



CHAIRMAN'S REPORT

Welcome to NavyArmy Community Credit Union's 64th annual meeting. We recently celebrated our 65th year in operation. What started as a one-room organization has now expanded to an eight-county area in South Texas. NavyArmy has always focused on member services since our founding in 1955, and we continue today with that philosophy. Our most important goal is providing you and your family a secure and friendly place to conduct your financial business.

This year we instituted a new financial data system to provide you with better services. The dedicated staff trained for this system for well over a year to make the conversion transparent to you, our member-owners. In keeping with our promise to better serve you, we opened a new branch in Brownsville, and we have broken ground on a new location in Aransas Pass. The Aransas Pass branch is scheduled to be completed before the end of this year, 2020.

NavyArmy continues to grow with net membership growth in 2019 at 7.1% for a total of 188,405 members. This with an asset growth of 9.8% puts NavyArmy at number five (5) in the state of Texas. Much credit for this growth must be given to NACCU staff, board of directors and you the members that have placed your trust in us. We are striving in 2020 to become better and provide you with additional financial services. The staff and board of directors want to thank you, member-owners, for banking with us.

- Pete Rivera, Chairman



PRESIDENT'S REPORT

As Chairman Rivera reported, NavyArmy enjoyed another year of solid asset and member growth. Total assets grew to \$3.3 Billion and loans outstanding ended the year at \$2.9 Billion. We continued to have tremendous growth opportunities in the Rio Grande Valley area with loans outstanding at \$700 Million. NavyArmy is the 5th largest credit union in Texas and is #76 out of 5,396 credits unions in the US. Your credit union continues to perform at or above industry peer performance levels. NavyArmy is financially sound as Board Treasurer, Bob Westrup reports below.

NavyArmy continues to embrace its fundamental culture and value of "people helping people" by providing easy access to affordable credit to purchase autos, buy homes, for personal use, and loans to our business members. NavyArmy funded \$1.2 Billion (48,378 loans) to our members in 2019 that helped them realize their financial dreams. Your credit union continues to enhance value to the members by providing no cost/low cost financial products and services, plus paying above market savings rates.

NavyArmy worked to fulfill our social mission by giving back to our Coastal Bend and Rio Grande Valley communities. Your credit union donated \$650,000 and over 2,000 volunteer hours back to community charitable organizations in 2019. As members of NavyArmy, be proud that your credit union is making a difference in the people's lives of our communities.

With 2019 in the rear view mirror, we are looking forward to 2020 as we continue to build out our branch network both in the Rio Grande Valley and Coastal Bend, continue to grow our membership, and continue to bring new and innovative technology for convenience to you our members, plus make sure that NavyArmy remains as relevant today well into the future.

The board, management, and staff will continue to lead your credit union into the future as it has in the past, making sure we operate with balance and prudence to remain a safe, sound, and a well-capitalized financial institution for the benefit of the stockholders, our members.

The board, management, and staff thank you.

- Gerry Morrow, President/CEO



TREASURER'S REPORT

The board of directors and management are pleased to report that NavyArmy had another successful year. The total assets are \$3.284 billion which is an increase of 9.88%. Our return on assets was 1.04% after bonus dividends were paid to members. Our net worth is 11.07% of total assets which indicates a strong financial position.

The annual financial audit was conducted by Clifton Larson LLP in accordance with generally acceptable auditing standards. NavyArmy received an "unqualified opinion," which means that the financial reports are presented fairly with no material exceptions and meet the standards of generally accepted accounting principles.

The board of directors continues to work to maintain a sound financial posture for the credit union by approving and monitoring the long-range strategic plan. Our goal is to provide the proper balance of loans, assets, and deposit liabilities with compliance and safety in the forefront and to provide products and services that help meet the financial needs of our member-owners.

I would like to take this opportunity to express my thanks to my fellow board members; management and staff; and of course, to you, the members, for your cooperation and participation in making NavyArmy a continuing success in South Texas.

- Robert G. (Bob) Westrup, Board Treasurer

BOARD OF DIRECTORS

The Board of Directors serves in a capacity to set policy, plan the course, make sure the credit union maintains sound financial condition, keep communication open to educate members on services and review management's progress in achieving goals and objectives.

