



BayPort
Credit Union

 **BayPort Credit Union**

2021 Annual Report

FROM SHIPYARDS
TO BACKYARDS.
INVESTED
IN HAMPTON ROADS'
FINANCIAL
WELLNESS
SINCE 1928.





We love supporting and sponsoring events that bring our community together.

Meeting Agenda and Table of Contents

Tuesday, February 15, 2022, 7:00 p.m.

2022 ANNUAL MEETING BROADCAST AGENDA

- ✓ Call to Order
- ✓ Invocation
- ✓ National Anthem
- ✓ Pledge of Allegiance
- ✓ Welcome
- ✓ Introduction of the Board of Directors
- ✓ Roll Call
- ✓ Quorum Established
- ✓ Introduction of 2021 Annual Report
- ✓ 2021 Minutes Approved by Committee
- ✓ Appointment of Committee to Approve 2022 Minutes
- ✓ Report of the Chairman
- ✓ Report of the President/CEO
- ✓ Supervisory Committee Report
- ✓ Report of the Nominating Committee
- ✓ Report of the Inspector of Election
- ✓ Adjournment

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and President/CEO
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Credit Union Board of Directors



Suzanne M. Beckstoffer
Chairman



Maureen H. Davis
First Vice Chairman



Pamela J. Rowe PMP®
Second Vice Chairman



Jennifer M. Miller
Secretary/Treasurer



Ray C. Bagley
Assistant Secretary



Mary A. Campbell



Mary L. Cullen



Dinetta D. Hill



Nancy P. Hill



LeMeshia M. Steele



Theodore L. Stewart, Sr.



George C. Wiatt, Jr.
CCUE®, CCUV®



Thomasina R. Wright



Message from the Chairman and President/CEO

Dear Valued Member:

From shipyards to backyards, providing robust financial products, services, and education has been BayPort Credit Union's definition of community-based banking since we opened our doors more than 90 years ago. In 2021, our focus was on providing convenient banking through safe and straightforward online tools and enhanced products and services.

In 2021, we introduced four new locations for members to bank with us. While some financial institutions kept their lobbies closed, we opened new branches on both the Virginia Peninsula and Southside. Our new branch in the Fox Mill Centre in Gloucester provides another alternative for our members to bank on the Middle Peninsula. Our two new branches in Virginia Beach, on Independence Boulevard and Lynnhaven Parkway, will better serve our growing Southside membership. Additionally, in Chesapeake, we completed the relocation of our South Battlefield branch to a new location on Cedar Road. In 2021, we also completed the installation of our YourTeller™ interactive teller machines across our branch network, allowing members to perform complex banking transactions from the comfort and safety of their vehicle.

Last year, we continued to improve our online and digital wellness tools. We added real-time Card Controls within online and mobile banking, increasing the security and ease-of-use of our contactless debit and credit cards. We introduced the new Credit Score Simulator in our free credit monitoring tool Credit Score, allowing members to see the impact of certain actions such as paying off debt or opening accounts. We also added personalized money-saving recommendations and alerts.

We are always looking for ways to enhance our products and services. In 2021, we introduced two smarter checking account choices: High Yield Checking and Cash Back Checking. These two new account options are among the best in the market. To learn more about each, please visit our website. This past year, we also introduced our new Variable Rate CD which allows members to take advantage of a rising Prime Rate without the hassle, and potential penalties, of closing a certificate in search of a higher rate. Lastly, for our business banking members, we introduced Easy Savings, which offers our Mastercard® Business Platinum Rewards cardholders the opportunity to receive discounts, rebates and cash back from thousands of participating retailers.

Our commitment and resilience are evidenced by the fact that in the midst of economic challenges, BayPort continues to grow. In 2021, our member savings grew 12% to \$1.9 billion, our total loans to members grew over 8% to \$1.5 billion, and our total assets now exceed \$2.2 billion, putting us in the top 4% of credit unions nationwide by asset size. Additionally, we opened 11,806 new member checking accounts, originated over \$133 million in mortgage loans, over \$290 million in vehicle loans, and grew our business loan portfolio to over \$224 million.

