

SERVICE IS OUR PASSION

2017 Annual Report





WE MEASURE
OUR SUCCESS
IN TERMS
OF YOURS

At MSGCU, everything starts and ends with you.

Michigan Schools and Government Credit Union continued to thrive in 2017. We celebrated a number of accomplishments, including opening two new branches in Farmington Hills and Sterling Heights and completing renovations of our St. Clair Shores and Shelby Township branches.

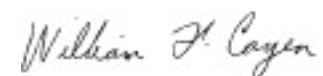
In addition to expanding our physical presence, MSGCU welcomed more than 10,000 new members in 2017 who chose to make MSGCU their financial home. Our members are the guiding factor in every conversation, decision, and service at MSGCU. We're truly honored to know that the feeling is mutual, as we continue to earn a 97% member satisfaction rating.

We remain committed to the Credit Union philosophy of "People Helping People," and are focused on strategic growth that gives our members convenient access and a full range of products and services to fulfill their needs. Our goal is to give back to our members by providing them with the knowledge and the support they need to lead a successful financial life.

MSGCU continued its community Giving Back program in 2017, with all branches donating time and resources to charitable organizations in their local communities. In addition, we offered more than \$80,000 in scholarships to high school students, college students and first responders. Classroom Cash Grants totaling more than \$46,000 were awarded to help fund innovative learning experiences in our schools.

We simply couldn't be more inspired to be the best financial partner for our members and their families, because their financial success is our mission. MSGCU has been dedicated to the financial wellbeing of our members for more than 60 years and we look forward to continuing this tradition. We thank you for your trust in us, and your longstanding membership.

Sincerely,



William Cayen
Board Chairman



Peter Gates
President/CEO



Taking
AN INTEREST IS
THE FIRST STEP
IN OUR PROCESS

The way we're different makes a difference.

At MSGCU, we measure our success in terms of yours. Members and communities are at the center of everything that we believe in and everything that we do. You have goals to reach and dreams to achieve, and we are here to help you prosper.

We believe that every conversation we have with you—every day—matters. That's why our team members are friendly, helpful, and ready to listen. While other institutions are most concerned with their bottom line, we are interested in being an advocate and a trusted advisor—solving problems with sensible solutions that fit your particular needs.

We understand that great rates and low fees are high priorities when choosing a financial partner. As a not-for-profit credit union, we are able to structure our loan and savings products to benefit you, not a group of outside investors. Nothing satisfies us more than saving you money with a better rate or a smarter solution.

We are deeply committed to the Michigan communities we serve. We're proud to be part of the local fabric—volunteering time, donating resources, and offering free educational programs—helping friends and neighbors learn how to optimize their financial wellbeing and bring their dreams to life.

Our branches in Macomb, Oakland, and Wayne counties serve thousands of members, including many in the Metro Detroit area. In fact, anyone living or working in Michigan's Lower Peninsula is eligible to become a member. We are also available to all of our members online, via phone, or through our mobile app.

We see first-hand every day what can happen when caring, collaboration, and community come together. And, we are honored to have fiercely loyal members who trust we are doing everything possible to help them achieve their dreams.



YOUR BEST
INTEREST
IS OUR BEST
INTEREST

Growing stronger, member by member.

At Michigan Schools and Government Credit Union, we are dedicated to helping our members reach their financial goals. We thank you for a successful 2017, which included the following accomplishments:

Membership

MSGCU wouldn't be where it is today without your membership. We were pleased to welcome 10,229 new members in 2017 who chose to make MSGCU their financial home. Our MSGCU family grew to 119,258 members by the end of 2017.

2017 Awards

We were honored to be selected by the Michigan Credit Union League as the recipient of three prestigious awards, recognizing our efforts in community outreach.

- **2017 Louise Herring Philosophy-in-Action Member Service Award** for saving members more than \$2 million in interest over a three-year period with our Visa Balance Transfer program. In many cases, members were paying rates as high as 29.99% with other financial institutions. We helped them discover how much faster they could pay off their balances thanks to the significantly lower interest rates of MSGCU.
- **2017 Desjardins Adult Financial Education Award** for our inclusive approach to teaching members and area residents how to build a personalized path to financial wellbeing. This year we reached 1,000+ adults at over 70 financial workshops offered in-branch and out in the community.
- **2017 Desjardins Youth Financial Education Award** for our innovative youth programs including Financial Reality Fairs, High School Marketing Campaign Competition and classroom workshops aimed to reach students where they are most comfortable and eager to learn. In all, we worked with 27 schools and several colleges to present 153 classroom workshops and reach over 4,220 students.

We are humbled to have been named a Top Workplace by the *Detroit Free Press* for the fifth consecutive year. We sincerely believe this recognition is a reflection of our team's endless commitment to helping more members realize more of their financial goals.



MONEY
IS JUST THE
START OF WHAT
we do

See what wonderful things can happen when caring, collaboration and community work together.

