



2021

A year in motion

2021

## INTRODUCTION

# A YEAR IN MOTION

In 2021, First Service Credit Union continued to move the institution forward for our members and the community we serve throughout the Greater Houston area. In listening to our members' needs,

we committed to providing them with easier access to their funds as well as the most advanced trends in financial technology.

## 2022 Annual Meeting Agenda

Call to Order

Ascertainment of Quorum

Designation of Secretary and  
Parliamentarian

Approval of Prior Meeting's Minutes

Noticed New Business

President and Chief Executive's Report

Board Chair's Report

Supervisory Committee Report

Unfinished Business

Board Election

Adjournment

Door Prize Drawing

A photograph of two smiling employees, a man and a woman, standing in front of a building. The man is wearing a light blue button-down shirt and dark blue pants, with his arms crossed. The woman is wearing a dark blue top and has her arms crossed. The building behind them has large windows and signage, including the word 'Credit' and 'FirstService'. A large blue diagonal graphic is overlaid on the right side of the image.

**Joe Perez**  
Vault Teller

**Mannar Mikhail**  
Assistant Branch Manager

# LET'S LOOK AT THE HIGHLIGHTS



68,549

Members



\$728,132,437

in Total Deposits



\$330,365,556

in New Loans Funded



\$117,079,800

Total Debit Rewards  
Points Redeemed



\$21,107,354

in Loans Funded Through  
Virtual Banking



\$4,018,354

in Dividends Paid



229,647,736

Total Debit Rewards  
Points Earned



235,437

Member Calls Answered  
by the Service Team



198

Employees Serving  
our Members



2021: IN THE COMMUNITY





# FOR COMMUNITY, NOT PROFIT

Despite the ongoing challenges of the COVID-19 pandemic, we continued to reinforce our commitment to supporting the Houston community. Limited in-person interaction didn't keep us from keeping "For You, Not Profit" at the forefront of what we stand for and what we do. In 2021, we can confidently say that we had the pleasure of uplifting our community in many different ways.



First Service Credit Union



# ATASCOCITA BRANCH GRAND RE-OPENING

It's been almost five years since our Atascocita branch opened its doors in northeast Houston. Since its opening in 2018, increased traffic and growth in the area resulted in the Texas Department of Transportation breaking ground on an expansion of FM 1960 to improve mobility in Atascocita and Humble. We are happy to share that construction has recently been completed on the parking lot and building entrance to accommodate the expansion, resulting in easier access for all.

We partnered with Lake Houston Chamber of Commerce in March of 2021 to celebrate the branch Grand Re-Opening. The event provided an opportunity to show members our appreciation and increase our visibility among the local business community.







First Service Credit Union

# SEMESTER EARNINGS & SEMESTER SWEEPSTAKES

Good grades earned our youngest members cash and prizes in 2021. Discovery Youth Account members were paid \$1,291.17 in Semester Earnings last year. Each semester, eligible students who provided proof they passed all their classes received a cash deposit up to \$10. To make it even easier for them to submit their grades, we integrated the submission form in First Service Digital Banking. Additionally, we randomly selected six

Discovery Youth Account members who submitted their good grades to receive prizes through our Semester Sweepstakes. Each semester, one student from each age group won an award to recognize their achievement. Prizes varied and were valued up to \$100 for Adventurers (ages 0-10), up to \$200 for Voyagers (ages 11-14), and up to \$300 for Navigators (ages 15-17).



Mila M. - Member since 2020



Elyssa N. - Member since 2018



David A. - Member since 2017

# TAX REFUND SWEEPSTAKES

In April 2021, 3,490 members entered our Tax Refund Sweepstakes for an opportunity to double their refund up to \$1,000. From all eligible entries, the winner was Miles H.,

who said he would use his winnings to pay off bills. Congratulations, Miles!



