



2018 Annual Report



Steady. Forward. Focused.

This credit union is federally insured by the National Credit Union Administration.

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President and CEO's Report

Steady. Focused. Forward.



Since 1933 Nymeo Federal Credit Union has remained a steady financial institution focused on providing financial products and services to our dedicated and loyal members while always looking forward to meeting the needs of our ever growing and changing membership.

Our mission to actively promote each member's financial well-being is at the center of everything we do. This commitment to our members and the community has not changed since our very beginning. We have remained steady, focused and look forward to serving you and your families today and into the future.

Thanks to you, our loyal members, Board of Directors, Supervisory Committee and our dedicated employees, 2018 was a year of new advances, great

accomplishments and a renewed commitment to be the only financial partner our members need. We are not just another financial institution, and our members are not just another account number.

Focused in a Time of Need

During the recent government shutdown, Nymeo stepped in immediately to provide personal loans, the ability for members to skip loan payments and mortgage assistance. Our way of business resonates clearly through an email from this member during the government shutdown:


"These are very contentious, upsetting days for so many of us. Getting treated like we matter makes our burdens that much easier to bear. I only hope that most of us [members] treat staff with the same gentle courtesy that I have seen over and over and over."

We strive each day to lessen the burdens of your life by understanding

what your pains and dreams are, and then finding realistic solutions. We understand that life doesn't always go as planned, and you may face many challenges, choices, and opportunities. As your credit union, we are here to help you build a better financial future.

Focused on Our Membership

By honoring our past as we move forward, we removed an obstacle at the end of 2018 -- our membership eligibility requirements. When we changed to a community charter in Frederick in 2014, Montgomery County residents, without the proper eligibility requirements, could no longer join Nymeo. This posed an issue for our members (and for us) who spread the good word about our credit union, referred friends, co-workers and neighbors to join, and then found out they could not. Now, we are happy to say, they can! NCUA, our federal regulator, granted Nymeo membership expansion into Montgomery County at the end of 2018.



Our members love Nymeo and it shows in our Net Promoter Score, a management tool used to gauge the loyalty of our membership, the average Net Promoter Score in 2018 was 81%! In the industry anything over 70% is considered exceptional. Nymeo was also listed as one of the top five credit unions in Maryland by Forbes Best in State survey conducted by Statista. In this survey members shared their opinions on their banking relationships.

Focused on Enhanced Banking Technology

Most people have a very fast paced life. You juggle many roles in your day-to-day life. You may be a family member, caregiver, employee, student, teacher, volunteer or all of these. At Nymeo, we are committed to delivering top-notch products and services -- making banking less of an unwelcomed chore and more of a seamless process that doesn't rob you of precious time. We are always striving to find better tools to simplify your lives.

In 2018, we enhanced many of our online and mobile banking systems to better serve your needs:

- New online loan application to help you apply quickly on your mobile device
- Auto Buying Service to help you find your next new or used car
- Improving the overall mobile app design to make your experience better
- Allowing members to enroll into My Nymeo Online Banking and also Bill Pay right from the mobile app
- Simplifying Bill Pay by accepting photos of paper bills to make a payment from the mobile app
- Adding Face ID for log in authentication on Apple devices, in addition to fingerprint login already supported by both Apple and Android devices
- Enabling scheduled transfers using the mobile app
- Submitting travel notifications to Nymeo directly from online banking
- Placing quick-action tools within online banking for instant access to accounts

As always, we value your feedback and continually make improvements in all the ways you choose to interact with us, whether at a local branch, ATM, phone, email, and social media, on a computer or mobile device.

A Steady Relationship - A Financial Partner for Life

The commitment to improve products and services is coupled with Nymeo's dedication to provide you with expert guidance that helps you make informed decisions about your financial well-being today for the future. At Nymeo, our members are welcome to meet with our financial advisors, Anna Behnam and Irene Tata as well as Nymeo's Wills and Trust Attorney, Douglas Thornton. They each bring their expertise to guide and prepare you for your financial journey towards life planning, savings and/or retirement.

Steadily Impacting Our Communities

As in previous years, in 2018 Nymeo continued to make an impact in our communities by giving back and improving the places we live and work. Nymeo supported efforts to decrease food insecurity through work with the Maryland Food Bank, increase financial literacy via sponsorships of clubs at high schools such as the Millionaire's Club and a first ever Frederick county-wide Financial Reality Fair.



