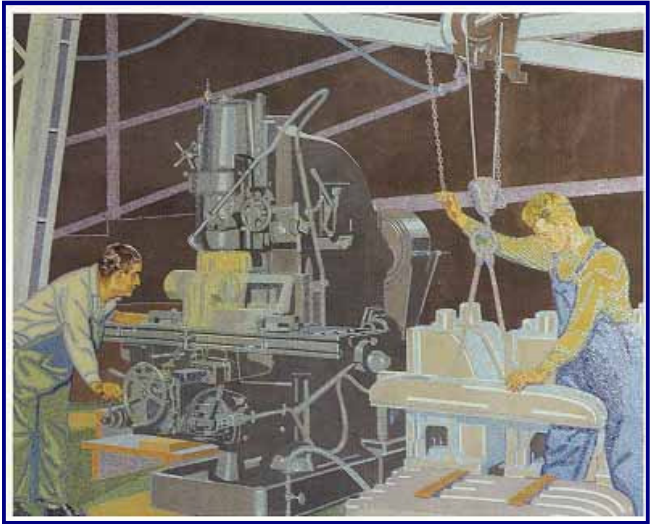


Cincinnati Employees Credit Union

Annual Report

For the Year 2012



Welcome

Welcome to the Annual Meeting of your Credit Union. We encourage you to participate, ask questions, make suggestions and socialize with the management and your fellow credit union members. We are glad that you are here, and we want you all to know how much you and your business are appreciated.

Mike Gabrelski
Chairperson, Board of Directors

Mission Statement

Cincinnati Employees Credit Union was organized in 1979 to serve the employees, retirees, and family members of Cincinnati Incorporated, a machine tool industry located in Harrison Ohio. As an industrial-based financial institution owned and operated by our members, our purpose is to provide a competitively priced line of financial products and services, offered by a staff truly dedicated to our membership. It is our privilege to work along side our members . It is our hope that our hard work will help them find and maintain their goals. We will continually strive to serve our members with integrity. ***Our success in our mission will be measured by the prosperity of our members.***



AMERICA'S
CREDIT UNIONS™



Board of Directors

Ray Burke
 Chris Conrad
 Doug Distler
 Mike Gabrelski
 Don Humbert
 Bill Lane
 Linda Litzler

Audit Committee

Tom Brackett
 Juanita Fleek
 Clara Zinser

Credit Committee

Pat Bloom
 Jim Chessey
 Charles Snyder
 Chuck Heck
 Andy St. John
 Larry Lutz
 Rita Werner

Office Staff

Deb Ahaus
 Phyllis Bennett
 Mary Kraus
 Della Lutz
 Phyllis Metz

Past Volunteers

Tina Amrhein
 Rick Anderson
 Bill Berkshire
 Karen Brandt
 Jim Bice
 Marjorie Brewsaugh
 Anita Brown
 Tom Brown
 Sharon Chaney
 Darla Cleary
 Dennis Cloutier
 Dan Cormican
 Mike Cushman
 Kaye Darwish
 Larry Dickerson
 Doug Esterkamp
 Pat Flatt
 Gerald Gauck
 William Gates
 Bob Gibson
 Bob Guilfoyle
 Louis Hengge
 Rod Hobday
 Pam Ison
 Tim Jones
 Geraldine Kemper
 Alan Kinnett
 Don Kirby
 Ken Krusling
 Jim Kramer
 Tom Lacey
 Pauline Lehrter
 Dee Lewis
 Linda Hornbach
 Jim Lockwood
 Larry Lutz
 Alma Mcconnaughey
 Frank McDonald
 Shirley McGhee
 Ralph Miller
 Bob Moody
 William Otten
 Mike Pies
 Paulene Saskowski
 Gregg Smith
 Dale Smyth
 Mark Southard
 Chuck Snyder
 Marlene Stone
 Jerry Weigand
 Rich Wells
 Lisa Wilson

Agenda

Cincinnati Employees Credit union
Annual Meeting
March 20,2013

1. Call to Order
2. Roll Call/Board and Committees
3. Quorum Determined by Secretary
4. Review of the last Annual Meeting minutes
5. 2012 Reports:
 - President's Report
 - Treasurer's Report
 - Supervisory Audit Committee Report
 - Credit Committee Report
6. Unfinished Business/New Business
7. Drawing for Scholarship Winners
8. Adjournment

Treasurer's Report

2012 was an interesting year for your Credit Union. Changes being implemented at our host company, Cincinnati Incorporated, required that we open a secondary off-site facility to serve our members. Many of you have been in to visit the new office. Thank you for all your kind words and support throughout the last year.

In addition to the additional office, we added to the staff and we added a first mortgage loan program.

We are very happy to report that even with these additional expenses and the continued bailout of the NCUA Share Insurance Fund, your Credit Union still recorded enough of a profit to allow us to continue our scholarship program; our interest rebate program, and even a small bonus dividend.

