

Keeping A *Bright Outlook*



2023
ANNUAL REPORT





Annual Meeting



Call to Order and Welcome

Invocation

Introductions of Board and
Supervisory Committee

Chairman Remarks

CEO Remarks

2023 Annual Meeting Minutes
Presentation

Secretary/Treasurer, Dolores Hernandez

Vice Chair, Antony Kilty

Chair, Patti Tuma

CEO/President, Annette Zimmerman

Vice Chair, Antony Kilty

Nominations for Board of Directors

Motion to Accept Nomination
by Acclamation

Unfinished Business

New Business

Meeting Adjournment

Secretary/Treasurer, Dolores Hernandez

Vice Chair, Antony Kilty

Vice Chair, Antony Kilty

Vice Chair, Antony Kilty

Vice Chair, Antony Kilty

CHAIR REPORT

by Patti Tuma, Chair



Not a day goes by that you haven't heard something about artificial intelligence (AI). Whether you are one of the millions that have tried Chat GPT, or if you have searched using Google, or coming this fall using Safari, AI is creeping into our everyday lives. AI brings the potential for faster, more efficient, and enlightening solutions. Your board understands that the introduction of AI also raises important questions. You may be wondering how AI impacts your data privacy, whether AI systems can be trusted to make accurate decisions, or how it impacts jobs and service. These are all valid concerns, and I want to assure you that we are addressing them with the utmost care and responsibility.

First and foremost, your data security and privacy are our top priorities. From a broad perspective, there are two basic types of AI environments: open systems like Chat GPT, where anything you enter into the system could be open to the public, and closed proprietary systems, where data entered is secured in our internal environment. This includes using a combination of firewalls, advanced encryption, and other cyber protection measurements to secure the information. PrimeWay is actively evaluating, monitoring, and pursuing the best technology to secure your data, including conducting audits to ensure the integrity of our systems.

Our approach to AI is deliberately conservative. We believe that innovation must address accuracy, value, and security. You may have heard that some AI open systems "Hallucinate," a term meaning it creates data to support its assertion from mid-air. This tells us that many AI solutions are still developing and need crucial improvements before they become useful. As a credit union, we are built on the philosophy of "people helping people." This means that all innovations, including AI, must work in the best interests of our members. That is why we evaluate proprietary closed AI systems, conduct extensive testing and monitoring, and ensure that there is always human oversight in critical decision-making processes.

AI is poised to bring similar convenience and change to society as smartphones did when they were introduced. Smartphones combined tools and made our lives easier and more efficient, whether using GPS maps to navigate to your destination or using your PrimeWay app to snap a picture of a check for deposit instead of driving to a branch. AI can help us improve member service, provide more personalized financial advice, play a crucial role in fraud prevention, and add another layer of security to your data. One of the most exciting aspects of AI is its potential to help you with financial advice tailored to your unique situation whenever and wherever you are. AI will enhance your ability to manage your finances with greater ease and confidence.

We are currently analyzing and vetting proprietary AI solutions and working on a roadmap. This is an ongoing process. AI is not a one-time innovation; it will continue to evolve. We are committed to continuous improvement, ensuring that as AI advances, so too does the value and security we bring you. As we navigate this journey, we are emphasizing trust. We understand trust is earned. You can expect PrimeWay to stay focused on you and implement AI responsibly—protecting your security and using AI as a tool to offer you better service, not to remove the person from your service. We care about our members, and that is something that AI doesn't replicate. We are committed to striking the right balance between innovation, responsibility, and care for our members. Thank you for placing your trust in us as we work together to create a future where technology and human values go hand in hand.

CEO REPORT

by Annette Zimmerman, CEO/President



First, I want to extend my sincere gratitude to our Board of Directors and all our volunteers. They dedicate their time and expertise without compensation or stock incentives. Their decisions always prioritize one question: What's in the best interest of our membership? This purpose drives us as we serve you and strengthen our community, especially during challenging times.

