

2023 Annual Report



Firstmark
Credit Union®

LEADERSHIP

Board of Directors¹

Donald Pinson, Chair (2024)
Matthew Ralph, Vice Chair (2025)
Kyle Friesenhahn, Secretary (2024)
Rudy Peña, Treasurer (2024)
Ignacio Orozco Jr., Director (2025)
Clare Coleman, Director (2026)
Donald Jones Jr., Director (2026)²
Ericka Olivarez, Advisory Director (2024)
Lloyd Verstuyft, Advisory Director (2024)
Ronald Kyle, Director Emeritus
Redell Ervin, Director Emeritus³
*Brian Gottardy, Advisory Director (2023)*⁴

Executive Officers

Gregg Thorne, Interim President/CEO⁵
Michael Grundon, Chief Financial Officer
Laura Ward, Chief Risk Officer
Danny Smith, Chief Lending Officer
Steve Mott, Chief Operations Officer^{6,7}
*Mary Leonardi, Chief People Officer*⁸
*Nathanael Tarwasokono, President/CEO*⁹

Executive Administration

Michelle Akers, VP Governance¹⁰
Lisa Baty, Chief of Staff
Adriana Calderon, Sr. Manager Strategy & Project Mgmt.¹⁰

Firstmark Foundation

Marisa Pérez-Díaz, VP Impact & Marketing¹⁰

Vice Presidents

Andrew Denoncour, Innovation¹⁰
Angela Guerra-Devora, Member Care
Mark Leita, Compliance & Legislation
Rick Nelson, Retail & Business¹⁰
Shannon Grenet, Human Resources¹¹
Veronica Teran, Accounting/Controller
*Tom Pryjomski, Construction*¹²

Committee Service

Board ALCO

Matthew Ralph, Chair
Donald Pinson, Vice Chair
Alex Flores, Member
Michael Grundon, Member
Gregg Thorne, Member
Danny Smith, Member
Rick Nelson, Member

Management ALCO

Michael Grundon, Chair
Danny Smith, Vice Chair
Gregg Thorne, Member
Laura Ward, Member
Veronica Teran, Member
Matthew Rojas, Member
Steve Mott, Member

Risk & Cyber Committee

Donald Jones Jr., Chair
Kyle Friesenhahn, Vice Chair
Michael Hicks, Member
Lloyd Verstuyft, Member
Laura Ward, Member

1. All current terms expire in April of the year noted
2. Advisory Director to Director in April 2023
3. Resigned effective April 2023 and appointed Director Emeritus
4. Resigned in July 2023
5. Appointed as Interim President/CEO effective January 2024
6. Consultant engagement as Chief Information Officer ended in February 2024
7. Hired as Chief Operations Officer in March 2024
8. Consultant engagement ended in September 2023
9. Resigned effective January 2024
10. Title changes effective in 2023
11. Hired in August 2023
12. Employment ended in June 2023

CHAIRMAN'S REPORT



At the end of January 2024, Nathanael Tarwasokono, former president and CEO, returned to his home state of North Carolina. With the excitement of a family move came a new opportunity for Nathanael to lead another credit union. We are

grateful for Nathanael's leadership that has transformed Firstmark's culture, brand, member service, and community outreach. He certainly made a lasting impact on the credit union, and today, we embrace the evolution of Firstmark's story with great anticipation.

To help facilitate a smooth transition, the Board of Directors named Executive Vice President Gregg Thorne as Firstmark's interim president and CEO. Gregg has the experience needed to lead our team while the Board conducts a thorough search process to identify a permanent successor. Gregg and his wife, Melissa, grew up in San Antonio where they

raised two daughters who graduated from Churchill High School. Gregg is a native Texan, proud Aggie, and tireless advocate for Firstmark. He has served Firstmark for over 15 years and is a respected leader in our credit union and in San Antonio. Under his leadership, we will remain grounded in our purpose to help improve our members' lives through superior financial value and inspiring service.

In closing, I would like to thank our employees for their unwavering passion and commitment to the success of our credit union and members. I want to thank our Board of Directors for their outstanding leadership and dedication to represent the best interests of our members. And most importantly, I want to thank our members! With the many choices you have in the marketplace, I am grateful you chose Firstmark to be your financial partner.

