



CHAIRMAN'S REPORT

Welcome to the Navy Army Community Credit Union's (NACCU) 63rd annual meeting. Since the beginning of your credit union in 1955, we have expanded our local footprint to an eight-county area with two counties in the Rio Grande Valley. Our success can only be attributed to the outstanding services we strive to provide you and your family. This exceptional growth has come from providing secure financial services to our member-owners through a hard-working, dedicated staff.

One of NACCU's goals is to help build a stronger community by providing key financial services that help our members improve their lifestyle and an institution they can trust and seek for their financial services. This past year was no exception; NACCU membership grew over 8.6% and loan growth at 11.2%. There is a cost associated with growth, but NACCU has been prudent in controlling its expenses and is a leader in the credit union industry with a low 1.9% net operating expense.

NACCU is planning for continued service improvements in 2019. In April of this year we will invoke a major upgrade to our financial system to better serve you. We have started by making it easier for you to access your account from mobile applications and creating an improved website. In the Valley, our members have an additional location to serve them in Weslaco. We also have broken ground for a new branch in Brownsville.

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

- Pete Rivera, Chairman



PRESIDENT'S REPORT

As Chairman Rivera reported, Navy Army Community Credit Union enjoyed another year of solid asset and member growth. Total assets grew to \$2.9 Billion and loans outstanding ended the year at \$2.6 Billion. We continued to have tremendous growth opportunities in the Rio Grande Valley area with loans outstanding at \$512 Million. Navy Army Community Credit Union is the 6th largest credit union in Texas and is #81 out of 5,551 credits unions in the US. Your credit union continues to perform at or above industry peer performance levels. Navy Army Community Credit Union is financially sound as Board Treasurer, Bob Westrup reports below.

Navy Army Community Credit Union 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 in loans to our members in 2018 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.

Navy Army Community Credit Union 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 1,600 volunteer hours back to community charitable organizations in 2018. As members of Navy Army, be proud that your credit union is making a difference in the people's lives of our communities.

With 2018 in the rear view mirror, we are looking forward to 2019 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 Navy Army Community Credit Union 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 Navy Army Community Credit Union had another successful year. The total assets are \$2.9 billion which is an increase of 9.99%. Our return on assets was 1.04% after bonus dividends were paid to members. Our net worth is 10.94% 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. NACCU 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 Navy Army 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 2018 were \$127,500, and \$130,000 is scheduled (budgeted) for 2019.
- 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 2/2016 – 2/2019)
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	(appointed 7/2018-2/2019)
Thelma Mandel	(elected 2/2017-2/2020)
Sylvia Y. Martinez	(elected 2/2016 – 2/2019)
Gerald Villarreal	(appointed 2/2018-2/2021)

ADVISORY DIRECTORS

Michael Grub	(appointed 9/2017 – 9/2018)
Drue Jones	(appointed 9/2017 – 9/2018)

SENIOR MANAGEMENT

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



BOARD CANDIDATES 2019

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, 2018, petition packets were made available to be picked up, signed by members, and returned to NavyArmy by 5:00pm (CST) on November 1, 2018.

As of November 1, 2018 (5pm), there were no packets submitted for nomination to the board. Therefore, the three candidates that will be voted on tonight are those selected by the Nominating Committee on September 10, 2018. The Nominating Committee consists of the following members: John Chapman, Tess Gonzales, Thelma Mandel, and Gerald Villareal.

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



KENDRA KINNISON (Appointed 7/2018 - 2/2019)

Kendra L. Kinnison, MBA, CPA, is the General Manager for Port Royal Ocean Resort. Kendra serves on the Board of Directors for the Texas Travel Industry Association, Visit Corpus Christi, the National Alumni Association of Texas A&M University – Corpus Christi, and the Advisory Board of the College of Business. She chairs the Texas BPW Foundation and is a Past State President of Texas Business Women. Over the last two decades, Kendra has served in leadership positions in a number of community service organizations. Holding an MBA and BBA from Texas A&M University – Corpus Christi, Kendra is the youngest MBA graduate in the school's history. She is also a graduate of Leadership Corpus Christi Class XXX and was the Steering Committee Chair for Class XXXV. Kendra was an inaugural selection to Corpus Christi's Top 40 Under 40 list in 2006 and was a Y Women in Careers Honoree in 2005.



SYLVIA MARTINEZ (Elected 2/2016 to 2/2019)

Sylvia Martinez was elected to the Board of Directors in February of 2007. She was a member of the Supervisory Committee for 15 years, serving as chairman for her last five years. She served for 19 years as the Deputy Comptroller for the Naval Hospital, Corpus Christi and retired after 34 years of civil service. She has completed the Volunteer Achievement Program training courses. She has received the Friedrich W. Raiffeisen Award in the VAP; Filene and Tech awards and pins; and the Financial Literacy award and certification. She has been on the board for twelve years. She has held the Office of Secretary for one term and Vice Chairman for two terms.



PETE RIVERA (Elected 2/2016 to 2/2019)

Mr. Rivera is retired after 37 years of federal service. He is a graduate of Texas A&I University with a BBA in Accounting, and Syracuse University's Advanced Financial Management School. He maintains certifications in Information Technology/Infrastructure Library and Six Sigma and is employed by the Washington consulting firm of Booz Allen Hamilton. He has served on the Board for 34 years and has completed the core level, Filene, Bergengren, Raiffeisen and Technology awards of the VAP.

FINANCIAL STATEMENT

ANNUAL GROWTH 2018 YEAR-END REVIEW



ASSETS **\$2,970,687,295**

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 **\$2,676,430,645**

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 **175,887**

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

NET WORTH **\$324,887,605**

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 **\$2,545,723,319**

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	2,676,430,645
Less Allowance for Loan Losses	(31,241,742)
Net Loans Outstanding	2,645,188,904
Cash on Hand and in Bank	193,080,927
Net Investments	5,239,900
Other Assets	127,177,565
TOTAL ASSETS	2,970,687,295

LIABILITIES & CAPITAL

Accounts Payables/Other Liabilities	20,356,603
Dividends Payable	519,515
Borrowed Money	100,000,000
Shares	2,545,723,319
Regular Reserves	4,223,577
Undivided Earnings	320,664,028
Unrealized Gain (Loss)	
on Available for Sale Securities	0.00
Other Comprehensive Inc-Pension Plan	(20,799,747)
TOTAL LIABILITIES & CAPITAL	2,970,687,295