



2022

CHARTER OAK FEDERAL CREDIT UNION

ANNUAL
REPORT

STRENGTH
INTEGRITY
COMMITMENT
VALUE



Mission Statement

We are committed to providing you with the best in financial service.

Charter Oak Federal Credit Union started out small in 1939, when most of the Credit Union business was run out of a lunchbox. Since that time, we've grown and changed, but one thing remains the same. We continue to make member service a number one priority.

We recognize the importance of our members. Once a member, you are a member for life and entitled to all the services Charter Oak offers. It is our dedication to members that keeps the credit union strong and operating efficiently.

We reflect on the memories of the simpler days and strong relationships. We take great pride in the communities we serve and are proud that our field of membership has expanded and our community has gotten bigger. Our dreams for the future are to continue serving members and their families as we have been doing for over 84 years.

Our mission statement speaks to the core of our branding. We are a not-for-profit institution and are committed to providing members with the best in financial service.

Our mission statement reflects Charter Oak's dedication to introducing new products and services. In the years ahead, we are committed to bringing members and potential members exciting and new offerings that will ensure that the credit union continues to grow and is the financial institution of choice in Eastern Connecticut.

Table of Contents

- 1 | Chairman & CEO's Report**
- 2 | Remaining a Strong Financial Institution**
- 3 | Digital Banking and Member Security**
- 4 | Community Giving**
- 5 | Charter Oak Team 2022**
- 6 | Gold Rewards Highlights**
- 7 | Leading Lender Overview**

Chairman & CEO's Report: The Year in Review

The year 2022 continued to bring challenges for our nation, our state, and Charter Oak as the global COVID 19 health crisis continued. As we navigated through quarantines and staffing fluctuations as branches opened and closed and opened again, our employees rallied and our enhanced digital services ensured that we continued to do business and meet our members' needs.

Throughout the year, we successfully navigated these challenges with the assistance, understanding, and support of our members and employees.

The result was a year that produced significant achievements for Charter Oak, from our strong balance sheet and superior asset quality to our continuing robust loan pipeline that once again made Charter Oak the leading auto and mortgage lender in eastern Connecticut.

Our digital transformation continued as well, as we advanced and broadened our online services – already a significant part of our banking business – with these new innovative offerings:

- Our Online Account Opening launched in 2022 allowing anyone in our field of membership to join our credit union through the digital device of their choice – on their own time, day or night with full 24/7 convenience. The new Online Account Opening System also allows existing members to add new products and services 24 hours a day, 7 days a week.
- Our new Online Loan Originating System was developed and tested throughout the year of 2022 and launched in March of 2023, allowing anyone to apply for a mortgage or loan online through the digital device of their choice, day or night with full 24/7 convenience.
- Our website took on a new look in 2022 with more to come in the Summer of 2023, offering our members a more streamlined view and quicker navigation through our product landing pages.

These digital advances required a significant amount of work, resources and preparation throughout 2022 to bring the best in digital banking to our members, but there were other achievements during the course of a very busy year to highlight, including:

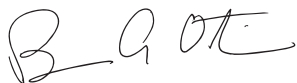
- Our Gold Rewards member-appreciation program payout of over \$815,000 in annual \$100 cash bonuses to qualified members set a new record in bonus payouts.
- Our combined giving by our members and Charter Oak helped our Matching Gifts Program reach \$400,000 with 800 donations to more than 277 charities and non-profits.
- Our commitment to the communities we serve in eastern Connecticut strengthened as our total giving – from sponsorships to scholarships – exceeded \$375,000.

We are proud of these many achievements, yet none of this would be possible without the support, faith, and loyalty of members like you and the tremendous hard work and dedication we see each day from our employees. We pledge that all of us at Charter Oak will work hard each day to bring you the very best in member service, the best in products, and the best in the financial services that you've come to expect from Charter Oak. We remain confident in a brighter, stronger future ahead for all of us.

Be safe, be well, and thank you for your membership with Charter Oak.



Guy Henry
Chairman of the Board



Brian A. Orenstein



Charter Oak Federal Credit Union Remains a Strong Financial Institution

Members do bank better at Charter Oak!

