



2021

Annual Report

The mission of Truliant Federal Credit Union is to improve lives by putting our members first, providing great service and straightforward financial solutions. We are committed to building and strengthening relationships, always to an end of giving our members just what they need. Truliant offers powerful financial tools so they and their communities can prosper.



Message from the President and Chief Executive Officer > Todd Hall

Revealing Our Character

As Truliant nears its 70th anniversary, we reflect on a journey from humble beginnings in 1952 to one where we will soon welcome our 300,000th member, hire our 1,000th employee and exceed \$4 billion in assets.

This is gratifying progress that no one in 1952 could have imagined. We continue to be a humble organization dedicated to the financial betterment of our communities and members.

It has not always been smooth sailing, and in 2021, we faced unusual headwinds. Yet, despite kinks in the supply chain, rocketing inflation and on-again, off-again pandemic restrictions, Truliant made significant progress.

Our employees joined together to address these and other challenges with skill and empathy. Our teamwork, diligence and commitment allowed us to emerge from 2021 as a stronger and more resourceful company.

Our strength is built upon the legacy of our past and the vision for our future. Throughout it all, we've remained faithful to the core elements of who we are. We share a culture of collaborative teamwork where employees unselfishly work together to empower each other to achieve their full potential and improve the lives of our members.

A defining hallmark of Truliant has been our spirit of inclusiveness and diversity. We have built branches in and provided services to underserved communities throughout our history and will continue to do so. In 2021, we formalized the structure of our diversity, inclusion and equity (DI&E) program. It is built around our communities, suppliers, employees and members. We formed an employee diversity council and created an internal campaign to celebrate individual differences. Important conversations and training are taking place at all levels of Truliant.

The Truliant Foundation was launched in 2021 as a keystone initiative. In the same vein, we issued secondary capital and earned a Community Development Financial Institution (CDFI) certification from the U.S. Department of the Treasury. These actions will allow Truliant to expand our existing efforts to remove financial instability from our communities, create lending where there is none, and offer financial education through coaching and community partnerships.

We will address pandemic challenges for years to come. The realities of living through a global pandemic revealed how easily day-to-day life could be upended. Witnessing this, the first program at the Truliant Foundation was a financial assistance fund for employees experiencing financial hardship. This fund started with donations from 100 percent of our senior leadership and matching funds from Truliant.


Our members are benefitting from advanced technology and new approaches. Complex challenges necessitate drawing expertise from many fields. That's why we are strengthening connections with organizations like the Bryan School of Business at the University of North Carolina at Greensboro. This relationship provides Truliant intellectual firepower and a think tank to understand our business better. We do not live in a vacuum, and this association will lead to the generation of creative alternatives to solve vexing challenges.

We continue to innovate by leveraging technology to reimagine what Truliant can be. The careful management of our digital resources has allowed us to create a powerful and flexible digital infrastructure that is intuitive and easy to use. In two years, we have become a leader in Electronic Mortgage Closings, known as eClosings. Our mobile app is superb, and we continue to integrate new offerings in artificial intelligence to improve clarity, immediacy and efficiency.

Our member experience remains at the forefront of our strategic plans. We aggressively solicit honest member feedback, listening to what is said and unsaid. We categorize, prioritize and take action to offer new benefits and eliminate pain points.

The pandemic demonstrated why member feedback is so important for a healthy credit union. The creation of our Member Satisfaction Department before the pandemic began provided us with ongoing insights into what our members thought during the crisis. We now receive 1,500 to 2,000 surveys each month, and we are using these responses to build a better foundation for innovation and to make Truliant more useful for all members.

Finally, penetration into new markets is essential for Truliant's growth. Last year, we formulated expansion plans for Upstate South Carolina. We are forging new relationships, acquiring an operations center in downtown Greenville, and have immediate plans to open additional branches in Greenville, Easley and Greer. From that beachhead, more will come.



**We are
forging new
relationships**

It is a privilege to lead this group. I am proud of the way our team has come together. Hardship doesn't create character as much as it reveals it. We have not only weathered the storm, we have emerged from it stronger and better prepared for future challenges.

Message from the Chairman of the Board > James (Jimmy) T. Flythe, Jr.



