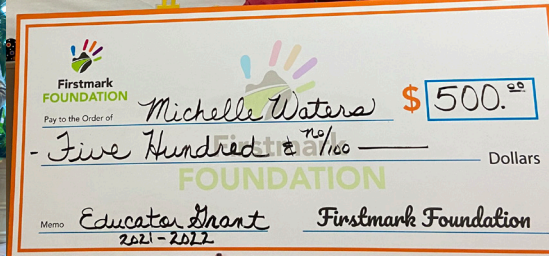




The Power to Make an Impact Together

2021 Annual Report





Power of the Dollar™

The checking account that makes an impact

Only

Unlock money-saving products and benefits
with Power of the Dollar™ Checking.
Enroll today to learn how you can
support your community.

Join the Movement!



Firstmark Foundation | Powered by
Power of the Dollar™ Membership

BOARD OF DIRECTORS & MANAGEMENT



Board of Directors pictured from left to right.

Top row: Donald Pinson, Rudy Peña, Ignacio Orozco Jr., Matthew Ralph, Redell Ervin

Bottom row: Kyle Friesenhahn, Clare Coleman, Donald Jones Jr., Brian Gottardy, Ronald Kyle

Board of Directors¹

Donald Pinson, Chairman (2024)
Rudy Peña, Vice Chairman (2024)
Ignacio Orozco Jr., Secretary (2022)
Matthew Ralph, Treasurer (2022)
Redell Ervin, Director (2023)
Kyle Friesenhahn, Director (2024)
Clare Coleman, Director (2023)
Donald Jones Jr., Advisory Director (2022)
Brian Gottardy, Advisory Director (2022)
Ronald Kyle, Director Emeritus

Asset/Liability Management Committee

Matthew Ralph, Director/Chairman
Michael Grundon, Vice Chairman
Donald Pinson, Director/Member
Redell Ervin, Director/Member
Nathanael Tarwasokono, Member
Danny Smith, Member

Risk & Cyber Committee

Donald Jones Jr., Advisory Director/Chairman
Priscilla Navarro-Fox, Vice Chairman
Larry Wertheim, Member
Michael Hicks, Member

Executive Officers

Nathanael Tarwasokono, President/CEO
Gregg Thorne, Chief Alliance Officer
Michael Grundon, Chief Financial Officer
Danny Smith, Chief Experience Officer
Priscilla Navarro-Fox, Chief Risk Officer²
Aaron Bedingfield, Chief Technology Officer³

Executive Administration

Michelle Akers, Board Counsel
Lisa Baty, Chief of Staff

Firstmark Foundation

Marisa Pérez-Díaz, Executive Director⁴

Vice Presidents

Angela Guerra-Devora, Member Care
Jessica Guzman, Retail Experience
Mark Leita, Compliance & Legislation
Rick Nelson, Business Partnerships
Michael Poligala, Home Lending
Tom Pryjowski, Construction⁵
Veronica Teran, Accounting/Controller

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Directors

Andrew Denoncour, Product Mgmt. & Marketing
 Jerry Dugas, Loss Mitigation
 Todd Lanier, Creative Director
 Dazery Loreda, Core & Applications
 Renee Patterson, Human Resources
 Matthew Rojas, Treasury
 Ashlie Schilling, Payment Systems
 Matthew Stiefer, IT Services
 Esther Torres, Consumer Lending

Managers

Jennifer Alonzo, Call Analytics
 Vanessa Arita-Gonzalez, Retail Experience
 Andy Cano, Software Developer & Data Analytics
 Cierra Daniels, Member Care
 Kelley Farwell, Communications
 Colleen Fitzgerald, Facilities
 Edward Hernandez, Risk Management
 Jennifer Moore, Culture & Engagement
 Jennifer Orth, Digital Marketing
 David Peterson, Network Infrastructure & Security
 David Puente, Home Lending
 Crystal Shook, Member Care
 John Straughan, Service Desk Solutions
 Marivel Tablas, Member Experience Operations
 Mark Teter, Consumer Underwriting
 Marisol Trejo, Risk Governance
 Katrina Vargas, Human Resources
 Kara Veach, Loan Operations



