



2014 ANNUAL REPORT



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Our Mission: To Help Members Grow Financially.

This credit union is federally insured by the National Credit Union Administration.



Report to the Membership

JANE PIPKIN, Chairperson, Board of Directors **GLENN W. SILER**, President and CEO

For 80 years, Knoxville TVA Employees Credit Union has been about hard working people joining together and gaining financial strength. In 1934 a small group of TVA employees came together to form a not-for-profit financial cooperative – Knoxville TVA Employees Credit Union – a place where Members could pool together their resources for a better opportunity to save and borrow money at fair and affordable rates. Financial options were few for the people in the area and the idea of a financial cooperative was quite different, as it provided a tangible benefit and hope for greater financial stability. Today, more than 147,000 Members have a stake in Knoxville TVA Employees Credit Union, which remains a place that not only affords Members the opportunity to improve their financial lives, but is also, a fiscally safe and sound institution experiencing continued growth.

Strong numbers are a reflection of success. As we look back on 80 years of service, it is important to remember behind the numbers is a Member who got a new car, bought their first house, started saving for retirement or opened a checking account and used many of our convenient services. These are real people with real needs who the Credit Union is proud to serve. Equally important to note is when the Credit Union was established, it was founded on a “People Helping People” philosophy. People provide the foundational difference between the Credit Union and other financial alternatives.

Numbers are important for any financial institution; strong numbers translate into better products and services and greater opportunities to benefit Members.

Your Credit Union is successful in making a financial difference in the lives of Members; the subsequent result is overall positive numbers and growth for the Credit Union.

- Assets increased by \$135,941,703 for a total of \$1,397,764,083.
- Deposits increased by \$140,315,280 for a total of \$1,140,572,438.
- Loans Outstanding increased by \$123,518,083 for a total of \$1,235,186,354.
- Total Loans disbursed in 2014: \$534,911,344, a record for loans disbursed.
- Auto Loans disbursed in 2014: 20,200 for a total of \$374,214,989 with a total auto loans outstanding of \$622,263,058.
- Mortgage Loans disbursed in 2014: \$48,948,176 with total Mortgage Loans Outstanding of \$358,285,309.
- Net Worth Ratio of 8.93%, considered “well-capitalized” by State and Federal Regulators.
- Operating Expense to Assets Ratio is 2.89%, well below our Credit Union peer group.
- Overall Delinquency remains low and well below our peer group.
- Members’ Accounts are federally insured by the National Credit Union Administration.

- Membership is 147,512 with 25,130 new Members joining in 2014.

Safety and soundness is key for the Credit Union, but another important measure is Member satisfaction. The Credit Union used secret shoppers to monitor the service, and overall scores were in the excellent range.

From the small beginning in 1934, the dreams of the founders of the Credit Union have more than come true. The Credit Union has grown far beyond their wildest dreams and provides services never imagined. Members enjoy coming to the Credit Union. Last year our 19 branches processed more than 9.2 million transactions. The newest branch in the Turkey Creek Shopping complex in Farragut, opened in February 2014 and offers expanded hours for convenient service until 8:00 p.m. Monday through Friday.

Technology has added to the convenience of providing service to Members. Making a deposit using a mobile phone was only a dream a few years ago. Last year, mobile deposits were a great hit with 32,288 mobile users. Almost 120,000 checks were deposited totaling over \$36 million without Members coming to a branch office.

On-line Banking has over 52,000 users; Members paid 559,630 bills for a total of \$151,885,120 last year using the free Bill Pay service. The new website made it easier for Members to navigate and access needed information. Members can find us on Facebook.

559,630 bills
were paid in 2014
through bill pay,
totaling over
\$151.8 million.

nineteen
branches processed
more than
9.2 million
transactions in 2014.

25,130
new Members joined
the Credit Union's
family in 2014.

1¢
Not a penny of insured savings
has been lost by a member of a
federally insured credit union.
EVER.

Call and Loan Center answered 560,997 calls in 2014 plus the Credit Union's automated phone inquiry service, D.I.A.L. answered over two million inquiries.

Debit Card usage continues to increase. Members experienced the ease of using these cards and benefited from the rewards that come from this usage. Members using signature-based transactions for their Debit Cards redeemed \$1,364,064 in cash and merchandise last year.

The Credit Union prides itself in great Member service regardless of the method Members choose to do their banking. Over the years the tools we use have changed, but our Mission to Help Members Grow Financially remains the same. Your Credit Union is here to assist you regardless of how you want to be served.

