

# ANNUAL REPORT 2020

FOR  
**YOU** NOT  
PROFIT

# **STRONGER TOGETHER**

2020 was a year that tested our shared resolve, flexibility, and compassion for each other. While many things may never be the same, First Service stands prepared to help our members and our community with whatever the future may bring.

**Call to Order**

**Ascertainment of Quorum**

**Designation of Secretary and  
Parliamentarian**

**Approval of Prior Meeting's Minutes**

**Board Chair's Report**

**President and Chief Executive's Report**

**Supervisory Committee Report**

**Unfinished Business**

**Board Election**

**Adjournment**

**Door Prize Drawing**

## 2020 HIGHLIGHTS



68,233  
Members



\$689,443,636  
in Total Deposits



\$248,708,186  
in New Loans



\$788,140,953  
in Total Assets



\$5,232,401  
in Loans Funded Through  
Virtual Banking



\$7,049,164  
in Dividends Paid



In fall 2020, we launched a new digital banking experience to make it even easier for members to manage their accounts from home or on the go.

90,965,122

Total Debit Rewards  
Points Redeemed

183,102,146

Total Debit Rewards  
Points Earned

193

Employees Serving  
our Members

4,725

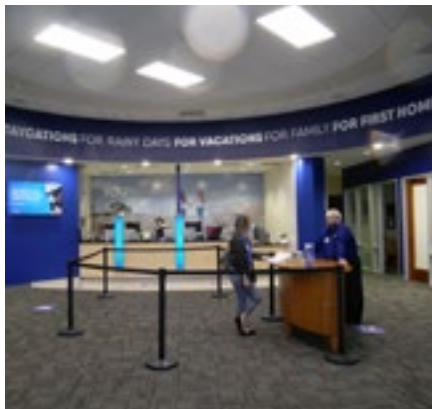
Loans Extended for  
Members Affected by  
COVID-19

30,345

Members Using our  
New Digital Banking  
Experience

184,574

Member Calls Answered  
by the Service Team



As we faced unprecedented circumstances brought by COVID-19, our branch team worked to take care of our members' needs safely and conveniently.

In 2020, we continued to enhance our Virtual Banking rooms, which allow members to apply for a loan at a branch face-to-face with a remotely located loan advisor.



## FOR COMMUNITY, NOT PROFIT

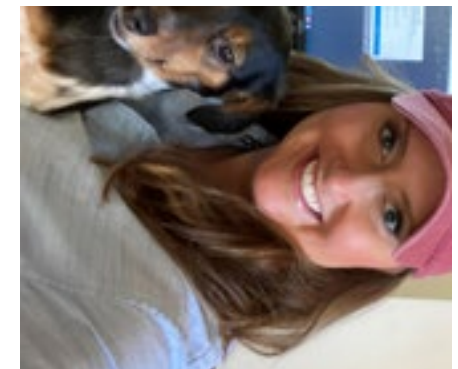
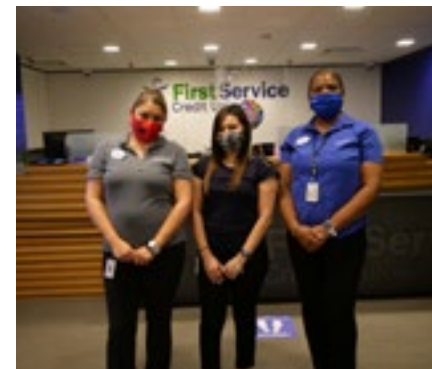
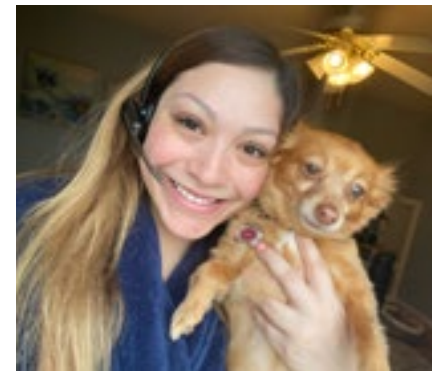
With the COVID-19 pandemic and economic downturn, 2020 was an especially trying year for many around the country, including the Houston area. In a year where many were stressed financially, we were proud to strongly fulfill our motto of being "For You, Not Profit." Throughout the COVID-19 pandemic, members knew they could count on us as a not-for-profit financial cooperative that offers more and gives back.

