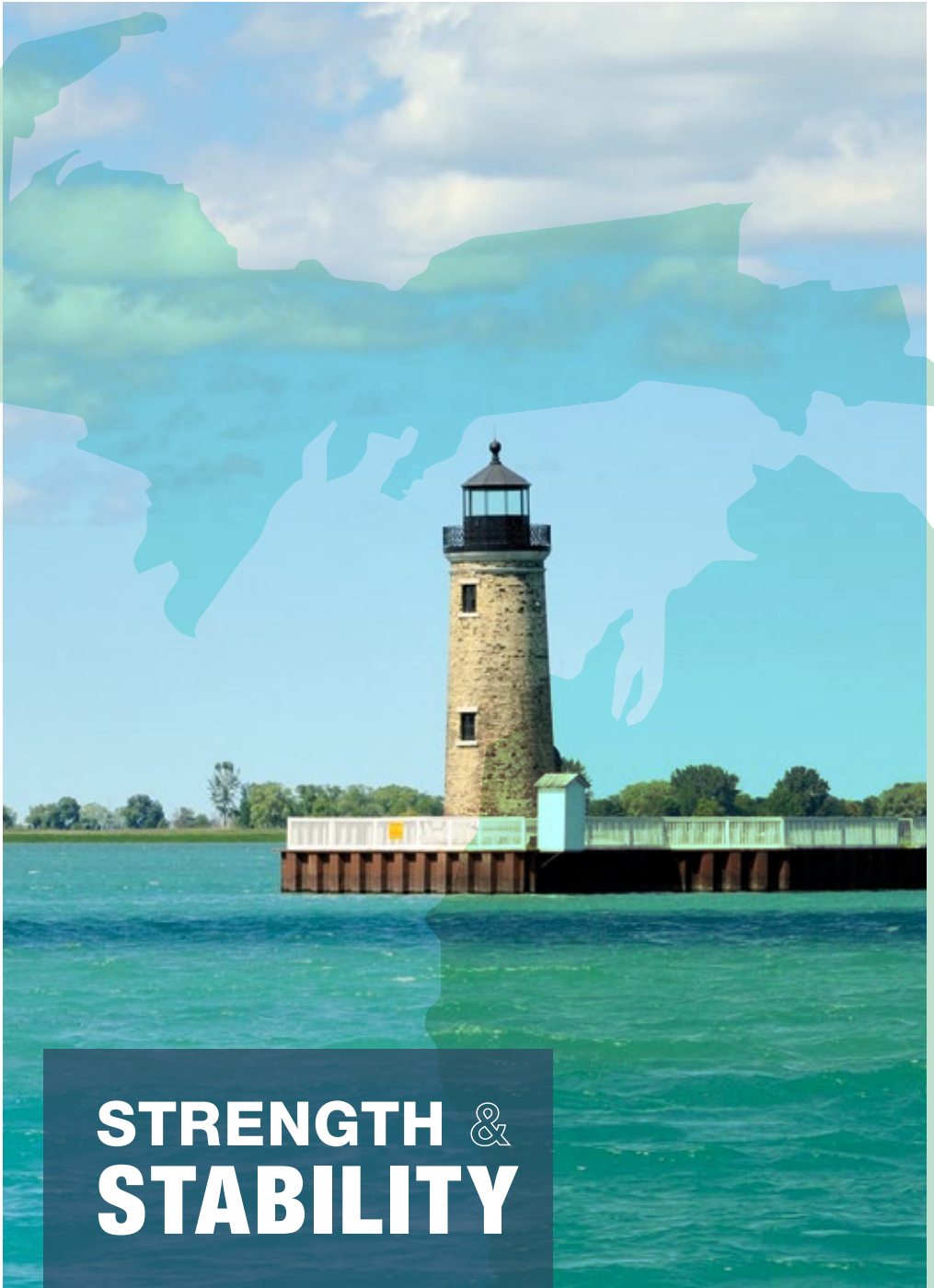


2018 ANNUAL REPORT



**STRENGTH &
STABILITY**



Michigan Educational
Credit Union



Mission Statement

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

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Robert Sandercock
*President and
Chief Executive Officer*



