



2018 Annual Report

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

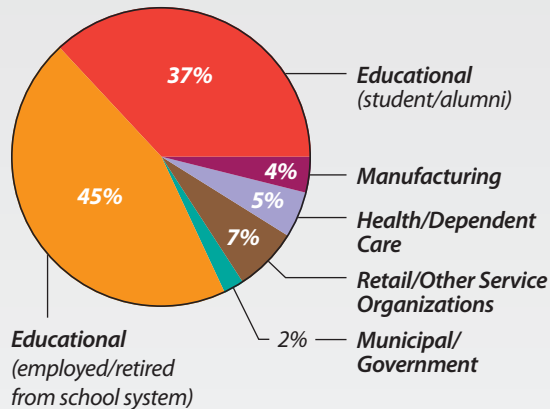
It has been nearly 86 years since the May 1933 incorporation of The Cleveland Teachers Credit Union, now known as The Ohio Educational Credit Union. Over the many years that followed, OHecu provided quality service to its members based on the fundamental principle underlying the financial cooperative—"People 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 86-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
 - VA Loans
 - USDA Rural Housing Loans
- Home Equity Lines of Credit
- Consolidated Student Loans
- Credit Cards
- 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) has been meeting its members' financial service needs for over 86 years. The financial position of the Credit Union is strong and we continue to deliver exceptional value to the membership. The report of the Treasurer and Chief Executive Officer provides specifics on the continued financial performance of the Credit Union.

Your Board of Directors is committed to meeting the needs of our membership today and positioning the Credit Union for the future. We continue to look for new opportunities to serve our members. While technology continues to change how members utilize the Credit Union, the Credit Union remains focused on providing quality service and exceptional value through any of the secure delivery channels selected by the member.

Member utilization of electronic services continued to expand during 2018. This year we saw home banking users increase by 4%. Members utilizing the mobile banking app, which includes remote deposit capability, increased by 3%. The members that made the choice to add the convenience of electronic statement delivery also grew by 10%. All of these services enhance member convenience and improve your Credit Union's efficiency in delivering service.

The use of electronic signatures on loan documents is a service the membership has embraced. Members are able to apply for loans via a computer or mobile device and also sign the loan documents via these same devices without ever stepping into an office. This literally puts several of the loan services at the members' finger tips. This convenience is available for credit cards, signature loans, and vehicle loans.

OHecu is in its fifth year of providing vehicle leasing with \$13.6 million originated during the year 2018. Vehicle financing, including the leasing program, makes up 64% of the loan portfolio and continues to be one of the premier services of your Credit Union.