With Nymeo's encouragement, staff gave their time by engaging in hands-on volunteering opportunities throughout the community at the Frederick Rescue Mission and the food pantry at Waverley Elementary School.

“On behalf of Waverley Elementary School students, families, and staff, [we] want to express our heartfelt gratitude to Nymeo for their continuous support.”

Nymeo volunteers are always on time, diligently helping with unloading, sorting out, distribution of food, and with cleanup afterwards. These amazing people are to be commended for giving the most precious gift: valuable time!”



Steady, Focused and Moving Forward

Nymeo's future is bright. We are committed to delivering the highest value to our members through enhanced technology, competitive rates, convenience, top products, a high-end member experience and community involvement.

We are excited about what the next several years will bring. Plans include:

- Maintaining and deepening Nymeo's financial strength and stability
- Building meaningful member relationships through outstanding personalized service with the focus on delivering a positive member experience, no matter what channel is used to access accounts and credit union information
- New Credit Card offerings
- New Mortgage offerings

- New small business merchant loans
- New website with easier navigation and education for members
- Enhancing member convenience by investing in State-of-the-Art technology products in online and mobile banking to streamline and simplify banking
- Teaming up with organizations and businesses throughout our communities to not only offer financial literacy programs but specialized banking products and services to help their business and their employees grow
- Continuing to offer personal service in a technology driven world

Our dedication to you, our members, is unwavering.

We realize that to be a sustainable and successful financial institution, we must continuously evaluate and improve each pillar of our operation to remain efficient and to provide our key constituents – our members, employees, and our community – a commitment to the excellence you deserve.

As always, thank you for your membership to Nymeo.



Victoria M. Johnston
President and CEO

Chairman's Report

I am pleased to present this 2018 Chairman's report on behalf of the other volunteers that serve on the Nymeo Board of Directors: Richard Allen, Edward Brown, Elizabeth Duffy, Norman McGaughey, Jeanice Brown-Thomas, and Isaac Yoon.

The Board has experienced a harmonious relationship with the other two pillars of credit union leadership: Executive Management and the Supervisory Committee. We continue to maintain open and honest dialogue with management, and we rely on the Supervisory Committee to help us stay abreast of government decisions and regulatory developments that may affect the Credit Union's financial well-being.

During 2018, there was a sharp focus on organizational growth – in membership, shares, assets and loans – and improving our members' transaction experience in all delivery channels.

A Focus on Member Service

At the Annual Employee Celebration held in March 2019, Nymeo's President and CEO Victoria Johnston read numerous testimonials from members about the exemplary service provided them by Nymeo branch and Call Center staff and their positive experience with our improved loan application process.

It demonstrates that the strategic focus on differentiated member service was being embraced by all levels of the staff. Another indicator of exceptional member service is the relatively high Net Promoter Score received from the 2018 member survey responses. In October 2018, Nymeo received approval from the National Credit Union Association (NCUA) of our charter expansion into Montgomery County. This was a key strategic initiative for 2018 and will support our efforts to achieve organizational growth through geographic expansion.

In the fall of 2018, we welcomed our first Associate Director. Volunteers serving in this role are expected to attend the monthly Board meetings, participate in training opportunities and contribute in board meeting discussions.

However, Associate Directors do not have voting privileges. The intent is to afford potential Board candidates the opportunity to observe the board governance process and to learn firsthand about the time commitment of serving on the Board.

Moreover, current Board members can assess who among the Associate Directors may be strong candidates for Board nomination. In 2019, we hope to add two to four Associate Directors.

Moving Forward into the Future

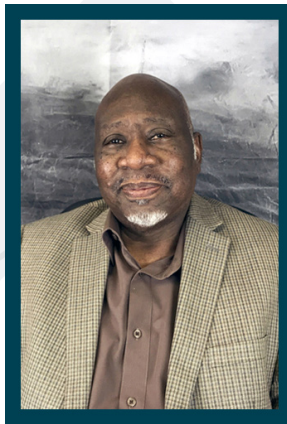
In early fall, as a means of re-visiting the Nymeo Strategy Plan (2018 -2020), the Board and Management convened our annual strategic planning session. The agenda for the first day included an industry-trends presentation by the session facilitator and two periods of strategy discussion. On the second day, there was a very informative technology update presented by one of Nymeo's outside consultants, followed by additional strategy discussion.

