



2017 Annual Report



Helping you to unleash the potential in your financial future

Member Owned

The Ohio Educational Credit Union (OHecu) is a not-for-profit financial cooperative providing superior financial products, services and convenience to its members. We are a member-owned organization; our members are our only shareholders. OHecu provides similar services to that of banks, but is different from other financial institutions because it operates as a separate entity solely for the benefit of its members (owners). Our Board of Directors is composed of unpaid volunteers elected from and by the membership.

The essential purpose of OHecu is to promote thrift and provide low-cost credit for provident purposes. As our Mission Statement indicates, OHecu is a full-service financial institution. It is our goal to recognize and understand the unique needs of individual members and to fulfill those needs through a variety of diversified products and services. We are committed to assisting and educating our members in establishing and enhancing their financial well-being.

OHecu is chartered by the State of Ohio to provide its member-owners with the financial security, flexibility and convenience so necessary in today's busy and ever-changing world. Also, all member deposits are insured by American Share Insurance up to \$250,000 per account.

Mission Statement

Building our members' financial future through a full range of superior financial services, education and exceptional value.

Whom We Serve

Membership in The Ohio Educational Credit Union is just that—membership. Our members are not customers, clients or guests—they are owners, and owners have many privileges. OHecu now serves individuals from a variety of organizations. The varied OHecu membership includes students, alumni, employees and retirees from primary and secondary schools, universities, teaching hospitals and public and private trade schools throughout Ohio. In addition to educational institutions, OHecu also serves individuals from several businesses, manufacturers, community service organizations, home health care providers, day-care services and arts organizations. Ever mindful of the goal of establishing and enhancing its members' financial well-being, OHecu focuses on, and caters to, the individual needs of its members and their families and assists them in building their financial future.

A Long History of Financial Security

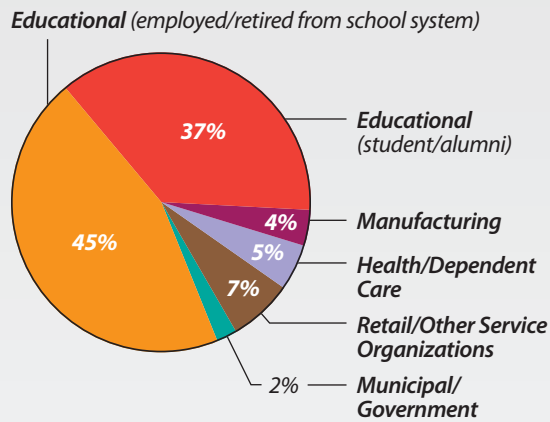
It has been nearly 85 years since the May 1933 incorporation of The Cleveland Teachers Credit Union, now known as The Ohio Educational Credit Union. Over the many years that followed, OHecu provided quality service to its members based on the fundamental principle underlying the financial cooperative—"People helping People." From its inception, OHecu provided a diverse selection of quality services for employees and family members of the Cleveland Public School System. Changes to the charter have opened OHecu membership to all educational institutions throughout the State of Ohio.

The Board of Directors, committees and employees are comprised of individuals who bring with them the full spectrum of financial and credit union experience, and together they form a progressive and forward-thinking team. It is this strong team that provides a foundation for the delivery of quality service to the membership. OHecu continues to invest in the development of its employees and services, to assist our members in building their financial futures.



Membership Diversity

The Ohio Educational Credit Union is very proud of its financial strength and stability. Throughout our 85-year history we have been faithful to our fundamental principle of “People helping People.” Our membership represents many diverse professions, with education being the most significant.



The above chart is unaudited.

Membership Services

The Ohio Educational Credit Union is ready to assist its members by providing quality financial services for all stages of their lives. With OHeCU, the members enjoy single-source convenience and the security of dealing with a reliable, established organization of financial specialists to assist them in building their financial futures.

Deposit Products:

- Regular Savings Accounts
- Share Draft (Checking) Accounts
- Money Market Accounts
- Term Certificates
- Individual Retirement Accounts (IRA)
- Special Savings Accounts
 - Holiday Savings
 - Vacation Savings
 - Summer Reserve Pay

Loan Products:

- New & Used Auto Loans & Leases
- Boat & Recreational Vehicle Loans
- First Mortgage Loans
 - FHA Loans
 - HARP Loans
 - USDA Rural Housing Loans
- Home Equity Lines of Credit
- Private Student Loans
- Consolidated Student Loans
- Credit Cards
- Quick-Cash Personal Loans
 - Line-of-Credit
 - Term Loans

Convenience Services:

