

ANNUAL REPORT 2020





CHAIRMAN'S REPORT

from Everett J. Campbell, Jr., Chairman of the Board

DuPont Community Credit Union (DCCU) experienced another positive year in 2020. Even in the midst of a pandemic, we demonstrated our continued commitment to the membership and our community.

Highlights from 2020:

- We funded \$191.8 Million in real estate loans in 2020, helping 1,029 members purchase or refinance their homes. We remain committed to becoming the premier real estate lender in the Shenandoah Valley.
- Additionally, we funded \$83.3 Million in auto, credit card, and home equity loans; and \$71.4 Million in member business loans.
- In support of the Small Business Administration's (SBA) Paycheck Protection Program (PPP), DCCU became an SBA 7(a) lender in order to support small businesses in need of financial support as a result of the pandemic.
- DCCU employees selected the Blue Ridge Area Food Bank as the focal point for their annual Corporate Charity campaign. Their fundraising efforts resulted in a donation of \$10,320 to the food bank.
- Through fundraisers, pledges, and donations, employees raised \$22,652.89 to benefit the United Way organizations of Greater Augusta, Harrisonburg and Rockingham County, Northern Shenandoah Valley, and Rockbridge County.
- Over the Columbus Day holiday weekend, DCCU replaced its traditional corporate volunteering activity with a Virtual 5K. For each participant, we donated \$25 to The Community Foundation's COVID-19 Response Fund. A total of 259 people completed a 5K and a donation of \$6,475 was equally divided between four of the Community Foundations in our field of membership.
- During Shred Days, we shred documents from our members and the community while collecting food and monetary donations for the Blue Ridge Area Food Bank. In 2020, we shredded over 54,860 pounds of sensitive documents, collected 4,650 pounds of food, and received \$4,348 in monetary donations for the food bank, which helps provide over 21,000 meals for families in need.
- The Virginia Credit Union League selected DCCU as the winner of the 2020 Louise Herring Philosophy In Action Award in the over \$1 Billion asset size category. We received first place for our hands-on approach to helping small businesses navigate the Paycheck Protection Program (PPP).
- For the second year in a row, DCCU was ranked as the top Virginia credit union according to Forbes, who partnered with research firm Statista for their 2020 "Best-In-State Credit Unions" list.

These highlights reflect some of the ways we deliver value to our members and help make a difference in our community. We are encouraged about 2021 and excited for the many years ahead. On behalf of the Board of Directors and the staff of DuPont Community Credit Union, we appreciate your membership and continued support of our financial cooperative.

Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors to oversee the operation of the credit union. The Committee acts as an advocate for the members. It strives to assure members that DCCU is operated in a financially safe and sound manner so that member assets are protected.

During 2020, the Supervisory Committee was composed of the following members: Bruce F. Hamrick (Chairman), Eugene F. Walker (Secretary), Wesley B. Wampler (Member), Jeff Miracle (Associate Member), and Robin Ruleman (Associate Member). The Committee is assisted by the Internal Audit team, headed by Director, Alan Christopher.

As required by law, DCCU's Annual Opinion Audits are performed by an independent CPA firm. The 2019 CPA report stated that DCCU's financial statements were prepared in accordance with generally accepted accounting principles. Noted exceptions and/or recommendations

were promptly addressed by DCCU staff. The audit firm of ElliottDavis, CPAs out of South Carolina, performed the annual opinion audit.

Our most recent routine joint examination was completed in 2020 by Virginia and NCUA examiners. That report gave DCCU good ratings for financial safety and soundness. All recommendations in the report were promptly responded to by the Board and management.

DCCU continues to work hard to protect members from fraud. However, an important part of fraud reduction is member vigilance. This Committee urges each member to routinely monitor his or her DCCU statements and/or accounts and report any suspicious activity promptly.

In summary, your credit union is operated in a safe and sound manner and continues to be in excellent financial condition.



TREASURER'S REPORT

from Michael P. Blinn, Treasurer

The 2020 financial performance and accomplishments are reflected by category in detail below.

Growth

Assets grew at a rate of 21% or \$268MM ending 2020 at \$1.54B. Member savings grew 23.5% or \$260.6MM during 2020. With extraordinary savings growth, combined with a decrease in loan demand, the ratio of our loans to assets decreased from 73.5% to 61.7%. Total loans outstanding increased by 1.7% or \$15.7MM. The investment portfolio increased 128.4% or \$120.5MM during the year. All of our investments are issued by the U.S. Treasury, U.S. Government Sponsored Enterprises, or include credit protection.

