

A hand holding a compass with abstract shapes in the background. The background is a warm, golden glow with several large, soft-edged, abstract shapes in shades of orange, yellow, and light blue. The hand is holding a round, silver-colored compass with a black face and white markings. The compass face shows cardinal and intercardinal directions (N, NE, E, SE, S, SW, W, NW) and degree markings from 0 to 360. The needle is pointing towards the NE. The text "ENHANCING YOUR FUTURE" is overlaid on the left side of the image in a white, sans-serif font.

ENHANCING  
YOUR  
FUTURE

primeway<sup>®</sup>  
*Enabling Dreams*

2019

ANNUAL REPORT

# ANNUAL MEETING

**12811 Northwest Fwy, Houston, TX 77040**

Registration and Hors d'Oeuvres

Call to Order and Welcome

**Chairman, Antony Kilty**

Invocation

**Dr. Vernus Swisher**

Introductions of Board and  
Supervisory Committee

**Chairman, Antony Kilty**

Chairman Remarks

**Chairman, Antony Kilty**

CEO Remarks

**CEO, Annette Zimmerman**

2019 Annual Meeting Minutes  
Presentation

**Chairman, Antony Kilty**

Nominations for Board of Directors

**Nominating Committee Chair**

Motion to Accept Nomination  
by Acclamation

**Chairman, Antony Kilty**

Unfinished Business

**Chairman, Antony Kilty**

New Business

**Chairman, Antony Kilty**

Meeting Adjournment

**Chairman, Antony Kilty**

# CHAIR REPORT

by Antony Kilty, Chairman of the Board



“ This country will not be a good place for any of us to live in unless we make it a good place for all of us to live in. ”

- Theodore Roosevelt

As a not-for-profit, PrimeWay Federal Credit Union judges success through a different lens than other organizations. In 2019, PrimeWay had one of our most successful years earning \$3.4 million in revenue. Finances are important to your Board, but just as important is how that revenue is used.

Your Board of Directors is comprised of volunteers. We devote our time and expertise to the organization out of an inherent desire to help you and our community to prosper. With that in mind, I am proud of what we achieved in 2019. Our capital ratio rose to 9.05% (the NCUA our national regulator considers 7% well capitalized). This is important as it allows us to prepare for the unexpected such as a downturn in the economy– much as your personal savings protect you. It also enables us to invest in technology and infrastructure providing convenience and better service for you.

While strengthening our capital position last year PrimeWay also opened another branch to expand service. The new branch is located in Sugar Land where we have a strong membership base and the population is rapidly growing. Additionally we enhanced functionality in our mobile and online services.

PrimeWay Federal Credit Union has been instrumental in helping our members achieve their financial dreams and in supporting the surrounding community for more than 80 years. This year the credit union committed even more to our local communities and funded the PrimeWay Foundation. The foundation focuses on health, education and children. Last November the foundation's first grant was a donation-matching program for the Houston Food Bank. Together with donations from staff and members and matching funds from the foundation, we donated \$9,315, enough to provide 27,947 meals for struggling families.

Scholarships are a time-honored tradition at PrimeWay, and the foundation is not only carrying on that tradition but also expanding the opportunities in 2020 and this year PrimeWay will award \$10,000 in scholarships.

The foundation is currently working on raising funds for other grants to organizations such as Texas Children's Hospital. You will see more from the foundation throughout the year as we work to help build a brighter future in our community for those less fortunate.

You trusted PrimeWay with your money. We value that trust and are dedicated to being more than merely good financial stewards. Your dreams are important to us. Whether it is saving for retirement, buying a new home, or financing college we are dedicated to helping you achieve your dreams. It is a privilege and an honor to serve you. On behalf of the board, thank you for your continued membership.



# CEO REPORT

by Annette Zimmerman, CEO



Twenty-nineteen was a very successful year for the credit union. Members were able to save more than in previous years with deposits totaling \$460,834,300. That is important because in a year where the credit union made record high loans, it indicates that overall the membership is in a better financial position, both saving and spending to live their dreams. Your financial well-being is important to each of us at PrimeWay.

"Is this in the best interest of the membership?" is the question we ask with each business decision made every day. It is this focus on keeping your needs at the forefront of our business that allowed us to improve efficiency in 2019, while offering even more in services and keeping deposit and loan rates extremely competitive. This past year we introduced an enhanced online loan application, and the ability to open and fund accounts online. Our business members now have a full electronic platform (mobile and desktop) tokenized for security, with flexible access roles that allow owners to delegate with ease. Business can now issue their own wires and ACH payments as well as take advantage of positive pay to help protect themselves from fraud.

Simultaneously we made gains in member satisfaction. Our Contact Center has earned best in Industry member satisfaction ratings for several years, receiving a 91 percent highly satisfied rating in 2019. Even though our member satisfaction scores overall are in the top 20% of our industry (90 percent highly satisfied versus and industry average of 81 percent), we will continue to monitor and strive to be even better. We implemented a Voice of the Customer program that provides a process for identifying process improvements you tell us about in person, online, and through service surveys. Moreover, we are implementing additional training programs to ensure our team members are knowledgeable.

We have many exciting initiatives planned this year and in the future. We understand convenience is of utmost importance to you so we are working to enhance our mobile and online technology. This year we will add mobile person-to-person transfers. We are introducing a new Debit Card with Tap-and-Go functionality. The cards have a beautiful new design and enhanced card security with placement of the card number and name on the back of the card. We are also vetting prepaid card alternatives for those who are looking for a low/no fee checking option. We are improving our micro-business loan process and will be financing medical services onsite for partner providers.

With all of these service enhancements, you can trust that we are keenly aware of the importance of protecting your financial information. This always is and will remain an ongoing focus for us and we will continue to enhance security and processes.