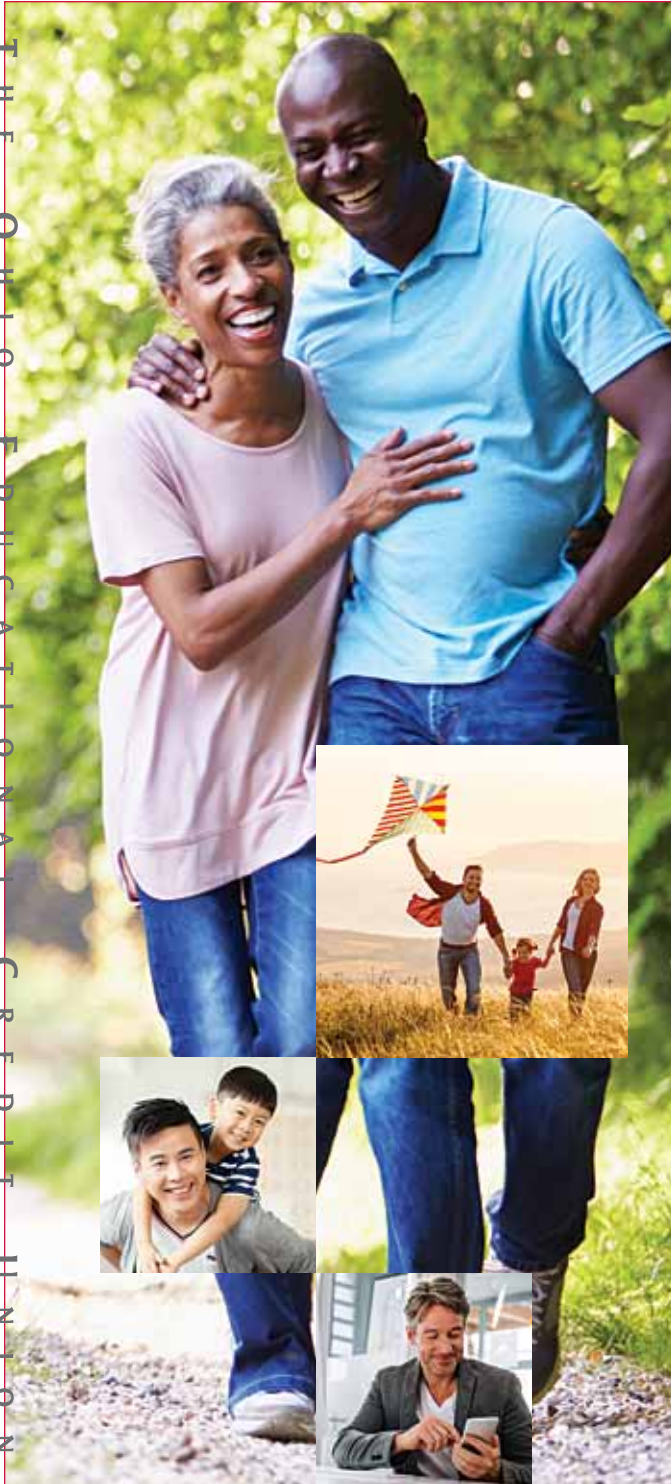
OHecu has served several generations of family memberships and we are ready to serve the next. Family membership is an important part of the cooperative movement. Families pass on to the next generation knowledge about money management and the value of credit union services. During this past year, 21% of the new memberships were the result of a family or friend referral. The relationship with the schools and businesses served by the Credit Union is also an important way to extend knowledge of the Credit Union benefit. Thirty-one percent of the new memberships in 2018 were from events that the Credit Union held with the schools and other employers.

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 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 Credit Union experienced another year of strong loan demand from the membership. Total loan dollars issued in 2018, including advances on existing lines of credit, was \$48 million. This represented an increase of 22% over 2017. At year-end 2018 net loans to members represented 80% of all assets. Strong vehicle loan and lease requests continued during the year and the Credit Union was able to meet the needs of the members. Gross loan and lease advances for vehicle products exceeded \$29 million, a 26% increase over 2017. Approximately 89% of the loan portfolio was made up of collateralized loans. Also, earning assets represented 95% of all assets at year-end 2018.

The Credit Union worked through a difficult challenge in 2018 related to one of the service providers associated with its private student loan program. The Credit Union utilized the services of ReliaMax Surety to provide default insurance protection on the private student loan portfolio. In June 2018 ReliaMax Surety was placed in conservatorship by the South Dakota Department of Insurance. The conservatorship of ReliaMax Surety resulted in the loss of the default insurance protection for the private student loan portfolio. The Credit Union made the required accounting entries to recognize the write-off of the unearned premiums previously paid to ReliaMax Surety along with the increased funding to the loan allowance to cover future loan losses from this portfolio. The one time entries for this event were fully recorded in 2018 at \$753,000, which was partially off-set by \$320,483 in net earnings from operations. The private student loan portfolio is performing well and remains a profitable product.

Net loan charge-offs increased in 2018 by \$45,607 primarily related to student loans. The net provision for loan loss expense in 2018 was \$535,501, which was \$241,707 higher than 2017 and attributable to the loss of the default insurance protection for the private student loan portfolio. The higher funding of the loan reserves was part of the one-time entries referenced earlier. The Credit Union continues to maintain adequate reserves to cover potential losses.

