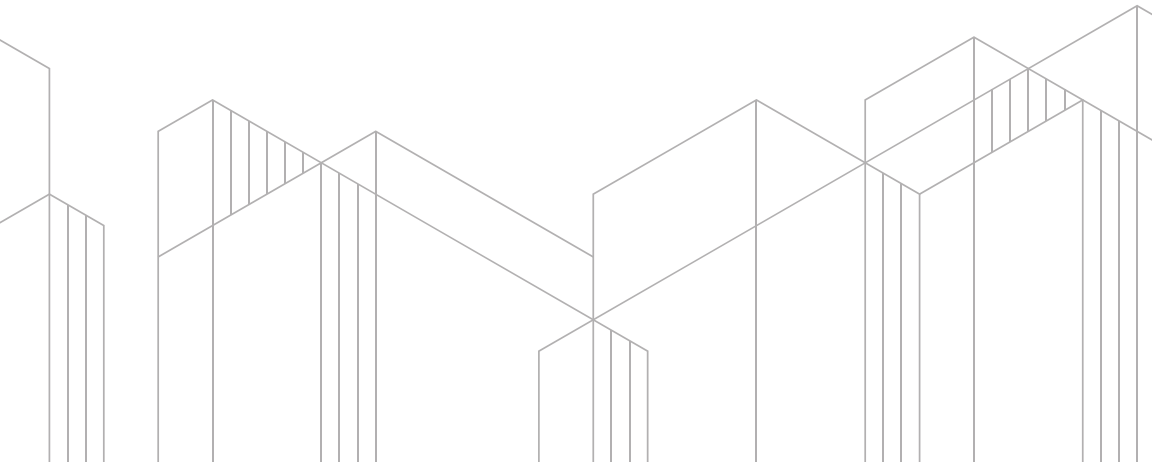


Built for **YOU**





Mission STATEMENT

To provide members with quality, comprehensive, cost effective financial services

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of the Board

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Branch Locations &
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Board of DIRECTORS



Robert Sandercock
President and
Chief Executive Officer



Alonzo Glaze
Chairperson



Steve Rodriguez
Vice Chairperson



Amy McQuiston
Director



Michelle F. Randall
Director



Gregory J. Baracy
Director



William Wooster
Treasurer



Robin Long
Secretary

82nd Annual MEETING

**Wednesday,
April 24, 2024
7:00 p.m.
Business Meeting**

Schoolcraft College
VisTaTech Center
18600 Haggerty Road
Livonia, MI 48152

Agenda

- Brief Reports
- Introductions and Recognitions
- Elections
- Old Business
- New Business
- Door Prizes
- Light Refreshments



Scott Szukaitis
Director



Deborah Elliston
Director

Report from the CHAIRPERSON OF THE BOARD



Alonzo Glaze

“Built for You” is a theme that resonates with Michigan Educational Credit Union. It not only describes the way this organization began more than 80 years ago, but also how we continue to do business today.

MECU was originally created to serve the unique financial needs of educational employees and even now, our commitment to schools remains true. In 2023, we supported the educational community by participating in events and helping to fund vital programs, including the Northville Parent Camp, the P-CCS Mental Health & Wellness Fair, many Schoolcraft College programs, and welcome back events at several school districts. We also sponsored programs to recognize and assist local teachers, such as 93.5 WHMI’s Making the Grade program, the Super Sub initiative in Northville, Wayne-Westland’s G.E.M. Awards, and 105.1 The Bounce’s Teacher Wish List program.

At MECU, we firmly believe in giving back to our community. Last year, we were proud to support a variety of worthy causes. In May, our branches collected items for local

animal shelters in honor of National Pet Month. In June, MECU was the Presenting Sponsor of Dream Night at the Detroit Zoo, where children and families living with chronic illnesses or disabilities were able to enjoy a no-cost, stress-free night to remember. Over the holidays, we collected toys for the patients at C.S. Mott Children’s Hospital and staff members helped work the phone bank at 99.5 WYCD’s St. Jude Radiothon. You may have seen the MECU team at local events throughout the year, including the Woodward Dream Cruise, the Taste of Plymouth, the SJ5K race, the Livonia Home Show, and Pumpkin Palooza and the Good Morning USA Parade in downtown Plymouth.

