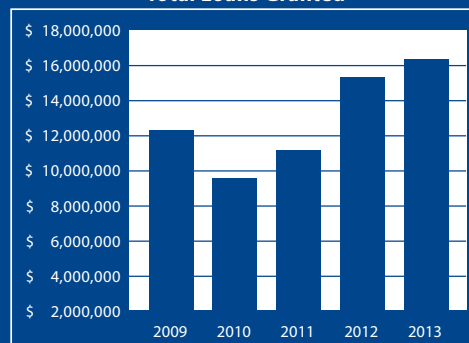
Asset Growth



Share Deposit Growth



Total Loans Granted





Capitol Building,
Washington DC

MESSAGE FROM THE Supervisory Committee

The Supervisory Committee is appointed by the Board of Directors to help guide the direction of the Credit Union by ensuring management and staff are carrying out the policies set by the Board of Directors.

Our committee consists of volunteers who report to the membership on the financial soundness and the overall integrity of their credit union. To assist in our role, the Supervisory Committee uses the services of an Internal Auditor who works onsite at the DVA Federal Credit Union headquarters in Washington, DC

testing policies and procedures to verify adherence to Board policies and federal regulations.

Each year the Supervisory Committee reviews the financial reports of the credit union and enlists the services of an independent accounting firm to review both general ledger information and member accounts for accuracy. We are pleased to report that the audit has produced satisfactory results for the 2013 fiscal year.

It is the judgment of the Supervisory Committee that your credit union continues to be financially sound, and is managed in the best interest of its members.

Paul Chang
Supervisory Committee Chairman



Empire State Plaza,
Albany NY

BOARD Members

Gregory Hosmer
Chairman

Donald Walsh
Treasurer

Beth MacLean
Vice-Chairman

Marcelle Habibion
Secretary

Jay Barden
Director

Paul Chang
Supervisory
Committee Chairman

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Philadelphia PA



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New York NY