Alonzo Glaze
Chairperson



Steve Rodriguez
Vice Chairperson



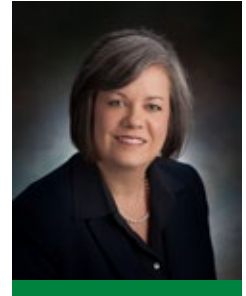
William Wooster
Treasurer



Robin Long
Secretary



Amy McQuiston
Director



Michelle F. Randall
Director



Gregory J. Baracy
Director



Scott Szukaitis
Director



Deborah Elliston
Director

Board of Directors

77th Annual Meeting



Michigan Educational
Credit Union

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

Plymouth Main Office
Assembly Hall, Second Floor
9200 Haggerty Road
Plymouth, MI 48170

Agenda

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

Success is often measured in numbers. While Michigan Educational Credit Union certainly excelled financially in 2018, the organization's accomplishments extended well beyond the bottom line.

Giving back to the community and the schools that we serve is a priority at MECU. When WHMI 93.5 FM launched their new "Making the Grade" program in 2018 to recognize outstanding teachers in Livingston County, we were one of the first sponsors to jump on board. MECU also donated 3,000 backpacks to kids across Metro Detroit through 105.1 FM The Bounce's "Backpacks for Kids" program. I'd also like to thank our generous members for showing their support by dropping off school supplies to help fill the backpacks.

Every year, our Credit Union contributes to numerous educational initiatives, including the Schoolcraft College Foundation's Culinary Extravaganza, Livonia Public Schools' Competitive Edge College Savings Program, fundraising events to support the Northville Educational Foundation, the Educational Excellence Foundation, and the Royal Oak Schools Foundation, to name just a few. We also supported our community through sponsorships like the Community Literacy Council's Annual Youth Spelling Bee, the SJ5K race to raise money for Plymouth-Canton families in crisis, and the Crossover Charity Basketball Game.

MECU continues to receive national recognition for its strength and stability. In 2018, MECU was named to the DepositAccounts.com list of the Top 200 Healthiest Credit Unions in America for the fifth year in a row. Perhaps even more impressive is the Bauer 5-Star Superior rating that MECU has maintained for the past 27 years, according to the nation's leading bank and credit union rating and research firm.



Alonzo Glaze

I'm proud to serve as the Chairperson of an organization that aims for more than a healthy balance sheet. At Michigan Educational Credit Union, success shines through in everything we do.

Alonzo Glaze, Board Chairperson

Report from the Chairperson of the Board

For more than 75 years, Michigan Educational Credit Union has provided strength and stability for its membership, but that doesn't mean we can rest on our laurels. In 2018, we celebrated a banner year in many respects.

With an impressive 14% surge in loans, we ended the year beyond the half billion mark at \$543 million. Thanks to the popularity of our indirect lending program, more and more local consumers are discovering MECU's amazing auto loan rates for the first time. Of course, this development also contributed to the 5% membership increase and 3% asset growth that we experienced in 2018.

At MECU, we always strive to bring added value to our membership, often through better rates and enhanced service offerings. In 2018, we were able to increase share certificate rates several times throughout the year to provide members with a greater return on their savings. At the same time, we managed to maintain market-leading loan rates with fewer fees than most of our competitors. Finally, to help members combat the ever-present threat of identity theft, we introduced Credit Sense – a free service that allows you to check your credit score and regularly monitor your credit report.

Behind the scenes, we've been undertaking many new initiatives that will allow us to better serve our members now and into the future. We've also added staff, restructured some of our departments and streamlined processes to meet the changing needs of our growing business.

Last year's growth and achievements wouldn't have been possible without the hard work and dedication of our management team and staff, as well as the loyalty and support of our outstanding members. I would like to personally thank each and every one of you for your commitment to our continued success.



