



# 2022 Annual Report

## A MESSAGE TO OUR MEMBERS

We open this message to honor the memory of Joan Stefanski, who passed away in November 2022. Joan was a member of the Board of Directors for 33 years, during which time she served as Secretary/Treasurer and Chairwoman of the Compensation Committee. Joan's substantial presence in the Boardroom is missed, but her positive impact and influence on the Board and staff and advocacy for members are an enduring legacy. The vacancy on the Board caused by the loss of Joan Stefanski was filled according to the Bylaws. Ed Derbin was appointed to the Board of Directors to serve the remainder of Ms. Stefanski's term. We welcome Ed, who had been serving as an Associate Director, and look forward to his continued contributions to our success.

Belief in cooperative philosophy and strong financial management are the foundation of Credit Union ONE's stable and consistent presence in the financial lives of members for 85 years. While we celebrate many accomplishments in 2022, we remain focused on the present and the future. As we prepare this message, the nation confronts market turmoil from bank closures, persistently high inflation, and the threat of recession, as well as other challenges. We acknowledge the impact of these issues on our members and the communities we serve and remain steadfast in our commitment to meeting their needs.

Please know recent bank closures have not impacted our operations, and our members' money is secure. "Financial Stewardship" is one of our Core Values. These words simply mean our culture promotes safety and soundness. They are an acknowledgment that financial wherewithal is the basis for our capacity to fulfill our fundamental purpose of meeting the needs of members. Financial Stewardship has guided decisions, resulting in a diversified membership, a healthy balance sheet, and capital that exceeds the highest regulatory standards. Because of these and other decisions, we assure our members that Credit Union ONE is safe, secure, and a source of stability.

Reflecting on this past year, we are struck by the seamless transition from operating under our Business Continuity – Pandemic Response Plan to more "normal" business operations, while managing through a high inflation and rising interest rate environment. This validates the strength of our amazing team and Board to remain focused on meeting member needs, even as those needs swiftly change. Through this transition and into current conditions, we are pleased to report that Credit Union ONE has maintained a high level of member service, met or exceeded financial performance expectations, while continuing to make solid progress on realizing its Strategic Vision.

### FINANCIAL PERFORMANCE

Credit Union ONE's net income was \$10.7 million in 2022. This result reflects solid financial management in a rising rate environment, very strong asset quality, and maintaining operating efficiencies despite stubbornly high inflation. After three years of significant growth, beginning with the Hantz Bank acquisition, assets moderated during the year ended at \$1.76 billion. We intentionally held elevated levels of cash as a hedge against rising rates and remained highly liquid and debt-free while meeting solid loan demand. Total outstanding loan balances grew by \$137.9 million (13.1%), with new loan originations of \$572.5 million. Loan delinquency and losses continued to remain well below historical standards throughout the year. Our capital-to-assets ratio improved and continues to exceed the highest regulatory standard of "well capitalized."

### MAINTAINING RELEVANCE

We view relevance in the context of our relevance as a financial institution for our members, and measure relevance through member surveys and other data points. We are pleased to report that overall satisfaction among members was 96% during the year. Satisfaction by delivery channel improved to an all-time high with an average of over 94%, and our Net Promoter Score averaged a strong 80%. These data points validate our relevance to members and the market. However, we are aware this level of performance must be earned every day, and we only remain relevant through continued investments, people, technology, and our community.

During 2022, we made investments to provide the best possible member and employee experiences. Digital services continued to be a priority, and we released multiple enhancements and new functionalities to ensure we maintain pace with member expectations. Maintaining an appropriate balance between digital and in-person and phone service delivery is incredibly important. We are excited at the investments made in our new Southgate branch and the complete overhaul of contact center and phone systems. In addition, we took major steps in our continued efforts to expand the availability of credit and in creating faster and easier experiences for all borrowers.

We continue to listen, adapt, and benefit from remote workers and seek to improve the work experiences of all employees. During the year, we recommitted to our employee coaching program and are pleased with outcomes reflected in employee satisfaction and how they translate to improved service delivery. Overall job satisfaction is 96%, and over 98% of employees believe they make a positive impact on the credit union. During the year, we experienced an incredibly positive increase of 11% among members, giving Credit Union ONE employees the highest possible performance ratings when compared to other financial institutions. Members telling us we outperform our peers is a huge accomplishment and only happens with an incredible team doing incredible work for members and each other, every day.