What began with a shoebox in a shipyard in 1939 has evolved into a proud history, steeped with many rich milestones over the decades. Through it all we've remained committed to our credit union roots, returning our earnings to our members through lower rates and fees on loans and higher yields on our deposits.

Over 84 years later and we're still growing.

Over 200 employees are proudly serving our 15 branches throughout New London and Windham counties. We continue to evolve with new technologies ensuring we're ahead of the industry curve. Our members continue to benefit from a holistic approach to all of their banking needs and service that is personal, friendly and always with a smile.

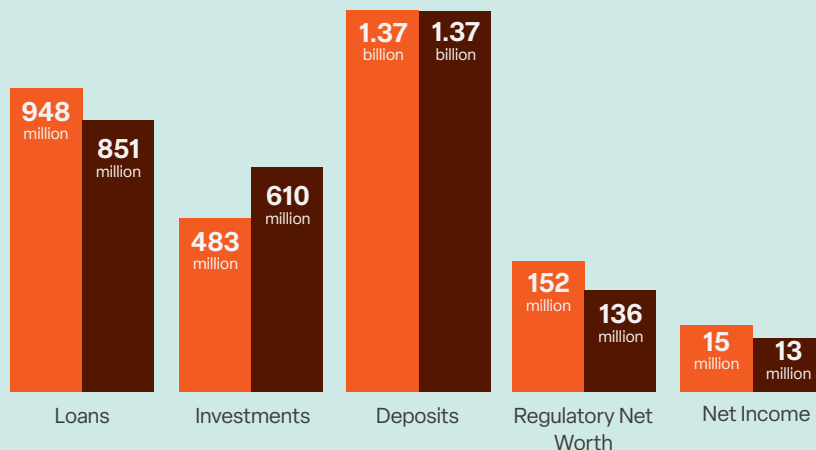
Charter Oak is safe, strong, and secure, with \$1.52 billion in assets and \$1.37 billion in deposits at December 31, 2022. Our financial success is evident in the record-breaking performance of our loan portfolio, as well as steady deposits and continued growth in overall membership.

Your Credit Union continues to remain one of the strongest financial institutions in the country and a leading financial institution in eastern Connecticut. We are a safe and sound financial institution, with the strength as well as the flexibility to accommodate your financial needs, from lending products to savings and checking services.

We are grateful that you entrust your funds with our Credit Union, and we will maintain our sound financial management of your funds and our finances to ensure that Charter Oak remains a safe, strong, and stable financial institution serving all of eastern Connecticut.

Condensed Financial Highlights in 000's.

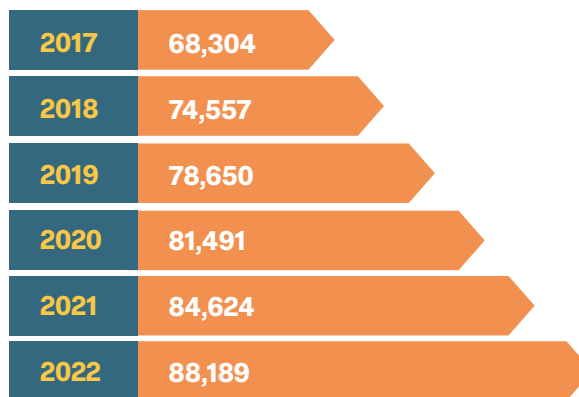
2022 2021



Net Worth Ratio

Our net worth ratio continues to remain strong which exemplifies a strong and healthy credit union. This ratio is 9.96% at year-end 2022. The Net Worth Ratio is a key measurement of a financial institutions' strength.

Membership Growth



"We love Charter Oak Federal Credit Union, so much so that we no longer use traditional banks. The staff are professional and have helped us make important banking decisions. We have always felt like we are part of their family."

K.B.

