



## CHAIRMAN'S REPORT

Established in 1955, NavyArmy began with a few Navy Civil Employees who worked at Naval Air Station Corpus Christi. Today, NavyArmy serves over 200,000 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.

In 2021, NavyArmy continued to grow in assets, loans, and members. Throughout the COVID pandemic, we were able to keep branches open, working through the hurdles to ensure that our members' needs were met, and 2022 will be the same.

We will continue to improve our core systems, digital solutions and staff development to provide an exceptional member experience. The Board of Directors wants 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 Community Credit Union rallied back strong in 2021. Total assets grew to \$4 Billion, and we added 13,000 new members to make the membership 208,000 strong. The credit union funded \$1.4 Billion in loans to our members. Your credit union remains the #1 market leader in auto financing in the Coastal Bend (CB) and Rio Grande Valley regions (RGV), serving over 100 franchised dealer-partner network. Last year, NavyArmy was the #1 originator of home mortgages around the bend, and #7 in RGV.

We opened a new branch in Aransas Pass and McAllen for the convenience of our members. NavyArmy now operates 19 branches in our South Texas communities stretching from Beeville to Brownsville. Throughout 2021, we completed the building addition to the administration campus that will provide for operational staff expansion well into the future.

We have continued to introduce new member products such as the "Credit Score Dashboard" to help members with their financial well-being, providing them access to their credit score and a personal credit dashboard. Enhancements to our mobile app included "Card Control" which allows members to manage their debit card purchases. Upgrades and member self-service enhancements were added to our digital banking platform giving NavyArmy the technology advantage in the market-place. Interactive Teller Machines (ITMs) are now available at five branch locations, with over a 90% self-service adoption rate. Furthermore, a commercial banking platform was added in 2021 that has resulted in gains of new business members and deposits.

The Board of Directors' and management staff's long term Strategic Plan going forward is to make sure the credit union remains financially strong and continues to meet the members' needs in the future. The strategic growth initiatives in the CB and RGV regions are to remain #1 lender in auto finance, expand our mortgage loan products, continue to build out our branch footprint, and develop new deposit offerings. We have made and continue to make large capital investments to our technology banking platforms that will bring sustainable member value as we continue to see the member adoption rates significantly increasing. Plus, we have the financial capabilities to secure technology and protect members' information from the bad actors.

Financially, NavyArmy is sound as Board Treasurer, Bob Westrup reports below. Your credit union continues to embrace its mission and purpose to serve the members by providing no cost/low cost high quality financial products and services plus easy access to affordable credit to purchase autos, buy homes, for personal use, and loans to our business members. NavyArmy continued to give back to our CB and RGV communities by donating over \$500,000 to local charities.

As members of NavyArmy, be proud that your credit union is making a difference in the people's lives of our communities.

- Gerry Morrow, President/CEO



## TREASURER'S REPORT

NavyArmy has had another successful year. Our assets now total over \$4.04 billion which is an increase of over 10%. Our return on assets was 1.62% after paying bonus dividends to our members. Our net worth is 11.38% of total assets which indicates a strong financial position.

Our annual audit was conducted by Clifton Larson LLP, a Certified Public Accounting firm, in accordance with generally accepted auditing standards. Upon completion of the audit, NavyArmy was issued 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 position for the credit union by approving and monitoring the long-range strategic plan. Our goal is to provide a proper balance of loans, assets and deposits with compliance and safety. The Board also works to provide products and services that help to meet the financial needs of our member/owners.

I want to take this opportunity to thank my fellow board members, management, staff, and of course, you, our 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 2021 were \$123,300, and \$132,000 is scheduled (budgeted) for 2022.

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 2/2021-2/2024)
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 2/2021-2/2024)

## ADVISORY DIRECTORS

Bobby Calvillo	(appointed 2/2021-2/2022)
Drue Jones	(appointed 2/2021-2/2022)
Ben Salinas	(appointed 2/2021-2/2022)
Frank Smith	(appointed 2/2021-2/2022)

## SENIOR MANAGEMENT

Gerry Morrow – President/CEO  
Dana Sisk – EVP  
Carrie Rice – 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 2021 included the transition to a new Chief Financial Officer and the departure of our VP of Finance and Accounting.

Nomination and election of members to serve on the NavyArmy 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, 2021, petition packets were made available to be picked up, signed by members, and returned to NavyArmy by 5:00pm (CST) on November 1, 2021.

As of November 1, 2021 (5pm), there were no packets submitted for nomination to the board. Therefore, the three candidates that will be voted on are those selected by the Nominating Committee. The Nominating Committee consists of the following members: Tess Gonzales, Thelma Garza Mandel, Bob Westrup, and John Chapman.

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**

Elected 2/2019 to 2/2022

Kendra L. Kinnison, MBA, CPA, is the Chief Operating Officer for Allocations. She also remains the Executive General Manager for Port Royal Ocean Resort. 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.



## **PETE RIVERA**

Elected 2/2019 to 2/2022

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 Methodology and is a consultant for Booz Allen Hamilton out of Washington. He has served on the Board for 36 years and has completed the core level, Filene, Bergengren, Raiffeisen and Technology awards of the VAP.



## **SYLVIA MARTINEZ**

Elected 2/2019 to 2/2022

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 14 years. She has held the Office of Secretary for one term and Vice Chairman for two terms.

# FINANCIAL STATEMENT

## ANNUAL GROWTH 2021 YEAR-END REVIEW

### ASSETS \$4,042,196,028

2020		3,664,310,843
2019		3,264,304,436
2018		2,970,687,295

### LOANS \$3,232,488,725

2020		3,146,460,593
2019		2,981,475,693
2018		2,676,430,645

### MEMBERS 208,576

2020		195,560
2019		188,405
2018		175,887

### NET WORTH \$460,151,292

2020		397,608,214
2019		361,519,751
2018		324,887,605

### DEPOSITS \$3,575,688,136

2020		3,218,810,058
2019		2,746,362,097
2018		2,545,723,319

## ASSETS (12.31.2021)

Loans to Members	\$3,232,488,725
Less Allowance for Loan Losses	(\$36,053,716)
Net Loans Outstanding	\$3,196,435,009
Cash on Hand and in Bank	\$678,347,277
Net Investments	\$1,841,000
Other Assets	\$165,572,742
<b>TOTAL ASSETS</b>	<b>\$4,042,196,028</b>

## INCOME STATEMENT

INCOME STATEMENT	12/31/2020	12/31/2021
Interest on Loans	163,890,911	170,588,936
Investment Income	942,212	771,669
Total Interest Income	164,833,123	171,360,606
Dividends on Member Deposits	51,210,262	41,705,220
Interest on Borrowed Money	2,500,912	485,611
Total Dividend and Interest Expense	53,711,174	42,190,831
Net Interest Income	111,121,949	129,169,775
Provision for Loan Loss	30,831,305	17,869,115
Non-Interest Income	46,028,361	45,380,775
Non-Interest Expense	90,230,542	94,138,357
Net Income	36,088,463	62,543,078

## LIABILITIES & CAPITAL

Accounts Payables/Other Liabilities	\$36,210,570
Dividends Payable	\$6,644
Borrowed Money	\$0
Deposits	\$3,575,688,136
Regular Reserves	\$4,223,577
Undivided Earnings	\$455,927,715
Unrealized Gain (Loss) on Available for Sales Securities	\$0
Other Comprehensive Inc-Pension Plan	(\$29,860,614)
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>\$4,042,196,028</b>