

2023 Annual REPORT



PRESIDENT'S REPORT

Rally Credit Union completed another year of improving lives and driving possibilities for more than 220,000 members in 2023. Ending the year with over \$4.3 billion in total assets and a net worth ratio over 13%, Rally closed out 2023 in a strong financial position. The credit union successfully weathered uncertain economic times and a rapidly changing interest rate environment over the last year, and we remain financially sound and secure.

As announced at the last annual meeting, Navy Army Community Credit Union officially became Rally Credit Union on February 15, 2023, completing our monumental brand transition. We took great care to ensure a seamless experience for our members, providing uninterrupted services during the transition. As we look to the future, we are proud to honor our military roots while welcoming all who live, work, worship and attend school in the eight counties we serve.

In meeting the unique financial needs of our members, Rally remained focused on delivering safe, easy and convenient core products and services at affordable prices. In 2023, Rally funded more than \$1 billion in loans, helping thousands of South Texans buy homes, secure transportation and grow their businesses. We completed more than 2 million teller transactions for members who chose to visit our branches, and more than 3 million digital transactions for those who chose to bank electronically. As the credit union continues to grow, Rally members can count on our commitment to providing courteous service and accurate handling of their financial transactions.

While other financial institutions reduced branch hours and locations, Rally continued to expand in-person banking services for the convenience of our members in 2023. The new Pharr branch opened in March of 2023. We leased space in Palmhurst for a new branch that opened in February of 2024. We began construction of a new location with improved parking in Rockport, which will open in April of 2024. Finally, we began construction of a full-service branch in Harlingen, which is scheduled to open in the fall of 2024.

In 2023, we also continued to invest in new and improved digital banking solutions, providing members with industry-leading money management tools. Ongoing technology projects are delivering streamlined digital account opening and maintenance, secure and flexible funds transfer services and greater choice in member communication via phone, text, chat and video options.

Preventing fraud is a top priority at Rally Credit Union, and we are committed to ensuring the safety of member accounts and personal data. In the face of ever-evolving threats in 2023, we continued to invest heavily in technology and training to protect member data and prevent fraud. Because fraud prevention requires vigilance on all fronts, Rally also increased efforts to provide our members with more tips and advice for safeguarding their accounts.

Members of Rally Credit Union can be proud that our credit union is making a difference in the lives of our neighbors across South Texas. In a time when many companies have pulled back monetary support, Rally continued to support our communities by donating to more than 300 local organizations in 2023. In addition, Rally employees donated over 2,500 hours of their personal time to volunteer in our communities.

In closing, all of us at Rally salute Mr. Gerry Morrow, who retired as our President and CEO in April 2023, after 18 years of dedicated service. Gerry's legacy will certainly live on at Rally Credit Union, as we strive to keep our members' best interests at the heart of all we do in 2024 and beyond.

› Dana Sisk, President/CEO



CHAIRMAN'S REPORT

Welcome to our 69th annual meeting and our first one under our new Rally Credit Union name. Established in 1955, Rally began with a few Navy Civil Service Employees who worked at Naval Air Station Corpus Christi. Today, Rally proudly serves over 220,000 members across an eight-county area, including the Rio Grande Valley. We attribute our tremendous growth and success to our outstanding Rally Team and our valued member-owners who support our efforts to provide financial products and services in the areas we serve.

2023 was a year of changes. We completed a branding and name change. In April, we bid farewell to our outgoing President and CEO, Gerry Morrow. Thank you, Gerry, for your service and outstanding leadership and we hope you have an enjoyable and much deserved retirement.

Then at April end, the board was pleased to appoint Dana Sisk as our newest President and CEO, only the second female to serve in this capacity in our history. As a matter of fact, of our nine Executive Team members, six are female.

I'm happy to say Dana has hit the ground running, and we are confident that with our Rally Team's support, and your continued support, she will be very successful in her new role.

We opened a new branch in Pharr in May, and this year we are on track to open three additional branches in the RGV. Our Palmhurst branch opened in January. Harlingen and Rockport are scheduled to open later this year. Once completed, we will have 23 branches throughout South Texas.

We will continue to improve our core systems, digital solutions and staff development to provide a professional and exceptional member experience.

Finally, it is an honor and privilege to serve on your Board of Directors and we want to thank you for your continued trust in your Rally Credit Union. Please be assured that we are committed to meeting the financial goals and needs of you, our member-owners. Thank you,

› John Chapman, Chairman



TREASURER'S REPORT

Rally Credit Union completed another successful year. Our assets now total over \$4.3 billion which is an annual increase of nearly 5%. Our return on assets was 1.28% after paying bonus dividends to our members. Our net worth is 13.18% of total assets which indicates a strong financial position. Our annual audit was completed in accordance with generally accepted auditing standards. Upon completion of the audit, Rally 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.