In 2021, we announced the formation of the BayPort Foundation, the philanthropic arm of BayPort Credit Union. The Foundation is an extension of BayPort's charitable giving and is focused on providing scholarships and grants in our local communities. We were thrilled to officially launch the Foundation with our inaugural family-friendly fundraising event: the BayPort Foundation Crawl'n Crab Race Weekend. Over 2,000 participants joined us in historic downtown Hampton for the festive October weekend. Thanks to the generous contributions of several long-standing Credit Union members and business partners, the Foundation raised nearly \$160,000 in its first year.

BayPort has always had a commitment to education. The success of the Foundation's inaugural fundraising allows us to increase our annual Scholarship Program to \$100,000 in tuition assistance. Our Scholarship Program offers ten scholarship types and is open to member students of all ages including high school seniors, high school seniors who attend a Student-Run Credit Union school, college students, and full-time working adults attending an accredited college or university, trade, or vocational school.

For the 2022 to 2023 academic year, the Foundation is proud to introduce our newest scholarships: the Donald I. Steppe Memorial Scholarship and the McGee Family Scholarship. Both scholarships are family gifts as inaugural donors to the BayPort Foundation Legacy Giving Program, which honors those who share BayPort's commitment and philanthropic efforts.

Additionally, BayPort is honored to continue giving up to \$10,000 annually in local teacher grants for new financial education programs to engage students. In 2021, we awarded grants to seven local teachers.

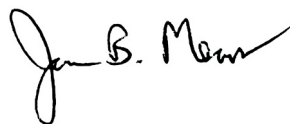
In addition to BayPort's corporate support, our dedicated staff are longtime supporters of several local charitable organizations. Most notably, the American Cancer Society, the Alzheimer's Association, and the Virginia Peninsula Foodbank. In 2021, our staff raised nearly \$27,000 for the American Cancer Society's Relay for Life with fundraisers throughout the year including a special drive-thru luminaria ceremony in partnership with Newport News Shipbuilding. We are pleased to share that BayPort staff were named the #1 fundraising team on the Virginia Peninsula. Your Credit Union is also the Southeastern Virginia Regional Sponsor for the Alzheimer's Association, raising over \$5,000 in 2021. Additionally, our staff raised \$6,000 to support the Virginia Peninsula Foodbank's annual Mayflower Marathon food and fund drive, providing over 300,000 meals to those in need in our community. In 2021, for the second straight year, BayPort was also a major sponsor of the American Heart Association's Go Red for Women campaign.

As your community Credit Union for the Greater Hampton Roads area, we love supporting and sponsoring events that bring our community together, especially during the holiday season. This past year, your Credit Union sponsored both the BayPort Credit Union Surf-n-Santa 5-Miler and the BayPort Credit Union Holiday Lights at the Beach at the Virginia Beach Oceanfront. BayPort staff also continued our holiday tradition of partnering with the Salvation Army to support their Christmas Red Kettle Bell Ringing at locations across the Virginia Peninsula and Southside.

In this year ahead, we are committed to doing our very best work. We will stand with our members and community just as we have for more than 90 years. We thank you for letting us serve you in 2022 and beyond.



Suzanne M. Beckstoffer
Chairman of the Board



James B. Mears
President/CEO

Minutes of the 93rd Annual Meeting

1. Call to Order

The 93rd Annual Meeting of shareholders of the Newport News Shipbuilding Employees' Credit Union doing business as BayPort Credit Union was called to order virtually on February 16, 2021, at 7:00 p.m., by Ms. Suzanne M. Beckstoffer, Chairman of the Board of Directors.

The invocation was given by Ray Bagley, from Faith Ministry Outreach Church in Hampton, VA.

Javonte Wright sang the National Anthem, and a member of the Heritage High School Junior ROTC led the audience in reciting the Pledge of Allegiance.

The Chairman extended thanks to the Heritage High School Junior ROTC and Javonte Wright for their participation in the pre-meeting ceremonies.

Chairman Beckstoffer introduced the Board of Directors and parliamentarian Michael Wagner-Diggs.

At the request of the Chairman, Ms. Maureen H. Davis, the Secretary/Treasurer conducted the Roll Call and announced that a quorum of the shareholders was in attendance.

