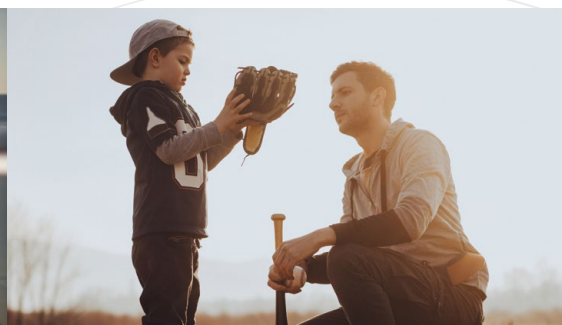


2018 Annual Report



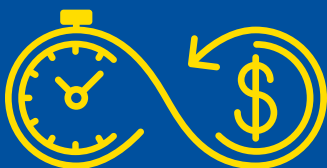

TRULIANT[®]
Federal Credit Union
Life improved.[®]

2018 In Review



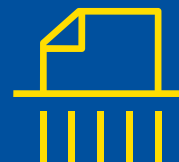
We opened two new Piedmont Triad regional locations: a second in Asheboro, N.C. and a fourth in Guilford County.

We began actively promoting the development of innovative ideas at every level of the company, and encouraging a design-thinking philosophy, to improve how we develop solutions for our members.



We raised our minimum wage to \$15 per hour, in recognition of the significant work our dedicated team members do to improve member lives.

We held eight Community Shred Days in member-owner communities, where more than 200,000 pounds of paper from more than 1,600 participants was shredded.



We began to offer a clearer, more streamlined experience for loans and account opening via our Online Banking and the Tru2Go app. The digital channel accounted for 5,500+ loans and more than \$89 million in financing.

Truliant was identified as the top credit union in North Carolina returning the most value to its members by research firm Callahan & Associates.



■ A Year of Transformation

At Truliant, we improve lives through better personal finance.

We are always building on the history of innovation that began with our roots in Western Electric, whose employees founded us in 1952. Our legacy as a caring and thoughtful financial partner is important, but we must continue to earn the trust of new members.

From the 64-foot obelisk outside our headquarters, atop which sits a glowing orb to reflect member satisfaction, to our long heritage of speaking up on our members' behalf to modernize and better serve them – we continue evolving to more fully make a difference in our members' lives.

Truliant's commitment to excellence is driven by being the best partner to help our members navigate the complexities of personal finance.

■ Message from the Chief Executive Officer | Marc Schaefer



The beauty in the mission of Truliant is that our primary responsibility is to improve our members' lives and in doing so have them choose us as their primary financial institution. As our Chairman indicates in his annual message to the membership, that quest requires us to follow our members' lead on how, where and when they wish to be served. Furthermore, we are charged with anticipating those preferences in a dynamically changing social and technological environment. We need to know what our members will want and how they will want it delivered – even before they do.

Truliant enjoys the advantage of having built our foundation over the past sixty-six years on the bedrock of understanding and prioritizing the best interest of our members. Ensuring that we have a fully-committed and mission-driven team of financial services professionals and a strong fiscal position are what makes it possible to continue our mission. It is amazing how our sponsor companies, our team of more than 700

professionals, our volunteer Board, Supervisory Committee and Advisory Board come together to create a compelling and valuable alternative that enables our more than 239,000 members and small businesses to build and strengthen their own financial base.

Through good times and bad, Truliant has been there as a constant and trustworthy resource to assist our members as they face the challenges and opportunities life brings.

How do we know that we are having an impact that helps members improve their lives? While not an easy metric to gauge, during 2018 we engaged directly with our members over **96,967 times uncovering over 150,813 specific needs tied to their goals**. At a deeper level, we helped members discover the “why” in their lives over **41,344 times uncovering 60,919 mid-range goals and 32,507 personal milestones**. Our people, technology and processes obviously take our members beyond a product, rate or term to what matters to them in their life journey.

Once you know how your product decisions fit your path, rate does make a difference; we conducted more than **27,000 No-Cost Credit Reviews to help improve cost and access to credit**.