Most importantly, MECU exists to help its members thrive. To do so, we must maintain our strength and stability. In December, BauerFinancial, the nation’s premier credit union and bank rating firm, awarded MECU its highest 5-Star rating for the 128th consecutive quarter. MECU has also been designated as a “Best of Bauer Credit Union” for earning and maintaining Bauer’s 5-Star rating for 25 years or more.

MECU was built for you, loyal members, and it is still standing strong.

Alonzo Glaze, Board Chairperson

As 2023 began, the Federal Reserve was in the midst of a rate-raising frenzy, the likes of which hadn’t been seen since the 1980s. While the government did its best to bring down inflation, the impact of the rapid rate increases was felt across the financial services industry. Like most banks and credit unions across the country, Michigan Educational Credit Union had to pull back on lending in a strategic move to improve our liquidity position.

Instead of advertising our popular auto loans, we switched gears to promote deposit products. Consequently, members were able to earn yields as high as 5% APY, boosting MECU’s Share Certificate balances by \$25 million over 2022. Although overall loan activity declined, our home equity department was hustling to keep up with increased demand. By year end, our home equity portfolio had grown by nearly 35%. Despite the economic environment, MECU had a solid year, with a net income of \$3.5 million.

After years of thorough research and preparation, we tackled a major project in 2023 when we converted our entire credit card portfolio over to Mastercard. Featuring the latest contactless and chip technology, our new World Rewards Mastercard and Platinum Mastercard offer members a long list of added perks, with no annual fee. New cardholders are able to take advantage of a special 3.99% APR balance transfer offer within the first 90 days. More recently, we’ve started a similar campaign to extend a limited-time 3.99% APR balance transfer offer to current cardholders.

In the months ahead, we’ll focus our efforts on another big project: upgrading our Home Banking service to a new system. The new Home Banking platform will feature a modern interface, less downtime, timely updates and bug fixes, and a variety of customization capabilities. We look forward to offering this enhanced service to our members.

Although there are some things we can’t control, like rate hikes, MECU is always prepared to do what it takes to best serve our membership. Thank you for putting your trust in MECU.

Robert Sandercock, President & Chief Executive Officer



Robert Sandercock

Report from the PRESIDENT & CEO

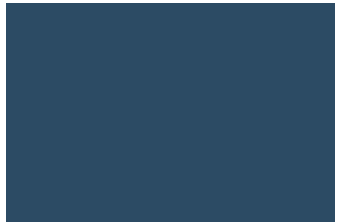
Audit Committee REPORT



Steve Rodriguez



Balance SHEET



Michigan Educational Credit Union and Subsidiary
Consolidated Statements of Financial Condition
Years Ended December 31, 2022 and 2023

The primary responsibility of the Audit Committee is to ensure that the Credit Union is being managed soundly and that members' assets are being adequately safeguarded. The Audit Committee makes sure the Board of Directors and Credit Union management meet required financial reporting objectives and establish sufficient policies, practices and procedures to protect members' assets.

The committee engaged the Certified Public Accounting firm of Plante Moran, to audit the Credit Union's financial statements for the year ended December 31, 2023. Plante Moran completed their 2023 audit of the Credit Union's financial statements and issued an unmodified opinion on March 5, 2024. The condensed financial information appearing in this report has been derived from those audited financial statements.

Based upon the annual financial statement audit, other regulatory and compliance audits, as well as our regular monitoring processes, the committee believes your Credit Union continues to be run in a safe and sound manner.

