

2023
ANNUAL
REPORT
AT-A-GLANCE



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.*

75 YEARS

Established 1948

OUR ORGANIZATION



\$3.65B
TOTAL ASSETS



199K+
MEMBERSHIP*



501
EMPLOYEES



19 COUNTY
CHARTER
IN EAST TENNESSEE



\$5.0M
SPECIAL DIVIDEND
PAYOUT IN 2023



\$26M+
SPECIAL DIVIDEND
PAID SINCE 2018



\$1.1M+
COMMUNITY INVESTMENT



28 BRANCH
LOCATIONS
IN 12 COUNTIES OF
EAST TENNESSEE



200+
LOCAL NETWORK
OF FEE-FREE ATMs



48
INTERACTIVE TELLER
MACHINES (ITMs)



30K+
NATIONWIDE NETWORK
OF FEE-FREE ATMs



138
AUTO DEALER
PARTNERS

COMMUNITY IMPACT



\$117,786
invested
in 2023



75th Anniversary Grants
\$425,000

Community Investment
\$750,000+

Total Charitable Giving
\$1.1+ MILLION

*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.

2023 AWARDS/RECOGNITION



Beautification Excellence Award
2023 Oak Ridge Chamber of Commerce

Business of the Year
2023 Oak Ridge Chamber of Commerce ExtraORdinary Awards



Best Credit Union, Personal—2nd Place
Best Credit Union, Business—2nd Place
2023 Cityview Best of the Best



Best Bank—2nd Place
2023 Blank Newspaper Knoxville's Finest

Best Credit Union
Best Car/RV/Boat Loans
2023 farragutpress Reader's Choice Awards



Best Credit Union—Finalist
2023 The Official Community's Choice Awards—Knox Stars

Best Credit Union—Finalist
Mortgage Lending Company—Finalist
2023 The Official Community's Choice Awards—Secret City

- #46 of Top 100 CUs Using Social Media
- #45 of Top 100 CUs on Facebook
- #30 of Top 100 CUs on Twitter
- #23 of Top 100 CUs on Instagram
- #44 of Top 100 CUs on YouTube

Tri-Star Advocacy Award
Tennessee Credit Union League
Received by Sam McKenzie, Board Member

SOCIAL MEDIA STANDINGS



FACEBOOK
31,397



X
5,337



INSTAGRAM
6,529



LINKEDIN
3,495



YOUTUBE
3,379,123
Views



Equal
Opportunity
Employer



ornlfcu.com



2023 ANNUAL REPORT





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JENNY VIPPERMAN

PRESIDENT & CEO

Jenny is a nationally recognized credit union servant leader whose commitment to the movement is demonstrated through her personal and professional efforts to improve the financial lives of all members. A 17-year credit union industry veteran with over 25 years' leadership experience, Jenny keeps an unwavering focus on delivering value to members and strengthening the communities in which she serves through financial education, tailored products and services, and frictionless technology.

As a trailblazer in the credit union and fintech industries, Jenny introduced AI loan decisioning to credit unions, becoming the first to use this accurate and inclusive technology. Today, more than 170 credit unions operate over 400 of these models throughout the country, increasing approvals to millions of members with less risk. She has further led efforts to

certify the second-largest Community Development Financial Institution (CDFI) in the nation and has expanded product and service offerings, such as Military Heroes and Everyday Heroes programs, that have won national industry awards.

In addition to her professional experience, Jenny serves the industry and community through her philanthropic work. She currently serves as the Vice Chair of the National Credit Union Foundation (NCUF); is a board member of Coviance, an industry-leading mortgage software company; is an active member of the Mortgage Banking Association (MBA); and has been engaged with the World Council of Credit Unions in Guatemala, Peru, and Ecuador. She previously served as co-chair of the



MBA Credit Union Network, vice chair of the Leukemia & Lymphoma Society, board member of Zest AI, member of the Credit Union Development Education (CUDE) committee, and mayoral appointee and board member of the Kids Hope Alliance.