Industry trends, the new face of competition, cyber security demands, increasing regulatory requirements, the uncertain economy, the speed of technology changes and the need for talent management were all topics of discussion.

The main focus areas of our strategic plan, such as balanced growth and a differentiated member experience, were reconfirmed.

Going forward into the future, the entire Nymeo leadership team is committed to directing both human and technological resources toward promoting each members' financial well-being.

Thank you for your membership to Nymeo.



Charles W.C. Yancey
Chairman of the Board

Member Testimonial

"Your staff has always been outstanding! There is no way on God's green earth that I would ever deal with a bank after the way Nymeo has treated me over the years. Getting treated like we matter makes our burdens that much easier to bear. I only hope that most of us customers treat the staff with the same gentle courtesy that I have seen over and over and over. Many thanks, and kudos to all of you."

Treasurer's Report

Although 2018 was a challenging year for Nymeo, the credit union made tremendous progress towards building the credit union of the future, while preserving the financial strength that members need.

Throughout the year, Nymeo's Board of Directors and employees have been focused and continue to work hard to ensure that Nymeo remains a strong financial institution that meets the needs of its members.

Assets, deposits, and equity all increased during the year.

Total assets increased by 1.5% to \$267 million at December 31, 2018.

Share deposits increased by over \$8 million, or 3.5% to \$237.

Equity increased 1.2% to \$28.4 million.

Our loan portfolio declined by almost \$5 million to \$159 million as we continued to let our indirect loan portfolio run-off.

Nymeo had net income of \$414,000 in 2018 which was down from 2017 primarily because of increasing the provision for loan losses by almost \$700 thousand and writing off an equity investment of \$350 thousand.

Additionally, Nymeo's net interest income was down by \$226,000 as rates paid on deposits increased faster than rates earned on loans.

Nymeo's financial strength remains very strong with more than \$28.4 million in equity and a capital ratio of 10.65% which is significantly above the National Credit Union Administration's ("NCUA") definition of a well-capitalized credit union of 7%.

Assets Performance	Regular Share Performance
▲ \$4M	▲ \$8M
Share Draft Performance	Loan Performance
▲ \$3.8M	▼ \$5M
Auto Performance	ODLOC
▼ \$7.5M	▼ \$479K
Real Estate Performance	Total Equity Performance
▲ \$863K	▲ \$345K
Regular CD Performance	Member Business/Commercial Performance
▲ \$3.1M	▲ \$1.5M



Isaac Yoon
Treasurer



Member Testimonials

“Nymeo has me feel more at home than home does sometimes. That’s not much of an exaggeration – but just a bit to make a point. I don’t write reviews or testimonials very often, but in this case I am. Through this posting, I’d like to say, ‘Thank You’ to the Bank Street branch.”



“Excellent service for the past 36 years. I so appreciate everyone at Nymeo. Staff are well informed and provide exceptional responses to my questions and requirements.”



Feeding the hungry and financial literacy remain two of our core initiatives at Nymeo.

Photos at left: Nymeo volunteering at the Frederick Rescue Mission.

Photos at right: Nymeo at The Millionaire’s Club at Catoctin High School (top) and Linganore High School (bottom).

Supervisory Committee's Report

The Supervisory Committee is the members' representative under the Federal Credit Union Act. The Committee consists of three Nymeo members, appointed by the Board, who meet quarterly to perform the duties of assuring the accuracy of financial statements and the adequacy of internal control procedures of Nymeo and its subsidiary. The Committee retains outside firms to provide independent assessments of our financial statements and internal control procedures.

In 2016, the Supervisory Committee retained the accounting firm of DeLeon & Stang, to conduct an audit of the consolidated financial statements and to express an opinion about the financial condition of Nymeo. The audit was conducted in accordance with auditing standards generally accepted in the United States.

These standards require that the audit be performed in such a way as to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

A set of condensed results is included in this report and a complete copy of the audit results is available for review at any of our offices. As your representative, we also assist members if they experience a problem of any kind with their Nymeo statement or the services provided by Nymeo. If you have such an issue, please contact the Supervisory Committee at the following address:

**Supervisory Committee
Nymeo FCU
5210 Chairmans Court
Frederick, MD 21703**

Please do not use this address for other contacts or transactions as this may cause a significant delay in response and/or processing.