During the year our equity increased by \$81,257. Our equity ratio decreased from 11.91% to 11.11%, however this is still above our goal of 10.5%. It was necessary for us to adjust our dividend and certificate rates closer to the area markets due to the continued flow of money into the Credit Union. During 2012 we wrote off 14 loans in the amount of \$57,705. We recovered \$12,176 on loans previously written off. We anticipate writing off \$50,000 in loans in 2013 due to bankruptcies, repossessions and foreclosures. We have already budgeted for this, and our loan loss account will be adequately funded to cover these potential losses. Our delinquent loans have decreased from \$297,385 at the end of 2011 to \$265,339 at the end of 2012. Our delinquent loan ratio decreased from 2.74% to 2.48%. Thus, we met our main goal for 2012 of decreasing our delinquent loan ratio below 2.5%. Our loan to asset ratio dropped from 49.54% to 44.25%. This was due to a decrease in loans and an increase of shares.

Goals for this year are:

1. Continue to lower our delinquent loan ratio.
2. Increase our "loan-to-asset" ratio.
3. Repeat the loan rebate, bonus dividend and scholarship programs.

Raymond A Burke

Treasurer of the Board

Income Statement

	Year Ended December 31	
	2012	2011
Interest Income		
Investments	\$233,428	\$257,858
Member's loans	573,778	604,583
Total Investment Income	\$807,206	\$862,441
Dividends Paid to Members	217,906	253,402
Interest Rebated to Members	18,205	21,400
Net Interest Income	\$571,095	\$587,639
Expenses		
Wages and Benefits	\$224,238	\$194,141
Office Operations	123,234	116,505
Office Occupancy	17,705	0
Loan Protection Insurance	21,990	21,557
Loan Loss Allowance	50,000	78,030
Other Operating Expenses	33,920	33,916
NCUA Stabilization	18,751	47,966
Total Expenses	\$489,838	\$492,115
Net Income	\$81,257	\$95,524

Balance Sheet

Year Ended December 31

2012

2011

Assets

Cash & Equivalents	\$781,798	111,502
Investments/Banks	11,507,000	10,563,000
Investment/Corp. One CU	855,797	190,171
Loans/Secured	4,189,661	3,892,202
Loans/Unsecured	529,181	435,337
Loans/Home Equity	5,987,596	6,517,921
Furniture & Equipment	58,365	2,760
Other Assets	285,698	278,650
Total Assets	\$24,195,096	\$21,991,543

Liability & Equity

Member's Savings Accounts	\$14,717,093	\$12,941,439
Member's IRA Accounts	6,746,469	6,389,398
Accounts Payable	43,159	53,588
Undivided Earnings/Reserves	2,688,375	2,607,118
Total Liabilities & Equity	\$24,195,096	\$21,991,543

Supervisory Audit Committee

The Supervisory Audit Committee's responsibility is to serve the members of the Credit Union by ensuring that all the records are accurately and properly reported. They fulfill this obligation by monitoring and auditing the activity of the management in various areas and by reporting their findings monthly directly to the Board of Directors. We truly appreciate all their time and efforts.

The Credit Union has also contracted with Mrs. Carol Stoodt of Bellefontaine, Ohio, to annually conduct an independent audit of the records of the Credit Union. She also will conduct a Bank Secrecy Audit and an annual verification of our member's accounts (You may have noticed that your statements for the quarter ended September 30 were mailed to you directly from Mrs. Stoodt.) Mrs. Stoodt has over thirty years of experience with credit unions and we welcome her expertise.

Letter to the Board of Directors

Date: March 20, 2013

To: The Board of Directors of Cincinnati Employees Credit Union

From: The Supervisory Audit Committee

In our opinion, the financial statements of Cincinnati Employees Credit Union and results of its operation are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Clara Zinser

Juanita Fleek

Tom Brackett

Credit Committee

Letter to the Board of Directors

Date: March 20, 2013

To: The Board of Directors/Cincinnati Employees Credit Union

From: Credit Committee

During the year ended December 31, 2012 the Credit Committee approved the following loans:

Unsecured Loans	72	\$312,332*
Title Secured Loans	209	\$2,445,353
Home Equity Loans	22	\$513,725
Share Secured Loans	<u>18</u>	<u>\$69,709</u>
Total	<u>321</u>	<u>\$3,341,119</u>