Jenny holds an MBA from George Mason University, a BS from Virginia Tech, and earned the CMB designation from the Mortgage Bankers Association in 2020. She has been named Woman of the Year by the Leukemia & Lymphoma Society (2019), one of the Top 100 People in Finance by Top 100 Magazine (2020), a Woman of Distinction by the Girl Scouts of Gateway Council (2021), and a Woman of Influence by the JBJ (2022).

OFFICIALS

BOARD OF DIRECTORS

Randy Gorman – 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 – 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

NOMINATING & ELECTION COMMITTEE

Debbie Stairs – Chair
Jessica Emert
Pam Ladd

VOLUNTEER POLICY & GOVERNANCE COMMITTEE

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

SUPERVISORY COMMITTEE

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

7, LLC BOARD OF GOVERNORS

Randy Gorman, Chair
Janita Clausell
Jenny Vipperman

EXECUTIVE MANAGEMENT

Jenny Vipperman

President & CEO

Chris Boler

Senior Vice President & Chief Member Experience Officer

Dawn Brummett

Executive Vice President & Chief Information Officer

Janita Clausell

President & CEO, 7, LLC

Becky Curry

Senior Vice President, Data Intelligence

Andrea Griffiths

Senior Vice President & Chief Internal Auditor

Jennifer Lopez Kouchis

Senior Vice President & Chief Strategy & Growth Officer

Kristin Robertucci

Senior Vice President & Chief Financial Officer

Derek Saidak

Senior Vice President & Chief Lending Officer

Wendy Ward

General Counsel & Chief Risk Officer

Tom Wright

Senior Vice President & Chief Marketing Officer

BOARD CHAIR'S REPORT

ORNL Federal Credit Union reached a significant milestone in 2023—we celebrated 75 years of serving the East Tennessee community. Our proud and storied history as an organization started with 10 members and \$50; we have since grown to nearly 200,000 members and \$3.65 billion in assets. We went from exclusively serving employees of the Oak Ridge National Laboratory in one office to serving anyone who lives, works, worships, or attends schools in 19 counties of East Tennessee in 28 branches.

From our humble beginnings to becoming one of the largest credit unions in East Tennessee today, the legacy of our 10 founding members lives on through our shared values and our dedication to providing valuable and reliable products and services that meet our members' evolving financial needs. In 2023, various projects were completed

and initiatives implemented that focused on our commitment to helping members, employees, and the community thrive.

VIRTUAL ASSISTANT

In February, the Credit Union welcomed a valuable new virtual assistant named Easton. The virtual assistant answers common questions by chat on the website and in digital banking. Easton also helps in the Call Center by answering calls right away, understanding voice commands, and even completing transfers, payments, and other transactions. Easton has been a tremendous help to its human co-workers who now have more time to spend with members with complex needs.

QUICK LOAN & SKIP-A-PAY

While we converted to an updated digital banking platform in 2022 that allowed us to more easily bring new services to members, we took advantage of the new platform in 2023. Two new popular features were launched in 2023 in our digital banking platform: Quick Loan and Skip-a-Pay.

- Quick Loan offers qualifying members access to emergency funds 24/7. It is available exclusively through digital banking, requires no documentation, and provides funding in a matter of minutes.
- Skip-a-Pay traditionally offered members an opportunity to skip one payment on a qualified loan around the holiday season for a \$50 fee. In 2023, we introduced Skip-a-Pay through digital banking allowing members to skip a payment when they most need it—anytime throughout the year—AND at a reduced cost of \$25. Members are already benefiting from the flexible and secure platform.

BRANCH UPDATES & ADDITIONS

Extensive remodel work at our Bearden Branch began in April 2022 and the work was completed in April 2023. Due to its convenient location, the Bearden remodel included an increase in square footage, which allowed for a third location for *7 Title*, which specializes in the settlement of residential and commercial transactions. For over 20

years, 7 Title has served Knoxville and the surrounding area with a focus on low fees and exceptional service.