I also want to take a moment to recognize and thank our incredible PrimeWay team. Their dedication to service and commitment to our mission have been truly inspiring. Every day, they go above and beyond to support our members and make a positive impact in our community. It is their hard work, passion, and unwavering dedication that make PrimeWay a trusted partner for our members.

The past year has brought significant economic challenges, including inflation and an increase in severe storm events. These issues have created hardships for many families and businesses in our community. In response, we've provided emergency loan assistance, financial relief programs, deferred loan payments, and personalized financial counseling. We remain committed to being a steady, reliable partner as you navigate these challenging times.

That's why we've taken proactive steps to ensure critical services like deposits and payrolls continue uninterrupted, even during emergencies. Our goal is to provide stability and reassurance when you need it most.

To better serve you, we launched our new Best and Better checking accounts. These accounts offer more than basic banking—they include benefits like TeleHealth, cell phone insurance, dark web monitoring, identity theft protection, and identity fraud resolution services, to name a few. The Best checking account also offers roadside assistance, rideshare protection, and a high-yield dividend. These services are available at no additional charge when you meet account usage criteria or for a minimal monthly fee. Our aim is to help you save money while offering essential support and protection.

Let me share a few stories that illustrate the impact of these accounts. **One member, Brooke Sadler, sent in this note of thanks:**

"A week after I opened my Best checking account, I had a flat tire driving on I-10 in rush hour traffic. Given that this was a new account, I hadn't set up my roadside assistance service yet, but I was able to call the branch, and they walked me through the set-up process. The guy who came out was really nice and changed my tire for me, and it didn't cost me a thing. Thank you PrimeWay!"

Another member, a mother who was not feeling well, was able to access TeleHealth services quickly through her online account. She had a video appointment with a doctor within the hour; there was no cost for this appointment, and her prescription was sent to the local pharmacy, all without leaving home.

We're deeply committed to the financial well-being of our community. In 2023, PrimeWay team members volunteered over 796 hours at various community events. We take pride in our community partnerships. One that stands out is Hope for Three, which supports families with autistic children. Our Missouri City Retail Manager, Jennifer Goodall, shared these sentiments.

"I love it because I'm able to see the children having a good time while the parents catch a break. Serving these families makes me feel like I've made a difference. The smiles on their faces, both the parents and the children, is my reward."

CEO Report continued on next page



Financial education is a pillar in our Vision, Enabling Dreams. We conduct classes across Houston to empower you with the knowledge and skills needed for a secure financial future.

Our commitment to inclusivity and growth has earned national recognition. Through the U.S. Treasury's secondary capital program, we were among the top 20 organizations for lending to targeted populations, issuing over \$56 million in loans in the first year. We believe everyone deserves financial opportunities.

Looking ahead, we're excited about our partnership with the PrimeWay Foundation and Houston Community College to create a permanent endowed scholarship. With a \$100,000 donation, we're investing in the education and future of our community.

Our commitment to you remains strong. We're constantly exploring new ways to support and enhance your financial well-being, whether through innovative products, enhanced services, or community outreach. Your stories of resilience inspire us, reinforcing our mission and reminding us why we do what we do.

At PrimeWay, we aim to be more than just a financial institution. We strive to be your partner, supporter, and pillar of our shared community. Your loyalty and feedback drive us to excel and continuously improve.

Thank you for your trust and membership. Together, we're building a brighter, more secure future for all.



Enabling Dreams

SUPERVISORY COMMITTEE REPORT

Mohina Panthi
Supervisory Committee
Committee Chair

Cookie Cook
Supervisory Committee

Paul Arlinghaus
Supervisory Committee



As the members' representative to the Board, the Supervisory Committee plays a vital role in assessing PrimeWay's performance. We ensure that internal controls are robust, and that members' interests are safeguarded. This is achieved with the support of the Internal Auditor.

