A Year of Continual Improvement
Board of Directors*
Donald Pinson, Chairman (2021)
Rudy Peña, Vice Chairman (2021)
Ignacio Orozco, Jr., Secretary (2019)
Matthew Ralph, Treasurer (2019)
Redell Ervin, Director (2020)
Kyle Friesenhahn, Director (2021)
Clare Coleman, Director (2020)
Anthony Petri, Director (2020)
Joyce Chamberlain, Director Emeritus
Ronald Kyle, Director Emeritus

Audit Committee
Larry Wertheim, Committee Chairman
Anthony Petri, Vice Chairman
Tamika Baker, Committee Member

Asset/Liability Management Committee
Matthew Ralph, Committee Chairman
Michael Grundon, Vice Chairman
Donald Pinson, Board Member Representative
Redell Ervin, Board Member Representative
Nathanael Tarwasokono, Committee Member
Gregg Thorne, Committee Member
Tamika Baker, Committee Member

Management Team
Nathanael Tarwasokono, President/CEO
Tamika Baker, Chief Risk Officer
Michael Grundon, Chief Financial Officer
Kayvee Kondapalli, Chief Information Officer
Dawn Sloans, Chief Talent and Culture Officer
Gregg Thorne, Chief Operations Officer

* All current terms expire in March of the year noted.
1. Alamo Ranch  
10911 Culebra Rd., San Antonio, TX 78253

2. Bandera  
8826 Bandera Rd., San Antonio, TX 78250

3. Bitters  
2600 N. Loop 1604 W., San Antonio, TX 78248

4. Culebra  
7200 Culebra Rd., San Antonio, TX 78251

5. DeZavala  
12822 IH-10, San Antonio, TX 78249

6. Fredericksburg*  
610 W. Main St., Fredericksburg, TX 78624

7. Gold Canyon  
2023 Gold Canyon Dr., San Antonio, TX 78232

8. Gulfdale  
10730 Gulfton St., San Antonio, TX 78216

9. Huebner  
8960 Huebner Rd., San Antonio, TX 78240

10. Jefferson  
122 Donaldson Ave., San Antonio, TX 78201

11. Mission  
1440 S.E. Military Dr., San Antonio, TX 78214

12. O’Connor  
11530 North IH-35, San Antonio, TX 78233

13. Potranco  
10610 Potranco Rd., San Antonio, TX 78251

14. Zarzamora  
6927 S. Zarzamora St., San Antonio, TX 78224

Mark Leita, VP, Risk Management
Michael Poligala, VP, Lending
Tom Pyrnowski, VP, Real Estate and Facilities
David Puente, VP, Retail
Danny Smith, VP, Operations*
Veronica Teran, VP, Accounting/Controller

Michelle Akers, Director, Governance
Jennifer Alonzo, Director, Retail Project Management
Trevor Brooks III, Director, Treasury
Andrew Denoncourt, Director, Online Services
Jerry Dugas, Director, Loan Resolution
Kelley Fanwell, Director, Brand
Angela Guerra, Director, Member Care Center
Jessica Guzman, Director, Retail
Todd Lanier, Creative Director
Renee Patterson, Director, Talent and Culture
Melia Peters, Director, Payment Systems
Andrew Ramos, Director, Project Management and Digital Services

Dazery Loredo, Manager, Core and Applications
Rich Migliore, Manager, Consumer Loan Underwriting
Elda Morin, Manager, Accounting
Priscilla Navarro-Fox, Manager, Risk Management
Rick Nelson, Manager, Business Lending
Denise Plourde, Manager, Home Lending
Victoria Rodriguez, Manager, Online Services
Matthew Rojas, Manager, Treasury
Crystal Shook, Manager, Loan Resolution
Esther Torres, Manager, Loan Quality and Servicing
Manuel Trejo Portes, Manager, Member Care Center
Katrina Vargas, Manager, Organizational Performance
Kara Veach, Manager, Consumer Loan Processing

Sylvia Angel, DeZavala Financial Center Manager
Vanessa Ani-Gonzalez, O’Connor Financial Center Manager
Diane Bacon, Huebner Financial Center Manager
Matthew Bohr, Bitters Financial Center Manager
Benjamin Castillo, Alamo Ranch Financial Center Manager
Joel Ceguera III, Culebra Financial Center Manager
Christina Mason, Jefferson Financial Center Manager
Connie Poole, Gulfton Financial Center Manager
Crystal Saucedo, Mission Financial Center Manager
Ashlie Schilling, Zarzamora Financial Center Manager
Angelica Sinks, Gold Canyon Financial Center Manager
Michelle Torres, Fredericksburg Financial Center Manager
Brenda Trevino, Potranco Financial Center Manager
Susan Valenzuela, Bandera Financial Center Manager

* Joined the management team in January 2019.