A new, free-standing Middlebrook Pike Branch opened to members on August 21. The branch replaces the in-store branch located across the street at the Middlebrook Food City. The new branch is located at the corner of Middlebrook Pike and Bob Kirby Road in Knoxville; it is in a high-traffic area, providing greater access and convenience for members and residents who live and work near the branch.

FINANCIAL EDUCATION

In times like these, where 60% of consumers in the United States are living paycheck to paycheck, financial education is more important than ever. In the spring of 2023, the Credit Union set out on a mission to broaden our community impact by investing more in financial education throughout our East Tennessee service area. Not only was this commitment important to our team and board of directors, but it was something we felt was strongly needed. When our community

members are more financially aware and educated, they are truly able to continue down the right path to a healthy and thriving financial lifestyle.

GREAT PLACE TO WORK

We were re-certified for the third year in 2023 as a Great Place to Work (GPTW). The award is based entirely on employee feedback; 75% of employees who took the survey say ORNL FCU is a great place to work compared to 57% of employees in a typical U.S.-based company. GPTW is the global authority on workplace culture and helps the Credit Union quantify our culture and produce better business results by creating a high-trust work experience for our employees.

CENTRALIZED LOAN FUNDING

In 2023, the Credit Union implemented centralized loan funding, performing the funding activities for all consumer loans. The highly successful initiative streamlines the consumer loan funding process to better serve members.



SPECIAL MEMBER DIVIDEND

Our strong financial performance throughout the year allowed us to issue a \$5 million special member dividend to members in October. Since 2018, over \$26 million has been paid to members through a special dividend payment.

In addition to the special dividend payment, 10 members with auto loans were randomly selected to have their remaining balances paid in full, taxes included. Thirty four members have had their auto loan balances paid off since 2019, totaling over \$600,000 in balances and taxes paid.

7 SERVICING

One of the largest projects of 2023 was the creation of ORNL FCU's own mortgage servicing company, *7 Servicing*. To provide the highest level of service to the membership, mortgage servicing was moved from sub-servicer, Roundpoint, to *7 Servicing* on November 1. This included the successful transfer of over 8,300 mortgages and \$1.40 billion in funds, with remaining mortgage loans to be

transferred in quarter two of 2024. Through *7 Servicing*, ORNL FCU mortgage loans will be serviced by Credit Union employees in East Tennessee.

75TH ANNIVERSARY

To recognize our past, present, and future, we celebrated our 75th anniversary in meaningful ways throughout the year to show our appreciation to our members, employees, and the community.

- We commemorated our anniversary by publishing a 75th yearbook that documents ORNL FCU's history. The book is available online at ornlfcu.com/news.
- We invested in our communities by awarding grants totaling \$425,000 to 18 local nonprofit organizations that were nominated by our members and employees.
- A member appreciation day was held at all branches on Friday, August 4. Members were treated to refreshments, ORNL FCU-branded goodies, and the chance to win fun door prizes!
- 2023 also marked our 5th year of the *Summer Sessions* concert series in Oak Ridge and Kingston.





In addition to celebrating the 75th anniversary of the founding of ORNL FCU, the 100th anniversary of the establishment of state-chartered credit unions in Tennessee was also observed. Under Governor Austin Peay, a bill was signed on March 23, 1923 establishing Tennessee as the 14th state to create state-chartered credit unions.

NEW PRESIDENT & CEO

2023 brought more exciting news with the announcement of Jenny Vipperman as President & CEO, effective October 1, 2023. Formerly at VyStar Credit Union in Jacksonville, Florida, she brings with her a wealth of knowledge and experience from her 17+ years in the credit union industry. Jenny shares ORNL FCU's passion for member service and she is committed to cultivating the people-centric environment that best serves our members, our employees, and our communities. Driven by the credit union motto of 'people helping people,' Jenny will lead ORNL FCU as we continue to grow and be the best

financial partner for our members. Jenny replaced former President & CEO Colin Anderson, who retired on September 30.

