



CHAIRMAN'S REPORT

Welcome to the NavyArmy Community Credit Union 65th Annual Meeting. Established in 1955, NavyArmy began with a few Navy Civil Employees who worked at Naval Air Station Corpus Christi. Today, NavyArmy serves over 195,000 members across an eight-county area, including the Rio Grande Valley. We attribute this phenomenal growth to the staff and our member-owners who support our efforts to provide financial products and services to the areas we serve.

2020 was a year like no other, yet, NavyArmy continued to grow in assets, loans and members. Throughout the COVID pandemic, we were able to keep branches open by serving members through the drive thrus and by appointment. We worked through the hurdles that this year brought to ensure that our members' needs were met, and 2021 will be the same. We have our new Admin Building that will be completed by 2nd quarter. In the RGV, we have begun construction on our new branch located at 9100 N 10th St. McAllen, TX. We will continue to improve our core systems, digital solutions and staff development to provide an exceptional member experience.

The Board of Directors want to thank you for your continued trust in NavyArmy and to let you know that we are committed to meeting the financial goals for our member-owners.

- R. Bryan Stone, Chairman



PRESIDENT'S REPORT

NavyArmy enjoyed another year of solid asset and member growth despite the 2020 pandemic.

Total assets grew 12.25% to almost \$3.7 Billion and loans outstanding ended the year at \$3.1 Billion. We continued to have tremendous growth opportunities in the Rio Grande Valley area with loans outstanding at \$ 1 Billion. NavyArmy is the 5th largest credit union in Texas and is #84 out of 5,275 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 \$1.1 Billion (in auto, home mortgages, and personal loans) to our members in 2020 that helped them realize their financial dreams. Your credit union continues to enhance value to the members by providing no cost/low cost high quality 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. Due to COVID, many community activities were postponed or cancelled, but YOUR credit union continued to donate over \$650,000 to help them keep afloat. As members of NavyArmy, be proud that your credit union is making a difference in the people's lives of our communities.

With 2020 in the rear view mirror, we are looking forward to 2021 as we continue to build out our branch network both in the Rio Grande Valley and Coastal Bend, grow our membership, and bring new and innovative technology for convenience to you our members, plus make sure that NavyArmy remains relevant today and 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

NavyArmy had another successful year. The total assets are \$3.664 billion which is an increase of 12.25%. Our return on assets was 1.04% after bonus dividends were paid to members. Our net worth is 10.85% 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 serve 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 2020 were \$119,250, and \$140,000 is scheduled (budgeted) for 2021.

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

Bryan Stone	Chair (elected 2/2018-2/2021)
John Chapman	Vice Chair (elected 2/2020-2/2023)
Bob Westrup	Treasurer (elected 2/2020-2/2023)
Tess Gonzales	Secretary (elected 2/2020-2/2023)
Kendra Kinnison	(elected 2/2019-2/2022)
Thelma Mandel	(elected 2/2020-2/2023)
Sylvia Y. Martinez	(elected 2/2019-2/2022)
Pedro Rivera, Jr.	(elected 2/2019-2/2022)
Gerald Villarreal	(elected 2/2018-2/2021)

ADVISORY DIRECTORS

Bobby Calvillo	(appointed 2/2020 - 2/2021)
Drue Jones	(appointed 2/2020 - 2/2021)
Ben Salinas	(appointed 2/2020 - 2/2021)
Frank Smith	(appointed 2/2020 - 2/2021)

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



Note: Changes in senior management during 2020 include the addition of a Vice President Finance position and the departure of one of our Vice President Operations.

BOARD CANDIDATES

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, 2020, petition packets were made available to be picked up, signed by members, and returned to NavyArmy by 5:00pm (CST) on November 1, 2020.

As of November 1, 2020 (5pm), there were no packets submitted for nomination to the board. Therefore, the two candidates that will be voted on tonight are those selected by the Nominating Committee. The Nominating Committee consists of the following members: Kendra Kinnison, Sylvia Martinez, and Pete Rivera.

