

OUR PURPOSE

TOGETHER, WE
THRIVE

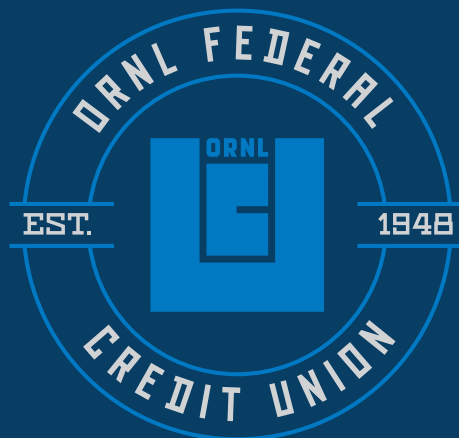
OUR CORE BELIEFS

We make managing money easy so *together, we thrive.*

We put people before profits so *together, we thrive.*

We invest in new ideas and new technologies so *together, we thrive.*

We invest in our communities so *together, we thrive.*



OUR ORGANIZATION



\$3.13B
TOTAL ASSETS



189K+
MEMBERSHIP*



478
EMPLOYEES



19 COUNTY
CHARTER
IN EAST TENNESSEE



\$5.0M
SPECIAL DIVIDEND
PAYOUT IN 2022



\$21M+
SPECIAL DIVIDEND
PAID SINCE 2018



\$500K+
COMMUNITY INVESTMENT



28 BRANCH
LOCATIONS
IN 12 COUNTIES OF
EAST TENNESSEE



200+
LOCAL NETWORK
OF FEE-FREE ATMS



52
INTERACTIVE TELLER
MACHINES (ITM)



30K+
NATIONWIDE NETWORK
OF FEE-FREE ATMS



130
AUTO DEALER
PARTNERS

*ORNL Federal Credit Union provides services to businesses and anyone who lives, works, worships, or attends school in the areas we serve: **Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Meigs, McMinn, Monroe, Morgan, Rhea, Roane, Scott, Sevier, and Union counties, TN.**

COMMUNITY IMPACT



presented by

ORNL FEDERAL CREDIT UNION



\$110,540 invested in 2022



**\$500,000 Investment
in Community 2022***

*In Addition to 2022 United Way Contributions

THE UNIVERSITY of
TENNESSEE UT
8 Scholarships Awarded

2022 AWARDS/RECOGNITION & SOCIAL STANDINGS



- #37 of Top 100 Credit Unions Using Social Media
- #43 of Top 100 Credit Unions on Facebook
- #27 of Top 100 Credit Unions on Twitter
- #21 of Top 100 Credit Unions on Instagram
- #36 of Top 100 Credit Unions on YouTube



- Best of Knoxville 2022**
- 2nd Place Finalist**
Best Credit Union
- 1st Place Winner**
Best Financial Advisor
- 3rd Place Finalist**
Best Mortgage Company



- 2nd Place (Silver)**
Best Credit Union
- 3rd Place (Bronze)**
Best Mortgage Company
- 2nd Place (Silver)**
Best Banking Business
- 2nd Place (Silver)**
Best Banking Personal

FORBES

Best-In-State Credit Union
#2 - 2022



FACEBOOK
30,267



TWITTER
5,495



INSTAGRAM
5,816



LINKEDIN
3,107



YOUTUBE
3,371,656 Views
591 Subscribers

OUR COOPERATIVE SPIRIT

Rooted in the seven principles of the credit union movement, 7 is a wholly-owned credit union service organization (CUSO) of ORNL FCU. The CUSO is dedicated to making credit unions stronger through collaboration, offering top tier products and services, and providing unparalleled support to its clients and partners. 7's engaged and experienced credit union professionals have the passion, insight, and innovation to help credit unions and their members thrive. 7 *Mortgage*, 7 *Title*, and 7 *Insurance* are included under the CUSO's umbrella.



ornlfcu.com

221 S. Rutgers Avenue, Oak Ridge, TN 37830 • 865.688.9555 or Toll Free 800.676.5328



Equal Opportunity Employer



Federally insured by NCUA
Equal Housing Lender

2022 ANNUAL REPORT AT-A-GLANCE





2022 BOARD CHAIR REPORT

2022 was an exceptional and productive year for ORNL Federal Credit Union, as we remained focused on returning value to members, investing in new technologies and facilities, and delivering exceptional service.