Leading the Way



Leading The Way in Member Security

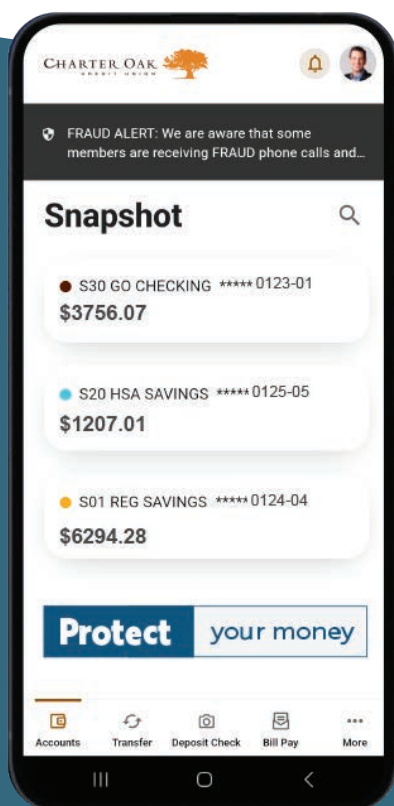
In 2022 there were an estimated 70 million Americans that lost money to fraud, totaling nearly \$12 billion in losses. Fraud scams are increasing in numbers and sophistication.

Charter Oak puts the security of our members hard earned money first. As technology continues to evolve, the risks that can pose a threat to the safety of our members' finances do as well. Fraud scams are increasing in numbers and sophistication, not just to financial institutions but to government agencies, non-profit organizations and all private sectors.

We take pride in our ability to maintain a proactive approach that protects our members. One that encourages our team to think beyond today, invest in state-of-the-art systems and implement technologies that keep us ahead of the curve.

Some measures that we have in place and will continue to enhance in the future:

- Employ a dedicated security team that works with internal teams and law enforcement.
- Employ a dedicated Information Technology team that manages systems and protocols that lock down access from outside threats.
- Invest in training programs designed to keep employees current.
- Employ a dedicated deposit operations team that works closely with members and internal security teams.
- Educate our members on fraud and what steps they can take to protect themselves.



Digital Banking Upgrades Continue

With the rave reviews of our state-of-the-art Online Banking upgrade in 2021, Charter Oak continued to enhance its digital banking system with a new Online Account Opening solution in 2022. The new Online Account Opening allows anyone in our field of membership to join our credit union, day or night through the digital device of their choice – with 24/7 convenience and accessibility.

These digital banking upgrades bring our members a bigger and even better electronic banking experience! More features, more options, and greater customization lets you do digital banking your way – with a platform that meets your needs on your time. Whenever. Wherever.

Giving Back to Our Communities

Since 1939, Charter Oak has proudly served our local communities in New London and Windham counties with the banking products and services they need. Over the past eight decades, the growth of our local communities has meant the growth of our credit union – and we are grateful for the support of our members who live in the many towns, cities, and villages that make up the great fabric of eastern Connecticut.

From sponsorships, grants and scholarships, to matching gifts to charities and non-profits, we've always believed in giving back through our Community Giving Program. Since expanding our efforts across eastern Connecticut in 2009, **Charter Oak has committed over \$3.5 million in giving to our communities, members, individuals and charities.**

We're proud to support the good work that is done each day across eastern Connecticut, and we'll continue to give back generously to our local communities. It's what we do as a credit union and it's what we believe in as the leading financial provider to all those who call eastern Connecticut their home.



2022 Community Giving Highlights

Our community giving initiatives reached over \$775,000.

Sponsored over 85 community events such as parades, walks for causes, toy drives and youth programs.

Our Matching Gifts program shattered 2021's record of 84 days by meeting our Match in 70 days this year! Our credit union and generous members donated a combined **\$400,000 in matching gifts that directly benefited over 280 charities** and non-profits, including homeless shelters and food pantries.

Awarded 29 Grants to organizations including, Madonna Place, Inc., Thames River Community Services, Inc., Always Home, Inc., Martin House, Inc., and Horizons, Inc. Recipients were chosen by the Grant Committee because they aligned with Charter Oak's mission of "Fostering economic development and social well-being in both New London and Windham counties."

