

2022 Annual REPORT



PRESIDENT'S REPORT

NavyArmy Community Credit Union had a strong 2022. Total assets grew to over \$4.1 Billion, and we added 10,000 new members to make the membership over 218,000. The credit union funded \$1.6 Billion in loans to our members. I am proud to say that we RALLIED in 2022 for our members to make this credit union #5 in Texas and #90 in the U.S.

We dedicated a lot of time and energy to our name change and re-brand to Rally Credit Union this year. As I have said, the name change and re-brand is a Board-approved, strategic initiative for our future which has been an effort starting in 2019 with focus groups, current and former member surveys, team meetings, and building entirely new committees to help find a name that feels like "us." Through this process, our team has been working hard to ensure that this new name will adequately honor our history and legacy, while capturing who we are today. We've learned over time that no matter how much we grow, the issue we continue to face is that many people don't realize they're eligible to be members. In fact, we found that over 24% of current and former members believe that you have to be military to join. We want people to know very clearly – we love our military, but it's not a membership requirement. If you live, work, worship or go to school in South Texas, you belong here at RALLY Credit Union.

Our RGV branch network continues to grow with our newest Pharr branch opening soon and plans are in motion to build in Harlingen. Our Coastal Bend branches are undergoing a full re-design to expand our member service areas for more person-to-person service. Most recently, we added ITMs to our Flour Bluff and Northwest branch drive thrus in Corpus Christi, which have been well-received by members for their convenience and speed. Digital tools, such as Zelle for members to pay nonmembers and Glia (digital chat) have enhanced the member experience overall.

Member Business Services recently added a pilot program to offer online account opening for business accounts. In 2022, Member Business Lending Group funded \$74 million in new commercial loans for a net growth of \$52 million, a 39% increase from 2021. The Home Lending team assisted 1,922 families with their home loan needs, lending \$335,732,113 in home mortgage loans to our communities. Year-over-year mortgage loan origination grew 10%. The credit union is the No.1 mortgage lender in the Coastal Bend area and No.5 in the Rio Grande Valley.

The Board of Directors and management staff updated our Strategic Plan to ensure the credit union remains financially strong and continues to meet the members' needs in the future. The strategic growth initiatives in the Coastal Bend and Rio Grande Valley regions are to remain the No.1 lender in auto finance, expand our mortgage loan products, continue to build out our branch footprint, and develop new product and service 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 while making sure our technology is secure to protect members' information from the bad actors.

2022 was an outstanding performance year driven by our strategic initiatives and mission of helping members meet their financial needs and goals. In a time when many companies have pulled back monetary support, your credit union donated over \$500,000 to community charities. As members of RALLY Credit Union, be proud that your credit union is making a difference in the people's lives of our communities.

We will remain focused on our purpose and our strategic vision as 2023 will be an exciting year with tremendous opportunities to leap RALLY Credit Union forward. The Board, management, and staff thank you.

➤ **Gerry Morrow, President/CEO**



CHAIRMAN'S REPORT

Established in 1955, NavyArmy began with a few Navy Civil Employees who worked at Naval Air Station Corpus Christi, as our name reflected, Naval Employees Corpus Christi Federal Credit Union (NECCFCU). We changed the name a couple of times over the years to better reflect who we served – Navy Army Federal Credit Union and Navy Army Community Credit Union. Again today, we are changing the name for the same reason, to reflect who we are and what we do, RALLY for our members. We are excited about the new name and the doors it will open for us to continue to grow in assets, loans, and members.

While this is an exciting time for NavyArmy as an organization – it shouldn't feel too different as a member. We've made sure our services will continue uninterrupted. Your checks and debit cards will all work with the current name and will be updated as you reorder checks, or when your debit card expires.

So, if you already love your NavyArmy membership, you can expect more of the same. Only now, you can expect more members to have the same opportunities we value so much. The Board of Directors thanks you for your continued trust and support of this credit union. We are committed to meeting the financial goals for our members.

➤ **R. Bryan Stone, Chairman**



TREASURER'S REPORT

NavyArmy Community Credit Union had another successful year. Our assets now total over \$4.1 Billion which is an increase of over 2%. Our return on assets was 1.79% after paying bonus dividends to our members. Our net worth is 12.99% 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 members.

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, now Rally Credit Union, 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 2022 were \$129,900, and \$139,752 is scheduled (budgeted) for 2023.

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 2/2022-2/2025)
Thelma Mandel	(elected 2/2020-2/2023)
Sylvia Y. Martinez	(elected 2/2022-2/2025)
Pedro Rivera, Jr.	(elected 2/2022-2/2025)
Gerald Villarreal	(elected 2/2021-2/2024)

Advisory *DIRECTORS*

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



Senior *MANAGEMENT*

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

Changes in senior management during 2022 included the replacement of VP for Information Technology and the addition of VPs for Contact Center and Member Business.

2023 Board CANDIDATES

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, 2022, petition packets were made available to be picked up, signed by members, and returned to NavyArmy by 5:00pm (CST) on November 1, 2022 .

As of November 1, 2022 (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: Sylvia Martinez, Gerald Villareal and Pete Rivera. 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 2/2020 to 2/2023

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) EO/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 six years.



ROBERT WESTRUP

Elected 2/2020 to 2/2023

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 six years.



THERESA "TESS" GONZALES

Elected 2/2020 to 2/2023

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 nine 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 six years.



THELMA GARZA MANDEL

Elected 2/2020 to 2/2023

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 six years.



Financial STATEMENT

Annual GROWTH 2022 YEAR-END REVIEW

ASSETS \$4,104,675,189

2021	4,042,196,028
2020	3,664,310,843
2019	3,264,304,436

LOANS \$3,588,352,176

2021	3,232,488,725
2020	3,146,460,593
2019	2,981,475,693

MEMBERS 218,798

2021	208,576
2020	195,560
2019	188,405

NET WORTH \$533,009,167

2021	460,151,292
2020	397,608,214
2019	361,519,751

DEPOSITS \$3,566,071,733

2021	3,575,688,136
2020	3,218,810,058
2019	2,746,362,097



Income STATEMENT

INCOME STATEMENT	12/31/2021	12/31/2022
Interest on Loans	170,588,936	177,057,696
Investment Income	771,669	8,172,295
Total Interest Income	171,360,606	185,229,991
Dividends on Member Deposits	41,705,220	36,587,263
Interest on Borrowed Money	485,611	
Total Dividend and Interest Expense	42,190,831	36,587,263
Net Interest Income	129,169,775	148,642,728
Provision for Loan Loss	17,869,115	26,333,991
Non-Interest Income	45,380,775	60,647,083
Non-Interest Expense	94,138,357	110,097,946
Net Income	62,543,078	72,857,875

Assets (12.31.2022)

Loans to Members	\$3,588,352,176
Less Allowance for Loan Losses	(-\$39,606,735)
Net Loans Outstanding	\$3,548,745,441
Cash on Hand and in Bank	\$396,902,073
Net Investments	\$2,511,512
Other Assets	\$156,516,163
TOTAL ASSETS	\$4,104,675,189

Liabilities & Capital

Accounts Payables/Other Liabilities	\$23,671,233
Dividends Payable	\$46,242
Borrowed Money	\$0
Shares	\$3,566,071,733
Regular Reserves	\$0
Undivided Earnings	\$533,009,166
Unrealized Gain (Loss) on Available for Sales Securities	\$0
Other Comprehensive Inc-Pension Plan	(\$-18,123,185)
TOTAL LIABILITIES & CAPITAL	\$4,104,675,189