Specific duties include, but are not limited to, the following:

- Work with the President to develop objectives and goals.
- Adhere to pertinent laws, regulations and sound business practices.
- Maintain a sound financial condition, and protect assets against unauthorized or illegal acts.
- Designate depositories, authorize borrowing and investing, and provide for bonding and other security factors, including internal control procedures.
- Approve interest rates, dividends and refunds.
- Approve loan limits and savings minimums.
- Establish policies and approve them for all programs and activities, i.e., investments, loans, savings, personnel, collections.
- Approve the budget.
- Hire the President, define the scope of the job and review management's progress in attaining goals and objectives.
- Strive to keep educationally up to date with current business practices and education.
- Do all the things necessary to carry out the purpose and powers of the credit union, subject to the regulations issued by the Texas Credit Union Department and the National Credit Union Administration.
- Director Fees paid in 2019 were \$137,850, and \$140,000 is scheduled (budgeted) for 2020.

The present Board of Directors and nominated members represent a group of dedicated individuals with the necessary background to ensure the credit union's direction and continued existence.



BOARD OF DIRECTORS

Pedro Rivera, Jr.	Chairman (elected 2/2019 – 2/2022)
Bryan Stone	1st Vice Chair (elected 2/2018 – 2/2021)
John Chapman	Secretary (elected 2/2017 – 2/2020)
Bob Westrup	Treasurer (elected 2/2017-2/2020)
Tess Gonzalez	(elected 2/2017-2/2020)
Kendra Kinnison	(elected 2/2019-2/2022)
Thelma Mandel	(elected 2/2017-2/2020)
Sylvia Y. Martinez	(elected 2/2019 – 2/2022)
Gerald Villarreal	(elected 2/2019-2/2022)

ADVISORY DIRECTORS

Bobby Calvillo	(appointed 2/2019 – 2/2020)
Drue Jones	(appointed 2/2019 – 2/2020)
Ben Salinas	(appointed 2/2019 – 2/2020)
Frank Smith	(appointed 2/2019 – 2/2020)

SENIOR MANAGEMENT

Gerry Morrow – President/CEO
Dana Sisk – EVP
Christina Lethlean – CFO
Shannon Srp – CTO
Ashley Smith – CMO
Virginia Whitham – CHRO
Cyndy Ramos – COO
Dan Dibble – CLO
Roman Escobar – CLO



BOARD CANDIDATES 2020

Nomination and election of members to serve on the Navy Army Community Credit Union Board of Directors is governed by the credit union's Bylaws and Policies & Procedures.

The Board of Directors selects a Nominating Committee which then proposes individuals for upcoming Board nominations.

Members are allowed to petition for nomination prior to the Annual Meeting to have their name placed on the ballot at the Annual Meeting.

The petition must be signed by a minimum of 500 members who are in good standing, designated as the "Primary Owner" on the account, and at least 18 years old.

On October 1, 2019, petition packets were made available to be picked up, signed by members, and returned to NavyArmy by 5:00pm (CST) on November 1, 2019.

As of November 1, 2019 (5pm), there were no packets submitted for nomination to the board. Therefore, the four candidates that will be voted on tonight are those selected by the Nominating Committee. The Nominating Committee consists of the following members: Kendra Kinnison, Silvia Martinez, and Gerald Villareal.

The four positions, open for election to the Board, are for a three-year term. The Nominating Committee has placed the following individuals up for nomination:



JOHN CHAPMAN (Elected 2/2017 - 2/2020)

Mr. Chapman holds a M.S. from the University of Louisiana at Lafayette. He also holds a General Securities and General Agent Insurance license(s). He is a (Retired) CEO/President of the J Chapman Financial Group, LLC. In the past, Chapman has volunteered as a coach for youth sports and as a Boy Scout Leader. Chapman currently is a member of the Kiwanis Club of CC Bay, serves on the Jr. Achievement Committee and is a Metro Ministries Ambassador. Chapman is a native of Lafayette, LA, married with two children and four granddaughters. Chapman has served on the board for three years.