* Located in Fredericksburg, Texas
CHAIRMAN & CEO MESSAGE

Benjamin Franklin once said, “Without continual growth and progress, such words as improvement, achievement and success have no meaning.” With those words in mind, we are proud to inform our members that Firstmark Credit Union had another successful year of improvement and success in 2018. Over the last few years, our credit union has embraced a mindset of continuous improvement or Kaizen. Best known in the Japanese business culture, Kaizen is a combination of two Japanese words “Kai” and “Zen” that together translate to “change for good” and has developed to mean “continuous improvement.” Kaizen can be applied in one’s home, social and work life. At Firstmark, we recognize that our members’ needs are constantly shifting, and we are committed to continually improving and evolving along with you. In 2018, Firstmark strengthened and improved several key areas, which are provided below.

- We strengthened our roots with educators. As a credit union founded by teachers, education will continue to be a central focus for us. Last year, we increased the number of $500 educator grants from 10 to 15 and will now be awarding $7,500 in grants to educators each year. Additionally, we increased the number of $1,000 student scholarships from 15 to 20. We also hosted the first-ever Teacher Fest – a back-to-school fair for teachers. We did not stop there! In a series of teacher-focus groups, we requested feedback regarding the Firstmark Academic Planner that resulted in a redesign and well-received calendar stickers.

- We enhanced the member experience at our financial centers. We streamlined hours of operation across all Firstmark locations, which ensured more consistency of service and reduced wait times during peak hours. We also consolidated the Southwest Military and Zarzamora financial centers, enabling the credit union to be more efficient and to provide our members with better prices and services.

- We improved our debit card services by transitioning from MasterCard® to VISA®. Our members now have EMV chip-enabled cards that provide greater security, VISA® Check out that provides a better online checkout experience, and tokenization (i.e. Apple Pay and Google Pay) that provides more payment convenience for our members.

As you can see, we are committed to continually improving your credit union, and you can expect many more improvements in 2019 and beyond!

INCOME & EXPENSE

Results as of December 31

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans to Members</td>
<td>$35,263,419</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>7,195,054</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>17,065,862</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>$59,524,335</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
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<tbody>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td>Employee Compensation and Benefits</td>
<td>$19,688,674</td>
</tr>
<tr>
<td>Travel and Conference Expenses</td>
<td>742,108</td>
</tr>
<tr>
<td>Office Occupancy Expenses</td>
<td>4,088,719</td>
</tr>
<tr>
<td>Office Operations Expenses</td>
<td>6,739,817</td>
</tr>
<tr>
<td>Educational and Promotional Expenses</td>
<td>926,134</td>
</tr>
<tr>
<td>Loan Servicing Expenses</td>
<td>1,886,500</td>
</tr>
<tr>
<td>Professional and Outside Services</td>
<td>6,858,195</td>
</tr>
<tr>
<td>Member Insurance</td>
<td>25,677</td>
</tr>
<tr>
<td>Provision for Loan and Lease Losses</td>
<td>2,334,228</td>
</tr>
<tr>
<td>Operating Fees</td>
<td>83,877</td>
</tr>
<tr>
<td>Miscellaneous Operating Expenses</td>
<td>409,441</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$43,783,370</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td>Non-Operating (Gain)/Loss</td>
<td>44,134</td>
</tr>
<tr>
<td>Dividends and Interest Paid to Members</td>
<td>4,830,648</td>
</tr>
<tr>
<td>Interest on Borrowed Funds</td>
<td>3,651,938</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$52,310,090</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$7,214,245</td>
</tr>
</tbody>
</table>

0.70% Highest Return-on-Assets Ratio in 10 Years

75% Financial Center Employees Cross Trained to Help Members with all Needs and Requests
In 2018, we also increased our give-back to the community. In an effort to encourage our employees to volunteer in the community, we provide year-round opportunities for them to give back to the community. We are pleased to report that our employees contributed over 2,300 volunteer hours in 2018, with an employee participation rate of 85%! We are very proud of our employees’ commitment to improving the communities where we work and live.

Firstmark completed 2018 with $741 million in loans, $848 million in deposits and $1 billion in assets. We ended the year with net income of $7.2 million, resulting in a return-on-assets ratio of 0.70 percent and a strong capital ratio of 10.29 percent. Our insurer NCUA considers a ratio of 7 percent to be well-capitalized. At 10.29 percent, we are financially secure, able to withstand significant downturns in the economy and have the necessary funds to invest back into the long-term success of our credit union. The credit union finished the year with 99,000 members, a slight (2.9%) decrease from 2017.

We would like to close by extending a special thanks to our Board of Directors and Committee members. We recognize your leadership and commitment to representing the best interests of our members. We can say with confidence your credit union is in good hands now and in the future. To our members, we thank you for continuing to place your trust in us. We know you have many choices, and we appreciate you choosing to be a member at Firstmark. On behalf of Firstmark Credit Union, we wish you and your family much happiness! We look forward to serving you in 2019 and beyond!

