



2012 ANNUAL REPORT

During 2012 the Credit Union ONE (CUO) Board of Directors and Management remained steadfast in their determination to strike a balance between two of the credit union's core values; Financial Stewardship and Commitment to Members. During the year, we were faced with a struggling, but slowly improving economy. This resulted in continued efforts to maintain the safety and soundness of members' assets while focusing resources on increasing the value of membership. We are pleased to report that the high level of member participation indicates value was indeed created and like-wise had a positive impact on the credit union's financial condition.

CUO recorded a second consecutive year of record earnings in 2012. Strong earnings contributed to an improved capital position in excess of 8% of assets. Assets grew at a pace that was double from the prior year, and both saving and loan balances grew for the first time in several years. In addition, loan losses and delinquency decreased significantly during the year. This had a positive impact on CUO's financial condition as loan loss reserves were eased. It is also evidence of members experiencing less financial stress and economy on the mend.

The amount of savings per member increased for a fifth consecutive year during 2012. This means the savings growth experienced during the year was the result of existing members choosing to save more with CUO, rather than new member growth. Market leading rates and terms for auto loans, and great service for mortgages resulted in one of CUO's best lending years ever. Loans grew at an annual pace of 10%; nearly double the pace of other Michigan credit unions. During the period from 2008-2012 when many lenders made credit less accessible, CUO originated over \$1.2 billion in loans to Michigan consumers. CUO is proud of its lending record, and views this information as more than performance metrics. Rather, it represents the realization that the credit union is living the Core Value of Member Commitment, and validates decisions to continue to make credit available to members.

Being true to the cooperative spirit of credit unions, the Board of Directors views strong financial performance as the means to improve the value delivered to members. "Value" can mean many different things to a diverse membership. For some it may be great loan rates. For others it may be great service from someone who knows their name. It might be cash back rewards checking, great online services, or the confidence of doing business with a 75-year old Michigan-based institution. With a focus on improving value, multiple initiatives to improve products, services, access and convenience were completed in 2012.

During the year, CUO launched a new ID Theft Protection product, added AAA insurance benefits, a youth account program, and a credit builder loan product. A new branch was opened in St. Clair Shores and plans were finalized for a new in-house contact center with secure chat and e-mail functions. A completely new and updated online banking system was implemented - in early 2013 almost 50,000 members will be converted over to this new system. Also during early 2013, a new mortgage servicing system will be implemented, and a new private student loan program will be launched. Finally, new mobile offerings are planned for late 2013.

Beyond meeting member financial needs, CUO has a genuine commitment to the communities it serves. CUO was recognized as the most socially responsible credit union in the nation as the winner of the prestigious Dora Maxwell Award. CUO understands the connection between supporting the communities which it serves and member value. Every year CUO's employees participate in multiple volunteer and fundraising activities. 2012 was not an exception as hundreds of hours were volunteered and thousands of dollars donated to the hospital groups CUO service as well as local charities throughout Michigan.

It is with this cooperative spirit and teamwork that CUO's incredibly talented and dedicated staff strives to deliver great service to every member, every transaction, every day. The results are positive financial returns and member value creation. On behalf of the Board of Directors and employees of Credit Union ONE, we are grateful for the membership's patronage during 2012. During 2013 we celebrate 75 years of service with pride, and we also look forward with confidence to serving members and their families for the years and decades to come.

Paul Stuart
Chairman of the Board

Gary A. Moody
President and Chief Executive Officer

Federally insured
by NCUA





MISSION STATEMENT

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

CORE PURPOSE

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

BOARD OF DIRECTORS

Paul W. Stuart, Chairman
 Guadalupe G. Lara, Vice Chairwoman
 Joan Stefanski, Secretary/Treasurer
 Charlene P. Augustyn, Director
 Jan Gillespie, Director
 Rudolph R. Montano, Jr., Director
 David C. Prybys, Director
 Ray Redmond, Director
 Juanita M. Reid, Director
 Gail Westover, Director
 William G. Coyne, Director Emeritus

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, 2012 and 2011, 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.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

	2012	2011
Assets		
Cash and cash equivalents	48,021,558	86,159,321
Investment securities		
Available-for-sale	90,742,053	70,024,757
Hold-to-maturity	13,600,000	11,236,000
FHLB Stock	2,741,900	2,741,900
Loans to members, net of allowance for loan losses	570,199,809	514,938,803
Accrued interest receivable	1,922,894	1,753,694
Property and equipment	26,492,447	26,806,343
NCUSIF deposit	7,053,115	6,718,472
CenCorp perpetual contributed capital deposit	600,000	600,000
Other real estate owned	229,832	1,114,974
Investment in CUSO	2,500,000	2,500,000
Investment in annuities	4,750,249	9,246,361
Other Assets	4,003,925	6,426,485
Total Assets	772,857,782	740,267,110
Liabilities and Equity		
Members' shares and savings accounts	699,470,867	673,392,412
Notes payable	5,000,000	5,000,000
Accounts payable	3,795,890	4,865,651
Accrued interest and dividends payable	99,602	117,595
Other accrued liabilities	1,109,559	1,429,402
Total Liabilities	709,475,918	684,805,060
Commitments and Contingent Liabilities	-	-
Members' Equity-Substantially Restricted	<u>63,381,864</u>	<u>55,462,050</u>
Total Liabilities and Members' Equity	772,857,782	740,267,110

CONSOLIDATED STATEMENT OF EARNINGS

	2012	2011
Interest Income		
Loans Receivable	23,965,941	26,950,279
Investment Securities	1,549,017	1,324,924
Total Interest Income	25,514,958	28,275,203
Interest Expense		
Interest and Dividends on Members' Shares and Savings Accounts	1,414,835	1,971,581
Interest on Borrowed Funds	174,462	175,904
Total Interest Expense	1,589,297	2,147,485
Net Interest Income	23,925,661	26,127,718
Provision for Loan Losses	3,010,626	8,255,668
Net Interest Income after Provision for Loan Losses	20,915,035	17,872,050
Total Non-Interest Income	15,671,749	15,505,134
Total Non-Interest Expense	28,846,881	28,261,902
Net Earnings	7,739,903	5,115,282