Robert Sandercock

Robert Sandercock, President & Chief Executive Officer

Report from the President & CEO

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, PLLC, to audit the Credit Union's financial statements for the year ended December 31, 2018. Plante Moran completed their 2018 audit of the Credit Union's financial statements and issued an unmodified opinion on January 28, 2019. 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



Steve Rodriguez

Audit Committee Report

Michigan Educational Credit Union and Subsidiary
 Consolidated Statements of Financial Condition
 Years Ended December 31, 2017 and 2018

December 2017 **December 2018**

ASSETS

Cash and Cash Equivalents	\$ 56,860,040	\$ 32,199,314
Investment Securities - Available-for-Sale	236,813,452	220,349,637
Other Investments	1,029,481	963,450
Loans - Net of Allowance For Loan Losses	475,151,763	542,621,202
Premises and Equipment - Net	9,988,564	9,819,664
Accrued Interest Receivable	2,172,826	2,378,108
FHLB Stock	1,582,000	1,611,800
Corporate Capital	600,000	600,000
NCUSIF Deposit	6,615,903	6,896,147
Other Assets	8,676,665	8,302,254
TOTAL ASSETS	\$ 799,490,694	\$ 825,741,576

LIABILITIES & EQUITY

Members' Shares and Savings Accounts	\$ 697,140,985	\$ 719,466,889
Accrued and Other Liabilities	4,925,485	5,082,681
Regular Reserve	11,078,405	11,078,405
Other Reserve	79,686,757	83,431,739
Undivided Earnings	6,659,927	8,526,165
Accumulated Other Comprehensive Income (Loss)	(865)	(1,844,303)
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 799,490,694	\$ 825,741,576

Michigan Educational Credit Union and Subsidiary
 Consolidated Statements of Operations
 Years Ended December 31, 2017 and 2018

December 2017 **December 2018**

INTEREST INCOME

Loans	\$ 17,476,727	\$ 19,855,930
Investment Securities	5,044,695	5,604,448
TOTAL INTEREST INCOME	\$ 22,521,422	\$ 25,460,378

INTEREST EXPENSE

Members' Shares and Deposits	\$ 2,104,855	\$ 2,851,761
TOTAL INTEREST EXPENSE	2,104,855	2,851,761
NET INTEREST INCOME	20,416,567	22,608,617
Provisions for Loan Losses	788,885	1,050,394
Net Interest Income After Provision for Loan Losses	\$ 19,627,682	\$ 21,558,223

NON-INTEREST INCOME

Interchange Fees and Service Charges	\$ 2,865,677	\$ 2,959,062
Other	1,220,642	1,816,559
TOTAL NON-INTEREST INCOME	\$ 4,086,319	\$ 4,775,621

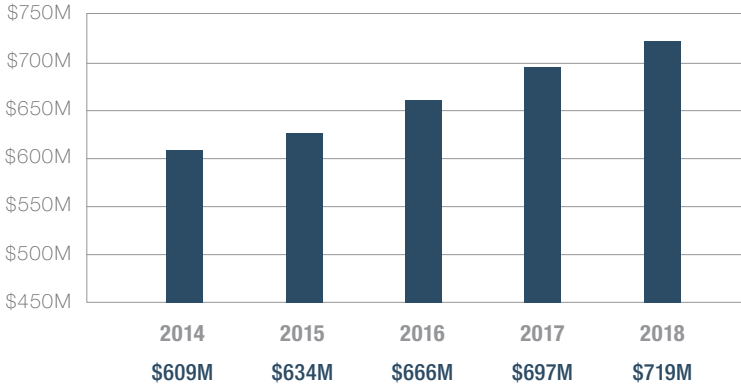
NON-INTEREST EXPENSE

Salaries and Employee Benefits	\$ 9,443,897	\$ 9,751,825
Occupancy and Equipment	2,255,472	2,247,976
Operations	4,606,186	5,199,224
Loan Servicing	1,896,090	2,116,834
Professional Services	248,635	262,262
Other	766,443	1,144,503
TOTAL NON-INTEREST EXPENSE	19,216,723	20,722,624
NET INCOME	\$ 4,497,278	\$ 5,611,220