The annual audit of PrimeWay's financial statements was conducted by Doeren Mayhew CPA firm, in accordance with auditing standards generally accepted in the United States. The audit report did not highlight any areas of concern. Additionally, Doeren Mayhew CPA firm performed member account verifications, as required by the National Credit Union Administration. All inquiries and responses were thoroughly investigated and resolved.

Based on the results of this annual audit by Doeren Mayhew CPA firm, the Supervisory Committee is confident that PrimeWay remains financially strong and operationally effective, with sound policies and procedures in place.

TREASURER REPORT

by Dolores Hernandez, Secretary/Treasurer



PrimeWay Federal Credit Union remains well capitalized at 12.21 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 **\$4,081,776** for 2023.

Loans increased in 2023 to **\$564,806,094** at year-end for the combined organization.

Delinquency ended 2023 at **1.05 percent**. This is considered very high loan quality in our current economic environment.

The credit union assets ended the year at **\$751,065,677** with deposits totaling **\$593,390,738**. The credit union closed 2023 serving **50,391** members.

PrimeWay is dedicated to maintaining a strong and stable foundation. We are committed to providing you with the best products, services, and pricing while preserving our robust capital position. By doing so, we continuously work towards fulfilling our vision of "Enabling Dreams."

BALANCE SHEET

Assets

Earning Assets

Cash	24,389,863	29,322,075
Investments	91,763,901	89,368,030
Loans to Members (Net)	564,806,094	547,352,655

Other Assets

Accounts Receivable	10,865,544	7,625,206
Accrued Interest	2,236,410	1,834,924
Land, Building & Equipment	18,369,446	17,541,697
NCUA Share Insurance Fund	5,841,842	6,116,730
All Other Assets	32,792,577	32,851,606
	751,065,677	732,012,923

Liabilities, Shares & Equity

Liabilities

Accounts Payable	11,591,476	11,439,038
Other Liabilities	8,044,126	2,790,389
Borrowed Funds	83,000,000	48,000,000

Members' Deposits

Shares	231,876,927	250,385,573
Other Deposits	361,513,811	365,576,719

Equity

Reserves and Undivided Earnings	55,039,337	53,821,204
	751,065,677	732,012,923

Dec. 31, 2023

Dec. 31, 2022

INCOME STATEMENT

Interest Income

Loans to Members	25,055,766	21,173,575
Investments and Cash Equivalents	9,076,534	2,606,484

Interest Expense

Dividends Paid to Members	3,849,420	1,898,618
Interest on Borrowed Funds	6,138,744	620,556

Net Interest Income

24,144,136 **21,260,885**

Provision for Loan Loss

2,003,380 **949,416**

Non-Interest Income

Fees & Service Charges	2,445,123	3,131,111
Other Non- Interest Income	6,205,328	7,034,387
	8,650,451	10,165,498

Non-Interest Expense

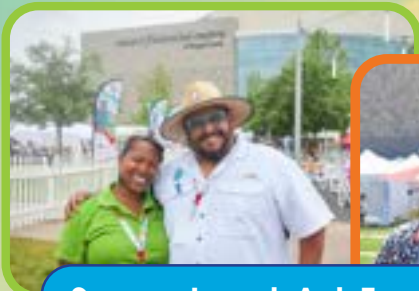
Operating Expenses	26,837,080	27,692,957
NCUA Stabilization		
Non Operating (Income) Expenses	(127,649)	(4,579,815)
	26,709,431	23,113,142

Net Income

4,081,776 **7,363,825**

Dec. 31, 2023

Dec. 31, 2022



Sugar Land Art Fest



Hope For Three Family Fun Fest



Houston's Top Places To Work Award



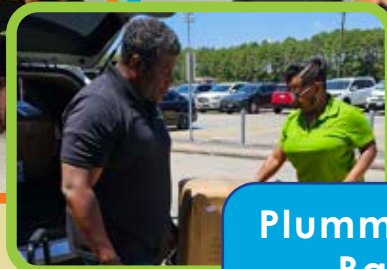
Nurses Week at Houston Methodist



Texas Black Expo



Plummer Middle School Backpack Drive



Children's Choice Backpack Drive



Live POSITIVELY

From all of us at PrimeWay and your board, we look forward to another outstanding year of Living Positively!