- Mobile & Text Banking
- Internet Home Banking at www.ohecu.com
- 24/7 Member Service Center
- 24/7 Loan Service Center
- ATM Cards & Debit Cards—Alliance One, Money Pass, Credit Union 24CUHERE and Credit Union 24CUHERE Select ATM networks with over 14,000 non-surcharge ATMs
- “Toni” The Touch-Tone Teller
- Credit Union Service Centers® Shared Branching
- Direct Deposits
- Remote Deposit
- Identity Theft Monitoring and Resolution Service
- Auto Loans & Leases Available at Select Dealerships

Added Services:

- Insurance Products
- Student Education Assistance Programs
- Notary Services
- Domestic and International Wire Transfers

Report of the President

The Ohio Educational Credit Union (OHeCu) is committed to providing value-based services to our membership. Your Board of Directors is committed to meeting the needs of our membership today and positioning the Credit Union for the future. We are financially strong and the report of the Treasurer and Chief Executive Officer provides specifics on the continued financial performance of the Credit Union.

OHeCu has a rich history of providing financial products and services to its membership under the movement’s philosophy of “people helping people.” For 85 years we have made a difference in our members’ lives and daily we work to maintain their loyalty. To learn more about OHeCu’s history and the cooperative principles that make us different visit www.ohecu.com. The information is in the Credit Union Difference section under the tab About Us.

We invested a significant amount of time and resources in 2017 preparing for the future. The most significant change was the enhancing of our Downtown Cleveland branch and establishing a new administrative/operation center. The methods by which the membership utilizes the services of the Credit Union has changed significantly over the past twenty years. Over 98% of all monetary activity is performed through electronic delivery channels. While we are committed to providing state of the art electronic services, we also value the personal interactions with our members. We further realized that the physical facilities needed to be modernized and the Credit Union took advantage of an opportunity to accomplish this in 2017. We were able to modernize the Downtown Cleveland branch in an upcoming campus neighborhood that is still centrally located. We also established a smaller and more efficient administration/operation center with enhanced technology to meet the members’ growing needs for electronic services. The gain on the sale of the corporate headquarters building on East 22nd Street was partially invested back into the tools needed to meet our memberships’ service needs and the remaining funds were placed in members’ equity to meet the future growth needs of the membership.

Member utilization of electronic services continued to expand during 2017. This year we saw home banking users increase by 7%. Members utilizing the mobile banking app, which includes remote deposit capability, have increased by 15%. The members that have made the choice to add the convenience of electronic statement delivery also grew by 16%. All of these changes enhance member convenience and improve your Credit Union’s efficiency in delivering service. Further, OHeCu is in its fourth year of providing vehicle leasing. During 2017 \$9.8 million in vehicle leases were originated. Vehicle financing makes up 59% of the loan portfolio and continues to be one of the premier services of your Credit Union.

OHeCu membership represents many diverse professions as well as an active student base working to build their futures. Thirty-seven percent (37%) of the membership consists of current students and alumni of schools in Ohio, 45% are employed or retired from Ohio schools and 18% come from other service organizations, including health/dependent care, manufacturing, retail and government organizations.

We are committed to continue providing personal service and the high quality financial products that deliver exceptional value to the membership. On behalf of the Board of Directors, we thank you for the support you provide your Credit Union.

Respectfully submitted,

Tony H. Smith, Sr., *President of the Board of Directors*



Directors

Mr. Tony H. Smith, Sr. — Board President

Former Vice President of Operations,
Ohio Aerospace Institute

Mr. Jackson M. Boyd — Board Vice President

Executive Director,
Eastern Ohio Education Association
Former mathematics/computer teacher
Zanesville City Schools

Mr. Mario Danese — Board Treasurer

Controller, Mader Machine Company

Ms. Mychael C. Henderson — Board Secretary

Director of Payroll,
Cleveland Metropolitan School District

Mr. Mark R. Bates

Chief Financial Officer,
Scott Enterprises

Ms. Carol A. Creel

Former Director of Special Projects,
Cleveland Metropolitan School District

Mr. Robert W. Dolan

Assistant Director Finance/Deputy Fiscal Officer,
Cuyahoga County Public Library

Mr. Richard M. Gore

Former Director of Distance Learning Services, WWIZ
Former Director, Division of Career and Technical
Education, Cleveland Metropolitan School District

Mrs. Melody C. Patterson

Payroll Specialist,
Cleveland Metropolitan School District

Mr. Patrick J. Polen

IT Manager,
Dexxon Digital Storage Inc.

