

2014 ANNUAL REPORT



FIRSTMARK
Credit Union®



95,250
Members

298
Employees

\$256K
in Checking
Rewards Earned

31M
CUREwards Points
Redeemed

PRESIDENT/CEO & CHAIRMAN REPORT

We are pleased to report that Firstmark Credit Union accomplished another successful year in 2014, thanks to the thousands of members who make us their financial institute of choice and the hundreds of staff members who commit every day to improving our members' lives.

Contributing to our success on the national scene, fiscal pressures eased somewhat as the economic environment of 2014 was generally positive. The U.S. continued its slow rebound and our state once again enjoyed the benefits of slow and steady job growth. Consumer confidence also showed slight improvement, with a second consecutive year of solid growth in auto sales offsetting declines in mortgage refinance activity.

Somewhat less favorable, the level of financial Reform legislation remained high throughout the year and continued to be a challenge for all financial institutions who must respond to ever-increasing compliance requirements that are costly to adopt and maintain.

Despite these challenges, we remained competitive throughout the year and continue to maintain a strong capital position. With a watchful eye on expenses and a goal to make it possible for our members to realize their financial dreams, we focused our efforts on enhanced technology, branch expansion, and a broadened range of innovative products and services tailored to their needs.

Here is a short list of what we managed to achieve with the help of our employees and the loyalty of our members:

GROWTH: We grew the credit union membership to more than 95,000 members, our loan portfolio by over \$79 Million and deposits by \$63 Million.

NEW LOCATION: We opened the Bitters/1604 location in March to better serve members in North Central San Antonio, bringing our total to 14 convenient branch locations throughout the city.

IMPROVED ONLINE BANKING: We invested in a large upgrade to our consumer and business online banking platforms, resulting in more secure technology, enhanced mobile features, and a single platform for business and consumer banking. By the end of the year, we had increased our online banking users by 14%.

ENHANCED LENDING: We implemented a new, easy-to-use online and mobile loan application, expanded our indirect dealer network to provide more convenient options for members at the dealership, and improved our automated loan decision process, providing faster responses to our members awaiting approval.

The future of Firstmark Credit Union is bright as we continue to see upward trends in national economic forecasts, a renewed vigor in local business and investing, and an improved sense of well-being and confidence in our members and community. We hope you'll continue to look to Firstmark Credit Union as a trusted financial solution and partner. We thank you for your membership and the success you brought your credit union in 2014. It is an honor to serve your needs.

Leon Ewing
President/CEO

Donald Pinson
Board Chairman

CREDIT COMMITTEE REPORT

The Credit Committee is appointed by the board of directors to regularly review credit union loan policies, ensure the safety and soundness of loan underwriting, and meet the membership's credit needs. The committee is also responsible for ensuring that credit union staff adheres to policies, for taking action on selected loan requests, and for overseeing the manner in which accounts are collected.

In 2014, Firstmark Credit Union successfully funded over \$254 Million in new loans for our members, growing our loan portfolio by over \$79 Million for the year. During the year, we expanded our auto dealership network to allow members to finance with Firstmark at the dealership. We enhanced our online loan application to make applying for loans online much easier, with the experience optimized to mobile phones, tablets, or computers.

The Credit Committee is committed to protecting the assets of our members while maintaining Firstmark Credit Union as a trustworthy source of affordable credit. We continually strive to improve our members' financial well-being by providing tangible savings opportunities across all of our loan products.

Firstmark will continue to offer new, convenient solutions in line with our members' goals, and our focus will remain on helping our members succeed financially by offering sound advice, quality service, and competitive rates.

AUDIT COMMITTEE REPORT

Appointed by the board of directors, the Audit Committee ensures that a comprehensive annual audit of the credit union's books and affairs is conducted in accordance with established principles and commission rules. The committee is also responsible for ensuring that credit union staff adheres to policies established by the board of directors and that a strong internal control system covering daily operations and financial reporting is in place.

In 2014, the committee retained the CPA firm of Fisher, Herbst & Kemble, P.C., to perform internal auditing procedures to verify compliance with state and national regulations; verify adherence to the credit union's policies and procedures; and review controls over operations for adequate security. After it reviews the firm's reports and management's responses, the committee addresses any issues in its monthly meetings.

