

Annual

report 2023

The first place our members turn
for all their financial needs

The logo for TruMark Financial Credit Union. It features the word "TruMark" in a serif font with a stylized white arch above the "M". Below "TruMark" is the word "Financial" in a smaller serif font, followed by a registered trademark symbol (®). At the bottom is the phrase "Credit Union" in a sans-serif font.

TruMark
Financial[®]
Credit Union



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President's message

Fellow members,

2023 was a year of robust and sustainable growth for our credit union, representing significant progress in our mission to support our members in their journey towards financial wellbeing. This growth, evidenced by our achievement of exceeding over \$3B in assets, while maintaining a net worth ratio of 10.56%, not only strengthens our credit union's foundation, but also underscores our role as a preferred financial partner within the community.

Our commitment to personalized and member-centric care is a guiding force, ensuring each interaction with TruMark Financial is marked by attentiveness and responsiveness. It is in this spirit we proudly serve our over 140,000 members, including over 14,000 new members welcomed in 2023. This commitment also extends to our surrounding community; a commitment which was amplified in 2023 as we engaged in numerous initiatives and outreach programs designed to make a positive impact.

We also took a step forward in providing greater service to our business community. In 2023, we expanded our business banking and commercial lending division. This expansion allows TruMark Financial to better serve the evolving needs of our business members, providing tailored solutions and support to help them thrive and prosper in today's competitive landscape. This expansion serves as commitment to our local businesses and communities. It signifies our dedication to fostering economic growth and stability in the regions we serve and allows us to actively partner in our members' success stories.

Looking forward, we remain focused on maintaining the high standards of service and financial stewardship that are the cornerstones of our credit union's strength. We will continue to evolve and adapt to your needs and we remain resolute in our dedication to being your reliable and trusted financial partner and a force for positive change.

Your support and dedication are the driving force behind every success we celebrated this past year. It is this trust and commitment that inspires us to continuously strive for excellence.

We look ahead to the coming year with much optimism, eager to build upon the successes of 2023.

Warm regards,



Leonard V. Doughty III
President, Board of Directors

Assets exceeded \$3,000,000,000

Achieved a **10.56%** net worth ratio

Expanded **business banking**

Welcomed **14,000+** new members in 2023

Treasurer's report

In 2023, the U.S. economy was widely expected to fall into recession. The conventional wisdom suggested that after a series of aggressive interest rate hikes enacted by the Federal Reserve Bank in 2022 and 2023, consumer spending would slow resulting in lower productivity, higher unemployment, and lower inflation. In response to significant inflation in 2022, the Fed embarked on a restrictive monetary policy, aggressively raising the Federal Funds rates starting in March 2022 and increasing interest rates by 3.50 percent in a series of five interest rate actions through year-end. The Fed continued raising interest rates in the first five months of 2023 with three .25 percent interest rate increases. As the Fed continued to execute its restrictive monetary policy, many market participants believed the Fed was acting too aggressively and risked sending the economy into a moderate to severe recession by the end of 2023. Despite the pessimistic sentiment regarding the economy, consumers continued to spend at a robust pace. Personal consumption increased in 2023 over 2022. Real gross domestic product remained positive each quarter and grew especially strong in the third quarter by four percent. Employment gains were positive each quarter as the unemployment rate remained below four percent for the entire year. Light vehicle sales increased in pace as consumers searched for vehicles, which at times were hard to find due to the higher sales levels and the lingering supply chain challenges within the automotive industry. Retail sales remained positive for each of the quarters during the year. The one segment of the economy that was challenged was the housing market.

With the Fed's restrictive monetary policy, sales of existing homes were challenged in light of quickly rising mortgage rates. The 30-year conventional mortgage rate rose to over seven percent from the mid six percent range in the second half of the year. Many homeowners preferred to wait out the higher rate market, especially those that had refinanced their existing mortgages when rates were much lower during the pandemic. The higher interest rates in 2023 disincentivized homeowners to seek out new homes and thus created a supply challenge for homes available for sale. For the equity markets, the year was supposed to be a challenging one as the Fed continued to ratchet-up rates, but as consumers continued to spend, the equity markets shrugged off any pessimism about future returns. Consequently, the S&P returned a surprising 24 percent in 2023. The bond market saw short-term rates rise significantly in light of Fed actions and long-term rates decline with market expectations of a moderate to severe recession late in 2023.