Since August 6, 1948, ORNL Federal Credit Union has been a trusted financial cooperative for members, employees, and the East Tennessee community. We have formed relationships, we've built trust, and we've created a family; a family that has been thriving for 75 years and counting. Looking ahead, we'll continue to build on this strong foundation by taking care of our employees and focusing on member service and value.

On behalf of the ORNL Federal Credit Union Board of Directors, it is an honor to serve you. Thank you for being a member of ORNL Federal Credit Union.



W.R. Gorman

Randy Gorman
Board Chair

TREASURER'S REPORT

2023 was a year of strong growth and financial performance for ORNL FCU. Assets grew steadily throughout the year reaching \$3.65 billion at year end, a year-over-year increase of \$516.3 million. Throughout the year, adequate levels of liquidity were maintained, ensuring that the evolving loan needs of our members were met. Gross loans increased by \$482.6 million (or 19%) during 2023, to end the year with more than \$3.04 billion in outstanding balances.

Total deposits increased by \$304.4 million (or 11%) to end the year at \$3.05 billion. Additionally, ORNL FCU increased its portfolio of borrowed funds by \$160 million. The organization remains committed to prudent financial management aligning our borrowing strategy with deposit growth to support the financial needs of our members.

During the year, more than \$36.9 million was returned to members in the form of dividends, an increase over the prior year of \$26.8 million. Net of dividends, ORNL FCU recorded net income of \$57.9 million, which further added to our capital strength.

The Credit Union's regulatory capital—or net worth ratio—ended the year at 11.29%, which is considered well capitalized by our primary regulator, the National Credit Union Administration (NCUA). This is a fundamental measure of our financial strength and capacity to withstand economic challenges while facilitating growth and ensuring the long-term sustainability of the credit union.

Membership expanded in 2023, with total member-owners growing to 199,965, an increase of 5.33% over the previous



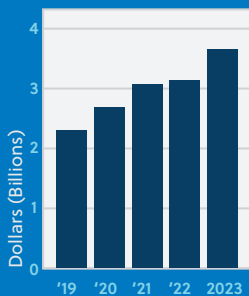
year. ORNL FCU will continue to offer best-in-class financial products, pricing, and exceptional service to all members because *Together, We Thrive*.

ORNL FCU remains well-positioned for the future. Our commitment to you—our valued members—remains unwavering.

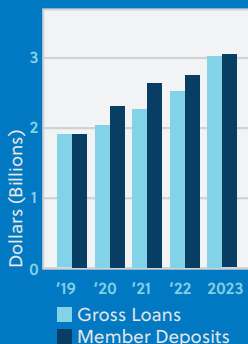
CONSOLIDATED INCOME STATEMENT

	2023	2022
Total Interest Income	\$ 139,552,461	\$ 97,186,770
Total Interest Expense	42,546,022	12,118,831
Net Interest Income	97,006,439	85,067,939
Provision for Credit Losses	6,422,745	5,525,000
Net Interest Income After Provision	90,583,694	79,542,939
Total Non-Interest Income	45,953,374	46,909,132
Total Operating Expense	88,131,944	78,460,639
Income/(Loss) from Operations	48,405,124	47,991,432
Non-Operating Gain/(Loss)	9,459,123	(11,616,506)
Net Income	<u>\$ 57,864,247</u>	<u>\$ 36,374,926</u>