Donald Pinson
Nathanael Tarwasokono
Board Chairman
President/CEO

### Financial Condition

<table>
<thead>
<tr>
<th>Results as of December 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to Members (Net of Allowance)</td>
<td>$741,299,061</td>
<td>$756,325,725</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>3,034,114</td>
<td>1,006,125</td>
</tr>
<tr>
<td>Cash on Hand in Financial Institutions</td>
<td>8,440,491</td>
<td>10,808,215</td>
</tr>
<tr>
<td>Investments</td>
<td>219,346,908</td>
<td>225,060,868</td>
</tr>
<tr>
<td>Prepaids/Deferreds</td>
<td>1,822,932</td>
<td>1,645,955</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>24,822,740</td>
<td>25,856,123</td>
</tr>
<tr>
<td>Accrued Income</td>
<td>2,508,653</td>
<td>2,498,773</td>
</tr>
<tr>
<td>NCUA Deposit Insurance</td>
<td>8,175,589</td>
<td>8,288,126</td>
</tr>
<tr>
<td>Other Assets</td>
<td>15,730,143</td>
<td>13,890,765</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$1,025,180,631</td>
<td>$1,045,380,675</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND CAPITAL** |            |            |
| Notes Payable             | $64,106,817 | $83,784,870 |
| Accounts Payable          | 8,189,569  | 10,429,999 |
| Dividends Payable         | 472,836    | 360,755    |
| Other Liabilities         | 4,042,649  | 5,675,038  |
| Member Deposits           | 847,660,044| 851,311,657|
| Regular Reserves          | 16,902,857 | 16,902,857 |
| Undivided Earnings        | 88,650,822 | 81,450,902 |
| Accumulated Comprehensive Income–AFS | (3,112,355) | (1,599,120) |
| Accumulated Comprehensive Income–Pension Plan | (1,732,608) | (2,936,283) |
| **TOTAL LIABILITIES & CAPITAL** | $1,025,180,631 | $1,045,380,675 |

**Deposits (in Millions)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loans (in Millions)</td>
<td>$741</td>
<td>$758</td>
<td>$756</td>
<td>$741</td>
</tr>
<tr>
<td>Deposits (in Millions)</td>
<td>$857</td>
<td>$856</td>
<td>$851</td>
<td>$848</td>
</tr>
</tbody>
</table>

**Strongest Capital Ratio Ever**

10.29%

**Cunningham Scholarships Awarded**

$15K
Asset/Liability Management Committee Report

The Asset/Liability Committee (ALCO) is appointed by the Board of Directors to appropriately identify, measure, monitor and control specific elements of balance sheet risk, including the pricing of loans and deposits. Examples of risks include liquidity, interest rate, credit and portfolio concentration. The committee’s risk management objectives are to mitigate the impact of interest rate changes to net interest income and maintain a close watch on the credit quality of loans in the portfolio. The committee prices loans and deposits with the goal of providing members a selection of easy-to-understand solutions at fair rates and terms.

The committee is pleased to report the credit union ended 2018 with a regulatory capital ratio of 10.29 percent, which was 3.29 percent greater than the National Credit Union Association’s (NCUA) highest rating of “well-capitalized.” The credit union completed the year with total assets of $1 billion, total member loans of $741 million and total member deposits of $848 million. The credit union granted $384 million in new loans during 2018, while maintaining a low delinquency and charge-off ratio. The credit union’s net interest margin remained healthy at 3.28 percent.

In 2018, the local economy continued to grow with historically low unemployment. The Federal Reserve raised the Federal Funds rate four times during the year. Inflation remained under control, but monetary policy changed from accommodative toward a goal of fostering maximum employment and maintaining inflation at a target rate of 2.00 percent. The national economy continued to grow at a modest pace in 2018. Market interest rates increased steadily over the year, followed by a decrease in November due to data suggesting the economy may be slowing.

The Federal Reserve may continue on a path toward higher interest rates in 2019, although the pace of change is expected to slow. Since 2011, market interest rates have favored borrowers by providing extremely low financing costs for automobiles and homes. As interest rates continue to increase in 2019 and beyond, members have an incentive to save money.

Firstmark Credit Union continues to be in a strong financial position and remains poised to provide its 99,000 members a path to better their lives and businesses in the years ahead. Sincerely,

Matthew Ralph
Matthew Ralph, Committee Chairman

Michael Grundon
Michael Grundon, Committee Vice Chairman

We doubled our summer internship program in 2018. Eight students joined us for a six-week, hands-on experience in our Accounting, IT, Risk, Marketing, Talent & Culture and Lending departments. Students received a first-hand view of the workplace and honed their leadership, professional and networking skills during their summer with the credit union.

