

TRUITY CREDIT UNION
2019 ANNUAL REPORT



Letter to our Members

Why we exist:

To SERVE Our Members' Interests

What we stand for:

INTEGRITY Is First In All We Do

Treat All With RESPECT

VALUE Employees As Our Primary Resource

Be a GOOD Corporate Citizen

We promise to:

Treat you with the highest standards of
RESPECT and PROFESSIONALISM.

Be ACCURATE and ENSURE THE SECURITY
of your financial information.

MAKE IT EASY for you to do business with us.

IDENTIFY your needs and suggest a solution
that will IMPROVE your financial life.

RESPOND to your requests in a timely manner.

SHOW YOU APPRECIATION for
allowing us to SERVE you.



2019 was a phenomenal year for your credit union. The purpose of this annual report is to outline and celebrate the credit union's financial condition, and we have a lot to celebrate! The financials are on pages 8 and 9.

Deposits were very strong the first half of the year. Members took advantage of higher dividends in certificates and saving accounts, including the new Premier Savings account. Total shares increased \$42 million in 2019, and total assets increased \$46 million to a new high, \$852.8 million.

Our mortgage business took off the second half of the year. We ended the year with \$180.3 million in mortgage business, making 2019 one of our strongest years ever.

In the third quarter we introduced new digital banking, making our mobile app and online banking experiences seamless and introducing two-factor authentication. Members have responded enthusiastically and logged in more than a million times in the first three months.

We continue to invest in technology while keeping your financial data secure. The new digital banking platform makes it easy to bring innovations to you as they become available.

Truity Credit Union exists to serve our members' interests; service is our highest priority. We are writing this letter in the midst of the COVID-19 pandemic. Our lobbies are closed, while our drive-thrus and Call Center are available to meet your needs. Our loan departments continue to serve you online and on the phone, and our board and staff continue to be flexible and find new ways to serve you better.

It is a privilege and an honor to be your credit union. We will continue to be successful because you trust us to provide the essential financial products and services you need.

On behalf of Truity's board of directors and its 200 employees, thank you for your loyal business.



A handwritten signature in black ink.

CHARLES ROHRS
Chairman, Board of Directors



A handwritten signature in black ink.

DENNIS HALPIN
President, CEO
Truity Federal Credit Union

Branch Activity

Bartlesville

EMPLOYEE VOLUNTEERISM

Credit union employees give their time and resources generously. Employees voluntarily support Community Cares, the credit union's way of donating to both the United Way and the American Cancer Society's Relay For Life. In 2019, Bartlesville employees gave nearly \$80,000 to the United Way and \$12,000 to Relay For Life of NOW.

Other recipients of credit union employee generosity and volunteer hours include:

- ▶ Agape Mission
- ▶ Bartlesville Community Foundation
- ▶ Big Brothers Big Sisters
- ▶ Building Bridges of Oklahoma
- ▶ The Cottage
- ▶ Daybreak Rotary
- ▶ HOPE Clinic
- ▶ Ray of Hope Advocacy Center
- ▶ Westside Community Center
- ▶ Young Professionals of Bartlesville

COMMUNITY PARTNERS

In addition to the employees of Phillips 66 and ConocoPhillips in Bartlesville, we serve more than 100 Select Employee Groups, including:

- ▶ ABB
- ▶ Bartlesville Public Schools
- ▶ The City of Bartlesville
- ▶ Diversified Systems Resources
- ▶ Rogers State University
- ▶ Schlumberger, REDA Production
- ▶ Tri County Technology Center
- ▶ The Voice of the Martyrs, Inc.

Lawrence

EMPLOYEE VOLUNTEERISM

The creative employees that work at the Lawrence branches are always looking for ways to show Lawrence residents the value of credit union membership.

In Lawrence, Truity regularly sponsors events tied to Lawrence Public Schools as well as to The University of Kansas. Events for 2019 included several awards given to our local teachers and classified staff.

Other organizations supported by employees in Lawrence include:

- ▶ Boys and Girls Club
- ▶ Big Brothers Big Sisters
- ▶ Junior Achievement
- ▶ Just Food
- ▶ Toys for Tots
- ▶ United Way of Douglas County

COMMUNITY PARTNERS

Not only does the credit union serve the faculty, staff and students of The University of Kansas, we also serve many other Select Employee Groups, including:

- ▶ Amarr Garage Door
- ▶ Baker University
- ▶ Cottonwood, Inc
- ▶ Maximus
- ▶ Hallmark
- ▶ Haskell Indian Nations University
- ▶ Laird Noller Automotive
- ▶ Lawrence Memorial Hospital
- ▶ Lawrence Public Schools
- ▶ The Local Firefighters Union, IAFF Local 1596

Houston

EMPLOYEE VOLUNTEERISM

Since we are so closely tied to our Select Employee Groups in Houston, we sponsor many of the activities and causes that are important to them.