The Credit Union saw impressive financial performance and growth in membership in 2022. At year end, assets were at \$3.13 billion and membership grew to over 189,000. In return for a remarkable year, a \$5 million special dividend payment was issued to members. Since 2018, over \$21 million has been paid to the membership.

Coinciding with the special dividend payment, 10 members with current auto loans were randomly selected to have their remaining balances paid in full with taxes included. Twenty four members have had their auto loan balances paid off since 2019.

Our biggest project in 2022 was a digital banking conversion. With the updated platform, we were able to take advantage of new products and services not available on the old system, while offering an innovative, stable, secure, customizable, and seamless user experience for our members. Members have responded well to the new look and intuitive features, such as dynamic Multi-Factor Authentication for increased online security, more flexibility in the movement of funds, and crypto currency options.

In an effort to make the Credit Union more efficient and flexible, a new lending platform was installed to channel all direct and indirect lending through a single path. The Lending 360 platform allowed ORNL FCU to eliminate a separate system, which led to a reduction in costs, complexity, and maintenance.

Early in 2022, we partnered with Arkatechture—a technology company dedicated to empowering organizations with a better understanding of their business through data. Our partnership with Arkatechture will allow us to build on our current data platform while looking for additional opportunities to learn more about how we can better serve our members and communities through data analytics.

In March, we celebrated a new *7 Title* office in our Morristown Branch. The new office opened at the end of 2021, but because we weren't able to

conduct a grand opening celebration during the pandemic, this was an opportunity to celebrate with the community and other business partners. Having a title company presence in Morristown provides convenience and accessibility for members and other *7 Title* business partners, including realtors, partner credit unions, and other loan officers.

Construction projects to remodel our Alcoa and Bearden locations also started in 2022. The Alcoa Branch remodel was completed in the fall and a ribbon cutting was held in December. Construction at the Bearden Branch will be completed in early 2023 and the location will also house a *7 Title* office.

We broke ground for a new branch in Knoxville off of Middlebrook Pike. The new stand-alone branch is located in an area with high visibility at the corner of Middlebrook Pike and Bob Kirby Road. The heavily-trafficked area will provide even better access and convenience for members who currently utilize our Middlebrook Food City in-store branch. The new full-service branch will be staffed by a Wealth Management advisor, commercial loan officer, and a mortgage loan officer, in addition to the retail staff. The new branch is expected to open in the fall of 2023.

The Credit Union also prepared for the 2023 launch of a new CUSO, *7 Servicing*, that will service the member mortgages of both ORNL FCU and partner credit unions. Bringing mortgage servicing back in-house will provide a greater level of service to our membership and deliver potential growth opportunities to *7 Mortgage* partner credit unions.

In 2023, we will celebrate our 75th anniversary and if our history is any indication, ORNL FCU and our members will continue to thrive. Thank you for being a member of ORNL Federal Credit Union; we're excited to have you as part of our organization and our future.

A handwritten signature in black ink that reads 'W.R. Gorman'.

Randy Gorman
Chair, ORNL FCU Board of Directors

2022 TREASURER'S REPORT

In 2022, ORNL Federal Credit Union continued to maintain a strong, stable, and secure financial foundation, helping to uphold our mission of helping members improve their financial lives and supporting the communities we serve.

Total assets ended the year at \$3.13 billion, an increase of \$67.43 million over the prior year. The Credit Union's largest asset category, gross loans, increased by \$278.69 million (or 12.22%) over 2021. Competitive interest rates and mortgage and consumer loan products tailored to the needs of the membership contributed to this growth.