MSGCU thrives because of our members and the communities we serve. Knowing this, we are dedicated to giving back in numerous ways, including:

Classroom Cash Grants: Rewarding Innovation

MSGCU was pleased to award more than \$46,000 in grants to 63 local educators. The Classroom Cash Grant Program awards teachers who are working to enhance their students' learning experiences. Winners are chosen using an online voting system at classroomcash.org.

Scholarships: Upholding the Value of Education

As a credit union founded by educators, we strongly believe in the power of education. We were proud to offer more than \$80,000 to students in 2017 to help offset the costs of higher education and recognize academic achievement and community involvement. Scholarships were awarded to high school seniors, students studying education and future first responders.

Financial Education and Community Partnership

Acting on the Credit Union philosophy of "People Helping People," MSGCU participated in many events to promote financial wellbeing to both our members and the community at large. This included partnering with 51 schools, libraries, businesses and community centers, participating in 28 community events, hosting 277 financial education workshops and helping over 6,000 community members with their financial education.

Giving Back to Our Communities

MSGCU's dedication to excellence extends beyond our offices. Employees honor the values and core competencies held by the Credit Union through their volunteer efforts. More than 130 local organizations benefited from 2,200 volunteer hours provided by all levels of employees in 2017.



WE ARE
DRIVEN PURELY
BY PEOPLE,
NOT BY PROFIT

A message from the Audit Committee.

The primary responsibility of the Audit Committee is to ensure that Michigan Schools and Government Credit Union is managed soundly and that members' assets are being appropriately safeguarded.

The Audit Committee engaged the certified public accounting firm of Doeren Mayhew to perform an independent audit of the Credit Union's financial statements for the year ending December 31, 2017. Any reported suggestions have been forwarded to the Board of Directors and management for their review and handling.

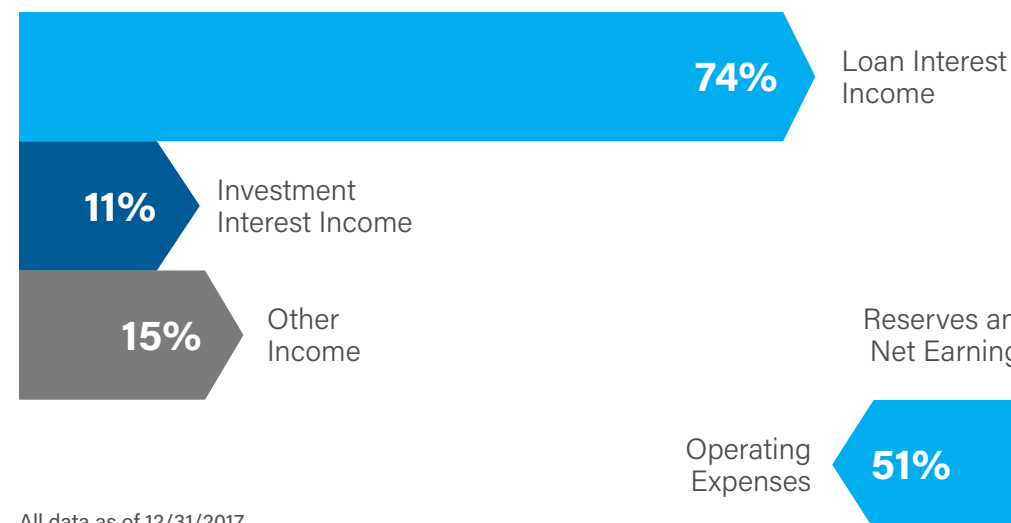
During 2017, the certified public accounting firm of Rehmann Robson conducted audits of various Credit Union operations and reported results to the Audit Committee and management. There were no major exceptions in any of their findings.

Sincerely,

Charles Thomas

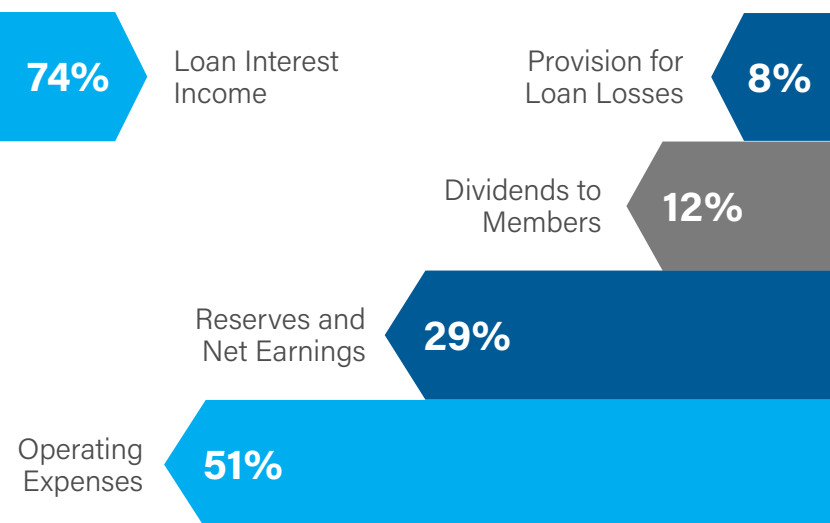
Charles Thomas
Director & Audit Committee Chairperson

