ANNUAL REPORT | two thousand fourteen

AmeriCU
CREDIT UNION

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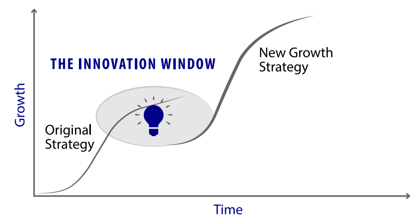
President's Message

A STRONG FOUNDATION FOR AN INNOVATIVE FUTURE

In the life of an enterprise, a business is launched, grows exponentially as it acquires new customers, but then plateaus as opportunities for first generation products and services run their course. To sustain growth, companies must reach new markets with better products and services, drive business through more efficient channels, and support traditional customers. The life cycle of successful organizations is therefore often depicted as a series of S-curves. Successful companies foresee the plateaus and drive new waves of growth through innovation.



Through 2013, AmeriCU experienced annual double-digit growth that exceeded most of our peers in the State, the Northeast, and even in the country. However, the Credit Union was fast approaching a plateau triggered both by market forces and growing pains. As we planned for 2014, we reflected on our core competencies, technology, staffing, and markets, and our vision for the future. We resolved to take actions necessary to position AmeriCU for future growth through innovation, while continuing to provide members with outstanding service.

In the banking space, innovation is no longer incremental; it's exponential. The most remarkable advances have not been in the realm of products and services, but rather in the way in which those products and services are delivered and consumed. These innovations are not driven by the financial industry, but by technology pioneers such as Apple and Google. However, as mobile devices advance, so too do the applications for nearly every industry, including finance. In just the past few months, we have seen major innovations in mobile biometric security protocols and wearable devices, uses for which are already making their way into the banking sphere. The key to our success is to position AmeriCU to capitalize on such innovations.

Members as consumers demand ease of execution. They want to conduct business whenever, wherever, and however they choose. We knew from listening to our members that AmeriCU's online + mobile banking platform put us at a serious competitive disadvantage. In 2013, we selected a new single-source online + mobile banking platform, which we implemented in 2014. This project was one of the most ambitious and far-reaching in our history, demanding the nearly full-time attention of a cross-functional team for almost nine months. We introduced our new platform October 29, 2014. It has been praised by our members for its vastly improved user experience and capabilities, which now include mobile deposits, mobile loan applications with instant decisioning, and text banking. Most importantly, the platform positions AmeriCU to leverage future innovations, particularly those in the mobile space. In addition, in 2014 we made preparations to implement Apple Pay, which is slated for deployment in early 2015.

In concert with mobile banking, the new growth strategy mandates that we capitalize on the explosive growth in social media, particularly delivered through mobile applications. If nothing else, social media channels present a low-cost way to reach a large number of people instantaneously. If optimized, social media present an opportunity to manage reputation, build brand, and develop engaged "fans" – fans that make financial decisions each day. While it is still clear that no financial institution has optimized social media purely as a sales engine, it is equally clear that AmeriCU cannot leverage this channel if we don't use it. As such, AmeriCU focused on growing our social media presence in 2014. We grew our social media audience 950% from less than 2K to more than 21K by year end, earning AmeriCU a social media ranking of #21 in the world by The Financial Brand. We are now well-positioned to drive real growth through this channel.

As we innovate for our future, we must preserve what has made AmeriCU so successful: our commitment to our members and our communities. As in years past, we remain focused on delighting our members. To ensure that we are achieving this goal, AmeriCU partners with Deluxe/CSP to measure overall member satisfaction. We benchmark our performance against 30+ large financial institutions across the country. Our goal is to achieve a minimum score of 94 ("highly satisfied"), based on the industry's top performers. In 2014, we are pleased to report that our average score was 96.83.

In addition, AmeriCU's 2014 total loan production exceeded \$362.4M. Of that, \$198.0M was comprised of consumer loans, \$73.0M in home equity loans, and \$84.4M in mortgages. As of year-end 2014, our total loan portfolio exceeded \$1.050B.

Of that, we held $332.4M in vehicle loans (auto, motorcycle, RV, marine), $384.2M in home equity loans, $258.8M in mortgages, $55.7M in personal loans, $13.0M in educational loans, and $9.9M in commercial loans. On the deposit side, AmeriCU held $1.134B in shares as of the end of 2014. Hundreds of members turned to AmeriCU for insurance and retirement planning services. AmeriCU Services, LLC experienced growth of 5% in 2014, and as of year-end, held 3,062 consumer insurance policies for $2.9M in premium, and 170 commercial insurance policies for $935K in premium. AmeriCU Capital Management's member retirement business grew by 16.7% in 2014 to 702 clients with more than $140M in assets under management.

Such results are the product of a truly outstanding and dedicated staff. AmeriCU expects a great deal from all our employees. They must have deep and broad knowledge of our products, services, and systems. They must be accurate, efficient, and compliant. They must deliver outstanding service with every single interaction. But above and beyond their job responsibilities, our employees also serve as ambassadors of the Credit Union and support the charities and causes that are important to our communities. It takes a great deal of extra time, effort, and dedication to accomplish that. In 2014, our staff contributed thousands of hours working for more than 75 local non-profit organizations including the American Heart Association, the American Red Cross, the American Cancer Society, the Muscular Dystrophy Association, the Carol M. Baldwin Breast Cancer Research Fund, the USO, and the U.S. Army 10th Mountain Division.

As a testament to this commitment, AmeriCU was awarded the New York Credit Union Association's 2014 Dora Maxwell Social Responsibility Community Service Award, the purpose of which is to "promote social responsibility among credit unions by formally recognizing their community service achievements". AmeriCU was also named 2014 Community Credit Union of the Year by the Credit Union National Association (CUNA), based on our impact on our members, our community, and our financial performance. This award is the highest honor a community-chartered credit union can receive. We were grateful to receive it, as it recognizes and validates our employees in a way that we simply cannot. It is an honor of which they are very deserving, and of which they are incredibly proud. It was a perfect way both to end 2014 and to begin 2015. We begin with a fresh sense of purpose, knowing that AmeriCU is in a stronger position to take care of our members better than ever, long into the future.

John A. Stevenson
Chairman of the Board

Mark Pfisterer
President and CEO
AmeriCU Credit Union

Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors to represent the membership. As your representatives, the Committee attends monthly Board meetings and has free and open access to Credit Union personnel and financial records. In conjunction with the Internal Audit Department, the Committee actively performs cash counts, resolves member concerns and determines that internal controls are established and effectively maintained. A primary function of the Supervisory Committee is to ensure that the Credit Union's financial records are properly maintained and that they accurately reflect the operations of the Credit Union. To accomplish this function, the Independent Certified Public Accounting firm of Firley, Moran, Freer & Eassa, CPA, P.C. conducted a certified audit of the Credit Union's financial statements for the year ended December 31, 2014. Based on the favorable audit that has been conducted by the external auditors, the Supervisory Committee is satisfied that your Credit Union is in good financial condition and that financial statements are reported in accordance with accounting principles generally accepted in the United States of America (GAAP).