As your credit union, the safety of our First Service family is one of our highest priorities, and we proactively took steps to slow the spread of the virus and help our community. Knowing the impact that we could have in the community, we chose to shift our branches to drive-thru only and implement remote working for many of our employees early on. Throughout the year, we've continued to follow all federal and local guidance in order to slow the spread and protect our community.

Serving members safely during this time took extra work, but the situation was helped by the fact that we already had a plan and systems in place for our team to work efficiently from home. As more members conducted their finances from home during the height of the stay-at-home orders, employees from across different departments stepped up to double as Service Center staff to take members' calls remotely and help answer their questions.

While we know this has been a new and different way of banking for many of our members, we made several other changes to offer convenience and reassurance to members in need. We continued to roll out Virtual Banking rooms at our branches, allowing members to use our streamlined online loan application experience while still being able to talk through their options with a loan officer via webcam. We also introduced a new digital banking experience, making it even easier for members to manage their finances without coming into a branch. In addition, to help members with the job insecurity and uncertainty that COVID-19 brought, we introduced the Freedom Auto Loan that allowed those in difficult financial circumstances, such as job loss, to walk away from an auto loan with no impact to their credit score.

As always, we are proud to be founded on the principles of putting people above profit. In the future, we will continue to deliver the products and services that enrich members' daily lives and future outcomes.



## MESSAGE FROM THE PRESIDENT AND CEO



**DAVID BLEAZARD**  
President / Chief  
Executive Officer

A handwritten signature in white ink on a blue background, which reads "DBleazard".

When I began my journey with First Service Credit Union 16 years ago, I never could have imagined both the challenges we would find, and also everything we've accomplished along the way. Membership continues to grow thanks to remarkable efforts to help members understand what a secure and productive place we are for their financial future. Our capital position in 2020 was strong, despite economically trying times due to the COVID-19 pandemic. We are confident in where we are headed thanks to rising membership rates and innovative steps forward in digital banking.

We continue to live by our motto "For

You, Not Profit" and put members at the forefront of everything we do. By the end of 2020, our members had trusted us with over \$689 million in total deposits. We also assisted members with 10,156 new loans for over \$248 million. Along the way, members earned over 183 million in Debit Rewards points with over 90 million points redeemed.

We are incredibly proud of the safety measures we took for members and employees alike during the pandemic. In these unprecedented times, we held member service to a high standard with new virtual experiences. We launched our new digital banking platform via app and browser to give our members a streamlined experience when managing their money anywhere, anytime. New features, like easier card management, also made it simple to avoid visiting a branch or ATM.

I was proud to watch our team quickly adapt to all of the year's entirely new challenges and make a real difference in the lives of members. Thanks to proactive and innovative thinking, we created safe and secure spaces for members to apply for loans via webcam with minimal contact from branch employees.

During the bumpy ride that was 2020, we were proud to be there with practical solutions that helped thousands get back on their feet. One of the most

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# WE CONTINUE TO LIVE BY OUR MOTTO "FOR YOU, NOT PROFIT" AND PUT MEMBERS AT THE FOREFRONT OF EVERYTHING WE DO.

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significant was 4,725 loan extensions for members affected by COVID-19 that totaled over \$106 million. We also gave back to members through the Tax Refund Sweepstakes, where we doubled one lucky member's tax refund. Throughout the year, we provided many other common sense financial solutions that will benefit members for years to come.

We've always had great faith in our community, but this year really made us proud of what we can do together. As we adapted during the COVID-19 pandemic, our employees rose to the challenge of meeting member needs with over 184,000 calls answered by the Service Center. We now number

193 employees working to put members first, virtually and in our branches.

All of us at First Service Credit Union are very optimistic about what the future holds, both for ourselves and for our members. The fact that we remain on firm financial footing despite the stresses of the past year gives us great hope for what we can accomplish in more serene times. We believe the potential of the Houston community is great, and we are proud to be part of fulfilling that potential. It has been an honor to be part of this resilient team that always puts members first in every circumstance.

