

TRUITY CREDIT UNION
2018 ANNUAL REPORT



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.



Letter to our Members

2018 was a very good year for your credit union. We enjoyed steady growth and ended the year with 69,309 members and \$805 million in assets, up \$29 million from the end of 2017.

2018 was also a year of change. Both savings and lending rates rose nationally, creating an increased demand for savings products. We introduced a new Name It Save It account and three new certificate terms with highly competitive rates, making saving even more appealing and allowing us to compete with high yield savings accounts previously found mostly in online institutions. We also revamped our home equity lines of credit, offering a lower rate for this popular loan type.

We serve members in person at eight branch locations. Our branch on Dairy Ashford in Houston was relocated to the new ConocoPhillips headquarters late in the year to better serve members who work there.

Online and mobile banking transactions make it easy for members to manage their finances wherever they are. This year, mobile transactions surpassed online transactions and grew to 3.1 million, proving that many members enjoy having a branch in their pocket.

Serving members will always be our top priority, and with this in mind, we consolidated several time-sensitive tasks that directly impact members' accounts and formed a new department to increase efficiency, cohesiveness and service. We will continue to look for ways to serve you better.

The purpose of the annual report is to outline and celebrate the credit union's financial condition, and you'll find the numbers on pages 8 and 9 of this report.

We are keenly aware that you have a choice in financial institutions. All of us at Truity want to thank you for your loyal business. It's a privilege and honor to serve your financial needs.



A handwritten signature in black ink that reads "Charles Rohrs".

CHARLES ROHRS
Chairman, Board of Directors



A handwritten signature in black ink that reads "Dennis Halpin".

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 2018, Bartlesville employees gave more than \$70,000 to the United Way and more than \$15,000 to Relay For Life of NOW.

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

- ▶ Agape Mission
- ▶ Big Brothers Big Sisters
- ▶ Building Bridges of Oklahoma
- ▶ The Cottage
- ▶ Daybreak Rotary
- ▶ HOPE Clinic
- ▶ Lions Club
- ▶ 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
- ▶ Siemens Applied Automation
- ▶ 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 2018 included the Lawrence Education Association's School Supply Drive along with 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.

SCHOLARSHIPS

In 2018, Truity continued its tradition of offering an online scholarship application to high school seniors. This year the scholarship application included posting an Instagram photo of the student helping people in their community. Three \$1,000 scholarships were awarded, one each in Bartlesville, Springdale and Lawrence.

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

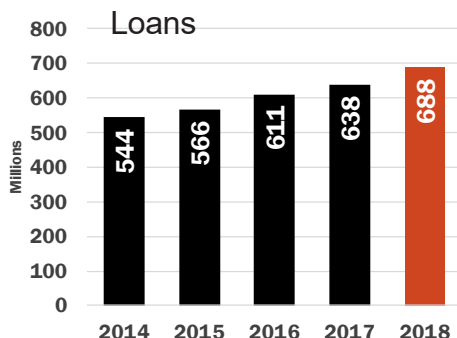
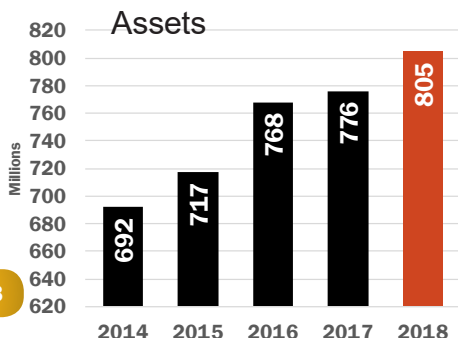


*Clockwise from
above: Bartlesville
Headquarters,
Lawrence Main,
Springdale and
Houston offices.*