Report of the Treasurer & Chief Executive Officer

The Ohio Educational Credit Union (OHecu) experienced another successful year in 2017, a year filled with many changes. Strong vehicle loan demand continued during the year. While the net loan portfolio showed a slight decrease in 2017, the primary driver of this was the strategic move to pass most newly originated fixed rate mortgage loans to the secondary market rather than holding them within the Credit Union portfolio. This strategic move was done to maintain a well balanced portfolio while meeting the financial service needs of the membership. Net loans to members represent 77% of all assets as of the end of the year. Total loan dollars issued in 2017, including advances on existing lines of credit, was \$41 million. Loans retained in the portfolio represent \$35 million or 86% of all originations.

The loan portfolio remains well-diversified and well-positioned to manage interest rate risk. Loans outstanding to members consist of: 59% new and used autos, 14% closed-end mortgages, 14% home equity lines-of-credit, 4% credit cards, 2% signature products, 7% other secured and student loans. Approximately 93% of the loan portfolio is collateralized loans. Earning assets represent 94% of all assets at year-end 2017.

Net loan losses in 2017 increased \$77,971 from 2016. The increase was attributed to several real estate loans. The net provision for loan loss expense in 2017 was \$294,892, which was \$72,029 lower than 2016. The Credit Union continues to maintain adequate reserves to cover potential losses.

Member deposits represented \$116.5 million at year-end 2017. The mix of member deposits includes regular savings representing 53% of all deposits and term certificates representing 12%. The transaction account services, which include checking and money market accounts, represent 34% of all deposits and the remaining 1% is in IRA savings.

Member deposits that are not immediately used to fund loan demand are prudently invested in a well-diversified investment portfolio. The portfolio represents 13% of total assets and consists of interest-bearing deposits with insured financial institutions (20%), securities available for sale (42%), securities held to maturity (24%) and capital participation certificates (14%). Based on accounting treatment adopted by the Credit Union, the portfolio is recorded at market value each month. At the end of 2017, the investment valuation allowance of \$92,440 represents 0.6% of the total portfolio.

Non-interest income is primarily generated through transaction services fees. However, the Credit Union benefited from the sale of fixed assets during the year which increased the non-interest income by \$746,907. Non-interest income from operations was 46% of all revenue. Non-interest revenue is utilized to make available the many transaction service conveniences that the membership continues to utilize. These services include more than just savings and loan products such as: 24/7 Member Service Center support, mobile & text banking, 14,000 non-surcharge ATMs, 5,100 shared branches, debit cards, remote deposit and much more.

Members' equity remains strong at 7.76%. This level of members' equity (Capital) classifies the Credit Union as "well capitalized" by the regulatory agencies that oversee its financial performance. Members' equity increased \$463,052 during 2017, with an increase of \$510,585 from operations and sale of fixed assets and was offset by a decrease of \$47,533 from change in market value of available for sale investments.

Respectfully submitted,

Mario Danese, Treasurer

Jerome R. Valco, Chief Executive Officer

Credit Committee

Mr. Mark R. Bates — Chairperson

Chief Financial Officer,
Scott Enterprises

Mr. Jackson M. Boyd — Board Vice President

Executive Director,
Eastern Ohio Education Association
Former mathematics/computer teacher
Zanesville City Schools

Ms. Mychael C. Henderson

Director of Payroll,
Cleveland Metropolitan School District

Mr. Patrick J. Polen

IT Manager,
Dexxon Digital Storage Inc.

Credit Committee Report

The Credit Committee meets monthly to review credit applications that are outside of normal guidelines, evaluate loan portfolio performance and monitor lending practices to help ensure compliance with lending regulations and the Credit Union's loan policy. Loan applications that have been denied were shared with the Committee on a weekly basis. The Credit Committee also reviewed all special lending products and made appropriate recommendations to the Board of Directors.

In 2017, \$35 million in new loans were generated for the loan portfolio which is a decrease from the nearly \$44 million originated in the prior year. The lower portfolio production was due to a decrease in first mortgage loans retained on the Credit Unions books. Most first mortgage loans originated in 2017 were passed to the secondary market as the Credit Union focused on meeting the membership's strong demand for vehicle loans. The Credit Union has continued to increase its concentration in vehicle loans and leases while maintaining an adequate mix of fixed and variable rate real estate loans. The portfolio contains 59% in new and used auto loans, 14% in closed-end mortgages, 14% in home equity lines-of-credit, 4% in credit card lending, 2% in signature products and 7% other secured and student loans. Approximately 94% of the loan portfolio is in collateralized loans.

