



# Dow Chemical Employees' Credit Union

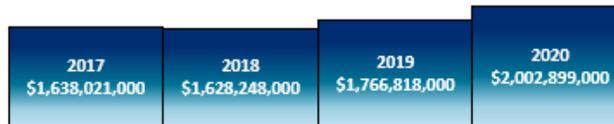
## Statements of Financial Condition

December 31, 2020 and 2019 (unaudited)

Assets (\$000)	2020	2019
<b>Loans:</b>		
Real estate	\$ 560,168	\$ 519,219
Personal	372,587	369,829
Credit cards	37,086	42,231
Participations	34,473	66,733
<b>Total loans</b>	<b>1,004,314</b>	<b>998,011</b>
Allowance for loan loss	(5,602)	(2,942)
<b>Net loans</b>	<b>998,712</b>	<b>995,070</b>
<b>Other:</b>		
Investments	959,480	729,773
Other assets	44,708	41,975
<b>Total assets</b>	<b>\$ 2,002,899</b>	<b>\$ 1,766,818</b>
<b>Liabilities and equity</b>		
<b>Liabilities:</b>		
Shares accounts	\$ 380,307	\$ 292,980
Share drafts	230,895	178,653
Premium high yield	750,360	649,031
Certificates of deposit	390,976	402,197
<b>Total member deposits</b>	<b>1,752,539</b>	<b>1,522,860</b>
Other liabilities	30,061	51,342
<b>Total liabilities</b>	<b>1,782,600</b>	<b>1,574,202</b>
<b>Equity:</b>		
Total equity	220,300	192,616
<b>Total liabilities and equity</b>	<b>\$ 2,002,899</b>	<b>\$ 1,766,818</b>

## 2020 Annual Report

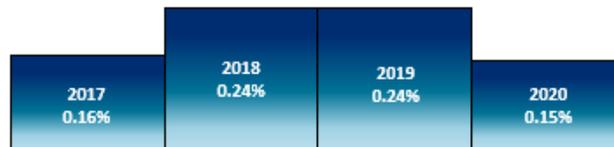
### Total Assets



### Total Loans



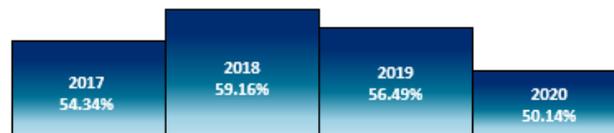
### Delinquency Ratio



### Net Worth Ratio



### Total Loans/Total Assets

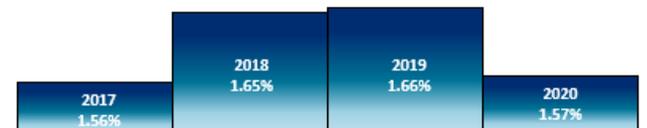


## Statements of Earnings

Years Ended December 31, 2020 and 2019 (unaudited)

(\$000)	2020	2019
Real estate loan income	\$ 22,155	\$ 22,003
Personal loan income	17,409	16,270
Credit card income	2,431	2,500
Participation loan income	1,605	2,890
Total loan income	43,600	43,662
Investment income	15,256	15,613
<b>Total interest income</b>	<b>58,857</b>	<b>59,276</b>
<b>Total interest expense</b>	<b>14,119</b>	<b>15,186</b>
<b>Net interest income</b>	<b>44,738</b>	<b>44,090</b>
Provision for loan loss	4,175	2,640
Other income	9,885	10,167
Operating expense	29,655	28,171
<b>Net income before rebates</b>	<b>20,793</b>	<b>23,446</b>
Interest refund	10,519	13,615
Member saver reward	4,599	6,612
Debit card rebate	459	285
<b>Total member giveback</b>	<b>15,577</b>	<b>20,512</b>
<b>Net income before investment gains</b>	<b>5,216</b>	<b>2,933</b>
Net gain on investments	6,766	5,740
<b>Net income</b>	<b>\$ 11,982</b>	<b>\$ 8,673</b>

### Operating Expense/Avg. Assets



This credit union is federally insured by the National Credit Union Administration.



# Dow Chemical Employees' Credit Union

## Report of the Treasurer

January 26, 2021

Dow Chemical Employees' Credit Union had another very successful year. Total assets ended the year at \$2.03 billion, an increase of \$236.1 million, or 13.4% from 2019. Likewise, member deposits increased significantly by \$229.7 million to \$1.75 billion, or 15.1%.