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



BRYAN STONE

Elected 2/2018 to 2/2021

Mr. Stone is an attorney with Upton, Mickits & Heymann, L.L.P.. He is board certified and specializes in all areas of real estate-finance/banking. He is a member of the Corpus Christi Bar Association, American Bar Association, and State Bar Association. He graduated from University of Texas in 1980 and from University of Houston Law Center in 1986 with honors. His volunteer activities include: Buccaneer Commission, City of CC Planning & Zoning Commission, Leadership CC (Class XXII), CC Texas Longhorn Foundation, Corpus Christi Area Council for the Deaf, Advisory Board for the Salvation Army, and Coastal Bend Food Bank.



GERALD G. VILLARREAL

Elected 2/2018-2/2021

Mr. Villarreal is an Attorney and Counselor at Law, licensed by the Supreme Court of Texas and by the United States District Court, Southern District of Texas. He maintains a solo law practice which includes criminal defense, probate law, family law, property law and representing clients in a wide variety of other legal issues. He worked as a management analyst, systems administrator and systems accountant during his 14-year career with the federal government. He is a graduate of Corpus Christi State University with a Bachelor's degree in Business Administration with a major in Accounting. He received his Juris Doctor Degree with a concentration in Business, Taxation and Commercial Transactions from Creighton University School of Law in Omaha, Nebraska.

FINANCIAL STATEMENT

ANNUAL GROWTH 2020 YEAR-END REVIEW

ASSETS **\$3,664,310,843**

2019		3,264,304,436
2018		2,970,687,295
2017		2,700,862,976

LOANS **\$3,146,460,593**

2019		2,981,475,693
2018		2,676,430,645
2017		2,406,214,941

MEMBERS **195,560**

2019		188,405
2018		175,887
2017		161,563

NET WORTH **\$397,608,214**

2019		361,519,751
2018		324,887,605
2017		295,289,185

DEPOSITS **\$3,218,810,058**

2019		2,746,362,097
2018		2,545,723,319
2017		2,406,760,648

NAVYARMY BYLAW, SECTION 5.04(b) - CHANGE AS OF 9/24/2020
Chapter V, Section 5.04(b), of the credit union's bylaws be amended to hereafter read as follows:

(b) Meeting by Telephone or Electronic Means. Subject to the same notice and quorum provisions as for any other meeting of the board of directors, any meeting of the board of directors may be held by telephone conference call or other electronic means in which all or certain of the directors are not present at the place of the meeting; provided, however, that all the directors counted as present can speak to and be heard by the other directors during the meeting. Before any regular meeting may be held in this manner, the members of the board of directors must be provided with a written copy of the agenda and copies of all materials that will be discussed. Minutes will be kept in the same manner as for any other meeting of the board of directors. For the purpose of determining the presence of a quorum and for all voting purposes at such a meeting, all directors participating in the meeting shall be considered present and acting.

INCOME STATEMENT

INCOME STATEMENT	12/31/2019	12/31/2020
Interest on Loans	145,392,303	163,890,911
Investment Income	4,096,542	942,212
Total Interest Income	149,488,844	164,833,123
Dividends on Member Deposits	47,821,010	51,210,262
Interest on Borrowed Money	3,218,333	2,500,912
Total Dividend and Interest Expense	51,039,343	53,711,174
Net Interest Income	98,449,501	111,121,949
Provision for Loan Loss	21,828,019	30,831,305
Non-Interest Income	43,124,748	46,028,361
Non-Interest Expense	83,114,084	90,230,542
Net Income	36,632,146	36,088,463

ASSETS (12.31.2020)

Loans to Members	\$3,146,460,593
Less Allowance for Loan Losses	(\$34,987,768)
Net Loans Outstanding	\$3,111,472,825
Cash on Hand and in Bank	\$395,202,870
Net Investments	\$7,859,401
Other Assets	\$149,775,747
TOTAL ASSETS	\$3,664,310,843

LIABILITIES & CAPITAL

Accounts Payables/Other Liabilities	\$30,912,778
Borrowed Money	\$50,000,000
Member Deposits	\$3,218,810,058
Regular Reserves	\$361,519,751
Undivided Earnings	\$36,088,463
Other Comprehensive Inc-Pension Plan	(\$33,020,207)
TOTAL LIABILITIES & CAPITAL	\$3,664,310,843