Steve Rodriguez, Audit Committee
Chairperson

December 2022 **December 2023**

ASSETS

Cash and Cash Equivalents	\$ 32,466,044	\$ 45,691,995
Investment Securities – Available-for-Sale	449,211,500	412,038,407
Other Investments	921,102	990,309
Loans – Net of Allowance for Loan Losses	521,809,011	514,007,912
Premises and Equipment – Net	7,676,888	7,575,970
Accrued Interest Receivable	2,925,696	2,796,190
FHLB Stock	1,591,500	1,591,500
Corporate Capital	1,600,000	1,600,000
NCUSIF Deposit	9,517,826	9,055,732
Other Assets	10,070,185	11,105,705
TOTAL ASSETS	\$ 1,037,789,752	\$ 1,006,453,720

LIABILITIES & EQUITY

Members' Shares and Savings Accounts	\$ 965,805,158	\$ 915,162,075
Accrued and Other Liabilities	6,640,285	7,700,409
Regular Reserve	-	-
Other Reserve	-	-
Undivided Earnings	116,250,901	119,085,750
Accumulated Other Comprehensive (Loss)	(50,906,592)	(35,494,514)
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 1,037,789,752	\$ 1,006,453,720

Income STATEMENT



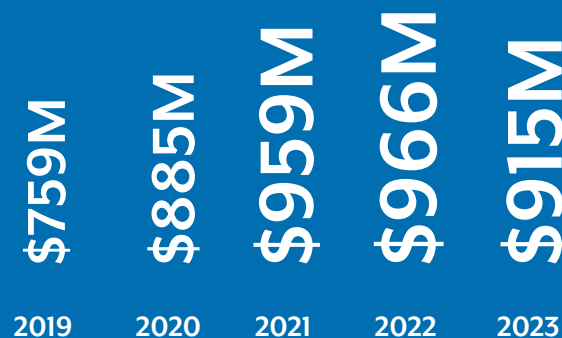
Michigan Educational Credit Union and Subsidiary
Consolidated Statements of Operations
Years Ended December 31, 2022 and 2023

	December 2022	December 2023
INTEREST INCOME		
Loans	\$ 18,149,999	\$ 22,294,655
Investment Securities	8,081,340	7,875,067
TOTAL INTEREST INCOME	\$ 26,231,339	\$ 30,169,722
INTEREST EXPENSE		
Members' Shares and Deposits	\$ 2,206,322	\$ 4,395,581
TOTAL INTEREST EXPENSE	2,206,322	4,395,581
NET INTEREST INCOME	24,025,017	25,774,141
Provisions for Credit Losses	457,100	1,503,838
Net Interest Income After Provision for Credit Losses	\$ 23,567,917	\$ 24,270,303
NON-INTEREST INCOME		
Interchange Fees and Service Charges	\$ 2,740,615	\$ 3,099,722
Other	1,143,112	1,321,652
TOTAL NON-INTEREST INCOME	\$ 3,883,727	\$ 4,421,374
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	\$ 10,867,149	\$ 11,694,791
Occupancy and Equipment	2,151,667	2,513,140
Operations	6,424,362	6,128,589
Loan Servicing	2,993,995	3,530,772
Professional Services	349,567	373,348
Other	878,474	970,188
TOTAL NON-INTEREST EXPENSE	23,665,214	25,210,828
NET INCOME	\$ 3,786,430	\$ 3,480,849

Historical Growth of SHARES & RESERVES

Total Members' Shares and Deposits

M=Million



Total Reserves and Undivided Earnings

M=Million



Report from the TREASURER



William Wooster

Since the pandemic, financial institutions have been at the mercy of an evolving U.S. economy. Just when things seem to be returning to normal, a new challenge comes along. In the first half of 2023, interest rates spiked at an unprecedented speed and affected the liquidity position of most financial institutions nationwide, including Michigan Educational Credit Union.

In response to these rate hikes, MECU made a strategic plan to cut back on new lending and instead focused on deposit acquisition and retention. It was a new direction for the Credit Union and a challenging task. After all, most Americans are spending these days, not saving. The excess personal savings that people built up during the pandemic are quickly vanishing due to high inflation.

By increasing deposit rates and offering share certificate promotions, MECU managed to maintain \$915 million in total member shares and deposits in 2023, dipping by a limited 5.2% from 2022. At the same time, our share certificate balances grew by nearly 22% as members took

advantage of special offers on one-year certificates. For the second year in a row, our assets dropped by approximately 3%, but still remained above the \$1 billion mark. We also ended the year with a healthy bottom line of \$3.5 million in net income.