COMMUNITY PARTNERS

In addition to the employees of Phillips 66 and ConocoPhillips in Houston, we serve several other companies, including:

- ▶ Chevron/Phillips Chemical Co.
- ▶ Securitas Inc.
- ▶ Sodexo
- ▶ Zachry Construction Co.

Springdale

EMPLOYEE VOLUNTEERISM

In Northwest Arkansas, we sponsor Court Appointed Special Advocates and Newspapers in Education, among other initiatives, and employees support many local organizations, including:

- ▶ Alzheimer's Association
- ▶ Children's Safety Center
- ▶ The First Tee NWA
- ▶ JDRF NWA
- ▶ Make-A-Wish Foundation
- ▶ NWA Special Olympics

COMMUNITY PARTNERS

In addition to Tyson Foods, Inc. team members, we offer credit union membership to several other organizations, including:

- ▶ BNSF Logistics
- ▶ Cobb-Vantress
- ▶ Fayetteville Public Schools
- ▶ Kawneer
- ▶ Northwest Technical Institute
- ▶ Ozark Regional Transit
- ▶ Springdale Public Schools
- ▶ City of Springdale

Community Connections

Truity Credit Union wouldn't be successful without the support of the communities we serve. Being a good corporate citizen is a high priority for us, and we are proud of the fact that our corporate giving has been at record levels for the past few years at a time when many companies are giving less.

Corporate-wide, Truity employees serve on the boards of almost 20 different organizations and report volunteering more than 500 hours each month in their communities.

SPIRIT CARDS

Truity Credit Union makes it easy for members to support local schools and organizations with the Spirit Debit Card program. Members show support for their group by using the cards, and a portion of the interchange is donated to the school or organization featured on the card—\$154,257 has been given to area organizations since the program began in 2009.



TRUITY EDUCATION FOUNDATION

Formed in 2009, this organization has raised more than \$1 million for public school foundations and educational organizations in Bartlesville, Oklahoma, Lawrence, Kansas and Northwest Arkansas. Members of the Truity Education Foundation are eligible for membership in Truity Credit Union.



BARTLESVILLE, OKLAHOMA:

501 S JOHNSTONE AVE
2612 SE WASHINGTON BLVD

SPRINGDALE, ARKANSAS:

1910 S THOMPSON ST

HOUSTON, TEXAS:

925 N ELDRIDGE PARKWAY
ROOM #EC4-01-N314
CONOCOPHILLIPS EC4
2331 CITYWEST BLVD
SUITE 143
PHILLIPS 66 WORLD HQ

LAWRENCE, KANSAS:

3400 W 6TH ST
2221 W 31ST ST
1300 W 23RD ST

TRUITY CREDIT UNION

PO BOX 1358 | BARTLESVILLE, OK 74005 | 800.897.6991 | TRUITYCU.ORG

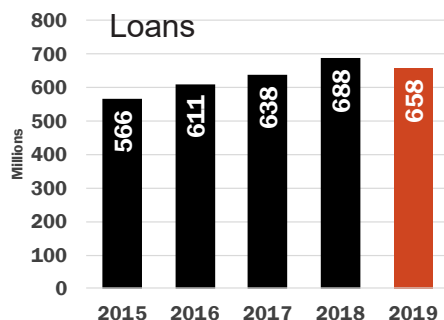
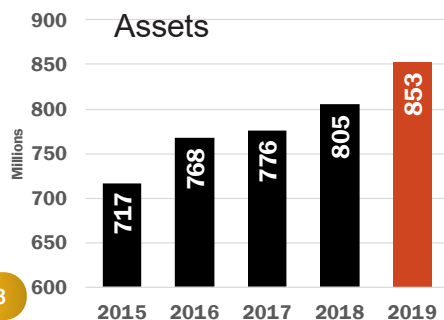


Clockwise from above: Bartlesville Headquarters, Lawrence Main, Springdale and Houston offices.