With 2020 being such an unusual year of challenges, I want to start by thanking the Board, Supervisory Committee members, other committee volunteers, and the entire staff of DCECU for your diligence and insights as we faced hurdles and significant changes to our operations due to both the pandemic and the flood.

### MEMBER GIVEBACK

In January we paid a Member Giveback for the 41st year in a row. We paid out \$15.6 million in Member Giveback to our member/owners. This was made up of an interest rebate of \$10.5 million, or 40%, of interest paid on rebate-eligible loans and a Member Saver Reward of \$4.6 million, or 40%, as additional interest on eligible shares and deposits. Lastly, we paid \$459 thousand in debit card rewards based on net purchase dollars. Our \$15.6 million Member Giveback represented .78% of assets, **the highest giveback measure in the country for any credit union over \$1 billion in assets**. We gratefully thank you for your loyal membership and use of

DCECU products which enables this magnificent member benefit.

### DCECU 2020 RESULTS

Loans of member deposits increased to \$1.04 billion in 2020, an increase of \$6.3 million over the prior year, or 0.6%. This is largely attributable to the low rate environment making real estate mortgages very attractive for purchases and refinances. DCECU real estate loan balances rose 7.9% to \$560.1 million, while consumer loan balances climbed 0.7%, or \$2.8 million, to \$372.6 million. Due to the impact of the pandemic, consumer spending using unsecured debt was down which led to a decrease in credit card balances in 2020 to \$37.1 million, a decrease of 12.2%. Loan participations from other credit unions fell by \$32.2 million as we replaced these non-member loans with loans from our own membership.

Net Interest Income (the spread that we earn when deposits are put to work in loans and investments) was up \$648 thousand from 2019. The lower interest rate environment led to a drop in income from loans and investments of \$419 thousand, but this was offset by a \$1.067 million decrease in interest expense as share and CD accounts repriced lower. Other income decreased by \$278

thousand in 2020 to \$9.9 million, mainly due to less Courtesy Pay activity.

Like other financial institutions across the country, we increased our Provision for Loan Loss Expense due to uncertainty in the economy caused by the pandemic. This expense grew by \$1.5 million in 2020 to total \$4.2 million. If projected losses do not materialize, these reserves will be reversed, raising net income, and will become part of undivided earnings.

Expenses from operations in 2020 totaled \$29.7 million, an increase of \$1.4 million from 2019 -- or 5.2%. During the year DCECU faced additional costs due to pandemic work-related resources, community support contributions for both pandemic and flood relief, and personnel costs. We have consistently controlled operating expenses below 2% of average assets. In fact, in the most recent aggregate credit union performance report, Dow Chemical Employees' Credit Union had approximately one-half the operating expense ratio of credit unions in its peer group.

Even after the dividends/interest, operating expenses, Member Saver Reward/ Loan Interest Refunds and the VISA Check Card rebate, Dow Chemical Employees' Credit Union was still able to contribute \$12.0 million to undivided earnings in 2020. The Net Worth ratio of Net Worth to Total



# Dow Chemical Employees' Credit Union

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## Report of the Treasurer

January 26, 2021

Assets at year-end stood at 9.91% compared to 10.56% the previous year. The decline in this ratio was due to asset growth which was driven by deposit growth. Stimulus payments to individuals and prudent spending practices by depositors led to significant deposit growth, and Net Worth ratio declines across the industry.

In addition to board oversight, DCECU has a strong Supervisory Committee. The primary responsibility of the Supervisory Committee is to supervise credit union audits and review the financial condition, as well as, the internal control structure of the Credit Union.

During 2020, the accounting firm of Doeren-Mayhew conducted the Credit Union audits. These audits were made in accordance with generally accepted auditing standards and included appropriate tests of the accounting records, systems and procedures. It is the opinion of our auditors and the Supervisory Committee that satisfactory accounting practices and procedures and effective internal controls are in place to safeguard the Credit Union's assets.

The Supervisory Committee reviews the audit program procedures with Doeren-Mayhew on a regular basis to ensure that the audits continue to provide an effective and professional appraisal of

the Credit Union's financial activities. Copies of the audit report are available at the Credit Union for members to review.

In closing, I would like to thank the Board of Directors, the Committees, and especially, the entire Credit Union staff for making 2020 such a rewarding and successful year.

Respectfully Submitted,

Michael Goad  
Assistant Treasurer