



2012 Annual Report



A Message from the Chairperson



When the first credit union formed in Germany back in the 19th century they adhered to certain values including openness, honesty, caring for others and social responsibility. Credit Union of Ohio continues to hold true to these values each and every day.

In 2012 we focused a lot on social responsibility with our membership, and out in the community. We continue to add value to our member's lives through financial education. Throughout the past year we provided six financial education workshops at the Hilliard and OSU branches. These were open to anyone in the community and ranged in topic from "Protecting Your Identity" to "Estate Planning." We believe it's of great value to our membership to continue providing education on topics that protects and enhances their financial health.

In late 2012 we launched a new product focused on our members who were getting ready to retire. Due to changes in retirement funding with the State of Ohio we were made aware of a large amount of retirements that would take place in November and December. Research was done to see how we could provide retirees with valuable products and services that would be of interest during their retirement. From there we developed the Silver ADVANTAGE Program for retired employees, and anyone 55+ years of age.

It's important for us to continue to focus on our members and provide them with opportunities and products that help them continuously improve their financial lifestyle.

We've been able to enhance and expand on our products and services each and every year due to our strong financials. It's important to maintain this stability so that we, the members, can continue to strive each and every day.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Chase". The signature is written in a cursive, flowing style.

Elizabeth Chase
Chairperson



A Message from the CEO

Richard A. Capuano, Jr.

Dear Credit Union Member/Owner:

The strength of safety and soundness at Credit Union of Ohio can be found within key financial measurements, such as capital and liquidity. Our capital ratio remains very strong at 11 percent (regulator requirement is 7 percent). At the same time our liquidity ratio is 29% (10 percent is required by regulators). These are indicators of your credit union's safety and soundness.

Over the last few years, we've been able to minimize operating expenses at approximately \$6 million annually — even after increased compensation, healthcare and benefits. Furthermore, many of our vendors/suppliers have experienced increased expenses and we've had to absorb much of that as well. Given many of these conditions our operating expense ratio has actually declined from 4.85% to 4.60% over the last year; primarily due to asset growth.

The Board of Directors, Management, and Staff are looking forward to another successful year in 2013. Thank you for being a member at Credit Union of Ohio. Our team looks forward to serving all of your financial needs well into the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Capuano'. The signature is stylized with a large, looped 'R' and a long, horizontal flourish extending to the right.

Richard A. Capuano, Jr., MBA, CCE

President/CEO

Statement of Financial Condition

for the years ending December 31, 2012 and 2011*

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Loans to Members	\$ 51,559,462	\$ 52,782,182
(Less) Allowance for Loan Loss	(547,410)	(635,593)
Cash	297,847	610,417
Certificates of Deposit	52,125,999	52,584,998
Investment Securities / Other	3,950,000	2,000,000
Corporate Credit Union	13,691,542	10,061,696
Accrued Interest Receivable	312,843	329,016
Property & Equipment, Net	5,205,511	5,369,729
Prepaid Expenses	66,431	111,785
Share Insurance Deposit	1,165,254	1,057,500
Other Assets	2,177,350	1,489,818
TOTAL ASSETS	<u>130,004,829</u>	<u>\$ 125,761,548</u>
<u>LIABILITIES & EQUITIES</u>		
Share and Savings Accounts	115,663,252	111,812,542
Accrued and Other Liabilities	470,521	374,045
TOTAL LIABILITIES	<u>116,133,772</u>	<u>112,186,587</u>
Members' Equity	13, 871,056	13,574,961
TOTAL LIABILITIES & EQUITY	<u>\$ 130,004,829</u>	<u>\$ 125,761,548</u>

Income Statement

for the years ending December 31, 2012 and 2011*

<u>INTEREST INCOME</u>	<u>2012</u>	<u>2011</u>
Interest on Loans	\$ 3,674,882	\$ 3,763,898
Interest on Investments	588,659	703,193
TOTAL INTEREST INCOME	<u>4,263,541</u>	<u>4,467,091</u>
<u>INTEREST EXPENSE</u>		
Borrowed Funds	-	-
Interest Expense	665,006	835,908
TOTAL INTEREST EXPENSE	<u>665,006</u>	<u>835,908</u>
NET INTEREST INCOME	3,598,535	3,631,183
Provision for Loan Losses	375,032	574,106
Net Interest Income After Provision for Loan Losses	3,223,503	3,057,077
Non-Interest Income	3,026,031	2,900,695
NET INCOME BEFORE EXPENSES	<u>6,249,534</u>	<u>5,957,772</u>
OPERATING EXPENSES	5,786,781	5,657,829
EXTRAORDINARY (GAINS) / LOSSES	0	0
Other Gains / (Losses)	(55,959)	(22,114)
NET INCOME BEFORE NCUA ACTIVITIES	<u>406,794</u>	<u>277,829</u>
INCOME (CHARGE) FROM NCUA ACTIVITIES**	(110,699)	(264,375)
ADJUSTED NET INCOME	<u>\$ 296,095</u>	<u>\$ 13,454</u>

*These financial statements have been prepared internally. **NCUA activities represent charges incurred throughout the country by corporate and individual credit unions insured by the agency. These losses are passed through and shared by all federally insured credit unions. Credit Union of Ohio's share of these items are reported in a separate line item.



