



2015

DCI Annual Report



Building Relationships For Better Banking



Our mission statement is simple:
*develop superior technology and services that improve
the profitability and competitive position of our clients.*

For 53 years, DCI has followed an uncompromising commitment to deliver superior technology that helps bankers build successful customer relationships and communities.

And while our award-winning iCore360° technologies are unsurpassed, our greatest strength is our knowledgeable, caring people committed to providing a customer experience that is the most supportive and personal it can be.

DCI is unique in the bank technology industry because we are independently owned by several of our client banks with customers serving as board members and user-group leaders. This creates a partnership focused on our customer's needs instead of stock market expectations.

This relationship, focused on people before profits, makes us more flexible, agile and responsive. So we can take the time to truly get to know our clients and deliver meaningful, banker-driven solutions backed by personal attention from people you know and trust.

We never forget that it is our customers we work for and we do whatever is necessary to give them the support they need to succeed.

Because when our customers succeed, we all succeed. And we believe that is the best kind of relationship.



DCI Executive Team (l-r): Robert Ross, SVP/CTO; Dennis Queal, SVP/CFO; Sarah Fankhauser, EVP/COO; John Jones, President/CEO; Sencer Tasan, SVP/CSO and Gerald Rempe, SVP Operations



Message to Shareholders

2015 brought positive growth and set a foundation of great promise for the future of DCI and our clients.

Financially, we recorded our highest-ever annual revenue at \$29.7 million, with a \$1.6 million increase in stockholder equity and a \$40,547 increase in shareholder dividends.

This was bolstered by new client sales activity, existing customers adding new products, third-party alliance revenues and targeted spending reductions.

More importantly, 2015 was a productive year in bringing key strategic endeavors to fruition that will reap significant rewards for both DCI and our clients. For example, in 2013 we established a two-year strategic plan with four key objectives focused on generating new business income and customer retention through new DCI-owned ancillary solutions, including: Internet/mobile banking; vendor management; managed IT/network security; and expanded after-hours customer support.

By the end of 2015 we had either met or made significant progress toward all these goals. Most notably, however, was our late-2014 acquisition of Internet and mobile banking solutions that underwent aggressive enhancements during the year, yielding tremendous interest from our customers and reaping significant benefits in a short time.

In addition to these objectives, we aggressively pursued ongoing goals for user-requested iCore360° enhancements, IT infrastructure improvements, PCI certification, new client sales and customer satisfaction.

Among these, measures toward PCI certification dominated the efforts of our technical teams in 2015, with official PCI 3.0 certification expected in early 2016. We and our customers can be very proud of this significant investment in our future, knowing that DCI has surpassed others in the industry to achieve an elite status of technical stability, performance and data security.

With PCI certification nearly behind us, we are preparing for an intensified focus on iCore360° and eBanking development in 2016. Among ongoing user group requests, our research and development goals for 2016 also include offering more services with benefits that extend down to our clients' end customers.

"DCI is the only core technology partner that I trust for my bank and my customers."

Doug Naylor
President

First National Bank of Blanchester, OH



We were also very pleased to welcome prominent DCI clients Jeff Ball, president at Friendly Hills Bank in California, and Keith Hughes, CEO at First National Bank of Hutchinson in Kansas, as new board members to help lead DCI forward. In 2015, we also sadly said a final farewell to Gary Mundhenke, one of our longest-serving and most dynamic board members, whose invaluable contributions and leadership will be missed by us all.

The foundations we laid in 2015 have set the stage for DCI to achieve great things in 2016 and beyond. With new board members, sales leadership, market recognition and product vitality, we expect a sustained burst of growth in both new iCore360° and eBanking clients.

We will continue to ensure that our growth never comes at the expense of maintaining our high levels of customer service, which continued with nearly 100% customer satisfaction and retention in 2015, maintaining our decades-long history of consistently high customer loyalty.

This commitment to put people before profits and place the success and satisfaction of our customers as our number one priority is why we expect 2016 to usher in a very prosperous, bright new era for DCI, and we look forward to sharing it with you.

R.A. Edwards
Chairman of the Board
and DCI Client



Darrell Gates
Implementation Project Manager

Amanda Chapman
Implementation Specialist

Customer Care

Our customer culture is the heart and soul of DCI, and the commitment our people provide 24/7 makes DCI the best partner in bank technology.