Robert J. Angelhow
Chairman, Supervisory Committee

Luis M. Marina
Member, Supervisory Committee

Laura Fleck
Member, Supervisory Committee

Audited Consolidated Financial Statements And Other Financial Information

AMERICU CREDIT UNION AND SUBSIDIARIES
December 31, 2014 and 2013

AUDITED CONSOLIDATED FINANCIAL STATEMENTS:

OTHER FINANCIAL INFORMATION:

Fisher, Moran, Frear & Eassa, CPA, P.C.
5010 Campuswood Drive • East Syracuse, New York 13057
TEL: 315.472.7045 • **FAX:** 315.472.7053 • **www.fmfecpa.com**

Independent Auditor's Report

To the Supervisory Committee and Board of Directors
AmeriCU Credit Union
Rome, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AmeriCU Credit Union and Subsidiaries which comprise the consolidated statements of financial condition as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, members' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AmeriCU Credit Union and Subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fisher, Moran, Frear & Eassa, CPA, P.C.

East Syracuse, New York
February 27, 2015

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Consolidated Statements of Financial Condition

AMERICU CREDIT UNION AND SUBSIDIARIES

	DECEMBER 31, 2014	DECEMBER 31, 2013
ASSETS		
Cash and cash equivalents	$ 139,439,092	$ 113,506,971
Deposits at corporate credit union	175,105	175,105
Loans to members, net of allowance for loan losses	1,048,878,554	1,076,994,283
Loans held for sale	1,715,012	875,359
Accrued interest receivable	2,931,224	3,048,945
Other assets	38,658,624	39,360,379
Property and equipment, net	31,960,614	29,101,521
TOTAL ASSETS	$ 1,263,758,225	$ 1,263,062,563
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share accounts	$ 1,134,298,869	$ 1,144,017,605
Accounts payable and accrued liabilities	12,201,435	13,605,061
TOTAL LIABILITIES	1,146,500,304	1,157,622,666
MEMBERS' EQUITY	117,257,921	105,439,897
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 1,263,758,225	$ 1,263,062,563

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

AMERICU CREDIT UNION AND SUBSIDIARIES

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Interest income:		
Interest on loans	$ 43,467,163	$ 42,630,245
Interest on investments and cash equivalents	355,463	333,070
	43,822,626	42,963,315
Interest expense:		
Dividends	9,457,925	11,476,144
NET INTEREST INCOME	34,364,701	31,487,171
Provision for loan losses	2,059,465	3,100,986
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	32,305,236	28,386,185
Non-interest income:		
Fees, service charges and other income	19,749,560	19,372,345
Gain on sales of loans	1,262,166	2,191,278
	21,011,726	21,563,623
Non-interest expense:		
Compensation and benefits	19,342,101	18,790,567
Office occupancy and operations	15,307,559	14,325,109
Professional services	4,676,543	5,080,194
Membership services, promotions and other	2,172,346	2,442,323
Assessments	-0-	860,737
	41,498,549	41,498,930
NET INCOME	$ 11,818,413	$ 8,450,878

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

AMERICU CREDIT UNION AND SUBSIDIARIES

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Net income	$ 11,818,413	$ 8,450,878
Other comprehensive loss:		
Unrealized holding loss on investments arising during the year	(389)	(959)
OTHER COMPREHENSIVE LOSS	(389)	(959)
TOTAL COMPREHENSIVE INCOME	$ 11,818,024	$ 8,449,919

See accompanying notes to consolidated financial statements.

Consolidated Statements of Members' Equity

AMERICU CREDIT UNION AND SUBSIDIARIES

	REGULAR RESERVE	APPROPRIATED UNDIVIDED EARNINGS	UNDIVIDED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
Balances at December 31, 2012	$ 25,722,824	$ 200,000	$ 71,064,562	$ 2,592	$ 96,989,978
Net income			8,450,878		8,450,878
Other comprehensive loss				(959)	(959)
BALANCES AT DECEMBER 31, 2013	25,722,824	200,000	79,515,440	1,633	105,439,897
Net income			11,818,413		11,818,413
Other comprehensive loss				(389)	(389)
BALANCES AT DECEMBER 31, 2014	$ 25,722,824	$ 200,000	$ 91,333,853	$ 1,244	$ 117,257,921

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

AMERICU CREDIT UNION AND SUBSIDIARIES

	YEAR ENDED DECEMBER 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 11,818,413	$ 8,450,878
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	2,059,465	3,100,986
Provision for losses on other real estate owned	155,254	196,975
Depreciation and amortization	2,828,670	2,647,845
Gain on sales of loans	(1,262,166)	(2,191,278)
Loss on sales of other real estate owned, net	176,370	102,949
Changes in operating assets and liabilities:		
Loans held for sale	(839,653)	2,189,516
Accrued interest receivable	117,721	(215,580)
Other assets	1,265,293	(4,514,517)
Accounts payable and accrued liabilities	(1,403,626)	1,659,215
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,915,741	11,426,989
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan originations, net of principal collected	(24,381,495)	(167,776,345)
Proceeds from loans sold	49,860,682	64,799,444
Proceeds from sale of other real estate owned	943,692	416,974
Purchases of property and equipment	(5,687,763)	(5,195,905)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	20,735,116	(107,755,832)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in members' share accounts	(9,718,736)	93,047,845
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(9,718,736)	93,047,845
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,932,121	(3,280,998)
Cash and cash equivalents at beginning of year	113,506,971	116,787,969
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 139,439,092	$ 113,506,971
SUPPLEMENTAL DISCLOSURES		
Dividends paid on members' share accounts	$ 9,457,925	$ 11,476,144
Transfer of loans to other real estate owned	$ 1,839,243	$ 1,441,935

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

AMERICU CREDIT UNION AND SUBSIDIARIES

December 31, 2014 and 2013

Note A – Summary of Significant Accounting Policies

Organization and Nature of Business: AmeriCU Credit Union (AmeriCU or the Credit Union) is a state chartered cooperative association organized in accordance with the provisions of the State of New York and is administratively responsible to the New York State Department of Financial Services. It promotes thrift among, and creates a source of credit for, its members located in the New York State counties of Oneida, Onondaga, Cayuga, Madison, Jefferson, Oswego, Lewis and Herkimer.