Donald Pinson
Board Chairman



HAPPY RETIREMENT

We would like to extend our sincere appreciation to Mrs. Redell Ervin for 47 years of dedicated service to the credit union. Mrs. Ervin retired from the Board of Directors in April 2023 and was subsequently granted the honorary distinction of Director Emeritus. She plans to spend her extra time with family and friends and to enjoy more fishing trips in Rockport. We wish her the very best!

A MESSAGE FROM THE INTERIM CEO



For over 90 years, Firstmark Credit Union has been proud to partner with members like you through every season of life. Whether you are establishing credit, buying your first car or home, or investing for retirement, we have solutions designed to

help you achieve your goals. Furthermore, we continually strive to improve the member experience through various self-service enhancements that help support your banking needs.

In 2023, we introduced 1) an enhanced phone and chat system, 2) an option for early direct deposit, 3) an easier option for sending money to your friends and family, and 4) continued improvements to online and mobile banking. These enhancements allow you to conduct your transactions from the comfort of your home, office, or classroom. If you have not already done so, please download our digital banking app found on the [Apple Store](#)® or [Google Play](#)™ to manage your transactions seamlessly within a secure platform. Signing up is easy, and you will enjoy the convenient features readily available to you.

One of the most exciting offers Firstmark introduced last year is our [Power of the Dollar](#)® [MAX](#)! I am confident you will not find a more unique and rewarding checking account in our marketplace. Please take a moment to see how you can earn more on your deposits while also supporting the work of the [Firstmark Foundation](#), the giving arm of the credit union. Together, we are enriching school communities and making a difference in the lives of educators

and students – a fitting tribute to our founding ten teachers.

In 2024, we will remain focused on operational efficiency and member growth. As stewards of your money, we are ever mindful of our cost of doing business and prudently managing our expenses. Our newest financial centers in La Vernia and New Braunfels have allowed us to support existing members with more convenient locations while also forging new relationships in these communities. We are thrilled to welcome our newest member-owners to share in the credit union difference! The credit union belongs to you, our members, and is sustained by a ***people helping people*** mindset that mutually benefits the cooperative.

In addition to the sustaining force of our members, our forward progress is made possible by our team who is proud to serve you. The credit union has been recognized four consecutive years as a *Best Places to Work* by the San Antonio Business Journal. We work hard to preserve a culture that feels like family, and I appreciate our team for how they serve one another, our members, and our community.

In closing, I am honored to serve the credit union as Interim CEO while our Board of Directors continues their search for a permanent successor. Our team is united through this transition and excited for the future of our credit union. On behalf of the credit union, thank you for your membership! We know you have many choices in the marketplace, and we thank you for choosing Firstmark.

Gregg Thorne
Interim President/CEO

IN APPRECIATION

In 2015, Nathanael and his family moved to Texas and quickly embraced the Lone Star State where everything is bigger – a perfect match for a visionary! Who wouldn't fall in love with San Antonio, a city admired for its diversity, friendly culture, and of course, our San Antonio Spurs! And if that were not enough, the family discovered the Texas Hill Country, H-E-B, and Buc-ee's... and they were hooked! Nathanael and his wife, Kerrie, excitedly joined our community and jumped in with both feet. Their sons graduated from Reagan High School where Kerrie also served as PTA president.

Under Nathanael's leadership, the credit union successfully navigated a pandemic and its lingering effects on our economy. During this historic period of uncertainty, every job at Firstmark remained secure, and our dedicated employees banded together to serve our members. Not a single member lost their car or home due to COVID. Despite the setbacks the COVID economy presented, Firstmark continued to build upon its strong foundation, increasing brand awareness, enhancing service channels to

improve the member experience, modernizing our branch design, and expanding our reach to help more people in new communities.

Additionally, Nathanael reconnected us with our roots in education and has built sustaining partnerships with leaders across the education community. In 2021, we launched the Firstmark Foundation to support the vital work of our schools, and to date, we have funded almost \$375K in projects, sponsorships, education grants, and student scholarships. Founded by ten teachers, we will continue to give back to those who educate our children.

Lastly, we cannot say farewell to Nathanael without mentioning the culture of commitment and excellence he leaves with us. Firstmark has received four consecutive recognitions as a *Best Places to Work* by the San Antonio Business Journal – this is a recognition based solely on employee engagement and is a crowning achievement for our team who continually works hard to preserve a culture that feels like family. We thank you, Nathanael.