The Credit Union takes security of Members' accounts seriously by proactively investing in technology that will further enhance the security of personal account information. The Credit Union understands the importance of knowing your finances and personal information are safe.

Helping families strengthen their financial future often paves the way for Members to achieve goals and realize dreams. Savings rendered from a loan consolidation or a refinance often helps make a college education attainable, homeownership achievable or whatever dreams Members have.

The Credit Union has always demonstrated a strong commitment to communities and gives back

through volunteer time and donations to local organizations serving area communities. Mission of Hope, Emerald Youth Foundation, Children's Hospital, scholarships, local schools and many environmental issues are just some of the 2014 community projects. Plus working with local agencies and state legislators on protecting elderly individuals from financial abuse is an ongoing Credit Union project.

When people hear the term financial services, what typically comes to mind for most is basic savings, checking and loan accounts. However, a successful financial strategy encompasses much more, and the Credit Union provides much more in the form of services. Hearing from Members helps provide valuable guidance and direction. We are thankful to have so many long-time loyal and new Members who share in the cooperative spirit of people helping people.

And this brings us back to what makes Knoxville TVA Employees Credit Union different. When you peel away the layers - it is the people who make the difference. Doing the right thing for Members provides something greater than what can be measured in dollars and cents - the satisfaction of making a difference.

The staff of the Credit Union works tirelessly to serve the membership. Members of The Board of Directors and Supervisory Committee work without compensation to ensure the Credit Union is safe and sound and financial needs of the membership are being served.

Your Credit Union is focused on the sum of over 147,000 Members' successes combined with plans to make your Credit Union an even more valuable resource in the future. You reinvest in your Credit Union by using an additional service or referring a friend or family member to join the Credit Union. Reinvesting in the Credit Union is investing in the future financial needs for you and your family.

As we transition into 2015 and beyond, Members continue to inspire the introduction of new services and the improvement of others. We aim to provide Member-first service that is convenient and easily accessible. The way many of us manage our money today is vastly different from the way we did it even 10 years ago. In the years ahead, The Credit Union remains committed to providing Members with the best possible service at the best possible rates while maintaining a caring attitude that makes us different.

Together we have experienced financial success in the past, and together we will experience financial success in the future.

Thank you for your continued membership, your support over the past year, and your support over our 80 year history. The Tradition of People Helping People is one that is as relevant today as it was when Knoxville TVA Employees Credit Union was formed in 1934. It is a tradition and philosophy guiding and directing operations now and in the future.

2 million
inquiries were
answered by
D.I.A.L.
in 2014.

**The Call Center and
the Loan Center
answered
560,997 calls
in 2014.**

UChoose rewarded
Members over
\$1.3 MILLION
in cash/merchandise
in 2014.