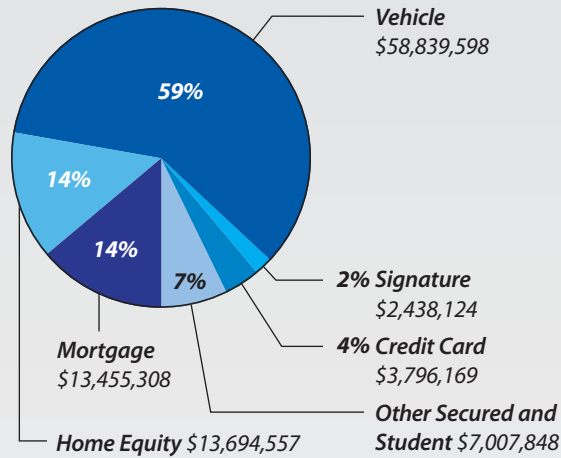
The loan portfolio continues to perform well with 99.05% of outstanding loan balances receiving regularly scheduled payments. Loan write-offs increased during 2017 as compared to 2016, while still maintaining an appropriate reserve to cover potential losses. Required funding to the loan loss reserve was \$72,029 lower in 2017 than the prior year and is being maintained at a level sufficient to meet any losses associated with non-performing loans. The Credit Union continues its aggressive posture in dealing with long-term delinquencies and removing those obligations from our portfolio.

Respectfully submitted,

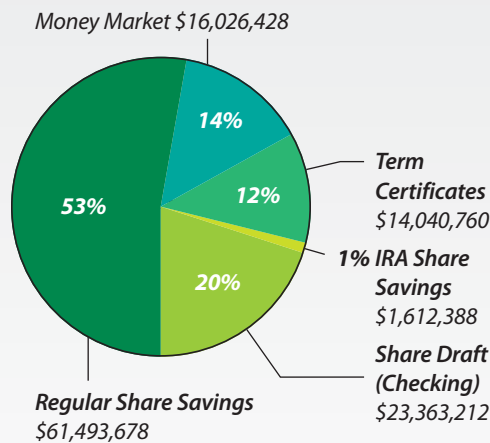
Credit Committee

Mark Bates, Chairperson

Loan Portfolio — 2017



Deposit Portfolio — 2017



The above charts are unaudited.

Independent Auditor's Report on Summary Financial Statements

To the Board of Directors and Supervisory Committee of The Ohio Educational Credit Union

The accompanying summary financial statements of The Ohio Educational Credit Union, which comprise the summary statements of financial condition as of December 31, 2017 and 2016, and the related summary statements of earnings, are derived from audited financial statements of The Ohio Educational Credit Union as of and for the years ended December 31, 2017 and 2016. We expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2018.

The summary financial statements do not contain all of the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of The Ohio Educational Credit Union.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the summary financial statements under accrual basis of accounting.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements of The Ohio Educational Credit Union as of and for the years ended December 31, 2017 and 2016, referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived.

March 14, 2018
Troy, Michigan

Statements of Financial Condition — December 31, 2017 and 2016

ASSETS	2017	2016
Cash and due from financial institutions	\$ 681,557	\$ 1,664,099
Fed funds sold	7,336,195	2,885,307
Total cash and cash equivalents	8,017,752	4,549,406
Interest bearing deposits	3,224,263	6,448,000
Investment securities		
Available-for-sale	6,916,778	3,462,803
Held-to-maturity	3,977,504	1,984,000
Loans to members, net of allowance for loan losses	98,423,762	103,401,616
Accrued interest receivable	477,272	453,466
Property and equipment	1,105,195	2,740,709
Share insurance deposit	1,531,010	1,500,071
Capital share deposits	2,232,960	2,232,960
Other assets	1,414,844	1,187,973
Total assets	\$ 127,321,340	\$ 127,961,004
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares and savings accounts	\$ 116,536,466	\$ 117,769,997
Accounts payable and other accrued liabilities	895,275	764,460
Total liabilities	117,431,741	118,534,457
Commitments and contingent liabilities	—	—
Members' equity	9,889,599	9,426,547
Total liabilities and members' equity	\$ 127,321,340	\$ 127,961,004