## MESSAGE FROM BOARD CHAIR



**KOURTNEY CALHOUN**  
Board Chair

*Kourtney Calhoun*

Looking back, 2020 was a year that put important things into perspective. We were able to reflect on all we've accomplished and how we were able to rise above unforeseen challenges. In the end, both our members and the future health of our membership came out on top. We are proud of the challenges we overcame this year and where we are going.

Positive stories regarding the benefits of joining First Service continue to spread around the Houston area, raising our membership numbers above 68,000. Thanks to the trust and loyalty of our members this year,

the credit union's total assets rose to a record high of \$788 million.

Members trusted us not only with their personal finances, but also with their business affairs. This year, we revamped our business accounts and introduced business lines of credit, commercial real estate loans, and business credit cards to help our local business community. We also offered coronavirus relief loans to small business through the Payment Protection Program (PPP).

We are especially proud of the Freedom Auto Loan program we offered in the wake of COVID-19 financial hardships. This allows members to simply walk away from their auto loan with no impact to their credit if they were to face unfortunate circumstances, such as job loss. The past year put unexpected hardships on our radar more than ever, and we will continue to offer similar products into the future.

In a way, we've been preparing for the challenges of this year for a long time. We continue to build upon past innovation in digital experiences that bring new conveniences to our members' busy lives. 2020 was the official launch of our new digital banking experience, and it couldn't have come at a better time to serve our members remotely. We continue to im-

# WE ARE PROUD OF THE CHALLENGES WE ROSE ABOVE THIS YEAR AND WHERE WE ARE GOING.

prove our physical locations as well, including a remodel of the Atascocita branch entrance along the stretch of FM 1960 being widened.

Many members appreciated the Virtual Banking rooms in our branches as safe and secure spaces to apply for loans with minimal contact from branch employees. With this adaptive process, we were able to offer members just as personal of an experience as they would receive when applying with a loan advisor in person. To help our members improve their financial education from the safety of home or work, we also transitioned to remote webinars with our members and Select Employee Groups. We will continue to offer more of these in the future.

As the credit union worked to meet with members while accommodating COVID-19 safety restrictions, First

Service updated its bylaws to allow for meetings of the board of directors to be held electronically and allow for annual meetings to be held virtually and without an in-person quorum in emergency situations. This change made it possible for us to safely hold our 2020 Annual Meeting virtually, which allowed us to have even more members in attendance than previous years.

As we head into a new year that is hopefully less turbulent from a personal and financial standpoint for members, I feel grateful to have an agile team that can weather any situation with success. I am proud to serve as Chair of the Board and optimistic about what First Service Credit Union can accomplish for members in future days.



## SUPERVISORY COMMITTEE REPORT



**MARCO CASSO**  
Supervisory Committee  
Chair

A handwritten signature in blue ink, appearing to read 'Marco Casso'.

The Supervisory Committee members are well qualified with excellent and relevant financial audit experience. We are committed to maintaining sound management practices and solid reporting, helping to give our members confidence in the strength and stability of their credit union.

Each year, we have an annual audit performed by an independent CPA firm to ensure the credit union's financial statements accurately and fairly present First Service's financial condition and that management practices and procedures safeguard members' assets. This past year, we contracted with Nearman, Maynard, Vallez, CPAs to conduct the annual financial audit. In the opinion of Nearman, Maynard, Vallez, CPAs, the financial statements as of December 31, 2020, fairly present, in all material respects, the credit union's financial position, results of operations, and cash flow for 2020.

I want to extend my thanks to the members of the Supervisory Committee, the Board of Directors, and the First Service staff for their continued cooperation, assistance, and support. We truly appreciate the opportunity to serve the membership and encourage all members to take advantage of the many services and benefits offered by First Service Credit Union.

To provide you with the innovative financial products and first-class service you've come to expect from us, there must be someone to ensure that First Service Credit Union is operating soundly. The Supervisory Committee monitors the credit union's operations and procedures on behalf of the membership. Our responsibilities include overseeing the direction and focus of the internal audit function, initiating an annual external audit of the credit union's financial records and control structure, commissioning member account verification, and ensuring an ongoing review of closed accounts.