Your Board Members

- Patti Tuma.....Chair
- Antony Kilty.....Vice Chair
- Dolores HernandezSecretary/Treasurer
- Cecil Brewer.....Director
- Richard Kuhn.....Director
- Ryan Prillman.....Director
- Lollie Ramirez-BennettDirector
- Mike HuynhAssociate Director
- Tim Tindle.....Associate Director
- Mohina Panthi.....Supervisory Committee Chair
- Paul Arlinghaus.....Supervisory Committee Member
- Cookie Cook.....Supervisory Committee Member



primeway[®]

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**PrimeWay Federal Credit Union
Annual Meeting Minutes
August 23, 2023**

The Annual Meeting of PrimeWay Federal Credit Union was held in person at 5:00pm at PrimeWay Federal Credit Union located at 12811 Northwest Freeway, Houston, Texas, 77040, with a virtual attendance option Via-WebEx.

Mr. Huckabay welcomed and thanked the members for attending PrimeWay's Annual meeting.

President and CEO, Annette Zimmerman, prepared a pre-recorded video and virtually welcomed all the PrimeWay members and introduced Patti Tuma, the Chairwoman of the Board.

Chairwoman, Patti Tuma led the meeting with an invocation.

Chairwoman, Patti Tuma confirmed there was a quorum and called the meeting to order.

Introductions:

Chairwoman Patti Tuma introduced, the Board of Directors, Associate Director and the Supervisory Committee Members of PrimeWay.

Board of Directors:

Ms. Patti Tuma, Chairwoman
Mr. Antony Kilty, Vice Chair
Ms. Dolores Hernandez, Secretary/Treasurer
Mr. Cecil Brewer, Director
Mr. Richard Kuhn, Director
Mr. Brent Vannoy, Director
Ms. Annette Zimmerman

Associate Directors:

Ms. Mohina Panthi
Ms. Lollie Bennett-Ramirez

Supervisory Committee:

Ms. Cookie Cook, Supervisory Committee Member
Ms. Anna Garcia, Supervisory Committee Member
Mr. Ryan Prillman, Supervisory Committee Chairman

Executive Staff Member:

Ms. Annette Zimmerman, President/CEO

Mr. T.W. Jolly, Executive Vice President/COO

Chairwoman's Remarks:

Patti Tuma spoke on how the Board of Directors is a volunteer board, donating their time and expertise to help provide the best possible competitively priced financial services. She is honored to serve as a volunteer for an organization that places the membership's best interest above profit. As a volunteer board, they are responsible for setting the direction for the credit union and ensuring the organization stays true to that vision; and operates with attention to quality and excellence.

Ms. Tuma stated that the vision set by the board for PrimeWay is Enabling Dreams. That can be personal, practical, and different for each member. While some may dream of retiring, others may dream of owning a home and starting a family. Our vision as a board is for PrimeWay to be there for you with the tools, products, services, and guidance to help you make your dreams a reality.

Ms. Tuma reported that in 2022, PrimeWay scored 92% on member satisfaction, placing the credit union among the industry's top performers. People helping people is why the credit union movement began. It is at the heart of what we do each day. Yes, we are focused on security, fiscal growth, and being strong financial stewards of your savings, but what drives our staff and volunteers on your board is the knowledge that we are helping friends, neighbors, and our community create a more prosperous and satisfying life. Putting members first is the credit union difference.

Ms. Tuma remarked that she is honored to be a part of PrimeWay, and. thanked the members for their continued membership and support.

