

During 1933, the United States economy and banking industry was in turmoil and in the grips of the Great Depression. That was the year that President Franklin D. Roosevelt took office and many changes were made in the banking industry. Even more significant to us in 1933 was the action initially taken by seven teachers from the Cleveland Public School system to incorporate the Cleveland Teachers Credit Union which now, 75 years later, is known as The Ohio Educational Credit Union (OECU).

It was on June 6, 1933 that the seven founders met and took the initial steps to establish the Credit Union. The founders set the date for the first shareholders meeting which took place on June 12, 1933. This meeting was held at 4:00 PM and was attended by seventeen members. During this meeting the membership adopted several resolutions to establish the governance of the Credit Union. This included electing of the original nine members of the Board of Directors, the Credit Committee and Audit Committee. Also included was the first meeting of the Board of Directors of the new Credit Union, which then elected officers, established a loan interest rate (1% per month), a membership entrance fee of twenty-five cents (\$0.25) and set loan limits.

From our start with 27 members in June 1933, and member shares of \$170, we've grown to over 20,500 members and \$92.6 million in member shares. It was during a period of financial trouble that the Credit Union was established to serve the needs of its members, and today that same Credit Union is here to continue its mission of providing quality financial service to its membership. We are financially strong and continue to be committed to provide value to our member/owners.

Over the years the membership has grown and changed to go beyond just teachers. OECU is still primarily focused on the education profession but now includes many diverse professions. OECU works closely with schools to serve their employees and provide financial education tools for students. This same value is provided to other professions, including those in health/dependent care facilities, manufacturing, and service organizations.

During 2007 we continued our focus on the education profession by establishing a merger partnership with the Lakewood Schools Credit Union. The merger welcomed over 600 members to join us and was completed in the fall of 2007 with the help of David Norton and Susan Smith who are both now Advisory members to the Board of Directors of OECU. We'll continue to seek opportunities of this type to serve members of credit unions that share a common purpose.

The Credit Union philosophy of "People Helping People" is strong in our organization. The Board of Directors and staff are committed to continue providing a full range of superior financial services, education and exceptional value to help our members build their financial future. On behalf of the Board of Directors we thank you for the support you provide your Credit Union.

Respectfully submitted,

*Richard M. Gore*  
*President of the Board of Directors*

The Ohio Educational Credit Union is ready to assist its members by providing quality financial services for all stages of their lives. With OECU, 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 and Used Auto Loans
- Vehicle Leases
- Boat and Recreational Vehicle Loans
- First and Second Mortgage Loans
- Home Equity Lines of Credit
- Guaranteed Student Loans
- Credit Cards
- Quick-Cash Personal Loans
  - Line-of-Credit
  - Home Improvement
  - Wellness
  - Bill Payer

### **Convenience Services:**

- ATM Cards and Debit Cards
- Alliance One and Key Bank non-surcharge ATM networks with over 7,000 combined non-surcharge ATMs
- Internet Banking at [www.e22ndstreet.com](http://www.e22ndstreet.com)
- Direct Deposits
- Payroll Deductions
- Auto Loans Available at Select Dealerships
- "Toni" The Touch-Tone Teller
- 24-hour Loan Service Center

### **Added Services:**

- Financial Planning
- Insurance Products
- Student Education Assistance Programs
- Notary Services
- U.S. Savings Bonds
- Travelers Checks
- Domestic and International Wire Transfers

**Mr. Richard M. Gore, Board President**

Former Director of Distance Learning Services,  
WWIZ

Former Director, Division of Career  
and Technical Education,  
Cleveland Metropolitan School District

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Former mathematics/computer teacher  
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2006 President, Cleveland Chapter of the  
Ohio Credit Union League  
Former teacher, Holy Name High School

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**Ms. Mary Lou V. Stricklin**

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VNA Healthcare Partner of Ohio

**Mr. Craig Strong**

Director of Public Information/EEO,  
Cuyahoga County Engineer's Office  
Former Occupational Work Experience Teacher,  
Cleveland Metropolitan School District

H. F. Sheaffer, was the first treasurer elected for our Credit Union and was one of the original seven founders. His first Treasurer's report was issued to the Board of Directors at the first meeting on June 12, 1933. The report indicated that 27 members had purchased 34 shares with a value of \$5.00 each, for a total share balance of \$170.00. There were no loan balances to report, because prior to the first meeting of the membership, which was also held on June 12, 1933, the Credit Committee had not yet been elected and therefore no authority was granted to allow members to borrow funds.

The balance sheet on December 31, 1933, reported total shares of \$317.00, with loans outstanding to members of \$104.18 and undivided earnings and reserves of \$12.10.

While our numbers have grown significantly in the last 75 years, our purpose and philosophy continue to focus on serving our membership. Our founders built a strong financial cooperative during a period of economic turmoil. This financial strength continues today through what many economists consider another period of economic turmoil.

The assets at year-end 2007 were \$104.9 million, with net loans to members of \$64.5 million. Loans to members represent 61% of all assets. Loans to members saw a reduction during 2007, primarily in the automobile and real estate loan products.

Our real estate portfolio saw significant reduction as members refinanced their variable rate home equity loans to fixed rate mortgages due to favorable interest rates. This activity resulted in lower balances because OECU did not retain all of the long-term fixed rate mortgages in its portfolio. Some of these loans were sold through Fannie Mae, while servicing of the loan remains with OECU. This activity is performed to reduce interest rate risk and provide liquidity to extend additional loan services to the membership.

The loan portfolio continues to be well-diversified and contains a financially sound mix of loan products. The loans outstanding to members consist of 37% closed-end mortgages, 28% collateralized loans such as new and used autos, 24% home equity loans and 10% signature products. Approximately 90% of the loan portfolio is in collateralized loans.

Member deposits represented \$92.6 million at year-end 2007, which is a decrease from \$95.7 million the prior year. Some of the decrease is attributed to members utilizing our financial planning service, which provides the members the opportunity to access investment products through a partnership we've established with Financial Network Investment Corporation. The mix of member deposits did change during 2007, with growth in term certificate products and a decline in regular savings. At year-end 2007, regular savings make up 42% of all deposits and term certificates make up 34%.

Member deposits that are not immediately used to fund loan demand are prudently invested. The investment portfolio represents 30% of total assets and consists of interest-bearing time deposits with financial institutions, securities available for sale and capital participation certificates.

The members' equity continues to remain strong, with a capital ratio of 10.84%, which is up from 9.91% a year ago. The total members' equity increased by \$728,519 and ended the year 2007 at \$11.3 million.

During 2007, OECU partnered with Lakewood Schools Credit Union in a merger of the two credit unions. This merger increased total member deposits by \$1,357,144, loans by \$804,753 and members' equity by \$377,965.

OECU is proud of the diversified products and services that are available to our membership and the quality personal service provided. These quality services are designed to provide exceptional value to all of our members.

The continued support from our membership has resulted in the success of OECU. We hope that you, as one of our owners, will take advantage of the value provided to you as a member.

Respectfully submitted,

*Robert J. Gale, Treasurer*

*Jerome R. Valco, Chief Executive Officer*