SAReads
Every summer, Firstmark Credit Union collects new and gently used books at each of our locations. In 2018, SAReads collected more than 10,000 books, which will be provided free of charge to many nonprofit organizations, schools and other groups in the San Antonio area. Firstmark continues to provide office space at its Gulfdale location that is used by Literacy San Antonio to administer the science-based reading instruction program and Book Bank.

Credit Unions for Kids
With the help of our members and employees, we raised $45,000 in 2018 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 partnership with the Children’s Miracle Network, a nonprofit organization that increases awareness of children’s health issues and raises funds for children’s hospitals and medical research.

SA Teacher Fest 2018
We partnered with San Antonio Leaders & Teachers (SALT) to offer the first-ever San Antonio Teacher Fest, a free event held at the UTSA Downtown Campus. Educators were treated to informational break-out sessions, refreshments, networking opportunities and free takeaways. We invited local organizations and companies to share special educator-only discounts and incentives. The event was a huge success and plans to host the 2nd Annual San Antonio Teacher Fest are underway.

Volunteer
In 2018, Firstmark employees volunteered 2,330 hours. Throughout the year, 41 volunteer events were organized including opportunities with the Salvation Army, Meals on Wheels, Habitat for Humanity, Junior Achievement, San Antonio Food Bank and more. In addition to assisting with nonprofits, community events such as the Festival of Tails, Texas Folklife Festival, JazzSanAntonio and the Raul Jimenez Thanksgiving Dinner also provided opportunities for employees to get further involved with giving back to our community.
Audit Committee Report
Appointed by the Board of Directors, the Audit Committee ensures that a comprehensive audit program for the credit union is established and implemented in accordance with all credit union rules and regulations. The committee is also responsible for ensuring that management adheres to policies established by the Board of Directors and maintains a strong internal control system.

The committee retained the CPA firm Nearman, Maynard, Vallez as the credit union’s financial external auditor. Nearman, Maynard, Vallez has been ranked by the research firm of Callahan & Associates as a leading CPA firm providing audit services to the credit union industry.

In 2018, the committee began a new partnership with CliftonLarsonAllen (CLA) for all internal audit activities for the next three years (2018–2020). The firm serves in excess of 600 credit union clients ranging in asset size from $10 million to more than $35 billion. CLA leverages a risk-based approach audit program, ensuring that high-risk areas and functions have strong procedures and controls in place. Management responses have been received and published in monthly Audit Committee packets and findings have been satisfactorily addressed.

As the credit union grows in size and complexity, the committee will continue to work with management to build a strong risk management program that ensures Firstmark Credit Union remains a trusted partner for its members over the long term.

Sincerely,

Larry Wertheim
Larry Wertheim, Committee Chairman

Cunningham Scholarships
In 2018, the credit union awarded fifteen $1,000 Frank Price and Helen Shipman Cunningham scholarships to local high school students. These scholarships may be used at any academically accredited two-or four-year college or university. Applicants are evaluated on academic achievement, community involvement/leadership, and recommendations.

Educator Grants
Ten educators were awarded $500 each to implement innovative projects inside and outside the classroom. Winning projects included literacy programs, math manipulatives, robotics and engineering kits, and lab equipment.

Meet Our 2018 Educator Grant Winners
Brandie Hokamp, Spicewood Park Elementary
Carl Dickerson, Sky Harbour Elementary
Carrie Turner-Gray, Johnson High School
Christopher Schmidt, Medio Creek Elementary
Donna Walker, Elrod Elementary School
Mara Rubio, Japhet Elementary School
Nathanial Boyd, Bob Hope Elementary
Pedro Rodriguez, Young Men’s Leadership Academy
Rebecca Vidal, Harlandale Middle School

Academic Planners
For more than 20 years, Firstmark Credit Union has distributed academic planners to educators in the San Antonio area. In 2018, we hosted focus groups to get feedback on how to improve the planner. One key change was to include color-coded stickers. More than 85,000 planners were delivered to teachers and administrators in public and private schools, as well as students in teacher certification programs throughout the area.

Junior Achievement
During 2018, Firstmark partnered with Junior Achievement to deliver financial education to 300 students at the Junior Achievement Finance Park. This program educates middle and high school students on the basics of financial literacy: budgeting, investing and managing risk. It also reinforces the value of education and how it affects one’s future.

Write Start
According to a recent study, teachers spend on average $945 on classroom materials during the school year. That is why in 2018, Firstmark Credit Union partnered with The United Way of San Antonio and Bexar County to host the Write Start project. This provided over 5,000 new teachers with a starter kit of classroom supplies, including paper, pencils, pens, scissors, hand sanitizers, and snacks.

SAWorks
In 2018, Firstmark once again hosted a group of high school students for a half-day visit to our headquarters. The visit was part of a city-wide Job Shadow Day organized by SAWorks and Junior Achievement. The goal of the program is to give students an inside look at the workplace and career options. We offered a fast-paced schedule.

