



Dow Chemical Employees' Credit Union

2021 Annual Report

Statements of Financial Condition

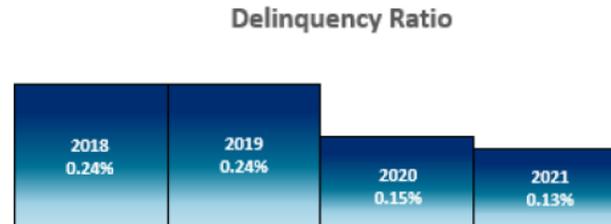
December 31, 2021 and 2020 (unaudited)

Assets (\$000)	2021	2020
Loans:		
Real estate	\$ 603,108	\$ 560,168
Personal	420,170	372,587
Credit cards	36,687	37,086
Participations	15,990	34,473
Total loans	1,075,955	1,004,314
Allowance for loan loss	(3,524)	(5,602)
Net loans	1,072,430	998,712
Other:		
Investments	1,034,771	959,480
Other assets	52,749	44,708
Total assets	\$ 2,159,951	\$ 2,002,899
Liabilities and equity		
Liabilities:		
Shares accounts	\$ 466,976	\$ 380,307
Share drafts	254,244	230,895
Premium high yield	874,629	750,360
Certificates of deposit	314,757	390,976
Total member deposits	1,910,607	1,752,539
Other liabilities	29,047	30,061
Total liabilities	1,939,654	1,782,600
Equity:		
Total equity	220,297	220,300
Total liabilities and equity	\$ 2,159,951	\$ 2,002,899

Statements of Earnings

Years Ended December 31, 2021 and 2020 (unaudited)

(\$000)	2021	2020
Real estate loan income	\$ 21,737	\$ 22,155
Personal loan income	17,409	17,409
Credit card income	2,118	2,431
Participation loan income	710	1,605
Total loan income	41,974	43,600
Investment income	13,272	15,256
Total interest income	55,246	58,857
Total interest expense	10,923	14,119
Net interest income	44,323	44,738
Provision for loan loss	(1,276)	4,175
Other income	10,556	9,885
Operating expense	29,274	29,655
Net income before rebates	26,881	20,793
Interest refund	9,576	10,519
Member saver reward	3,223	4,599
Debit card rebate	546	459
Total member giveback	13,345	15,577
Net income before investment gains	13,537	5,216
Net gain on investments	4,470	6,766
Net income	\$ 18,007	\$ 11,982



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



Dow Chemical Employees' Credit Union

Report of the Treasurer

January 25, 2022

Dow Chemical Employees' Credit Union had another very successful year. Total assets ended the year at \$2.16 billion, an increase of \$157.1 million, or 7.8% from 2020. Likewise, member deposits increased significantly by \$158.1 million to \$1.91 billion, or 9.0%. And finally, membership increased by 3,280 to end the year at 74,484.

With 2021 again 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 the pandemic.

MEMBER GIVEBACK

In January we paid a Member Giveback for the 42nd year in a row. We paid out \$13.3 million in Member Giveback to our member/owners. This was made up of an interest rebate of \$9.6 million, or 40%, of interest paid on rebate-eligible loans and a Member Saver Reward of \$3.2 million, or 40%, as additional interest on eligible shares and deposits. Lastly, we paid \$546 thousand in debit card rewards based on net purchase dollars. Our \$13.3 million Member Giveback represented .62% 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 2021 RESULTS

Loans increased to \$1.08 billion in 2021, an increase of \$71.6 million over the prior year, or 7.1%. This is partly attributable to the low rate environment making real estate mortgages very attractive for purchases and refinances. Our loan growth was also due to expanded dealer relationships and growth of our indirect auto and RV lending program. DCECU real estate loan balances rose 7.7%, or \$42.9 million, to \$603.1 million, while consumer loan balances climbed 12.8%, or \$47.6 million, to \$420.2 million. Due to the impact of the pandemic and additional liquidity provided by stimulus funds, consumer spending using unsecured debt was down which led to a decrease in credit card balances in 2021 of 1.1%, or \$399 thousand, to \$36.7 million. Loan participations from other credit unions fell by \$18.5 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 down \$415 thousand from 2020. The lower interest rate environment led to a drop in income

from loans and investments of \$3.6 million, which was partially offset by a \$3.2 million decrease in interest expense as premium high yield and CD accounts repriced lower or matured. Other income increased by \$671 thousand in 2021 to \$10.6 million, mainly due to increased interchange fees on debit and credit cards.

Like other financial institutions across the country, we decreased our Provision for Loan Loss Expense, taking a net credit of \$1.3 million during 2021 as projected pandemic and flood related losses did not materialize. The net impact of taking the provision credit was to raise net income during the year.

Expenses from operations in 2021 totaled \$29.3 million, a decrease of \$379 thousand from 2020 -- or 1.3%. During 2020 DCECU faced additional costs due to pandemic work-related resources, community support contributions for pandemic and flood relief, and personnel costs. In 2021 we did not have those costs. Also, in 2021 due to the tight labor market we had more positions open, which also led to cost savings. 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-



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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 \$18.0 million to undivided earnings in 2021. The Net Worth ratio of Net Worth to Total Assets at year-end stood at 10.02% compared to 9.91% the previous year. The growth in this ratio was due the increase in undivided earnings which helped offset asset growth.

Thank you to our members for allowing us to serve you during this year. In closing, I would like to thank the Board of Directors, the Committees, our members and especially, the entire Credit Union staff for making 2021 such a rewarding and successful year.

Respectfully Submitted,

Michael Goad
Assistant Treasurer