"I still remember looking out the window of the airplane as we landed in San Antonio eight years ago. My family and I could not have imagined the enriching work and lifelong friendships that would come from our time at Firstmark. I am proud of this team and everything we have accomplished together to serve our members."

*- Nathanael Tarwasokono
Former President/CEO*

ASSET/LIABILITY COMMITTEE

The ALCO, or Asset/Liability Committee, 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 2023, the credit union continued to navigate the increased cost of doing business caused by inflation and numerous Federal Reserve Bank rate hikes which ultimately impacted member pricing. We were faced with a new reality where borrowing was expensive, and saving was rewarded. The economic environment continues to be very dynamic, and management continues to remain prudent when making short-term pricing adjustments. The long-term view always provides better perspective, and we will keep our eye on the horizon, always mindful of the forward progress of the credit union and the members we serve.

The committee is pleased to report the credit union ended 2023 with a regulatory capital ratio of 10.31 percent, which was 3.31 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 \$659 million. The net interest margin remained healthy at 3.15 percent. The credit union ended the year in a solid financial position during a season of economic challenges and recovery.

Dr. Alex Flores joined the committee in June 2023. His passion for education is represented by an impressive resume spanning almost two decades. Dr. Flores brings an extensive and diverse background serving in various leadership roles across area school districts, Trinity University, and the Texas Education Agency. He currently serves as deputy director of the Business & Technology Services Division at the Education Service Center-Region 20, an agency making a positive impact in the lives of over 400,000 students across 56 districts and 28 charters. We appreciate his service.

In closing, our committee would like to thank the Board and management for their ongoing support. Firstmark Credit Union remains poised to provide our 91,400 members with products and solutions to benefit their financial wellness.



Matthew Ralph
Committee Chair

RISK & CYBER 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 2023, 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 2023 revealed no material findings.

Firstmark continued to enhance its cybersecurity program, leveraging critical partners to provide a comprehensive network of defense; and in 2023, CLA performed an assessment of current cybersecurity policies, procedures, practices, and systems, and found the credit union's program to be robust and effective. In an era of data breaches and ransomware crises, the framework of cyber-risk controls and zero trust architecture are vital components to business continuity management. As new risks inevitably emerge, it

will be important for the credit union to monitor and hedge against these risks through effective mitigating strategies.

Under the leadership of Chief Risk Officer Laura Ward, the credit union will continue to reinforce its risk management, internal and external audit programs, and cybersecurity controls in partnership with industry experts. We thank her and the dedicated risk assurance team for their steadfast and continued efforts to safeguard our credit union and keep our members' information secure.

In 2023, Board Secretary Kyle Friesenhahn was appointed to serve as vice chair on the Risk & Cyber Committee. A longtime member at Firstmark, Ms. Friesenhahn has served in various board and committee roles since 2006. After dedicating 34 successful years as a band director across four area school districts, Ms. Friesenhahn continues to be a loyal advocate for the education community and the credit union. We appreciate her service.

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 Chair

FINANCIAL CONDITION

Results as of December 31

2023

2022

ASSETS

Loans to Members (Net of Allowance)	\$ 652,618,453	\$ 732,630,753
Accounts Receivable	15,888,423	3,662,749
Cash on Hand in Financial Institutions	13,241,733	16,901,519
Investments	424,294,040	390,650,557
Prepays/Deferreds	2,797,705	2,532,691
Fixed Assets	41,463,989	31,837,315
Accrued Income	3,633,791	3,318,323
NCUA Deposit Insurance	9,635,550	10,074,445
Other Assets	35,627,026	37,295,736
TOTAL ASSETS	\$1,199,200,710	\$1,228,904,088