The Treasury yield curve remained "inverted" throughout the year; evidence that the market felt a material recession was on its way. In the second half of 2023, the inversion of the yield curve became less pronounced as it became more evident a mild recession was more probable than a moderate to severe recession to occur. As the year ended, market sentiment turned to more of a "soft landing" for the economy highlighted with slightly higher unemployment and stabilized prices. Inflation is now down close to the Fed's target and the labor markets continue to grow. Many are hoping for steady prices and employment in 2024.

TruMark Financial's financial performance was strong in 2023. Profitability for TruMark Financial was impressive. TruMark Financial earned \$31.6 million for a return on assets of 1.03 percent. The net income

of \$31.6 million was TruMark Financial's' highest dollar net income in its history. It also represented a significant gain from last year's \$19.9 million in net income. Strong loan growth and positive impacts from higher market rates contributed to the strong financial performance in 2023. Net interest income, which represents the difference between interest earned on loans and investments less the amount of interest paid on member savings, was \$86.2 million, which represented a significant increase from \$75.6 million earned in 2022. This too was directly a result of higher market rates. Loan income, which was derived from extraordinary loan growth during the year, was \$116.6 million, which was significantly higher than the \$76.4 million in 2022. Investment income was \$18.6 million compared to \$14.9 million in 2022. Other income, represented mostly by non-interest income was \$32.2 million compared to \$25.3 million in 2022. Member dividend expense, which represents the interest paid to members on their savings balances, was \$38.2 million compared to \$11.5 million in 2022. The provision for loan loss, an indication of asset quality, was \$8.8 million. The provision was about \$4 million higher due to stronger loan growth. Overall delinquency and loan charge-offs remained stable throughout 2023. Total operating expenses were \$78.0 million compared to \$75.2 million for 2022.

TruMark Financial's total assets closed the year at \$3.2 billion, which represented an increase of \$244.2 million, or 8.3 percent, from total assets at year-end 2022. The total loan portfolio significantly higher at \$2.3 billion, which represented an increase of \$225 million, or 10.9 percent, from the previous year. The total investment portfolio increased by \$14.4 million to close 2023 at \$742.6 million. Member savings increased by \$74.1 million, or 3.0 percent. TruMark Financial's net worth ratio ended 2023 at 10.56 percent, which represented an increase from 10.51 percent at year-end 2022. With a net worth ratio of 10.56 percent, TruMark Financial is a well-capitalized credit union. With total assets at \$3.2 billion and continued strong net worth, TruMark Financial remains one of the largest and fiscally sound credit unions in Pennsylvania and in the U.S.

The National Credit Union Administration and the Pennsylvania Department of Banking, both of which are responsible for monitoring TruMark Financial's financial performance and compliance performance, awarded the credit union with high ratings in recent examinations.

As we look forward to 2024, the Board of Directors and all team members of TruMark Financial Credit Union are eager to provide extraordinary member service while maintaining our history of financial soundness.