With attractive rates and terms, we were able to provide **23,704 auto loans for \$505 million** to meet their transportation needs. We extended mortgage loans to **347 member households for nearly \$59 million to finance their homes** and an additional **\$187 million to 3,243 households in home equity loans**.

Our member business services area extended **\$55 million in capital for 92 term loans** and an additional **\$2.9 million in lines of credit to our small businesses**.

We are proud that more than 1,000 companies and organizations have chosen Truliant to provide affordable financial services and guidance to their employee base. Seventeen new Business Partners joined their ranks in 2018 **adding access to Truliant for about 3,000 of their teammates and associates**.

Uncovered Over
150,800
Specific Needs

27,000
No-Cost Credit Reviews

As we continued to provide access to members where they live, work and play – and coming off of the recent expansion by ten new Member Financial Centers in the Charlotte area (for a total of 13) – we’re adding to our footprint in the Greensboro market with two additional locations. Even as we expand our offering of useful digital access to all of our services from anywhere/anytime, we will continue to complement them with physical locations that provide access to our talented teams with their own set of tools for service and guidance.

We continued to provide access to members where they live, work and play.

Providing affordable financial services, including guidance, to the broad swath of consumers in our geographic footprint as a not-for-profit is, in itself, a valuable social good and where we devote most of our resources. In addition, we are committed to being a valued partner to improve each of our communities, urban and rural, where we are a part of the fabric. To that end, our commitment to financial education, youth, basic needs and arts and culture was evident in our collaboration with our communities in 2018.

In 2018, these alliances included sponsoring or participating in **more than 250 local events, and contributing \$435,000 to our member communities** through corporate sponsorships, community mini grants, scholarships, financial education grants and charitable donations.

No matter the ups and downs of our economy or the speed of change in our lives, Truliant will be there to support our members and small businesses as we have the last sixty-six years. Our longevity is not driven by a point in time (e.g. 1952) or a specific group of organizers and operators. It is driven by the idea that we will always stay true to the mission of improving members’ lives over the course of time and as those needs change.

Successive generations of committed leaders, both professionals and volunteers, along with members who understand the value proposition of a financial institution that has their best interest at heart, propels us forward into the future where we will become even more adept in improving member lives.



Todd Hall Named President

In 2018, Truliant named a new President, Todd Hall. Mr. Hall's focus has been keenly member-centric, with initiatives committed to expanding convenience throughout all interactions with the Credit Union. Consistent with Truliant's mission, he has led the charge to provide members with relevant and timely guidance through digital delivery channels, our branch network and Member Contact Center.

Mr. Hall has also demonstrated an impressive commitment to Truliant employees. In 2018, he began offering a monthly Breakfast with the President, welcoming new hires and long-time employees back to Truliant's headquarters for a session where they can discuss their time here so far, improvements that can be made to improve our member-owners' experience, and how to make Truliant an even better place to work.

■ Message from the Chairman of the Board | Greg Thrush



The key to our success in the digital age seems simple enough: achieve Truliant's business goals by leveraging technology. Doing that is far less simple, because stakes are high in this time of digital transformation.

At the same time, Truliant must maintain its commitment to personal services that embrace our not-for-profit values of honesty, integrity, empathy and always doing what's in the best interest of our member-owners. Our primary mission has not and will not change: to enhance our members' quality of life and become their preferred financial institution.

Competition for our members' loyalty – which in the not so distant past spanned mostly the physical branch and contact center realm – now puts us in the arena of a myriad of apps and online offerings that are always just the touch of a device or download away. At our members' fingertips, their wrists, in the form of digital assistants or smart home devices, the latest smart application beckons to help with their biggest to smallest daily task, from money management to counting calories. These are now our peers. We are increasingly charged with finding the next up-to-date solution that anticipates member expectations, and services that naturally intersect with our business purpose.

Operationally, our task is the constant evaluation of our systems, then integrating new technologies across the largely invisible digital platforms that must be ready to serve our members 24 hours a day. The rapid mass adoption, evolution and innovation in digital technology brings to light daily the challenges presented by legacy systems and thinking. Systems that reliably served members for years face the same challenge we do, adapt or disappear. Behind all of this are even more unseen, but no less important, factors like risk and process management that come with digitization. Also, making sure we've acquired the right talent – malleable leaders at all levels that are able to adapt their thinking to the changing environment. We're up for this challenge, but feats of thought and adaptation required by the digital age means working harder than ever on our members' behalf.