With our new strategy in place, loan activity dropped off slightly in 2023. By year end, our total loans dropped by 1% from \$522 million in 2022 to \$514 million. A good portion of our auto loan business originates through our indirect loan program, which continues to attract hundreds of new members to MECU each year. Although mortgage lending remained flat, our home equity portfolio grew by an amazing 35%. In a higher interest rate environment, members obviously appreciate this affordable loan option to help them finance major expenses.

Economic experts predict some interest rate relief before the end of 2024, which is encouraging news for borrowers. In the meantime, MECU members can count on their Credit Union to help them make ends meet during tight financial times.

William Wooster, Treasurer

A 10-Year HISTORY

ASSETS		LOANS
\$1 BILLION	2023	\$514 MILLION
\$1 BILLION	2022	\$522 MILLION
\$1.1 BILLION	2021	\$449 MILLION
\$1 BILLION	2020	\$494 MILLION
\$876 MILLION	2019	\$544 MILLION
\$826 MILLION	2018	\$543 MILLION
\$799 MILLION	2017	\$475 MILLION
\$763 MILLION	2016	\$438 MILLION
\$727 MILLION	2015	\$402 MILLION
\$701 MILLION	2014	\$317 MILLION

Financial HIGHLIGHTS

2023 Sources of Income

64%
Loan Income



23%
Investment Income



13%
Other Income



2023 Total Members:

49,994

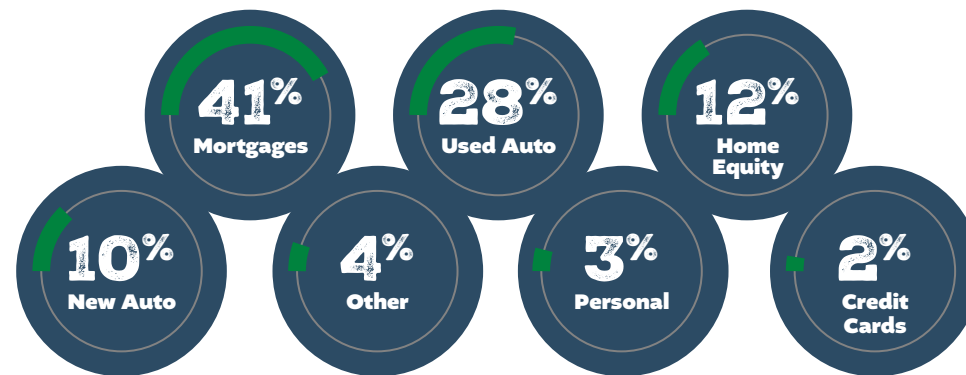
2022: 50,274 • 2021: 50,171 • 2020: 52,393 • 2019: 53,734

2023 Loans Outstanding:

30,181

2022: 31,536 • 2021: 29,297 • 2020: 31,634 • 2019: 37,423

Loan Portfolio Composition as of December 2023



In 2023, 29,341 loan transactions were completed at Michigan Educational Credit Union, for a total of \$107,829,776.

MECU members can easily apply for the loan they need at any time and on any device with our convenient online loan application. This popular channel brought in 2,265 loan applications in 2023, for a total of \$50,225,243 in loans.

As interest rates climbed rapidly last year, our auto loan business dropped off. However, our indirect lending program still managed to attract nearly 1,400 new members, bringing valuable business to the Credit Union. On the heels of a slow 2022, mortgage activity stayed sluggish due to higher lending rates. At the same time, our affordable home equity loans and lines of

credit were in high demand as members searched for lower-rate alternatives to other loan options in the market.

While there is optimistic speculation that rates will start to drop later this year, MECU will always be here to help our members whenever they have a financing need, regardless of economic trends.

It is a privilege to serve our membership, and we'd like to thank all of our loyal members for their continued support and business. We'd also like to recognize our staff, management and board of directors for their dedication and hard work over the past year.