Charter Oak also **awarded individual \$2,000 scholarships to 47 high school and college students** in eastern Connecticut, which provided \$94,000 in financial assistance for students pursuing higher education.

We donated a total of \$100,000 in emergency grants to 20 food pantries and food centers serving those in need in New London and Windham counties.

Our first Trunk-or-Treat was a success. Families joined us at the Headquarters Branch for some candy, music and games. This event was so big that we went through over 40 bags of candy in just 30 minutes.



Charter Oak Team

Our employees are the force behind fulfilling our mission statement day in and day out. Charter Oak promotes a strong and positive work environment. A place where we work together towards a single goal, empower knowledge and growth.

Covid and post-Covid were challenging times for everyone, it impacted each of us differently. We're proud and grateful for the cooperation and support system that our employees adopted to help themselves and each other through it all. Our members are our number one goal. Ensuring their money is safe, sound, secure and that they're getting the best products and service requires our team to continue to grow and evolve.

For all of this, we want to say thank you to each department and recognize some of the efforts from 2022.

Let's start with our front lines in the branches... the entire retail department from our tellers up to the management staff. 2022 brought new challenges that included new products and a new online account opening system. With the increase in our membership base and over 8.7 million branch and electronic transactions performed during the year, the retail team stepped up to meet these challenges.

Our Project Management team remained busy through 2022, overseeing major upgrades for Charter Oak. Our new Loan Originating System offers tools for our teams to work more efficiently at managing their internal processes and provide a streamlined member experience. Our new online account opening system offers a more accessible option to open accounts quickly and easily.

Our Deposit Operations, Contact Center, IT and Security teams experienced an increase in attempted fraud scams targeting our members. They worked together to establish an understanding of each particular fraud attempt. The end result was a strategy that strengthens the protection of our members accounts and effectively assisted members who were impacted.

Our Training team remained on point throughout 2022 as we began to open things back up and see an increase in new hires. They're our first impression on new employees, they did an amazing job keeping pace and representing Charter Oak.



The Day
Readers' Choice Award 2022
Best Credit Union



The Bulletin
Best of Eastern Conn 2022
Best Credit Union



Forbes Media
Best-In-State 2022
#1 Credit Union in CT



Gold Rewards Program Sets New Records Year After Year

Since 2010, Charter Oak has rewarded our members who make our credit union their primary financial institution with the great benefits only available from our Gold Rewards Program, including an annual \$100 cash bonus to our qualified members.

Over the past 13 years, we've paid out over \$6.5 million in annual \$100 cash bonuses. In 2022, we paid out a record \$815,000 to our members. Charter Oak remains the only financial institution serving all of eastern Connecticut that consistently rewards their qualified members with an annual \$100 cash bonus.

This is our special way of saying thank you... it's just another reason ***Members Bank Better!***

**GOLD
REWARDS**

2010	\$259,000
2011	\$271,800
2012	\$330,600
2013	\$372,800
2014	\$396,100
2015	\$438,500
2016	\$487,300
2017	\$532,600
2018	\$576,800
2019	\$618,600
2020	\$674,000
2021	\$767,000
2022	\$815,000

Our Gold Rewards Members Say It Best!

*"Thank you for my 2022 Gold Reward!
So glad I found my way to Charter Oak."*

*"Thank you for the \$100 deposit into
my account. It's always a special
surprise and so appreciated."*

Gold Rewards Annual Bonus Payouts Since 2010. All figures are as of December for each year shown.

Charter Oak Continues to Be a Lending Leader in Eastern CT

Auto Lending Hit Record Numbers

As we continued to emerge from the COVID-19 pandemic, the auto industry saw one of the worst recessions for auto sales in more than a decade due to many factors including supply chain issues which impacted production and inventory and retail sticker prices. Supply chain issues coupled with low-interest rates, an increased demand for vehicles, and a strong economy gave way to a record-high increase in auto loans.

Our Consumer Lending team had a productive 2022 with record numbers, originating over \$88 million in auto loans, an 11% increase over 2021. Consumers took advantage of our low rates, great terms and vast network of preferred dealers. Our lending team successfully navigated this unique landscape and found ways to support our members and the communities we serve.