Raul Jimenez Thanksgiving Dinner
Presenting the Children’s Hospital Foundation with a check donated by our members and employees.
A YEAR OF CONTINUAL IMPROVEMENT

Education
• Increased the number of $1,000 Cunningham scholarships from 15 to 20
• Simplified the scholarship application and moved it online with the San Antonio Area Foundation
• Increased the number of $500 educator grants from 10 to 15
• Improved the academic planner and added stickers, as requested by our teachers

Digital Services
• Reduced loan application online clicks from 45 to 30
• Reduced deposit application online clicks from 75 to 43
• Enhanced member self-enrollment in mobile banking
• Automated address changes
• Enhanced caller authentication

Debit Cards
• Transitioned MasterCard® debit cards to VISA® EMV chip-enabled debit cards
• Improved purchasing and payment options with VISA Checkout
• Launched tokenization (Apple Pay and Android Pay)

Financial Centers
• Streamlined hours of operations
• Consolidated the Southwest Military and Zarzamora financial centers
• Remodeled the Huebner financial center

Member Service
• Increased Member Care Center calls answered; averaging 90% or higher since July 2018
• Increased member satisfaction ratings to 97 percent (top 13th percentile in the United States)

Credit Union
• Earned highest net income in 10 years
• Finished year with strongest capital ever

Funds Raised and Donated to Credit Unions for Kids
$45,000

Cunningham Scholarships Awarded to Students
$15,000

Educator Grants Awarded to Teachers
$5,000

Hours Volunteered by Employees
2,330

33%
Reduced Length of Loan Applications
(online clicks)

43%
Reduced Length of Deposit Applications
(online clicks)
A YEAR OF CONTINUAL IMPROVEMENT

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Reduced Length of Loan Applications
(online clicks)
33%

Reduced Length of Deposit Applications
(online clicks)
43%
Employee Volunteer Participation

85%

Community Events

41

Audit Committee Report

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Larry Wertheim, Committee Chairman

Community Events

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GIVING BACK IN 2018

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In 2018, the credit union awarded fifteen $1,000 Frank Price and Helen Shipman Cunningham scholarships to local high school students. These scholarships may be used at any academically accredited two- or four-year college or university. Applicants are evaluated on academic achievement, community involvement/leadership and recommendations.

Educator Grants
Ten educators were awarded $500 each to implement innovative projects inside and outside the classroom. Winning projects included literacy programs, math manipulatives, robotics and engineering kits, and lab equipment.

Meet Our 2018 Educator Grant Winners
Brandie Hokamp, Spicewood Park Elementary
Carl Dickerson, Sky Harbour Elementary
Carrie Turner-Gray, Johnson High School
Christopher Schmidt, Medio Creek Elementary
Donna Walker, Eirol Elementary School
Mara Rubio, Japhet Elementary School
Nathanial Boyd, Bob Hope Elementary
Pedro Rodriguez, Young Men’s Leadership Academy
Rebecca Vidal, Harlandale Middle School

Academic Planners
For more than 20 years, Firstmark Credit Union has distributed academic planners to educators in the San Antonio area. In 2018, we hosted focus groups to get feedback on how to improve the planner. One key change was to include color-coded stickers! More than 85,000 planners were delivered to teachers and administrators in public and private schools, as well as students in teacher certification programs throughout the area.

Junior Achievement
During 2018, Firstmark partnered with Junior Achievement to deliver financial education to 300 students at the Junior Achievement Finance Park. This program educates middle and high school students on the basics of financial literacy: budgeting, investing and managing risk. It also reinforces the value of education and how it affects one’s future.

Write Start
According to a recent study, teachers spend on average $945 on classroom materials during the school year. That is why in 2018, Firstmark Credit Union partnered with The United Way of San Antonio and Bexar County to host the Write Start project. This provided over 5,000 new teachers with a starter kit of classroom supplies, including paper, pencils, pens, scissors, hand sanitizers and snacks.

SAWorks
In 2018, Firstmark once again hosted a group of high school students for a half-day visit to our headquarters. The visit was part of a city-wide Job Shadow Day organized by SAWorks and Junior Achievement. The goal of the program is to give students an inside look at the workplace and career options. We offered a fast-paced schedule.

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Raul Jimenez Thanksgiving Dinner
Presenting the Children’s Hospital Foundation with a check donated by our members and employees.
COMMITTEE REPORTS

Asset/Liability Management Committee Report

The Asset/Liability Committee (ALCO) is appointed by the Board of Directors to appropriately identify, measure, monitor and control specific elements of balance sheet risk, including the pricing of loans and deposits. Examples of risks include liquidity, interest rate, credit and portfolio concentration. The committee’s risk management objectives are to mitigate the impact of interest rate changes to net interest income and maintain a close watch on the credit quality of loans in the portfolio. The committee prices loans and deposits with the goal of providing members a selection of easy-to-understand solutions at fair rates and terms.