Financial Center Managers

Matthew Bohr, O'Connor
 MaKyla Carrillo, Fredericksburg
 Benjamin Castillo, Huebner
 Jeanette King, Potranco
 Alexandria Lane, Jefferson
 Christina Mason, Zarzamora
 Christopher Rodriguez, Alamo Ranch
 Rosaura Sagredo, Legacy
 Crystal Saucedo, Culebra
 Brenda Trevino, Mission
 Shari Ward, Bitters

1. All current terms expire in April of the year noted
2. Promoted in May 2021
3. Promoted in June 2021
4. Hired in April 2021
5. Retired December 2021; Contracted in April 2022

CHAIRMAN & CEO MESSAGE

The Power of Legacy

Firstmark Credit Union has a proud legacy deeply rooted in education. In 1932, during the Great Depression, ten teachers established a credit union to serve their peers in the school districts. San Antonio Teachers Credit Union (SATCU), the first state-chartered credit union in San Antonio, operated from its original location at what we know today as Fox Tech High School in the San Antonio Independent School District. SATCU closed its first year with 40 members, \$475 in assets, and \$300 in loans divided among three borrowers. We proudly served members under the SATCU name for 70 years before expanding our membership qualifications in 2002 to help more people in the community.

Today, we are Firstmark Credit Union, and although our name has changed, we are committed more than ever to the success of school employees and their families. With the support of our Board of Directors, many of whom are former educators or school district administrators, we continue to champion the school community and all who work tirelessly to impact the lives of our children.

We have designed products and services to meet the financial needs of those who have answered the high calling to educate. It is the combined

efforts of teachers, coaches, counselors, librarians, bus drivers, child nutrition staff, maintenance teams, and school administrators that impact the whole child, their learning experience, and ultimately their future. We at Firstmark are inspired by their unwavering commitment that pays forward in boundless ways.

The Power to Make an Impact Together

The Firstmark Foundation is a non-profit, public charity focused on making a tangible, positive impact in the education community through the collective giving of our membership.

In 2021, Firstmark Credit Union launched our Power of the Dollar™ checking that includes a \$1 monthly impact fee that goes directly to the Firstmark Foundation. On behalf of our members, the Foundation will fund significant needs across our school districts, such as constructing new facilities, improving existing amenities, enhancing learning spaces, and providing educator grants and student scholarships.

To officially launch the Foundation in the fall of 2021, Firstmark announced its first contribution to support the construction of an innovative model classroom and professional resource library



1932 - First location within Fox Tech High School

2021 - New Culebra Financial Center

designed to develop high school students as our future educators. This is the first step toward our greater vision for how the Firstmark Foundation will serve as a conduit of charitable strength, not only across San Antonio, but spanning across the state of Texas. Imagine one dollar, multiplied by generosity, that will impact our communities for generations to come!

On behalf of our members, the Foundation will fund significant needs across our school districts, such as constructing new facilities, improving existing amenities, enhancing learning spaces, and providing educator grants and student scholarships.

Founded on the philosophy of *people helping people*, ten teachers made the best use of their resources, and almost 90 years later, we are honored to build upon their legacy, supporting the vital work of our schools.

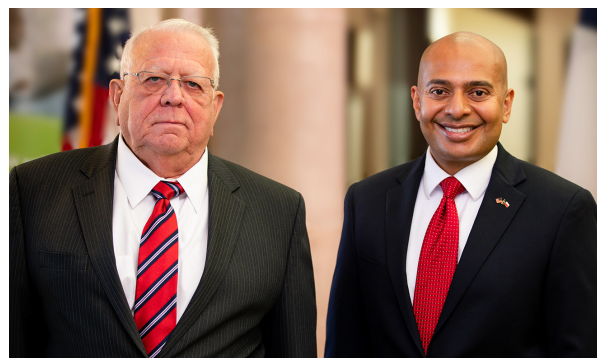
The Power of Membership

As a financial cooperative owned by our members, we continue to chart a course that celebrates our roots in education, gives back to the community we serve, and provides products and services to help meet the financial goals of all members, school employees and their families.