Miles H. member since 2019

# FINANCIAL EDUCATION WEBINARS

## GET THE BEST DEAL ON YOUR NEXT AUTO LOAN

Free webinar on Friday,  
June 25<sup>th</sup> at 1 p.m. CDT

Register at:  
[FSCU.com/Webinars](https://www.fscu.com/webinars)



## INCOME FOR LIFE: GUARANTEEING RETIREMENT INCOME THAT LASTS A LIFETIME

Presented By



To support our members' financial wellness, we held five educational webinars last year. Sessions included a variety of personal finance topics designed to help them keep more cash in their wallets. Attendees received practical information that could help them save on home improvement projects, create household budgets, and negotiate low-cost auto loans. We are honored to serve the community and continue our commitment to supporting the hardworking people of Greater Houston.





A blue ink handwritten signature that reads "DBleazard".

**DAVID BLEAZARD**

President / Chief Executive Officer

# A MESSAGE FROM THE CEO

In the 44 years since we opened our first location, banking technology has changed at warp speed. From the introduction of electronic payment systems in the 1970s to the live video chat of today, our commitment to adopting new technologies to improve the member experience hasn't slowed. As a member-owned cooperative institution, your feedback guides everything we do.

Last year, we randomly selected members from different age groups to take part in focus group sessions to discuss existing digital banking features. We also encouraged input on technological enhancements that might improve the credit union experience. We used the information gathered during these sessions to prioritize which digital services could help members manage their finances faster and more easily from anywhere in the world.

I'd like to recount four recent technological enhancements that led us to declare 2021: A Year in Motion.

## Tap to Pay Cards from Visa®

Contactless cards allow members to make in-person purchases quickly and

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*“First Service is dedicated to creating a banking experience that’s easier and more convenient through **growth and technological innovations.**”*

**- DAVID BLEAZARD**  
President / Chief Executive Officer

# A MESSAGE FROM THE CEO cont.

securely using tap-to-pay technology. This safe, convenient, touch-free way to complete in-person transactions is now available with First Service Visa® credit and debit cards. With this technology, you receive the same account protections as when you insert a physical card into a payment terminal — and there's no need to touch unfamiliar surfaces.

## Deposit-Accepting ATMs

Many members have work locations or other obligations that prevent them from visiting a branch before closing. We found a way to remove this barrier by allowing greater flexibility to deposit checks or cash. We installed six new deposit-accepting ATMs at First Service branches, giving you more flexibility to deposit funds outside of regular business hours. As always, you can also deposit checks using the First Service Digital Banking app or other deposit-taking ATMs available through the CO-OP Shared ATM network.

## Zelle®

Digital Banking welcomed the addition of Zelle®, a peer-to-peer payment app that allows users to send money to people they know and trust. Members can now use the First Service Digital Banking app to

quickly and easily transfer funds to friends and family within minutes, using just their email address or U.S. phone number. The service also allows you to safely receive funds directly into a First Service account.

## Video Banking

Video Banking, an existing feature of our in-branch services, allows for live interaction with a credit union employee using a video conference system. In addition to accessing this feature while visiting a branch location, you can now speak with a representative on the go. We chose to launch this feature within digital banking as another way to make banking more convenient. This upgraded service lets members speak with a loan advisor and apply for a loan face-to-face, from anywhere.

## **The Future of First Service Technology**

These are a few of the technological updates that enabled us to better serve our members' financial needs in 2021.

As we continue to make improvements, we also plan to create a branch experience that's even more digitally focused and convenient for you.

When members share their experiences, we listen. More importantly, we respond. Whether it's by providing greater access to your money, offering more ways to interact with member services, or simplifying money management, we remain invested in making our members' financial lives easier, less complicated, and more rewarding.

First Service is dedicated to creating a banking experience that's simpler and more convenient through growth

and technological innovations. Going forward, we will continue to evaluate additional enhancements and their benefits to our members.

We consider it a privilege to serve our Houston community, and we are excited to see what the new year will bring!



*Kourtney Calhoun*

**KOURTNEY CALHOUN**

Board Chair

# A MESSAGE FROM THE CHAIR OF THE BOARD

This past year, as the Houston community continued its recovery from the COVID-19 pandemic, our commitment to putting members first was stronger than ever. First Service was founded on the principles of helping and serving each other while providing outstanding member service. Today, we embrace these ideals as we

continue to expand our services, staff, and products. We are proud to share how we moved forward in 2021 and will continue to do so for years to come.

