

ANNUAL REPORT 2025



Building
your financial
future



www.OHecu.com | 800-552-6328

Who We Are

The Ohio Educational Credit Union (OHecu) is a full-service, not-for-profit financial institution. Our goal is to recognize and understand the unique financial needs of our individual members and fulfill those needs through a variety of diversified products and services.

The credit union founding principal of “People Helping People” is what sets us apart from other financial institutions.

Credit unions have members, not customers. When you join OHecu, you become a member and have a share of ownership. OHecu and other credit unions exist to serve and benefit their members.

We offer the same products, services, and conveniences that you’d find at a traditional bank, but often with lower fees and more competitive interest rates.

Most banks are “for-profit” and therefore, their primary objective is to increase profits for their investors and shareholders.

OHecu is chartered by the State of Ohio to provide members with the financial security, flexibility, and convenience necessary in today’s busy and ever-changing world, with all deposits insured by American Share Insurance (ASI) up to \$250,000 per account.



OHecu Mission Statement:



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

Whom We Serve



Since 1933, **The Ohio Educational Credit Union** has been focused on the financial well-being of our members. We serve students, employees, alumnus, and retirees of educational institutions across the state of Ohio, as well as individuals involved in educational services. Membership also extends to family members of current members, employees of OHecu's Select Employer Group (SEG) partners, and individuals connected to organizations with educational programs or community ties.



Students, Employees, Alumnus, & Retirees of educational institutions within the state of Ohio



Individuals Offering Educational Services or Activities (such as tutors) within the state of Ohio



Relatives of Existing Members, including spouse, child, sibling, grandparent, or grandchild



Employees of OHecu SEG Partner Businesses



Membership Services

We are dedicated to serving our members' financial needs with a comprehensive suite of products and services, including a variety of checking and savings accounts, loans, digital conveniences, and member support.

Checking & Savings

- Select Checking
- Signature Checking
- Regular Savings
- Money Markets
- Holiday Savings
- Term Share Certificates
- IRAs



Loans & Credit Cards

- Auto Loans
- Home Equity Lines of Credit
- Personal Loans
- Motorcycle Loans
- Boat & RV Loans
- Sallie Mae Student Loans
- Visa® Credit Cards

Digital Conveniences

- Online & Mobile Banking
- eStatements
- Bill Pay
- Remote Deposit
- Secure Live Chat
- Surcharge-Free ATMs
- Contactless Payments
- Visa® Purchase Alerts



2025 Accomplishments

This past year, we introduced new, tailored products and services designed to support every stage of our members' financial journey. We're proud to offer innovative solutions that make managing money simpler and more secure than ever before.

- ▶ Launched Contactless Visa® Debit & Credit Cards with a fresh redesign.
- ▶ Upgraded Online & Mobile Banking platforms to a modern, next-generation interface with customizable features.
- ▶ Enhanced Online Live Chat to include screen sharing and secure document upload capability.
- ▶ Partnered with Sallie Mae® to offer undergraduate, graduate, and postgraduate student loans.
- ▶ Introduced Practical Money Skills, a free financial education initiative designed to help members of all ages build essential money-management skills.



2026 Roadmap

Our 2026 roadmap focuses on delivering a seamless, value-driven, and easy-to-use banking experience. We've already launched a new Card Management app, allowing members to control when, where, and how their OJecu debit and credit cards are used. Later this year, we'll be integrating FedNow service for instant, real-time payments, ensuring your money moves quickly, when and where you need it.



Report of the President



It's an exciting time at The Ohio Educational Credit Union (OHeCU)! As we step into our 93rd year, we're feeling more inspired than ever by the "people helping people" philosophy at the heart of the credit union movement. From the beginning, our Board of Directors has been comprised of unpaid member volunteers who bring financial expertise and a forward-thinking governing body to keep us moving in the right direction.

OHeCU strives to meet the financial service needs of its individual members while staying true to the seven cooperative principles that are the founding basis for our organization: Voluntary Membership, Democratic Member Control, Members' Economic Participation, Autonomy and Independence, Education and Information, Concern for Community, and Cooperation Among Cooperatives. We aren't just a financial institution, we're a cooperative built by you, for you.

I am thrilled to report that OHeCU remains financially strong, with an ongoing commitment to providing products and services that offer real value. The specific details of our continued performance are included in the report of the Treasurer and Chief Executive Officer.

Our electronic services are more popular than ever, enabling members easy access to OHeCU services. We have two major initiatives launching in 2026 to expand these offerings. More details will be available in the coming months, so stay tuned! And while digital tools are helpful, nothing beats the human touch. We value the importance of having a professional staff ready to serve our members at any time. A friendly "hello" when a call is answered or a welcoming smile when you enter our branches... It all comes back to "people helping people."

