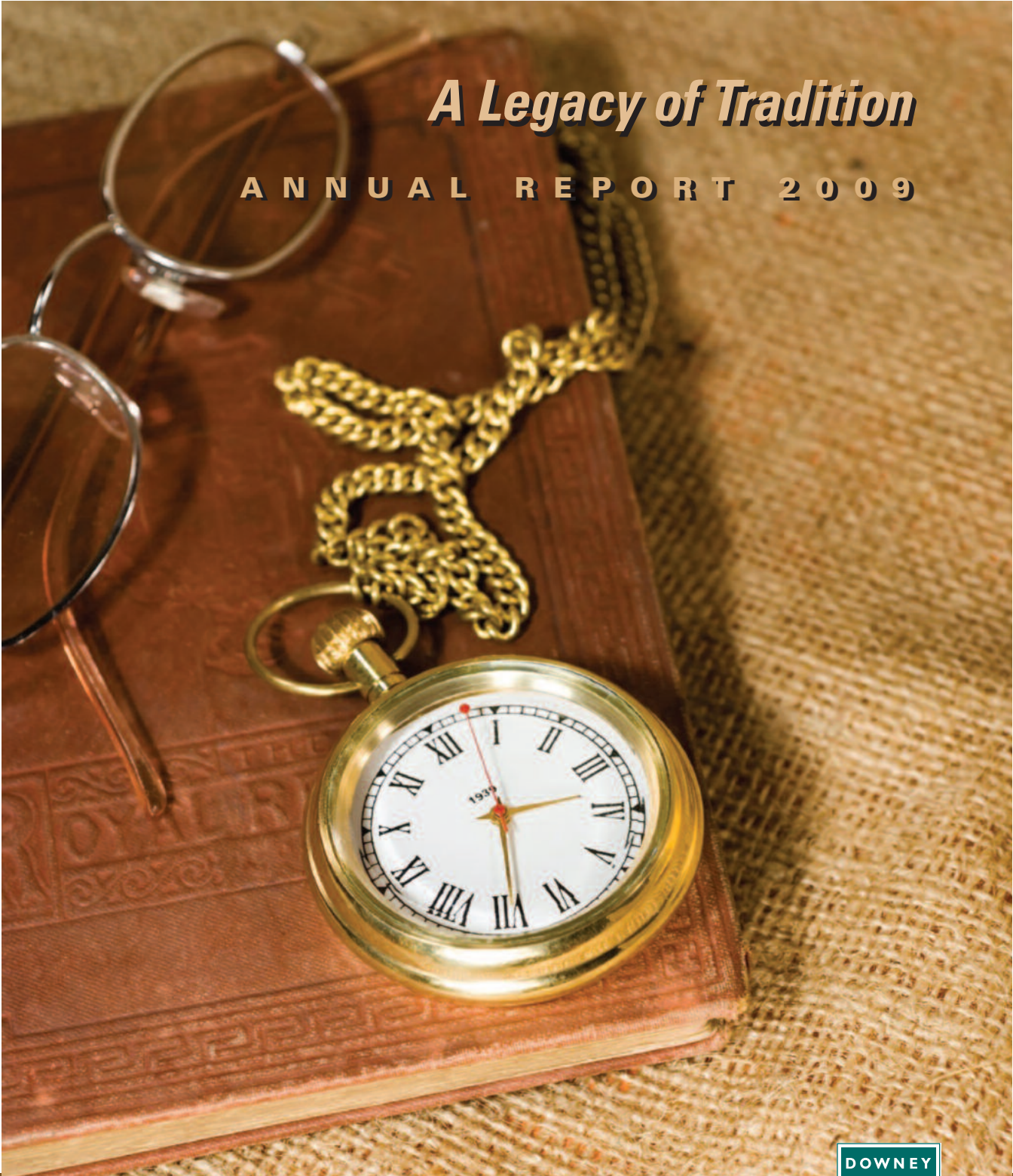


A Legacy of Tradition

A N N U A L R E P O R T 2 0 0 9



COUNT ON US THROUGH ALL STAGES OF LIFE

**DOWNEY
FEDERAL
CREDIT
UNION**



Message to Our Members

Downey Federal Credit Union has been a tradition in Downey for over 50 years. During our long history, we have embraced the people in the community as our partners and friends, serving generations of families. Strong capital reserves and a strong commitment to bringing only the best to our members means that you can count on us to provide the financial products and services you need for years to come. During 2009 the performance of the credit union remained positive, showing an increase in member's shares of 4%, an increase of 3% in assets, and a 3% decline in loans due to the economic and environmental conditions we encountered.

One of our traditions involves a deep commitment to the community, sponsoring activities for the Downey Unified School District, the Downey Regional Medical Center (DRMC), and the community at large. In 2009, we continued our custom of giving back to the community through donations to various organizations and event sponsorships. Our promise of serving members exhibits itself in the programs that we run and the products/services we offer.

Being able to exemplify the meaning of "People Helping People", we have continued to service those members who may have needed us more this year than ever before. During this past year, we offered an excellent loan program to our members, giving them the opportunity to purchase vehicles, homes, and life's necessities at rates they could afford. In 2009, Student Enrichment Grants were awarded to 41 Downey educators; monetary donations were made to the Career Technical Education programs in Downey high schools; along with being a Clinic Room Sponsor for the DRMC after-hours clinic. As always, we have remained a visible participant in many of the community events including Kid's Day, Holiday Lane Parade, and the Downey Street Faire.