2. Minutes of the 92nd Annual Meeting

The Chairman informed the members that the minutes of the 92nd Annual Meeting were in the Annual Report, which can be located on our website, and at all BayPort Branch locations and had been approved and filed by a committee comprised of Ms. Mary Campbell, Ms. Nancy Hill, Mr. Theodore Stewart, and Mr. Paul Willis. There being no objection from the shareholders, the reading of those minutes was dispensed with and the Chairman ordered them filed.

Ms. Beckstoffer subsequently appointed a committee consisting of Ms. Mary Cullen, Ms. Maureen Davis, Ms. LeMeshia Steele, and Ms. Thomasina Wright to approve the minutes of the 93rd Annual Meeting.



3. Reports

Chairman's and President's Reports

The Chairman's and President's Reports to the Shareholders were presented by Ms. Suzanne M. Beckstoffer, Chairman of the Board, and Mr. James B. Mears, President/CEO of the Credit Union.

Supervisory Committee Report

Ms. Anna Griffith presented the Supervisory Committee Report.

Report of the Nominating Committee

Ms. Maureen Davis, Chairman of the Nominating Committee, presented the Nominating Committee Report. The members of the Nominating Committee were Ms. Mary Cullen, Ms. Mary Campbell, Mr. Dave Haskiell, Ms. LeMeshia Steele, Ms. Thomasina Wright and Ms. Maureen Davis. Ms. Davis reported the following slate of members, in order of appearance on the ballot, were submitted as candidates for the Board of Directors: Ms. Katina L. Keener, Ms. Pamela J. Rowe, Mr. Paul F. Willis, Jr., Mr. George C. Wiatt, Jr., Ms. Dinetta D. Hill, Ms. Jennifer M. Miller, and Mr. Anthony J. Markun.

4. Election of Officers

Ms. Beckstoffer then announced that Mr. Kevin Green had been appointed and duly sworn to be the Inspector of Election and in so doing would comply with an oath which was directed by the Chairman to be included with the minutes as Exhibit I. The Final Report of the Inspector of Election will be included in the minutes of this meeting as Exhibit III.

Mr. Green then announced that this year Credit Union members had two avenues to vote for the 2021 Board of Directors. Members were able to vote in-person at any BayPort branch location, except for our 50th Street branch. Members were also able to vote absentee by calling our contact center and using their online banking email to vote via DocuSign. Voting opened on January 15, 2021 and closed on February 15, 2021 at 5:00 p.m.

Ms. Beckstoffer then announced the winners of the 93rd Annual Meeting Board of Director elections. The newly elected Board Members were Ms. Pamela J. Rowe, Mr. George C. Wiatt, Jr., Ms. Dinetta D. Hill, and Ms. Jennifer M. Miller. Ms. Beckstoffer also informed the members that the results of the election would be printed in the *Daily Press* and *Virginian-Pilot* newspapers, posted in all branch lobbies and on the BayPort website.

5. Adjournment

The Chairman thanked the members on behalf of the Board for their participation in the Annual Meeting and for taking part in the affairs of their Credit Union. There being no further business to come before the meeting, Ms. Beckstoffer declared the meeting adjourned at 7:47 p.m.

Exhibit III.

For the Board of Directors

Total Ballots Distributed	1,171
Total Votes Counted	3,937

Name	Votes Cast for the Election of Nominee
KEENER, Katina L.	580
ROWE, Pamela J.	668
WILLIS, Jr., Paul F.	597
WIATT, Jr., George C.	641
HILL, Dinetta D.	643
MILLER, Jennifer M.	605
MARKUN, Anthony J.	203

Nominees for the Board of Directors

The order of appearance on the ballot is by random selection by the Committee.



Craig Holley, Jr.

Craig currently works at the corporate office for Huntington Ingalls Industries (HII) in Newport News, Virginia where he was recently promoted to subject matter expert as a Financial Analyst for Banking & Capital Markets and Risk Management.

