

ANNUAL REPORT 2021

KNOXVILLE



TVA

**EMPLOYEES
CREDIT UNION™**



**KNOXVILLE TVA EMPLOYEES
CREDIT UNION™**

REPORT TO THE MEMBERSHIP

In this second unprecedented year full of challenges due to the continuing pandemic, supply shortages, inflation, and more, the Credit Union persevered by adhering to our long-standing formula for success: **Member Service + Teamwork + Caring Attitude = Success**

During these harder times, we have seen communities grow stronger and people become more innovative because hard times are often a catalyst for change. The Credit Union boldly accepted the new challenges we faced by finding ways to make improvements and provide solutions for our Members. In the past couple of years, we adapted to the challenges of the pandemic and continued to deliver the best possible service to Members. Our commitment to our mission and our continued adherence to our service attitude of "People Helping People" resulted in 2021 being the most successful year in our 88-year history.

Even with all the challenges, the Credit Union kept pushing forward, focusing on our Members and helping them where needed. As a reaction to all the pandemic restrictions of the previous year, Members in 2021 wanted to do more than just sit at home and stay safe; they wanted to do and see something positive. And the Credit Union was there to help. Members bought new cars, trucks, boats, and RVs in record numbers. Many Members purchased a new home or remodeled and upgraded their existing home with a new kitchen, bath, and some with a new swimming pool. Many went on that long-awaited vacation or to see loved ones they hadn't seen in over a year. Grandparents got to see their new grandchild for the first time. As things started to get better in the Spring of 2021, Members were ready to do more, and the Credit Union was ready to help them.

The following are some highlights from last year:

- Membership is now 246,899, an 8.10% increase.
- There are currently 24 Branch locations, and a new Northshore branch is under construction with plans to open in the winter of 2022.
- Call Center answered 614,341 calls, and 1,324,296 inquiries were completed through our automated phone service.
- Over 55,000 local and national surcharge-free ATMs are available for Member use.
- More than 135,000 active users logged on to Online Banking.

- There were 415,056 deposits for \$176,293,431 made using the Mobile App.
- Debit and credit card users redeemed \$1,444,095 through our uChoose Rewards® program.
- Our website had nearly 51 million sessions, a 200,000 increase over 2020.
- Assets reached \$3,429,893,801, an increase of \$432.7 Million.
- Loans disbursed: \$1,671,837,791 with \$968,136,000 for auto loans, and \$296,355,509 for Mortgage and Home Equity Loans.
- Members continued to visit the branches with 11,401,536 transactions.

These numbers represent the trust you place in your Credit Union, and we are truly grateful for the opportunity to be your financial services provider. The success of the Credit Union is measured by the success of our Members. These numbers are proof the Credit Union continues to help Members grow financially.

The Credit Union was voted Best of Knoxville 2021 for: Best Credit Union, Best Mortgage Company, Best Banking- Personal, and Best Banking- Business. We were also voted one of the Best Credit Unions in the State of Tennessee by Forbes, for areas of trust, terms and conditions, branch services, digital services, and financial advice. In addition, the Credit Union was certified as a "Great Place to Work", reinforcing our positive culture of putting people first. We want to thank everyone who voted for us in all of these categories.

Success for 2021 is also measured in other ways, not just numbers and awards. Joining the Credit Union and using all the services to help you grow financially is a family tradition.

Over the years, we know Credit Union Membership has become a family tradition. It is something that has been passed down from generation to generation. Credit Union Membership is something you want to pass along to your family members. It's like that old truck a father passes to his son, a special ring a mother gives to her daughter on her 16th birthday, and parents and grandparents bringing a child to the Credit Union to open their first savings account. These are special traditions passed to the next generation and will benefit them for a lifetime.

Being a part of your family's tradition is a great honor and great responsibility. It is one tradition we look forward to each day. When we see that young child or older family member joining the Credit Union because of a referral, that means a lot to us.