Family membership is an important part of the OHeCU cooperative movement. For generations, families have trusted us, passing down positive money management skills and the value of credit union services to their children. This legacy is growing and we're ready to serve the next generation. During this past year, 12% of new members joined as the result of a family or friend referral. An additional 10% were "welcome back" moments from individuals having been a member in the past and returning to OHeCU.

Loan services have been a staple at OHeCU for nearly a century. Today, 78% of all member deposits are utilized by other members in the form of loans. While vehicle loans remain a fan favorite, interest in our Fixed Rate Home Equity Line of Credit continued to grow, resulting in a 22% increase in the product portfolio during 2025. This is another example of how OHeCU provides the right products and tools to meet the specific financial needs of our members.

Your support is the reason we can continue offering high-quality products and services that deliver exceptional value. On behalf of the Board of Directors, thank you for being the heart of this Credit Union. We're ready to serve you and the next generation for many years to come! 🍏

Respectfully submitted,
Tony H. Smith, Sr.
President of the Board of Directors

Report of the Treasurer & Chief Executive Officer

The Ohio Educational Credit Union (OHeCU) experienced another successful year in 2025 and we are excited to share the results with you. Our balance sheet grew by 5.3% thanks to strong growth in both the loan and deposit portfolios. Net earnings were strong enough for net capital growth to outpace asset growth, boosting our net capital position.

Our members were busy borrowing, which drove our net portfolio up by \$8.6 million. The home equity product showed the most significant growth while first mortgages experienced a decline. This shift in product demand is the result of current market conditions as members are choosing to renovate and improve their current homes instead of buying new. Between new loans and advances on existing lines, we put a total of \$59 million to work for our members in 2025.

Our loan portfolio remains well-diversified and is strategically balanced to mitigate potential interest rate risk. Active loan balances consist of 63% new and used autos, 9% closed-end mortgages, 21% home equity lines-of-credit, 2% credit cards, and 5% in other consumer loans. Most of the loan portfolio, approximately 93%, is comprised of collateralized loans. Earning assets represent 95% of all assets at year-end 2025.

Net loan losses increased by \$144,414 over 2024. This was attributed to the private student loan and credit card portfolios. Charge-off amounts from these two portfolios represent 68% of all loan losses. The net provision for loan loss expense in 2025 was \$159,380 more than the previous year. This increase was directly related to the rise in loan losses. We continue to maintain adequate reserves.

Member deposits hit \$139.3 million at year-end, which is a 5% increase from last year. Our Term Share Certificates were the star of the show with a growth rate of 18%. The mix of all member deposits includes regular savings, representing 53%, and term certificates representing 13%. The transaction account services, which include checking and money market accounts, represent 33% of all deposits and the remaining 1% falls into the IRA savings bucket.

Member deposits not immediately used to fund our loan demand are prudently invested in a well-diversified investment portfolio. This portfolio represents 24% of total assets and consists of interest-bearing deposits with insured financial institutions (36%), securities available for sale (31%), securities held to maturity (27%), and capital participation certificates (6%). Based on accounting treatment adopted by the Credit Union, the portfolio is recorded at market value each month. At the end of 2025, the investment valuation allowance adjustment totaled \$1.50 million. This investment valuation allowance has improved by \$536,023 from year-end 2024.

Finally, members' equity increased \$1,341,396 during 2025 and remains strong at 8.26%. This level classifies the Credit Union as "well capitalized" by the regulatory agencies that oversee our financial performance. This badge of honor proves that OHeCU is a safe and steady place for your finances. 🍏

Respectfully submitted,
Mario Danese, Treasurer
Jerome R. Valco, Chief Executive Officer





Credit Committee Report

The Credit Committee remains dedicated to the financial health of our members, meeting monthly to review credit applications that are outside of normal guidelines, evaluate loan portfolio performance, and monitor lending practices to 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. Beyond our regular reviews, the Credit Committee also monitors all special lending products and makes appropriate recommendations to the Board of Directors.

2025 has been a productive year of growth, with our net outstanding loan balances increasing from \$99.7 million to \$108.3 million. This success was driven by \$59.0 million in new loan advances, reflecting the trust our members place in us. We are especially proud of our vehicle lending program, which increased the portfolio by \$5.8 million. Our home equity loan product saw rising demand from the membership, with balances growing by \$4.1 million, representing a 22% boost during 2025.

Our loan portfolio remains well-balanced and robust. Vehicle loans and leases make up 63% of our total lending, while our combination of fixed and variable interest rate real estate loans remains steady with 9% in closed-end mortgages, and 21% in home equity lines-of-credit. The remainder of our portfolio is rounded out by 2% in credit card lending and 5% in other consumer loans, ensuring we have a diverse foundation for the future.