Income Statement

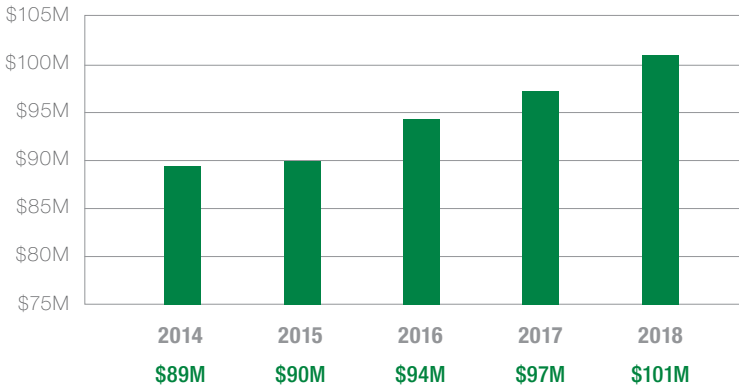
Total Members' Shares and Deposits

M=Million



Total Reserves and Undivided Earnings

M=Million



Historical Growth of
Shares & Reserves

I'm pleased to report that 2018 was a remarkable year for Michigan Educational Credit Union. In short, it was a year of growth, with impressive gains across the board in loans, assets and membership.

For the first time in MECU's history, we surpassed the half-billion mark in total loans, ending the year with \$543 million – an amazing 14% increase over 2017. At the same time, our number of loans rose by 8% from 36,256 in 2017 to 39,115 in 2018. Much of this growth was due to a substantial uptick in business from our indirect lending program. As a result, new and used auto loans claimed a larger share of the loan portfolio than we've seen in recent years.

Our recent trend of steady asset growth continued in 2018. By year-end, our assets grew to over \$825 million, a 3% increase over 2017. Similarly, our total members' shares and deposits increased by approximately 3%. While deposit account rates across the country remain historically low, MECU continues to provide one of the better rates available on a basic savings account.

Following a 5% increase in membership over the past year, Michigan Educational Credit Union is now more than 53,000 members strong – and I emphasize the word "strong." Based on a long history of financial health, I am confident that our Credit Union will see continued success and growth in 2019.

