

ANNUAL REPORT 2015



CHAIRMAN'S REPORT

As we complete our 60th year as a credit union, we continue to grow not only in membership size, but in asset size as well, with 141,700 members and over \$2.3 billion in assets at year-end 2015. We owe this to you, our member owners. We completed and opened two new branches in 2015, one in Calallen and one in Mission, Texas, to keep pace with this continued growth with an investment of well over \$7 million. We updated equipment and added an additional ATM at our Crosstown location; added parking and drive space at our Airline location; added additional areas for member service inside our Portland branch; completed light renovations and an ATM upgrade at the branch on McColl in Edinburg - all to better serve you, the member. We also completed the transition of the CMECU members to NavyArmy; we welcome the opportunity to serve this new group. All of this would not be possible without the great management team, staff and support of your Board of Directors.

Your Board of Directors continues their education by participating in training events, financial literacy training programs, and supporting staff with the latest tools, resources and technology to prepare us for this continued growth. In addition, for the 21st consecutive year, the Board of Directors has declared a bonus dividend of approximately \$2 million and distributed back to our members.

A special thanks to our staff who contributed over 2,800 volunteer hours into our community.

On behalf of the Board of Directors, the management team, and staff at NavyArmy Community Credit Union, I would like to say thank you for your confidence and your continued support.

Eloy H. Salazar, Chairman

2015 HIGHLIGHTS

MEMBERSHIP

141,708 ▲

NET WORTH

\$ 242,690,200 ▲

ASSETS

\$ 2,361,365,208 ▲

LOANS

\$ 1,899,599,021 ▲

DEPOSITS

\$ 2,106,610,020.43 ▲



PRESIDENT'S REPORT

2015 was a year of growth, opportunity, expansion, and success! NavyArmy grew in loans, assets, mobile & online bankers, members, staff and branches. Our branch count is now up to 16, 12 in Corpus Christi and surrounding areas and four in the Rio Grande Valley. This is a far stretch from when I began working here over 29 years ago when we only had four locations - the main branch on NAS CC (building 250 for those of you who remember!), 2820 SPID (upstairs!), and Beeville and Kingsville NAS locations.

NavyArmy continued to lead the industry in many financial categories in 2015. We grew another \$114+ million in assets, pushing year-end assets to over \$2.36 billion and placing your Credit Union in the top 75 in the nation, #6 in Texas.

2015 loan growth was over \$102 million. We are very proud to say we put more than \$833 million in loans back into our communities last year. These loans help our members with daily life activities such as getting to work in a new or used auto, or putting a roof over their head in the house of their dreams. Our Real Estate department had a record year, closing 1,287 loans! NavyArmy staff volunteered over 2,800 hours and we donated over \$500,000 to charitable

organizations. All of this is done to support the people and the communities that we serve. We also take seriously our responsibility to be good stewards of member funds. We diligently operate with an efficiency ratio of 49%. Translated into dollars, it costs NavyArmy 49¢ to make \$1. Industry average for financial institutions our size is 77% (77¢ / \$1).

We have not slowed down and are off and running in 2016 with projects that will provide relevant products and services for our members. Because security is always at the top of our minds, the year began with the rollout of the much-anticipated EMV chip debit cards. In late 2016 we will introduce a new NavyArmy credit card program for our members, and we will continue to improve products and services in our branches and online throughout the year.

We could not have accomplished this growth and success without your referrals and patronage. Thank you for sending your friends and family to join us. We look forward to an even more prosperous 2016. Thank you!

Sarah O'Brien, President/CEO

NavyArmy
COMMUNITY CREDIT UNION

navyarmyccu.com





TREASURER'S REPORT

NavyArmy had another prosperous year! In 2015, assets increased another 5.08%. Our return on assets continued to outpace our peer credit unions at 1.18% after bonus dividends. Our net worth remains very strong at 10.28%. 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 you the members. I would like to take this opportunity to express 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.

Compensation: NavyArmy Community Credit Union Board of Directors has established a Compensation Policy to provide reasonable compensation for its Board of Directors as allowed by law and the Credit Union's bylaws. This policy recognizes the education and time requirements that are necessary and expected of the board members, who set the general direction and control of the Credit Union. Director Compensation paid in 2015 was \$44,500 and \$157,000 is budgeted for 2016.