For financial institutions such as ours, change is happening at a dizzying pace.

We more closely study the experiences of member-owners so that we can design and incorporate tools that are more dynamic and personal. The goal? Evolve Truliant's culture into one that embraces innovation and transformation, ensuring we employ it in a way that is relevant, today and in the future.

Additionally, the physical branch world, plus all of the work that goes with it, is as important as ever. Members who are technology-dependent want the option of getting in-person advice when they need it. They want to transition between branches and technology seamlessly and conveniently.

As we move forward, the digital and physical worlds complement, supplement, and often are a bridge to one another. Our physical branch footprint is growing with new locations that help us better serve members. With more than 239,000 member-owners, 30 plus locations in three states and more than \$2.3 billion in assets, Truliant must effectively, efficiently and equally serve all of our member-owners.

We know that we cannot be a financial institution that relies on our legacy status to draw members in the future. Few will remain at a credit union where their financial needs are not being met.

Chairman's Message, continued, next page >

What's certain for financial institutions such as ours is that change is happening at a dizzying pace. To continue winning our members' loyalty, the bond we maintain with them must be caring, authentic, and meet their needs.

You can be assured, our main differentiator remains. For success, Truiliant will always deliver on our mission to improve lives.

■ 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 2018 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

The Credit Union employs a full-time Internal Audit department which reports directly to the Supervisory Committee.



■ Innovation in Branches

We continue to develop into more of a leader in the digital space. Truiliant member-owners expect to engage in thoughtful and caring experiences that combine speed and personalization.

Truiliant's New Garden location features our first interactive touch-screen kiosk, which allows members to watch testimonials, learn about Truiliant's history, find information about promotions, tutorials, and set appointments if they need to follow up or talk about specific items with our specialists.

We plan to increase the kiosk's functionality in 2019 and introduce it at more locations.

2017-2018 Financial Results

Statements of Financial Condition

December 31, 2018 and 2017

ASSETS

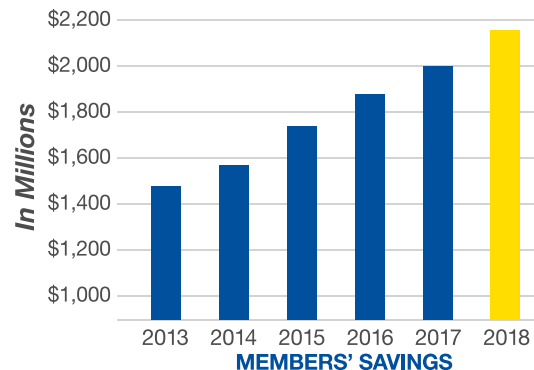
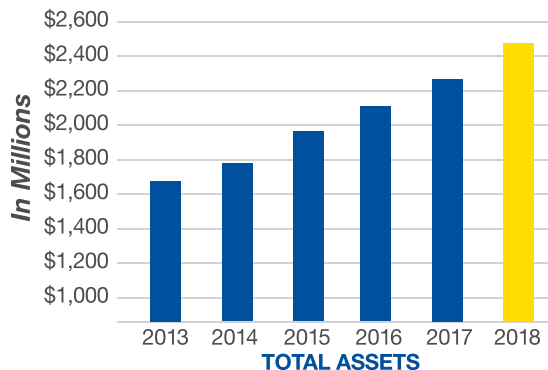
	2018	2017
Cash and cash equivalents	\$174,400,226	\$171,747,004
Available-for-sale investments	154,333,940	174,312,364
Interest bearing deposits	31,902,055	20,123,425
Federal Home Loan Bank (FHLB) stock	4,780,800	2,846,800
Loans held-for-sale	920,650	1,938,572
Loans to members, net of allowance for loan losses	2,003,000,798	1,783,409,323
Prepaid and other assets	31,771,086	36,016,526
Accrued interest receivable	5,701,679	4,884,485
Premises and equipment, net	43,321,077	44,241,380
National Credit Union Share Insurance Fund (NCUSIF) deposit	20,033,102	19,042,313
TOTAL ASSETS	<u>\$2,470,165,413</u>	<u>\$2,258,562,192</u>