The quality of the loan portfolio remained exceptional with low delinquency and a net charge-off ratio of 0.13%. On July 1, ORNL FCU adopted the Current Expected Credit Loss Model (CECL), well ahead of the regulatory deadline and most peer credit unions. CECL, a new accounting methodology for estimating allowances for credit losses, had a negligible impact at adoption, though going forward more volatility in the required reserve for credit losses is expected due to the forward looking nature of the calculation.

Deposit growth over the prior year was \$152.00 million (or 5.85%) and ended the period at \$2.75 billion. This growth enabled the Credit Union to fund its loan demand while repaying \$92.50 million in term borrowings. The savings from repaid borrowings supported the Credit Union's ability to offer higher rate share certificates, returning value directly back to members.

The Credit Union posted a net income of \$36.38 million after returning more than \$10.08 million to members in the form of dividends, including a special dividend of \$5.00 million. The special dividend, which equated to approximately 10 basis points, was calculated based on a member's total financial relationship with ORNL FCU. As a result of the Credit Union's strong performance, regulatory net worth ended the year at \$354.85 million, resulting in a net worth ratio of 11.33%, which is considered "well capitalized" according to the National Credit Union

Administration. Relatedly, the Credit Union achieved a return on assets (ROA) of 1.17% - the fifth straight year of ROA in excess of 1.00%.

ORNL Federal Credit Union continues to attract new member-owners as total memberships increased by 4,167 (or 2.24%) to end the year at 189,843. ORNL FCU remains committed to returning value to its members through its attractive products and pricing while delivering exceptional service to every member, every time because: **Together, We Thrive.**

CONSOLIDATED STATEMENT OF CONDITION

ASSETS	2022	2021
Cash & Cash Equivalents	\$ 87,166,839	\$ 326,018,235
Total Investments	386,093,133	356,477,990
Gross Loans	2,559,597,065	2,280,907,483
Allowance for Loan Losses	(28,725,690)	(26,411,027)
Net Loans	2,530,871,375	2,254,496,456
Accrued Interest Receivable	7,506,143	5,376,770
Total Fixed Assets	60,721,936	53,837,014
Total Other Assets	59,682,603	68,404,623
Total Assets	<u>\$ 3,132,042,029</u>	<u>\$ 3,064,611,088</u>
LIABILITIES & MEMBERS' EQUITY		
LIABILITIES		
Total Deposits	\$ 2,748,661,112	\$ 2,596,656,612
Borrowed Funds	-	92,500,000
Total Other Liabilities	53,618,983	68,036,678
Total Liabilities	2,802,280,095	2,757,193,290
MEMBERS' EQUITY		
Total Members' Equity	329,761,934	307,417,798
Total Liabilities & Equity	<u>\$ 3,132,042,029</u>	<u>\$ 3,064,611,088</u>

CONSOLIDATED INCOME STATEMENT

	2022	2021
Total Interest Income	\$ 97,186,770	\$ 83,155,304
Total Interest Expense	12,118,831	13,446,010
Net Interest Income	85,067,939	69,709,294
Provision for Loan Loss	5,525,000	5,450,000
Net Interest Income After Provision	79,542,939	64,259,294
Total Non-Interest Income	46,909,132	47,327,160
Total Operating Expense	78,460,639	78,839,827
Income/(Loss) from Operations	47,991,432	32,746,627
Non-Operating Gain/(Loss)	11,616,506	2,955,492
Net Income	<u>\$ 36,374,926</u>	<u>\$ 35,702,119</u>

2022 NOMINATING COMMITTEE REPORT

The ORNL Federal Credit Union Nominating Committee reviewed the qualifications of members who submitted their names for consideration as candidates for the Board of Directors. We hereby nominate the following three individuals for the positions to be filled by board appointment at the Credit Union's 75th Annual Meeting on March 23, 2023:

Joel Pearman, Debbie Stairs, and Harriet Walker.

There were no candidate petitions filed with the Credit Union this year.