The Changing Landscape

The evolving world of financial services has been compared to looking through a kaleidoscope. Shapes, patterns, and players are constantly changing. Our job is to recognize the changes and evolve our services to remain relevant and competitive.

The last two years have required flexibility and a transformative mindset from every Truliant employee. With each crest of the pandemic came a clear realization that the digital changes we prepared for were coming faster than everyone anticipated. Amid extreme challenges, we brought new initiatives to the marketplace, strengthened our partnerships, recruited talented individuals and ensured more value for our members.

During the height of the pandemic, Truliant's Board of Directors absorbed information from many sources and made critical decisions in real-time to keep the credit union moving forward. The adage that "a ship in harbor is safe, but that is not what ships are built for" is apt. Our task in calm seas or storms is to steer Truliant and ensure that the necessary resources are in place to continue providing our members with convenient services.

Over the past two years, we have focused our vision on creating value and fulfilling commitments to the underserved. It takes a balance of artistic and technical skills to provide, communicate and engage members with new products and Truliant's strong lineup of traditional products.

Our foundation of innovation, process improvement and forward-looking business strategies is cemented in our corporate culture of empathy and humanity. It can be summed up as "people helping people" – the defining characteristic of credit unions.

All of this is made possible by the unique Truliant community: smart, compassionate and service-minded team members that are willing and able to adapt to the ever-evolving marketplace.

The reflections in a kaleidoscope never stand still. As it turns, so does our world, revealing an equally exciting but unique view. I have great confidence in our team to recognize the new patterns, adapt to an ever-changing marketplace and bring our members the best collection of credit union benefits we can offer.

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 set 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, and 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 2021 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

Financial statements present fairly the results of the operations and financial position for 2021, and no material weaknesses in internal control were reported.

In 2021, Truliant

- Opened new branches in High Point and Graham, N.C.
- Issued secondary capital to boost services.
- Completed first fully digital and fully remote electronic mortgage closing.
- Launched internal "Everyone Under the Sun" diversity, inclusion and equity campaign.
- Became the first financial institution in the southeast to transfer an electronic promissory note to the FHLB Atlanta.
- Paid a midyear appreciation bonus to employees.
- Acquired a Greenville, S.C. operations center to support expansion.

2020-2021 Financial Results

Consolidated Statements of Financial Condition

December 31, 2021 and 2020

ASSETS

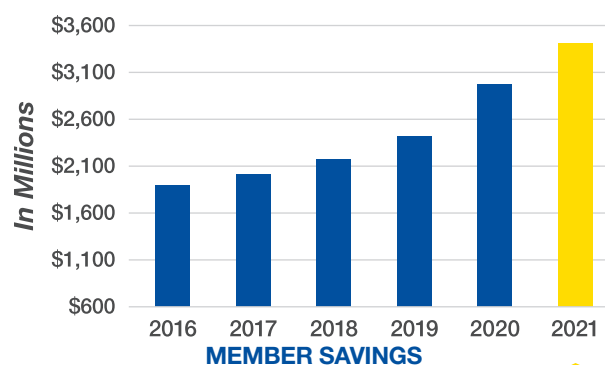
	2021	2020
Cash and cash equivalents	\$488,809,459	\$278,107,375
Interest bearing deposits	40,593,000	192,180,962
Available-for-sale investments	464,536,135	315,323,398
Federal Home Loan Bank (FHLB) stock	1,759,900	5,433,900
Loans held-for-sale	2,662,980	4,767,684
Loans to members, net of allowance for loan losses	2,596,239,123	2,366,052,808
Prepaid and other assets	82,309,615	73,132,939
Accrued interest receivable	8,017,365	7,870,046
Property and equipment, net	62,775,035	50,703,608
National Credit Union Share Insurance Fund (NCUSIF) deposit	30,246,498	26,373,850
TOTAL ASSETS	<u>\$3,777,949,110</u>	<u>\$3,319,946,570</u>

LIABILITIES

Members' shares and savings accounts	3,382,285,840	2,954,415,415
Uninsured secondary capital	48,375,000	-
Borrowed funds	-	70,428,966
Accrued expenses and other liabilities	43,994,191	40,765,679
TOTAL LIABILITIES	<u>\$3,474,655,031</u>	<u>\$3,065,610,060</u>

