



2023 Annual Report

A MESSAGE TO OUR MEMBERS

From our humble beginning operating out of the back of a co-op grocer in 1938, Credit Union ONE has grown into a sophisticated financial institution with more than \$1.7 billion in assets. The principles of the cooperative movement coupled with sound financial management and a commitment to meeting our members' needs anytime, anywhere are the foundation upon which Credit Union ONE has built and maintained its independent and locally controlled presence in the communities we serve for over 85 years. We are pleased to report that the credit union continued to strengthen this foundation with exceptional financial, member service, and operational performance throughout 2023.

In 2023, a two-year strategic review process was completed. This effort involved several cross-functional teams of employees providing the Board of Directors with input and insight on setting the longer-term strategic direction of the credit union. With an eye on our future and meeting the challenges of the ever-changing digital landscape of financial services, this plan is firmly planted in our steadfast commitment to our members and meeting their financial needs. In the coming years, we are excited to see the realization of a "digital first" strategic vision for great member and employee experiences driven by innovation and technology.

FINANCIAL PERFORMANCE

Financial performance was very strong in 2023. The credit union had record earnings of \$13.9 million and improved its already strong capital position well above the highest regulatory standard of "well capitalized." Interest rates remained high and prior year decisions to hold elevated levels of cash provided more than sufficient liquidity to meet loan demand and remain debt free. During the year, the credit union originated \$429.9 million in loans and the loan portfolio grew by \$22.5 million. Deposits declined by \$53.4 million, which is consistent with our forecast and the financial services sector in general. We attribute this decline to an end of COVID-era stimulus funds, high inflation causing some members to draw down savings, and other members moving funds to higher earning investment accounts. Asset quality remained strong as loan delinquency and losses remained well below historical norms. Assets ended the year at \$1.72 billion.

MAINTAINING RELEVANCE

As a financial cooperative, our core mission is to meet the needs of our members. Part of how we do this is to ensure we are relevant as a financial institution and as an employer. We operate in a hyper-competitive environment and understand we only earn and keep our members' business if we provide value for membership. Likewise, we are aware that attracting and retaining top talent requires a great culture and engaging workplace. We measure relevance through member and employee survey information that is regularly monitored throughout the year. During 2023, the credit union met or exceeded all its relevance metrics. Overall member satisfaction remained consistent and historically strong at 96%. Our employees reported overall job satisfaction of 96%, with 97% believing they have a positive impact on the credit union. On internal department satisfaction surveys, employees reported an average 93% approval of each other's work. These metrics demonstrate that the focus we put on workplace culture has helped develop a skilled, engaged, and highly satisfied team who sees value in the work they do, and is reflected in the impressive member satisfaction results.

Throughout 2023, Credit Union ONE took on various strategic projects to help improve member experience and operational efficiency. Overdraft fees are a thing of the past with the implementation of our new Member Overdraft Protection. A new member engagement

tool was launched in February, allowing our teams to centralize member communications, providing improved support and more timely and relevant offers. Our website was rebuilt from the ground up and launched in January 2024. A new loan payment system was implemented allowing new features, such as recurring payments and information storage for faster future payments. An upgrade to our employee intranet has allowed for better visibility across the organization. A cross-departmental team of experts was formed to address increasing fraud targeting our members and communities. This team will continue to advise leadership and drive changes that help protect our members from scammers and fraudulent activity. In addition, multiple technology upgrades and process refinements were put in place to keep member data and accounts safe and secure.

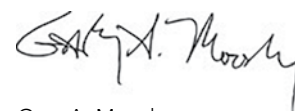
LOOKING FORWARD

As we consider plans for 2024-25, we are excited to accelerate the positive momentum that has been building over the last several years with a wide array of initiatives that will keep Credit Union ONE relevant as we continue to stand out in a world of rapid technological advancement. We will expand the use of Interactive Teller Machines (ITMs) at our branches. This technology allows members to receive a personal experience with a live teller during extended hours before branches open, and after they close. We will build two new branches in Waterford and Southwest Detroit, to replace aging, inefficient buildings. Exciting new loan improvements will allow for faster decision-making, funding, and stress-free loan modifications. Automation and AI assistance will be put in place to improve security, back-office processes, and member self-service.