To the Board of Directors
Credit Union of Ohio, Inc.
Hilliard, Ohio

We have performed an audit of the financial statements of Credit Union of Ohio, Inc. as of December 31, 2012 and 2011 and have issued our report thereon. Our report on these financial statements reads as follows:

Independent Auditor's Report

We have audited the accompanying financial statements of Credit Union of Ohio, Inc., which comprise the statements of financial condition as of December 31, 2012 and 2011, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Credit Union of Ohio, Inc. as of December 31, 2012 and 2011, 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.

The audited financial statements and report of Independent Certified Public Accountants may be viewed at the main office - located at 5500 Britton Parkway, Hilliard, Ohio.

GBQ Partners LLC

Credit Union Leadership

Board of Directors & Management Team

Board of Directors



Elizabeth Chase
Chairperson



Debra Lawver
Vice Chairperson



Alex McCarty
Secretary



Sylvester Patton
Treasurer



Kym Bartram-Adkins
Board Member



Aristotle Hutras
Board Member



Jonna Saul-Anderson
Board Member

Executive Management Team

Richard A. Capuano, Jr., President & CEO
Bill Mascari, Vice President of Finance & CFO
Tonya Keaton, Vice President of Lending & Operations
Greg Moss, Vice President of Information Systems
Tami Peyton, Vice President of Human Resources
Jill Gerschutz, Vice President of Marketing & Strategic Planning

Branch & Department Managers

Maria Aceveda, Electronic Services Manager
Amber Bell, Lending & Collections Manager
Tim Carlton, Hilliard Branch Manager
Leah Dunham, OSU Branch Manager
Tracy Miller, Director of Corporate Compliance
Carrie Poel, Downtown Branch Manager
Lisa Reynolds, Accounting Manager
Debbie Rider, Grove City Branch Manager

Mission, Vision, & Values

Our mission is to improve your standard of living and better your lifestyle. We strive to build success collectively. At Credit Union of Ohio, we pledge the following promises based on core values:

- **Partnership:** We promise to seek opportunities that make it easier to do business with us.
- **Reliability:** We promise to respond to your requests accurately and in a timely manner.
- **Integrity:** We promise to ensure the security of your financial information.
- **Dedication:** We promise to treat you with respect and professionalism.
- **Excellence:** We promise to be knowledgeable regarding your requests.

2012 Highlights

Over the past year, Credit Union of Ohio has expanded on our logo with a new tagline, and enhanced our product offerings while continuing financial education within the surrounding communities. Here are a few highlights:

New Tagline:

At the end of 2012, we launched our new tagline which can be found under our logo,

“The Best Place for *you* to Bank.”

New Product:

Many members were preparing to retire from the State of Ohio. We believe it's important to continue providing them with beneficial services. After much research, we launched the Silver ADVANTAGE Program to members 55+ years of age or retired employees.

Outreach:

In 2012 we provided a series of workshops to the community and membership. We had great attendance in many of these. The topics ranged from “Protecting Your Identity” to “Estate Planning.”

Financial Literacy:

In May, more than 1,200 eighth-graders participated in the third annual Real Money, Real World event. The fun and interactive life sized game was designed to give students the opportunity to make lifestyle and budget choices similar to those they will make as adults while learning about the financial demands of the real world. The program was coordinated by Credit Union of Ohio, Franklin County Extension office of The Ohio State University and the Treasurer of State's office.

We've also been involved with the State of Ohio Department of Education's ongoing work to rewrite the academic content standards for personal finance education in Ohio's schools for students in kindergarten through 12th grade.

Votes of Confidence:

Once again, Credit Union of Ohio proudly received quarterly 5-Star Superior ratings from Bauer Financial, an independent ratings firm of banks and credit unions in 2012. We also remain on the Dean's List of CreditCardConnection.org for our fair and ethical credit card program. In general, the credit union industry continues to be lauded by national media for demonstrating pro-consumer banking policies and practices.

Office Hours & Locations

Hilliard Office

5500 Britton Pkwy.

Lobby—Mon - Thurs: 9 am to 5 pm

Fri: 8:30 am to 5 pm • Sat: 9 am to 1 pm

Drive-Thru—Mon - Thurs: 8 am to 5 pm

Fri: 8 am to 5:30 pm • Sat: 9 am to 1 pm

24-hr. drive-up ATM • Night depository

Downtown Office

152 E. Broad St.

Mon - Thurs: 9 am to 4:30 pm

Fri: 8:30 am to 5 pm

24-hr. walk-up ATM • Night depository

Grove City Office

2397 Old Stringtown Rd.

Mon, Tues, Thurs: 9 am to 4:30 pm

Wed: 9 am to 1 pm • Fri: 8:30 am to 5 pm

Sat: 9 am to Noon • 24-hr. walk-up ATM

OSU Campus Office

11th & Neil Ave.

Mon - Thurs: 9 am to 4:30 pm

Fri: 8:30 am to 5 pm

24-hr. walk-up ATM

Additional ATM Locations

Statehouse Garage (Green Level)

25 S. Front St. (Ohio Dept. of Education)

30 W. Spring St. (BWC Building)



www.cuofohio.org

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