We are Members Helping Members and take great pride in knowing Members trust Knoxville

TVA Employees Credit Union as their financial partner. Our growth is a testament to the Credit Union Difference, and we will continue to communicate the many benefits of being a Member of a not-for-profit financial organization. We strive to be a valuable, long-term partner helping Members achieve their financial goals. It is our Vision to be your first choice for all Financial Services. We want to provide every financial service possible to you when you have a financial need in every stage of life.

We contribute our growth trajectory and success to our employees' steadfast commitment to providing value, convenience, and exceptional service to Members. We focus every day on putting Members first and delivering financial solutions, convenience, and exceptional service. Our Member-focused philosophy has helped us grow and thrive throughout East Tennessee.

Our success is also a reflection of our employees' commitment to being a caring community partner, giving back in various ways when we can. As the Credit Union grows, so does our capacity to serve Members, make financial dreams a reality, and give back to our communities. Helping the communities we serve is important. The Credit Union works with our local communities to help provide support and encourage unity. Credit Union employees have volunteered thousands of hours throughout the year at various events and programs to support and serve our communities. We have partnered with Mission of Hope, St. Jude Children's Hospital, Emerald Youth Foundation, helped hurricane victims, and other local community projects. Through our Simply Smart Foundation for Education, we have awarded financial grants to every public high school in our service areas to help teachers provide educational tools for a better experience in the classroom.

We also acknowledge the volunteers who serve on our Board of Directors and Supervisory Committee and want to thank them for their time and dedication. Together, we are working for the benefit of each Member and for our East Tennessee community.

As this pandemic continues, it is not known what additional impact Omicron or future variants may bring to our communities. One thing we do know is the Credit Union will continue to provide the best service possible while prioritizing the health and well-being of our Staff and Members.

Our digital banking tools, accessible through Mobile and Online Banking, are the simplest and most convenient ways to manage your money during the pandemic. With Mobile and Online Banking, you can deposit checks, view statements, send money, locate branches & ATMs, pay bills, control who and where your debit/credit card is used, receive text notifications, apply

for a loan, and more. Members can do all this anytime, anywhere, for maximum flexibility, convenience, and safety. Voice Banking is available through our Alexa Skill for use with any Alexa-enabled smart speaker. You can check your balance, make a credit card payment, transfer money, and more, all by voice command. Through our newly redesigned website, Members are able to access and learn about all the different and flexible ways to manage your money. Our new website is easy to navigate, with our popular services organized under MANAGE, SPEND, SAVE, or BORROW. We also added additional financial education content around the importance of a Credit Score, simplifying the Home Buying process, ways to Protect against Fraudsters, and more. While we offer Online and Mobile Banking tools, we continue to provide traditional ways to manage your money, like calling our automated telephone banking or Contact Center. Plus, there are 24 branch locations.

As the supply chain and inventory levels improve, we are ready to help you realize your dream of a new auto, new home, home improvement, and more. The Credit Union is ready to help with your savings plans and help you and your family maintain or reach your savings goals. We will continue to provide convenient services to help manage your accounts and be there with a friendly face when you need us.

While we hope to see an end to the pandemic and a return to more normal times, rest assured the Credit Union is ready and here to help you through it all. We promise to continue to provide innovative solutions to the present and future needs of our community and Members. We will maintain our Mission of helping Members grow financially and our Purpose to help Members live better lives. No matter where you are in your financial journey, we want to help you achieve your goals and dreams. Thank you for allowing the Credit Union to be your financial partner for life.

On behalf of the Staff, Board of Directors, and Supervisory Committee, thank you for your continued support. We look forward to working together in the future for the benefit of all.

Paul Ivie
CHAIRMAN OF THE BOARD

Glenn W. Siler
PRESIDENT & CEO

SUPERVISORY COMMITTEE REPORT

It is the responsibility of the Supervisory Committee to ensure that not only is the Credit Union meeting Members' financial needs and building a lifetime financial relationship, but that the Credit Union is also financially safe and sound.

The Supervisory Committee meets regularly to examine reports ensuring Members' assets are secure and safe. The Supervisory Committee monitors:

- The financial safety and soundness of the Credit Union.
- Internal controls.
- Credit Union records and assuring they are maintained properly and accurately.
- Service to Members is accurate and fair.
- Adherence to Board approved policies and compliance with applicable rules, regulations, and accounting and auditing standards.
- Risks that may affect the Credit Union.