Auto Loan Activity 2022

11%
increase over
2021

\$88
million

Business Banking and Lending remained strong through 2022

As things began to open up in 2022, many businesses were still feeling the impacts from Covid. Our business banking and lending team understands the local businesses in the communities we serve, and worked hard to keep a pulse on how the landscape had shifted.

It's important as these local businesses rebounded, that we continued to support them by providing products and services they have grown to rely on. Our approach has allowed our members to focus on their business goals while having peace of mind when it comes to managing their banking needs.

Mortgage Lending

2022 felt like a perfect storm in the housing market, inventories were high, values were inflated and rates were dropping to offer more affordable loans. Our mortgage team worked closely with our members to navigate the application and closing process, ensuring peace of mind as they begin the journey of making their new house a home.

Our mortgage team was focused, originating over \$190 million in mortgages, a 17% increase over 2021.

Total Loan Activity 2022

\$20
million higher
than 2021

\$371
million

Listen to what our members are saying.

They made getting our mortgage a quick and easy process, which from what I hear, is not that common haha. Also, they definitely have the best rates in our area, and locking the rate was very simple as well! Our attorney told us she loves using Charter Oak because their closing is very short, and she was definitely correct. We were done with all the paperwork on our closing day in less than 10 minutes. It was great!

E.T.

Refi was quick, easy and inexpensive while being 95% remote.

S.D.

I have been doing business with Charter Oak over 10 years. Had a couple auto loans and just refinanced my house. They always make the process very simple and easy.

T. R.

Just remortgaged with Charter Oak. They were very responsive and made the process much easier than a large mortgage company that we had previously used. Great to use a Credit Union instead of a large corporate Bank where you are nothing more than a number.

L.N.

Volunteers & Senior Staff

Volunteers

Board of Directors

Guy Henry

Chairman of the Board

Barbara Gregg

Vice Chairperson

Paul McGlinchey

Treasurer

Paul Filippetti

Secretary

Wayne Burgess

Director

Brad Heil

Director

Annette Janovic

Director

Supervisory Committee

Gary Brochu

Chairman, Supervisory Committee

Joyce Gresh

Member

Rita Provatas

Member

Senior Staff

Brian Orenstein

President and Chief Executive Officer

Joseph Childress

Senior Vice President/Chief Information Officer

Laurie Cormier

Senior Vice President/Chief Human Resources & Marketing Officer

John Dolan

Senior Vice President/Chief Lending Officer

Sundae Franklin

Senior Vice President/Chief Retail Officer

Jeanne Mikula

Senior Vice President/Chief Operating Officer

Bradley Sullivan

Senior Vice President/Chief Financial Officer

Branches & Locations

**Branch & Headquarters**

1055 Hartford Turnpike, Waterford, CT 06385

Dayville

589 Hartford Pike
Dayville, CT 06241

Dayville, Killingly High School

226 Putnam Pike
Dayville, CT 06241

Electric Boat

50 Pequot Avenue
New London, CT 06320

Groton

32 Chicago Avenue
Groton, CT 06340

Groton, Fitch High School

101 Groton Long Point Road
Groton, CT 06340

Montville

601 Norwich / New London Turnpike (Rte. 32)
Montville, CT 06353

Mystic

4 Hendel Drive
Mystic, CT 06355

Niantic

335 Main Street
Niantic, CT 06357

Norwich

1 Connecticut Avenue
Norwich, CT 06360

Pawcatuck

20 Liberty Street
Pawcatuck, CT 06379

Putnam

7 Providence Pike
Putnam, CT 06260

Uncasville

1 Mohegan Sun Boulevard
Uncasville, CT 06382

Waterford

3 Boston Post Road
Waterford, CT 06385

Willimantic

893 Main Street
Willimantic, CT 06226



CHARTER OAK
CREDIT UNION

860-446-8085 | 800-962-3237

charteroak.org



Federally insured by NCUA



For more information about Charter Oak Federal Credit Union's products and services mentioned in this Annual Report, including rates and fees, please stop by any of our convenient branches in New London or Windham counties.