Consolidated Balance Sheet

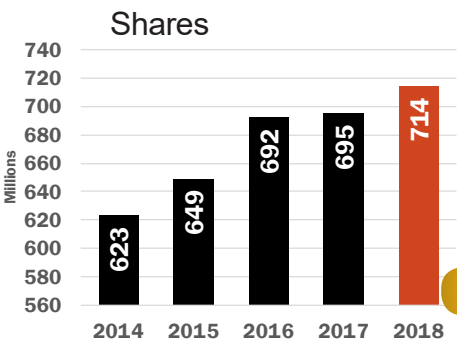
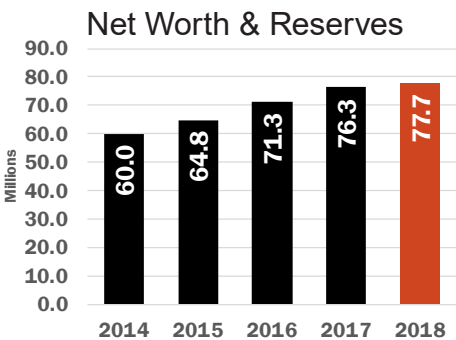
ASSETS	2018	2017
Cash	\$ 66,300,000	\$ 76,736,000
Investments	27,644,000	37,949,000
<i>Loans to members</i>	<i>688,473,000</i>	<i>638,190,000</i>
<i>Less allowance for loan losses</i>	<u>(6,030,000)</u>	<u>(5,927,000)</u>
Net loans	682,443,000	632,263,000
Property and equipment	9,340,000	10,237,000
Other assets	<u>19,103,000</u>	<u>18,735,000</u>
TOTAL ASSETS	\$804,830,000	\$775,920,000
LIABILITIES & MEMBERS' EQUITY		
Member Deposit Accounts:		
Shares, share drafts & money markets	\$583,285,000	\$572,412,000
Share certificates	<u>130,778,000</u>	<u>122,287,000</u>
	714,063,000	694,699,000
Other liabilities	13,121,000	10,772,000
Borrowed funds	<u>6,000,000</u>	<u>-</u>
Total Liabilities	733,184,000	705,471,000
Members' Equity:		
Regular reserve	6,191,000	6,191,000
Undivided earnings	66,282,000	63,314,000
Unrealized gain (loss) on available for-sale investments	<u>(827,000)</u>	<u>944,000</u>
Total Members' Equity	<u>71,646,000</u>	<u>70,449,000</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	\$804,830,000	\$775,920,000



Consolidated Statement of Earnings

INTEREST INCOME	2018	2017
Interest on loans to members	\$31,377,000	\$29,936,000
Interest on investments & cash equivalents	<u>1,460,000</u>	<u>904,000</u>
<i>Total Interest Income</i>	<i>\$32,837,000</i>	<i>\$30,840,000</i>
INTEREST EXPENSE		
Shares, share drafts & money markets	\$ 2,890,000	\$ 1,639,000
Share certificates	<u>1,689,000</u>	<u>1,014,000</u>
<i>Total dividend expense</i>	<i>4,579,000</i>	<i>2,653,000</i>
Interest on borrowed funds	43,000	-
<i>Total interest expense</i>	<i><u>4,622,000</u></i>	<i><u>2,653,000</u></i>
Net interest income	28,215,000	28,187,000
Provision for Loan Losses	<u>6,028,000</u>	<u>5,562,000</u>
<i>Net interest income after provision for loan losses</i>	<i>22,187,000</i>	<i>22,625,000</i>
Non-interest income	12,717,000	12,251,000
Non-interest expense	<u>31,936,000</u>	<u>31,329,000</u>
NET EARNINGS	\$ 2,968,000	\$ 3,547,000

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.



DAYLON EADS
Manager, Facilities
Engineering,
ConocoPhillips



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



CHRIS KELLY
Process Lead,
Phillips 66



STEPHANIE ARY
Managing partner
of a private oil and
gas company



LEE KIDD
Vice President,
Benefits,
Tyson Foods Inc.



BRENT BOEVE
SAP PRA Projects,
ConocoPhillips,
Retired



MATTHEW McCLOREY
President,
CritiTtech, Inc.



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



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



BEVERLY DOLLAR
Sr. Intellectual
Property Counsel,
ConocoPhillips,
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, 2018.

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
Global Information
Protection and Policy
Administration,
ConocoPhillips



ANGELA LORSON
Director, Joint
Venture Accounting,
Finance,
ConocoPhillips



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



ELLYSE WISEMAN
Analyst, Technology
F&PA,
Phillips 66



AMY GRONIGAN
Supervisor – Closing
& Control, Midstream
Financial Services,
Phillips 66



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