Principles of Consolidation: The consolidated financial statements include the accounts of AmeriCU and its wholly owned subsidiaries, Hamilton Associates, Inc., AmeriCU Services, LLC and AmeriCU Capital Management, LLC. These subsidiaries are credit union organizations (collectively the CUOs) incorporated and organized for the primary purpose of providing services to AmeriCU's members. These services include electronic tax filing, insurance and investment services. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Significant Accounting Policies: The Credit Union and its subsidiaries follow the accounting standards set by the Financial Accounting Standards Board (FASB). The FASB establishes accounting principles generally accepted in the United States of America (GAAP) that are followed to ensure consistent reporting of the financial condition, results of operations and cash flows of the Credit Union and its subsidiaries. References to GAAP issued by the FASB in these notes are to the FASB Accounting Standards Codification (the Codification or FASB ASC).

Use of Estimates: The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For the purpose of the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, certain operating bank account balances and money market funds.

Investments: The Credit Union is required to categorize each investment as either held-to-maturity, available-for-sale, or trading. At December 31, 2014 and 2013, the Credit Union did not maintain an investment trading or held-to-maturity portfolio. Securities not classified as held-to-maturity or trading are classified as available-for-sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Available-for-sale securities totaling $30,881 and $49,503 at December 31, 2014 and 2013, respectively, are included in Other Assets in the Consolidated Statements of Financial Condition. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, (3) the current liquidity and volatility of the market for each of the individual security categories, (4) the projected cash flows from the specific security type, (5) the financial guarantee and financial rating of the issuer, and (6) the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. There are no other-than-temporary impairment losses at December 31, 2014 or 2013. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans to Members: Loans receivable that the Credit Union has the intent and ability to hold for the foreseeable future are stated at unpaid principal balances, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Credit card loans and other personal loans are typically charged-off no later than 120 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Certain direct origination costs are deferred and recognized as an adjustment to interest income using the sum of the years digits method over the weighted average life of the loans.

Allowance for Loan Losses: The allowance for loan losses is established, as losses are estimated to have occurred, through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Because of uncertainties inherent in the estimation process, management's estimate of loan losses within the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible, if any, cannot be estimated.

The allowance consists of specific, general and unallocated components. Specific allowances for loan losses are established for impaired loans on an individual basis as required by the Codification. The general component is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses.

A loan is considered impaired when, based on current information and events, it is probable that the Credit Union will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis as determined by the fair value of the collateral.

Generally, large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Credit Union does not separately identify individual consumer and residential loans for impairment disclosures unless such loans are the subject of a restructuring agreement.

Loan Servicing: Servicing assets are recognized as separate assets when servicing rights are retained as mortgage loans are sold. When sold, a portion of the basis in the mortgage loan is allocated to the servicing right based on relative fair value. Fair value is based on market prices for comparable loan servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are reported in other assets and are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets.

Servicing fee income is recognized for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal, or a fixed amount per loan and are recorded as income when earned. The amortization of loan servicing rights is netted against loan servicing fee income.

Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is recognized through a valuation allowance to the extent that fair value is less than the capitalized amount. If the Credit Union later determines that all or a portion of the impairment no longer exists, a reduction of the allowance may be recorded as an increase to income.

Troubled Debt Restructurings: The Credit Union performs a loan-level valuation of those loans identified by the Credit Union as troubled debt restructurings. The Credit Union believes that each loan included in the analysis constitutes a troubled debt restructuring when, prior to the restructuring, the borrower experiences financial difficulty and, in response, the Credit Union grants a concession to the borrower, such as a reduction of interest rate, extension of the loan term or other concession that the Credit Union would not otherwise consider.

The Credit Union estimates the impairment of the troubled debt restructured loan portfolio by discounting expected cash flows of the restructured loans at the original interest rate. If applicable, the identified impairment amount would then be reserved for as part of the allowance for loan loss account.

Loans Held for Sale: Loans held for sale are those mortgage loans the Credit Union has the intent to sell in the foreseeable future. They are carried at the lower of aggregate cost or market value. Net unrealized losses, if any, are recognized through a valuation allowance by charges to non-interest income. Gains and losses on sales of mortgage loans are recognized at settlement dates and are determined by the difference between the sales proceeds and the carrying value of the loans after allocating cost to servicing rights retained. All sales are made without recourse subject to the customary representations and warrantees.

Other Real Estate Owned: Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in non-interest expense.

Property and Equipment: Land is carried at cost. Buildings, leasehold improvements, furniture, fixtures, and equipment are carried at cost, less accumulated depreciation and amortization. Buildings, furniture, fixtures, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the terms of the related leases.

National Credit Union Share Insurance Fund Deposit and Assessments: The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with the National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each federally insured credit union in an amount equal to one percent of insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, if it obtains insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board.

Legislation was passed by Congress to permit the NCUA to create a Temporary Corporate Credit Union Stabilization Fund (TCCUSF) to absorb costs and borrowings incurred by the TCCUSF related to the collapse of various corporate credit unions.

The Credit Union recognizes NCUSIF premiums and TCCUSF assessments when approved by the NCUA. The NCUA waived the NCUSIF premiums in 2014 and 2013. During the years ended December 31, 2014 and 2013, TCCUSF assessments recognized by the Credit Union totaled $-0- and $860,737, respectively.

Members' Share Accounts: Members' share accounts are subordinated to all other liabilities of the Credit Union upon liquidation. However, in the event of liquidation, their accounts are insured in accordance with NCUA regulations through the NCUSIF. Dividends on members' shares are based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. Dividend rates on members' share accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

Members' Equity: The Credit Union is required by regulation to maintain a statutory reserve. This reserve, which represents a regulatory restriction of undivided earnings is not available for the payment of dividends. The appropriated undivided earnings was established at the discretion of the Board of Directors and is not available for the payment of dividends.

Advertising Costs: The Credit Union follows the policy of expensing its advertising costs (including any production costs) as incurred. Advertising expense was approximately $1,485,000 and $1,693,000 for the years ended December 31, 2014 and 2013, respectively.

Income Taxes: The Credit Union is exempt, by statute, from federal and state income taxes. The Credit Union's subsidiary, Hamilton Associates, Inc. is a C corporation and is subject to federal and state income taxes. Its other CUOs are each limited liability companies and are disregarded as separate tax entities. Operations of the CUOs resulted in immaterial amounts of income tax expense in 2014 and 2013.

The Credit Union is a state-chartered credit union described in Internal Revenue Code (IRC) Section 501(c)(14). As such, the Credit Union is exempt from federal taxation of income derived from the performance of activities that are in furtherance of its exempt purpose. The Credit Union continually assesses its activities for any potential federal or state income tax liability. In the opinion of management, any liability arising from federal or state taxation of activities deemed to be unrelated to its exempt purposes is not expected to have a material effect on the Credit Union's financial position or results of operation. The Credit Union annually files federal and state unrelated business income tax (UBIT) returns. Amounts of UBIT tax from the performance of activities unrelated to the Credit Union's tax exempt function resulted in immaterial amounts of tax expense in 2014 and 2013.