In 2015 DCI support staff continued to ensure every customer phone call was answered by a live person, with a majority of inquiries resolved on the first call, and always with an average response time of eight minutes or less. We also ensured that the same responsiveness is delivered to customers using our website, email or new iCore360° chat function to get quick, personal answers at the touch of a button.

We initiated measures toward expanding our after hours support and enhancing our internal tracking systems to even further streamline the overall management and responsiveness of customer support requests.

However, we still emphasize and appreciate the value of spending time face-to-face with our customers most of all.

In particular, our Customer Relationships team continued to make personal on-site visits with every iCore360° client at least once a quarter—many times accompanied by DCI senior executives—as a proactive measure to ensure every client is getting all the service and support they need.

As a result, these DCI relationship professionals provided customers with several hundred quotes for new DCI products and services, and helped ensure that we continued to enjoy a 100% voluntary customer renewal rate in 2015, and putting us on track to repeat that in 2016.

This is evidence that even amid too-good-to-be-true offers from competitors, DCI clients can easily recognize that being a part of the DCI family brings both real and intangible value that just can't be found anywhere else.

Our Professional Services team had a full schedule of new bank conversions, mergers, ancillary product implementations and operational review services in 2015. The operational reviews in particular continue to gain popularity as more banks realize the value of these in-depth professional examinations to improve their use of iCore360°, other tools and general best practices for greater efficiency, service, and profitability. As a result, we will consider establishing a separate team of professionals dedicated to these services alone beginning in 2016.

DCI education professionals also continued to help clients maximize the use of their iCore360° investment through dozens of instructional how-to training videos available on-demand and free of charge via the DCI University feature accessible directly within iCore360°. Each of these tutorial videos offer step-by-step demonstrations and

checklists that can be saved as a PDF document for future reference, and have been especially popular among customers who aren't able to schedule dedicated employee training time. In 2016 we will continue to expand this library of free tutorials to include several new iCore360° features, ancillary products and eBanking-specific tutorials.

Our 2015 annual conference – Making Connections for Better Banking – again brought nearly 300 customers, prospective clients, exhibitors, staff and industry experts all together to explore the latest in DCI solutions and industry insights, with many sessions led by DCI clients.

The event was also highlighted by the selection of DCI customer Terri Koelsch of SJN Bank in St. John, Kansas, as the recipient of the second annual Nation Meyer Award for her valuable contributions in continuing our DCI founder's legacy of innovative thinking and the betterment of banking for all DCI bankers.

Once again DCI received a 100% response rate to our annual survey of iCore360° clients to rank their satisfaction with DCI performance on 33 metrics. The average satisfaction score over all survey categories was an impressive 96.5%, continuing a decades-long trend of satisfaction ratings consistently over 95%. Of all respondents, 77% rated their overall satisfaction with a score of 93% or higher, and 60% rated their satisfaction with a perfect score of 100%.

2015 Customer Satisfaction

Overall relationship with DCI	94%
Likelihood of continuing a relationship with DCI	95%
Reliability of iCore360°	95%
Ease of doing business with DCI	96%
Overall service and support	97%
Customer service response time	97%



Jesse Cartwright
eBanking Support Manager

Jon Valesh
eBanking Development Manager

Research & Development

Our research and development teams continue to be among the most diligent and productive in the industry.

It is the input we receive from our clients and user groups that ensures the tireless effort and countless hours of research, design and programming achieve the most meaningful benefits in the day-to-day banking lives of our customers.

In 2015 more than half of our iCore360° enhancements were user requests, part of nearly 650 user requests implemented since 2002.

This included key enhancements in account origination and loan workflow, vendor management, user-interface designs and performance improvements for teller and online statement features.

We began research and planning for Apple Pay and EMV capabilities, and a fully DCI-controlled and operated solution for ATM/card processing, driving and management to improve efficiency and service levels by eliminating third party involvement.