Craig began his career with HII at Newport News Shipbuilding in a rotational Business Integration Program in 2010. This opportunity exposed him to Program Finance, Overhead, and Rates & Forecasting within his first three years. In Rates & Forecasting, he served as a lead Rates Analyst developing and negotiating the overhead cost structure of CVN 79, taking into account various inputs such as inflation and interest rates. He later took on jobs of increasing responsibility, including Senior Financial Analyst of the CVN 79 program.

Craig was selected to an 11-member Transformation Team where he presented key challenges and opportunities to executive leadership in 2017. In 2018, he earned the President's Model of Excellence award for "Courage to Make a Difference: Establishing a Culture of Appreciation in Business Management." Within his church, he has facilitated Crown Financial classes leading both teens and adults through money management skills. He volunteered at Mid-Atlantic Teen Challenge helping to encourage young men through life challenges, served as a Commander for Royal Rangers, and currently operates the soundboard during Sunday services.

Craig attended Christopher Newport University where he double-majored in Economics and Finance graduating at the top of his business class in 2010. He's been happily married to Armalita Holley since 2005 and is the proud dad of five children: Misha'el, Moriyah, Myriam, Amiah, and Eden.



Suzanne M. Beckstoffer, Incumbent

Incumbent, up for re-election, Suzanne Beckstoffer was elected to the Board of Directors in 1992 and has served as Chairman of the Board since 2010. She is an ex-officio member of all Board committees.

Suzanne is a Fellow and Past-President of the Society of Naval Architects and Marine Engineers. She retired from Newport News Shipbuilding in 2016 as Director Engineering, Process & Tools. Since then, she has continued her work in engineering education and financial literacy. She is an adjunct professor for the U.S. Merchant Marine Academy, and sits on the Marine Board of the National Academies of Science – Engineering – Medicine, the ABET Industry Advisory Council, and several university boards. She serves locally on the Board of the Peake Childhood Center, and volunteers in mentoring and other student programs at Christopher Newport University and Norfolk State University.

A graduate of North Carolina State University with a B.S. in Civil Engineering, Suzanne also earned her MBA from The College of William and Mary. She has earned the Basic Certificate, the Edward A. Filene Certificate, and the William Raiffeisen Certificate of the credit union Volunteer Achievement Program. She is a member of the Virginia Credit Union League's Governance Committee. The Peninsula Engineers Council elected her "Engineer of the Year" in 2015.

Suzanne is an active member of Trinity Lutheran Church. She also enjoys nonfiction writing, gardening, the beach, and traveling with her husband Hank.



Maureen H. Davis, Incumbent

Incumbent, up for re-election, Maureen (Harris) Davis has served on the Board of Directors since 2013 and served as Board Secretary from 2016 through 2020. She currently serves as First Vice Chairman of the Board. Maureen is Chairperson of the Strategic Planning Committee and serves on the Policy/ALM/Delinquent Loan and Technology committees. She served on BayPort's Supervisory Committee from 2006 to 2013.

Maureen graduated with a degree in Accounting from Christopher Newport University and continues to work towards obtaining the Credit Union National Association Certified Volunteer certificate.

Maureen retired in 2015 from Newport News Shipbuilding after 25 years of service where she held various management-level positions in Finance, Operations Finance, Payroll, Accounting, and IT. In addition to Newport News Shipbuilding, she also worked at Jefferson Lab, Milcom, Inc., and L-3 Unidyne.

Maureen also serves on the Advisory Board of the Salvation Army of the Virginia Peninsula and is Advisory Board Secretary. She is active in her church, Church of the Good Shepherd, in Smithfield, Virginia. Maureen and her husband, Scott, reside in Smithfield, Virginia.