Consolidated Balance Sheet

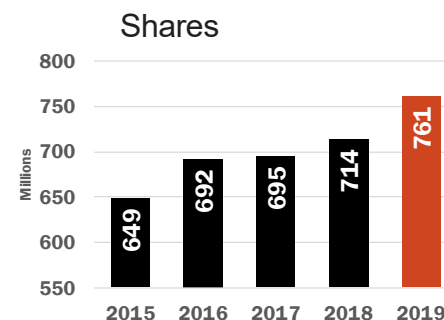
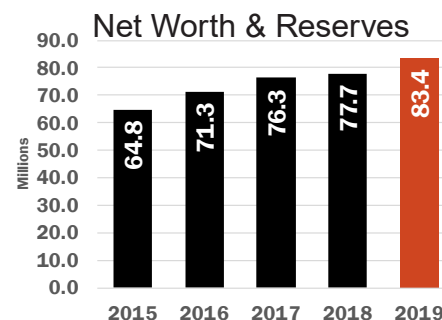
ASSETS	2019	2018
Cash	\$103,527,000	\$ 66,300,000
Investments	69,659,000	27,644,000
<i>Loans to members</i>	<i>658,092,000</i>	<i>688,473,000</i>
<i>Less allowance for loan losses</i>	<i>(5,899,000)</i>	<i>(6,030,000)</i>
Net loans	652,193,000	682,443,000
Property and equipment	8,455,000	9,340,000
Other assets	<u>19,001,000</u>	<u>19,103,000</u>
TOTAL ASSETS	\$852,835,000	\$804,830,000
LIABILITIES & MEMBERS' EQUITY		
Member Deposit Accounts:		
Shares, share drafts & money markets	\$626,836,000	\$583,285,000
Share certificates	<u>134,498,000</u>	<u>130,778,000</u>
	761,334,000	714,063,000
Other liabilities	10,506,000	13,121,000
Borrowed funds	<u>3,500,000</u>	<u>6,000,000</u>
Total Liabilities	775,340,000	733,184,000
Members' Equity:		
Regular reserve	6,191,000	6,191,000
Undivided earnings	71,278,000	66,282,000
Unrealized gain (loss) on available for-sale investments	<u>26,000</u>	<u>(827,000)</u>
Total Members' Equity	<u>77,495,000</u>	<u>71,646,000</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	\$852,835,000	\$804,830,000



Consolidated Statement of Earnings

INTEREST INCOME	2019	2018
Interest on loans to members	\$32,617,000	\$31,377,000
Interest on investments & cash equivalents	<u>2,110,000</u>	<u>1,460,000</u>
Total Interest Income	\$34,727,000	\$32,837,000
INTEREST EXPENSE		
Shares, share drafts & money markets	\$ 4,809,000	\$ 2,890,000
Share certificates	<u>2,264,000</u>	<u>1,689,000</u>
Total dividend expense	7,073,000	4,579,000
Interest on borrowed funds	61,000	43,000
Total interest expense	<u>7,134,000</u>	<u>4,622,000</u>
Net interest income	27,593,000	28,215,000
Provision for Loan Losses	<u>5,141,000</u>	<u>6,028,000</u>
Net interest income after provision for loan losses	22,452,000	22,187,000
Non-interest income	12,664,000	12,717,000
Non-interest expense	<u>30,120,000</u>	<u>31,936,000</u>
NET EARNINGS	\$ 4,996,000	\$ 2,968,000

Copies of audited financial statements are available upon request.



Board of Directors

Truity is governed by a volunteer board of directors composed of Truity members. They guide the general direction and affairs of the credit union in accordance with our bylaws.



CHUCK ROHRS,
CHAIRMAN
Manager Internal
Audit - Corporate,
Phillips 66,
Retired



BRENT BOEVE
SAP PRA Projects,
ConocoPhillips,
Retired



AVIS BRAGGS
IT Manager,
Lower 48 Region,
ConocoPhillips,
Retired



BEVERLY DOLLAR
Sr. Intellectual
Property Counsel,
ConocoPhillips,
Retired



DAYLON EADS
Manager, Facilities
Engineering,
ConocoPhillips



CHRIS KELLY
Process Lead,
Phillips 66



LEE KIDD
Vice President,
Benefits,
Tyson Foods Inc.



MATTHEW McCLOREY
President,
Critech Particle
Engineering
Solutions, Inc.



BRIT PARKER
Manager, IS Business
Partner Upstream,
ConocoPhillips,
Retired



KAY SALLEE
Chief Information
Officer, Phillips 66,
Retired



JOHN ZUKLIC
Treasurer,
Phillips 66

Supervisory Report

The role of the Supervisory Committee is to ensure that members' interests are protected by conducting audits and reviews of key financial and operating components of the credit union. Appointed by the credit union board of directors, the Supervisory Committee is responsible for coordinating audits to determine that accounting records are prepared promptly, and that they accurately reflect the credit union's condition.

To assist in this process, the committee engaged the firm of HoganTaylor, LLP to perform the annual audit of the credit union for the year ending December 31, 2019.

As a result of this audit and our ongoing internal audit, it is the opinion of the Supervisory Committee that the financial statements fairly and accurately reflect the condition of the credit union.

On behalf of the Supervisory Committee, we appreciate the opportunity to serve the credit union, and as always, we welcome your comments and suggestions.

SUPERVISORY COMMITTEE



SCOTT HENSLEY,
CHAIRMAN
ConocoPhillips
Information Security



ANGELA LORSON
Director, Joint
Venture Audit,
ConocoPhillips



MARY FRIEDMAN
GIPA - Consultant
Privacy and
Awareness,
ConocoPhillips,
Retired



ELLYSE WISEMAN
Technology F&PA
Analyst,
Phillips 66



AMY GRONIGAN
Director, Midstream
Financial Services,
Phillips 66



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BY NCUA