

TREASURER'S REPORT

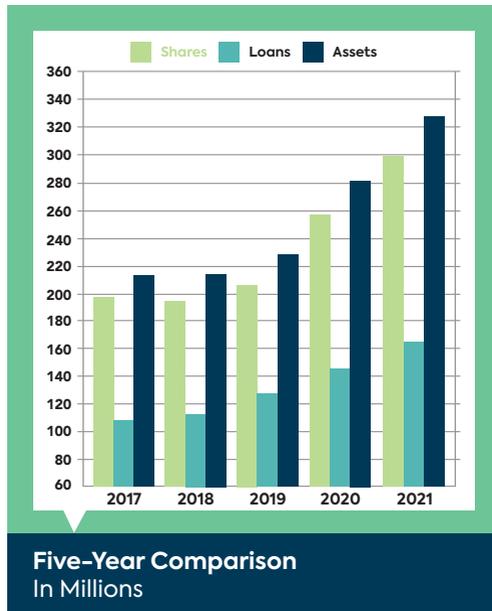
LOC Federal Credit Union again saw unprecedented growth in both loans and deposits during 2021. Assets grew by 15.4% and ended the year at more than \$324 million, fueled mostly by continued COVID-19 pandemic relief programs and payments.

Like assets, deposits continued to grow rapidly during 2021 at 16.4%, increasing to more than \$300 million. In the last two years, deposits have grown nearly \$93 million as members trust LOC as a safe and sound institution to hold their excess liquid funds.

Loans grew by more than \$23.1 million, increasing 16.5% over 2020. This growth occurred due to members taking advantage of LOC's best-in-market auto loan rates, unique home equity pricing and historically-low mortgage rates. Despite the lack of vehicle inventory, vehicle loan originations totaled \$38.6 million during 2021 compared to \$27.7 million during 2020.

First mortgage originations totaled nearly \$35 million compared to \$28 million in 2020. Overall, we issued 13,745 loans in 2021, representing approximately \$84 million. This brings our total loans outstanding to nearly \$164 million. LOC continues to serve nearly 25,000 member accounts and their families. I would like to extend appreciation to our members for the support and confidence you place in LOC when choosing us for your financial needs, especially as we continue to navigate a global pandemic and position ourselves as the lender of choice in the communities we serve.

Patrick Monti
Treasurer



SUPERVISORY COMMITTEE REPORT

It is the bylaw-mandated function of this committee to carry out a financial statement audit by a licensed firm. This was accomplished through the services of the experienced auditing firm of Plante Moran, PLLC as of September 30, 2021. It is the unanimous opinion of this committee that the statements contained in the report fairly represent the condition of the credit union at this time, and further that it continues to be operated in a sound and professional manner.

THE OFFICIAL TEAM

Board of Directors

Michael Lasley, Chairman
Dale Countegan, Vice Chairman
Paul Hain, Secretary
Patrick Monti, Treasurer
Kurt David
David Drake
Richard Lampi

Supervisory Committee

Dale Countegan, Chairman
Michael Connolly
Dennis S. Green
Domenic Lauria
Jon Vondrasek

Leadership

Stephen P. Grech, President/CEO
Kari Ciaramitaro, Executive Vice President
Marc Buchanan, Chief Marketing Officer
Kim Hagstrom, Chief Financial Officer
Sheryl Taylor, Chief Operations Officer
Karla Walker, Chief Lending Officer

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ANNUAL REPORT

FOR YEAR ENDING DECEMBER 31, 2021



CHAIRMAN'S REPORT

The challenges of the ongoing pandemic didn't deter LOC Credit Union from pursuing ambitious plans to grow and move the Credit Union forward. In fact, in terms of loan growth, 2021 was another banner year as we continued to position the Credit Union as a "Lender of Choice," focusing on new and used autos, home equity loans and mortgages. In April, Detroit Free Press readers voted us the "Best of the Best" in the Credit Union category. The award honors the achievements and accomplishments of local businesses throughout Metro Detroit through a nomination and voting process.

While LOC Credit Union continued to battle the effects of the lingering COVID-19 pandemic even as vaccines became widely available, the Credit Union strived to balance member expectations of being fully operational against the necessary precautions needed to ensure the health and safety of our staff, members and communities. I am pleased to report members experienced minimal disruptions to our operations and that our branches remained fully open for most of 2021.

Perhaps the single most significant event to occur in 2021 was our merger announcement with MemberFocus Community Credit Union in Dearborn. As noted in the August merger communication to members, while LOC Federal Credit Union is financially strong and healthy, the Board of Directors decided to explore a strategic partnership with a state-chartered credit union as we look toward our next chapter of growth and expansion. Concurrently with this process, MemberFocus Community Credit Union will seek a state-wide field of membership through the Michigan Department of Insurance and Financial Services (DIFS).

