

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 that 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 41% in home equity loans, 27% in closed-end mortgages, 24% in collateralized loans such as new and used autos, and 8% in signature products. Approximately 92% of the loan portfolio is in collateralized loans.

The loan loss reserves have been maintained at levels sufficient to meet any losses associated with the nonpayment of loans. The Credit Union continues its aggressive posture in dealing with long-term delinquencies and removing those obligations from our portfolio. Strong underwriting criteria are being maintained to minimize any adverse impact from the general trend of increased bankruptcy filings.

The Credit Committee continues to work with management in the development of credit products for the membership's growing financial needs.

*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. Samuel Simon, Jr.

Retired Chief Executive Officer of The
Ohio Educational Credit Union

Mr. Gerald Pace

Interim Chief Financial Officer for the
Cleveland Municipal School District
(Appointed to the Board of Directors
on January 26, 2005)

The Supervisory Audit Committee met on a regular basis throughout 2004 to review financial reports, accounting policies and procedures, and the records and statements of The Ohio Educational Credit Union.

The Board of Directors approved the Supervisory Audit Committee's recommendation to engage Crowe Chizek and Company LLC to conduct an independent audit of the Credit Union's financial statements as of and for the year ended December 31, 2004. Their report is presented in another section of the Annual Report.

Crowe Chizek and Company LLC was also engaged to perform the annual verification of selected members' accounts. Finally, the Supervisory Audit Committee engaged Crowe Chizek and Company LLC to perform periodic extended audit services, based upon a risk-based audit plan, which was approved by the Committee.

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, 2004.

*Respectfully submitted,
Supervisory Audit Committee
Mavis Hatten, Chairperson*



Crowe Chizek and Company
Member Horwath International

*Supervisory Committee and Board of Directors
The Ohio Educational Credit Union
Cleveland, Ohio*

We have audited the accompanying balance sheet of The Ohio Educational Credit Union as of December 31, 2004, and the related statements of income, changes in members' equity and cash flows for the year 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 audit. The Ohio Educational Credit Union's financial statements as of and for the year ended December 31, 2003 were audited by other auditors, whose report dated February 12, 2004 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides 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 as of December 31, 2004, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

*Cleveland, Ohio
February 22, 2005*