A key component of the Credit Union's internal control is the internal auditing team. The internal auditors meet with the Supervisory Committee bi-monthly to review internal and external audit reports, risk assessments, and internal control practices.

Independent auditors, examiners from the State of Tennessee Department of Financial Institutions, and the National Credit Union Administration (NCUA) annually scrutinize Credit Union statements and records.

The Supervisory Committee is pleased to report the financial condition of Knoxville TVA Employees Credit Union concerning accounting records, reports, internal controls, compliance with established policies, procedures, laws, and regulations is correct and precisely represented.

The Credit Union continues to grow by serving Members' financial needs and maintaining a financially strong, secure, and reliable operation.

Sherry Vermillion
CHAIRPERSON OF THE
SUPERVISORY COMMITTEE

TREASURER'S REPORT

2021 marks our second year of dealing with the COVID-19 pandemic and its detrimental effects on the economy and our way of life. The Credit Union also experienced the effect on our operations; however, despite all these challenges we experienced one of the most successful financial years in our history for both the Credit Union and our Members.

Growth in assets is proof the Credit Union continues to be focused on our Mission "To Help Members Grow Financially." Assets reached a milestone in 2021 as they exceeded the \$3 billion dollar mark and grew to \$3,429,893,801, a growth of almost \$433 million or 14.44%.

Members' deposits increased over \$418.4 million to \$2,973,948,412, a 16.37% increase. Members continued to build their savings accounts even during these uncertain times.

Along with the increase in deposits, the demand for loans was high. Members wanted new autos, boats, RVs, new homes, home improvements, and personal items. Many lifelong dreams were fulfilled in 2021. Over \$1.6 billion in loans was disbursed for 2021, an increase of almost \$360 million over the previous year. Along with the increases in loans, delinquency rates remained remarkably low at 0.11%, indicating the financial strength of our Membership as well as how the Credit Union strives to work with Members when loan concerns arise.

Membership increased 8.10% to 246,899. We welcomed 2,108 new Members 18 years of age and younger into the Membership, a further example that Credit Union Membership continues to be a family tradition.

The Credit Union offers Members many ways to manage their money. We work tirelessly to give Members flexible options to best fit their financial needs. Online and Mobile Banking provide access to accounts 24 hours a day and in any location. Over 135,000 Members actively took advantage of these convenient services during 2021.

The Credit Union has faced many economic challenges since its chartering in 1934. Each challenge has prepared us for the next and helped us position the Credit Union to continue serving Members' financial needs regardless of the economic conditions facing the nation. The Credit Union has not wavered from its original purpose: to be Members' trusted financial services provider, to enhance the value of their lives and financial well-being, and to help Members grow financially. We want to be a family tradition, to be a financial service provider for

a lifetime, and to be the one you can confidently recommend to the next generation.

The Credit Union has the responsibility to be Members' financial service provider, while maintaining fiscal strength. Indeed, the Credit Union remained a well-capitalized organization with Net Worth of 8.78%, promoting financial stability and liquidity while furthering our commitment to Members.

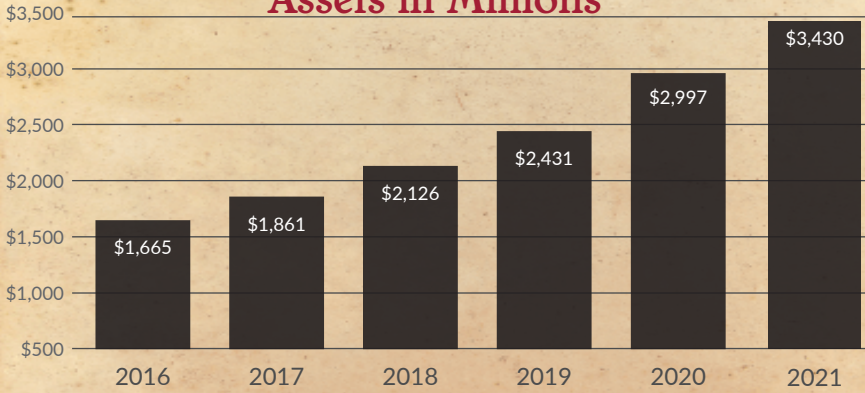
The Credit Union works every day to "Make a Difference" in Members' lives. As you move through life, your financial needs change, and the Credit Union will be here to meet those needs.