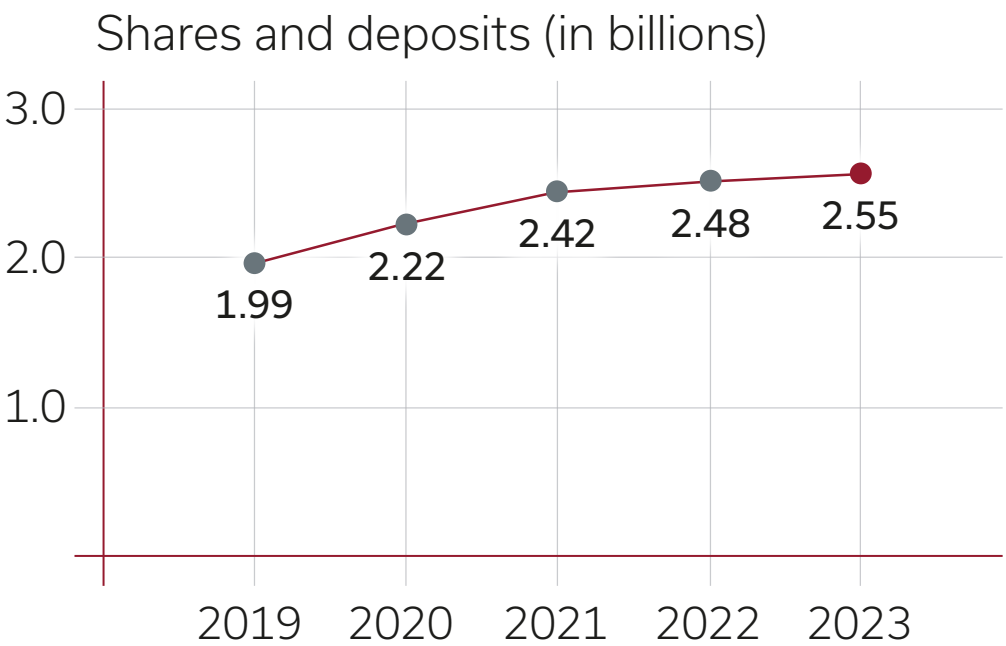
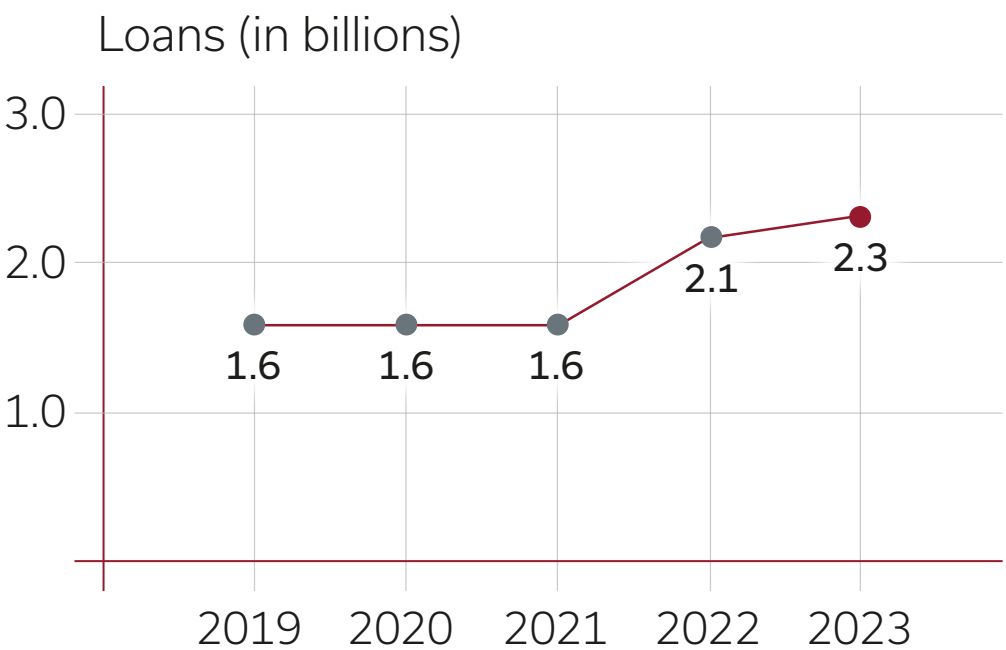