The Credit Union complies with FASB ASC Topic 740-10, "Accounting for Uncertainty in Income Taxes", which clarifies the accounting for uncertainty in income taxes. There was no impact to the accompanying consolidated financial statements attributable to this ASC for the years ended December 31, 2014 and 2013. The Credit Union is potentially subject to income tax examination for its U.S. federal and state income taxes for the years 2011 through 2014.

Events Occurring After Reporting Date: The Credit Union has evaluated events and transactions that occurred between December 31, 2014 and February 27, 2015, which is the date the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements. There were no such events or transactions identified by the Credit Union.

Note B – Deposits at Corporate Credit Union

Deposits at Alloya Corporate Federal Credit Union (Alloya) consist of the following:

	DECEMBER 31, 2014	DECEMBER 31, 2013
Plateau and money market accounts	$ 105	$ 105
Perpetual contributed capital	175,000	175,000
	$ 175,105	$ 175,105

Perpetual Contributed Capital: The Credit Union maintains a capital deposit with Alloya in a perpetual contributed capital account. The deposit allows the Credit Union to participate as a member of the corporate credit union. The deposit is uninsured and requires approval by the corporate credit union prior to withdrawal. The perpetual contributed capital account of a corporate credit union is subordinate to all other liabilities of a corporate credit union.

Note C – Loans to Members

Loans consist of the following (in 000's):

	DECEMBER 31, 2014	DECEMBER 31, 2013
Vehicles and other consumer:		
Vehicles	$ 332,380	$ 372,894
Credit cards and other lines of credit	42,663	42,078
Education loans	13,043	9,937
Unsecured signature/personal	12,887	12,959
	400,973	437,868
Mortgages and other real estate:		
Mortgages	258,788	251,223
Home equity/improvement loans	384,244	388,383
	643,032	639,606
Member business loans	9,890	5,165
	1,053,895	1,082,639
Less allowance for loan losses	5,016	5,645
	$ 1,048,879	$ 1,076,994

Note D – Loan Quality

Management performs a monthly evaluation of the adequacy of the allowance for loan losses (ALL). For the purposes of calculating the ALL, the Credit Union segregates its loan portfolio into the following general segments: member business, mortgages and other real estate and vehicles and other consumer.

During the year ended December 31, 2014, Credit Union management performed a reassessment of the methodology and quantitative and qualitative factors used to determine the allowance for loan losses. As a result of this reassessment, management determined that modifications were warranted. These modifications were deemed necessary to ensure that the ALL continues to be adequately funded. The changes resulted in an increase in the allowance for vehicles and other consumer loans and a reduction in the allowance for member business loans and mortgage and other real estate loans in 2014. Credit Union management considers the ALL adequate to cover losses inherent to the portfolio.

The following is an analysis of the allowance for loan losses by segment:

ALLOWANCE FOR LOAN LOSSES

	MEMBER BUSINESS	MORTGAGES AND OTHER REAL ESTATE	VEHICLES AND OTHER CONSUMER	TOTAL
	DECEMBER 31, 2014			
Beginning balance	$ 345,010	$ 2,444,938	$ 2,854,971	$ 5,644,919
Charge-offs	(66,518)	(383,118)	(3,234,854)	(3,684,490)
Recoveries	47,584	69,456	878,786	995,826
Provision	(148,655)	(1,334,452)	3,542,572	2,059,465
Ending balance	$ 177,421	$ 796,824	$ 4,041,475	$ 5,015,720
	DECEMBER 31, 2013			
Beginning balance	$ 100,000	$ 2,077,698	$ 2,989,242	$ 5,166,940
Charge-offs	(204,990)	(545,655)	(2,803,862)	(3,554,507)
Recoveries	-0-	39,694	891,806	931,500
Provision	450,000	873,201	1,777,785	3,100,986
Ending balance	$ 345,010	$ 2,444,938	$ 2,854,971	$ 5,644,919

The following presents, by loan segment, loans that were evaluated for the allowance for loan losses individually and those that were evaluated collectively as of December 31, 2014 and 2013:

	MEMBER BUSINESS	MORTGAGES AND OTHER REAL ESTATE	VEHICLES AND OTHER CONSUMER	TOTAL
	DECEMBER 31, 2014			
Allowance for loan losses:				
Ending balance allocated to loans individually evaluated for impairment	$ 143,953	$ 316,139	$ -0-	$ 460,092
Ending balance allocated to loans collectively evaluated for impairment	33,468	480,685	4,041,475	4,555,628
TOTAL	$ 177,421	$ 796,824	$ 4,041,475	$ 5,015,720
Loans outstanding:				
Ending balance of loans individually evaluated for impairment	$ 143,953	$ 6,124,542	$ 95,872	$ 6,364,367
Ending balance of loans collectively evaluated for impairment	9,746,414	636,907,038	400,876,455	1,047,529,907
TOTAL	$ 9,890,367	$ 643,031,580	$ 400,972,327	$ 1,053,894,274
	DECEMBER 31, 2013			
Allowance for loan losses:				
Ending balance allocated to loans individually evaluated for impairment	$ 75,369	$ 1,776,727	$ 854,568	$ 2,706,664
Ending balance allocated to loans collectively evaluated for impairment	269,641	668,211	2,000,403	2,938,255
TOTAL	$ 345,010	$ 2,444,938	$ 2,854,971	$ 5,644,919
Loans outstanding:				
Ending balance of loans individually evaluated for impairment	$ 215,340	$ 4,792,105	$ 854,568	$ 5,862,013
Ending balance of loans collectively evaluated for impairment	4,949,917	634,813,126	437,014,146	1,076,777,189
TOTAL	$ 5,165,257	$ 639,605,231	$ 437,868,714	$ 1,082,639,202

Past Due Loans: Loans are considered past due if the required principal and interest payments have not been received within thirty days of the payment due date. An analysis of past due loans, segregated by loan segment, as of December 31, 2014 and 2013, was as follows:

ANALYSIS OF PAST DUE LOANS

	30-59 DAYS PAST DUE	60-89 DAYS PAST DUE	GREATER THAN 90 DAYS	TOTAL PAST DUE	CURRENT	TOTAL LOANS
	DECEMBER 31, 2014					
Member business	$-0-	$ -0-	$ -0-	$ -0-	$ 9,890,367	$ 9,890,367
Mortgages and other real estate	5,040,071	1,404,324	4,831,849	11,276,244	631,755,336	643,031,580
Vehicles and other consumer	5,159,446	830,406	347,648	6,337,500	394,634,827	400,972,327
TOTAL	$ 10,199,517	$ 2,234,730	$ 5,179,497	$ 17,613,744	$ 1,036,280,530	$ 1,053,894,274
% of total loans	.97%	.21%	.49%	1.67%	98.33%	100.00%
	DECEMBER 31, 2013					
Member business	$ -0-	$ -0-	$ 215,340	$ 215,340	$ 4,949,917	$ 5,165,257
Mortgages and other real estate	6,313,784	1,272,198	3,686,476	11,272,458	628,332,773	639,605,231
Vehicles and other consumer	4,457,101	768,953	377,992	5,604,046	432,264,668	437,868,714
TOTAL	$ 10,770,885	$ 2,041,151	$ 4,279,808	$ 17,091,844	$ 1,065,547,358	$ 1,082,639,202
% of total loans	.99%	.19%	.40%	1.58%	98.42%	100.00%

The following table summarizes troubled debt restructuring modifications as of December 31, 2014 and 2013:

	MODIFICATIONS AS OF DECEMBER 31,					
	2014			2013		
	NUMBER	PRE-MODIFICATION OUTSTANDING RECORDED INVESTMENT	POST-MODIFICATION OUTSTANDING RECORDED INVESTMENT	NUMBER	PRE-MODIFICATION OUTSTANDING RECORDED INVESTMENT	POST-MODIFICATION OUTSTANDING RECORDED INVESTMENT
Troubled Debt Restructuring:						
Mortgages and other real estate	16	$ 2,419,094	$ 2,693,567	6	$ 1,651,829	$ 1,807,232
Vehicles and other consumer	12	177,754	177,754	8	94,554	94,554

There were no troubled debt restructurings that subsequently defaulted in 2014 and 2013.

Risk Rating: In addition to monitoring the performance status of the loan portfolio, the Credit Union also utilizes a risk rating system to evaluate loan asset quality. This methodology is primarily used for loans that are reviewed individually (typically member business loans) for ALL as described previously and are not part of a homogeneous loan pool. The risk rating system considers factors such as financial condition, earnings, collateral, management and industry outlook.

The Credit Union's internally assigned classifications are as follows:

- Superior--Substantially risk free;
- Excellent--Minimal risk;
- Good--Modest risk;
- Acceptable--Average risk;
- Acceptable with caution/watch--Developing risk;
- Special mention--Currently protected but potentially weak, considerable risk;
- Substandard--High and well defined risk of default;
- Doubtful--Extremely high risk of loss; and
- Loss--Loans classified as loss are considered non-collectible.

Risk Rating by Internally Assigned Classification:

	MEMBER BUSINESS LOANS	
	DECEMBER 31,	
	2014	2013
SUPERIOR	$ 54,897	$ -0-
EXCELLENT	2,238,730	160,898
GOOD	5,207,783	2,241,876
ACCEPTABLE	1,095,062	1,589,403
ACCEPTABLE WITH CAUTION/WATCH	1,149,942	-0-
SPECIAL MENTION	-0-	22,900
SUBSTANDARD	-0-	1,150,180
DOUBTFUL	143,953	-0-
TOTAL	$ 9,890,367	$ 5,165,257

For loans that are not rated under this system, the Credit Union evaluates credit quality based on the aging status of the loan (previously presented) and the performing status. The following table presents the performance status on selected loans:

	MORTGAGES AND OTHER REAL ESTATE	VEHICLES AND OTHER CONSUMER	TOTAL
		DECEMBER 31, 2014	
Performing	$ 638,199,731	$ 400,624,679	$ 1,038,824,410
Non-performing (nonaccrual)	4,831,849	347,648	5,179,497
TOTAL	$ 643,031,580	$ 400,972,327	$ 1,044,003,907
		DECEMBER 31, 2013	
Performing	$ 635,918,755	$ 437,490,722	$ 1,073,409,477
Non-performing (nonaccrual)	3,686,476	377,992	4,064,468
TOTAL	$ 639,605,231	$ 437,868,714	$ 1,077,473,945

If interest on non-performing loans had been accrued, such income would have approximated $198,200 and $175,400 for the years ended December 31, 2014 and 2013, respectively.

Note E – Loan Servicing

Loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of loans serviced for others and the mortgage custodial escrow accounts are summarized as follows (in 000's):

	DECEMBER 31, 2014	DECEMBER 31, 2013
Mortgage loan portfolio serviced	$ 232,959	$ 223,311
Custodial escrow accounts	$2,866	$ 2,329

A summary of the changes in the balance of mortgage servicing rights in 2014 and 2013 were as follows (in 000's):

	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Balance, beginning of year	$ 1,107	$ 1,039
Servicing rights recognized	285	395
Amortization of servicing rights	(276)	(327)
Balance, end of year	$ 1,116	$ 1,107
Fair value of mortgage servicing rights	$ 1,116	$ 1,107

Note F – Other Assets

Other assets consist of (in 000's):

	DECEMBER 31, 2014	DECEMBER 31, 2013
National Credit Union Share Insurance Fund deposit	$ 10,934	$ 10,759
Dealer reserves	1,850	1,917
Accounts receivable and miscellaneous clearing accounts	3,434	4,829
Loan collateral in process of liquidation	304	396
Mortgage servicing rights	1,116	1,107
Variable life insurance annuities	14,883	14,570
Other real estate owned	2,333	1,770
Sponsor payrolls receivable	157	466
Prepaid and deferred expenses	1,359	1,202
Investments in unconsolidated credit union service organizations	1,045	935
FHLB of New York stock	963	1,109
NCB Community Investment Fund	250	250
Investments - available for sale	31	50
	$ 38,659	$ 39,360

Federal Home Loan Bank of New York Stock: The Credit Union's investment in the Federal Home Loan Bank (FHLB) of New York stock was purchased to allow the Credit Union access to the services provided by the FHLB of New York. The stock is considered restricted, as it may only be resold back to the FHLB of New York at cost. To maintain a line of credit with the FHLB of New York, the Credit Union may be required to invest in additional amounts of FHLB of New York stock.

Note G – Property, Equipment and Lease Obligations

Property and equipment is comprised of the following (in 000's):

	DECEMBER 31, 2014	DECEMBER 31, 2013
Land	$ 4,410	$ 3,510
Buildings	22,917	20,508
Furniture, fixtures and equipment	14,620	12,845
Automatic teller machines and kiosks	7,547	7,012
Leasehold improvements	3,950	3,883
	53,444	47,758
Accumulated depreciation and amortization	(21,484)	(18,656)
	$ 31,960	$ 29,102

Depreciation and amortization expense amounted to $2,828,670 and $2,647,845 in 2014 and 2013, respectively.