Respectfully submitted,
Pam Ladd,
Nominating & Elections Committee Chair

2022 SUPERVISORY COMMITTEE REPORT

The Supervisory Committee, appointed by the ORNL Federal Credit Union Board of Directors, is responsible for ensuring our Credit Union's financial records are in order and the necessary internal controls are in place to protect our members' assets. The Supervisory Committee performs these functions by reviewing the reports from internal and external audits and by testing and monitoring internal controls and business practices. To assist in the execution of these responsibilities, the Committee engages with independent external audit firms to perform financial and other types of audits such as payments services and information technology. For example, Nearman, Maynard, and Vallez, CPAs were retained to complete our financial statement audit as of June 30, 2022. The goal of this audit was to validate the reliability and integrity of our financial operating information, as well as ensure our Credit Union and the credit union services organizations were in compliance with federal regulations and generally accepted accounting

principles (GAAP). This clean opinion audit report as well as all of the other external audit reports were submitted to the Board of Directors and management upon completion.

The Internal Audit Program, under the direction of the Supervisory Committee, provides a risk-based, ongoing review of compliance with Credit Union policies and procedures. This program includes an annual inspection of internal controls, cash handling, member loans, and other assets of your Credit Union. During the year some of the key 2022 accomplishments include a review of the Credit Union's information systems, accounts payable, and bank secrecy functions. The Supervisory Committee, as directed by the NCUA, is also responsible for the review and response to member complaints. The Supervisory Committee is pleased to report your Credit Union continues a tradition of excellent financial management and compliance.

MINUTES OF THE 74TH ANNUAL MEETING

1. CALL TO ORDER

a. Welcome: The 74th Annual Meeting of ORNL Federal Credit Union (operating under NCUA Charter No. 5797, issued August 6, 1948) was called to order at 6:00 PM by Board Chair Randy Gorman. Mr. Gorman stated that the meeting will be in accordance with Article Four of our Credit Union Bylaws and includes all items required by the NCUA. The meeting would be conducted in adherence with Robert's Rules of Order, with Joy Wilson, Senior Vice President and Chief Administrative Officer, serving as Parliamentarian.

b. Quorum Determination: Quorum Determination. Mr. Gorman announced that a sufficient number of members were present to constitute a quorum.

2. MINUTES OF THE 73RD ANNUAL MEETING

A motion was made, seconded, and passed to approve the minutes of the 73rd Annual Meeting held on March 25, 2021. The Meeting Minutes could be found in the Annual Report supplement that was given to attendees.

3. ANNOUNCEMENT OF BOARD MEMBERS

Current Board Member Recognition: Mr. Gorman introduced the current Board of Directors, Supervisory Committee Members, and members of the Nominating Committee as listed in the Annual Report and thanked them for their service.

4. REPORT OF THE SUPERVISORY COMMITTEE:

Supervisory Committee Chair Mary Beth Blair presented the Supervisory Committee report. Ms. Blair stated that the purpose of the Supervisory Committee was to ensure that the Credit Union's financial records were in order and the necessary internal controls were in place to protect the members' assets. The Supervisory Committee

engaged with an independent external audit firm, Nearman, Maynard, Vallez, CPAs, to complete the financial audit as of June 30, 2021. ORNL Federal Credit Union received a clean opinion audit report that was submitted to the Board of Directors and executive leadership. Ms. Blair noted that key 2021 accomplishments included a review of the Credit Union's information systems, accounts payable, human resources, and bank secrecy functions. The Supervisory Committee, as directed by the NCUA, is also responsible for the review and response to member complaints. Ms. Blair was pleased to report the Credit Union continued a tradition of excellent financial management and compliance.

5. REPORT OF THE NOMINATING COMMITTEE

Nominating Committee Chair Jama Hill presented the Nomination and Election Committee report. The Nominating Committee submitted the names of three members as candidates for the three available positions on the Board of Directors. The nominees selected to fill the three three-year terms were Pamela Ladd, Sam McKenzie, and James Payne. A motion was made, seconded, and passed to approve the nominees to the Board.