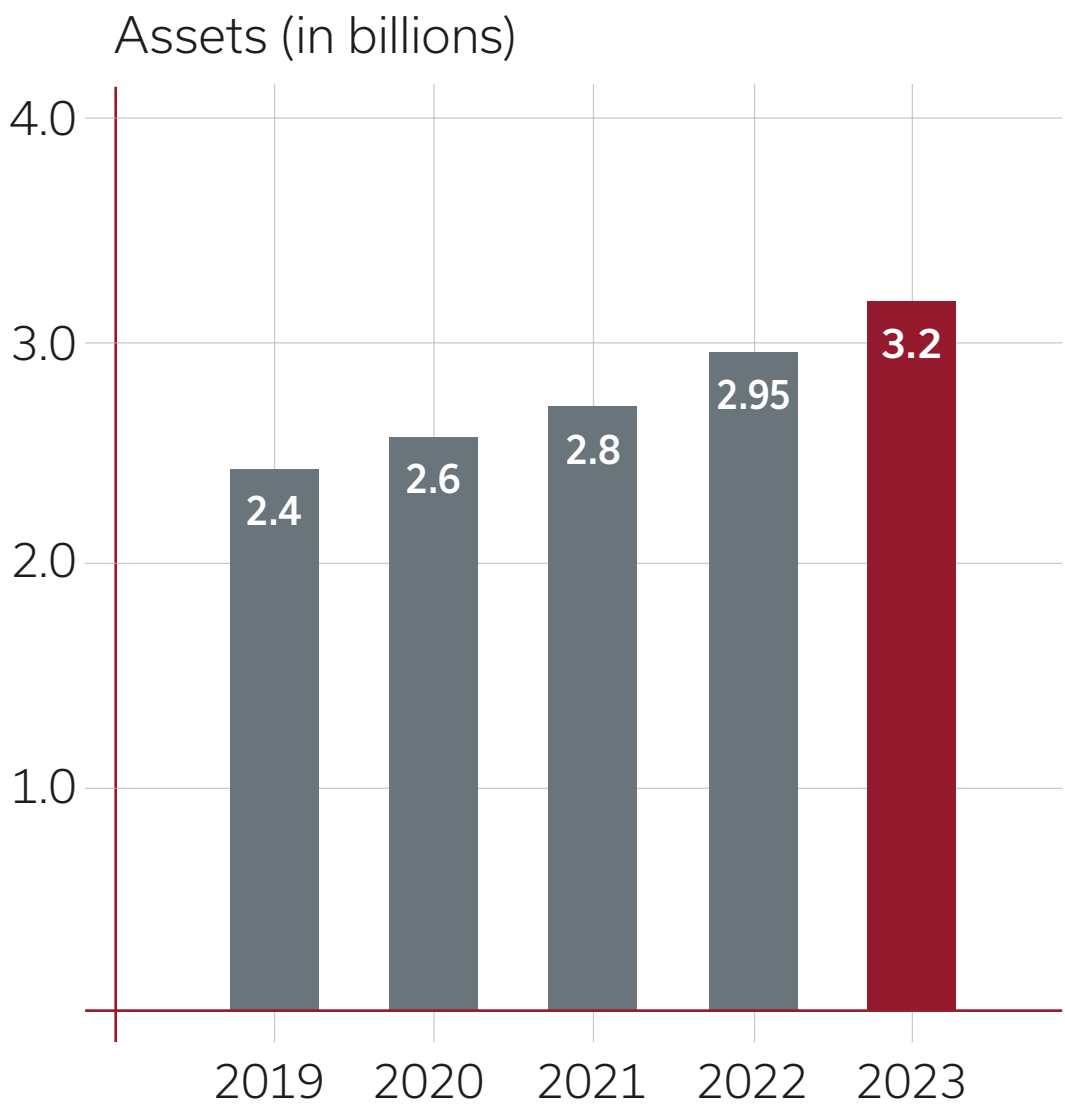
Respectfully submitted,