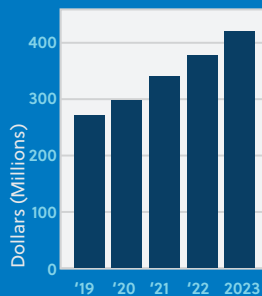
ASSETS



DEPOSITS & GROSS LOANS



NET WORTH



CONSOLIDATED STATEMENT OF CONDITION

	2023	2022
ASSETS		
Cash & Cash Equivalents	\$ 194,895,607	\$ 87,166,839
Total Investments	313,275,743	386,093,133
Gross Loans	3,042,206,473	2,559,597,065
Allowance for Credit Losses	(28,076,252)	(28,725,690)
Net Loans	3,014,130,221	2,530,871,375
Accrued Interest Receivable	10,856,756	7,506,143
Total Fixed Assets	66,440,752	60,721,936
Total Other Assets	48,691,918	59,682,603
Total Assets	<u>\$ 3,648,290,997</u>	<u>\$ 3,132,042,029</u>
LIABILITIES & MEMBERS' EQUITY		
LIABILITIES		
Total Deposits	\$ 3,053,041,684	\$ 2,748,661,112
Borrowed Funds	160,000,000	–
Total Other Liabilities	37,101,098	53,618,983
Total Liabilities	3,250,142,782	2,802,280,095
MEMBERS' EQUITY		
Total Members' Equity	398,148,215	329,761,934
Total Liabilities & Equity	<u>\$ 3,648,290,997</u>	<u>\$ 3,132,042,029</u>

COMMUNITY IMPACT

We know being a good corporate citizen means being involved and making a positive difference. We are as passionate about issues, ideas, and helping organizations in our community thrive as we are about helping our own members. We understand that the only way we truly thrive, as individuals, as neighborhoods, and as communities, is together...

"...BECAUSE TOGETHER, WE THRIVE."

75th Anniversary Grants
\$425,000

Community Investment
\$750,000+

Total Charitable Giving
\$1.1+ Million



\$117,786 invested in 2023



75TH ANNIVERSARY GRANTS AWARDED

To celebrate our 75th anniversary, ORNL FCU offered members the opportunity to nominate worthy nonprofit organizations to receive a grant of up to \$75,000. In all, 18 organizations were awarded grants for a grand total of \$475,000. The response to the two week campaign was overwhelming; over 1,100 nominations were received, representing over 540 organizations. A check presentation was held in September to honor and recognize each recipient.



\$75,000 Grants Awarded
 East Tennessee Children's Hospital
 Second Harvest Food Bank of Tennessee

\$50,000 Grants Awarded
 Dreams of Oak Ridge Students (DOORS)
 Free Medical Clinic of Oak Ridge

\$25,000 Grants Awarded
 Appalachian Arts Craft Center
 East Tennessee Historical Society
 Knox County Schools Teacher Supply Depot
 Oak Ridge Heritage & Preservation Association

\$7,500 Grants Awarded
 ABA Next Steps
 Centro Hispano of Knoxville
 Children's Museum of Oak Ridge
 Fig Tree
 Happy Paws Kitten Rescue
 Koinonia Foundation
 Oak Ridge Rowing Association
 Random Acts of Flowers
 TORCH
 Village Quilters

AWARDS & RECOGNITION

Beautification Excellence Award

2023 Oak Ridge Chamber of Commerce

Business of the Year

2023 Oak Ridge Chamber of Commerce ExtraORdinary Awards

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Best Credit Union, Business—2nd Place

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Mortgage Lending Company—Finalist

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Tri-Star Advocacy Award

Tennessee Credit Union League

Received by Sam McKenzie, Board Member



ExtraORdinary
AWARDS



THE FINANCIAL BRAND



#46 of Top 100 CUs Using Social Media

#45 of Top 100 CUs on Facebook

#30 of Top 100 CUs on Twitter

#23 of Top 100 CUs on Instagram

#44 of Top 100 CUs on YouTube


SOCIAL STANDINGS

 Facebook
31,397

 LinkedIn
3,495

 X
5,337

 Instagram
6,529

 Youtube
3,379,123 views

OUR COOPERATIVE SPIRIT

Rooted in the original seven principles of the credit union movement, 7, LLC 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, LLC'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, 7 Servicing, and 7 Insurance are included under the CUSO's umbrella.