Most importantly, our loan portfolio is performing beautifully, with 99.8% of outstanding loan balances receiving regularly scheduled payments. Our allowance for credit losses decreased by \$91,076 throughout the year. These reserves are maintained at a level sufficient to meet any loss associated with non-performing loans. OHecu continues to work closely with members experiencing financial hardship to help ensure they receive the support needed. 🍓

Respectfully submitted,
Credit Committee
Mark Bates, Chairperson

Independent Auditor's Report

To the Board of Directors & Audit Committee

We have audited the financial statements of The Ohio Educational Credit Union, which comprise the statements of financial condition as of December 31, 2025 and 2024, and the related statements of earnings, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Opinion

We have audited the financial statements of The Ohio Educational Credit Union, which comprise the statements of financial condition as of December 31, 2025 and 2024, and the related statements of earnings, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Ohio Educational Credit Union as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Doeren Mayhew Assurance
 **DoerenMayhew** Troy, Michigan
March 6, 2026





Statements of Financial Condition

December 31, 2025 and 2024

Assets	2025	2024
Cash and due from financial institutions	\$ 1,803,253	\$ 1,262,247
Federal funds sold	9,041,787	7,578,606
Total cash and cash equivalents	10,845,040	8,840,853
Interest bearing deposits	4,250,000	2,250,000
Investment securities		
Available-for-sale debt, at fair value (amortized cost of \$12,986,965 and \$11,551,872 as of December 31, 2025 and 2024, respectively)	11,503,137	9,532,021
Held-to-maturity debt	10,164,070	17,104,881
Loans to members, net of allowance for credit losses of \$839,696 and \$930,772 as of December 31, 2025 and 2024, respectively	108,335,623	99,673,112
Accrued interest receivable	397,881	386,951
Property and equipment	1,050,798	835,365
Right-of-use assets, operating leases	1,799,253	2,051,095
Share insurance deposit	1,725,358	1,760,178
Capital share deposits	2,232,960	2,232,960
Other assets	1,383,483	1,299,228
Total assets	<u>\$ 153,687,603</u>	<u>\$ 145,966,644</u>
Liabilities and Members' Equity		
Liabilities		
Members' shares and savings accounts	\$ 139,297,271	\$ 132,719,851
Lease liabilities, operating leases	1,799,253	2,051,095
Accounts payable and other accrued liabilities	1,381,020	1,327,035
Total liabilities	142,477,544	136,097,981
Commitments and contingent liabilities		
Members' equity - substantially restricted		
Appropriated statutory	4,564,271	4,488,139
Undivided earnings	8,129,616	7,400,375
Accumulated other comprehensive loss	(1,483,828)	(2,019,851)
Total members' equity	11,210,059	9,868,663
Total liabilities and members' equity	<u>\$ 153,687,603</u>	<u>\$ 145,966,644</u>

Statements of Operations

December 31, 2025 and 2024

	2025	2024
Interest income		
Loans receivable	\$ 6,023,301	\$ 5,176,349
Investments		
Federal funds sold	414,666	546,205
Non-negotiable certificates of deposit	95,443	120,618
Investment securities	746,003	721,098
Total investment interest income	1,256,112	1,387,921
Total interest income	7,279,413	6,564,270
Interest expense		
Interest and dividends on members' shares and savings accounts	749,233	606,192
Net interest income	6,530,180	5,958,078
Provision for credit losses	210,412	51,032
Net interest income after provision for credit losses	6,319,768	5,907,046
Non-interest income		
Service charges on deposits	1,304,018	1,369,560
Interchange income	521,621	553,128
Loan fees	143,683	163,822
Other	103,352	85,470
Total non-interest income	2,072,674	2,171,980
Non-interest expenses		
Compensation and benefits	3,254,189	3,018,405
Office operations	875,785	796,132
Data and product services	2,638,975	2,462,022
Occupancy	674,306	628,718
Member education and promotion	46,941	41,771
Professional fees	81,330	81,091
Other	15,543	15,144
Total non-interest expenses	7,587,069	7,043,283
Net income	<u>\$ 805,373</u>	<u>\$ 1,035,743</u>



Statements of Members' Equity

December 31, 2025 and 2024

	Appropriated Statutory	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Members' equity - January 1, 2024	\$ 4,295,821	\$ 6,556,950	\$ (2,163,680)	\$ 8,689,091
Transfer	192,318	(192,318)	-	-
Comprehensive income	-	1,035,743	143,829	1,179,572
Members' equity - December 31, 2024	4,488,139	7,400,375	(2,019,851)	9,868,663
Transfer	76,132	(76,132)	-	-
Comprehensive income	-	805,373	536,023	1,341,396
Members' equity - December 31, 2025	<u>\$ 4,564,271</u>	<u>\$ 8,129,616</u>	<u>\$ (1,483,828)</u>	<u>\$ 11,210,059</u>

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