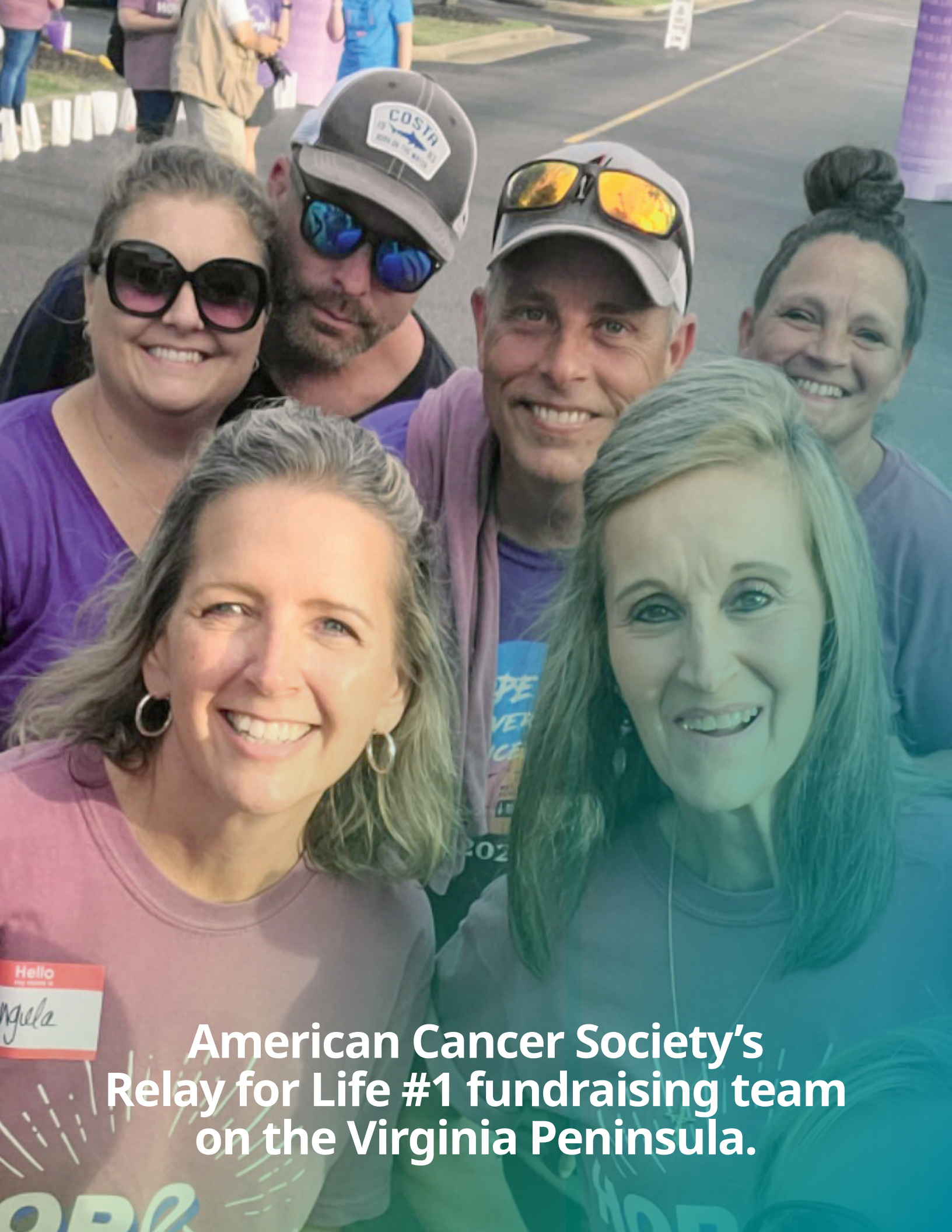


Nancy P. Hill, Incumbent

Incumbent, up for re-election, Nancy P. Hill has served on the Board of Directors since 2016 and has been a member of BayPort Credit Union since 1978. Nancy serves on the committees for Technology, Strategic Planning, Budget, Salary, and Benefits. She previously served on the Executive Committee as Assistant Secretary and is currently pursuing the Credit Union National Association Certified Credit Union Board Member designation.

Nancy graduated from the College of William & Mary with two undergraduate degrees and received a Master's degree from Old Dominion University. An employee of Newport News Shipbuilding since 1997, Nancy works in the Office of the Chief Engineer in charge of Training and Critical Skills for the Engineering and Design division and, most recently, worked on an exchange of Engineering and Design classes with the Australian Naval Shipbuilding College. She has also served in Submarine Electrical Engineering, Planning and Production Control for New Carrier Construction, and Engineering and Design for Aircraft Carrier Engineering. Nancy has taught for the Apprentice School, the Night School Program for NNS, and for Thomas Nelson Community College.