Ms. Tuma introduced PrimeWay's Chief Operations Officer and Executive Vice President, T.W. Jolly, and turned the meeting over to him.

COO/Executive Vice President's Remarks:

T.W. Jolly reported that PrimeWay ended 2022 with over 12% net worth; according to the National Credit Union Administration (NCUA), which oversees credit unions, capital above 7% is well capitalized. The credit union ended the year at \$732,012,923 in assets, with deposits increasing to \$615,962,292, loans growing to \$547,352,655, net income of \$7,363,824 and a low delinquency rate of 0.52. In addition to our sound financials and balanced investment portfolios, your funds are insured for up to \$250,000 by the NCUA.

Mr. Jolly also noted that maintaining a strong and stable organization is critical so that we can help bring your dreams to life and weather difficult times. He review a few of the steps that were took in 2022 to assist our membership. These included, eliminating overdraft fees and reducing NSF fees, We added

technology to our online and mobile platforms that show your current credit score and the factors that impact your score and even offer suggestions on how to meet your credit score goals. We increased the number of debt consolidation loans and invested in AI underwriting technology which is allowing us to help more members than standard fico-based credit models.

Mr. Jolly reported that PrimeWay Federal Credit Union is committed to continuing our efforts to provide you with the best possible financial products and services. We will maintain our focus to invest in security and new technology to improve your member experience and offer innovative solutions to help you achieve your financial goals. We also understand small businesses are the backbone of our communities and will continue to expand our product and service offerings in this area.

Mr. Jolly also noted that PrimeWay is also committed to giving back to our communities and offering student scholarships to help our youth build a bright future. We will continue to provide financial education programs and resources to help our members make informed decisions about their money.

T.W. Jolly highlighted that as we move forward, we will remain focused on maintaining our strong capital position, ensuring member funds' safety and security, and providing exceptional service. We look forward to serving our membership in the years to come and helping you achieve your financial dreams.

Minutes:

Patti Tuma announced that a copy of the August 23, 2022 annual meeting minutes was made available to all the attendees via email or on the website. Ms. Tuma asked if there were any questions, or changes to the minutes presented to use the chat window within Webex. The moderator stated that no questions were asked.

Ms. Tuma asked for a motion to dispense the reading of the minutes and approve them as presented by indicating with “Aye or Nay” using the chat window to vote. The moderator opened the voting poll and announced that the motion passes.

~Motion: To dispense with the reading of the August 23, 2022 annual meeting minutes.

1st Motion – From the floor

2nd Motion – Online

Majority Approves

Election of Directors:

Patti Tuma called upon Antony Kilty this year's Chairperson of the Nominating Committee, to announce the committee's actions. Mr. Kilty presented the following Board member up for re-election:

Ms. Dolores Hernandez - Director
Mr. Brent Vannoy – Director
Mr. Richard Kuhn – Director

Ms. Tuma asked for a motion to accept the nomination as presented by indicating with "Aye or Nay" using the chat window to vote. The moderator opened the voting poll and announced that the motion passes.

~**Motion:** To accept the nomination as presented.

1st Motion – Motion from the floor
2nd Motion – second from the floor

Majority Approves

Ms. Tuma thanked Mr. Kilty and the Nominating Committee for their work.

Unfinished Business:

There was no unfinished business to report.

New Business:

There was no new business to report.

Questions:

Patti Tuma opened the floor for 15 minutes for questions by the members. A member asked what PrimeWay was doing for the assist the low to moderate communities. T.W. Jolly recommended that she discuss with one of PrimeWay's certified financial counselors. A member stated they would like to see advanced financial education. Additional questions were asked by members and answered by the Executives. Unanswered questions by the members will be addressed via email.

Adjournment:

Ms. Tuma thanked the members for attending our Annual Meeting Via-WebEx and declared the meeting adjourned. 5:28pm

Chairwoman

Secretary/Treasurer