In 2021, we continued to invest in our credit union, enhancing the online and mobile banking experience, introducing the On Your Mark™ Money Market, celebrating the grand opening of our new Legacy Financial Center, reopening our redesigned Culebra Financial Center, and expanding our financial planning tools in partnership with Trusted Capital Group. Over the next 12-24 months, members will notice the: 1) rebuild of the Jefferson Financial Center in a better location; 2) expansion of new financial centers to surrounding towns near the San Antonio metro

area; 3) modified hours of operation to include Saturdays; 4) continued enhancements to the online and mobile banking experience; and 5) introduction of new products and services, such as a zero-down-payment home loan and a savings-builder personal loan. With all the great things to come, the number of Power of the Dollar™ checking accounts continues to grow as more members unlock money-saving benefits and unite in the power of giving. It is an exciting time to be a member at Firstmark!

In closing, we would like to thank our employees for their unwavering passion and commitment to the success of our credit union and members. We want to thank our Board of Directors for their outstanding leadership and dedication to represent the best interests of our members. And most importantly, we want to thank our members! We know you have many choices in the marketplace, and we are grateful you chose Firstmark to be your financial partner. On behalf of all of us at Firstmark Credit Union, we wish you and your family the very best!



Donald Pinson
Board Chairman

Nathanael Tarwasokono
President/CEO

COMMITTEE REPORTS

Asset/Liability Committee

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 objectives are to mitigate the impact of interest rate changes on net interest income and maintain a close watch on the credit quality of loans in the portfolio. The committee prices loans and deposits to provide members with a selection of simple solutions at fair rates and terms.

In 2020, in response to the global pandemic, the United States government provided fiscal stimulus to bring relief to those impacted by shutdowns and unemployment. During that time, the credit union expected higher loan losses due to the weakened economy and took the extra precaution of increasing the provision for loan losses by \$3.9 million. By the second half of 2021, the economy showed signs of recovery with more businesses reopening and more people returning to work. Fortunately, the projected loan losses never materialized, and the credit union was able to recapture \$2 million from the provision account.

Rates remained at historically low levels throughout most of 2021, providing members with low financing costs for homes and automobiles. By the end of the year, the credit union had granted \$441 million in new loans while maintaining a low delinquency ratio of 0.29 percent and a net charge-off ratio of 0.17 percent. Should this momentum continue through 2022, the credit union may reverse a portion of the remaining \$1.9 million in loan loss provision, which would further improve income and the capital ratio.

The committee is pleased to report the credit union ended 2021 with a regulatory capital ratio of 9.60 percent, which was 2.60 percent greater than the National Credit Union Association's (NCUA) highest rating of "well-capitalized." By year-end, total assets were approximately \$1.2 billion, total member deposits were \$1 billion, and total member loans were \$662 million. The net interest margin remained healthy at 2.44 percent. The credit union ended the year in a solid financial position during a season of economic challenges and recovery.

In closing, our committee would like to thank the Board and management for their ongoing support. Firstmark Credit Union remains poised to provide our 92,600 members with products and solutions to benefit their financial wellness.



Matthew Ralph
Committee Chairman

Risk & Cyber Committee

Formally known as the Audit Committee, the Risk & Cyber Committee is appointed by the Board of Directors to ensure management adheres to all board-approved policies. The committee is also responsible for providing oversight to the risk management, internal audit and cybersecurity programs, while ensuring the credit union is compliant with all credit union rules and regulations. In 2021, the committee welcomed its newest volunteer member, Michael Hicks, who has an extensive background in cyber and audit-related areas. The Board of Directors appreciates his valuable service and ongoing contributions to the Risk & Cyber Committee.