MEMBERS' EQUITY

Regular reserve	24,445,783	24,445,783
Undivided earnings	292,999,981	245,683,878
Accumulated other comprehensive loss	(14,151,685)	(15,793,151)
TOTAL MEMBERS' EQUITY	<u>\$303,294,079</u>	<u>\$254,336,510</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$3,777,949,110</u>	<u>\$3,319,946,570</u>



INTEREST INCOME

	2021	2020
Loans to members	\$122,232,913	\$114,609,647
Investments and cash equivalents	4,444,289	4,019,419
TOTAL INTEREST INCOME	\$126,677,202	\$118,629,066

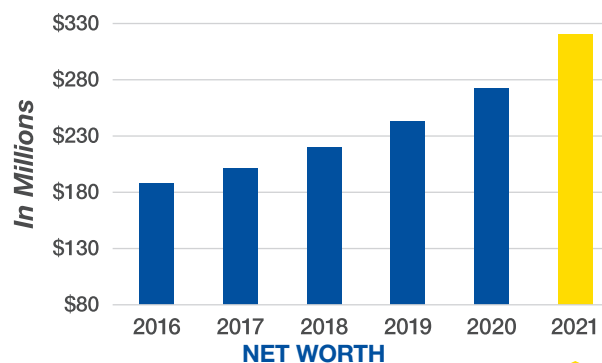
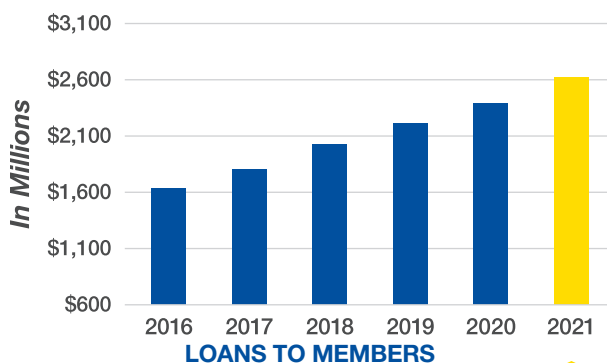
INTEREST EXPENSE

Members' shares and savings accounts	18,201,868	23,009,183
Borrowed funds	949,526	2,064,214
Borrowed funds early termination costs	3,506,886	-
TOTAL INTEREST EXPENSE	\$22,658,280	\$25,073,397

NET INTEREST INCOME	\$104,018,922	\$93,555,669
Provision for loan losses	6,625,067	20,349,812

NET INTEREST INCOME (after provision for loan losses)	\$97,393,855	\$73,205,857
Non-interest income	70,289,197	62,395,740
Non-interest expense	120,366,949	106,640,301

NET INCOME	\$47,316,103	\$28,961,296
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Giving Back

The Truliant Foundation is Launched

As Truliant has grown, so too has our commitment to our members and the diverse communities they represent. In 2021, we launched the Truliant Foundation to further support our social responsibility to give back.

The Foundation expands on the “people helping people” philosophy of credit unions and Truliant’s legacy of helping underserved populations. It creates a platform to deepen connections with community partners.

The Foundation’s first new program was the establishment of the Truliant Employee Relief Fund. It provides financial assistance to employees experiencing financial hardship due to events beyond their control and other special situations. The fund was launched with personal donations from 100 percent of our senior management, which was matched by the credit union.

As the Foundation’s first major gift, it contributed to Winston-Salem State University Foundation to support North Carolina’s Mathematics and Science Education Network (NC-MSEN) program. The gift is being used by the historically black university to eliminate disparities in education and to prepare middle and high school students for careers requiring math and science.

Including the Foundation’s contributions, Truliant Federal Credit Union invested nearly \$760,000 in community engagement and philanthropic efforts in the communities served by Truliant in 2021. For example, charitable giving was provided to address financial wellness and stability, food insecurity, utility and rent assistance, online learning and education, critical home repairs, and small business support. Of note in 2021’s charitable giving:

- 74 percent supported individuals living in low-income communities.
- 46 percent supported organizations operating or serving in underserved markets.
- 55 percent supported minority-led organizations.

Our nonprofit partners are essential to our communities. We applaud them for serving important social and economic needs and helping the most vulnerable during a time when their assistance was needed the most. We are proud to stand with these true community partners.