Nancy was awarded the Virginia Chancellor's Award for Workforce Development in 2011. She has served on several local volunteer boards and is a lifetime member of the Fulbright Association of the United States, assisting undergraduate and graduate students to study internationally. Nancy currently resides in York County and attends St. Andrew's Episcopal Church.



**American Cancer Society's
Relay for Life #1 fundraising team
on the Virginia Peninsula.**

Hello
my name is
Angela

2022

2021 highlights for a happy, healthy life.



SERVICE

BayPort opened four new branch locations on both the Virginia Peninsula and Southside.



PRODUCTS

BayPort introduced two smarter checking account choices, High Yield Checking and Cash Back Checking, and the new Variable Rate CD.



BENEFITS

BayPort introduced the new Credit Score Simulator in our free credit monitoring tool Credit Score.



FINANCIALS

BayPort total assets now exceed \$2.2 billion, putting us in the top 4% of credit unions nationwide by asset size.



COMMUNITY

BayPort Foundation raised nearly \$160,000 in its first year, increasing our annual Scholarship Program to \$100,000 in tuition assistance.

As your community Credit Union for the Greater Hampton Roads area, we love supporting and sponsoring events that bring our community together.



Supervisory Committee Report



Anna Griffith, Chairman

The Supervisory Committee's (the "Committee") primary functions are to make, or cause to be made, an annual audit and such supplementary audits of the records and affairs of BayPort Credit Union, as it deems necessary. Accordingly, the Committee reviews operational procedures of the Credit Union and makes applicable recommendations to the Board of Directors.

The audits are designed to determine that: 1) Accounting records and financial statements are promptly and accurately prepared and present fairly the financial condition of the Credit Union. 2) Internal controls are established and maintained. 3) Plans, policies, and controls are properly administered. 4) Practices and procedures are sufficient to safeguard members' assets.

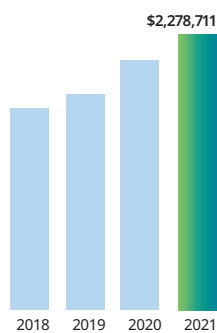
The Committee retained the services of Nearman, Maynard, Vallez, CPAs, P.A. to perform the annual audit of the Credit Union's financial statements. The opinion which they have rendered certified that the financial statements present fairly the financial performance of the Credit Union and the resulting financial position at September 30, 2021.

In summary, the Committee believes, based on the report of the certified public accounting firm and a review of the Credit Union's operations, BayPort Credit Union is in sound financial condition and is operating under sound management procedures. Any member of the Credit Union is considered to be an associate of the Committee and we invite your inquiries.

FINANCIAL HIGHLIGHTS			
December 31, 2021 and 2020	<u>2021</u>	<u>2020</u>	% of Increase (Decrease)
<i>(In Thousands)</i>			
FINANCIAL CONDITION			
Assets	\$ 2,278,711	\$ 1,992,414	14.4%
Loans outstanding	\$ 1,452,859	\$ 1,339,633	8.5%
Savings held by members	\$ 1,903,366	\$ 1,692,082	12.5%
Total retained earnings	\$ 231,136	\$ 226,343	2.1%
OPERATING STATISTICS			
Dollar volume of loans granted to members	\$ 762,013	\$ 631,502	20.7%
Gross Income	\$ 100,084	\$ 94,348	6.1%
Dividends paid	\$ 9,133	\$ 12,203	-25.2%
Operating expenses	\$ 73,893	\$ 67,793	9.0%
MEMBERS	147,544	145,091	1.7%

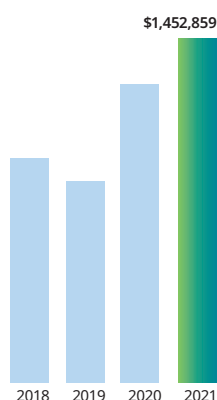
ASSETS

Dollars in Thousands



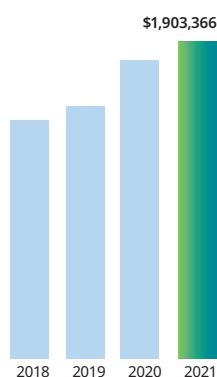
LOANS OUTSTANDING

Dollars in Thousands



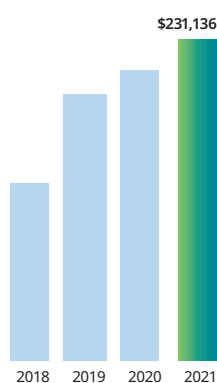
SAVINGS HELD BY MEMBERS

Dollars in Thousands



TOTAL RETAINED EARNINGS

Dollars in Thousands



CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31, 2021 and 2020

(In Thousands)