The committee is pleased to report the credit union ended 2018 with a regulatory capital ratio of 10.29 percent, which was 3.29 percent greater than the National Credit Union Association’s (NCUA) highest rating of “well-capitalized.” The credit union completed the year with total assets of $1 billion, total member loans of $741 million and total member deposits of $848 million. The credit union granted $384 million in new loans during 2018, while maintaining a low delinquency and charge-off ratio. The credit union’s net interest margin remained healthy at 3.28 percent.

In 2018, the local economy continued to grow with historically low unemployment. The Federal Reserve raised the Federal Funds rate four times during the year. Inflation remained under control, but monetary policy changed from accommodative toward a goal of fostering maximum employment and maintaining inflation at a target rate of 2.00 percent. The national economy continued to grow at a modest pace in 2018. Market interest rates increased steadily over the year, followed by a decrease in November due to data suggesting the economy may be slowing.

The Federal Reserve may continue on a path toward higher interest rates in 2019, although the pace of change is expected to slow. Since 2011, market interest rates have favored borrowers by providing extremely low financing costs for automobiles and homes. As interest rates continue to increase in 2019 and beyond, members have an incentive to save money.

Firstmark Credit Union continues to be in a strong financial position and remains poised to provide its 99,000 members a path to better their lives and businesses in the years ahead.

Sincerely,

Matthew Ralph
Matthew Ralph, Committee Chairman

Michael Grundon
Michael Grundon, Committee Vice Chairman

that included visits with: Talent & Culture, Marketing, Finance & Accounting, IT, Risk, Lending and the Gold Canyon Financial Center.

We doubled our summer internship program in 2018. Eight students joined us for a six-week, hands-on experience in our Accounting, IT, Risk, Marketing, Talent & Culture and Lending departments. Students received a first-hand view of the workplace and honed their leadership, professional and networking skills during their summer with the credit union.

SAReads
Every summer, Firstmark Credit Union collects new and gently used books at each of our locations. In 2018, SAReads collected more than 10,000 books, which will be provided free of charge to many nonprofit organizations, schools and other groups in the San Antonio area. Firstmark continues to provide office space at its Gulfdale location that is used by Literacy San Antonio to administer the science-based reading instruction program and Book Bank.

Credit Unions for Kids
With the help of our members and employees, we raised $45,000 in 2018 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 partnership with the Children’s Miracle Network, a nonprofit organization that increases awareness of children’s health issues and raises funds for children’s hospitals and medical research.

SA Teacher Fest 2018
We partnered with San Antonio Leaders & Teachers (SALT) to offer the first-ever San Antonio Teacher Fest, a free event held at the UTSA Downtown Campus. Educators were treated to informational break-out sessions, refreshments, networking opportunities and free takeaways. We invited local organizations and companies to share special educator-only discounts and incentives. The event was a huge success and plans to host the 2nd Annual San Antonio Teacher Fest are underway.

Volunteer
In 2018, Firstmark employees volunteered 2,330 hours. Throughout the year, 41 volunteer events were organized including opportunities with the Salvation Army, Meals on Wheels, Habitat for Humanity, Junior Achievement, San Antonio Food Bank and more. In addition to assisting with nonprofits, community events such as the Festival of Tails, Texas Folklife Festival, JazzSAlive and the Raul Jimenez Thanksgiving Dinner also provided opportunities for employees to get further involved with giving back to our community.

97%
Member Satisfaction
Top 13th Percentile for Credit Unions in the United States According to a 2018 Raddon Survey

90%
Member Care Center Answer Rate

San Antonio Food Bank

Healthy Workplace Silver Recognition
In 2018, we also increased our give-back to the community. In an effort to encourage our employees to volunteer in the community, we provide year-round opportunities for them to give back to the community. We are pleased to report that our employees contributed over 2,300 of volunteer hours in 2018, with an employee participation rate of 85%! We are very proud of our employees’ commitment to improving the communities where we work and live.

Firstmark completed 2018 with $741 million in loans, $848 million in deposits and $1 billion in assets. We ended the year with net income of $7.2 million, resulting in a return-on-assets ratio of 0.70 percent and a strong capital ratio of 10.29 percent. Our insurer NCUA considers a ratio of 7 percent to be well-capitalized. At 10.29 percent, we are financially secure, able to withstand significant downturns in the economy and have the necessary funds to invest back into the long-term success of our credit union. The credit union finished the year with 99,000 members, a slight (2.9%) decrease from 2017.

We would like to close by extending a special thanks to our Board of Directors and Committee members. We recognize your leadership and commitment to representing the best interests of our members. We can say with confidence your credit union is in good hands now and in the future. To our members, we thank you for continuing to place your trust in us. We know you have many choices, and we appreciate you choosing to be a member at Firstmark. On behalf of Firstmark Credit Union, we wish you and your family much happiness! We look forward to serving you in 2019 and beyond!