William Wooster, Treasurer

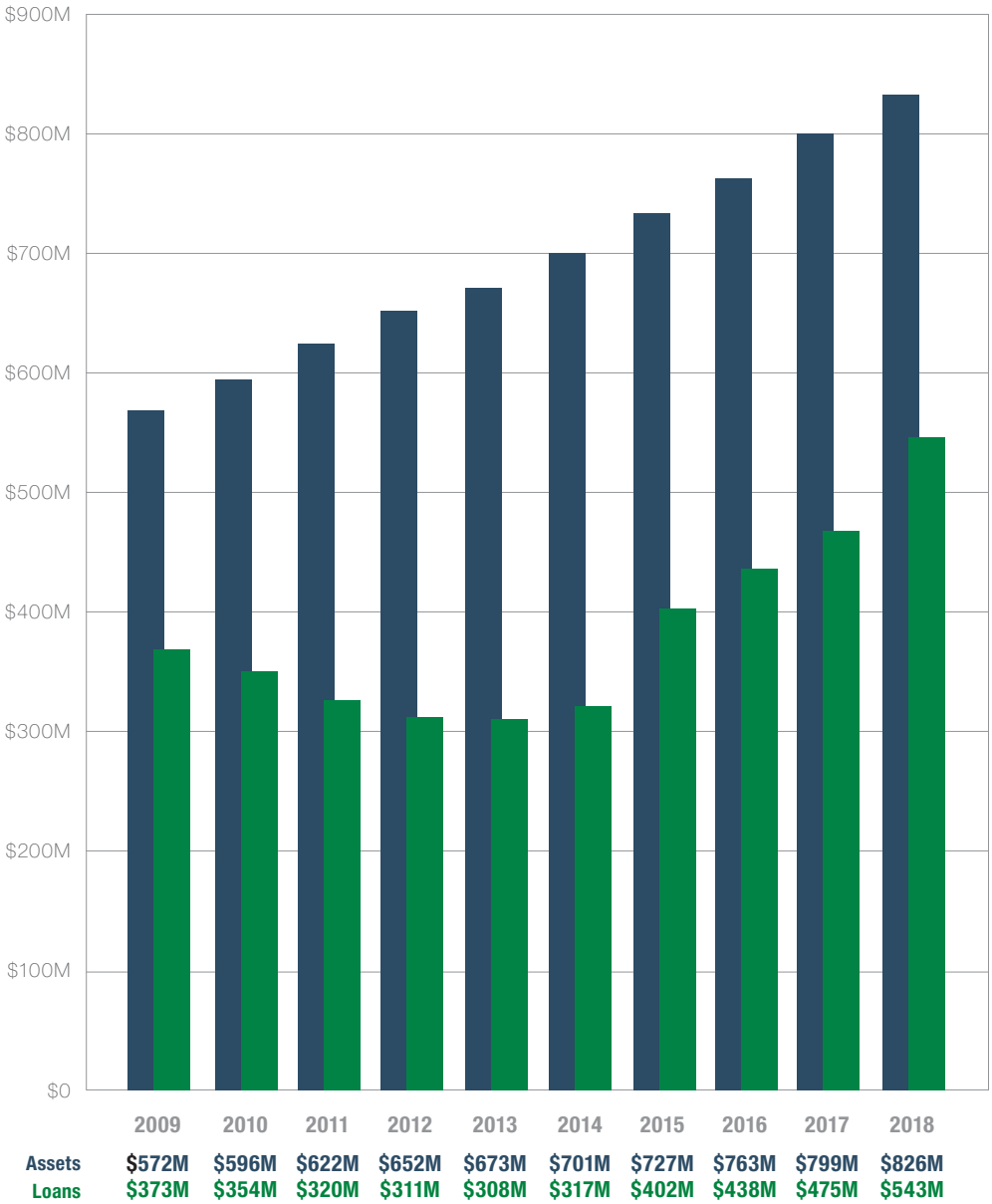


William Wooster

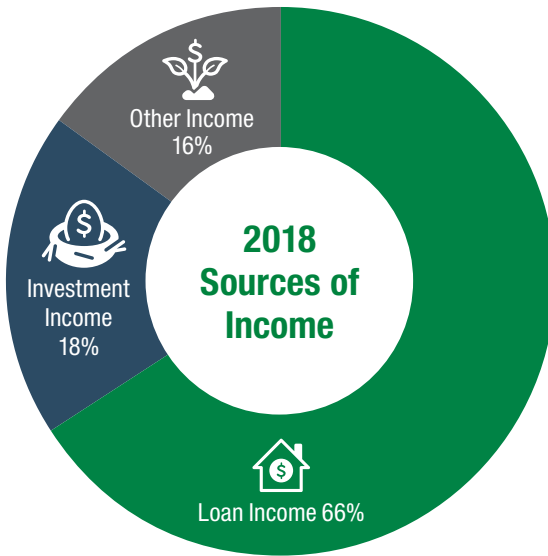
Report from the Treasurer

Assets and Loans

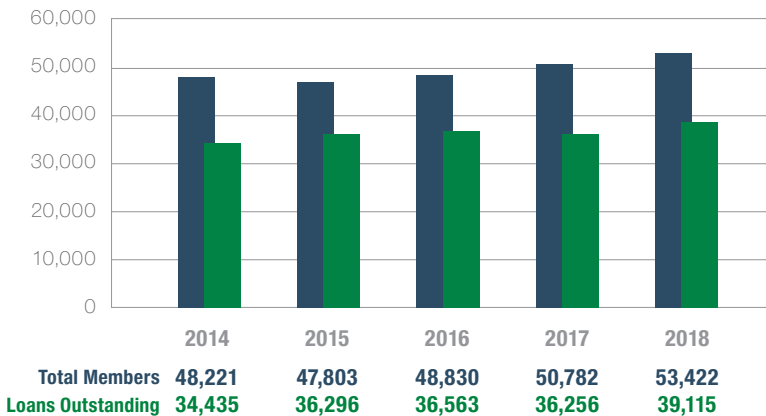
M=Million



A 10-Year History



Number of Members and Loans Outstanding



Financial Highlights

In 2018, 47,162 loan transactions were completed at Michigan Educational Credit Union, for a total of \$217,693,062.

