



# ANNUAL REPORT 2016



Our efforts at maintaining a strong, healthy, and relevant Credit Union continued with success in 2016. As we reached the midway point in our five-year strategic plan, the Board of Directors assessed our progress and confirmed the effort and direction of the organization.



## St. Joseph Mercy and Good Shepherd Mergers Complete

We began the year with completion of data conversions for two mergers with St. Joseph Mercy Hospital Pontiac Federal Credit Union and Good Shepherd Credit Union. With this task behind us, we welcomed new members, who were able to take advantage of all Credit Union ONE has to offer, and current members gained access to three new branch locations.

## Strong and Healthy

The financial health of the Credit Union was confirmed with a 5-Star Rating from Bauer Financial. During 2016, Credit Union assets grew by \$66.3 million, to end the year at \$1.09 billion. Although net income was down compared to 2015, the Credit Union's net worth remained a strong 8.7%. Total loans were reduced by \$30.3 million, in response to changing market conditions. Auto loans as a total percent of loans was reduced, while first and second mortgages were increased. This shift is consistent with the Credit Union's strategy and is expected to continue into 2017.

## Value for Membership

Because you are our owners, and we know you have multiple choices for financial services available to you, we strive to assure we are relevant to you and your family. Providing relevance is not enough, however, as we are keenly aware that value must be delivered if we are to remain your choice.

We are pleased to report that survey data shows over 64% of members consider Credit Union ONE their primary financial institution, and a satisfaction with overall services that exceeds 90%. Both of these measures of value delivery are at or above our peer group in the industry. Further, we experienced strong deposit growth on best-in-market pricing on CDs, and members with Cash Back Checking received over \$1.1 million.

## Service Delivery

A strong financial return and high levels of satisfaction are the result of great service delivery. During 2016, our committed staff worked tirelessly on your behalf to launch new services, enhance current services, and plan for new ones to be available in 2017. During the year, we opened a beautiful new office at St. Joseph Mercy Oakland Hospital, launched mobile check deposits, began issuing higher-security "chip" cards, offered multiple new electronic payment options, and established a specialized team dedicated just to servicing your loans, should you need to speak to someone.

In the coming year, we will be introducing a completely new and updated mobile app and website; several payments options, including Apple, Samsung, and Google; as well as other enhancements to online and mobile services. In addition, a new branch location will be opened in Shelby Township, offering major advances in technology and providing a greatly improved branch experience.

## Engaged in Community

With close to 80 years of history as a member-owned cooperative, we understand that we are only as strong as our membership and the communities in which they live, work, worship, or attend school. This has been ingrained in our culture from the very beginning and continues today. We may not have the millions large companies donate, but what we lack for in dollars we make up for with sweat (and some dollars). During the year, our Board and employees walked, ran, read, planted trees, harvested vegetables, made ornaments, and shredded documents for dozens of local organizations to fight hunger, cancer, diabetes, blight, and support organ transplants, literacy, the environment, and summer camps for kids.

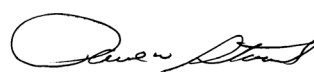
## A Moment of Thanks

In the fast pace of seeking to remain relevant, monitoring financial returns and markets, and launching new products and services, it is easy to look beyond our purpose as a financial cooperative – providing value to you, our members-owners.

Yes, we make car loans, but in reality we provide rides to work, school, and family events. We make mortgages, but in reality we provide housing. We have checking accounts, but in reality they are a safe and secure method of getting paid and paying for anything. We offer financial planning, but in reality we are providing opportunities to reach goals that can impact generations. We strive every day to not look beyond these realities and believe that when we focus on delivering value for you and your family, we fulfill our purpose.

With this in mind, on behalf of our talented and dedicated Board of Directors and staff, we wish to thank you for making us your choice among the many options you have available. You are valued, and so are your membership and continued patronage.

Paul Stuart  
Chairman of the Board



Gary A. Moody  
President and CEO



FAST FACTS

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Our Members received **\$1.2** million in **CASH BACK REWARDS**

Our **MEMBER SATISFACTION** exceeds **90%**

We **DONATED** over **\$152,588** to schools, hospitals, charities and community organizations

**TOTAL ASSETS** grew **6%** to **\$1.09** billion

Our employees and directors **VOLUNTEERED** over **1,041** total hours servicing the community

**FIRST AND SECOND MORTGAGES** servicing portfolio increased by **16.9%** to **\$199.1** million

MISSION STATEMENT

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

**PURPOSE**

To meet our Members’ financial services needs through their lifetimes.