Donald Pinson  
Nathanael Tarwasokono  
Board Chairman  
President/CEO

Donald Pinson  
Nathanael Tarwasokono  
Board Chairman  
President/CEO

Strongest Capital Ratio Ever  
Cunningham Scholarships Awarded
Benjamin Franklin once said, “Without continual growth and progress, such words as improvement, achievement and success have no meaning.” With those words in mind, we are proud to inform our members that Firstmark Credit Union had another successful year of improvement and success in 2018. Over the last few years, our credit union has embraced a mindset of continuous improvement or Kaizen. Best known in the Japanese business culture, Kaizen is a combination of two Japanese words “Kai” and “Zen” that together translate to “change for good” and has developed to mean “continuous improvement.” Kaizen can be applied in one’s home, social and work life. At Firstmark, we recognize that our members’ needs are constantly shifting, and we are committed to continually improving and evolving along with you. In 2018, Firstmark strengthened and improved several key areas, which are provided below.

• We strengthened our roots with educators. As a credit union founded by teachers, education will continue to be a central focus for us. Last year, we increased the number of $500 educator grants from 10 to 15 and will now be awarding $7,500 in grants to educators each year. Additionally, we increased the number of $1,000 student scholarships from 15 to 20. We also hosted the first-ever Teacher Fest – a back-to-school fair for teachers. We did not stop there! In a series of teacher-focus groups, we requested feedback regarding the Firstmark Academic Planner that resulted in a redesign and well-received calendar stickers.

• We enhanced the member experience at our financial centers. We streamlined hours of operation across all Firstmark locations, which ensured more consistency of service and reduced wait times during peak hours. We also consolidated the Southwest Military and Zarzamora financial centers, enabling the credit union to be more efficient and to provide our members with better prices and services.

• We improved our debit card services by transitioning from MasterCard® to VISA®. Our members now have EMV chip-enabled cards that provide greater security, VISA® Check-out that provides a better online checkout experience, and tokenization (i.e. Apple Pay and Google Pay) that provides more payment convenience for our members.

As you can see, we are committed to continually improving your credit union, and you can expect many more improvements in 2019 and beyond!

### Results as of December 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans to Members</td>
<td>$35,263,419</td>
<td>$35,088,004</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>7,195,054</td>
<td>6,037,191</td>
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<tr>
<td>Other Operating Income</td>
<td>17,065,862</td>
<td>18,025,808</td>
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<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>$59,524,335</td>
<td>$59,071,003</td>
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<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Compensation and Benefits</td>
<td>$19,688,674</td>
<td>$19,273,963</td>
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<tr>
<td>Travel and Conference Expenses</td>
<td>742,108</td>
<td>405,289</td>
</tr>
<tr>
<td>Office Occupancy Expenses</td>
<td>4,088,719</td>
<td>4,098,692</td>
</tr>
<tr>
<td>Office Operations Expenses</td>
<td>6,739,817</td>
<td>6,541,868</td>
</tr>
<tr>
<td>Educational and Promotional Expenses</td>
<td>926,134</td>
<td>957,802</td>
</tr>
<tr>
<td>Loan Servicing Expenses</td>
<td>1,886,500</td>
<td>2,636,863</td>
</tr>
<tr>
<td>Professional and Outside Services</td>
<td>6,858,195</td>
<td>6,712,160</td>
</tr>
<tr>
<td>Member Insurance</td>
<td>25,677</td>
<td>23,133</td>
</tr>
<tr>
<td>Provision for Loan and Lease Losses</td>
<td>2,334,228</td>
<td>4,856,788</td>
</tr>
<tr>
<td>Operating Fees</td>
<td>83,877</td>
<td>81,116</td>
</tr>
<tr>
<td>Miscellaneous Operating Expenses</td>
<td>409,441</td>
<td>571,790</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$43,783,370</td>
<td>$46,159,464</td>
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<tr>
<td>Non-Operating (Gain)/Loss</td>
<td>44,134</td>
<td>(568,435)</td>
</tr>
<tr>
<td>Dividends and Interest Paid to Members</td>
<td>4,830,648</td>
<td>4,275,726</td>
</tr>
<tr>
<td>Interest on Borrowed Funds</td>
<td>3,651,938</td>
<td>3,363,825</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$52,310,090</td>
<td>$53,230,580</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$7,214,245</td>
<td>$5,840,423</td>
</tr>
</tbody>
</table>

#### Highest Return-on-Assets Ratio in 10 Years

- 2015: $2.4
- 2016: $5.8
- 2017: $7.2
- 2018: $6.9

#### Financial Center Employees Cross Trained to Help Members with all Needs and Requests

- 2015: 75%
- 2016: 75%
- 2017: 75%
- 2018: 75%
1. **Alamo Ranch**  
10911 Culebra Rd., San Antonio, TX 78253