In 2021, the committee continued to engage CliftonLarsonAllen (CLA), who provided internal audit support for the credit union. Their firm serves more than 600 credit union clients, ranging in asset size from \$10 million to more than \$35 billion. The firm leverages a risk-based approach to the audit program, ensuring that high-risk areas and functions have strong procedures and controls in place.

Furthermore, the committee continued to engage Nearman, Maynard, Vallez, CPAs as the credit union's external financial 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. We are pleased to report that the internal and external audits as well as the regulatory exam conducted in 2021 revealed no material findings.

In 2021, Firstmark continued to strengthen its cybersecurity program, leveraging critical partners to provide a comprehensive network of defense. What was once considered a technical discipline, cybersecurity is now an organization's strategic program that includes: prevention (training and awareness), detection (system monitoring), and

response (containing the threat). In an era of data breaches and ransomware crises, the framework of cyber-risk controls is a vital component to business continuity management. In 2022, the committee will engage CLA to perform a full assessment of current cybersecurity policies, procedures, practices, and systems.

Looking ahead, the credit union will continue to reinforce its risk management, internal and external audit programs, and cybersecurity controls in partnership with industry experts. As new risks emerge, it will be important for the credit union to monitor and hedge against these risks through effective mitigating strategies.

In closing, the committee would like to thank the Board and management for their support over the last year. We will continue to work prudently to protect the safety and soundness of the credit union for the benefit of our members.



Donald Jones Jr.
Committee Chairman

FINANCIAL CONDITION

Results as of December 31

2021

2020

ASSETS

Loans to Members (Net of Allowance)	\$ 658,146,452	\$ 603,243,721
Accounts Receivable	5,303,844	6,638,962
Cash on Hand in Financial Institutions	12,776,901	12,732,868
Investments	497,248,358	474,375,784
Prepays/Deferreds	2,543,283	1,781,434
Fixed Assets	24,507,109	23,303,214
Accrued Income	2,796,321	2,788,822
NCUA Deposit Insurance	9,147,364	8,267,102
Other Assets	17,497,913	12,701,168

TOTAL ASSETS

\$1,229,967,545

\$1,145,833,075

LIABILITIES AND CAPITAL

Notes Payable	\$ 72,091,317	\$ 59,324,095
Member Deposits	1,048,456,528	977,141,619
Regular Reserves	16,902,857	16,902,857
Undivided Earnings	101,297,535	96,581,005
Accumulated Comprehensive Income–AFS	(5,497,735)	3,179,701
Accumulated Comprehensive Income–Pension Plan	(3,282,957)	(7,296,202)

TOTAL LIABILITIES & CAPITAL

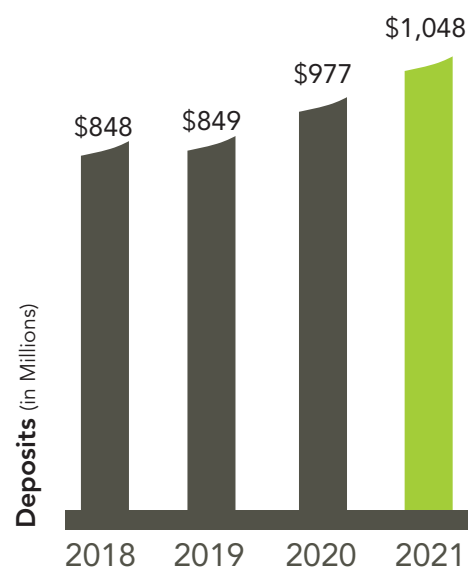
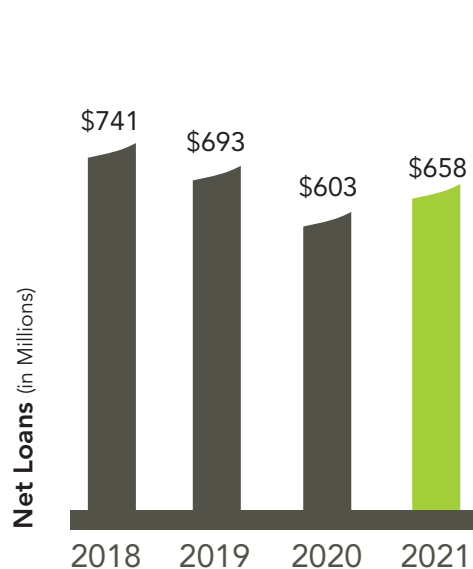
\$1,229,967,545