The Credit Union is obligated under non-cancelable operating leases for branch and office facilities. Net rent expense under these operating leases amounted to approximately $426,000 and $783,000 in 2014 and 2013, respectively. Certain leases contain renewal options.

The approximate required minimum rental payments under the terms of the leases are as follows (in 000's):

YEARS ENDING DECEMBER 31,	
2015	$ 382,000
2016	334,000
2017	260,000
2018	260,000
2019	260,000
Thereafter	2,330,000
	$ 3,826,000

Note H – Members' Share Accounts

The aggregate amount of members' share accounts over $250,000 was approximately $54,979,000 at December 31, 2014.

At December 31, 2014, scheduled maturities of share certificates, including IRA certificate accounts, are as follows (in 000's):

YEARS ENDING DECEMBER 31,	
2015	$ 251,814
2016	89,697
2017	56,372
2018	29,705
2019	13,194
Thereafter	304
	$ 441,086

Note I – Financing Arrangements

Alloya Line of Credit: The Credit Union has a $8.75 million dollar line of credit agreement with Alloya secured by the assets of the Credit Union. There were no outstanding borrowings under this facility as of December 31, 2014 and 2013. The interest rate is determined by Alloya at the time of borrowing and is established based on current market rates.

FHLB of New York Advance Agreement: The Credit Union has an advance, collateral and security agreement with the FHLB of New York. This agreement provides the Credit Union with a credit line having $199,525,430 of availability at December 31, 2014. The Credit Union is required to pledge eligible mortgage loans as collateral, with $227,508,150 of mortgages currently eligible to be pledged as collateral. The interest rate is determined by the FHLB of New York at the time of borrowing and is established based on the term of the loan selected by the Credit Union and current market rates. There were no outstanding borrowings under this facility as of December 31, 2014 and 2013.

Federal Reserve Bank of New York Advance Agreement: The Credit Union has an advance, collateral and security agreement with the Federal Reserve Bank of New York which provides the Credit Union with a line of credit. The Credit Union is required to pledge eligible indirect auto loans as collateral. The interest rate is determined at the time of borrowing and is established based on a 90-day term set by the Federal Reserve Bank of New York at prevailing market rates. There were no outstanding borrowings under this facility as of December 31, 2014 and 2013.

Note J – 401(k) Pension Plan

The Credit Union maintains a 401(k) pension plan covering substantially all employees. The Plan allows employees, immediately upon date of hire, to defer a portion of their salary through contributions to the Plan. After one year of service the Credit Union makes matching contributions to the Plan based on elected compensation deferrals. The Credit Union's matching contribution is based on 100% of the elected deferral for the first 3% of compensation and 50% of the elected deferral for the next 2% of compensation. Expense for the years ended December 31, 2014 and 2013 amounted to approximately $530,000 and $498,000, respectively.

Note K – Commitments

Financial Instruments with Off-Balance Sheet Risk: The Credit Union enters into commitments to extend credit in the normal course of meeting the financial needs of its members. Commitments to extend credit, which generally have fixed expiration dates or other termination clauses, are legally binding agreements to lend to a member (as long as there is no violation of any condition established in the contract). These commitments involve, to varying degrees, elements of credit, interest rate or liquidity risk in excess of the amount recognized in the consolidated statements of financial condition.

Credit risk is the possibility that loss may occur from the counterpart's failure to perform according to the terms of the contract. Interest rate risk is due to fluctuations in interest rates that may decrease the market value of a financial instrument. Liquidity risk is the risk that the Credit Union will not be able to meet its contractual obligations as they come due.

The Credit Union uses the same credit policies in making commitments as it does for on-balance sheet instruments. The Credit Union controls the credit risk of commitments to extend credit through credit approvals, credit limits, monitoring procedures, and management's evaluation of each member's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the member.

The Credit Union's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit is represented by the contractual amounts of the commitments. A summary of the contract amounts of the Credit Union's commitments to extend credit at December 31, 2014 is as follows (in 000's):

Unused credit card lines	$ 66,287
Unused lines of credit, excluding credit cards	32,404
Overdraft protection program commitments	25,059
Loans approved not yet disbursed	3,443
Unused construction loans	612
Unfunded business loan commitments	1,265
Other unfunded commitments	12,060
	$ 141,130

Since portions of the above commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future liquidity requirements.

Financial Instruments with Concentrations of Credit Risk: The Credit Union has identified certain credit risk concentrations in relation to its on and off balance sheet financial instruments. A credit risk concentration is defined as a significant credit exposure to an individual or a group engaged in similar activities or affected similarly by economic conditions.

The Credit Union, at times, maintains deposits with depository financial institutions that exceed federally insured limits.

The Credit Union originates residential real estate loans throughout Central and Northern New York. These loans are underwritten to comply with secondary market standards and are secured by the underlying collateral. The Credit Union also grants various secured and unsecured consumer type loans to members in these regions.

Sponsorship Commitments: The Credit Union has sponsorship and license commitments with several local organizations and is required to pay approximately $567,000 over the next six years; $100,000 in 2015, $100,000 in 2016, $100,000 in 2017, $100,000 in 2018 and $167,000 thereafter through August 2020.

Note L – Disclosures About Fair Value of Financial Instruments

The Credit Union follows the provisions of the FASB guidance on fair value measurement for financial assets and financial liabilities, FASB ASC Topic 820, "Fair Value Measurements". Fair value is an estimate of the price the Credit Union would receive upon selling a financial instrument in a timely transaction to an independent buyer or the most advantageous market of the financial instrument.

FASB ASC Topic 820 established a three tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the financial instruments as noted below:

Level 1 - quoted prices in active markets for identical inputs

Level 2 - other significant observable inputs

Level 3 - significant unobservable inputs (including the Credit Union's own assumptions in determining fair value)

The fair value of cash and cash equivalents, deposits at corporate credit union, investments available for sale, loans to members with adjustable interest rates, and accrued interest receivable approximate carrying value due to the nature of the instruments.

The Credit Union uses Level 2 inputs to fair value loans to members, loans held for sale and members' share accounts. These fair value estimates utilize quoted market prices of comparable instruments and interest rates offered with similar loan and share products.

The following methods and assumptions were used by the Credit Union in estimating fair values of financial instruments as disclosed herein:

Cash and Cash Equivalents: The carrying amounts of cash and cash equivalents approximate their fair value.

Deposits at Corporate Credit Union: The carrying amounts of deposits at the corporate credit union approximate their fair value.

Loans to Members, net: The fair values of loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Loans Held for Sale: The fair value of loans held for sale approximate their carrying value.