7 MORTGAGE

- 38 credit union partners
- 1,618 mortgages closed in 2023
- Licensed in seven states

7 TITLE

- Closed 876 loans in 2023
- Provided 3,132 title searches

7 SERVICING

- 8,412 mortgage loans serviced
- 4,311 home equity lines of credit serviced

7 INSURANCE

- 3,156 active clients
- 5,110 total policies
- Average new client saves \$561.53 annually*
- Licensed in 33 states

*Average savings figure based on new direct auto and home policyholders countrywide who reported savings to us in 2023. Individual savings may vary. Savings not guaranteed.



 ornlfcu.com

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

PROUD MEMBER:



Federally insured by NCUA. Equal Housing Lender.



2023 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, Vallez, CPAs was retained to complete our financial statement audit as of June 30, 2023. 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 service 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 2023 accomplishments included a review of the Credit Union's digital banking program, information technology security assessments, and conversion to a new audit software. The Credit Union also contracted with a third party to review the Anti-Money Laundering (AML) Program including system validation. 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.

2023 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 our Credit Union's 76th Annual Meeting on March 21, 2024:

Randy Gorman, Jama Hill, and Leigha Witt Justice

There were no candidate petitions submitted that met the required valid signatures to be considered this year.

Respectfully submitted,

Debbie Stairs,

Nominating & Elections Committee Chair

MINUTES OF THE 75TH ANNUAL MEETING

1. CALL TO ORDER

a.) Welcome: The 75th 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 the 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 Andrea Griffiths, Vice President Audit Services, serving as parliamentarian.

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

2. MINUTES OF THE 74TH ANNUAL MEETING

A motion was made, seconded, and passed to approve the minutes of the 74th Annual Meeting held on March

24, 2022. 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 Vickie Caughron presented the Supervisory Committee report. Ms. Caughron 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

MINUTES OF THE 75TH ANNUAL MEETING (CONT.)

the financial statement audit as of June 30, 2022. ORNL Federal Credit Union received a clean opinion audit report that was submitted to the Board of Directors and executive leadership. Ms. Caughron noted that key 2022 accomplishments included a review of the Credit Union's information security 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. Caughron 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 Pam Ladd 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 Joel Pearman, Debbie Stairs, and Harriet Walker. A motion was made, seconded, and passed to approve the nominees to the Board.

6. REPORTS

a.) Chair's 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 shared that the performance results of the Credit Union are directly related to the efforts of the executive management team. Mr. Anderson introduced them individually by their years of tenure, with one team member serving a total of 32 years. He also shared that one team member was celebrating a birthday today and another was celebrating an anniversary with the Credit Union of 25 years.

Mr. Anderson noted that the 2022 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 thanked the marketing team for evolving the report into a much more condensed and easier to read layout.

Mr. Anderson reported that the balance sheet grew by \$67.4 million during the year and ended with total assets of \$3.13 billion. This is less growth than the Credit Union experienced in the prior two years because there were no stimulus payments and members began to spend more money as they became confident in the economic environment. Mr. Anderson shared that the largest impact to the balance sheet was the payoff of all borrowings of approximately \$140 million in an effort to shrink the balance sheet, reduce costs, and improve the capital position.

Mr. Anderson reported that at year-end the Credit Union had serviced approximately 10,000 first mortgage loans

with balances of over \$1.30 billion and serviced nearly 3,500 HELOC loans with balances in excess of \$103 million. In addition, the consumer loan portfolio consisted of over 55,000 loans representing balances of over \$952 million. Mr. Anderson also shared that at the end of the year, the Credit Union had more than 189,000 members.

Mr. Anderson shared that the level of allowance for loan losses to gross loans stands at 1.12% or that the Credit Union has reserved for more than eight years of loan losses at the current rate of net charge offs. During 2022, ORNL Federal Credit Union became the largest credit union to certify compliance with a new accounting standard called CECL. The Credit Union has been preparing for this change for over four years so there was not a shock to the balance sheet. Mr. Anderson shared that the equity in the Credit Union increased to approximately \$330 million and remains well capitalized at 11.33% of total assets. If a recession occurs the Credit Union is prepared with more than sufficient capital and loan loss reserves.