Our Virtual Banking rooms served as a safe space for our members to conduct loan applications with an experienced loan advisor via webcam.



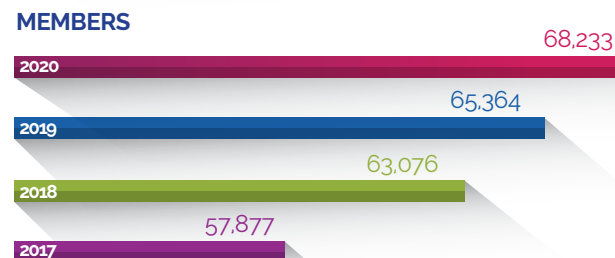
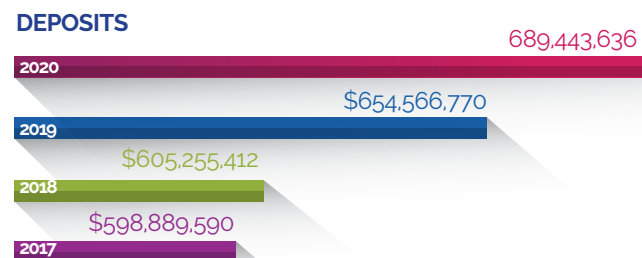
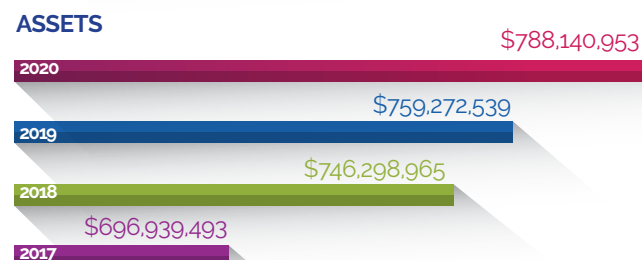
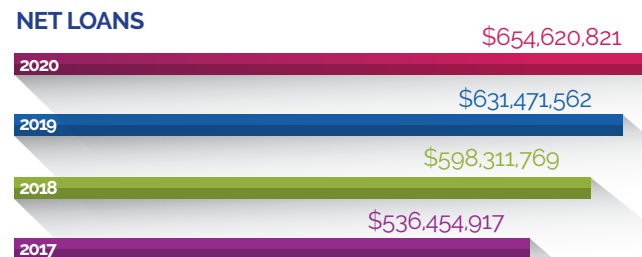
Our employees went above and beyond to ensure the safety of our members.

# STATEMENT OF FINANCIAL CONDITION

ASSETS	2020	2019
As of December 31		
Cash .....	\$38,748,068	\$15,207,637
Investments .....	\$26,768,001	\$45,337,194
Net Loans .....	\$654,620,821	\$631,471,562
Accrued Interest Receivable .....	\$1,897,578	\$2,065,510
Premises and Equipment, Net .....	\$37,905,216	\$36,887,593
National Credit Union Share Insurance Fund Deposit .....	\$6,858,673	\$6,524,054
Other Assets .....	\$21,342,596	\$21,778,988
Total Assets .....	\$788,140,953	\$759,272,539

LIABILITIES & MEMBER EQUITY	2020	2019
Liabilities .....	\$18,331,354	\$29,851,700
Members' Shares and Deposits .....	\$689,443,636	\$654,566,770
Members' Equity .....	\$80,365,962	\$74,854,069
Total Liabilities and Members' Equity .....	\$788,140,953	\$759,272,539

INCOME & EXPENSE STATEMENT	2020	2019
Total Income .....	\$50,607,952	\$52,120,965
Operating Expenses .....	\$33,929,173	\$34,244,117
Provision for Loan Losses .....	\$4,109,730	\$6,135,894
Interest and Dividend Expense .....	\$7,073,402	\$8,571,426
Non-Operating Income/Expense .....	\$345,056	\$721,694
Net Income .....	\$5,150,591	\$2,447,834