Accrued Interest Receivable: The carrying amount of accrued interest approximates fair value.

Members' Share Accounts: The fair value of members' share accounts is estimated by discounting the estimated cash flows using interest rates for comparable instruments and terms.

Off-Balance-Sheet Credit-Related Instruments: Fair values for off-balance sheet lending commitments are based on interest rates currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the borrowers' credit standings.

The carrying amount and fair value of financial instruments of the Credit Union as of December 31, 2014 and 2013 are as follows (in 000's):

	DECEMBER 31, 2014		DECEMBER 31, 2013	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial Assets:				
Cash and cash equivalents	$ 139,439	$ 139,439	$ 113,507	$ 113,507
Deposits at corporate credit union	175	175	175	175
Loans to members, net	1,048,879	1,073,373	1,076,994	1,112,962
Loans held for sale	1,715	1,715	875	875
Accrued interest receivable	2,931	2,931	3,049	3,049
Financial Liabilities:				
Members' share accounts	$ 1,134,299	$ 1,101,670	$ 1,144,018	$ 1,110,720
Off balance sheet items:				
Commitments to extend credit		$ 141,130		

Fair Value on a Recurring Basis: At December 31, 2014 and 2013, mortgage servicing rights are recorded at fair value on a recurring basis. Fair value is determined under Level 2 for mortgage servicing rights and approximates $1,116,000 and $1,107,000 at December 31, 2014 and 2013, respectively.

Fair Value on a Nonrecurring Basis: Certain assets and liabilities are measured at fair value on a nonrecurring basis, that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table presents the assets and liabilities carried on the statement of financial condition, by caption and by level within the valuation hierarchy (as described above), for which a nonrecurring change in fair value has been recorded (in 000's):

	CARRYING VALUE	FAIR VALUE	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
	FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2014				
Other real estate owned	$ 2,333	$ 2,333	$ -0-	$ 2,333	$ -0-
Loans held for sale	$ 1,715	$ 1,715	$ -0-	$ 1,715	$ -0-
	FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2013				
Other real estate owned	$ 1,770	$ 1,770	$ -0-	$ 1,770	$ -0-
Loans held for sale	$ 875	$ 875	$ -0-	$ 875	$ -0-

Note M – Related Party Transactions

In the normal course of business, the Credit Union extends credit to directors, supervisory committee members, executive officers and employees. The aggregate loans at December 31, 2014 and 2013 are approximately $10,367,000 and $10,441,000, respectively. Shares from these related parties at December 31, 2014 and 2013 amounted to approximately $12,795,000 and $11,626,000, respectively.

Note N – Regulatory Capital

The Credit Union is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's consolidated financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities, and certain off balance sheet items as calculated under accounting principles generally accepted in the United States of America. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios of net worth to total assets.

Credit unions are also required to calculate a Risk-Based Net Worth (RBNW) requirement which establishes whether or not the Credit Union will be considered "complex" under the regulatory framework. The Credit Union's RBNW ratio as of December 31, 2014 and 2013 was 6.7%. A ratio of 6% or greater would cause the Credit Union to be considered complex. The Credit Union was classified as complex at December 31, 2014 and 2013, and as such, the Credit Union's net worth ratio must be greater than the RBNW ratio or it will be classified as undercapitalized. Management believes, as of December 31, 2014 and 2013, that the Credit Union meets all capital adequacy requirements to which it is subject.

As of December 31, 2014, the most recent call reporting period, the Credit Union was categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized" the Credit Union must maintain a minimum net worth ratio of 7% of assets and meet any applicable RBNW requirement. Management believes there are no conditions or events that have occurred since that notification that would have changed the Credit Union's category.

The Credit Union's actual capital amounts and ratios at December 31, 2014 and 2013 are presented in the following table (in 000's):

	ACTUAL		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS		TO BE ADEQUATELY CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
DECEMBER 31, 2014						
Net Worth	$ 117,257	9.3%	$ 88,505	7.0%	$ 75,861	6.0%
Risk-Based Net Worth requirement	83,447	6.7%	N/A	N/A	N/A	N/A
DECEMBER 31, 2013						
Net Worth	$ 105,438	8.3%	$ 88,457	7.0%	$ 75,820	6.0%
Risk-Based Net Worth requirement	84,160	6.7%	N/A	N/A	N/A	N/A

Actual net worth amounts in the preceding table do not include accumulated other comprehensive income.

Because the RBNW requirement is less than the net worth ratio, the Credit Union retains its original category.

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Independent Auditor's Report on Other Financial Information

To the Supervisory Committee and Board of Directors
AmeriCU Credit Union
Rome, New York

We have audited the consolidated financial statements of AmeriCU Credit Union and Subsidiaries as of and for the years ended December 31, 2014 and 2013, and have issued our report thereon, dated February 27, 2015, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Firley, Moran, Freer & Eassa, CPA, P.C.

East Syracuse, New York
February 27, 2015

Details of Consolidated Statement of Financial Condition

AMERICU CREDIT UNION AND SUBSIDIARIES

December 31, 2014

	AMERICU CREDIT UNION	HAMILTON ASSOCIATES, INC.	AMERICU SERVICES, LLC	AMERICU CAPITAL MANAGEMENT, LLC	ELIMINATIONS	CONSOLIDATED
ASSETS						
Cash and cash equivalents	$ 139,439,092	$ 111,189	$ 1,506,069	$ 1,321,501	$ 2,938,759	$ 139,439,092
Deposits at corporate credit union	175,105					175,105
Loans to members, net of allowance for loan losses	1,048,878,554					1,048,878,554
Loans held for sale	1,715,012					1,715,012
Accrued interest receivable	2,931,224					2,931,224
Other assets	41,517,283		214,570	9,821	3,083,050	38,658,624
Property and equipment, net	31,960,614					31,960,614
TOTAL ASSETS	$ 1,266,616,884	$ 111,189	$ 1,720,639	$ 1,331,322	$ 6,021,809	$ 1,263,758,225

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES						
Members' share accounts	$ 1,137,237,628				$ 2,938,759	$ 1,134,298,869
Accounts payable and accrued liabilities	12,121,335		$ 30,124	$ 49,976		12,201,435
TOTAL LIABILITIES	1,149,358,963		30,124	49,976	2,938,759	1,146,500,304
MEMBERS' EQUITY	117,257,921	$ 111,189	1,690,515	1,281,346	3,083,050	117,257,921
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 1,266,616,884	$ 111,189	$ 1,720,639	$ 1,331,322	$ 6,021,809	$ 1,263,758,225