We are pleased to offer members the convenience of an online loan application. Last year, MECU received more Internet loan applications than ever before – a total of 1,379 Internet applications for a combined \$19,964,957 in loans.

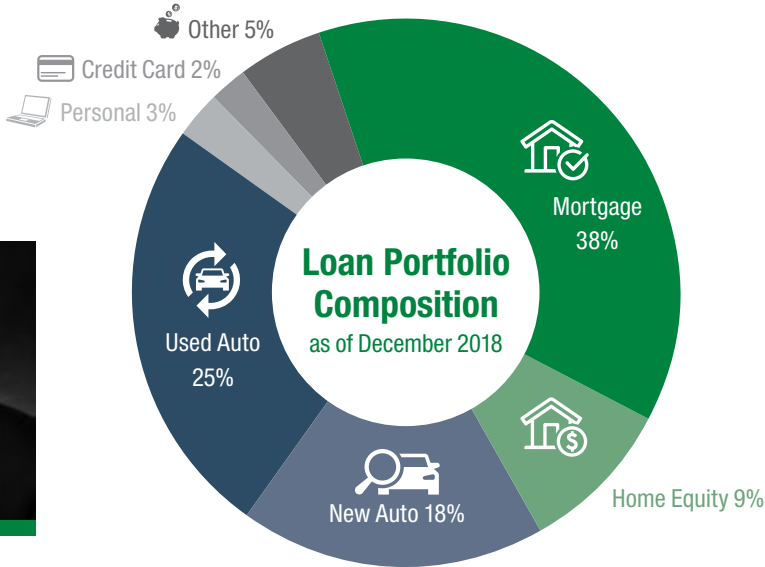
Looking back on 2018, it was an exceptional year for loan growth at MECU. We are confident that our competitive rates, convenient access and friendly service will continue to bring members back to their Credit Union for their borrowing needs in the future.

As always, we extend our sincere gratitude to our members for their continued support, and we thank our staff, management and the board of directors for their commitment and hard work over the past year.

Henry Willson, Credit Committee Chairperson
Carol Banyai
Rick Norris



Henry Willson







Michigan Educational Credit Union was founded in 1942 to serve the ever-changing financial needs of the growing numbers of its member-owners. Today, we serve more than 53,000 members and our assets exceed \$800 million. We meet the high standards of the Federal Government to qualify for savings insurance up to \$250,000 per account, covered by the National Credit Union Share Insurance Fund.

Before December 2012, MECU membership was limited to employees of schools in Wayne, Washtenaw, Oakland, Macomb, Livingston and Jackson counties and their families. Since then, we've expanded our field of membership to include individuals who reside, work or worship in those same counties. Our policy of "once a member, always a member" means that you can maintain your membership and enjoy the many benefits even if you change jobs or move away from the area.

PRODUCTS & SERVICES

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

Standing Together for Generations



William Knudsen
Wealth Advisor



Karen Heddle
Wealth Advisor

Michigan Educational Credit Union members have access to the financial planning and investment services available through our 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.

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

(734) 416-5025

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, a registered investment advisor. Member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates. Michigan Educational Credit Union and MECU Financial are not registered broker/dealers and are not affiliated with LPL Financial.



Not NCUA Insured. Not Credit Union Guaranteed. May Lose Value.

Investment Services

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
(586) 566-5599

9:30 a.m. to 5:30 p.m. Monday thru Friday
Toll-Free: (888) 261-3355
www.michedcu.org
general@michedcu.org



Michigan Educational
Credit Union

www.michedcu.org