Through our stellar Leadership Team, the Board also works to provide products and services that help 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 collaboration in making Rally Credit Union a continuing success in South Texas.

› Kendra Kinnison, 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 2023 were \$130,350 and \$143,072 is scheduled (budgeted) for 2024.

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*

John Chapman	Chair (elected 2/2023-2/2026)
Gerald Villarreal	Vice Chair (elected 2/2021-2/2024)
Kendra Kinnison	Treasurer (elected 2/2022-2/2025)
Tess Gonzales	Secretary (elected 2/2023-2/2026)
Thelma Mandel	(elected 2/2023-2/2026)
Sylvia Y. Martinez	(elected 2/2022-2/2025)
Pedro Rivera, Jr.	(elected 2/2022-2/2025)
Bryan Stone	(elected 2/2021-2/2024)
Bob Westrup	(elected 2/2023-2/2026)

Advisory *DIRECTORS*

Bobby Calvillo	(appointed 2/2023-2/2024)
Matt Garcia	(appointed 11/2023-11/2024)
Drue Jones	(appointed 2/2023-2/2024)
Dustin Moore	(appointed 11/2023-11/2024)
Mary Salinas	(appointed 2/2023-2/2024)

Senior *MANAGEMENT*

- Dana Sisk-President/CEO
- Cyndy Ramos-EVP/COO
- Carrie Rice-CFO
- Shannon Srp-CTO
- Ashley Smith-CMO
- Virginia Whitham-CHRO
- Dan Dibble-CLO
- Roman Escobar-CLO
- Anita Cadena, CRO

Changes to Management in 2023: The President/CEO retired and was succeeded by our EVP, the COO assumed the EVP role and we added a CRO role. Other changes to senior management include replacement of the VP Infrastructure, VP Credit and VP Member Business. In addition, the SVP of Lending retired and we added an additional VP Member Business

2024 Board **CANDIDATES**

Nomination and election of members to serve on the Rally 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, 2023, petition packets were made available to be picked up, signed by members and returned to Rally by 5 pm (CST) on November 1, 2023.

As of November 1, 2023 (5 pm), there were no packets submitted for nomination to the board. Therefore, the two candidates that will be voted on are those selected by the Nominating Committee.

The Nominating Committee consists of the following members: Tess Gonzales, Chair, Sylvia Martinez, Pete Rivera and Bob Westrup. 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:



R. BRYAN STONE

Elected 2/2021 to 2/2024

Mr. Stone is an attorney with Anderson, Lehrman, Barre & Maraist, 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, the Salvation Army and Coastal Bend Food Bank. He has served on the board for nine years.



GERALD VILLARREAL

Elected 2/2021 to 2/2024

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 represents clients in a wide variety of other legal issues. He has also 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. He has served on the board for six years.

Financial STATEMENT

Annual GROWTH 2023 YEAR-END REVIEW

ASSETS \$4,302,657,272

2022	\$4,104,675,189
2021	4,042,196,028
2020	3,664,310,843

LOANS \$3,708,064,244

2022	\$3,588,352,176
2021	3,232,488,725
2020	3,146,460,593

MEMBERS 221,386

2022	218,798
2021	208,576
2020	195,560

NET WORTH \$567,066,974

2022	\$533,009,167
2021	460,151,292
2020	397,608,214

DEPOSITS \$3,576,635,919

2022	\$3,566,071,733
2021	3,575,688,136
2020	3,218,810,058



Income STATEMENT

INCOME STATEMENT	12/31/2022	12/31/2023
Interest on Loans	177,057,696	209,115,673
Investment Income	8,172,295	22,417,564
Total Interest Income	185,229,991	231,533,237
Dividends on Member Deposits	36,587,263	76,277,556
Interest on Borrowed Money		7,442,392
Total Dividend and Interest Expense	36,587,263	83,719,948
Net Interest Income	122,308,737	111,438,487
Provision for Loan Loss	26,333,991	36,374,803
Non-Interest Income	60,647,083	63,865,325
Non-Interest Expense	110,097,946	121,542,019
Net Income	72,857,875	53,761,793

Assets (12.31.2023)

Loans to Members	\$3,708,064,244
Less Allowance for Loan Losses	(-\$57,610,453)
Net Loans Outstanding	\$3,650,453,791
Cash on Hand and in Bank	\$485,142,653
Net Investments	\$11,663,100
Other Assets	\$155,397,728
TOTAL ASSETS	\$4,302,657,272

Liabilities & Capital

Accounts Payables/Other Liabilities	\$13,006,638
Dividends Payable	\$12,625
Borrowed Money	\$150,000,000
Shares	\$3,576,635,919
Regular Reserves	\$0
Undivided Earnings	\$567,066,974
Unrealized Gain (Loss) on Available for Sales Securities	\$0
Other Comprehensive Inc-Pension Plan	(\$-4,064,884)
TOTAL LIABILITIES & CAPITAL	\$4,302,657,272