**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**



**Paul W. Stuart**  
Chairman



**Rudolph R. Montano, Jr.**  
Director



**Juanita M. Reid**  
Director



**Guadalupe G. Lara**  
Vice Chairwoman



**Nickolas Nickolopoulos**  
Director



**Gail Westover**  
Director



**Joan Stefanski**  
Secretary/  
Treasurer



**David C. Prybys**  
Director



**Christine Dowhan-Bailey**  
Associate  
Director



**Jan Gillespie**  
Director



**Ray Redmond**  
Director



**Mary Sissen**  
Associate  
Director

**CONDENSED CONSOLIDATED STATEMENT  
OF FINANCIAL CONDITION**

	2016	2015 (Restated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 152,362,587	\$ 103,952,799
Interest-bearing deposits	\$ 2,977,959	\$ 1,291,875
Investment securities		
Available-for-sale	\$ 65,774,317	\$ 18,204,657
FHLB stock	\$ 2,700,000	\$ 2,700,000
Loans to Members, net of allowance for loan losses	\$ 798,764,683	\$ 829,017,249
Accrued interest receivable	\$ 2,389,639	\$ 2,182,938
Property and equipment	\$ 31,818,142	\$ 32,370,109
NCUSIF deposit	\$ 9,467,172	\$ 8,471,455
Alloya perpetual contributed capital deposit	\$ 1,089,800	\$ 1,089,800
Other real estate owned	\$ 310,593	\$ 273,403
Investment in CUSO	\$ 2,500,000	\$ 2,500,000
Investment in annuities	\$ —	\$ 1,852,796
Servicing rights	\$ 180,689	\$ 866,555
Credit Union-owned life insurance	\$ 6,655,300	\$ 7,648,800
Other assets	\$ 12,670,469	\$ 10,965,108
<b>Total Assets</b>	<b>\$ 1,089,661,350</b>	<b>\$ 1,023,387,544</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' shares and savings accounts	\$ 980,830,885	\$ 916,078,353
Accounts payable	\$ 13,356,000	\$ 13,542,147
Accrued interest and dividends payable	\$ 234,919	\$ 209,181
Other accrued liabilities	\$ 1,569,585	\$ 1,775,479
<b>Total Liabilities</b>	<b>\$ 995,991,389</b>	<b>\$ 931,605,160</b>
Commitments and contingent liabilities	\$ —	\$ —
Members' equity—substantially restricted	\$ 93,669,961	\$ 91,782,384
<b>Total Liabilities and Members' Equity</b>	<b>\$ 1,089,661,350</b>	<b>\$ 1,023,387,544</b>

## CONSOLIDATED STATEMENT OF EARNINGS

	2016	2015 (Restated)
<b>INTEREST INCOME</b>		
Loans receivable	\$ 34,787,945	\$ 30,105,075
Investment securities	\$ 1,343,096	\$ 590,773
<b>Total Interest Income</b>	<b>\$ 36,131,041</b>	<b>\$ 30,695,848</b>
<b>INTEREST EXPENSE</b>		
Interest and dividends on Members' shares and savings accounts	\$ 2,663,541	\$ 1,742,248
Interest on borrowed funds	\$ 72	\$ 36,689
<b>Total Interest Expense</b>	<b>\$ 2,663,613</b>	<b>\$ 1,778,937</b>
<b>Net Interest Income</b>	<b>\$ 33,467,428</b>	<b>\$ 28,916,911</b>
Provision for loan losses	\$ 8,523,859	\$ 4,073,977
<b>Net Interest Income after Provision for Loan Losses</b>	<b>\$ 24,943,569</b>	<b>\$ 24,842,934</b>
<b>Total Non-Interest Income</b>	<b>\$ 18,296,032</b>	<b>\$ 18,937,007</b>
<b>Total Non-Interest Expense</b>	<b>\$ 40,268,424</b>	<b>\$ 38,800,538</b>
<b>Net Earnings</b>	<b>\$ 2,971,177</b>	<b>\$ 4,979,403</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 the financial condition of Credit Union ONE and Subsidiaries as of December 31, 2016, 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.

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