



2019

Annual Report

2019

Milestones





The Future in Focus

Truliant's primary goal for our members is long-term financial stability.

We do our part in every interaction by building our reputation as a trusted financial partner. Our members deserve honest and complete conversations from their financial institution.

Truliant's commitment to excellence is driven by being the best partner to help our members navigate the complexities of personal finance. They always come first, and we align our services to improve their quality of life.



Message from the President and Chief Executive Officer | Todd Hall

It's unsettling to reflect on an exceptional 2019 while we are currently in the midst of a global health pandemic that has impacted so many of our communities. We've been challenged to adapt to a new normal and are proud of the steps we've taken to accommodate member needs in a whole new way.

Social responsibility has been an important part of our culture for more than 60 years, where everyone is treated with integrity, empathy and respect. We have always encouraged inclusion to our employees and our members, and we would not be the organization we are today without the dedication of a diverse group of men and women who further our mission to improve lives every day.

We remain deeply engaged in making the communities we serve better, and reflect on 2019 knowing that we can help to create a brighter future together.

One of the key factors to our success in 2019 was staying relevant in the eyes of our member-owners. Not only did it drive us to create even better experiences, but it also laid the groundwork for continued excellence in the future.

We stay relevant with better products and services, greater convenience, and

continuing to improve the overall Truiliant experience. The result? We crossed the 250,000 member-owner milestone in October. Our members voted with deposit dollars and demonstrated they value Truiliant's services – even as they evaluate us against other financial institutions.

While a significant milestone, we know each member is much more than a number. They have distinct needs, and we strive to meet them with expansive digital tools and person-to-person guidance.

Branch Expansion. We completed a major branch expansion initiative in Charlotte a few years back and turned our eye toward growth in the Triad. While many banks minimized branch footprints – we opened three new branches and a commercial lending office in Greensboro, and relocated our Kernersville branch last year. As financial institutions continue to close

branches, we believe these new locations anchor us to the communities we serve, allowing in-person conversations to help guide strong financial futures.

Truiliant now has more than 30 branches in North Carolina, South Carolina and Virginia.

Mortgages. We're constantly expanding our digital capabilities, adding more services and enhanced technology. We are committed to bringing the latest in digital mortgage innovations to Truiliant, creating convenience around the largest transaction most households make in their lifetime. It's our intention to serve the full scope of our members' financial needs. We now offer a much more extensive package of low- and no-down-payment programs, including first-time homebuyer programs, among several others. We've elevated our commitment to assisting members in obtaining homeownership by adding educated mortgage loan originators throughout the Truiliant organization. The result: mortgage loans to members increased by more than 60 percent in 2019.

Exciting news came in November 2019. Truiliant and the North Carolina Secretary of State's Office announced that we would be one of the first credit unions to offer start-to-finish electronic mortgage eClosings. The headline on eClosings: "Better, Faster and More Secure." This is one more example of how Truiliant is

**“Better,
Faster
and
More
Secure.”**

a leading 21st century financial institution dedicated to offering innovative solutions.

Commercial Lending. As a commercial lender for more than two decades, Truliant saw this service as a key area for growth in 2019. We offer fast, local lending decisions and the same meaningful business-banking experiences to our business member-owners that we do with our member-owners. We leveraged a tactical opportunity coinciding with our expansion in Greensboro to open a Commercial Lending Office in the Triad – and another in Charlotte.

These new offices further allow current and new commercial clients better access to a tenured lending team backed by a member-focused credit union that looks for collaborative ways to meet lending needs.

Digital Transformation. Driven by the power of technology, data, and artificial intelligence, our employees consistently push beyond change and into a mindset of reshaping how our members experience Truliant.

The digital branch is always open, and our members expect and deserve an optimal experience that competes with high-performing national platforms. Truliant's Online Banking services and mobile app are keeping pace by offering a better online application experience for loans, for opening accounts and for complete account management: checking balances, moving money, depositing checks and paying bills.

Overall, we're providing a cleaner, more streamlined set of digital tools – regardless of the device. Countless hours are spent behind the scenes managing, refining, and communicating the benefits of these tools to our members. Members are responding: more than 28% additional loans were booked online in 2019 compared to the previous year.

Truliant will continue to increase our investment in digital technology while never losing sight of the importance of human connections. We want members to know that there are thoughtful, caring, and knowledgeable people involved in the processes and services that make up our organization. Some

members may never walk in a branch, and others may do all their transactions at a branch. Both options must promote a deeper engagement with Truliant services. It always begins with people.

Branding. It's imperative that Truliant's brand messages reflect the reality of the member experience. Truliant does this through multi-channel marketing campaigns, community outreach and financial education.

Truliant is proud to participate in a national credit union awareness campaign to address myths about joining and to grow membership. "Open Your Eyes to a Credit Union" was launched in the Carolinas in 2019 and in other major markets across the country. Truliant has committed to support this campaign and the program is already showing impressive results.

