



Directors

Mr. Richard M. Gore, Board President
Former Director of Distance Learning Services,
WVIZ
Former Director, Division of Career
and Technical Education,
Cleveland Metropolitan School District

Mr. Robert J. Gale, Board Vice President
2006 President, Cleveland Chapter of the
Ohio Credit Union League
Former teacher, Holy Name High School

Mr. Jackson M. Boyd, Board Secretary
Executive Secretary,
Eastern Ohio Education Association
Former mathematics/computer teacher
Zanesville City Schools

Mr. Tony H. Smith, Sr., Board Treasurer
Vice President of Operations,
Ohio Aerospace Institute

Ms. Carol A. Creel
Former Director of Special Projects,
Cleveland Metropolitan School District

Mr. Mario Danese
Executive Vice President of Finance,
Visiting Nurse Association

Mr. Anastasius Fourmas
Former Assistant Principal,
Whitney M. Young Junior High School,
Cleveland Metropolitan School District

Mr. Duane Horning
Former CEO, Allen Memorial Hospital
and formerly with Lakewood Hospital

Mr. Edward Kral
Former Director of Personnel,
Cleveland Metropolitan School District

Mr. David Norton
Former Teacher
Lakewood City Schools

Mr. Patrick J. Polen
Business Systems Manager,
Fabri-Form Company
Former Information Engineer,
AK Steel Zanesville Operations

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

Credit Committee

Mr. Joseph Vargo, Chairperson
Volunteer Specialist for AARP
Former teacher with the Cleveland
Metropolitan School District and
Director of Negotiations for the
Cleveland Teachers Union

Mrs. Winnifred Albert, Secretary
Former Assistant Principal, 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, Cleveland Metropolitan
School District

Report of The Treasurer & Chief Executive Officer

The assets at year-end were \$109.2 million, with net loans to members of \$71.4 million. Loans to members represent 65% of all assets and experienced an increase during 2008. The vehicle loan products experienced the greatest growth during the year while the real estate loan portfolio saw a slight decrease. The real estate portfolio experienced an increase in home equity loans which was off-set by a reduction in first mortgage balances. The net change for the real estate portfolio was a decline of less than \$900,000 which was off-set by a growth of \$7.4 million in vehicle loans.

The loan portfolio is well-diversified and contains a financially sound mix of loan products. The portfolio also continues to perform well with over 99.2% of all loans making scheduled payments. The loans outstanding to members consist of 36% new and used autos, 30% closed-end mortgages, 23% home equity loans and 10% signature products. Approximately 90% of the loan portfolio is in collateralized loans.

Member shares (deposits) represented \$90.4 million at year-end 2008, which is a decrease from \$92.6 million the prior year. Most of the decrease was in the term certificate products, while the regular share savings saw an increase. The mix of member deposits at year-end 2008 was regular savings representing 44% of all deposits and term certificates 32%. The transaction account services which include checking and money market accounts represent 21% of all deposits.

Member deposits that are not immediately used to fund loan demand are prudently invested. The investment portfolio represents 28% of total assets and consists of interest-bearing time deposits with insured financial institutions, securities available for sale and capital participation certificates.

During the fourth quarter 2008 we experienced a significant increase in vehicle loan requests. This increase was attributed to the challenges facing the banking industry that resulted in many traditional vehicle lenders not issuing loans. This environment enabled OECU to continue to meet the member needs and grow the vehicle loan portfolio. During this period of time OECU also took advantage of favorable interest rates to fund the increased loan demand and holds \$6.9 million in borrowings at yearend on its approved lines-of-credit.

Members' equity declined in 2008 by \$198,361 due to an \$85,907 in declining market value on investments and (\$121,454) from operations, which was due to the write-off of \$131,188 for the impairment on the capital investment with Western Corporate Credit Union. The members' equity continues to remain strong, with a capital ratio of 10.2%, which is only slightly lower than the 10.9% a year ago. Members' equity at year-end 2008 was \$11.2 million.

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

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

Respectfully submitted,

Tony H. Smith, Sr., Board Treasurer
Jerome R. Valco, Chief Executive Officer



Credit Committee Report

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

OECU continues to maintain a well-balanced and financially sound mix within the loan portfolio. The portfolio contains 36% in new and used autos, 30% in closed-end mortgages, 23% in home equity loans, and 10% in signature products. Approximately 90% of the loan portfolio is in collateralized loans.

OECU does not originate real estate loans that would be considered "sub-prime" and therefore does not have direct exposure to credit losses associated with the "sub-prime" real estate markets. The loan portfolio continues to perform well with over 99.2% of all loans making scheduled payments. The loan loss reserves have been maintained at levels sufficient to meet any losses associated with the non-payment of loans.

Respectfully submitted,

Credit Committee
Joseph Vargo, Chairperson