6. REPORTS

a. Chairs Report: Mr. Gorman pointed out that the Chair's report could be found in the Annual Report and asked if there were any questions concerning his report.

b. Treasurer's Report and President & Chief

Executive Officer's Report: Mr. Gorman introduced President & CEO, Colin Anderson. Mr. Anderson welcomed the members to the meeting who were in attendance. Mr. Anderson gave appreciation to members and employees for their continued patience and understanding during the pandemic.

MINUTES OF THE 74TH ANNUAL MEETING (CONT.)

Mr. Anderson also thanked the Board of Directors for their continued trust in and passion for ORNL Federal Credit Union. Mr. Anderson introduced the Executive Management Team as listed in the 2021 Annual Report and thanked them for their years of experience with the Credit Union.

Mr. Anderson noted that the 2021 Annual Report was available at the meeting in printed form and that the electronic version would also be available on the ORNL Federal Credit Union website.

Mr. Anderson reported that the Credit Union performed well in 2021 and shared that the management team has been relentlessly focused on improving the efficiency of the Credit Union. He explained that greater controls on contract review, requests for proposals, obtaining competitive bids, and conducting financial analyses have been implemented to remain competitive and relevant. Mr. Anderson explained that consolidating vendors, removing barriers, and empowering employees, has allowed the Credit Union to become more focused around financial results, member satisfaction, and expense controls. Mr. Anderson reported that the balance sheet grew by \$322 million in 2021, to end the year at \$3.06 billion in total assets. This was an increase of 12% in total assets and the second highest annual growth rate in the last two decades. At the close of 2021, the Credit Union had more than 185,000 members. In 2021, the Credit Union closed 2,443 first and second mortgages totalling nearly \$470 million in origination volume (an average of \$192,000 per loan). ORNL Federal Credit Union was the second or third largest mortgage leader in nearly all markets. Mr. Anderson reported that Consumer Lending closed 21,000 personal loans during the year. At year-end, the Credit Union had more than 65,000 loans outstanding with total balances of \$2.2 billion. The Allowance for Loan Losses now stands at 1.16%, meaning the Credit Union has reserved for more than nine years of loan losses at the current rate of net charge-offs.

Mr. Anderson reported that the Credit Union achieved record earnings of \$35.7 million in 2021. As earnings remain the only source of capital, good results continue to support safe and sound growth. The Credit Union net charge-off ratio remains at a historically low .12%.

Mr. Anderson noted the following accomplishments of the Credit Union in 2021 due to the above mentioned results which allowed an allocation of resources toward essential investments such as:

- Throughout 2021, the Credit Union has invested heavily in the modernization and branding of nearly half of the facilities. Six branches have been consolidated in order to be more efficient in the midst of changing consumer behavior.
- Replacement of all 36 ATMs with the latest models which offer greater convenience, features, and reliability.

- Installation of 46 ITMs which allowed the Credit Union to serve members more efficiently.
- A special dividend has been reinstated and in the past four years, a total of \$16 million has been returned to members in the form of direct payments.
- New debit cards were issued (for the second time in five years) to all members with a new design and tap-and-go features.

Mr. Anderson shared that investments continue to be made into the infrastructure of the Credit Union. A few examples include payroll systems, phone systems, computer hardware and software systems have been replaced, and upgrades were made to other communications systems.

Mr. Anderson also reported that the Credit Union continued to invest heavily in the employee workforce. Below are several examples:

- The 401k matching contribution was increased to 100% of up to 5.5%.
- Starting wages were increased to \$15.00 per hour.
- A hiring and stay bonus was instituted in the past four months.
- Management approved and instituted a remote work policy for nearly 100 employees now working a hybrid schedule.

ORNL FCU invested over \$500,000 into community activities and events during the pandemic—when these organizations needed support the most.