The Committee additionally retained the CPA firm of Padgett Stratemann & Co. to conduct the annual independent audit of the statements of financial condition, related statements of income, changes in members' equity, and cash flows for the period ending June 30, 2014. The findings indicate that Firstmark Credit Union is in good health, both financially and operationally. Members may request a copy of the auditor's report and opinion by writing to **Firstmark Credit Union, ATTN: Credit Union Documents, P.O. Box 701650, San Antonio, TX 78270-1650 or by phone (210) 442-0100.**

The 2014 independent audit indicates the credit union is in good health, both financially and operationally.

Sincerely,

Larry Wertheim
Chairperson

Gilbert Cremer
Board Appointed CPA Rep / Vice Chairperson

Ronald Kyle
Member at Large

Anthony Petri
Board Member

Matthew Ralph
Member at Large



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IN THE COMMUNITY

Based on the credit union philosophy of people helping people, Firstmark Credit Union is committed to giving back to our community. In 2014, employees volunteered more than 1,834 hours supporting a variety of organizations and programs that fill important gaps in our community and make a difference in the lives of others.

Credit Unions for Kids

With the help of our members, during 2014 we raised \$27,000 for the Children's Hospital of San Antonio through the Credit Unions for Kids program. Established in San Antonio, Credit Unions for Kids is a partner with the Children's Miracle Network, a non-profit organization that increases awareness of children's health issues and raises funds for children's hospitals and medical research. This donation brings the credit union's total close to \$900,000 since 1986.

Frank Price Cunningham & Helen Shipman Cunningham Scholarships

In 2014, the credit union awarded fifteen \$1,000 Frank Price Cunningham and Helen Shipman Cunningham scholarships to outstanding students enrolled in local high schools. These scholarships may be used at any academically accredited two- or four-year college or university. Applicants are evaluated based on academic achievement, community involvement/leadership, and recommendations.

Educator Awards

Ten educators were awarded \$500 to implement innovative projects inside and outside of the classroom. The Educator Award program was designed with full-time kindergarten through 12th grade teachers in mind. In 2014, winning project ideas included the purchase of a 3-D printer to allow students to create models of their engineering and design assignments, the production of a play as a way to support interdisciplinary learning about the depression era, and the construction of a water garden to support studies in biology, chemistry, and environmental science.

Academic Planners

For more than 20 years, Firstmark Credit Union has distributed academic planners to educators in the San Antonio area. In 2014, more than 82,000 planners were delivered to teachers and administrators in public and private schools, as well as area colleges and universities.

Financial Literacy

In addition to financial literacy and career day presentations, the credit union continues to operate an in-school branch and ATM located inside Reagan High School and staffed by paid high school co-op students. This branch is the cornerstone of our financial literacy partnership with Northeast Independent School District. Our goal is to assist high school students in the development of lifelong personal finance and employability skills, as well as provide support to the school's business curriculum.

COMMUNITY PARTNERSHIPS

Student Aid San Antonio

Completing the Free Application for Federal Student Aid (FAFSA) is the highest predictor of college enrollment. Nationally, 90% of graduates who file a FAFSA enroll in higher education. Yet, in San Antonio, only half complete the forms. With that in mind, Firstmark Credit Union partnered with the City of San Antonio, The San Antonio Chamber of Commerce, San Antonio Education Partnership / Café College, and Advise Texas to provide one-on-one assistance with the FAFSA and Texas Application for State Financial Aid (TASFA) in English and Spanish. In 2014, over 2,400 families were served through this program.

SAReads

Every summer, Firstmark Credit Union collects new and gently used books at each of our 14 locations. In 2014, SAReads collected more than 8,000 books which will be provided free of charge to many non-profit organizations, schools, and other groups in the San Antonio area. The credit union has also made space available to be used as the SAReads Grade-Level Reading Program Office.