LIABILITIES

Members' shares and savings accounts	\$2,159,583,462	\$2,003,536,243
Borrowed funds	65,000,000	22,500,000
Accrued expenses and other liabilities	42,378,214	43,958,268
TOTAL LIABILITIES	<u>\$2,266,961,676</u>	<u>\$2,069,994,511</u>

MEMBERS' EQUITY

Regular reserve	\$24,445,783	\$24,445,783
Undivided earnings	193,993,299	174,872,885
Accumulated other comprehensive loss	(15,235,345)	(10,750,987)
TOTAL MEMBERS' EQUITY	<u>\$203,203,737</u>	<u>\$188,567,681</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$2,470,165,413</u>	<u>\$2,258,562,192</u>



INTEREST INCOME

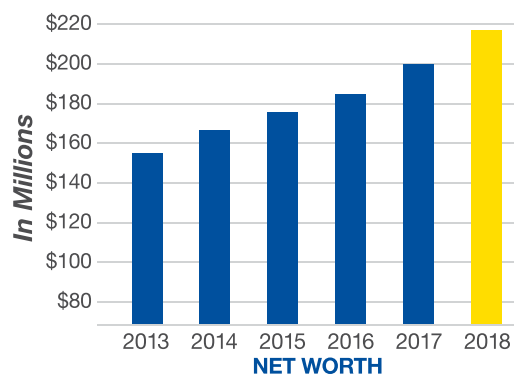
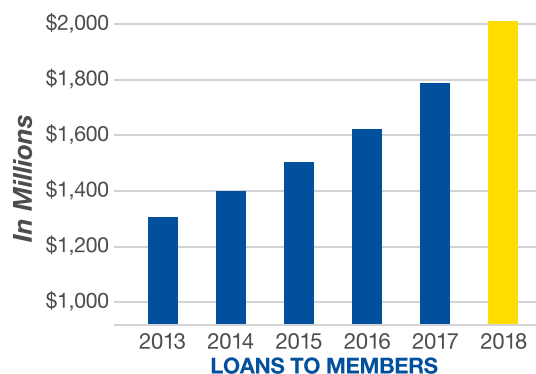
	2018	2017
Loans to members	\$88,304,089	\$74,154,248
Investments & cash equivalents	5,803,998	4,749,090
TOTAL INTEREST INCOME	\$94,108,087	\$78,903,338

INTEREST EXPENSE

Members' shares and savings accounts	\$12,688,779	\$10,495,809
Borrowings	924,376	347,297
TOTAL INTEREST EXPENSE	\$13,613,155	\$10,843,106

NET INTEREST INCOME	\$80,494,932	\$68,060,232
Provision for loan losses	15,688,766	9,738,199
NET INTEREST INCOME (after provision for loan losses)	\$64,806,166	\$58,322,033
Non-interest income	39,306,840	32,416,290
Non-interest expense	84,992,592	77,514,942

NET INCOME	\$19,120,414	\$13,223,381
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■ Serving the Community

Making a Difference

Truliant supports financial education and giving back through volunteering, sponsorships and support to local businesses and nonprofits. In 2018, those efforts included:

- **Sponsoring or participating in more than 250 events in the Piedmont Triad**, Charlotte region and other communities, including eight free Community Shred Days, where more than 1,600 participants were able to shred more than 200,000 pounds of paper.
- **Significant contributions for disaster relief** in member-owner communities.
- **Awarding nine scholarships** to outstanding high school seniors from across our footprint; and hosting interns from local National Academies of Finance programs.
- **Truliant awarded 18 Community Mini Grants** to local nonprofit organizations across the Carolinas and Virginia, totaling \$18,000.

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 2018, the program received the prestigious Desjardins Youth Financial Education Award from the Carolinas Credit Union Foundation.

In addition, there are countless hours of service – both seen and unseen – 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 refinancing and 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 onsite 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.



Federally insured by NCUA.