\$1,145,833,075

MEMBERSHIP

92,600

94,000



INCOME & EXPENSE

Results as of December 31

2021

2020

INCOME

Interest on Loans to Members	\$ 27,716,814	\$ 31,141,371
Interest on Investments	4,938,289	5,791,981
Other Operating Income	16,222,705	13,899,249

TOTAL INCOME

\$48,877,808

\$50,832,601

EXPENSES

Employee Compensation and Benefits	\$ 19,613,066	\$ 20,346,694
Travel and Conference	476,250	269,812
Office Occupancy	3,382,408	3,596,114
Office Operations	7,856,611	7,356,727
Educational and Promotional	1,531,361	1,056,124
Loan Servicing	2,368,222	2,048,457
Professional and Outside Services	7,694,050	6,492,600
Member Insurance	39,723	28,051
Provision for Loan and Lease Losses	(1,573,995)	4,543,028
Operating Fees	77,172	86,773
Miscellaneous Operating Expenses	835,953	505,208

TOTAL OPERATING EXPENSES

\$42,300,821

\$46,329,587

Non-Operating (Gain)/Loss	(1,837,934)	(1,629,841)
Dividends and Interest Paid to Members	2,316,511	4,214,944
Interest on Borrowed Funds	1,381,880	2,019,926

TOTAL EXPENSES

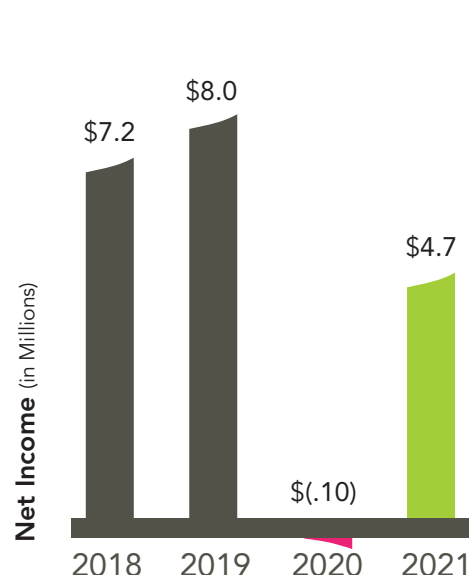
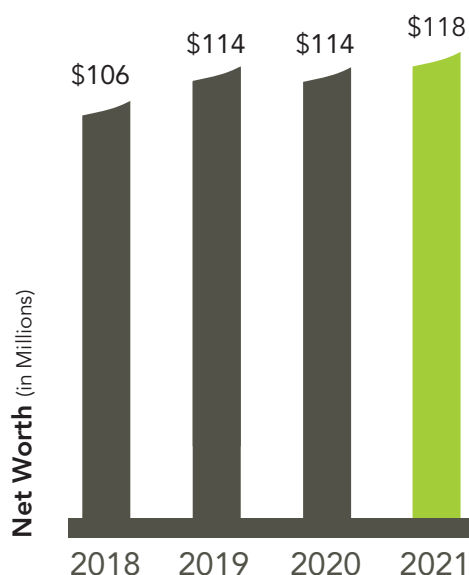
\$44,161,278