Figure 1 Assets, Savings, Loans (Millions of dollars)

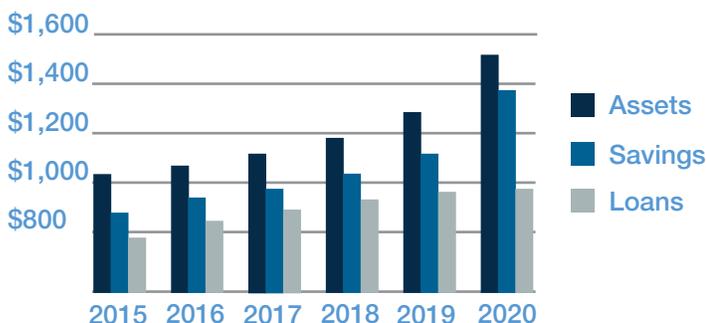
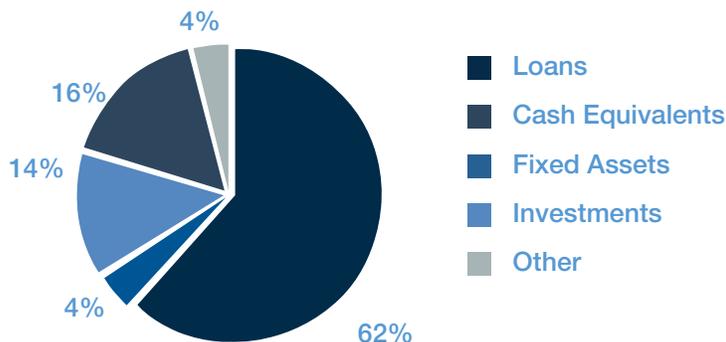


Figure 2 Asset Distribution



Net Income

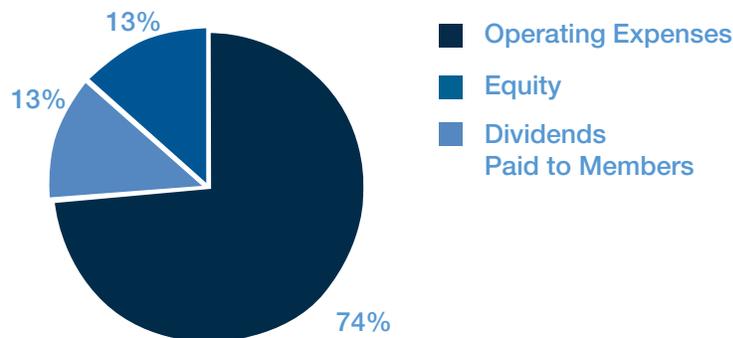
Net income for 2020 was \$9.0MM, a decrease of \$0.5MM or -5.0% compared to 2019. Due to the unexpected downward move in all interest rates (loans, investments, and savings) in 2020, dividends and interest paid to members totaled \$9.4MM, a decrease of \$0.8MM or -7.7% compared to 2019.

Summary

These financial results reflect strong performance and stability in DCCU's Balance Sheet. This strong position will enable DCCU to continue providing various forms of member-giveback and to make investments in our products, services, and delivery channels.

We look forward to another strong year in 2021 and, as always, appreciate your cooperation and support!

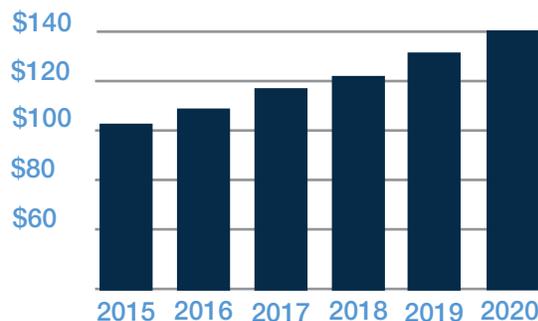
Figure 3 Income Distribution



Equity (Net Worth)

As a result of the extraordinary savings growth, which contributed to a high rate of growth in assets, our equity ratio decreased to 9.26% of assets at year-end as compared to 10.50% at year-end 2019. The \$136.4MM of equity helps maintain our sound financial position, and benefits both savers and borrowers as it provides additional net worth in case loan losses increase or other economic pressures arise.

Figure 4 Equity (Millions of dollars)



Loan Quality

Our delinquency rate (based on all loans) for year end 2020 decreased to 0.24% from 0.52% at year-end 2019. Net write-offs decreased in 2020 to \$2.7MM or 0.29% of average loans, compared to \$4.1MM or 0.45% in 2019.