In last year's report, we warned of a potential economic downturn and the impact that could have on our members. Heading into 2024 we remain vigilant as we see the effects inflation, rising rates, and a competitive housing market continue to have on our members. Rest assured, as the market evolves, Credit Union ONE will continue to provide products and services that help best support our members and communities, as we have for over 85 years. Sustaining strength and stability for this long takes a team of talented employees engaged with our mission to always provide exceptional value to our members. As we embark on a new year with fresh challenges to face, we do so with the highest confidence in our team, our leadership, and our strategic vision. We thank our members for their continued support of community-driven, cooperative financial service, and their 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 2023 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 2023 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 completed an RFP for audit services and selected the CPA firm Plante Moran to conduct the 2023 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 2022 and 2023 are provided in this report for your review. .

Respectfully,



David Prybys
Chairperson, Audit Committee





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
Chairperson



Ray Redmond
Vice Chairperson



Christine Dowhan-Bailey
Secretary/Treasurer



Dino Deponio
Director



Ed Derbin
Director



Jan Gillespie
Director



Rudolph R. Montano
Director



David C. Prybys
Director



Juanita M. Reid
Director



Paul W. Stuart
Director

Associate Directors



John Beeskow



Alicia Bradley



Jainender Jain



Michael Timm

Condensed Consolidated Statement of Financial Condition

ASSETS	2023		2022	
Cash and cash equivalents	\$	143,241,734	\$	164,955,158
Interest-bearing deposits	\$	7,000,000	\$	7,000,000
Investment securities: Available-for-sale	\$	205,456,894	\$	239,570,463
FHLB stock	\$	3,209,400	\$	3,209,400
Loans to members, net of allowance for loan losses	\$	1,229,239,571	\$	1,213,235,464
Accrued interest receivable	\$	5,244,370	\$	4,179,805
Property and equipment	\$	29,836,057	\$	30,422,113
NCUSIF deposit	\$	14,757,696	\$	15,441,604
Alloya perpetual contributed capital deposit	\$	1,089,800	\$	1,089,800
Investment in CUSO	\$	4,591,409	\$	4,368,600
Investments in life insurance contracts	\$	20,526,033	\$	20,363,538
Goodwill	\$	32,436,094	\$	32,436,094
Other assets	\$	24,133,755	\$	22,172,454
TOTAL ASSETS	\$	1,720,762,813	\$	1,758,444,493
LIABILITIES AND MEMBERS' EQUITY				
Members' shares and savings accounts	\$	1,566,430,325	\$	1,619,815,653
Accrued expenses and other liabilities	\$	13,642,539	\$	12,163,879
TOTAL LIABILITIES	\$	1,580,072,864	\$	1,631,979,532
Commitments and contingent liabilities	\$	-	\$	—
Members' equity – substantially restricted	\$	140,689,949	\$	126,464,961
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	1,720,762,813	\$	1,758,444,493

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, 2023, 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	2023		2022	
Loans receivable	\$	60,965,978	\$	45,949,196
Investment securities	\$	9,667,070	\$	6,365,056
TOTAL INTEREST INCOME	\$	70,633,048	\$	52,314,252
INTEREST EXPENSE				
Interest and dividends on members' shares and savings accounts	\$	9,425,650	\$	2,134,416
Interest on borrowed funds	\$	306	\$	99
TOTAL INTEREST EXPENSE	\$	9,425,956	\$	2,134,515
Net interest income	\$	61,207,092	\$	50,179,737
Provision for loan losses	\$	4,871,267	\$	2,858,162
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$	56,335,825	\$	47,321,575
NON-INTEREST INCOME				
Gain on sale of loans	\$	—	\$	—
Fees and charges	\$	7,998,080	\$	11,962,863
Interchange income	\$	5,302,343	\$	5,990,534
TOTAL NON-INTEREST INCOME	\$	13,300,423	\$	17,953,397
NON-INTEREST EXPENSES				
Compensation and benefits	\$	28,411,225	\$	28,434,734
Office operations	\$	15,824,902	\$	15,842,476
Occupancy	\$	3,237,245	\$	3,145,941
Operating expenses	\$	8,240,830	\$	7,120,501
TOTAL NON-INTEREST EXPENSES	\$	55,714,202	\$	54,543,652
Net Earnings	\$	13,922,046	\$	10,731,320



Credit Union ONE

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