\$50,934,617

NET INCOME

\$4,716,530

(\$102,016)



THE POWER OF THE DOLLAR



Firstmark FOUNDATION™

The Power to Make an Impact Together

In October 2021, Firstmark Credit Union introduced the Power of the Dollar™ checking to include a \$1 impact fee. The monthly impact fee goes directly to the Firstmark Foundation, a 501(c)(3) public charity dedicated to making a tangible, positive impact in the education community through the collective support of the membership. On behalf of our members, the Firstmark Foundation will fund significant needs across school districts, such as constructing new facilities, improving existing amenities, enhancing learning spaces, and providing educator grants and student scholarships.

"We are excited to have Marisa Pérez-Díaz join Firstmark and to launch our Foundation, and we look forward to doing great things in our community on behalf of our members."

*- Nathanael Tarwasokono
President/CEO, Firstmark Credit Union*

Concurrent to the launch of the Power of the Dollar™ checking, the credit union announced Marisa Pérez-Díaz to serve as the executive director of the Firstmark Foundation. In her new role, Ms. Pérez-Díaz will collaborate with leaders in higher education, school districts, education-focused nonprofits, and other partners to identify the greater needs across the school districts. She will work closely with the Foundation Board to develop a community grant program to ensure Foundation funds are making a positive impact.

Ms. Pérez-Díaz has nearly a decade of experience in the K-12 and higher education system as a former school district administrator, university

co-instructor, and member of the Texas State Board of Education. Over her career, she has helped form strategic pathways and cross-sectional partnerships across the education community to drive change. Ms. Pérez-Díaz holds a master's degree in educational leadership and policy studies and is currently pursuing a doctorate degree in educational leadership at the University of Texas at San Antonio.

Ms. Pérez-Díaz has contributed to a strategic leadership textbook and has been published in academic journals; her research in education includes diversity and inclusion, social justice, and strategic leadership. Her knowledge, experience and passion for education make Ms. Pérez-Díaz an excellent choice to lead the Firstmark Foundation.



I am thrilled to represent our membership through the giving arm of the Firstmark Foundation and as an enduring champion for schools. With the Power of the Dollar™ checking, our mem-

bers have the power to make an impact together in collective support of the education community. This product is certainly unique in our city and is the capstone of the credit union's roots in education. Established in 1932 by ten teachers, Firstmark is proud to lead the way as the credit union for schools.

Marisa Pérez-Díaz

Executive Director, Firstmark Foundation



(October 11, 2021) – The Firstmark Foundation presented its inaugural grant of \$80,000 to CAST Teach, a new high school program due to open in the fall of 2022. The grant was accepted by CAST Teach Principal Ericka Olivarez and Executive Director of the CAST Schools Network Jeanne Russell.

The Firstmark Foundation Gives Back

To commemorate its launch, the Firstmark Foundation presented its inaugural grant of \$80,000 to CAST Teach, a new high school program designed to develop future teachers. As a credit union founded by teachers, this was a fitting way to begin the work of the Firstmark Foundation, especially at a time when school districts are facing critical shortages of classroom teachers.

The grant will help support the school's early infrastructure costs by funding the construction of an innovative model classroom and a professional resource library. This unique program will provide real-world exposure to the field of education, foster a love for teaching, and present a career pathway for students who aspire to shape the future of public education. The credit union is proud to support the vital work of classroom teachers and all school employees who work tirelessly to educate our children.



**Innovative
Model Classroom**

\$80,000

**Inaugural Grant Supporting
a High School Program
Designed to Develop
Future Educators**



**Professional
Resource Library**

SUPPORTING EDUCATION

Academic Planners

For more than 35 years, Firstmark has designed and distributed free academic planners to educators across the greater San Antonio area. The planners have become so popular with teachers that Firstmark begins receiving requests for them weeks before the start of the school year. In August 2021, Firstmark distributed the academic planners to ten San Antonio school districts.

