

2015

ANNUAL REPORT



MEMBER FOCUSED. SERVICE DRIVEN.



We never forget that it's your money.

Thank you for being a valued member of VyStar Credit Union.

Thanks to you, our valued members, 2015 was another outstanding year for VyStar, because your credit union continued its strong and steady growth in earnings, membership and deposits.

Our net income for 2015 was \$40.6 million, which was 37% higher than our planned projections. This figure is close to last year's near-record net income of \$43.5 million.

September 2015 marked a momentous celebration in VyStar's history. We reached and surpassed the 500,000-member milestone. By the end of 2015, VyStar was serving 509,701 members with assets of almost \$5.7 billion and managed investments of \$481.2 million through VyStar Investment Services. We also met our goal and opened three new branches: the Nocatee branch in St. Johns County, the Chaffee Point branch in Duval County, and the Branan Field branch in Clay County. VyStar continued to expand our ATM network and reached a total of 184 ATMs in 13 counties across Northeast Florida. Our sustained growth has ranked VyStar 19th largest among the 6,090 credit unions in the nation, based on total assets.

Our 2015 year-end net worth was 9.37%, which is considered strong by the NCUA. Credit unions must have at least 7% net worth to be considered well-capitalized.

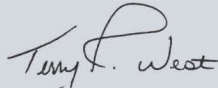
Our successful high school branch program also continued to progress with its ninth branch opening at West Nassau High School in Nassau County. VyStar now has a total of nine high school branches across Clay, Duval, St. Johns and Nassau counties. VyStar will be expanding its high school program in Clay and Duval counties during 2016 with the addition of one new high school branch each in Middleburg High School and First Coast High School. Our goal with our high school program is to help high school students gain financial awareness and education and also to provide internship opportunities for students. VyStar was also honored to receive the Innovation in Education Award by the *Jacksonville Business Journal* in 2015 for our dedication to financial literacy through our high school branch program.

VyStar has always been a strong supporter of the communities that we serve throughout the nineteen counties within our field of membership. In 2015, we raised \$433,268 for the United Way of Northeast Florida, \$100,549 for The March of Dimes, \$90,608 for Light the Night, and \$51,411 for Heart Walk. In all, VyStar is active and highly visible in more than 260 local and community events throughout our field of membership. In 2015 we received the Partners of Philanthropy Award and were recognized as one of Jacksonville's top philanthropic companies for our support of nonprofits and the community. We believe that it is important to support the communities where our members live, work and play.

After many months of hard work, VyStar launched its new website design in December 2015, and we are excited about the potential that comes with it. We care about our members, and we wanted to give you the best online experience possible. The VyStar team also worked diligently throughout 2015 in order to convert to our new-and-improved Internet & Mobile Banking system, which officially launches in February 2016.

We appreciate the work of our volunteers and management to ensure that VyStar offers value to our members at every point of contact. It is our goal to never forget that it is your money.


P.E. (Ted) Hewitt
Chairman of the Board


Terry R. West
President/CEO



Consolidated Statements of Financial Condition December 31, 2015 and 2014 (Dollars in thousands)

	2015	2014
ASSETS		
Cash and cash equivalents	\$442,190	\$294,876
Investments		
Available-for-sale	1,049,251	1,202,598
Other	29,769	32,007
Loans to members, net	3,934,365	3,557,089
Accrued interest receivable	11,358	11,455
Other real estate owned	911	3,195
Property and equipment, net	118,926	111,702
National Credit Union Share Insurance Fund deposit	41,545	39,385
Other assets	24,481	13,864
Total Assets	\$5,652,796	\$5,266,241
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Accrued expenses and other liabilities	\$53,541	\$48,149
Borrowed funds	487,085	535,710
Total liabilities	540,626	573,859
Members' equity		
Members' deposits	4,577,979	4,192,794
Retained earnings	529,519	488,877
Accumulated other comprehensive income	4,672	10,711
Total members' equity	5,112,170	4,692,382
Total Liabilities and Members' Equity	\$5,652,796	\$5,266,241

Consolidated Statements of Operations Years Ended December 31, 2015 and 2014 (Dollars in thousands)

Interest income:		
Interest on loans	\$150,328	\$141,163
Interest on investments	18,363	23,196
Total Interest Income	168,691	164,359
Interest expense:		
Interest expense on borrowings	14,926	15,070
Interest expense on members' deposits	22,837	23,286
Total Interest Expense	37,763	38,356
Loan loss provision	7,830	6,581
Net Interest Income after Loan Loss Provision	123,098	119,422
Non-interest income:		
Other operating income	80,976	75,860
Income from sold loans	1,832	1,794
Non-trading gains	-	119
Losses from foreclosed real estate	(283)	(235)
(Loss)/gain from disposal of assets	(1,574)	(9)
Total Non-Interest Income	80,951	77,529
Non-Interest Expenses:		
Employee compensation and benefits	75,981	67,366
Training, travel and conference expenses	769	700
Office occupancy expenses	14,258	14,213
Office operations expenses	53,407	51,242
Marketing expenses	4,812	4,388
Loan program expenses	3,119	6,608
Professional and outside services	8,264	6,271
State of Florida assessments	492	470
Lobbying contributions	35	32
Miscellaneous operating expenses	2,270	2,144
Total Non-Interest Expenses	163,407	153,434
Net Income	\$40,642	\$43,517

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OFFICER

Safety, Soundness, and Security Report From VyStar Credit Union's Audit Committee

It is the opinion of the Audit Committee of VyStar Credit Union that the current financial operation, established internal controls, and procedures of VyStar are absolutely sound. This opinion is based on the results of the audits performed by Nearman, Maynard, Vallez, CPAs, and by our Internal Audit Department as well as examinations performed by our State and Federal Examiners.



George R. Berry
AUDIT COMMITTEE CHAIRMAN



VyStar[®]
Credit Union

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