**Total amount includes advances on revolving loans*

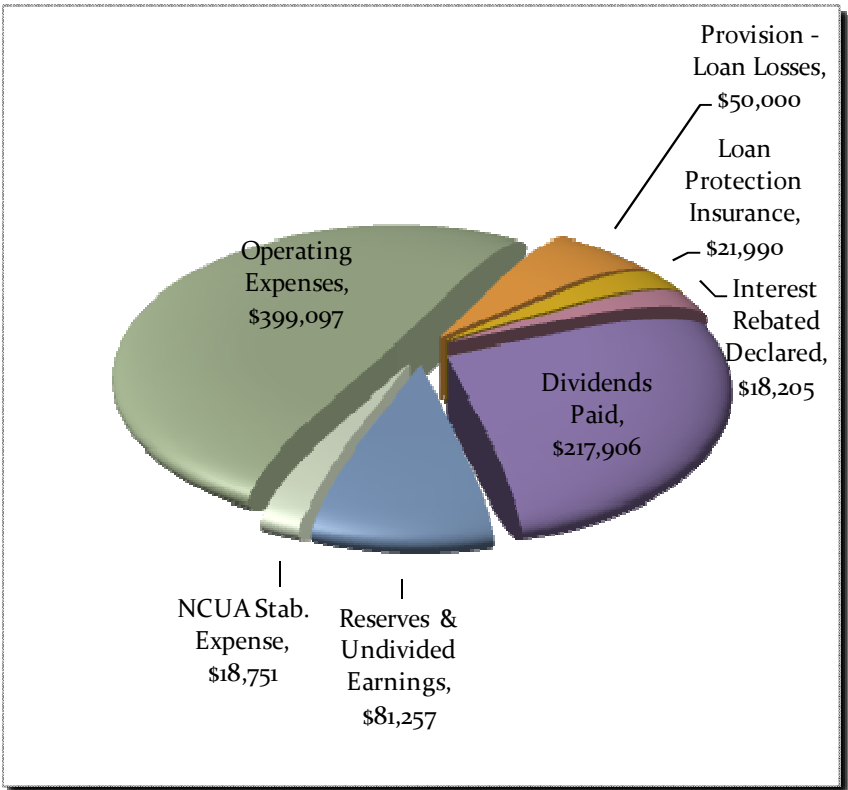
1 loans totaling \$2,500 was either disapproved or referred to credit counseling in lieu of approval. All reviews were conducted in accordance with the loan policy as established by the Board and are within the limits set therein.

Respectfully submitted,

Pat Bloom

Distribution of Net Income

Operating Expenses	\$399,097
Provision for Loan Losses	50,000
Loan Protection Insurance	21,990
NCUA Stabilization Expense	18,751
Interest Rebated to members	18,205
Dividends Paid	217,906
Reserves/Undivided earnings	<u>81,257</u>
Total	<u>\$807,206</u>



Financial Ratios

Reserves & Undivided Earnings/Assets: Total reserves plus undivided earnings divided by total year-end assets. *This is used to indicate the total reserve position relative to assets. It is also a measure of the ability to withstand a loss.*

Reserves/Loans: Statutory reserves divided by total loans. *Used to indicate the reserve position relative to loans or risk assets. This also allows us to measure the ability to withstand loan loss.*

Delinquent Loans/Total Loans: Total delinquent loans divided by total loans. *Used to determine the quality of the loan portfolio.*

Loans/Assets: Total loans divided by total assets.

Gross Return on Assets: Total income divided by average monthly assets.

Cost of Funds: Total dividends and interest paid and accrued for the year divided by average monthly assets. *This determines the cost of funds.*

Operating Expenses/Assets: Total operating expenses divided by average monthly assets. *This shows us the return on assets required to cover operating expenses.*

	2012	2011	2010
Capital Adequacy:			
Earnings/Assets	11.11%	11.91%	11.31%
Reserves/Loans	11.91%	11.76%	11.81%
Asset Quality:			
Delinquent loans/loans	2.48%	2.74%	4.26%
Loans/Assets	44.25%	49.54%	48.49%
Earnings:			
Gross Return on Assets	3.52%	3.90%	3.98%
Cost of Funds	0.95%	1.05%	1.71%
Operating Expenses	2.22%	2.41%	1.91%
Returns on Assets	0.35%	0.44%	0.32%

Our Services

Share Accounts: Dividend earning savings

Share Certificates: Higher-yield savings option

Individual Retirement Accounts: Supplement your retirement savings with a Roth or Traditional IRA. Choose an easy payroll deduction and build up your IRA savings painlessly, or opt for a higher-yield IRA certificate.

Christmas/Vacation Club: Be prepared to relax and enjoy instead of stressing out!! Easy payroll deductions can really help you out!

Special Savings Accounts: Save for a wedding, college, or simply to pay your yearly real-estate tax bill. Your goals Can be reached; break it down to a per-pay deduction and you'll be surprised how easy it is.

Checking Accounts: just like any other financial institution, only in credit union land we call them "share drafts". You may access your account by writing traditional paper checks, or by using a convenient **debit card**.

Lifetime Family Membership: Because you're a member of the credit union, members of your family also can take advantage of the many benefits of belonging. Once a member, always a member!

Scholarship Drawing: a way to give our student members a little extra to get them started in college.

Financial Counsel: Got Questions? Linda is on site every Wednesday to help you find your way around the stock market. Call for an appointment.

New/Used Vehicles - Get pre-approved for a car shop on YOUR terms. We'll take care of everything!

Home Equity Loans: Pay for anything from a car or boat to a wedding or a new roof. No points or annual fees, call us for details.

Signature loans: Loans for just about anything!

Revolving Line-of-credit: Like a credit card, get approved for a credit line, and don't panic next time you need new tires!

Share-Secured Loans: - Have you worked too hard to build up your savings to withdraw it for those season tickets you want? Pledge your savings as collateral and we will only charge you 2% over what we're paying you in dividends for the loan.

Account Access 24/7 Review account activity, look at your check copies, transfer funds, and more! Includes E-Statements and Online Loan Applications

Moneydesktop Personal Financial Program—available FREE to all members.

Mobile Banking—Coming soon.!!