Significant research and development was also devoted to DCI card payments workflow, performance and security, particularly the intricate architecture designs and preparations to attain our goals for PCI 3.0 certification. This extensive, yet essential behind-the-scenes planning and restructuring involved thousands of man-hours and vast infrastructure investments to create security enhancements that will protect our clients and their customers for years to come.

iCore360° Highlights

Just a few of the feature expansions implemented by our development team in 2015:

- Online chat function within iCore360° to initiate an online support session with DCI staff for quick answers to simple questions
- New vendor management option for documenting and managing multiple, fully compliant, vendor relationships directly in iCore360°, including risk ratings, due diligence, documentation and reminders, that can be either self-managed, or managed by DCI experts
- New visual design improvements and single sign-on capability for Inter@ct Positive Pay
- Improved workflow for closing/reordering compromised cards
- New partner alliances and iCore360° interfaces for online account opening, customer reward/loyalty card programs, and instant-issue cards

“DCI offers great products that are always on the leading edge. They listen to us, and are always there to support us. That’s the kind of people we want to partner with.”

Dixie Lang
Vice President
Kanza Bank, KS

eBanking Solutions

In early 2015 we finalized the transition of our late-2014 acquisition of new eBanking Internet, mobile and voice solutions and staff into our new facilities in Dallas, Texas, with no interruption of service to customers. We wasted no time initiating new enhancements, beginning with a new interface to iCore360°, and the response exceeded our expectations, with numerous DCI core clients lining up to switch to the new eBanking services, a trend we expect to double in 2016.

In all, our eBanking development team implemented an unheard of nine update releases with over 150 improvements, including measures in security, peer-to-peer payments, mobile messaging, voice banking and web hosting, including new “liquid” templates for greater design flexibility to customize a client’s eBanking presentation across multiple devices.

With a good foundation now built, we are pursuing aggressive, broad enhancements for 2016 to even better mate our eBanking solutions with iCore360° and other ancillary products, including sweeping changes in visual design and user interface functionality.

We believe our enhancement strategies and a concentrated focus on emerging trends in mobile banking will ensure our clients can successfully compete and deliver consummate customer convenience, cementing our position as a formidable, highly desirable competitor in the eBanking market for years to come.

“DCI gives us a voice to share what we want in iCore360°... a voice in what our future is.”

Steve Timken
Senior Vice President
First National Bank of Hutchinson, KS

2016 Initiatives

With PCI certification behind us, our research and development teams will intently focus on significant iCore360° and eBanking enhancements, including:

- Expanded integration of electronic signatures and document images into iCore360° account origination workflows
- Widespread visual design enhancements across all iCore360°, ancillary and eBanking applications
- New user tools to easily build custom, quick-view lists of key customers and accounts for review
- Streamlined GL budgeting workflows and reporting using enhanced Custom Reporting and Interactive GL features
- New email and text alerts for eBanking and ATM debit card transactions
- Aggregation of customer information into customized relationship groups for analyzing profitable customer dynamics
- New home page defaults and icon for even quicker access to user-specific detail from anywhere in iCore360°
- Workflow tools to streamline the entire loan management lifecycle including detailed, yet easy tracking of documents, exceptions and key information bank-wide
- Newly designed iCore360° analytics dashboard with visually-detailed interactive tools for bank performance management
- New payment capabilities for Apple Pay, EMV cards, interactive ATMs, ACH imports and a newly restructured, fully DCI-controlled and operated solution for ATM/Card processing, driving and management
- New automated geocoding/census tract updates, wire entity OFAC checking and follow up, and risk code change tracking across multiple customer/account levels



Janet Seiler
Product Management Officer

Carrie Meier
Senior Business Analyst



Clay Hamlet
VP, Sales & Marketing

Sales & Marketing

The DCI marketing and sales teams worked diligently to gain positive ground introducing the unique DCI brand to community bankers across the country.

Under new sales management, we expanded our team and refined our processes, including new pricing analysis and an intensive review of sales methods, demos and strategies to ensure our solutions are competitively presented in today's marketplace nationwide.

Our eBanking group also actively met with non-core clients and resellers to help build a prospective sales pipeline that quickly resulted in several new contracts and proposals for new non-core clients and cross sales for iCore360° and other ancillary solutions, further boosting our sales outlook for 2016.

Targeted direct-marketing campaigns to prospective banks in the spring and fall supplemented our monthly advertising and tradeshow marketing alongside special industry event/media promotions, public relations, online/social media and more, which also maximized the use of our most effective advertising—our satisfied customers—through unscripted video testimonials, quotes and direct referrals.