Details of Consolidated Statement of Income

AMERICU CREDIT UNION AND SUBSIDIARIES

Year ended December 31, 2014

	AMERICU CREDIT UNION	HAMILTON ASSOCIATES, INC.	AMERICU SERVICES, LLC	AMERICU CAPITAL MANAGEMENT, LLC	ELIMINATIONS	CONSOLIDATED
Interest income:						
Interest on loans	$ 43,467,163					$ 43,467,163
Interest on investments and cash equivalents	874,040	$ 401	$ 5,930	$4,735	$ 529,643	355,463
	44,341,203	401	5,930	4,735	529,643	43,822,626
Interest expense:						
Dividends	9,468,991				11,066	9,457,925
NET INTEREST INCOME	34,872,212	401	5,930	4,735	518,577	34,364,701
Provision for loan losses	2,059,465					2,059,465
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	32,812,747	401	5,930	4,735	518,577	32,305,236
Non-interest income:						
Fees, service charges and other income	17,766,963	5,202	856,469	1,126,326	5,400	19,749,560
Gain on sales of loans	1,262,166					1,262,166
	19,029,129	5,202	856,469	1,126,326	5,400	21,011,726
Non-interest expense:						
Compensation and benefits	18,139,613		559,955	642,533		19,342,101
Office occupancy and operations	15,034,961	5,405	78,979	193,614	5,400	15,307,559
Professional services	4,676,543					4,676,543
Membership services, promotions and other	2,172,346					2,172,346
	40,023,463	5,405	638,934	836,147	5,400	41,498,549
NET INCOME	$ 11,818,413	$ 198	$ 223,465	$ 294,914	$ 518,577	$ 11,818,413

Board and Management

Board of Directors

John A. Stevenson
Chairman

George C. Bauer, III
Vice Chairman

Terri Tulowiecki
Chief Financial Officer

Sharon L. Miazga
Recording Officer

Ann S. Tyler
Director

Joseph J. Turczyn
Director

Charles S. Sorrento
Director

Senior Management Team

Mark A. Pfisterer
President &
Chief Executive Officer

Sonya E. Ezell
Executive Assistant

Joseph C. Anderson
Chief Operating Officer

Angela Blair
Executive Assistant

Barth I. Eke
Vice President, Finance

Lorraine J. McCormick, SPHR
Vice President, Human Resources

James T. Lombardo, CPCU, AAI, AIM
Chief Operating Manager,
AmeriCU Services, LLC
and AmeriCU Capital
Management, LLC

Judith R. Cowden
Vice President,
Member Relations & Marketing

Jeff Canarelli
Assistant Vice President,
Facilities and Construction

Dyana Herrig O'Neill
Assistant Vice President,
Financial Center Services

William R. Myrick Jr.
Assistant Vice President,
Financial Center Services

Tina M. Wildhaber
Assistant Vice President,
Financial Center Services

Management Team

Fred Agerter
Financial Center Manager, Cazenovia

Leslee Bango
Manager, Residential Mortgages

Carrie Barth
Creative Director

Angelo Brindisi
Manager, Loan Work Out and Recovery

Michelle Brundage
Manager, Application Systems and Services

Kathryn M. Cashel
Manager, Consumer Loans and Asset Quality

Mike Cook
Financial Center Manager, Herkimer

Corazon Deecher
Manager of Mortgage Production

Renee Dellas
Sales Manager, Member Business Services

Jacqueline M. Emma
Financial Center Manager, Griffiss

Stephanie M. Fisher
Manager, Automated Delivery
Systems and Services

Michael Francisco
Manager, Secondary Market

Alexander Gerson
Financial Center Manager, Camillus

Jin Gwak
Manager, Infrastructure Systems
and Services

Danielle R. Hatashita
Financial Center Manager, Cicero

Linda A. Hoff
Manager, Compliance Officer

Jessica Ireland
Financial Center Manager, Onondaga
Community College

Tina Lanier
Financial Center Manager, Lowville

Diana Lingel
Financial Center Manager, Armory Square

Mary Ellen Lingenfelter
Financial Center Manager,
Fort Drum

Mark J. Livesey
Chief Audit Executive

Karen E. Lockwood
Financial Center Manager, Auburn

Lori Losowski
Relationship Manager, Business
and Community Development

Rebecca Mabry
Financial Center Manager, Watertown

Kenneth Major
Information Security Officer

Michael J. Manuele
Financial Center Manager, Rome

Justin Marriott
Manager, E-Services and Innovation

Vaune A. Morat
Manager, Member Service Center

Cristina L. Morrissiey
Financial Center Manager, Liverpool

Linda Murphy
Manager, Process Improvement and Training

Rindy L. Pallas
Manager, Accounting and Electronic Services

Sharron Puglio
Assistant Manager,
Loan Work Out and Recovery

Janette Ranieri
Financial Center Manager, Syracuse

Tab Rightmyre
Manager of Market Intelligence

Barbara H. Schram, SPHR
Manager, Human Resources

Rachel Siderine
Financial Center Manager, Oneida

Ellen M. Traub
Financial Center Manager, Commercial Drive

Kelly Trepasso
Senior Credit Officer, Member
Business Services

Jennifer Viti
Financial Center Manager, North Utica

Tim S. Witter
Manager, Financial Planning

Christopher A. Wood
Relationship Manager, Indirect Lending

Heather Wood
Financial Center Manager, Fayetteville

18 Convenient Financial Locations to Serve You

Armory Square Office
200 Walton Street
Syracuse, NY 13202

Auburn Office
295 Grant Avenue
Auburn, NY 13021

Camillus Office
5212 West Genesee Street
Camillus, NY 13031

Cazenovia Office
82 Albany Street
Cazenovia, NY 13035

Cicero Office
6414 State Route 31
Cicero, NY 13039

Commercial Drive Office
4957 Commercial Drive
Yorkville, NY 13495

Fayetteville Office
5439 N Burdick Street
Fayetteville, NY 13066

Fort Drum Office
10750 Enduring Freedom Drive
Fort Drum, NY 13602

Griffiss Park Office
231 Hill Road
Rome, NY 13441

Herkimer Office
EFK Plaza 326 E. State Street
Herkimer, NY 13350

Liverpool Office
7474 Oswego Road
Liverpool, NY 13090

Lowville Office
7394 Utica Boulevard
Lowville, NY 13367

North Utica Office
224 N Genesee Street
Utica, NY 13502

Onondaga Community College Office
Whitney Center for
Applied Technology
4585 W Seneca Street
Syracuse, NY 13215

Oneida Office
280 Genesee Street
Oneida, NY 13421

Rome Office
1916 Black River Boulevard
Rome, NY 13440

Syracuse Office
6303 Thompson Road
Syracuse, NY 13206

Watertown
871 Arsenal Street
Watertown, NY 13601

Notes

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