Pedro Rivera, Jr., Treasurer

FINANCIAL STATEMENT Dec. 31, 2015

ASSETS

Loans to Members	\$ 1,899,599,020.77
Less Allowance for Loan Losses	(23,502,386.83)
Net Loans Outstanding	\$ 1,876,096,633.94
Cash on Hand and in Bank	\$ 245,478,271.63
Net Investments	\$ 101,217,018.64
Other Assets	\$ 138,573,283.47
TOTAL ASSETS	\$ 2,361,365,207.68

LIABILITIES & CAPITAL

Accounts Payables/Other Liabilities	\$ 20,519,908.70
Dividends Payable	\$ 2,437,764.93
Borrowed Money	\$ 0.00
Shares	\$ 2,106,610,020.43
Regular Reserves	\$ 4,223,577.37
Undivided Earnings	\$ 238,466,622.25
Unrealized Gain (Loss) on Available for Sale Securities	0.00
Other Comprehensive Inc-Pension Plan	(10,892,686.00)
TOTAL LIABILITIES & CAPITAL	\$ 2,361,365,207.68

ANNUAL GROWTH

2015 YEAR-END REVIEW

MEMBERS 141,708

2015	141,708
2014	135,994
2013	125,756
2012	111,602
2011	92,210
2010	82,481

CAPITAL 242,690,200

2015	242,690,200
2014	209,039,477
2013	185,777,051
2012	155,174,716
2011	125,458,840
2010	98,942,026

ASSETS 2,361,365,208

2015	2,361,365,208
2014	2,247,270,291
2013	2,004,665,638
2012	1,675,627,885
2011	1,326,759,805
2010	1,133,626,727

DEPOSITS 2,106,610,020

2015	2,106,610,020
2014	2,019,939,175
2013	1,804,682,907
2012	1,512,411,133
2011	1,205,710,767
2010	1,028,225,429

LOANS 1,899,599,021

2015	1,899,599,021
2014	1,796,788,905
2013	1,706,803,471
2012	1,511,289,136
2011	1,124,178,897
2010	912,399,081

BOARD OF DIRECTORS

The Board of Directors serves in a voluntary capacity to primarily 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.
- 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.

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.

Mr. Eloy H. Salazar > Chairman [elected 2/2013–2/2016] Mr. Salazar is a native of Corpus Christi. Throughout his life, he has been an entrepreneur involved with all aspects of real estate from construction & property management to investment. He is widely known for his community involvement and serves on several local civic, charity and municipal boards. He attended Del Mar and Texas A&I where he majored in business. He has served on the board for six years.

Ms. Sylvia Y. Martinez > Vice Chair [elected 2/2013–2/2016] Ms. 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 nine years. She has held the Office of Secretary for one term and Vice Chairman for two terms.

Mr. Pedro Rivera, Jr. > Treasurer [elected 2/2013–2/2016] 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, Six Sigma and AGILE technology 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.

Mr. John Jackson > Secretary [elected 2/2014–2/2017] Mr. Jackson retired from federal service after 34 years of service. Prior to retirement he served as the Fiscal Officer/Accounting Division Chief for the Corpus Christi Army Depot. Mr. Jackson is a graduate of the University of Arkansas with a BS in Accounting, and holds an MBA from CCSU. He serves on the Board of Trustees of the Behavioral Health Center of Nueces County and is President of the Board of Directors for the Coastal Bend Center for Independent Living. He has completed the VAP, and has been awarded the Directors Financial Literacy Award and certification. Mr. Jackson has served on the board for 18 years and on the Supervisory Committee for three.

Ms. Vicki Gonzales > Director [elected 2/2014–2/2017] Ms. Gonzales retired in 1994 after 42 years of federal service. She has an Associate's degree in Business from Del Mar College and completed Management courses at Texas A&I University. Her last position was Deputy Controller of NAS-CC. She volunteers on various community and civic boards. She has completed the core level of the VAP and has completed all requirements for the Friedrich W. Raiffeisen Award. She received the Roy F. Bergengren Award in 2012. She has 23 years of Board service.

Mr. Albert Kessler > Director [elected 2/2015–2/2018] Mr. Kessler is a native of South Texas, born in the Rio Grande Valley. He moved from his hometown of Donna to Corpus Christi in 1957 and graduated from Richard King High School in 1973. At 19, he went to work for Baker Oil Tools CAC Division, and became the youngest District Manager at the age of 21 covering all of South Texas. At the age of 24, he opened his first specialty fitness retail store in Corpus Christi, Health Equipment of South Texas, aka HEST, Fitness Products. Kessler is very active in commercial real estate investments, cattle ranching and enjoys investing in and coaching startup companies. His 35+ years in business has provided him the expertise in negotiating business and real estate contracts and in marketing products sales and service training. He has served on the board for two years.

Mr. Don Rymer > Director [elected 2/2014–2/2017] Mr. Rymer retired as a Sergeant Major US Army in 1992. He holds a degree from El Paso Community College and completed numerous courses while active military. He retired as Executive Director of the USO South Texas, but maintains several civic board positions. He has completed 19 years of Board service.

Mr. Bryan Stone > Director [elected 2/2015–2/2018] Mr. Stone is an attorney with Porter, Rogers, Dahlman & Gordon, PC. 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, and Food Bank of CC. He has served on the board for two years.