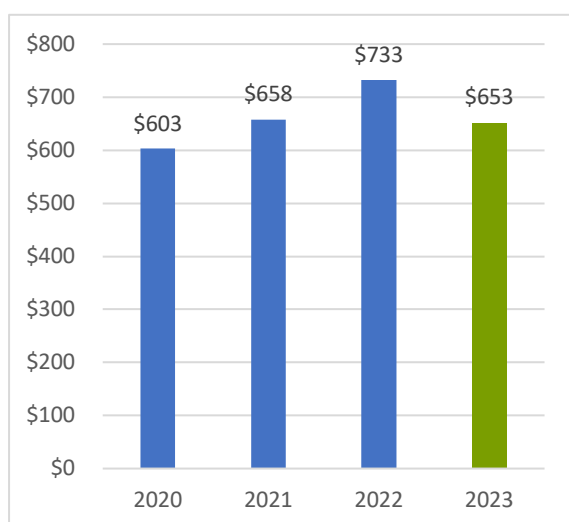
LIABILITIES AND CAPITAL

Notes Payable	\$ 75,886,609	\$ 94,244,501
Other Liabilities	14,856,189	12,362,273
Member Deposits	1,023,838,647	1,052,234,861
Undivided Earnings	123,756,680	123,852,951
Accumulated Comprehensive Income–AFS	(39,137,415)	(50,417,844)
Accumulated Comprehensive Income–Pension Plan	0	(3,372,654)
TOTAL LIABILITIES & CAPITAL	\$1,199,200,710	\$1,228,904,088

MEMBERSHIP

91,382

92,761



Net Loans (in Millions)



Deposits (in Millions)

INCOME & EXPENSE

Results as of December 31

2023

2022

INCOME

Interest on Loans to Members	\$ 35,127,361	\$ 31,033,248
Interest on Investments	24,115,537	11,517,507
Other Operating Income	16,203,602	16,705,208
TOTAL INCOME	\$75,446,500	\$59,255,963

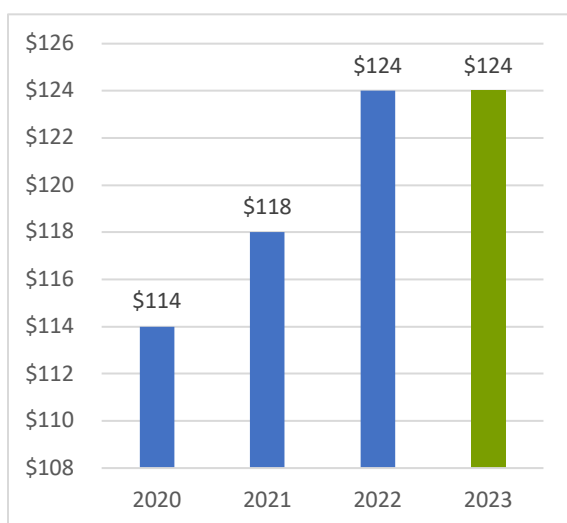
EXPENSES

Employee Compensation and Benefits	\$ 22,965,102	\$ 21,467,494
Travel and Conference	644,408	292,755
Office Occupancy	4,019,580	3,267,670
Office Operations	8,409,835	7,425,967
Educational and Promotional	1,901,647	1,802,415
Loan Servicing Expense	3,104,005	2,938,006
Professional and Outside Services	6,991,003	6,327,878
Member Insurance	26,546	51,425
Provision for Credit Losses	2,761,101	1,291,666
Operating Fees	78,897	84,105
Miscellaneous Operating Expenses	787,286	561,892
TOTAL OPERATING EXPENSES	\$51,689,410	\$45,511,273
Non-Operating (Gain)/Loss	386,436	(785,885)
Dividends and Interest Paid to Members	6,966,214	2,443,106
Interest on Borrowed Funds	14,043,183	6,434,917
TOTAL EXPENSES	\$73,085,243	\$53,603,411

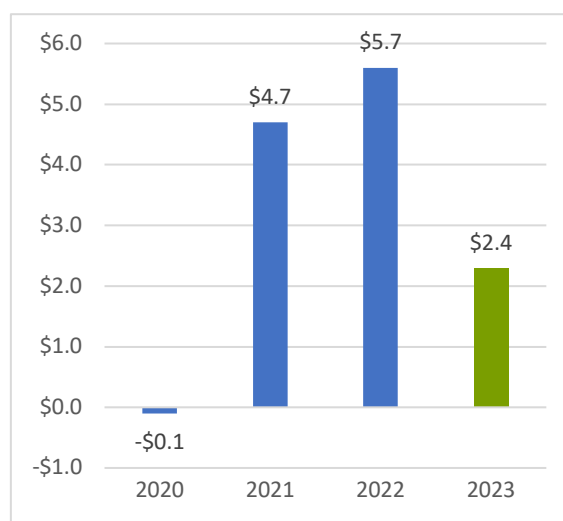
NET INCOME

\$2,361,257

\$5,652,552



Net Worth (in Millions)



Net Income (in Millions)