THERESA (TESS) GONZALES (Elected 2/2017 to 2/2020)

Ms. Gonzales is a Corpus Christi native and attended Del Mar College & Corpus Christi State University. She has been employed with Allison Flooring America as a commercial estimator for 24 years (overseeing and managing large commercial projects from start to finish) and a small business owner for the last 4 years. She is a current member and former Board Member of the Associated General Contractors Association (AGC) – South Texas Chapter. Beyond her work-related obligations, she is involved heavily with her church, serving as a Eucharistic Minister at St. Thomas More Catholic Church for more than 20 years. She has been an active member of the Junior League of Corpus Christi for 9 years, including serving twice on the Board of Directors as Member-At-Large and Nominating Chairman. Her other volunteer work includes assisting with the annual American Heart Association gala, Buc Days Rodeo Corpus Christi, and the American Cancer Society Cattle Barons Ball. She has been a NACCU Member for over 30 years. Gonzales has served on the board for three years.



THELMA GARZA MANDEL (Elected 2/2017 to 2/2020)

Mrs. Mandel was born and raised in Corpus Christi. She attended Del Mar College and graduated from Corpus Christi State University with a Bachelor of Business Administration. Currently, Mandel is the CFO for Asset Protection & Security Services LP. She has been involved with business/management decision-making for over 20 years. She began her business career with CPL and then moved to the Washington, D.C. area to work for a Department of Defense contractor. Upon returning to Corpus Christi, she worked in the business community and then changed careers to be a teacher while her children were in school. She worked for CCISD for 15 years. She volunteers and has served as a board member for Grant and Carroll PTAs, Carroll Volleyball, and Soccer Booster Clubs. She is married to Scott Mandel and has three children: Brian, Kevin, and Meghan. Mandel has served on the board for three years.



ROBERT (BOB) WESTRUP (Elected 2/2017 to 2/2020)

Mr. Westrup graduated from The University of Texas at Austin with a BBA in Accounting in 1972. He is licensed as a Certified Public Accountant (Retired) and all lines Insurance Agent. He previously worked for Peat, Marwick and Mitchell (now known as KPMG) as an Auditor. He has worked for Charlie Thomas, B. J. (Red) McCombs and Jack Sulephen interests as an internal auditor, controller and CFO. In 2003, he retired as General Manager and President of Padre Ford Mazda (1998 to 2003). Mr. Westrup also owned and operated two small businesses and is currently retired. Westrup has served on the board for three years.

FINANCIAL STATEMENT

ANNUAL GROWTH

2019 YEAR-END REVIEW



ASSETS \$3,264,304,436

2018	2,970,687,295
2017	2,700,862,976
2016	2,498,149,588
2015	2,361,365,208
2014	2,247,270,291
2013	2,004,665,638
2012	1,675,627,885



LOANS \$2,981,475,693

2018	2,676,430,645
2017	2,406,214,941
2016	2,140,453,784
2015	1,899,599,021
2014	1,796,788,905
2013	1,706,803,471
2012	1,511,289,136

MEMBERS 188,405

2018	175,887
2017	161,563
2016	149,521
2015	141,708
2014	135,994
2013	125,756
2012	111,602

NET WORTH \$361,519,751

2018	324,887,605
2017	295,289,185
2016	269,813,488
2015	242,690,200
2014	209,039,477
2013	185,777,051
2012	155,174,716

DEPOSITS \$2,746,362,097

2018	2,545,723,319
2017	2,406,760,648
2016	2,229,751,297
2015	2,106,610,020
2014	2,019,939,175
2013	1,804,682,907
2012	1,512,411,133

ASSETS

Loans to Members	\$2,981,475,693
Less Allowance for Loan Losses	(\$28,985,107)
Net Loans Outstanding	\$2,952,490,586
Cash on Hand and in Bank	\$167,590,862
Net Investments	\$7,738,401
Other Assets	\$136,484,587
TOTAL ASSETS	\$3,264,304,436

LIABILITIES & CAPITAL

Accounts Payables/Other Liabilities	\$30,235,353
Borrowed Money	\$150,000,000
Member Deposits	\$2,746,362,097
Regular Reserves	\$4,223,577
Undivided Earnings	\$357,296,174
Other Comprehensive Inc-Pension Plan	(\$23,812,765)
TOTAL LIABILITIES & CAPITAL	\$3,264,304,436