20,000+
Members took out car
loans in 2014,
totaling over
\$374 million

Statement of Financial Condition

	2014	2013
ASSETS		
Loans		
Loans To Members	\$1,211,963,289.88	\$1,091,990,097.00
Credit Cards	\$23,223,063.97	\$19,678,173.75
Total Loans	\$1,235,186,353.85	\$1,111,668,270.75
Allowance For Loan Losses	(\$4,241,174.84)	(\$4,001,817.58)
Net Loans Outstanding	\$1,230,945,179.01	\$1,107,666,453.17
Cash	\$68,612,166.15	\$55,844,922.34
Total Cash	\$68,612,166.15	\$55,844,922.34
Investments		
U.S. Government Obligations	\$0.00	\$0.00
Federal Agency Securities	\$0.00	\$0.00
Corp Deposit	\$27,742,014.48	\$26,605,676.90
Other Investments	\$7,996,588.23	\$10,517,845.00
Insurance Fund Deposit	\$10,177,796.42	\$9,372,403.45
Mutual Funds	\$0.00	\$0.00
Total Investments	\$45,916,399.13	\$46,495,925.35
Allowance For Investment Losses	\$0.00	\$0.00
Net Investments	\$45,916,399.13	\$46,495,925.35
Other Assets		
Land & Buildings	\$44,310,378.28	\$42,531,851.42
Furniture, Fixtures & Equipment (Net)	\$3,588,645.86	\$3,687,860.91
Other Assets	\$4,391,314.65	\$5,595,367.02
Total Other Assets	\$52,290,338.79	\$51,815,079.35
Total Assets	\$1,397,764,083.08	\$1,261,822,380.21
LIABILITIES AND EQUITY		
Liabilities / Net Worth		
Notes Payable	\$132,090,956.03	\$148,421,284.17
Accounts Payable	\$4,698,232.85	\$4,800,246.99
Dividends Payable	\$0.00	\$0.00
Unapplied Data Processing Exceptions	\$411,584.73	\$88,692.94
Other Liabilities	\$112,916.73	\$77,844.04
Total Liabilities	\$137,313,690.34	\$153,388,068.14
Deposits		
Regular Shares	\$239,680,859.56	\$210,435,276.52
Share Drafts	\$265,311,464.68	\$207,721,081.49
IRA's	\$56,759,124.54	\$54,754,467.65
Investment Certificates	\$237,562,547.51	\$229,331,531.27
Other Shares	\$341,258,442.20	\$298,014,801.57
Total Savings	\$1,140,572,438.49	\$1,000,257,158.50
Reserves		
Regular Reserves	\$61,759,318.08	\$55,583,413.08
Other Comprehensive Income	(\$4,963,741.77)	(\$5,601,389.40)
Other Reserves	\$0.00	\$0.00
Accumulated Gain/Loss AFS	\$0.00	\$0.00
Undivided Earnings	\$52,019,224.89	\$47,813,766.09
Total Reserves	\$108,814,801.20	\$97,795,789.77
Total Equity	\$1,249,387,239.69	\$1,098,052,948.27
Net Income	\$11,063,153.05	\$10,381,363.80
Required Reserves	\$0.00	\$0.00
Net Income YTD	\$11,063,153.05	\$10,381,363.80
Total Liabilities and Equity	\$1,397,764,083.08	\$1,261,822,380.21

Statement of Operations

	2014	2013
INCOME		
Income From Loans	\$41,580,220.19	\$40,815,319.43
Other Operating Income	\$9,907,929.83	\$8,875,126.07
Investment Income	\$249,873.05	\$240,798.81
Fee Income	\$7,901,503.78	\$6,667,538.39
Gross Income	\$59,639,526.85	\$56,598,782.70
OPERATING EXPENSES		
Compensation	\$13,927,779.55	\$13,157,960.98
Employee Benefits	\$6,443,102.14	\$6,052,360.58
Travel & Conference	\$128,635.89	\$108,481.16
Association Dues	\$85,915.34	\$77,468.25
Office Occupancy Expenses	\$2,392,348.82	\$2,316,783.89
Office Operation Expenses	\$10,585,646.11	\$10,109,241.63
Educational & Promotional	\$1,278,860.89	\$1,314,886.82
Loan Service Expenses	\$894,384.41	\$794,282.27
Loan Loss Expense	\$2,932,197.00	\$1,940,393.00
Professional & Outside Service	\$1,233,195.15	\$1,254,360.38
Data Processing	\$367,873.08	\$343,111.68
ATM Expense	\$156,346.97	\$120,017.76
Member Insurance	\$2,500.00	\$750,192.28
State Supervision Fees	\$308,903.74	\$268,433.87
Cash Over & Short	\$7,118.56	\$9,709.40
Operating Losses	\$474,211.06	\$152,108.25
Interest On Borrowed Money	\$2,276,100.48	\$2,104,266.85
Annual Meeting Expense	\$35,542.28	\$19,853.12
Miscellaneous Operating Expense	\$194,105.39	\$173,081.65
Total Operating Expense	\$43,724,766.86	\$41,066,993.82
NON OPERATING EXPENSE		
Other Non-Operating Inc/Exp	(\$9,325.50)	\$19,702.68
Gain/Loss on Disposal of Fixed Assets	(\$4,600.62)	\$79,973.86
Dividend Expense-Certificates	\$2,212,820.47	\$2,718,745.65
Dividend Expense-Other Share Accounts	\$2,092,439.73	\$1,822,642.51
Dividend Expense-Regular Shares	\$560,272.86	\$509,360.38
Total Non Operating Expense	\$4,851,606.94	\$5,150,425.08
Total Expense	\$48,576,373.80	\$46,217,418.90
Net Income	\$11,063,153.05	\$10,381,363.80

Report from the Treasurer

NIKOLAUS JORDAN, Treasurer

Since its founding over 80 years ago, Knoxville TVA Employees Credit Union has grown from one small branch serving the employees of the Tennessee Valley Authority to a multi-county, multi-branch institution serving over 147,000 people in East Tennessee. While growth brings change, we strive to keep one focus the same – service to Members. It's the continued focus on service to Members and the credit union philosophy that has sustained and boosted our growth and achievement over the years, which in turn flows back to providing even better service and loans to Members.