Also notable, we were honored to receive four Diamond Awards recognizing outstanding marketing achievement in the credit union industry. The awards were presented by the CUNA Marketing & Business Development Council, a national network comprised of over 1,200 credit union marketing and business development professionals.

Three of the awards were for our popular TRUisms marketing campaign that debuted in 2019, including one Category's Best honor. The campaign uses witty universal truths about money to showcase Truliant as a full financial partner and promote our brand differences.

Conclusion. This is an exciting time at Truliant. As these highlights from 2019 demonstrate, we are building on a foundation of outstanding service by finding new ways to meet the financial needs of our member-owners. With a more complete understanding of their experiences, we can create and design even better ones.

As always, Truliant remains as committed as ever to personal services that embrace our not-for-profit values of honesty, integrity, empathy and always doing what's in the best interests of our member-owners.



Updated Logo

Our new logo features updated fonts and a crisper, sharpened multi-point sunburst that radiates with a friendly feel. The look matches what we've worked hard to become: a progressive provider of thoughtful solutions that fit our members' lifestyles and needs.

Message from the Chairman

of the Board | James (Jimmy) T. Flythe, Jr.



“The new competitive landscape is here.”

In conversations with Truliant members, we stress the importance of strong foundations for a successful future. As a company, we believe just as strongly in it.

The new competitive landscape for banking is here. In 2019, we committed to strategically laying the groundwork to compete across an ever changing innovation and service landscape.

Setting the stage for future growth requires imagination and a disciplined approach to deploying resources. We must be nimble enough to embark on new solutions that meet our members at any stage of their lives, and advance with them to the next.

Our commitment to Truliant's member-owners will not waver. As chairman, I look forward to working with our Board of Directors to further build on our future in the present. We set priorities with well-crafted attention to and investment in what will create lasting value for all Truliant member-owners.

From branch design and strategy, to branding, analytics, culture, leadership and community, we're making sure Truliant remains our members' preferred financial institution by making their lives better.

■ Supervisory Committee Message

The Supervisory Committee, composed of a chairperson and up to four committee members, is a standing Committee of the Board. The role of the Supervisory Committee is to (1) ensure that the board and management meet required financial reporting objectives and establish policies and procedures to safeguard members' assets; (2) determine whether internal controls are established, the records are promptly and accurately prepared, plans established by the board are properly administered, and policies are sufficient to safeguard assets; (3) ensure that the credit union adheres to the filing requirements for reports filed with the NCUA, perform or obtain an audit, verify or cause the verification of members' accounts.

To that end, the Supervisory Committee contracted with Doeren Mayhew CPAs and Advisors to conduct the Credit Union's 2019 annual audit. Results of the audit indicate that the financial statements present fairly the results of the operations and financial position for the period, and no material weaknesses in internal control were reported.

In addition to its external audits and regulatory examinations, the Credit Union also employs a full-time Internal Audit department which reports directly to the Supervisory Committee.

Mark Gabriel

Chairman, Supervisory Committee

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Commercial Lending Grows

In 2019, TruFidelity opened its first dedicated Commercial Lending Offices in Greensboro (shown above) and Charlotte. Our intent is to grow business relationships and be a strong proponent for them in our communities.

2018-2019 Financial Results

Consolidated Statements of Financial Condition

December 31, 2019 and 2018

ASSETS

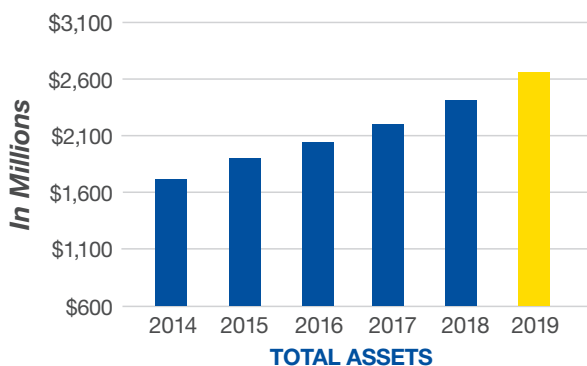
	2019	2018
Cash and cash equivalents	\$253,506,699	\$174,400,226
Available-for-sale investments	124,168,119	154,333,940
Interest bearing deposits	36,073,685	31,902,055
Federal Home Loan Bank (FHLB) stock	5,530,700	4,780,800
Loans held-for-sale	2,422,695	920,650
Loans to members, net of allowance for loan losses	2,190,789,048	2,003,000,798
Prepaid and other assets	31,336,483	31,771,086
Accrued interest receivable	6,569,979	5,701,679
Premises and equipment, net	39,810,907	43,321,077
National Credit Union Share Insurance Fund (NCUSIF) deposit	21,515,103	20,033,102
TOTAL ASSETS	<u>\$2,711,723,418</u>	<u>\$2,470,165,413</u>

LIABILITIES

Members' shares and savings accounts	2,369,300,180	2,159,583,462
Borrowed funds	77,822,151	65,000,000
Accrued expenses and other liabilities	36,742,233	42,378,214
TOTAL LIABILITIES	<u>\$2,483,864,564</u>	<u>\$2,266,961,676</u>