Cunningham Scholarships

Each year, 20 college-bound students receive \$1,000 to help cover the cost of higher education. This scholarship program was created to honor Frank and Helen Cunningham's long-standing dedication and leadership service to the credit union.

Educator Grants

Firstmark is proud to continue our tradition of giving back to schools through our Educator Grants, supporting various creative and impactful classroom initiatives. For the 2020-2021 school year, Firstmark presented 15 educator grants, across eight Bexar County school districts, totaling \$7,500 to eligible Firstmark members. It is our honor to help bring their ideas to life.

Turkeys for Teachers

For a second year in a row, Firstmark board members, employees, and their families distributed nearly 1,000 turkeys to area teachers in recognition of their dedication and resilience. This year, Firstmark welcomed a steady flow of traffic alongside the Spurs Coyote, who enthusiastically flung turkeys into backseats, hopped into truck beds, and, in some cases, playfully ran off with swag and turkey bags. Educators arrived early, listened to some great music from our guest DJ, received their turkeys and Firstmark swag, and were entertained by the delightful sounds from the student-led Marimba band.



Bowden Academy mask donation



Educator grant winner John Kliever



Handing out turkeys to deserving teachers



Turkeys For Teachers

"Firstmark appreciates the tireless work of teachers in our community. They are a guiding force in our children's lives, and we want to celebrate them during this season of thanksgiving."

President & CEO Nathanael Tarwasokono

COMMUNITY SERVICE

Firstmark Gives Back

In 2021, Firstmark employees helped support the important work of numerous San Antonio area organizations and school districts. On behalf of Firstmark members, we supported the community with more than 800 hours of volunteer service.



With the help of our members and employees, Firstmark raised \$10,000 in 2021 for The Children's Hospital of San Antonio Foundation through the Credit Unions for Kids (CUFK) program. Established in San Antonio, CUFK is a partnership with the Children's Miracle Network, a nonprofit organization that increases awareness of childhood health issues and raises funds for local children's hospitals and medical research.