## Consumer Lending

**First Service provided \$196 million in auto loans and \$63 million in home loans in 2021** despite supply shortages leading to tight buying markets. We believe that challenging national economic conditions shouldn't prevent qualified members from borrowing funds to achieve their financial goals.

Our in-house mortgage department expanded in 2021 to serve our growing membership. We now have **six home loan originators** ready to help you

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*“We will continue to maintain **strong relationships with you** and the communities we serve.”*

**- KOURTNEY CALHOUN**  
Board Chair

# A MESSAGE FROM THE CHAIR OF THE BOARD

cont.

explore a variety of home loan options. Our experienced team understands the unique needs of Houston homebuyers and homeowners. Loan originators can help members unlock doors

to homeownership, refinance an existing home loan, or access home equity to pay for other expenses.

## Member Peace of Mind

We understand that making a payment or withdrawing cash could cause members to unintentionally spend more than the balance in their accounts. To ease members' stress and financial burden, in 2021 we began waiving **non-sufficient fund (NSF) and Courtesy Pay fees for consumer accounts overdrawn by \$5 or less.**

## Commercial Lending

Despite the negative impact of the COVID-19 pandemic on Houston area businesses, we remained steadfast in our commitment to help small businesses survive and thrive during this challenging time. We distributed a second round of

**Paycheck Protection Program (PPP) funds totaling \$1,911,033** to member businesses in spring 2021. We also provided eligible new and existing businesses with SBA loans, credit cards, lines of credit, and commercial real estate loans needed to achieve their financial goals.

First Service also welcomed a **new VP of Commercial Lending and three new team members** to the in-house commercial lending team. Small business owners now have even greater access to knowledgeable professionals who can assist them with tools and services that will help their companies prosper in a variety of economic environments.

## Service Center

Our Service Center answered a **record 235,437 calls** from members in 2021. Our representatives responded to

questions related to accounts, online services, loan applications, and more. Our staff is always ready to meet the needs of our nearly 70,000 members.

### **Our Team**

We are fortunate to have a growing team of employees who genuinely enjoy serving our members. What started as 15 employees in November 1977 has grown to **198 employees**. Each and every employee makes it possible for us to serve our members and the community in ways that continue to make us proud.

In 2021, First Service Credit Union was **recognized as a Top Workplace by the *Houston Chronicle* for the ninth consecutive year!** We are humbled to have talented employees who continue to publicly express how it feels to be on a team that puts YOU first.

### **The Future of First Service**

Our ongoing commitment to improving member services includes seeking out opportunities that benefit the entire organization. To that end, First Service has taken steps to merge with People's Trust Federal Credit Union with First Service being the surviving entity. This merger will provide existing members of both credit unions with more branches, ATMs, access to additional team members, and an even better credit union experience.

Regardless of the changes on the horizon, we will continue to maintain strong relationships with you and the communities we serve. We look forward to a prosperous 2022!



A handwritten signature in blue ink that reads "Doug Esmond". The signature is fluid and cursive.

**DOUG ESMOND, CPA**  
Supervisory Committee Chair


# SUPERVISORY COMMITTEE REPORT

To provide you with the innovative financial products and first-class service you've come to expect from us, we must 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.

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, giving our members confidence in the strength and stability of their credit union.

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 you and encourage all members to take advantage of the many services and benefits we offer.



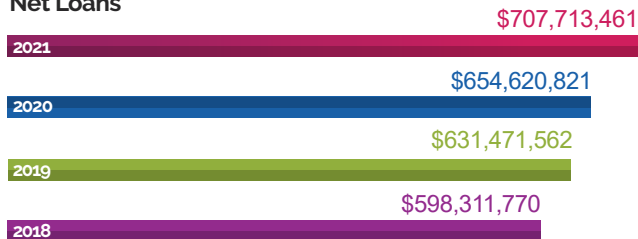
*“We are committed to... **giving our members confidence** in the strength and stability of their credit union.”*