# LEADERSHIP

## BOARD OF DIRECTORS



**Kourtney Calhoun**  
Chair  
Volunteer since 1996  
Re-Election 2022



**Paul Love**  
Vice Chair  
Volunteer since 1984  
Re-Election 2022



**Wayne Taylor**  
Secretary  
Volunteer since 1982  
Re-Election 2023



**Doug Esmond**  
Treasurer  
Volunteer since 1990  
Re-Election 2022



**Janet Hill**  
Director  
Volunteer since 2001  
Re-Election 2023



**David Itz**  
Director  
Volunteer since 1994  
Re-Election 2022



**Marco Casso**  
Director  
Volunteer since 2010  
Re-Election 2021



**Tom Bullard**  
Director  
Volunteer since 2018  
Re-Election 2021

## ADVISORY DIRECTOR COMMITTEE



**Andrea Mangiavacchi**  
Volunteer since 2001



**Dominique Varner**  
Volunteer since 2020

## SUPERVISORY COMMITTEE



**Marco Casso**  
Chair  
Volunteer since 2010



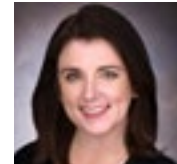
**Doug Chee**  
Volunteer since 2007



**Mack Mayhew**  
Volunteer since 2007



**Brett Rychel**  
Volunteer since 2020



**Dominique Varner**  
Volunteer since 2020

## EXECUTIVE LEADERSHIP TEAM



**David Bleazard**  
President/Chief Executive Officer



**David Dang**  
Chief Information Officer



**Frank Halstead**  
Chief Risk Officer



**Sonya Harris**  
Chief Lending Officer



**Larry Hayes**  
President of eCU Technology



**Jana Heaton**  
Chief Financial Officer



**Jon Shurtz**  
Chief Administrative Officer/In-House Counsel



**Daniel Souers**  
Chief Experience Officer

## BOARD NOMINEES

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The First Service Credit Union Nomination Committee has submitted the following candidates for the 2021 Board of Directors election:



**Marco** currently serves as a Board Director and Chair of the Supervisory Committee. In addition to these roles, Marco has also served on the Advisory Director Committee and the Asset-Liability Committee. He has served on the board for three years, and he is excited to continue furthering the personal interests and security of the credit union's members. He is a Certified Public Accountant and has worked for Halliburton for over 20 years in various roles with increasing responsibility, including Internal Audit, Financial Planning, and years of international assignments in Latin

America, including Brazil, Ecuador and Mexico. In addition to his day-to-day job duties, he participates in university recruiting, mentoring, and training of operations employees in various finance-related courses. He is originally from Laredo, but he has called Houston home since 1992. He has been married for over 28 years and has three teenage boys. In his spare time, he enjoys coaching youth sports teams, including football, basketball, and soccer, and volunteering for nonprofits including Junior Achievement and Kid's Meals.



**Tom** has been a credit union member for nearly 30 years and currently serves as a Board Director. He served on the Advisory Director Committee for two years before joining as a full-time director. Both in his volunteer roles at First Service and at SNC-Lavalin, Tom is committed to furthering excellent member service and an engaged culture through teamwork, creativity, and attention to detail. As Vice President for SNC-Lavalin's Oil & Gas Sector, Tom is responsible for all operations in the United States of America, Latin America, and the Caribbean regions. He joined the SNC-

Lavalin team in 2014 after spending 23 years with KBR. Tom holds a Bachelor's Degree in Business Management from Texas A&M University and spent eight years working on foreign assignments. Tom has been married for over 20 years, and he and his wife have three children together.

# PRIOR MEETING MINUTES

## First Service Credit Union Annual Meeting Minutes May 15, 2020

Chairman of the Board Janet Hill welcomed everyone to the 42nd Annual Meeting of First Service Credit Union (First Service) and called the meeting to order at 6:00pm. She asked if a quorum was present, and Executive Assistant Virginia Dolan affirmed that there was.

Chairman Hill asked Executive Assistant Dolan to serve as Secretary and Parliamentarian. Executive Assistant Dolan answered in the affirmative, indicating the recorder and Robert's Rules of Order were in hand. Chairman Hill asked if there were any proposed adjustments to the minutes as presented in the 2019 Annual Report. There were none and Chairman Hill proceeded to ask for a motion to accept the minutes as presented.

