

CREDIT COMMITTEE REPORT



Joseph Vargo



Ruth Wesby



Winnifred Albert

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 loan portfolio grew by 15% during 2002, with \$39,672,551 in loan advances. The loan portfolio includes lines of credit extended to the membership. The available credit to members on these lines totaled \$25,129,606 on December 31, 2002.

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.

Joseph Vargo, Credit Committee Chairperson

SUPERVISORY AUDIT COMMITTEE REPORT



Mavis Hatten



Samuel Simon

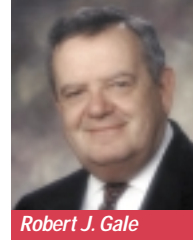
Not Pictured: David Stewart

The Supervisory Audit Committee met on a regular basis throughout 2002 to review financial reports, accounting policies and procedures, and the records and statements of The Ohio Educational Credit Union.

The September 30, 2002 members' quarterly statements were used to conduct the required audit of members' accounts. Also, Condit and Associates LLC performed an independent audit of selected members' accounts as well as an audit of our financial reports as of December 31, 2002. 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, 2002.

Mavis Hatten, Supervisory Audit Committee Chairperson



Robert J. Gale



Jerome R. Valco

OECU is proud of its 70 years of providing its members with quality financial services. Another milestone was reached this year with the Credit Union's assets exceeding the \$100 million level. The year-end assets were \$100,643,770, which represents a 4.2% increase from the prior year.

The Credit Union continued to grow in 2002, through a year that saw continued slowing in the economy. The current market interest rates being at 41-year lows resulted in many individuals consolidating their debt and refinancing their mortgage loans. The Credit Union provided the membership with several opportunities to take advantage of the favorable borrowing interest rates through the year, which resulted in a 15.0% increase in loan balances issued to members.

Loans to members totaled \$67,310,819, which represents 67.0% of all assets. The Credit Union maintains a well-diversified and financially sound mix of loan products. The loan portfolio breakdown is 31.1% in closed-end mortgages, 22.8% in collateralized loans such as new and used autos, 31.9% in variable rate home equity loans and 11.7% in signature products. Over 88% of the loan portfolio is in collateralized loans. During the year, the Credit Union generated over \$39.6 million in new loan activity, which represents a 66% increase over the prior year.

Due to an increase in members loan activity, the investment portfolio saw a reduction from \$29.3 million to \$19.5 million. We are pleased to see 74% of member share deposits being used to meet their fellow members' borrowing needs.

Members' equity continues to remain strong, with a net capital ratio of 8.9%. The total members' equity increased to \$8,951,978.

With the continued decrease in market interest rates during 2002, the total net interest income for the year decreased by \$289,650. This reduction in net interest income was offset by a decrease in net operating expense of \$490,330, resulting in a net income for the year of \$345,967.

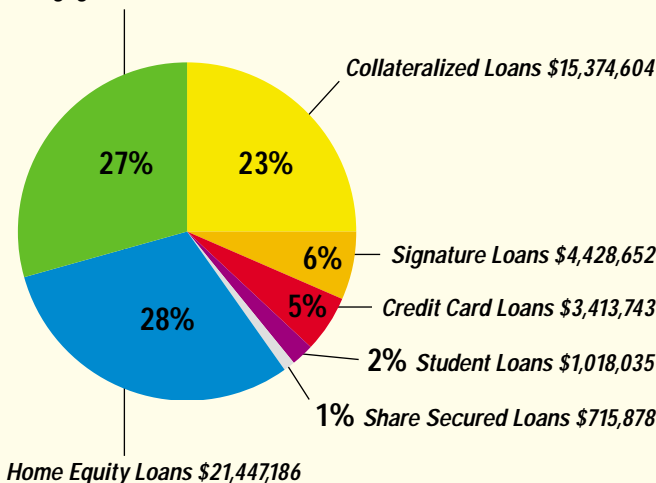
OECU members continue to use the many financial products and services that are designed to meet their financial needs. The electronic services continue to be in great demand. Over 85% of the membership are enrolled to use OECU's Internet home banking product, e22ndstreet, or "Toni" the Touch-Tone Teller. The Credit Union 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 meet the primary financial needs of all members.

The continued support of our membership has resulted in the success of the Credit Union. We hope that you, as one of the owners of the Credit Union, will take advantage of the many services provided for your benefit. The Credit Union continues to work for the purpose of assisting and educating its membership in establishing and maintaining their financial well-being.

Robert J. Gale, Treasurer

Jerome R. Valco, Chief Executive Officer

Mortgage Loans \$20,912,721



Regular Share Savings \$43,708,657