Statements of Income — Years Ended December 31, 2017 and 2016

Interest income	2017	2016
Loans receivable	\$ 3,634,917	\$ 3,583,514
Investments		
Fed funds sold	69,467	24,759
Non-negotiable certificates of deposit	50,955	57,805
Securities	127,949	121,564
Total investment interest income	248,371	204,128
Total interest income	3,883,288	3,787,642
Interest expense		
Interest on borrowed funds	2,467	—
Interest and dividends on members' shares and savings accounts	82,518	94,379
Total interest expense	84,985	94,379
Net interest income	3,798,303	3,693,263
Provision for loan losses	294,892	366,921
Net interest income after provision for loan losses	3,503,411	3,326,342
Non-interest income		
Fees and charges	2,369,447	2,521,973
Interchange fees	622,897	616,675
Gain on sale of fixed assets	746,907	—
Other	165,226	176,808
Total non-interest income	3,904,477	3,315,456
Non-interest expenses		
Compensation and benefits	2,856,784	2,795,541
Office operations	1,099,183	917,803
Data and product services	1,963,975	1,909,729
Occupancy	628,318	604,529
Member education and promotion	210,075	175,753
Professional fees	88,407	95,898
Other	50,561	38,317
Total non-interest expenses	6,897,303	6,537,570
Net Income	\$ 510,585	\$ 104,228

Statements of Members' Equity — Years Ended December 31, 2017 and 2016

	Appropriated Statutory	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Members' equity – January 1, 2016	\$ 3,699,194	\$ 5,668,032	\$ (48,514)	\$ 9,318,712
Comprehensive income (loss)				
Net income	—	104,228	—	104,228
Other comprehensive income	—	—	3,607	3,607
Comprehensive income	—	104,228	3,607	107,835
Members' equity – December 31, 2016	\$ 3,699,194	\$ 5,772,260	\$ (44,907)	\$ 9,426,547
Comprehensive income				
Net income	—	510,585	—	510,585
Other comprehensive loss	—	—	(47,533)	(47,533)
Comprehensive income (loss)	—	510,585	(47,533)	463,052
Members' equity – December 31, 2017	\$ 3,699,194	\$ 6,282,845	\$ (92,440)	\$ 9,889,599



OHecu Owned ATM Locations

Cleveland Office

Walk-Up, Full-Service ATM
Drive-Up, Full-Service ATM
 2921 Community College Avenue
 Cleveland, OH 44115

OHecu Lakewood Office

Walk-Up, Full-Service ATM
 17526 Madison Avenue
 Lakewood, OH 44107

OHecu Oberlin Office

Walk-Up, Full-Service ATM
 55 East College Street, Suite 2
 Oberlin, OH 44074

OHecu Zanesville Office

Drive-Up, Full-Service ATM
 1075 Linden Avenue
 Zanesville, OH 43701

OHecu Walk-Up, Cash Dispensing ATM

(Located in St. Vincent Charity Medical Center)
 2351 East 22nd Street
 Cleveland, OH 44115

OHecu Walk-Up, Cash Dispensing ATM

(Located in Wilder Hall at Oberlin College)
 173 Lorain Street
 Oberlin, OH 44074

OHecu Office Locations

Cleveland

2921 Community College Avenue
 Cleveland, OH 44115
 Phone: 216-357-5200

Office Hours:

Monday — Thursday: 8:30 AM – 4:30 PM
 Friday: 8:30 AM – 6:00 PM
 Saturday & Sunday: Closed

Lakewood

17526 Madison Avenue
 Lakewood, Ohio 44107
 Phone: 216-221-3800

Office Hours:

Tuesday — Thursday: 9:00 AM – 4:30 PM
 Friday: 9:00 AM – 6:00 PM
 Saturday: 9:00 AM – 1:00 PM
 Sunday & Monday: Closed

Oberlin

55 East College Street, Suite 2
 Oberlin, OH 44074
 Phone: 440-775-0037

Office Hours:

Tuesday — Thursday: 8:30 AM – 4:30 PM
 Friday: 8:30 AM – 6:00 PM
 Saturday: 8:30 AM – 1:00 PM
 Sunday & Monday: Closed

Zanesville

1075 Linden Avenue
 Zanesville, OH 43701
 Phone: 740-453-1009 or 800-686-0664

Office Hours:

Monday — Thursday: 8:30 AM – 4:30 PM
 Friday: 8:30 AM – 6:00 PM
 Saturday: 8:30 AM – 1:00 PM
 Sunday: Closed

24/7 Member Service Center

Phone: 877-322-6328

24-Hour Loan Application Center

Phone: 800-552-6328

Student Choice Student Loans

Phone: 877-289-1199

“Toni” The 24-Hour Touch-Tone Teller

Phone: 216-696-6600 or (800) 433-8664

Internet Home Banking

www.ohecu.com



We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.

Ohio Residents: The Ohio Laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law.



YOUR DEPOSITS ARE INSURED TO \$250,000 PER ACCOUNT.

THIS INSTITUTION IS NOT FEDERALLY INSURED. MEMBERS' ACCOUNTS ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENT OR GOVERNMENT-SPONSORED AGENCY