Member deposits represented \$112.7 million at year-end 2018. The mix of member deposits included regular savings representing 54% of all deposits and term certificates representing 12%. The transaction account services, which include checking and money market accounts, represented 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 represented 11% of total assets and consists of interest-bearing deposits with insured financial institutions (17%), securities available for sale (59%), securities held to maturity (24%) and capital participation certificates (16%). Based on accounting treatment adopted by the Credit Union, the portfolio is recorded at market value each month. At the end of 2018, the investment valuation allowance of \$201,183 represented 1.5% of the total portfolio.

Members' equity remained strong at 7.56%. This level of members' equity (Capital) classifies the Credit Union as "well capitalized" by the regulatory agencies that oversee its financial performance. Members' equity decreased \$541,261 during 2018, with an increase of \$320,483 from operations, a reduction of \$753,000 from the conservatorship of ReliaMax Surety and a decrease of \$108,744 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 — Board Secretary

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 are shared with the Committee on a weekly basis. The Credit Committee also reviews all special lending products and makes appropriate recommendations to the Board of Directors.

In 2018, \$43 million in new loans were generated for the loan portfolio which is a 22% increase from the \$35 million originated in the prior year. The higher portfolio production was seen in all product types except for private student loans. The most significant increase was seen in vehicle loans and leases, with production growing by 26%. 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 64% in new and used auto loans, 12% in closed-end mortgages, 12% in home equity lines-of-credit, 4% in credit card lending, 2% in signature products and 6% in other secured and student loans. Approximately 89% of the loan portfolio is in collateralized loans.

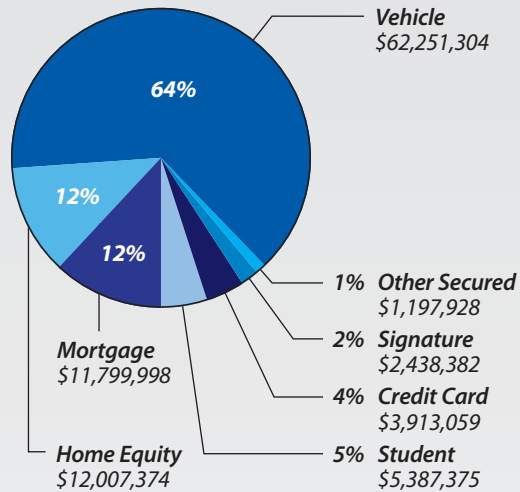
The loan portfolio continues to perform well with 99.7% of outstanding loan balances receiving regularly scheduled payments. Loan write-offs, net of recoveries during 2018 were \$46,000 higher than 2017, which is attributable to private student loans. Required funding to the loan loss reserve was \$242,000 higher in 2018 than the prior year due to the loss of the ReliMax Surety insurance guarantee on the private student loan portfolio. The loan loss reserves are 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,

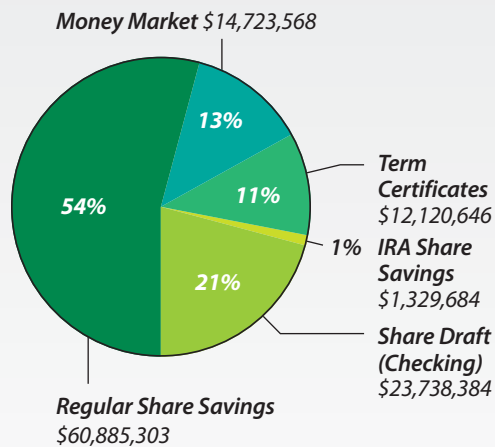
Credit Committee

Mark Bates, Chairperson

Loan Portfolio — 2018



Deposit Portfolio — 2018



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, 2018 and 2017, 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, 2018 and 2017. We expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2019.

