



2013 ANNUAL REPORT

2013 – RESILIENCE AND RESPONSIVENESS

For Credit Union ONE, 2013 will be remembered as a milestone year. It was a year in which we celebrated history, experienced history, and looked forward with great enthusiasm and the promise of continued growth. We are pleased to report that during this past year, the credit union enjoyed increased membership, strong loan growth, an improved capital position, and a third consecutive year of record earnings. This impressive performance is the result of a continuous effort and focus on member value and financial strength. The Board of Directors and staff have executed a well designed strategic plan that has enabled the Credit Union to perform at a high level in today's market.

CELEBRATED HISTORY

Credit Union ONE celebrated its 75th year in business in 2013! This is no small feat in today's world of mega-banks and mega mergers. Originally organized at the Ferndale Co-op Credit Union with \$158 of assets after its first year in business, Credit Union ONE (CUO) has grown into one of the largest financial institutions in the State of Michigan. During the year, several events marked the history of CUO, culminating with an all day event honoring members and employees. The name may have changed, and the \$158 has grown to over \$820 million, but the same cooperative philosophy of "People Helping People" is as much a part of our operations today as it was three-quarters of a century ago.

EXPERIENCED HISTORY

By all business measures, the credit union experienced unprecedented financial success. Its 2013 performance placed it among the top credit unions nationally. A combination of loan growth, controlling expenses and a reduction in loan loss reserves contributed to a third consecutive year of record earnings, with a net income of \$10.7 million. Assets grew to an all time high of \$821.7 million. The capital to assets ratio also hit a high of 8.9%, well above the federally defined level to be "well capitalized." During the year, \$350 million in loans were made to members, growing total loans to record levels. Even though 2013 was a financial success, the Credit Union equally measures success by its core value of Member Commitment.

The CUO team worked diligently to develop new and improved products and services. CUO opened a new Member Contact Center operation, introduced a completely new online banking system and iPhone and Android Apps. Improved and updated unsecured and home equity loan products were launched during the year. A continuous effort to monitor member needs led to the development and introduction of private student loans, as well as a credit builder loan to assist members with establishing or rebuilding credit. This carefully crafted combination of new and improved products and services resulted in an increase in active membership at an all time high of 109,500.

LOOKING FORWARD

In 2014, CUO embarks upon a new Strategic Plan that sets a course towards its 100th anniversary. A stronger capital position and earnings capacity have set the stage for the Board to adopt a plan that invests in delivering a remarkable member experience. During 2014, CUO will prepare for a significant technology conversion new data processing system that will provide a foundation long term growth. A new branch in Traverse City will be constructed during the year, and the Grand Rapids branch location will undergo a much needed remodeling. A new wealth management program to improve access to investment, tax, and estate planning advice will be piloted during the coming year. Finally, plans are in place to implement enhancements that will improve overall service delivery.

The celebration of CUOs heritage has been a reminder that its destiny is controlled by the ability to remain relevant to members. Historically strong financial results have positioned the credit union to take action to do just that; remain relevant. New technology, new and improved products, and enhanced services are how financial success is translated into a commitment to member value.

We remain committed to the same principle of "People Helping People" that established CUO 75 years ago, and will sustain it for the years to come. It is with sincere gratitude for your patronage during this past year that we offer this Membership Report.

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
 Jan Gillespie, Director
 Rudolph R. Montano, Jr., Director
 David C. Prybys, Director
 Ray Redmond, Director
 Juanita M. Reid, Director
 Gail Westover, Director
 Charlene P. Augustyn, 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 the financial condition of Credit Union ONE and Subsidiaries as of December 31, 2013, 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

	2013	2012
Assets		
Cash and cash equivalents	\$ 89,434,572	\$ 48,021,558
Investment securities		
Available-for-sale	\$ 17,571,875	\$ 90,742,053
Hold-to-maturity	\$ 8,391,000	\$ 13,600,000
FHLB Stock	\$ 2,741,900	\$ 2,741,900
Loans to members, net of allowance for loan losses	\$ 652,543,183	\$ 570,199,809
Accrued interest receivable	\$ 1,486,011	\$ 1,922,894
Property and equipment	\$ 29,202,588	\$ 26,492,447
NCUSIF deposit	\$ 7,226,938	\$ 7,053,115
CenCorp perpetual contributed capital deposit	\$ 600,000	\$ 600,000
Other real estate owned	\$ 591,106	\$ 229,832
Investment in CUSO	\$ 2,500,000	\$ 2,500,000
Investment in annuities	\$ 4,743,883	\$ 4,750,249
Other Assets	\$ 4,603,117	\$ 4,003,925
Total Assets	\$ 821,636,173	\$ 772,857,782
Liabilities and Equity		
Members' shares and savings accounts	\$ 718,296,707	\$ 699,470,867
Notes payable	\$ 25,000,000	\$ 5,000,000
Accounts payable	\$ 4,002,359	\$ 3,795,890
Accrued interest and dividends payable	\$ 95,166	\$ 99,602
Other accrued liabilities	\$ 1,093,493	\$ 1,109,559
Total Liabilities	\$ 748,487,725	\$ 709,475,918
Commitments and Contingent Liabilities		
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Members' Equity-Substantially Restricted	\$ 73,148,448	\$ 63,381,864
Total Liabilities and Members' Equity	\$821,636,173	\$ 772,857,782

CONSOLIDATED STATEMENT OF EARNINGS

	2013	2012
Interest Income		
Loans Receivable	\$ 24,554,786	\$ 23,965,941
Investment Securities	\$ 923,686	\$ 1,549,017
Total Interest Income	\$ 25,478,472	\$ 25,514,958
Interest Expense		
Interest and dividends on members' shares and savings accounts	\$ 1,250,087	\$ 1,414,835
Interest on Borrowed Funds	\$ 202,350	\$ 174,462
Total Interest Expense	\$ 1,452,437	\$ 1,589,297
Net Interest Income	\$ 24,026,035	\$ 23,925,661
Provision for Loan Losses	\$ 350,127	\$ 3,010,626
Net Interest Income after Provision for Loan Losses	\$ 23,675,908	\$ 20,915,035
Total Non-Interest Income	\$ 16,437,453	\$ 15,671,749
Total Non-Interest Expense	\$ 29,434,003	\$ 28,846,881
Net Earnings	\$ 10,679,358	\$ 7,739,903