Everyone hopes the pandemic will end soon, but with whatever challenges we face, our focus will be on continuing to look for additional ways to enhance Members' financial lives and continuing our story of financial success for all. Together we will continue to build a strong financial future.

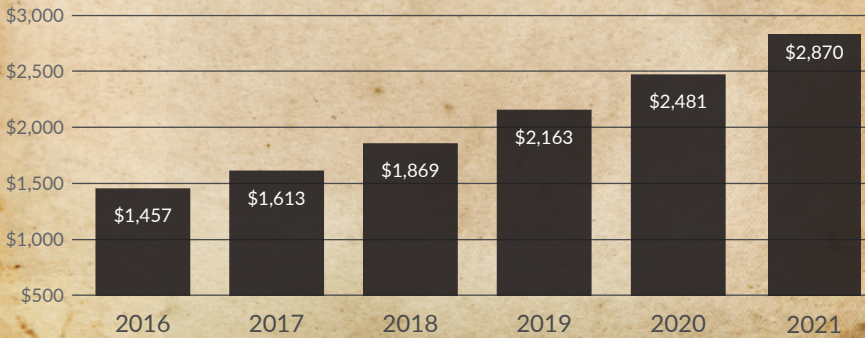
Nikolaus Jordan
TREASURER



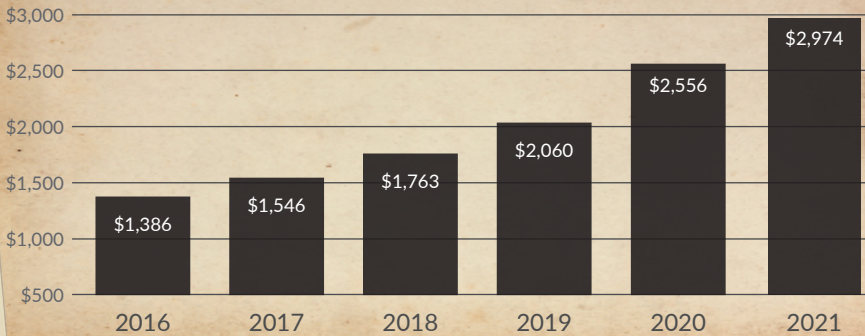
Assets in Millions



Loans in Millions



Savings in Millions



Statement of Operations

	2020	2021
INCOME		
Income From Loans	\$96,040,085.99	\$104,003,010.53
Other Operating Income	\$25,446,708.63	\$38,659,866.35
Investment Income	\$947,639.89	\$1,178,694.52
Fee Income	\$13,657,965.75	\$16,105,967.57
Gross Income	\$136,092,400.26	\$159,947,538.97
OPERATING EXPENSES		
Compensation	\$26,307,333.02	\$30,599,778.66
Employee Benefits	\$13,395,874.74	\$15,524,443.81
Travel & Conference	\$89,614.98	\$107,968.80
Association Dues	\$166,021.87	\$186,469.12
Office Occupancy Expenses	\$3,921,138.14	3,969,630.70
Office Operation Expenses	\$19,329,462.77	\$23,214,859.01
Educational & Promotional	\$2,104,361.09	2,624,553.95
Loan Service Expenses	\$2,765,491.82	\$3,227,670.20
Loan Loss Expense	\$6,445,964.85	\$3,836,221.57
Professional & Outside Service	\$3,807,267.30	\$4,255,023.65
Data Processing	\$451,504.80	\$434,537.17
ATM Expenses	\$183,732.61	\$272,861.61
Member Insurance	\$0.00	\$0.00
State Supervision Fees	\$384,757.33	\$402,801.53
Cash Over & Short	(\$17,488.47)	\$6,549.24
Operating Losses	\$595,728.62	\$571,788.35
Interest On Borrowed Money	\$3,288,992.16	\$2,729,572.02
Annual Meeting Expenses	\$28,017.14	\$25,102.11
Miscellaneous Operating Expenses	\$220,392.94	\$248,096.71
Total Operating Expense	\$83,468,167.71	\$92,237,928.21
NON-OPERATING EXPENSES		
Other Non-Operating Inc/Exp	\$2,597,270.73	\$940,909.92
Gain/Loss on Investments	\$0.00	\$0.00
Gain/Loss on Disposal of Fixed Assets	\$103,052.28	(\$3,145,917.38)
Dividend Expense-Certificates	\$14,819,265.55	\$10,131,627.59
Dividend Expense-Other Share Accounts	\$6,725,552.24	\$7,637,337.24
Dividend Expense-Regular Shares	\$829,077.69	\$1,140,762.85
Total Non-Operating Expense	\$25,074,218.49	\$16,704,720.22
Total Expense	\$108,542,386.20	\$108,942,648.43
Net Income	\$27,550,014.06	\$51,004,890.54