*San Antonio Botanical Garden
Frída Kahlo Oasis Exhibit*



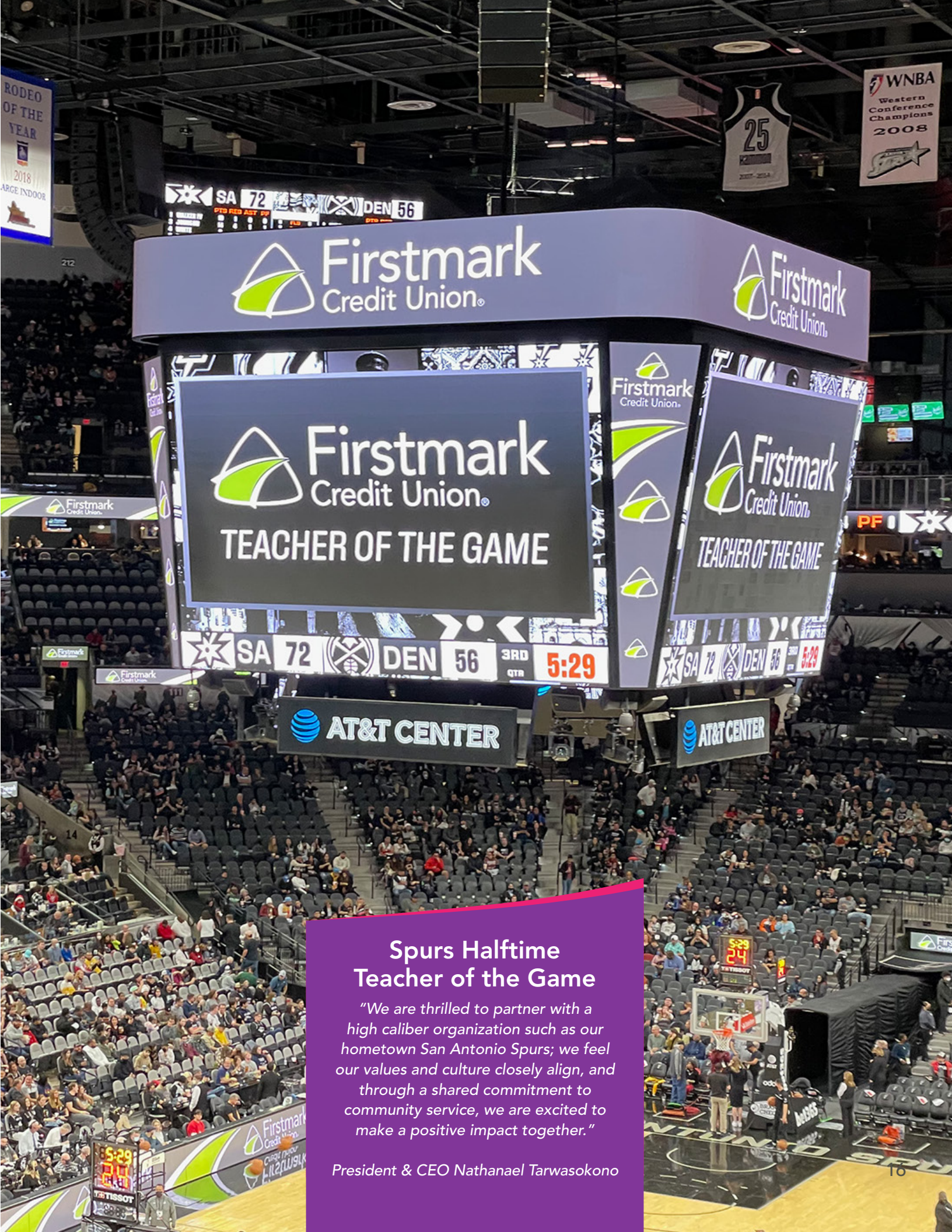
San Antonio Salvation Army



San Antonio Food Bank



*Hawthorne Elementary
Playground Enhancements*



Spurs Halftime Teacher of the Game

"We are thrilled to partner with a high caliber organization such as our hometown San Antonio Spurs; we feel our values and culture closely align, and through a shared commitment to community service, we are excited to make a positive impact together."

President & CEO Nathanael Tarwasokono

BRANCHING OUT IN 2022

New Look Coming Soon

Jefferson Financial Center

Construction of a new Jefferson Financial Center building began in early January 2022. The new site located at 3206 Fredericksburg Road will include 2,000 square feet of financial center space, with an additional 1,200 square feet of available lease space. The new building, set to open in late October 2022, will give members two drive-thru lanes and a large, open floor plan that represents the credit union's new modern brand.



Future Locations

In 2022, the credit union will begin construction on two new financial centers to provide services in communities north and southeast of the San Antonio metro area.



La Vernia Financial Center

Designed to serve members in eastern Bexar and Wilson counties, the financial center in La Vernia, Texas, will be constructed in a retail center on Hwy 1346 near the intersection of Hwy 87. The new building will include 2,415 square feet with two full-service ATM lanes.



New Braunfels Financial Center

Designed to serve members in Comal and Guadalupe counties, the financial center in New Braunfels, Texas, will be located near the intersection of Loop 337 and Oak Run Parkway. Approved plans for the 2,875 square-foot building include two full-service ATM lanes.

Both financial centers are anticipated to open by the second quarter of 2023.



Legacy Financial Center Grand Opening

"We are excited to welcome members to our newly designed location. Moving the Gold Canyon Financial Center to the new Legacy location allows the credit union to repurpose our corporate office space."

President & CEO Nathanael Tarwasokono

Learn How You Can Make an Impact
Join the Movement!



Smart. Simple. Secure.



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