

CREDIT COMMITTEE REPORT

Mr. Joseph Vargo, Chairperson

Volunteer Specialist for AARP
Former teacher with the Cleveland
Municipal School District and
Director of Negotiations for the
Cleveland Teachers Union

Mrs. Winnifred Albert, Secretary

Former Assistant Principal of the
Cleveland School of Arts,
East Technical High School,
Carl F. Shuler Jr. High School,
Charles Eliot Jr. High School and
A.B. Hart Jr. High School

Mrs. E Ruth Wesby

Former teacher with the Cleveland
Municipal School District

The Credit Committee meets weekly through the year to review credit applications, meet with members experiencing extraordinary financial problems and approve loans. The Committee also reviews applications and approved loans to insure we are in compliance with lending regulations and the Credit Union's loan policy. The Credit Committee reviews all special lending products and makes appropriate recommendations to the Board of Directors. The Credit Committee also reviews all loan requests when special considerations are necessary to assist our members in resolving specific financial difficulties.

The Credit Union continues to maintain a well-balanced and financially sound mix within the loan portfolio. The portfolio contains 48% in home equity loans, 23% in closed-end mortgages, 19% in secured loans such as new and used autos and 10% in signature products. Approximately 90% of the loan portfolio is in secured loans.

The loan loss reserves have been maintained at levels sufficient to meet any losses associated with the non-payment of loans. As in the past, the Credit Union continues its aggressive posture in dealing with long-term delinquencies and removing those obligations from our portfolio. The financial industry in general has seen an increase in the number of bankruptcy filings during the past year. Strong underwriting criteria must be maintained to minimize any adverse impact the increase in bankruptcies could have on the loan portfolio.

Respectfully submitted,

Credit Committee
Joseph Vargo, Chairperson

SUPERVISORY AUDIT COMMITTEE REPORT

**Mrs. Mavis Hatten,
Committee Chairperson**

Former Auditor for the Cleveland
Municipal School District

Mr. Gerald Pace

Manager of Special Projects for the
Department of Finance at the
Cleveland Municipal School
District

Mr. Samuel Simon Jr.

Retired Chief Executive Officer of
The Ohio Educational Credit Union

The Supervisory Audit Committee met on a regular basis throughout 2003 to review financial reports, accounting policies and procedures, and the records and statements of The Ohio Educational Credit Union.

The September 2003 members' quarterly statements were used to conduct the required audit of members' accounts. Also, Condit and Associates performed an independent audit of selected members' accounts and an audit of our financial reports. Their report is presented in another section of the Annual Report.

The Supervisory Audit Committee reports that the accounting methods and reporting requirements of The Ohio Educational Credit Union have been met as promulgated by State standards. Therefore, it is the opinion of the Committee that the financial status of our Credit Union is fairly presented by the Financial Reports included in the Annual Report for the period ending December 31, 2003.

Respectfully submitted,

Supervisory Audit Committee
Mavis Hatten, Chairperson

To the Board of Directors of The Ohio Educational Credit Union, Inc.

We have audited the accompanying statements of financial condition of The Ohio Educational Credit Union, Inc. as of December 31, 2003 and 2002, and the related statements of operations, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ohio Educational Credit Union, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

February 12, 2004

Condit & Associates, LLC

STATEMENTS OF FINANCIAL CONDITION FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

| ASSETS | 2003 | 2002 |
|--|----------------------|----------------------|
| CASH AND CASH EQUIVALENTS (Note 1) | \$13,107,414 | \$9,045,052 |
| INVESTMENTS (Notes 1 & 2): | | |
| Available for sale | 7,400,022 | 2,812,132 |
| Other investments | 18,601,622 | 16,751,921 |
| LOANS TO MEMBERS - Less allowance for loan losses (Notes 1, 3, 7 & 10) | 66,862,396 | 66,479,264 |
| PROPERTY AND EQUIPMENT - NET (Notes 1 & 4) | 3,512,441 | 3,756,707 |
| OTHER ASSETS: | | |
| Accrued interest receivable - investments | 104,769 | 88,234 |
| Accrued interest receivable - loans | 249,378 | 276,603 |
| Deposit - member share insurance (Note 1) | 998,409 | 1,036,259 |
| Prepaid expenses and other assets | 648,584 | 364,838 |
| Member payroll deductions receivable | 140,988 | 32,760 |
| Total other assets | 2,142,128 | 1,798,694 |
| TOTAL | \$111,626,023 | \$100,643,770 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| MEMBERS' SHARE ACCOUNTS (Notes 1 & 5) | \$92,413,271 | \$90,764,438 |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | 9,910,123 | 927,354 |
| TOTAL LIABILITIES | 102,323,394 | 91,691,792 |
| MEMBERS' EQUITY - Substantially restricted (Note 1) | 9,302,629 | 8,951,978 |
| TOTAL | \$111,626,023 | \$100,643,770 |