Richard Allen
Chairman,
Supervisory Committee



Nymeo Federal Credit Union and Subsidiary Consolidated Statements of Financial Condition

Years Ended December 31, 2018 and 2017

ASSETS	2018	2017
Cash and Cash Equivalents	\$ 23,950,115	\$ 21,856,580
Deposits in Other Financial Institutions	48,670,000	48,983,000
Investments:		
Available-for-Sale, at Fair Value	21,225,307	18,321,342
Other Investments, At Cost	1,143,922	1,640,643
Loans Held for Sale	-	224,000
Loans to Members, Net of Allowance for Loan Losses	158,789,361	163,371,129
Accrued Interest Receivable:		
Loans	628,195	678,068
Investments	169,850	108,306
Prepays and Other Assets	7,090,907	2,102,389
Premises and Equipment, Net	3,856,850	4,303,212
NCUSIF Deposit	2,221,081	2,125,222
Total Assets	\$ 267,745,588	\$ 263,713,891
LIABILITIES AND MEMBERS' EQUITY		
Member's Share and Savings Accounts	\$ 237,143,555	\$ 229,133,502
Borrowed Funds	-	3,000,000
Accounts Payable and Other Accrued Liabilities	2,153,261	3,517,707
Accrued Interest Payable	-	756
Total Liabilities	\$ 239,296,816	\$ 235,651,965
TOTAL LIABILITIES AND MEMBERS' EQUITY		
Regular Reserves	\$1,920,098	\$1,920,098
Undivided Earnings	27,023,261	26,609,040
Accumulated Other Comprehensive Loss	(494,587)	(467,212)
Total Members' Equity	28,448,772	28,061,926
Total Liabilities and Members; Equity	\$ 267,745,588	\$ 263,713,891

The condensed consolidated financial statements presented herein do not constitute a complete set. The complete set, including the consolidated statements of members' equity and cash flows and notes to the consolidated financial statements, is available in the Credit Union office.

Nymeo Federal Credit Union and Subsidiary Consolidated Statements of Financial Condition

Years Ended December 31, 2018 and 2017

INTEREST INCOME		2018	2017
Loans to Members	\$	9,646,300	\$ 10,634,599
Investments		1,797,028	1,035,052
Total Interest Income	\$	11,443,328	\$ 11,669,651
INTEREST EXPENSE			
Members' Share and Savings Accounts	\$	726,476	\$ 646,372
Borrowed Funds		40,682	71,639
Total Interest Expense		<u>767,158</u>	<u>718,011</u>
Net Interest Income		10,676,170	10,951,640
Less Provision for Loan Losses		1,861,056	1,163,497
Net Interest Income After Provision for Loan Losses	\$	8,815,114	\$ 9,788,143
NON-INTEREST INCOME			
Service Changes and Fees	\$	1,703,251	\$ 1,742,674
Other Non-Interest Income		1,729,588	1,795,588
Gain on Sales of Loans		20,129	39,221
Total Non-Interest Income	\$	3,452,968	\$ 3,577,483
NON-INTEREST EXPENSE			
Compensation and Employee Benefits	\$	4,966,703	\$ 4,934,940
Office Operating Costs		2,466,583	2,518,061
Office Occupancy Costs		4,001,965	3,739,713
Loss on Impairment of CUSO Investment		350,000	-
Net Loss on Disposal of Assets		68,610	22,214
Total Non-Interest Expense		<u>11,853,861</u>	<u>11,214,928</u>
Net Income		<u>414,221</u>	<u>2,150,698</u>
OTHER COMPREHENSIVE LOSS			
Net unrealized gains (losses) on investments classified as available-for-sale		(27,375)	(42,638)
Comprehensive income (loss)	\$	386,846	\$ 2,108,060



Nymeo.org



Tel: 1-240-436-4000
Toll Free: 1-855-436-4100



**5210 Chairmans Court
Frederick, MD 21703**

A series of decorative arrows at the bottom of the page. On the left, there is a horizontal row of ten light blue chevron arrows pointing right. Below this, there are several larger, darker blue arrows of various sizes and orientations, some pointing right and some pointing up or down, creating a sense of movement and flow.



Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

Federally Insured by NCUA