2. **Bandera**  
8826 Bandera Rd., San Antonio, TX 78250

3. **Bitters**  
2600 N. Loop 1604 W., San Antonio, TX 78248

4. **Culebra**  
7200 Culebra Rd., San Antonio, TX 78251

5. **DeZavala**  
12822 IH-10, San Antonio, TX 78249

6. **Fredericksburg**  
610 W. Main St., Fredericksburg, TX 78624

7. **Gold Canyon**  
2023 Gold Canyon Dr., San Antonio, TX 78232

8. **Gulfdale**  
10730 Gulfdale St., San Antonio, TX 78216

9. **Huebner**  
8960 Huebner Rd., San Antonio, TX 78240

10. **Jefferson**  
122 Donaldson Ave., San Antonio, TX 78201

11. **Mission**  
1440 S.E. Military Dr., San Antonio, TX 78214

12. **O’Connor**  
11530 North IH-35, San Antonio, TX 78233

13. **Potranco**  
10610 Potranco Rd., San Antonio, TX 78251

14. **Zarzamora**  
6927 S. Zarzamora St., San Antonio, TX 78224

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**Financial Center Locations**

* Located in Fredericksburg, Texas

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Mark Leita, VP, Risk Management  
Michael Poligala, VP, Lending  
Tom Prynowski, VP, Real Estate and Facilities  
David Puente, VP, Retail  
Danny Smith, VP, Operations*  
Veronica Teran, VP, Accounting/Controller

Michelle Akers, Director, Governance  
Jennifer Alonzo, Director, Retail Project Management  
Trevor Brooks III, Director, Treasury  
Andrew Denoncourt, Director, Online Services  
Jerry Dugas, Director, Loan Resolution  
Kelley Fanwell, Director, Brand  
Angela Guerra, Director, Member Care Center  
Jessica Guzman, Director, Retail  
Todd Lanier, Creative Director  
Renee Patterson, Director, Talent and Culture  
Melia Peters, Director, Payment Systems  
Andrew Ramos, Director, Project Management and Digital Services

Dazery Loredo, Manager, Core and Applications  
Rich Migliore, Manager, Consumer Loan Underwriting  
Elda Morin, Manager, Accounting  
Priscilla Navarro-Fox, Manager, Risk Management  
Rick Nelson, Manager, Business Lending  
Denise Pioro, Manager, Home Lending  
Victoria Rodriguez, Manager, Online Services  
Matthew Rojas, Manager, Treasury  
Crystal Shook, Manager, Loan Resolution  
Esther Torres, Manager, Loan Quality and Servicing  
Manuel Trejo Portes, Manager, Member Care Center  
Katrina Vargas, Manager, Organizational Performance  
Kara Veach, Manager, Consumer Loan Processing  
Sylvia Angel, DeZavala Financial Center Manager  
Vanessa Anita-Gonzalez, O’Connor Financial Center Manager  
Diane Bacon, Huebner Financial Center Manager  
Matthew Bohr, Bitters Financial Center Manager  
Benjamin Castillo, Alamo Ranch Financial Center Manager  
Joel Ceguera III, Culebra Financial Center Manager  
Christina Mason, Jefferson Financial Center Manager  
Connie Poole, Gulfdale Financial Center Manager  
Crystal Saucedo, Mission Financial Center Manager  
Ashlie Schilling, Zarzamora Financial Center Manager  
Angelica Spinks, Gold Canyon Financial Center Manager  
Michelle Torres, Fredericksburg Financial Center Manager  
Brenda Trevino, Potranco Financial Center Manager  
Susan Valenzuela, Bandera Financial Center Manager

* Joined the management team in January 2019.
Board of Directors*
Donald Pinson, Chairman (2021)
Rudy Peña, Vice Chairman (2021)
Ignacio Orozco, Jr., Secretary (2019)
Matthew Ralph, Treasurer (2019)
Redell Ervin, Director (2020)
Kyle Friesenhahn, Director (2021)
Clare Coleman, Director (2020)
Anthony Petri, Director (2020)
Joyce Chamberlain, Director Emeritus
Ronald Kyle, Director Emeritus

Audit Committee
Larry Wertheim, Committee Chairman
Anthony Petri, Vice Chairman
Tamika Baker, Committee Member

Asset/Liability Management Committee
Matthew Ralph, Committee Chairman
Michael Grundon, Vice Chairman
Donald Pinson, Board Member Representative
Redell Ervin, Board Member Representative
Nathanael Tarwasokono, Committee Member
Gregg Thorne, Committee Member
Tamika Baker, Committee Member

Management Team
Nathanael Tarwasokono, President/CEO
Tamika Baker, Chief Risk Officer
Michael Grundon, Chief Financial Officer
Kayvee Kondapalli, Chief Information Officer
Dawn Sloans, Chief Talent and Culture Officer
Gregg Thorne, Chief Operations Officer

* All current terms expire in March of the year noted.