

MESSAGE FROM THE PRESIDENT 2021 Annual Meeting

Dear Members,

Thank you for being members of Dirigo Federal Credit Union, it is always our privilege to serve you and our local communities. Today I would like to present a review of our 2020 experience, which while generally a positive one, is fortunately behind us.

As we are all aware, the Pandemic presented us with unusual challenges and opportunities that impacted everyone personally and definitely affected Dirigo FCU. While initial projections in March 2020 were grim, the reality from a business perspective is that 2020 performance of the credit union was not as bad as originally feared. The actions of our staff, management team, Supervisory Committee and Board of Directors allowed us to keep Dirigo FCU moving in the right direction. We deployed new technology, learned to serve our members in new and creative ways, became extremely flexible with how we operate and dealt with challenges so we could serve our members to the best of our abilities. Members were patient and understanding as we all learned to deal with Covid and the complications of doing business during a Pandemic.

Overall performance of the credit union was very good and while there is always room for improvement, we are satisfied with our 2020 results. I would like to share some very basic performance metrics on how it all turned out this year.

Net Income was 5.9% behind budget and 2.7% less than 2019 income. These numbers are less than ideal; however, we added an additional \$237k over budget to our loan loss reserve and waived fees for our members during their time of need. We also provided loan extensions and mortgage modifications to members who had lost income and employment during the year. This allowed our members to protect their credit and not build up an insurmountable debt that would add additional stress to their lives. The actions we took reduced income, but the decision was, and is, right for the credit union and our members and will be beneficial to all in the years to come. Our ROA, return on assets, was .46, net income was \$1,327,963.

Deposit Growth was exceptional this year, we finished up \$51mm which was a 23% increase from 2019 and is our highest growth number ever. Deposit growth was

expected to be strong in 2020 but Federal Stimulus and a lack of places for our members to spend, increased account balances significantly over expectations. Although balances increased, interest rates decreased to near zero and this has negatively impacted our members who are savers. Dirigo continues to offer competitive rates in our rewards checking, money market accounts and share certificates and we encourage you to call us or visit one of our Member Service Representatives if you would like to know how to earn more on your deposits.

Mortgage Loan Originations were also the highest ever at Dirigo, we originated 416 mortgages for a total of \$48.7mm, compared to 213 for \$17.3mm in 2019 a 21% increase. Consumer loan growth was also excellent, with 2,403 loans originated for a total of \$39.2mm and over 320 credit cards opened with \$1.8mm in available new lines. Consumer loan balances grew 24.2% and credit card growth was 31.50%, both very strong results.

Asset Growth was an amazing 19.3% and this year we grew \$50mm to a year-end asset size of \$310mm. This is 11% higher than budget and is largely attributed to our unexpected deposit growth. Members Equity grew to \$31mm, up 3.1% and our Capital to Asset Ratio stands at a strong 10.06%

All things considered, this was a remarkable year, and we will look to keep up the very positive momentum in 2021.

Thank you once again for choosing Dirigo Federal Credit Union to be your trusted financial provider. We look forward to welcoming even more members to the Dirigo family in 2020.

Best, Mark Samson