Wayne J. Goodwin
Treasurer, Board of Directors

Celebrating our growth

Our financial journey through the last five years



Statement of Financial Condition

at Dec. 31, 2023, and 2022
(unaudited)

Assets	2023	2022
Loans to members, net	2,272,475,309	2,052,541,322
Cash and cash equivalents	20,333,461	14,013,895
Interest-bearing accounts	161,995,666	103,156,728
Securities held to maturity	10,382,646	12,847,167
Securities available for sale	548,299,245	594,461,751
Other investment securities	21,937,335	17,717,603
Accrued interest receivable	10,021,228	7,750,669
Property, equipment, and leasehold improvements, net	34,441,374	37,462,247
NCUSIF deposit	23,513,312	22,863,448
Prepaid expenses and other assets	94,038,993	90,438,532
Total assets	3,197,438,569	2,953,253,362
Liabilities and members' equity		
Liabilities:		
Members' shares and savings accounts	2,542,984,574	2,468,956,895
Borrowed money	363,227,761	225,500,288
Mortgage escrow accounts	11,429,762	11,321,453
Lease liability	15,583,951	17,953,738
Accounts payable and accrued expenses	24,607,904	24,756,972
Total liabilities	2,957,833,952	2,748,489,346
Members' equity and undivided earnings	239,604,617	204,764,016
Total liabilities and members' equity	3,197,438,569	2,953,253,362

Statement of Income

for the years ended Dec. 31, 2023, and 2022
(unaudited)

	2023	2022
Interest income:		
Interest on loans	116,611,610	76,373,052
Interest on investment securities	13,419,038	12,955,073
Interest on interest-bearing accounts	5,216,816	1,984,481
	135,247,464	91,312,606
Dividends on members' shares and borrowings	49,063,570	15,691,383
Net interest income	86,183,894	75,621,223
Provision for possible loan losses	8,792,000	4,885,500
Net interest income after provision for possible loan losses	77,391,894	70,735,723
Non-interest income:		
Service fees	13,964,576	14,682,546
Other non-interest income	18,283,644	9,713,100
	32,248,220	24,395,646
Non-interest expenses:		
Salaries, benefits, and payroll taxes	40,370,591	37,994,258
Occupancy and office expenses	25,248,270	24,650,690
Loan servicing expense	2,876,277	3,790,241
Other	9,548,491	8,784,100
Total operating expense	78,043,629	75,219,289
Net income	31,596,485	19,912,080

TruMark Financial is
committed to making an impact
Recounting our positive contributions in 2023

12 **18,900,000**

logins to digital
banking in 2023,
delivering on the
promise of 24/7 banking



\$62,000

in community grants, supporting
financial education and resources

153 

local organizations transformed by
TruMark Financial volunteers and donations



20,000 mobile deposited
checks, saving
thousands of trips
per month to a branch

\$10,600 in scholarships
awarded to
local students, helping to empower their financial futures



Members engaged in video chats with our team
members, bringing personal experiences online

1,000 times per month

Supervisory Committee report

TruMark Financial's Supervisory Committee is elected by the membership. The Supervisory Committee functions independently from the Credit Union's Board of Directors and Management. The Supervisory Committee oversees the quality and integrity of the Credit Union's financial statements and reviews Management's practices and procedures to safeguard members' assets.

In connection with its responsibilities, the Supervisory Committee has engaged RKL CPAs and Advisors to perform an independent financial statement audit for the year ending Dec. 31, 2023. 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. Additionally, the Supervisory Committee directs the Internal Audit department to monitor Credit Union operations through audits of Credit Union processes and procedures.

The Pennsylvania Department of Banking and the National Credit Union Administration (NCUA) also examines TruMark Financial on a regular basis. The regulators completed their most recent examination as of September 2023, noting the Credit Union is in sound financial condition and performing in a consistent manner providing for safe and sound operation.

Based on the results of the examinations, on-going involvement with the Internal Audit function, and regular attendance at monthly Board meetings, we are confident your Credit Union is operating in accordance with laws and regulations in a sound manner and protecting members' assets while keeping the best interest of membership in mind. Finally, we want to thank the membership for their confidence in, and support of, TruMark Financial Credit Union.

We look forward to serving you, our members, in 2024.

Respectfully submitted,

Jaclyn Bowman, Supervisory Committee Chairperson
 Richard Lee, Supervisory Committee Vice Chairperson
 William Donehower, Supervisory Committee Secretary
 Donna M. Carvin, Supervisory Committee Member

The Supervisory Committee welcomes your feedback and may be contacted any time at SupervisoryCommittee@trumark.org, or you may forward through the mail to the following address: TruMark Financial Supervisory Committee, P.O. Box 1447, Fort Washington, PA 19034





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Richard Lee, Vice Chairperson
William Donehower, Secretary
Donna M. Carvin, Member