Mr. Anderson reported that the Credit Union has received excellent regulatory ratings from the NCUA during the past four years due to remaining well-capitalized, strong asset quality which continues to improve, a stable and experienced management team, healthy earnings, and ample liquidity. This coming year the implementation of a new digital banking platform will offer greater stability, more features, and first-to-market options. Mr. Anderson also shared that three more branches will be remodeled including Bearden, Alcoa, and Middlebrook Pike.

Mr. Anderson opened the floor to questions from the membership.

- A member questioned what the Credit Union is doing to avert cyber attacks. Mr. Anderson introduced Mr. Gilbert Young, Vice President, Information Security Officer to answer. Mr. Young shared that there have been no rise in incidents and recently met with the insurance provider to ensure that the Credit Union has adequate coverage. The employee base receives annual education on phishing/vishing and what tools are available at their disposal to offset these types of attacks.

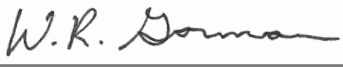
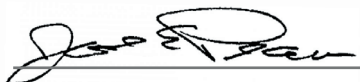
MINUTES OF THE 74TH ANNUAL MEETING (CONT.)

- Another member questioned whether the Credit Union owns the Northshore Building. Mr. Anderson explained that the Credit Union owns both the building and the land. He shared that the land was purchased in 2015 and took occupancy in 2017. The first floor shares the community conference room and a branch, the second floor is the lending department, and the third floor houses the CUSO and related activities.
- Another member questioned how many employees the Credit Union has. Mr. Anderson responded that there are currently 463 employees.

5. OLD BUSINESS - None.

6. NEW BUSINESS - None.

7. ADJOURNMENT - There being no further business, Mr. Gorman adjourned the meeting at 6:22 PM.

	02/16/2023
<hr/>	
Randy Gorman, Board Chair	Date
	02/16/2023
<hr/>	
Joel Pearman, Secretary	Date

DIRECTORS, COMMITTEES & EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS

Randy Gorman - Board Chair
 James Payne - Vice Chair
 Pam Ladd - Treasurer
 Joel Pearman - Secretary
 Jama Hill
 Leigha Witt Justice
 Sam McKenzie
 Debbie Stairs
 Harriet Walker
 David Mandl - Associate Director

EXECUTIVE COMMITTEE

Randy Gorman - Board Chair
 James Payne - Vice Chair
 Pam Ladd - Treasurer
 Joel Pearman - Secretary

LEGISLATIVE & GOVERNMENTAL AFFAIRS COMMITTEE

James Payne - Chair
 Randy Gorman
 Leigha Witt Justice
 Sam McKenzie
 Harriet Walker

SERP INVESTMENT COMMITTEE

Randy Gorman
 Pam Ladd
 Debbie Stairs

NOMINATING & ELECTION COMMITTEE

Pam Ladd - Chair
 Jessica Emert
 Jama Hill

VOLUNTEER POLICY & GOVERNANCE COMMITTEE

Harriet Walker - Chair
 Randy Gorman
 Jama Hill
 Leigha Witt Justice
 Joel Pearman
 Debbie Stairs

SUPERVISORY COMMITTEE

Vickie Caughron - Chair
 Gerald Smith - Vice Chair
 Mary Kiser - Secretary
 Mary Beth Blair

7, LLC BOARD OF GOVERNORS

Randy Gorman, Chair
 Colin Anderson
 Chris Boler

EXECUTIVE MANAGEMENT

Colin Anderson, President & CEO
 Chris Boler, President & CEO, 7, LLC
 Dawn Brummett, Executive Vice President & Chief Operating Officer
 Janita Clausell, Senior Vice President & Chief Retail Officer
 Becky Curry, Senior Vice President Data Intelligence
 Steve McAtee, Senior Vice President & Chief Technology Officer
 Kristin Robertucci, Senior Vice President & Chief Financial Officer
 Derek Saidak, Senior Vice President & Chief Lending Officer
 Tom Wright, Senior Vice President & Chief Marketing Officer



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 Equal Housing Lender