Mr. Anderson shared that ORNL Federal Credit Union achieved record earnings in 2022 of \$36.4 million with a return on assets of 1.17%. These results were achieved through greater efficiency sharing that the Credit Union essentially spends \$0.68 to earn a dollar of revenue. Mr. Anderson stated that management is and will remain cautious when it comes to spending members' money. Mr. Anderson reported that the net charge-off ratio remained at a historically low level of 0.13%, remaining much better than peer credit unions and local competitors.

Mr. Anderson shared that the Alcoa Branch remodeling project was completed in November and the Bearden Branch remodeling project was started with completion occurring within the next week or so. The Bearden Branch will also include a new 7 Title office to expand presence for this business line. Mr. Anderson shared that the Middlebrook Branch construction began late in the year and will replace the current location within the Food City on Middlebrook. In addition to these projects, much of the equipment such as cash dispensers, receipt printers, and check scanners have all been replaced across the branch offices to improve efficiency in work flow. The largest and most work-intensive project last year was the May conversion to a new digital banking platform. Mr. Anderson shared that the new system is more reliable, secure, and user adaptable than the previous version. Mr. Anderson noted that the Credit Union was able to restore the special dividend and has now paid \$21 million to the membership based on the depth and breadth of the members relationship with the Credit Union.

Mr. Anderson announced that over the last five years the Credit Union has received excellent regulatory ratings from the NCUA. There are five parts to the rating including Capital, Asset Quality, Management, Earnings, Liquidity, and Interest Rate Sensitivity. The Credit Union remains well capitalized, asset quality is strong, the management team is stable, capable, and good stewards

of member resources, earnings are healthy, liquidity is well-managed, and interest rate risk is well-managed and tested frequently. It is expected that 2023 will receive the same excellent regulatory rating as in the prior year.

Mr. Anderson reported that the Credit Union has undertaken a huge project to create a mortgage servicing CUSO called *7 Servicing*. This new CUSO will assume responsibility for servicing the mortgage portfolios of ORNL Federal Credit Union, *7 Mortgage*, and any other credit union partners who desire this service. Mr. Anderson shared that this CUSO will be able to provide these services less expensively and with greater care and efficiency. The company has been capitalized, staffed, and training is in process. Conversion should occur later in the year.

Mr. Anderson reported that the Credit Union will celebrate its 75th Anniversary on August 6 and many activities are planned throughout the year. More details will be announced via the website as well as across the social media platforms. Mr. Anderson recognized a member, Mr. Thomas Hill, who has been with the Credit Union since its establishment in 1948. He is 95 years old and was present at the meeting.

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

1. A member questioned why the meeting agenda was not available prior to receiving a printed copy tonight. He stated that he visited a branch and they


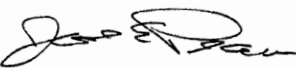
did not advise him to go to the website where he could have read the report. Mr. Anderson stated that additional training would be instituted with the tellers. This member also asked if the Annual Meeting would always be live or was there a way to stream for those elderly members who are unable to make the drive to Knoxville. Mr. Anderson replied that he would work with the marketing team to research options for a live stream online from the in-person event.

2. Another member asked if someone lived locally but did not work at the Oak Ridge National Laboratory could they still become a member of the Credit Union. Mr. Anderson stated that the community charter was changed several years ago so that anyone who lives, works, worships, or studies within the 19 county charter is eligible to join by opening an account.

7. OLD BUSINESS. None.

8. NEW BUSINESS. None.

9. ADJOURNMENT. There being no further business, Mr. Gorman called for a motion to adjourn the meeting at 7:22 PM.

	02/15/2024
Randy Gorman, Board Chair	Date
	02/15/2024
Joel Pearman, Secretary	Date