Income Statement

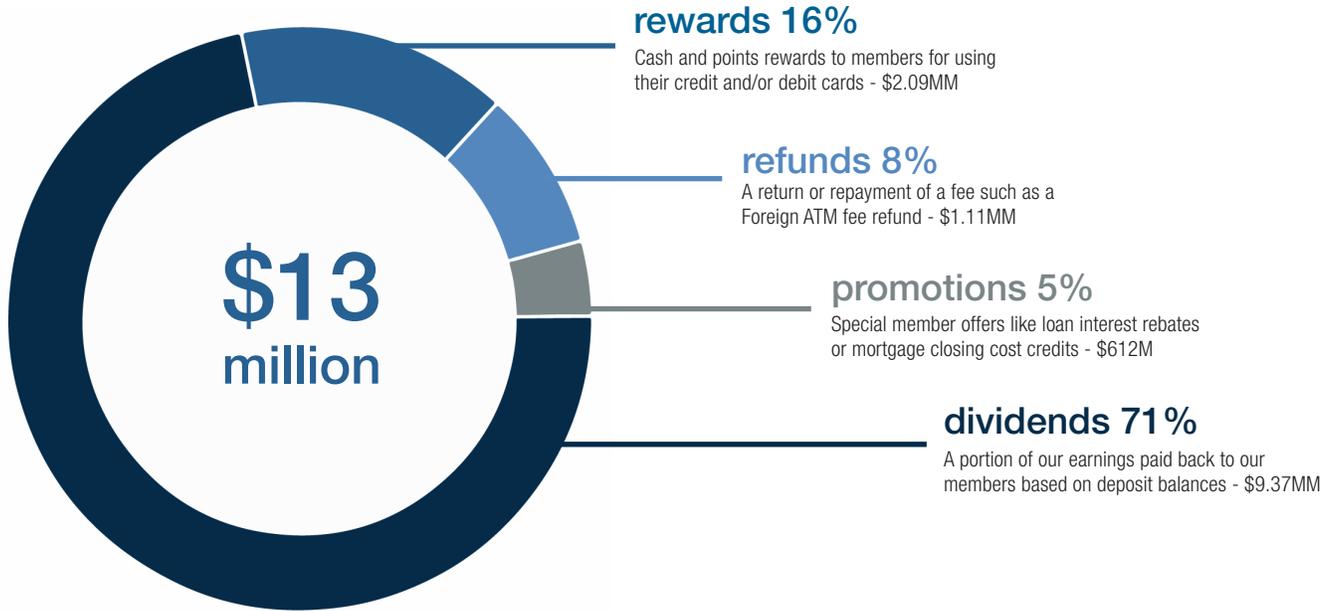
	2020		2019		2019 - 2020
Income	Amount	% of Gross Income	Amount	% of Gross Income	Difference
Loan Interest	\$43,397,273	62.3%	\$46,131,239	65.3%	\$(2,733,966)
Investment Income	2,725,034	3.9%	4,217,767	6.0%	(1,492,733)
Other Income	23,564,459	33.8%	20,559,866	29.1%	3,004,593
Gain (Loss) On Investments	-	0.0%	(196,823)	-0.3%	196,823
Gain (Loss) Disposition Of Assets	(6,898)	0.0%	(44,423)	-0.1%	37,525
Total Gross Income	\$69,679,868	100.0%	\$70,667,626	100.0%	\$(987,758)
Expenses					
Employee Compensation	\$18,507,035	26.6%	\$18,040,089	25.5%	\$466,946
Benefits/Training	7,380,918	10.6%	8,354,044	11.8%	(973,126)
Association Dues	151,181	0.2%	145,286	0.2%	5,895
Cost of Space	2,644,976	3.8%	2,519,010	3.6%	125,966
Furniture & Fixtures	2,402,072	3.4%	2,145,460	3.0%	256,612
Debit Cards	5,564,589	8.0%	5,040,374	7.1%	524,215
Software Support	1,248,176	1.8%	1,077,748	1.5%	170,428
Cost of Operations - Other	4,392,081	6.3%	4,231,687	6.0%	160,394
Marketing/Promotions	985,484	1.4%	1,202,650	1.7%	(217,166)
Provision For Loan Losses	2,338,716	3.4%	2,985,138	4.2%	(646,422)
Professional Services	812,536	1.2%	756,929	1.1%	55,607
Loan Expenses	1,425,577	2.0%	1,239,118	1.8%	186,459
Credit Cards	2,626,810	3.8%	2,519,890	3.6%	106,920
Borrowed Money Expense	453,328	0.7%	493,975	0.7%	(40,647)
Other Expenses	400,096	0.6%	322,563	0.5%	77,533
Total Operating Expense	\$51,333,575	73.7%	\$51,073,961	72.3%	\$259,614
Paid to Members					
Certificate Interest	\$5,070,833	7.3%	\$4,419,754	6.3%	\$651,079
Dividends	4,301,032	6.2%	5,731,152	8.1%	(1,430,120)
Total Paid to Members	\$9,371,865	13.4%	\$10,150,906	14.4%	\$(779,041)
Added To Equity	\$8,974,428	12.9%	\$9,442,759	13.4%	\$(468,331)