### LOOKING FORWARD

Peering over the horizon and into 2023-24, we remain vigilant and aware of the potential for economic downturn and its impact on our membership. At the same time, the direction of the organization and our plans to maintain positive momentum and relevance are very exciting. During 2023, we will completely eliminate overdraft fees – this will have a short-term negative impact on income, but we firmly believe will have a much larger and positive long-term impact on growing membership and deposits. Digital banking and payments are experiencing rapid change and growing importance to members.

We are focused and have prioritized multiple efforts in the coming year to ensure we maintain relevance in this area of service delivery. Our commitment to the Southwest Detroit community will be solidified with a completely new branch at the current location. Finally, we will implement several automation process improvements that will improve member service and operating efficiencies.

Looking back on 2022, we believe Credit Union ONE increased its relevance despite challenging market conditions. With almost flawless execution, we shifted from pandemic to normal operations, and during this transition, adjusted to serving members and managing financials in a high inflation and rapidly rising rate environment. We also implemented multiple major changes that improved member and employee experiences as validated in our high levels of satisfaction. These results come from an incredibly

talented and dedicated team with a deep commitment to meeting changing needs and building trust. Financial management focused on safety and soundness led to solid returns, and more importantly in some respects has avoided market turmoil. These are the foundations of an 85-year history of success that gives us confidence as we look forward into the coming year. We thank our members for their trust, confidence, and continued participation in Credit Union ONE.



Guadalupe Lara  
Chairwoman of the Board



Gary A. Moody  
Chief Executive Officer

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee is a standing committee of the Board of Directors. Directors serving on this committee during 2022 were Dave Prybys (Chairperson), Juanita Reid (Vice Chairperson), Christine Dowhan-Bailey, Jan Gillespie, and Nick Nickolopoulos. The role of the committee is to assist the Board of Directors in monitoring the following:

- **Internal controls related to financial reporting and independent audits of the credit union's financial statements;**
- **Qualifications and independence of auditors and the performance of internal auditors;**
- **Enterprise risk standards;**
- **Compliance with legal and regulatory requirements; and**
- **Compliance with Board policies and internal controls and procedures.**

The Audit Committee established a risk-based 2022 internal audit schedule and met quarterly with senior executives and audit professionals to review audit reports covering various operational areas of the credit union. In addition, the committee reviewed the credit union's Report of Examination from the Michigan Department of Insurance and Financial Services and the National Credit Union Administration. The committee is pleased to report that there were no material findings or weaknesses in controls identified in any audit or examination reports received and reviewed during the year.

The Audit Committee also engaged cybersecurity and audit firms to conduct penetration testing, vulnerability scans, and other data/technology control audits. The results of these tests and audits, which were also reported and reviewed by the Technology Committee of the Board of Directors, confirmed that the credit union's team and its processes conform to industry standards.

Finally, the Audit Committee engaged the certified public accounting firm Doeren Mayhew to conduct the credit union's 2022 annual audit and verification of members. We are pleased to report that there were no material findings or identified weaknesses in controls. Condensed and consolidated financial statements for 2021 and 2022 are provided in this report for your review.

Respectfully,



David Prybys  
Chairperson, Audit Committee



## OUR PRINCIPLES



### OUR MISSION STATEMENT

Credit Union ONE is committed to providing exceptional value to its members by delivering outstanding products and services anytime, anywhere.

### OUR PURPOSE

To meet our members' financial service needs throughout their lifetimes.

### OUR CORE VALUES

**Integrity:** Uphold the highest standards of conduct in all of our actions.

**Respect:** Treat people with dignity.

**Financial Stewardship:** Promote financial safety and soundness.

**Member Commitment:** Develop relationships that make a positive difference in our members' lives.

**Employee Commitment:** Value our employees, encourage development, and reward positive performance.

### VALUE PROPOSITION

**Accessible: Available when it's convenient for me.**

They provide me with choices to perform transactions, find information, or receive trusted advice. Every interaction is consistent, secure, and fast, no matter how or when I choose to do my banking.

**Easy: Banking that simplifies my life.**

They respect my busy life by making banking easy. Everything is simple, clear, and easy to find; there are no surprises.

**Meaningful: Solutions that add value.**

They engage me to truly understand my needs. Based upon my circumstances, I am offered relevant solutions that add value.

**Dedicated: Acts in my best interest.**

They act in my best interest, recognize me as a valued member, and sincerely provide great service. I can rely on them if I need help, and I know they will resolve an issue quickly.