Continuing our tradition of service, we expanded our product and service offerings with CU Pay IT, our online bill payment system. Our new product has been successful, as many members have adopted this convenient online payment method. Our products and services will continue to be enhanced to provide you with the latest in technology and on-line access.

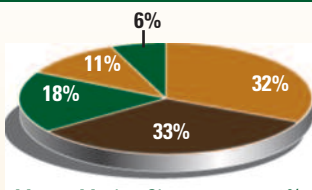
Our legacy would not be complete without mentioning our excellent staff, and our volunteer Board of Directors and Supervisory Committee. As DFCU starts its 53rd year of operation, we wish to thank all those responsible for our growth. The credit union's focus is to provide financial services to its members while remaining safe, strong, and secure. We will continue to uphold our tradition of "People Helping People" so you can "Count On Us Through All Stages Of Life."

Barbara Lamberth
President/CEO

Richard Guess, M.D.
Chairman of the Board

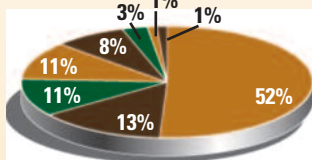


2009 SHARE DISTRIBUTION



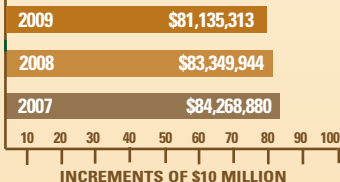
| | |
|---------------------|-----|
| Money Market Shares | 6% |
| Share Drafts | 11% |
| IRA Accounts | 18% |
| Regular Shares | 32% |
| Share Certificates | 33% |

2009 LOAN DISTRIBUTION

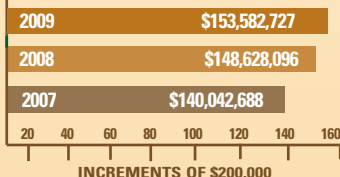


| | |
|-------------------|-----|
| Secured Loans | 1% |
| Visa Card | 1% |
| Unsecured Loans | 3% |
| Used Auto Loans | 8% |
| Home Equity Loans | 11% |
| 2nd Trust Deeds | 11% |
| New Auto Loans | 13% |
| 1st Trust Deeds | 52% |

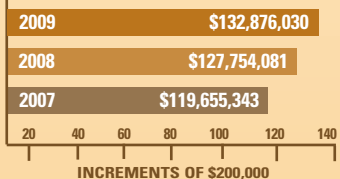
LOAN GROWTH



ASSET GROWTH



SHARE GROWTH



Statement of Financial Condition

Year Ended December 31, 2009

| Assets | 2009 |
|-------------------|---------------|
| Loans | \$ 81,135,313 |
| Investments | 68,809,159 |
| Other Assets | 2,765,578 |
| Land and Building | 846,736 |
| Fixed Assets | 25,942 |

| | |
|---------------------|----------------------|
| Total Assets | \$153,582,727 |
|---------------------|----------------------|

Liabilities And Equity

| | |
|-----------------------------------------|--------------|
| Liabilities | \$ 1,748,160 |
| Shares of Members | 132,876,030 |
| Regular Reserves and Undivided Earnings | 18,958,538 |

| | |
|---------------------------------------|----------------------|
| Total Liabilities & Equity | \$153,582,727 |
|---------------------------------------|----------------------|

Statement of Income & Expense

Year Ended December 31, 2009

| Income | 2009 |
|-------------------------|--------------|
| Interest on Loans | \$ 4,408,143 |
| Income from Investments | 1,946,324 |
| Miscellaneous Income | 110,234 |

| | |
|-------------------------------|---------------------|
| Total Operating Income | \$ 6,464,701 |
|-------------------------------|---------------------|

Expenses

| | |
|-------------------------------|-----------|
| Personnel | 1,695,791 |
| Office Operations | 393,668 |
| Professional/Outside Services | 293,235 |
| Provision for Loan Losses | 533,927 |
| Education/Promotion | 137,011 |
| Other Expense | 260,669 |

| | |
|-----------------------|---------------------|
| Total Expenses | \$ 3,314,301 |
|-----------------------|---------------------|

| | |
|-----------------------------------------|------------------|
| Net Income before Operating Loss | 3,150,400 |
|-----------------------------------------|------------------|

| | |
|-------------------------------------------|------------------|
| Total Non-Operating Loss (Wescorp) | (881,707) |
|-------------------------------------------|------------------|

| | |
|------------------------------------|------------------|
| Net Income Before Dividends | 2,268,693 |
|------------------------------------|------------------|

| | |
|------------------|------------------|
| Dividends | 2,359,579 |
|------------------|------------------|

| | |
|-----------------------------------|--------------------|
| Net Income After Dividends | \$ (90,886) |
|-----------------------------------|--------------------|



Your savings are insured up to \$500,000 or more through a combination of federal insurance by the National Credit Union Administration (NCUA), a U. S. Government Agency and private insurance by American Share Insurance (ASI).

DFCU TRADITIONS...



DFCU Traditions, clockwise from top: Children's Literacy Book Wrapping Party at Ward Elementary; DFCU makes donation to PTA H.E.L.P.S.; Student Enrichment Grant Reception and Donation; Character Counts!® Coloring Contest Winners from Ward Elementary School; National Nurse's Day at DRMC; and center, 2009 Annual Meeting guests.



Downey Federal Credit Union
8237 Third Street, Downey, CA 90241
(562) 862-8141 • www.downeyfcu.org