Balance Sheet

Assets	Amount	% of Assets	Amount	% of Assets	Difference
Loans To Members (Net of Allow for Loan Loss)	\$950,498,589	61.7%	\$934,750,522	73.5%	\$15,748,067
Cash and Cash Equivalents	253,695,159	16.5%	128,440,676	10.1%	125,254,483
Investments	214,396,421	13.9%	93,882,914	7.4%	120,513,507
Accrued Income (Loans)	2,420,030	0.2%	2,630,105	0.2%	(210,075)
Accrued Income (Investments)	560,439	0.0%	312,076	0.0%	248,363
Building/Land (Net)	49,049,075	3.2%	50,139,755	3.9%	(1,090,680)
Furniture/Fixtures (Net)	7,327,496	0.5%	7,092,478	0.6%	235,018
NCUA Deposit	11,908,027	0.8%	10,154,064	0.8%	1,753,963
Other Assets	49,716,217	3.2%	44,595,812	3.5%	5,120,405
Total Assets	\$1,539,571,454	100.0%	\$1,271,998,402	100.0%	\$267,573,052
Liabilities and Equity					
Corporate Drafts Outstanding	\$5,446,742	0.4%	\$6,001,053	0.5%	\$(554,311)
Regular Shares/Clubs/IRA's	346,349,625	22.5%	269,862,793	21.2%	76,486,832
Money Market	395,091,851	25.7%	313,413,346	24.6%	81,678,505
Certificates	247,263,880	16.1%	240,663,297	18.9%	6,600,583
Checking	382,074,957	24.8%	286,278,946	22.5%	95,796,011
Accounts Payable	692,286	0.0%	478,948	0.0%	213,338
Loans Payable	12,640,050	0.8%	14,910,850	1.2%	(2,270,800)
Other Liabilities	13,662,568	0.9%	13,424,278	1.1%	238,290
Total Liabilities	\$1,403,221,959	91.1%	\$1,145,033,511	90.0%	\$258,188,448
Equity					
Reserves	\$19,899,638	1.3%	\$19,899,638	1.6%	\$-
Accumulated Other Comprehensive Loss (OCL)	(6,149,093)	-0.4%	(6,559,269)	-0.5%	410,176
Retained Earnings	122,598,950	8.0%	113,624,522	8.9%	8,974,428
Total Equity	\$136,349,495	8.9%	\$126,964,891	10.0%	\$9,384,604
Total Equity (Excluding OCL)	\$142,498,588	9.3%	\$133,524,160	10.5%	\$8,974,428
Total Liabilities and Equity	\$1,539,571,454	100.0%	\$1,271,998,402	100.0%	\$267,573,052

Member Giveback

Providing a return to the membership in the form of rewards, refunds, promotions, and dividends is an important part of being a financial cooperative. The highlights below are a few ways the members of DCCU benefited in 2020.



Community Giveback

Giving

Employee donations and pledges for the Blue Ridge Area Food Bank and the United Way.

\$32,973
funds raised

Shred Days

In the fall, we hosted a free Shred Day event and accepted donations for the Blue Ridge Area Food Bank.

54,860
pounds of documents
shredded

Scholarships

In 2020, we awarded \$1,000 in scholarships to 32 deserving students.

 **\$32,000**





Board of Directors

DCCU's Board of Directors is comprised of members who volunteer their time and expertise to the membership by overseeing the management of the credit union. Board members serve three-year terms and are elected by the membership.

Everett J. Campbell, Jr. Chairman
Q. Maurice Gresham Vice Chairman
Angela M. Simonetti Secretary
Michael P. Blinn Treasurer
Timothy M. Simmons Director
Drew Ellen Gogian Director
Marvin G. Copeland, Jr. Director
Janet P. Mangun Associate Director
Steve F. Elkins President/CEO

Governance Committee

Responsible for ongoing review and recommendations concerning the governance of the credit union to enhance the leadership quality, effectiveness and strategic impact of the Board and all elements of the governance structure; and, to refresh and renew the Board through a thoughtful Board member nominations and development process.

Angela M. Simonetti Committee Chair
Drew Ellen Gogian Board Director
Marvin G. Copeland, Jr. Board Director
Mary Louise Leake Member



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