The time and expertise shared by our volunteers and the excellent service and value that every PrimeWay team member delivers daily is all to provide you the financial tools to make your life easier and as you live your dreams. Thank you for your membership and we look forward to serving you in 2020.

# SUPERVISORY COMMITTEE REPORT

On behalf of your Supervisory Committee, I am proud to say your credit union remains a well-capitalized, strong and stable organization. For the fiscal year ending March 31, 2019, Nearman, Maynard, Vallez, CPAs issued an “unqualified opinion” that the financial statements presented by management are a fair and accurate representation of the credit union’s financial position.

The Supervisory Committee, a group of appointed volunteers, is primarily responsible for overseeing the overall safety and soundness of PrimeWay Federal Credit Union, as well as the credit union’s adherence to operating policies and procedures. Each year, we reaffirm our commitment to ensuring that your credit union is financially stable and operating in accordance with all laws and regulations.

In addition to numerous internal audits, the committee engages a third party, independent certified public accounting and consulting firm for additional scrutiny. As we close our books March 31, 2019, we will again seek an objective, third party audit and we have every reason to expect the same strong unqualified findings as in past years.

The supervisory committee is working for the best interest of all credit union members. If you have a question relating to the financial soundness or management of this organization, please do not hesitate to contact a supervisory committee member for assistance.

**Antony Kilty**  
Supervisory Committee  
**Acting Chair**

**Ryan Prillman**  
Supervisory Committee

**Cookie Cook**  
Supervisory Committee

**Anna Garcia**  
Supervisory Committee



# TREASURER'S REPORT

by Cecil Brewer, Secretary/Treasurer



PrimeWay Federal Credit Union remains well capitalized at 9.05 percent. The National Credit Union Administration (NCUA) –the federal agency overseeing credit unions - considers anything above 7 percent to be well capitalized.

The credit union posted a net income of **\$3,469,891** for 2019.

Loans increased in 2019 to **\$412,741,489** at year-end for the combined organization.

Delinquency declined to **0.65 percent**. This is considered very high loan quality.

The credit union assets ended the year at **\$528,009,775** with deposits increasing to **\$460,834,300**. The credit union closed 2019 serving **47,673** members.

PrimeWay is committed to remaining a strong and stable organization. We will continue to work hard in order to offer you the best possible products, services and pricing while maintaining a strong capital position. Through this effort, we can strive to live the PrimeWay vision of "Enabling Dreams."



# BALANCE SHEET

	Dec. 31, 2019	Dec. 31, 2018
<b>Assets</b>		
<b>Earning Assets</b>		
Cash	\$17,974,437	\$11,040,948
Investments	\$42,147,349	\$54,708,344
Loans to Members (Net)	\$412,741,489	\$382,367,424
<b>Other Assets</b>		
Accounts Receivable	\$5,197,493	\$1,962,198
Accrued Interest	\$1,084,372	\$1,004,660
Land, Building & Equipment	\$22,115,843	\$21,129,603
NCUA Share Insurance Fund	\$4,361,956	\$4,314,873
Other Assets	\$22,386,836	\$20,331,081
	<b>\$528,009,775</b>	<b>\$496,859,131</b>
<b>Liabilities, Shares &amp; Equity</b>		
<b>Liabilities</b>		
Accounts Payable	\$7,772,372	\$6,701,080
Other Liabilities	\$2,691,858	\$2,098,346
Borrowed Funds	\$15,000,000	\$7,957,269
<b>Members' Deposits</b>		
Shares	\$187,487,053	\$185,326,839
Other Deposits	\$273,347,247	\$257,882,245
<b>Equity</b>		
Reserves and Undivided Earnings	\$41,711,245	\$36,893,352
	<b>\$528,009,775</b>	<b>\$496,859,131</b>

# INCOME STATEMENT

	Dec. 31, 2019	Dec. 31, 2018
<b>Interest Income</b>		
Loans to Members	\$17,692,917	\$15,465,676
Investments and Cash Equivalents	\$1,683,381	\$1,988,735
<b>Interest Expense</b>		
Dividends Paid to Members	\$1,959,220	\$1,130,143
Interest on Borrowed Funds	\$408,318	\$615,113
<b>Net Interest Income</b>	<b>\$17,008,760</b>	<b>\$15,709,155</b>
<b>Provision for Loan Loss</b>	<b>\$1,843,539</b>	<b>\$1,486,204</b>
<b>Non-Interest Income</b>		
Fees & Service Charges	\$4,939,923	\$4,891,984
Other Non-Interest Income	\$4,208,493	\$4,094,489
	<b>\$9,148,416</b>	<b>\$8,986,473</b>
<b>Non-Interest Expense</b>		
Operating Expenses	\$20,882,792	\$20,273,160
NCUA Stabilization	-	-
Non-Operating (Income) Expenses	(\$39,046)	\$167,328
	<b>\$20,843,746</b>	<b>\$20,440,488</b>
<b>Net Income</b>	<b>\$3,469,891</b>	<b>\$2,768,936</b>

# YOUR BOARD MEMBERS

- Antony Kilty .....Chairman  
Dolores Hernandez.....Vice Chair  
Cecil Brewer.....Secretary/Treasurer  
Brent Vannoy.....Director  
Patti Tuma.....Director  
Richard Kuhn.....Director  
Dr. Vernus Swisher.....Director

FROM ALL OF US AT PRIMEWAY AND YOUR BOARD,  
WE LOOK FORWARD TO ANOTHER OUTSTANDING YEAR!

*Enabling Dreams*

**primeway**<sup>®</sup>

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Federally Insured by NCUA