Mr. Jerry Woitas > Director [elected 2/2014–2/2017] Mr. Woitas has 35 years of credit union board experience. Thirty-two of those years are with NavyArmy where he has served in various positions, including four years as Chairman. He is a retired federal civil service employee with over 40 years of management and administrative experience in both the federal and private sector. He has served on numerous civic and community boards and continues to volunteer his time whenever called upon. He has completed 69 credit union self-study correspondence courses and is the recipient of the Credit Union National Association's highest awards in the Volunteer Achievement Program and Volunteer Leadership Program.

Ms. Sandra Alvarez > Advisory Director

Ms. Alvarez earned her Bachelor of Science degree from Texas A&M University-Corpus Christi. She began her career with Southwestern Bell Telephone in 1979 and retired from AT&T after 34 years. She currently is the CEO & principle owner of Alvarez Business Consultants, working as a public policy, community relations and legislative advocate. The purpose of her company is to create an environment that encourages state legislators to adopt new legislation that creates fair competition in a variety of industries throughout the State of Texas. She has been recognized and served on many boards for her community involvement such as LULAC, Westside Business Association, Big Brothers Big Sisters of South Texas, YWCA's "Y Women in Careers," CC Chamber of Commerce, Del Mar College Foundation, CC Education Foundation, CCREDC, and Kingsville Industrial EDC.

Ms. Linda Anderson > Advisory Director

Ms. Anderson serves as Advising Director; prior to this appointment she served on the Supervisory Committee for five years. She retired from federal service in 2004 after 25 years, 22 years in the budget field. Prior to retirement, she served as the Budget Officer for Naval Air Station Corpus Christi. She has completed the core level of the Volunteer Achievement Program and achieved certification as a Certified Credit Union Volunteer from the Credit Union National Association in 2014.

Mr. Gerald G. Villarreal > Advisory Director

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.

HONORARY DIRECTORS: Wayne Cross | Bob Stillman

SENIOR MANAGEMENT

Sarah O'Brien – President/CEO

Dana Sisk – COO

Gerry Morrow – CLO

Robert Oberg – CRO*

Carrie Rice – CFO

Shannon Srp – CTO

Ashley Smith – VP Marketing

Virginia Whitham – VP Human Resources

MANAGEMENT

Dan Dibble – SVP Member Business Service*

Roman Escobar – SVP Mortgage Lending

Gary Lankford – SVP Indirect Services

Cyndy Ramos – SVP RGV Branch Operations

Mark Estes – VP Credit Administration*

Clare Fowler – VP Branch & Remote Operations

Marc Hofheins – VP Mortgage Operations*

Gerald Pennington – VP Dealer Services*

Richard Platz – VP Indirect Lending

Danny Sanchez – VP Collections

Arnold Soto – VP Lending RGV

Alissa Villegas – VP Branch Lending,
Research & Development

Terri Young – VP Branch Operations & Training

BRANCH MANAGERS

Michelle Mendez, Airline

Angela Corona, Spohn

Jennifer Beard, Rockport

Jessica Razzo, Crosstown

Elva Lopez, Calallen

Martha Huffman, Kostoryz

Cecil Perez, NAS/Flour Bluff

Jennifer Haas, Northwest

Linda Roberts, Kingsville

Helen Ashley, Beeville

Francine Coxwell, Portland

Mando Gonzalez, Shary Road/Mission

Christian Martinez, NorthCross/McAllen

Bruny Saucedo, Brownsville

*New since last annual meeting.

LOCATIONS



COASTAL BEND

CORPUS CHRISTI
361-986-4500

Airline
522 Airline Drive

Calallen
3801 FM 1889

Crosstown
4802 Crosstown Expressway

Flour Bluff
9552 S.P.I.D. at Flour Bluff Drive

Kostoryz
6202 Kostoryz Road

NAS
Building 125, Ave. D
Naval Air Station

Northwest
12129 Leopard Street

Spohn
5725 Spohn Drive

Real Estate Center
2814 Rodd Field Road
361-986-4500, press 3

BEEVILLE

2505 North St. Mary's Street
361-358-5129

KINGSVILLE

2940 South Brahma Boulevard
361-595-7468

PORTLAND

285 Buddy Ganem Drive
361-643-4571

ROCKPORT

2207 North Highway 35, Ste. E
361-790-7145

RIO GRANDE VALLEY

BROWNSVILLE
2100 FM 802 Ste. 2055
956-542-5805

McCOLL/EDINBURG
3010 S. McColl Road
956-383-6263

NORTHCROSS/McALLEN
4015 N. 10th Street
956-683-1511

SHARY ROAD/MISSION
408 North Shary Road
956-205-4700

NavyArmy
COMMUNITY CREDIT UNION

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