Friends of the San Antonio Parks Foundation

In 2014, Firstmark celebrated the arrival of spring by once again sponsoring, "Fest of Tails" Kite Festival and Dog Fair. This was the eighth year the credit union has supported this event which encourages families to get outdoors and have fun together. Thirty-five employees volunteered during the event, which is free and open to the public. All funds raised go to help maintain, improve, and expand our city's parks.

SAYouth

This organization operates award-winning after-school programs in low-socioeconomic areas of San Antonio. In 2014, SAYouth served 3,600 children in 14 centers. Services include mentors, fitness and sports, as well as hot meals. In 2014, credit union staff once again hosted a holiday party for one of the centers and donated "Angel Tree" gifts for 36 children.

SAYouth also helps young adults who have quit school gain a second chance through high-school credit recovery and workforce training. Credit union staff provides financial literacy presentations for students in the "Youth Build" program.

IMPORTANT NOTICE — Bylaw Amendment

In 2014, the Firstmark Credit Union Board of Directors approved an amendment to credit union bylaw **§3.01 – Field of Membership**. The purpose of the amendment was to provide written clarification regarding those individuals eligible for membership with the credit union through their affiliation as a member of the San Antonio Friends of the Parks. The amendment has been approved by the Credit Union Department of Texas.

Members who wish to view the amended bylaw in its entirety may contact the Credit Union's executive office at 2023 Gold Canyon Drive, San Antonio, TX 78232 between the hours of 9 a.m. and 4 p.m., Monday through Friday.

Statement of Income & Expense

Results as of December 31, 2014 2013

INCOME

Interest on Loans to Members	\$31,313,103	\$29,105,150
Interest on Investments	2,626,881	2,540,462
Miscellaneous Income	15,126,043	14,867,037
Total Income	49,066,027	46,512,649

EXPENSES

Employee Compensation	14,565,052	13,184,341
Employee Benefits	3,664,615	3,177,436
Meetings and Employee Training	280,752	422,622
Association Dues	71,696	141,076
Office Occupancy	3,645,266	3,100,457
Office Operations	2,761,502	2,648,658
Marketing & Promotion	1,250,834	1,304,638
Member Loan Servicing	2,362,395	2,155,208
Member Services	2,674,841	2,939,189
Communications	1,007,833	901,885
Data Processing	3,371,802	2,600,802
Auditing Services	275,264	281,202
Professional/Outside	469,587	546,166
Provision for Loan Loss	2,870,451	1,940,298
NCUSIF Premium Assessment	0	538,613
Member Insurance	8,819	25,606
Operating Fees	59,616	57,464
Cash Over/Short	8,053	14,353
Annual Meeting	768	4,342
Miscellaneous Operating Expense	169,216	189,486

TOTAL OPERATING EXPENSE 39,518,362 36,173,842

Non-Operating (Gain)/Loss	104,548	(1,752)
Dividends and Interest Paid to Members	4,386,116	4,676,318
Interest on Borrowed Funds	771,358	645,863
Total Expenses	44,780,384	41,494,271

NET INCOME \$4,285,643 \$5,018,378

Statement of Financial Condition

Results as of December 31, 2014 2013

ASSETS

Loans to Members (Net of Allowance)	\$649,660,877	\$570,404,194
Accounts Receivable	4,254,416	2,163,050
Cash on Hand in Financial Institutions	10,423,034	10,923,248
Investments	187,778,112	182,187,696
Prepaids/Deferreds	2,190,216	1,499,935
Building (Net)	14,943,428	14,707,694
Land	7,935,761	6,792,639
Furniture, Fixtures and Equipment	4,369,517	4,059,166
Leasehold Improvement (Net)	585,810	765,015
Accrued Income	2,003,582	1,971,166
NCUA Deposit Insurance	7,089,634	6,911,107
Other Assets	14,029,863	14,645,851