# Board of Directors



**Guadalupe G. Lara**  
Chairwoman



**Paul W. Stuart**  
Vice Chairman



**Christine Dowhan-Bailey**  
Secretary/Treasurer



**Dino Deponio**  
Director



**Ed Derbin**  
Director



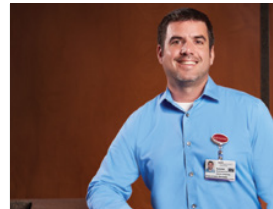
**Jan Gillespie**  
Director



**Rudolph R. Montano**  
Director



**David C. Prybys**  
Director



**Nickolas Nickolopoulos**  
Director



**Ray Redmond**  
Director



**Juanita M. Reid**  
Director



**Gail Westover**  
Director Emeritus



**Joan Stefanski**  
In Memoriam

# FINANCIAL STATEMENTS

## Condensed Consolidated Statement of Financial Condition

ASSETS	2022		2021	
Cash and cash equivalents	\$	164,955,158	\$	302,148,139
Interest-bearing deposits	\$	7,000,000	\$	7,000,000
Investment securities: Available-for-sale	\$	239,570,463	\$	302,936,892
FHLB stock	\$	3,209,400	\$	3,536,100
Loans to members, net of allowance for loan losses	\$	1,213,235,464	\$	1,075,327,659
Accrued interest receivable	\$	4,179,805	\$	3,520,635
Property and equipment	\$	30,422,113	\$	31,384,346
NCUSIF deposit	\$	15,441,604	\$	15,571,768
Alloya perpetual contributed capital deposit	\$	1,089,800	\$	1,089,800
Investment in CUSO	\$	4,368,600	\$	3,967,563
Investments in life insurance contracts	\$	20,363,538	\$	19,996,493
Goodwill	\$	32,436,094	\$	32,436,094
Other assets	\$	22,172,454	\$	18,532,258
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,758,444,493</b>	<b>\$</b>	<b>1,817,447,747</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>				
Members' shares and savings accounts	\$	1,619,815,653	\$	1,671,095,387
Accrued expenses and other liabilities	\$	12,163,879	\$	10,517,132
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>1,631,979,532</b>	<b>\$</b>	<b>1,681,612,519</b>
Commitments and contingent liabilities	\$	—	\$	—
Members' equity – substantially restricted	\$	126,464,961	\$	135,835,228
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$</b>	<b>1,758,444,493</b>	<b>\$</b>	<b>1,817,447,747</b>

The certified public accounting firm of Doeren Mayhew audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial condition of Credit Union ONE and subsidiaries as of December 31, 2022, and the related statements of earnings, members' equity, and cash flows for the years then ended (not presented herein). Complete audited financial statements and footnotes are available for review upon request at our corporate office.

## Consolidated Statement of Earnings

INTEREST INCOME	2022	2021
Loans receivable	\$ 45,949,196	\$ 40,837,113
Investment securities	\$ 6,365,056	\$ 3,516,315
<b>TOTAL INTEREST INCOME</b>	<b>\$ 52,314,252</b>	<b>\$ 44,353,428</b>
<b>INTEREST EXPENSE</b>		
Interest and dividends on members' shares and savings accounts	\$ 2,134,416	\$ 2,536,000
Interest on borrowed funds	\$ 99	\$ 454
<b>TOTAL INTEREST EXPENSE</b>	<b>\$ 2,134,515</b>	<b>\$ 2,356,454</b>
Net interest income	\$ 50,179,737	\$ 41,996,974
Provision for loan losses	\$ 2,858,162	\$ 546,803
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$ 47,321,575</b>	<b>\$ 41,450,171</b>
<b>NON-INTEREST INCOME</b>		
Gain on sale of loans	\$ —	\$ —
Fees and charges	\$ 11,962,863	\$ 13,271,394
Interchange income	\$ 5,990,534	\$ 5,300,040
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$ 17,953,397</b>	<b>\$ 18,571,434</b>
<b>NON-INTEREST EXPENSES</b>		
Compensation and benefits	\$ 28,434,734	\$ 25,988,453
Office operations	\$ 15,842,476	\$ 14,712,555
Occupancy	\$ 3,145,941	\$ 3,006,144
Operating expenses	\$ 7,120,501	\$ 5,996,933
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>\$ 54,543,652</b>	<b>\$ 49,704,085</b>
<b>Net Earnings</b>	<b>\$ 10,731,320</b>	<b>\$ 10,317,520</b>



**Credit Union ONE**

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