As the Treasurer of Board of Directors, it is my duty to represent Members' best interests in reviewing and overseeing the monthly financial reports, which are posted in each branch location and on the Credit Union's website. These monthly reports along with this year-end report bear witness to sustained financial growth. As in recent years, the Credit Union continues to excel in all categories: membership, loans, savings, and assets.

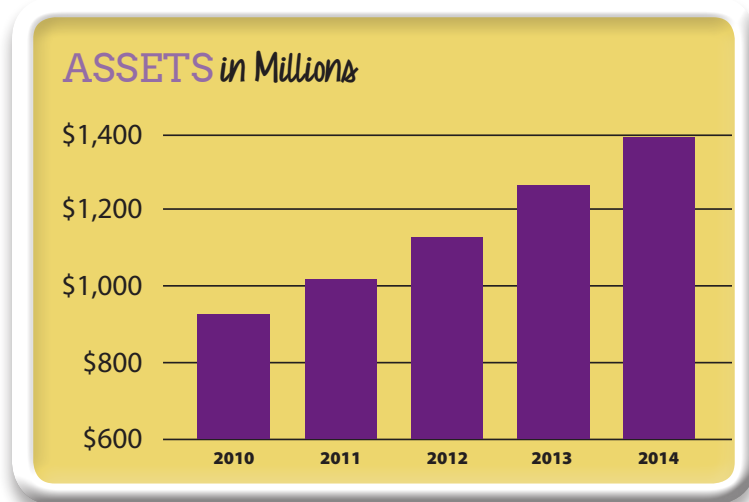
The Credit Union encourages Members of all ages to save. Although dividend rates are still sluggish, depositing money in a federally insured Credit Union is one of the safest places for money to grow. Members obviously agree as seen by savings increasing to over \$1.14 billion. In addition to regular checking and savings accounts, we have certificate accounts and other financial investment options like IRAs available through the Credit Union. Principled and conservative investments can lead to enhanced stability and security both now and in retirement.

Overall, 2014 showed an upswing in consumer confidence resulting in the economy moving in an upward pace. For the most part, the eight counties, which make up our community charter, prospered. Concerning membership, all counties increased in Credit Union Members, with overall membership increasing 8%. Loans are essential, and the Credit Union focused to maintain low loan rates while providing ease of applying, including online

applications so Members can apply wherever they are and extended hours at the Turkey Creek branch, which closes at 8:00 pm during weekdays. Loans have also increased to record levels for the Credit Union at \$1.24 billion.

Regulations and compliance guidelines ensure Members' funds are safe, and it's the responsibility of a volunteer Board of Directors to ensure truth and accuracy in reporting to Members. After federal and state annual examinations last fall, the Credit Union once again received high marks for its proficiency in operations.

With assets at nearly \$1.40 billion, Knoxville TVA Employees Credit Union is now on an echelon with the biggest credit unions in the state and nationwide; however, it's a critical goal to maintain the community friendliness and service to its Members for which it's known. Overall, things look brighter in the economy and remain bright for the Credit Union. Of course, there will be challenges ahead, but by maintaining a member focus and the cornerstone philosophy of "people helping people," we expect the next 80 years of history to be even brighter as we help Members fulfill their financial goals in life.



1997
The year
tvacreditunion.com
is launched to serve
Members everywhere.

2011
Credit Union reaches
\$1 BILLION
in assets.

232,857 lbs.
of paper shredded
in 2014 including
every day shredding
and community
Shred Days.

KNOXVILLE
MADE
IN
THE
USA!
TVA
EMPLOYEES
CREDIT UNION

Report from the Supervisory Committee

RAY PACK, Chairperson, Supervisory Committee

The Supervisory Committee is an oversight committee composed of six volunteers who are appointed by the Board of Directors to act as the “watchdog” of the Credit Union to protect and safeguard member assets.

The Supervisory Committee’s responsibilities include:

- Ensuring records are maintained properly, accurately and with integrity.
- Seeing that policies are established lawfully and carried out faithfully.
- Making certain appropriate internal controls are in place.
- Verifying compliance with policies, procedures, rules and regulations.
- Working closely with the Board of Directors and the Credit Union staff to guarantee Members receive the best possible service.