TOTAL ASSETS \$905,264,250 \$817,030,761

LIABILITIES AND CAPITAL

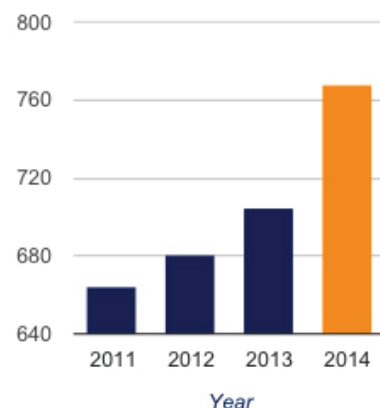
Notes Payable	53,045,581	34,545,555
Accounts Payable	8,474,397	6,943,181
Dividends Payable	386,501	350,638
Other Liabilities	4,006,202	3,656,763
Member Deposits	767,386,341	704,183,451
Regular Reserves	15,359,350	15,359,350
Accumulated Comprehensive Income-AFS	(180,607)	(856,546)
Accumulated Comprehensive Income- Pension Plan	(8,461,947)	(8,114,421)
Undivided Earnings	65,248,432	60,962,790

TOTAL LIABILITIES & CAPITAL \$905,264,250 \$817,030,761

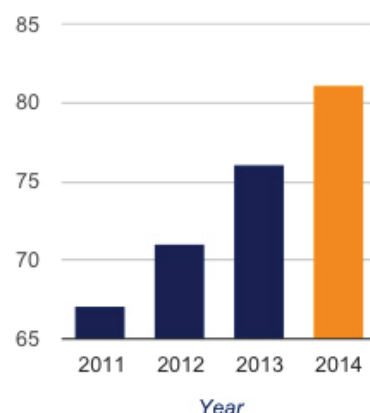
Membership

95,250 93,788

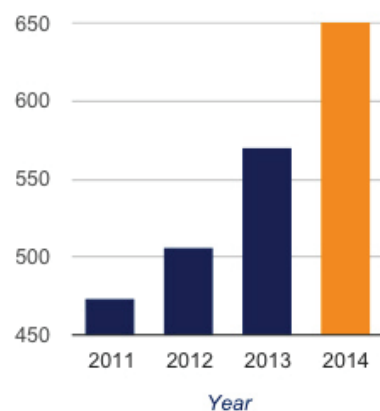
Deposits (in Millions)



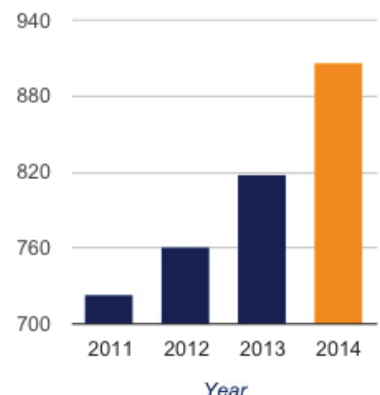
Reserves (in Millions)



Net Loans (in Millions)



Assets (in Millions)





Back row left to right: James Muir, Kyle Friesenhahn, Matthew Ralph, Clare Coleman, Ignacio Orozco, Jr., Anthony Petri and Redell Ervin. Seated left to right: Donald Pinson and Rudy Peña.

BOARD OF DIRECTORS

Donald Pinson, Chairman – Current Term Expires March 2015

Prior to his retirement in 2004, Mr. Pinson spent the better part of four decades serving the San Antonio education community at both the San Antonio and Northside Independent School Districts as teacher, assistant principal, and vice principal, finally capping his career as principal of a large 5A high school. A graduate of local Jefferson High School, Mr. Pinson earned his bachelor's degree in mathematics from Texas Lutheran University in Seguin, Texas, and his master's degree in business administration and mid-management certification from the University of Texas in San Antonio. Mr. Pinson joined the Firstmark Credit Union Board of Directors as an advisory director in 2006, and was appointed a director of the Board in 2008 and Chairman of the Board in 2012. He additionally serves as chair of the Board of Administrators for the credit union's CUSO, FMCU Financial Group, Inc.

Rudy Pena, Vice Chairman – Current Term Expires March 2015

A member of Firstmark Credit Union since 1972, Mr. Pena has served as director of the Board since 2002. Professionally, he served as Director of Secondary Human Resources for the Northside Independent School District for over 16 years, where he was responsible for overseeing the staffing of school personnel for middle and high schools throughout the district. A native Texan, Mr. Pena earned a bachelor's degree from the University of Texas Pan American and a master's degree from Texas A&I University.