Statement of Financial Conditions

	2020	2021
ASSETS		
Loans		
Loans To Members	\$2,415,958,551.48	\$2,796,875,835.86
Credit Cards	\$64,652,363.33	\$72,798,743.73
Total Loans	\$2,480,610,914.81	\$2,869,674,579.59
Allowance For Loan Losses	(\$7,816,310.84)	(\$7,625,977.27)
Net Loans Outstanding	\$2,472,794,603.97	\$2,862,048,602.32
Cash	\$89,640,842.79	\$48,851,830.97
Total Cash	\$89,640,842.79	\$48,851,830.97
INVESTMENTS		
Corp Deposit	\$88,555,186.55	\$87,651,028.10
Other Investments	\$197,802,705.05	\$276,673,801.28
Insurance Fund Deposit	\$22,019,675.83	\$26,041,201.50
Mutual Funds	\$25,209,082.69	\$25,215,500.17
Total Investments	\$333,586,650.12	\$415,581,531.05
OTHER ASSETS		
Land & Buildings	\$80,435,864.00	\$82,091,452.67
Furniture, Fixtures & Equipment (Net)	\$6,600,529.29	\$6,656,196.85
Other Assets	\$14,138,939.77	\$14,664,187.37
Total Other Assets	\$101,175,333.06	\$103,411,836.89
Total Assets	\$2,997,197,429.94	\$3,429,893,801.23
LIABILITIES AND EQUITY		
Liabilities/Net Worth		
Notes Payable	\$167,690,744.27	\$133,155,627.07
Accounts Payable	\$30,112,945.33	\$27,536,729.56
Unapplied Data Processing Exceptions	\$11,868,640.28	\$10,014,019.82
Other Liabilities	\$524,994.56	\$646,751.23
Total Liabilities	\$210,197,324.44	\$171,353,127.68
DEPOSITS		
Regular Shares	\$623,960,096.54	\$773,406,296.79
Share Drafts	\$688,440,597.19	\$851,780,694.85
IRAs	\$64,154,957.29	\$73,483,686.60
Investment Certificates	\$573,607,659.56	\$492,063,181.78
Other Shares	\$605,384,498.60	\$783,214,551.67
Total Savings	\$2,555,547,809.18	\$2,973,948,411.69

	2020	2021
RESERVES		
Regular Reserves	\$124,030,546.08	\$143,483,729.08
Other Comprehensive Income	(\$18,911,896.00)	(\$16,776,821.00)
Other Reserves	\$0.00	\$0.00
Undivided Earnings	\$98,783,632.18	\$106,880,463.24
Total Reserves	\$203,902,282.26	\$233,587,371.32
Total Equity	\$2,759,450,091.44	\$3,207,535,783.01
Net Income	\$27,550,014.06	\$51,004,890.54
Required Reserves	\$0.00	\$0.00
Net Income YTD	\$27,550,014.06	\$51,004,890.54
Total Liabilities and Equity	\$2,997,197,429.94	\$3,429,893,801.23

THANK YOU!



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HELPING PEOPLE.

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