Sources of Revenue



All data as of 12/31/2017

Uses of Revenue

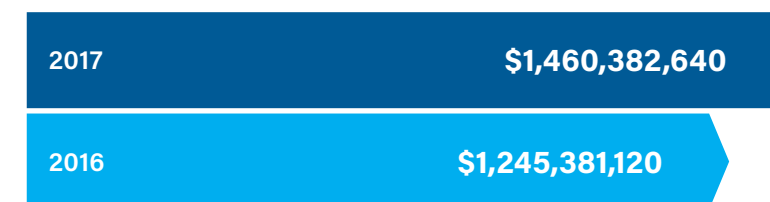


Statistics

Assets



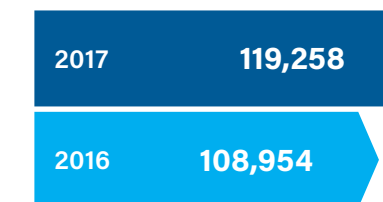
Loans



Capital/Retained Earnings



Members



Balance Sheet

Assets	2017	2016
Cash and Investments	\$319,627,676	\$358,167,395
Loans to Members	\$1,460,382,640	\$1,245,381,120
Land, Buildings, and Equipment	\$45,700,241	\$39,629,892
Other Assets	\$27,867,832	\$26,727,091
Total Assets	\$1,853,578,389	\$1,669,905,498
Liabilities and Net Worth		
Member Savings	\$1,591,277,884	\$1,456,389,723
Other Liabilities	\$34,932,416	\$11,503,385
Retained Earnings	\$227,368,089	\$202,012,390
Total Liabilities and Net Worth	\$1,853,578,389	\$1,669,905,498

Income Statement

Income	2017	2016	Operating Expenses	2017	2016
Interest on Loans	\$65,196,947	\$57,451,709	Salary and Benefits	\$24,925,650	\$22,024,912
Interest on Investments	\$9,748,530	\$6,813,456	Board and Staff Expenses	\$783,200	\$683,205
Total Interest Income	\$74,945,477	\$64,265,165	Office Operations	\$9,888,604	\$9,093,905
Cost of Funds			Promotions and Advertising	\$2,950,494	\$2,191,965
Interest and Dividends Expense	\$10,563,412	\$8,324,343	Loan Servicing	\$4,919,084	\$5,038,757
Interest on Borrowed Funds	\$111,543	\$40,480	Professional & Outside Services	\$1,580,192	\$1,510,096
Total Cost of Funds	\$10,674,955	\$8,364,823	Other Expenses	\$401,654	\$569,342
Net Interest Income	\$64,270,522	\$55,900,343	Total Operating Expenses	\$45,448,878	\$41,112,182
Non-Interest Income	\$13,734,055	\$12,744,399	Net Income Before Loss Loan Provision	\$32,555,699	\$27,532,560
Total Income	\$78,004,577	\$68,644,742	Provision for Loan Losses	\$7,200,000	\$3,450,000
			Net Income	\$25,355,699	\$24,082,560

Meet the volunteers who define our direction.

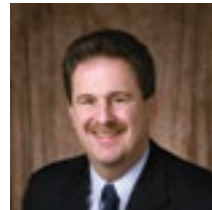
We are proud to have this group of distinguished professionals represent
MSGCU members on our Board of Directors.



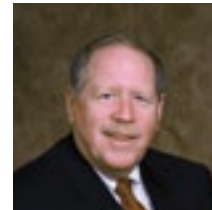
William Cayen
Chairman



Milo Perrerault
Vice Chairman



Richard Maierle
Secretary



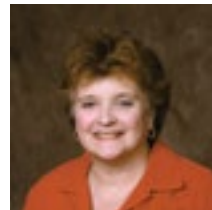
James McCann
Treasurer



Elizabeth Argiri
Director



Edward Callaghan
Director



Teresa DiMaria
Director



Richard Shoemaker
Director



Douglas Smith
Director



Charles Thomas
Director



Stephen Thomas
Director

We humbly thank you for choosing MSGCU
as your financial advocate.

We look forward to serving you in 2018.





Michigan Schools and Government Credit Union
is proud to have a 97% member satisfaction rating.*

Visit a branch

Find your nearest branch
at msgcu.org/locations

Mon–Wed: 9 a.m.–5 p.m.
Thu–Fri: 9 a.m.–6 p.m.
Sat: 9 a.m.–1 p.m.

Find us online

It's easy to keep in touch.
Visit msgcu.org/contact-us

Live Chat: msgcu.org/chat
Mon–Fri: 8 a.m.–8 p.m.
Sat: 9 a.m.–1 p.m.

Give us a call

Toll Free: 866.674.2848

Mon–Wed: 8 a.m.–5 p.m.
Thu: 8 a.m.–6 p.m.
Fri: 8 a.m.–7 p.m.
Sat: 8 a.m.–1 p.m.

*Overall member satisfaction rating based on 2017 Member Satisfaction Survey data.