James Muir, Secretary/Treasurer – Current Term Expires March 2016

Mr. Muir served 35 years as a teacher with the San Antonio ISD. He holds a bachelor's degree in business administration with focuses in accounting and economics, along with a Master of Education from St. Mary's University. A World War II veteran, Mr. Muir enlisted in the United States Army in 1940 and obtained his commission as an officer in 1942. He served as an active duty serviceman in locations such as North Africa, Sicily, Normandy, North France, Ardennes, and Rhineland. Mr. Muir joined the Firstmark Credit Union Board of Directors in 1951 and has held the position of Secretary of the Board since 1984.

Redell Ervin, Director – Current Term Expires March 2017

A member of Firstmark Credit Union since 1971, Ms. Ervin's distinguished career as an elementary school teacher and assistant principal with the South San Antonio Independent School District spanned thirty-six years until her retirement in 2004. Born and raised in Texas, Ms. Ervin earned a bachelor's degree from Houston Tillotson University and a master's degree from Prairie View University before relocating permanently to San Antonio. Ms. Ervin has served on the Board of Directors since 1975. She also currently serves on the credit union's Asset Liability Management Committee.

Ignacio Orozco, Jr., Director – Current Term Expires March 2016

A lifelong educator, Mr. Orozco began his professional career in 1961 at Irving Junior High School and Fox Tech High School. He is a graduate of St. Mary's University and holds both a bachelor's degree and master's degree in English. In 1968, he became Professor of English at San Antonio College and continued in this position until his retirement in 2008. A member of Firstmark Credit Union for more than 45 years, Mr. Orozco has served on the Firstmark Credit Union Board of Directors since 1971.

Kyle Friesenhahn, Director – Current Term Expires March 2015

Ms. Friesenhahn combined her love for music with a professional career in education, dedicating over 34 years as a high school band director in the Seguin, Luling, LaVernia, and Schertz-Cibolo-Universal City Independent School Districts. Originally from Pflugerville, Texas, Ms. Friesenhahn earned both a bachelor's degree and master's degree in music education from Southwest Texas State University in San Marcos, Texas. She began in a volunteer capacity with the credit union by serving on the prestigious Nominating Committee in 2006, and was then asked to serve on the Board of Directors as an Advisory Director in 2007. She was subsequently elected by the membership as a full Director in 2009. She additionally serves as vice chair of the Board of Administrators for the credit union's CUSO, FMCU Financial Group, Inc.

Clare Coleman, Director – Current Term Expires March 2017

Prior to her retirement in 1999 as a teacher for the San Antonio Independent School District, Ms. Coleman traveled throughout the world during 32 years of service as teacher and counselor for the Department of Defense, including assignments in Germany, Japan, the Philippines, and Panama. Ms. Coleman earned her bachelor's degree from Trinity University and Master of Education from Our Lady of the Lake University. Ms. Coleman joined the Firstmark Credit Union Board of Directors as an advisory director in 2008, and was appointed a director of the Board in 2009, and currently serves as chairman of the Frank Price Cunningham and Helen Shipman Cunningham Memorial Scholarship Committee.

Anthony Petri, Director – Current Term Expires March 2017

Mr. Petri earned his bachelor's degree in secondary education from Texas A&I University Kingsville and his Master of Education from Our Lady of the Lake University. He then embarked on a 33-year career dedicated to education with the Northeast Independent School District, including positions as principal of Dwight Eisenhower and Douglas MacArthur High School, as well as Executive Director of Pupil Personnel Services until his retirement in 1998. Mr. Petri joined the Firstmark Credit Union Board of Directors as an advisory director in 2009, and was appointed director in 2012. He additionally serves on the credit union's Audit Committee and the Frank Price Cunningham and Helen Shipman Cunningham Memorial Scholarship Committee.