DCI marketing also gained prominent industry-wide recognition in 2015, including:

- The first core processor exclusively endorsed by the California Bankers Association
- Selection as a 2015 FinTech Forward Top 100 bank technology provider by *American Banker* and BAI
- Winner of the 2015 *BankNews* Innovative Solutions Award in eBanking, and first runner-up for iCore360° in the Management/Operations Processing category, for which we previously won top honors in 2008 and 2011

As a result, we ended the year with new iCore360° clients in Minnesota, Missouri, Ohio, Texas and perhaps our most promising pipeline of sales potential in years, for both new core clients and non-core client sales.

The logo for iCore360, featuring the text "iCore360" in a sans-serif font. The "i" is blue, "Core" is black, and "360" is white. The text is set against a white circular background with a thick yellow border. The entire logo is positioned on the left side of the page, overlapping a dark blue background area.

"DCI is always very responsive and supportive... DCI treats us the way we treat our customers."

Fred Henrich
President
Coatesville Savings Bank, PA



Grant Siemens
Sr. Technical Project Engineer

Systems & Operations

Data and systems security dominated the work of our technical engineers with widespread infrastructure changes to complete our PCI 3.0 DSS certification.

The vast PCI project involved a series of complex technology designs and system modifications to both physically and virtually isolate sensitive payments data and processes—with no interruption in service—

into specially confined, secure citadels, encompassing all new hardware/software for PCI-related Oracle, VMware, Windows and database processing/storage systems, including all related third-party and corporate equipment, functions and staff.

Along the way, we maximized our resources spent toward PCI to implement other new infrastructure technologies that further expand the overall processing stability, efficiency and performance of all DCI services while providing greater security.

This includes the addition of new higher-integrity, automated cryptographic key lifecycle management and encryption tools into our iCore360° infrastructure to ensure data security that not only exceeds our PCI-related compliance requirements but also helps our engineers prepare for future security and encryption requirements and countermeasures.

Our systems technicians will focus on quarterly PCI-certified vulnerability assessments, prevention metrics and broadening the use of more virtual, redundant environments across all of our primary processing systems to further improve performance and our evolution toward real-time backup and business recovery capabilities.

We also initiated plans to eliminate third-party involvement in processing card transactions throughout our ATM network beginning in 2016. These changes give DCI greater control and promise to increase network performance, security and service response that in turn improve customer operating efficiency, profitability and cardholder satisfaction.

To help our clients ease increasing regulatory and competitive pressures for managing their IT risk and resources, we partnered with RESULTS Technology to provide expanded IT expertise, equipment and networking/computer services—including security, risk assessments and compliance support—for expert IT management that is current, compliant, affordable and backed by DCI.

The number of clients using DCI backroom and operations-related services also increased notably in 2015, yet targeted efficiency improvements ensured our professionals continued to flawlessly process millions of items, images and statements with fewer staffing resources than in 2014—and simultaneously managed logistics for a rise in clients using electronic statements and remote/merchant/teller/ATM capture services.

Key improvements included hardware and software upgrades to expand data storage, enhance security controls and further streamline workflows for better service results, including the viewing and processing of check images within mere minutes of memo posting.

Improvement goals for 2016 include significant enhancements in same-day ACH processing, file transfer protocols to further secure data transmissions, and new permit mailing methods for even greater workflow efficiencies in backroom services.

“DCI and iCore360°
make our jobs
something that
we love to do!”

Rebecca Rios
Vice President
First Bank Kansas

Independent Auditor's Report

The Board of Directors—Data Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Data Center, Inc. which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, stockholders' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Data Center, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Allen, Gibbs & Houlik, L.C.

Wichita, Kan.
January 21, 2016

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Executive Vice President, COO



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ROBERT ROSS
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Systems and Recovery, CTO*



SENCER TASAN
*Senior Vice President
Network/Technical Services, CSO*

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Arkansas City Community President
Union State Bank, Arkansas City, KS



In Memoriam

Gary Mundhenke

DCI Board Member 1987-2015



On cover, clockwise from top:

Paul Jones—Implementations Officer, DCI; Terri Koelsch—COO, SJN Bank of Kansas, KS;
Trey Maust—Co-President, Lewis & Clark Bank, OR; Robin Butts—Senior Vendor Management Specialist, DCI;
Lindsay Butler—Compliance/IT Officer, Tioga Franklin Savings Bank, PA; Ed Wild—VP, Product Management, DCI;
Maggie Snow—Instructor, DCI; Mark Duffy—President, Mountain Pacific Bank, WA; Kurt Rickert—Director, Vendor Management, DCI;
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