This merger allows LOC Credit Union to retain its name, leadership team and strategic goals while leveraging MemberFocus Community Credit Union's financial strength and the economies of scale that can be achieved as a larger financial institution.

Both credit unions share common roots in the educational communities for which they were originally founded to serve. The new Credit Union will retain both Boards of Directors who will provide governance and oversight of a combined institution with nearly \$465 million in assets and 32,000 members.

LOC's expansion plans were not solely fueled by the proposed merger. The Executive Leadership Team and the Board of Directors have also been considering real estate options in the Brighton area for a new branch as we look to strengthen our presence in Livingston County.

The start of the pandemic in 2020 forced LOC to place a decision on a new digital banking solution on the backburner. However, the pandemic only heightened the need for LOC to invest in this crucial delivery channel, and progress was

made toward the end of summer when we signed a contract with a new provider. In March 2022, members can expect an intuitive and robust solution that will offer a seamless experience regardless of their device, bringing more functionality to their mobile phone than previously available.

While the merger, branch expansion and new digital banking solution consumed much of 2021, the Credit Union was also able to accomplish several other key initiatives.

LOC Credit Union:

- Completed engagement surveys with both members and employees
- Implemented a solution to let members automatically switch direct deposits and automatic payments to LOC
- Continued to expand its in-house Real Estate Lending Team and programs
- Provided members with self-service options for their external transfers/payments
- Completed a review of both its debit and credit card processing programs
- Developed and executed a comprehensive training plan that re-envisioned the new employee onboarding process
- Continued to offer best-in-market auto loan rates and unique home equity pricing not based on credit score

On the financial side, LOC continues to be a well-capitalized and well-managed financial institution. Net income for 2021 was slightly more than \$2 million and was consistent with net income in 2020. Our Return on Assets (ROA) in 2021 was 0.68%, which is a strong performance given the economic challenges of the past year.

Your Board of Directors is excited about what the future holds for LOC Credit Union. We know that 2022 will bring excitement and a lot of positive change for our members and our team members. This change brings opportunities—to help our members financially win, to ensure our team members grow and prosper, and to play a part in encouraging our communities to grow and thrive. On behalf of the Board of Directors, I want to thank you for your continued trust and participation in LOC Credit Union.

Best regards,

Michael Lasley
Chairman of the Board

Let's win Together.

Financial Report as of December 31, 2021

Balance Sheet

Assets	2021	2020
Loans	\$163,684,563	\$140,561,405
Allowance	(649,281)	(783,237)
Cash	1,894,495	2,115,928
Investments	139,636,448	121,561,624
Other Assets	19,586,364	17,519,198
Total Assets	\$324,152,589	\$280,974,918
Liabilities & Equity		
Member Shares	\$217,287,606	\$182,104,890
Share Drafts	66,738,339	60,916,061
IRAs	4,779,867	4,414,740
Certificates	10,647,671	9,811,186
Other Liabilities	4,045,055	3,559,204
Reserves	1,920,789	1,920,789
Undivided Earnings	23,357,005	21,310,337
Other Comprehensive Income	(4,623,743)	(3,062,289)
Total Liabilities & Equity	\$324,152,589	\$280,974,918

Statement of Income and Expenses

Income	2021	2020
Interest on Loans	\$5,243,174	\$5,378,626
Income From Investments	1,163,701	1,373,937
Other Income	3,354,218	2,851,763
Total Income	\$9,761,093	\$9,604,326

Expenses	2021	2020
Employee Compensation & Benefits	\$3,994,226	\$3,567,647
Cost of Space	534,323	515,962
Office Operations	814,360	794,938
Professional & Outside Services	1,538,621	1,311,129
Marketing	250,524	147,416
Other Expenses	452,037	939,103
Total Expenses	\$7,584,091	\$7,276,195
Non-Operating Income (Loss)	\$272	(\$11,665)
Net Earnings Before Dividends	\$2,177,274	\$2,316,466

Distribution of Earnings

Reserves	\$0	\$0
Dividends	\$130,606	\$287,534
Undivided Surplus	\$2,046,668	\$2,028,932

Statistical

Number of Accounts	24,722	24,653
Number of Loans Made	13,745	13,209
Amount Loaned	\$83,700,697	\$63,658,334
Delinquent Loans	\$244,045	\$542,987
Increase (Decrease) in Assets	\$43,177,671	\$53,792,269
Increase (Decrease) in Loans	\$23,123,158	\$16,064,846