Matthew Ralph, Advisory Director – Current Term Expires April 2015

A member of the credit union's Audit Committee since 2012, Mr. Ralph was appointed an Advisory Director on the Board of Directors in 2013. Mr. Ralph began his professional career as an officer in the United States Air Force, where he served for over 20 years. He is currently a Program Manager for the Air Force Audit Agency at Randolph Air Force Base and Chief of Operations of Pediatric Dental Wellness in Houston. A Certified Public Accountant, Mr. Ralph holds a bachelor's degree in Accounting from the University of Notre Dame and a master's degree in Administrative Management/Business Administration.

Joyce Chamberlain, Director Emeritus**Lucille Herndon, Director Emeritus**



Back row left to right: Don Jones, Gregg Thorne, Andrew Apple, Fred Hagerman, and Dawn Sloans. Seated left to right: Leon Ewing and Jesse Martinez.

SENIOR LEADERSHIP TEAM

Leon Ewing, President/Chief Executive Officer

Mr. Ewing is responsible for the principal leadership, direction, oversight, and execution of the credit union's overall strategic goals in accordance with the credit union's mission and vision as set forth by the Board of Directors and its members. Mr. Ewing has over 42 years of experience in the credit union industry, 39 years of which have been in leadership roles. He holds a BS degree in Economics from Abilene Christian University.

Jesse Martinez, EVP/Chief Operating Officer

Mr. Martinez assumes direct responsibility for all Credit Union operations including retail banking, consumer, mortgage, and business credit and loan areas, human resources, facilities, information technology, finance and financial operations, marketing, risk management and fraud. He has more than 40 years of experience in the credit union industry, 38 years of which have been in leadership roles. He holds a BBA in Finance from the University of Texas at San Antonio.

Andrew Apple, SVP/Chief Finance Officer

Mr. Apple oversees the implementation of the credit union's finance and accounting functions, as well as the strategic direction of these areas, to analyzing cash flow, cost controls, financial statements, expenses and overall operations to identify potential opportunities to support deposit and loan demand. Mr. Apple has over 25 years of experience in the finance and accounting field. He is a Certified Public Accountant with a BBA in Accounting from Abilene Christian University.

Fred Hagerman, SVP/Chief Marketing Officer

Mr. Hagerman directs the credit union's overall marketing strategy, including advertising, promotion, pricing, product development, business development and public relations activities. Mr. Hagerman has over 20 years of experience in Marketing, and holds a BA in Economics from York University and an MBA in Marketing from Queen's University, Canada.

Don Jones, SVP/Chief Information Technology Officer

Mr. Jones provides leadership in the development and implementation of the credit union's comprehensive information technology (IT) program, including the overall strategic planning direction, infrastructure, and supporting applications of information systems and technology. Mr. Jones has over 38 years of experience in Information Technology and holds a double-major BS in Business and Management Systems from Southern Illinois University, an MBA in International Business from Our Lady of the Lake University, and is certified as Project Management Professional (PMP).

Dawn Sloans, SVP/Chief Human Resources Officer

Ms. Sloans forms, shapes, and executes a comprehensive human capital strategy that emphasizes service excellence, teamwork, results, and employee engagement in support of the overall Credit Union strategy and position as an employer of choice. Ms. Sloans has over 33 years of experience in Human Resources and holds a BBA in Human Resources from St. Mary's University and an MBA from the University of Texas at San Antonio.

Gregg Thorne, SVP/Chief Lending Officer

Mr. Thorne oversees the strategic direction of the credit union's lending offerings and directs lending efforts with members, with a focus on delivering value in the form of competitive products, rates and services that help members achieve their financial goals. Mr. Thorne has over 11 years of experience in Lending and earned his BBA in Marketing from Texas A&M University.

MANAGEMENT TEAM

Mark Leita, VP/Corporate Relations Manager

Edward Muñoz, VP/Loan Servicing

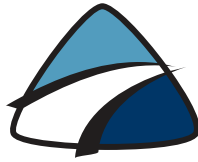
Michael Poligala, VP/Lending

Tom Pryjomski, VP/Facilities

Adrian Rivera, VP/Risk Management

Veronica Teran, VP/Finance

Traci Wilson, VP/Learning & Performance



FIRSTMARK
Credit Union®

Great with people.
Great with money.