Henry Willson, Credit Committee Chairperson
Lisa Kania
Kelly Borowski



Henry Willson

Credit Committee REPORT

CREATED WITH MEMBERS IN MIND from the Very Beginning

Michigan Educational Credit Union started with just 28 teachers pooling their assets together in 1942. From the very beginning, our goal as a financial cooperative was to offer the best savings and loan rates possible to our members, dedicating ourselves to the philosophy of **"People Helping People."** Over 80 years later, we've since expanded our field of membership, built several branches, merged with other local credit unions and reached **\$1 billion in assets.**

Now, we continue to offer great savings and loan rates with some of the latest technology available. We serve nearly 50,000 members and their families who live, work or worship in Wayne, Washtenaw, Oakland, Macomb, Livingston and Jackson counties, and our policy of "once a member, always a member" means we will continue to serve you even if you change jobs or move away. We meet the high standards of the federal government to qualify for savings insurance up to \$250,000 per member, covered by the National Credit Union Share Insurance Fund.

From the ground up, Michigan Educational Credit Union remains

built for **YOU.**



Products & SERVICES

- Share Savings Accounts
- Draft/Checking Accounts
- Share Certificates
- Individual Retirement Accounts
- First Mortgages
- Home Equity Loans
- Home Improvement Loans
- Credit Cards
- New & Used Auto Loans
- Boat & Recreational Vehicle Loans
- Personal Loans
- Direct Deposit & Payroll Deduction
- Automated Teller Machine Service
- ATM & Debit Cards
- Speedy Line Audio Teller
- Home Banking
- Online Bill Payment
- E-Statements
- Mobile Banking

Investment SERVICES

Michigan Educational Credit Union members have access to the financial planning and investment services available through MECU Financial's relationship with LPL Financial. MECU Financial's consultants, conveniently located right at your Credit Union, are a valuable source for guidance in your important financial decisions. These experienced and knowledgeable financial consultants can help you determine investment objectives, select appropriate services and products and make investment decisions. Individual appointments are available at no cost to you.



William Knudsen
Wealth Advisor



Paul Schmidt
Wealth Advisor

Call to set up your free,
no-obligation appointment today!

(734) 416-5025



Branch LOCATIONS & Office HOURS

How Can We Help You?

We offer assistance with:

- Portfolio Analysis
- Retirement Planning
- Education Fund Planning
- Financial Seminars
- Insurance Services
- Retirement Accounts – IRAs, TSAs, 403(b)
- Equities
- Annuities – Fixed & Variable
- Mutual Funds
- Life Insurance
- Disability Insurance
- Long-Term Care Insurance

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. Michigan Educational Credit Union (MECU) and MECU Financial **are not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using MECU Financial, and may also be employees of MECU. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, MECU or MECU Financial. Securities and insurance offered through LPL or its affiliates are:

**Not Insured by NCUA or Any Other Government Agency | Not Credit Union Guaranteed |
Not Credit Union Deposits or Obligations | May Lose Value**

Michigan Educational Credit Union ("Financial Institution") provides referrals to financial professionals of LPL Financial LLC ("LPL") pursuant to an agreement that allows LPL to pay the Financial Institution for these referrals. This creates an incentive for the Financial Institution to make these referrals, resulting in a conflict of interest. The Financial Institution is not a current client of LPL for brokerage or advisory services. Please visit www.lpl.com/disclosures/is-lpl-relationship-disclosure.html for more detailed information.

Plymouth Main Office

9200 Haggerty Road
Plymouth, MI 48170
(734) 455-9200

Livonia Office

14921 Middlebelt Road
Livonia, MI 48154
(734) 261-1050

Ann Arbor Office

4141 Jackson Boulevard
Ann Arbor, MI 48103
(734) 761-7505

Brighton Office

123 Brighton Lake Road, Suite 102
Brighton, MI 48116
(810) 494-6000

Royal Oak Office

1903 Rochester Road
Royal Oak, MI 48073
(248) 399-7473

Macomb Office

47230 Hayes Road
Macomb, MI 48044
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