ASSETS	2021	2020
Cash and cash equivalents	\$ 39,499	\$ 29,728
Investments	696,754	537,979
Loans held-for-sale	206	664
Loans receivable, net of allowance for loan losses	1,430,586	1,323,501
Accrued interest receivable	4,434	4,611
Premises and equipment, net	61,176	52,806
National Credit Union Share Insurance Fund deposit	16,777	14,854
Other assets	29,279	28,271
Total Assets	\$ 2,278,711	\$ 1,992,414
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares and savings accounts	\$ 1,903,366	\$ 1,692,082
Borrowed funds	122,023	50,000
Accrued expenses and other liabilities	40,697	55,666
Total liabilities	2,066,086	1,797,748
Members' Equity	212,625	194,666
Total Liabilities and Members' Equity	\$ 2,278,711	\$ 1,992,414

CONSOLIDATED STATEMENTS OF INCOME

December 31, 2021 and 2020

(In Thousands)

	2021	2020
INTEREST INCOME		
Interest on loans receivable	\$ 68,046	\$ 64,277
Interest on investments	3,598	4,385
Interest Income	71,644	68,662
INTEREST EXPENSE		
Dividends on members' shares	9,133	12,203
Interest on borrowed funds	847	1,121
Interest expense	9,980	13,324
NET INTEREST INCOME	61,664	55,338
PROVISION FOR LOAN LOSSES	9,000	10,625
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	52,644	44,713
NON-INTEREST INCOME		
Service charges and other income	28,440	25,686
Non-operating income (expense)	(2,418)	679
Non-interest Income	26,022	26,365
	78,686	71,078
NON-INTEREST EXPENSE		
Compensation and employee benefits	38,962	37,165
Operations	29,114	25,703
Occupancy	5,817	4,925
Non-interest Expense	73,893	67,793
NET INCOME	\$ 4,793	\$ 3,285



Chesapeake

677 N. Battlefield Blvd.*
2445 Old Taylor Road*
1000 Cedar Road

Gloucester

2369 Geo. Washington Mem. Hwy.*
6723 Fox Centre Parkway

Grafton

5028 Geo. Washington Mem. Hwy.*

Hampton

1168 Big Bethel Road*
2300 Cunningham Drive
199 Fox Hill Road*
22 Lincoln St., 3rd Floor

Newport News

One BayPort Way*
433 Denbigh Blvd.*
955 Harpersville Road (*restricted access*)
3711 Huntington Ave.*
5001 Huntington Ave.
3101 Jefferson Ave. (*inside Piggly Wiggly*)
8000 Marshall Ave.
12512 Warwick Blvd.*

Norfolk

600 Church Street (*inside USPS office*)

Portsmouth

455 Dinwiddie Street

Smithfield

1290 Smithfield Plaza*

Suffolk

1463 North Main Street*
1013 University Blvd.

Williamsburg

4171 Ironbound Road*

Virginia Beach

4388 Holland Road*
5225 Providence Road*
750 Independence Blvd.
770 Lynnhaven Pkwy.
Virginia Beach Blvd. (*coming soon*)

**ALL BRANCHES &
GENERAL INFORMATION**
757.928.8850

TOLL-FREE NUMBER
1.800.928.8801

BALANCES/RATES
(Audio Response)
757.244.STAR

BUSINESS BANKING
757.671.8871 or 757.570.8475

MORTGAGES
757.896.8769

BAYPORT FINANCIAL
757.928.8931

BAYPORT INSURANCE
757.493.5140

WEBSITE
www.bayportcu.org

*Also serve as CO-OP Shared Branch Locations
Federally insured by the NCUA.



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