MEMBERS' EQUITY

Regular reserve	24,445,783	24,445,783
Undivided earnings	216,722,582	193,993,299
Accumulated other comprehensive loss	(13,309,511)	(15,235,345)
TOTAL MEMBERS' EQUITY	<u>\$227,858,854</u>	<u>\$203,203,737</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$2,711,723,418</u>	<u>\$2,470,165,413</u>



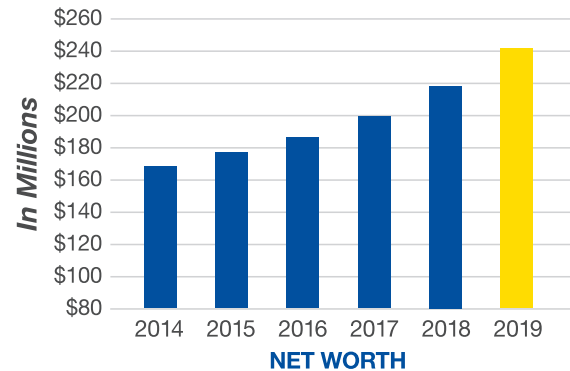
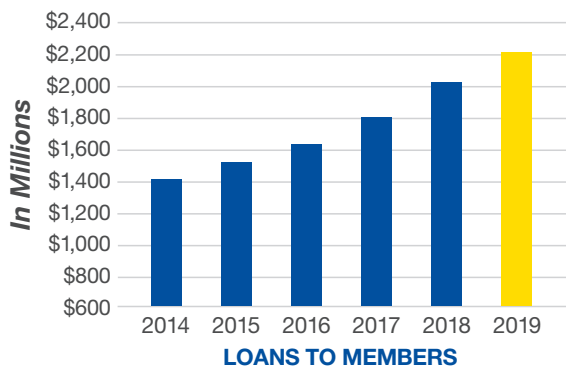
INTEREST INCOME

	2019	2018
Loans to members	\$106,047,454	\$88,304,089
Investments & cash equivalents	7,410,279	5,803,998
TOTAL INTEREST INCOME	\$113,457,733	\$94,108,087

INTEREST EXPENSE

Members' shares and savings accounts	19,130,890	12,688,779
Borrowings	1,920,499	924,376
TOTAL INTEREST EXPENSE	\$21,051,389	\$13,613,155

NET INTEREST INCOME	\$92,406,344	\$80,494,932
Provision for loan losses	15,692,432	15,688,766
NET INTEREST INCOME (after provision for loan losses)	\$76,713,912	\$64,806,166
Non-interest income	43,061,807	39,306,840
Non-interest expense	97,046,436	84,992,592
NET INCOME	\$22,729,283	\$19,120,414



■ Giving Back

Serving The Community

Being a strong community partner is important to Truliant. We recognize the support local organizations provide through responsive programs that help individuals and families. By offering financial and volunteer resources, we demonstrate our mission of improving lives, and showcase the credit-union philosophy of “people helping people.”

In 2019, volunteering, sponsorships and support included:

- **Sponsoring more than 324 community events** – a 34 percent increase from 2018. These events reached more than 735,000 people throughout Truliant’s corporate footprint.
- **Debuting an updated Employee Volunteer Program** giving 16 paid hours of volunteer time to full-time employees (eight hours for part-time) to support nonprofits.
- **Awarding Community Mini Grants** to 27 nonprofits to help their long-term sustainability and enhance their capacity to serve their communities.

We continued our Financial Education Grant Program, a five-year commitment to award \$200,000 to public school teachers incorporating financial education in classrooms. The program awarded \$41,000 among nine schools and one school system.

In addition, there are countless hours of service by executives, managers and employees who serve on local boards and volunteer at all levels of community organizations and educational institutions.

Truliant Business Services

In business lending, relationships matter. We work hard to match our business lending services to the unique needs of our partners. Truliant Business Services provides business lending solutions for commercial and owner-occupied real estate needs, operating lines of credit, debt restructuring loans, SBA 7a/USDA government guarantee programs, and more.

Truliant at Work

Truliant at Work gives employers a benefit that helps employees achieve their financial goals. Our program is rich with benefits, offering financial education seminars, credit report review days, and updates on special Truliant promotions. This complimentary program helps create a more positive working environment for both management and employees.



Thank You Marc

Following a successful career marked by notable industry achievements, our longtime President and CEO Marc Schaefer retired at the end of 2019. We celebrate the far reaching impact of Marc's work for Truliant and the greater credit union movement. He has labored tirelessly to create a unique organization that people love, and consistently took it to greater heights.

We applaud his imprint on advocacy, culture, community and growth.



National Awareness

Open Your Eyes to a Credit Union is a groundbreaking, brand-level marketing effort led by the Credit Union National Association. National in scope, it educates consumers about credit unions and invites them to become member-owners. Truliant is a supporter and has engaged employees to help spread the message in the campaign's signature black and white photography style.