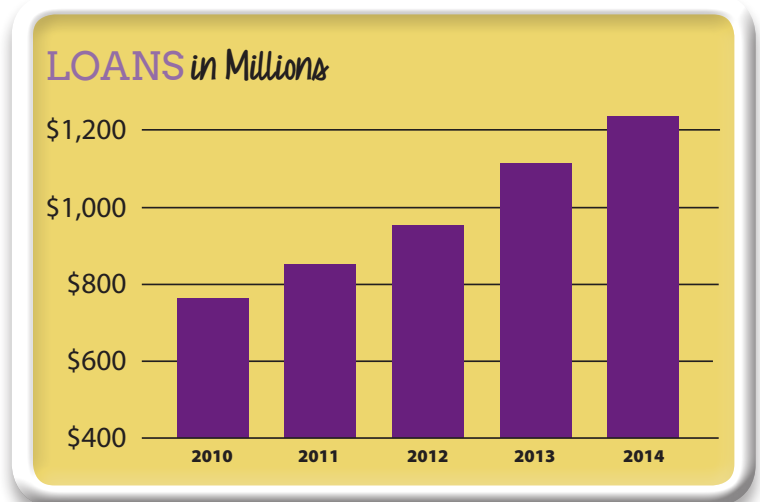
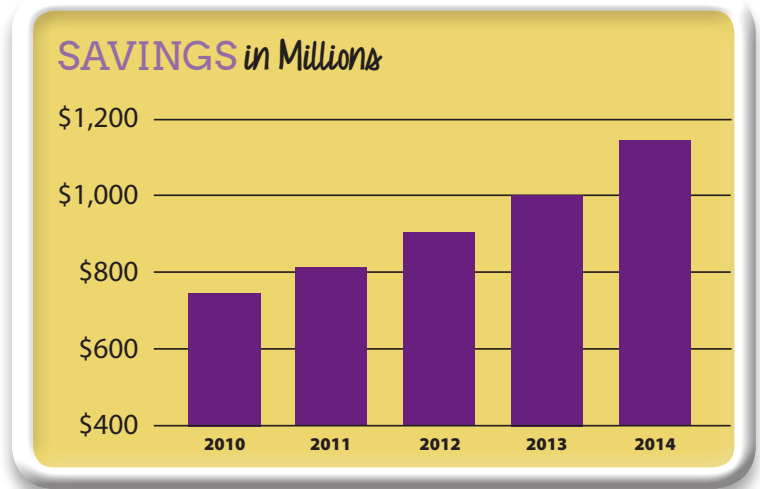
The Credit Union’s financial integrity is corroborated internally and externally to certify books and records retain the highest-level of financial wellbeing.

- Throughout the year, these duties are performed by internal examiners.
- In addition, financial records are analyzed annually by independent auditors as well as auditors from the Tennessee Department of Financial Institutions and National Credit Union Association (NCUA).

These levels of scrutiny safeguard the Credit Union and its Members.

The Supervisory Committee is pleased to report the financial condition of the Credit Union concerning accounting records, reports, internal controls, compliance with established policies, procedures, laws and regulations are correct and precisely represented. The Credit Union’s accounting records and financial reports were promptly prepared and accurately reflect operations and results.

In 2014, as in preceding years, the committee is pleased to report Members’ assets remain safe and secure at Knoxville TVA Employees Credit Union.



80+
KNOXVILLE # of years
we've been
serving
TVA EMPLOYEES CREDIT UNION Members.

fourteen
member volunteers
serve on the Credit Union
Board of Directors and
Supervisory Committee.

SAFE & SECURE
SOLID
every
single day.

119,990
mobile deposits in
2014 totaling over
\$36 million



2014 BOARD OF DIRECTORS

Bill Bonham
Assistant Secretary

James O. Ford

Jamie Elliott Keith
Assistant Treasurer

Cleston E. Jones
Vice Chairperson

Nikolaus Jordan
Treasurer

Carl Mills

Jane Pipkin
Chairperson

Edna Riddick
Secretary

Howard Rosser

2014 SUPERVISORY COMMITTEE

Kami Darakshani

Steve Hillenbrand

Paul E. Ivie

Ray Pack
Chairperson

Sherry Vermillion

Tammy W. Wilson



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