**Motion:** A motion was made by Director Wayne Taylor and seconded by Director Marco Casso to accept the 2019 Annual Meeting minutes as presented. The motion passed with one opposing the vote.

Chairman Hill turned the podium over to CEO David Bleazard who introduced the board members, Advisory Committee, and the Supervisory Committee in attendance and via Zoom. The board members were Chairman Janet Hill, Vice-Chair Kourtney Calhoun, Secretary Jim Harkrider, Treasurer Doug Esmond, Paul Love, Wayne Taylor, Marco Casso, and David Itz. The Advisory Committee Members were Andrea Mangiavacchi and Tom Bullard. The

Supervisory Committee Members were Mack Mayhew, Doug Chee, Merv Swan, and George Gentry III.

Chairman Hill presented the Chairman's Report stating that our membership numbers have grown to over 65,000, with our total assets rising to \$759 million. We were able to help thousands purchase or refinance their cars by funding over \$181 million in auto loans and make homeowners' dreams come true by exceeding home loans by \$33 million. We are continuing to make our branch and digital experience more convenient. We completed construction on our 200-person auditorium that will be used to host community events, seminars, and workshops that give members the resources and guidance needed to improve their lives. We, the board, remain grateful to the First Service team of almost 200. Their tireless efforts to meet the needs of our members remain our most important asset. As a local credit union, we are proud to be an integral part of the Houston economy and community.

Chairman Hill introduced First Service's Executive Leadership Team: President/CEO David Bleazard, EVP Mike McWethy, CLO Debi Little, CFO Jana Heaton, CRO Frank Halstead, CIO David Dang, and CAO/In-House Counsel Jon Shurtz.

CEO Bleazard presented the CEO's Report stating that due to Covid-19, we are holding this event virtually. We are happy to report

that this is the most member participation we have ever had, and we thank you for this. We are working hard to make digital banking more convenient for our members and are proud of the new digital banking upgrades that will be released at the end of 2020. Before the pandemic, we created a virtual lending room that our members can use to speak to one of our loan officers. This has been received very well, and we are excited to be able to offer this convenience to our members. We are happy to report that we will be opening all our lobbies this week to better serve you. Our ability to adapt allowed over 73% of our employees to be set up to work from home in just under two weeks. This is a remarkable achievement due to our IT team. We have once again been voted one of Houston's "Top Workplaces," and our NPS scores are very high. We give the option to fill out a survey after each encounter with our credit union and try to respond to each and every comment. We are most proud of an entirely new training and development plan for our employees that help us give better service to you. We strive each day to give the best service we can to you, our members. We will make it through this crisis and will be better able to serve you.

Supervisory Chairman Casso presented the Supervisory Committee Report stating this committee monitors the credit union's operations and procedures on behalf of the membership. Our responsibilities include overseeing the direction and focus of the internal audit function, initiating

an annual external audit of the credit union's financial records and control structure, commissioning member account verification, and ensuring an ongoing review of closed accounts. We truly appreciate the opportunity to serve the membership and encourage all members to take advantage of the many services and benefits offered by First Service Credit Union.

Chairman Hill asked if there was any old business. There was none.

For new business, Nominating Committee Chairman Jim Harkrider introduced the candidates for the board elections. Chairman Janet Hill and Director Wayne Taylor have both volunteered to serve for another three years, and Director Paul Love has volunteered to serve for two more years.

**Motion:** A motion was made by EVP McWethy and seconded by CAO/In-House Counsel Jonathan Shurtz to approve the nominations of Chairman Janet Hill and Director Wayne Taylor who have volunteered to serve for another three-year term and Director Paul Love who has volunteered to serve for a two-year term. The motion passed.

Chairman Hill thanked everyone for coming and asked for a motion to adjourn. A motion was made by Secretary Harkrider to adjourn, and the meeting ended at 6:24pm.



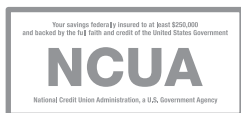




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First Service Credit Union  
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Your savings are federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government. National Credit Union Administration, a U.S. Government Agency. First Service Credit Union is an Equal Housing Lender. NMLS #411394