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, 2018 and 2017, referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived.

March 9, 2019
Troy, Michigan

Statements of Financial Condition — December 31, 2018 and 2017

ASSETS	2018	2017
Cash and due from financial institutions	\$ 1,817,040	\$ 681,557
Fed funds sold	4,420,836	7,336,195
Total cash and cash equivalents	6,237,876	8,017,752
Interest bearing deposits	1,986,014	3,224,263
Investment securities		
Available-for-sale	6,904,148	6,916,778
Held-to-maturity	2,737,888	3,977,504
Loans to members, net of allowance for loan losses	98,024,815	98,423,762
Accrued interest receivable	466,330	477,272
Property and equipment	1,129,002	1,105,195
Share insurance deposit	1,514,974	1,531,010
Capital share deposits	2,232,960	2,232,960
Other assets	1,644,172	1,414,844
Total assets	\$ 122,878,179	\$ 127,321,340
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares and savings accounts	\$ 112,797,585	\$ 116,536,466
Accounts payable and other accrued liabilities	732,256	895,275
Total liabilities	113,529,841	117,431,741
Commitments and contingent liabilities	—	—
Members' equity	9,348,338	9,889,599
Total liabilities and members' equity	\$ 122,878,179	\$ 127,321,340

Statements of Income — Years Ended December 31, 2018 and 2017

Interest income	2018	2017
Loans receivable	\$ 3,734,440	\$ 3,711,272
Investments		
Federal funds sold	87,591	69,467
Non-negotiable certificates of deposit	57,054	50,955
Securities	278,211	127,949
Total investment interest income	422,856	248,371
Total interest income	4,157,296	3,959,643
Interest expense		
Interest on borrowed funds	—	2,467
Interest and dividends on members' shares and savings accounts	104,672	82,518
Total interest expense	104,672	84,985
Net interest income	4,052,624	3,874,658
Provision for loan losses	540,001	294,892
Net interest income after provision for loan losses	3,512,623	3,579,766
Non-interest income		
Fees and charges	2,321,937	2,369,447
Interchange fees	614,273	622,897
Gain on sale of fixed assets	—	746,907
Other	204,506	165,226
Total non-interest income	3,140,716	3,904,477
Non-interest expenses		
Compensation and benefits	3,016,265	2,856,784
Office operations	1,016,459	1,083,640
Data and product services	2,195,072	2,055,873
Occupancy	554,666	628,318
Member education and promotion	177,581	210,075
Professional fees	82,719	88,407
Other	43,095	50,561
Total non-interest expenses	7,085,857	6,973,658
Net (loss) income	\$ (432,518)	\$ 510,585

Statements of Members' Equity — Years Ended December 31, 2018 and 2017

	Appropriated Statutory	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Members' equity – January 1, 2017	\$ 3,699,194	\$ 5,772,260	\$ (44,907)	\$ 9,426,547
Comprehensive income (loss)				
Net income	—	510,585	—	510,585
Other comprehensive loss	—	—	(47,533)	(47,533)
Comprehensive income	—	510,585	(47,533)	463,052
Members' equity – December 31, 2017	\$ 3,699,194	\$ 6,282,845	\$ (92,440)	\$ 9,889,599
Comprehensive loss				
Net loss	—	(432,518)	—	(432,518)
Other comprehensive loss	—	—	(108,743)	(108,743)
Comprehensive loss	—	(432,518)	(108,743)	(541,261)
Members' equity – December 31, 2018	\$ 3,699,194	\$ 5,850,327	\$ (201,183)	\$ 9,348,338



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
 905 Zane Street
 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

905 Zane Street
 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

Member Service Center

Phone: 877-322-6328

24-Hour Loan Application Center

Phone: 800-552-6328

Student Choice Student Loans

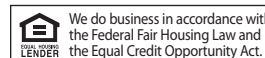
Phone: 877-289-1199

“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