**- DOUG ESMOND**  
Supervisory Board Chair



# STATEMENT OF FINANCIAL CONDITION

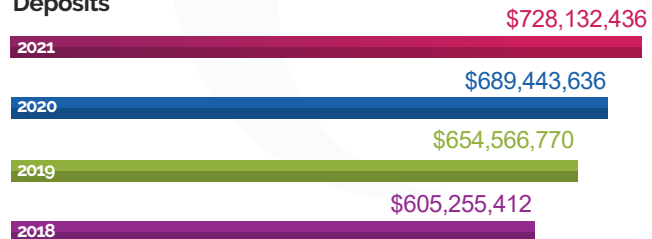
## Net Loans



## Assets



## Deposits



## Members



|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Cash .....   | \$33,018,305         | \$38,748,068         |
| Investments .....  | \$45,113,445         | \$26,768,001         |
| Net Loans .....  | \$707,713,461        | \$654,620,821        |
| Accrued Interest Receivable .....                        | \$1,986,727          | \$1,897,578          |
| Premises and Equipment, Net .....                        | \$38,195,242         | \$37,905,216         |
| National Credit Union Share Insurance Fund Deposit ..... | \$7,155,853          | \$6,858,673          |
| Other Assets .....                                       | \$21,721,778         | \$21,342,596         |
| <b>Total Assets .....</b>                                | <b>\$854,904,810</b> | <b>\$788,140,953</b> |
| <b>LIABILITIES &amp; MEMBER EQUITY</b>                   |                      |                      |
| Liabilities .....  | \$35,608,908         | \$18,331,355         |
| Members' Shares and Deposits .....                       | \$728,132,436        | \$689,443,636        |
| Members' Equity .....                                    | \$91,163,466         | \$80,365,962         |
| <b>Total Liabilities and Members' Equity .....</b>       | <b>\$854,904,810</b> | <b>\$788,140,953</b> |
| <b>INCOME &amp; EXPENSE STATEMENT</b>                    |                      |                      |
| Total Income .....                                       | \$54,331,620         | \$50,607,953         |
| Operating Expenses .....                                 | \$36,122,800         | \$33,929,173         |
| Provision for Loan Losses .....                          | \$2,789,029          | \$4,109,731          |
| Interest and Dividend Expense .....                      | \$4,018,706          | \$7,073,402          |
| Non-Operating (Income)/Expense .....                     | \$3,314              | \$345,056            |
| <b>Net Income .....</b>                                  | <b>\$11,397,771</b>  | <b>\$5,150,591</b>   |

As of December 31, 2021

# BOARD OF DIRECTORS



Kourtney Calhoun  
Chair  
Volunteer since 1996  
Re-Election 2022



Paul Love  
Vice Chair  
Volunteer since 1984  
Re-Election 2022



Doug Esmond  
Treasurer  
Volunteer since 1990  
Re-Election 2022



Tom Bullard  
Secretary  
Volunteer since 2018  
Re-Election 2023



Janet Hill  
Director  
Volunteer since 2001  
Re-Election 2023



David Itz  
Director  
Volunteer since 1994  
Re-Election 2022



Wayne Taylor  
Director  
Volunteer since 1982  
Re-Election 2023



Dominique Varner  
Director  
Volunteer since 2020  
Re-Election 2022

## ADVISORY DIRECTOR COMMITTEE



Andrea  
Mangiavacchi  
Volunteer since 2001



Scott Sellers  
Volunteer since 2021

## SUPERVISORY COMMITTEE



Doug Esmond  
Chair  
Volunteer since 1990



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



Jana Heaton  
Chief Financial  
Officer



Jon Shurtz  
Chief Administrative  
Officer/In-House Counsel



Daniel Souers  
Chief Experience  
Officer

# BOARD NOMINEES



**KOURTNEY CALHOUN**  
Volunteer since 1996

Ms. Calhoun currently serves as the Chair of the Board. She has also served as Vice Chair and Chair of the Executive Compensation Committee. She was previously Chair of the Board of El Paso Corporation Federal Credit Union, a 2013 merger partner with First Service Credit Union. She has served in management positions with Tenneco, El Paso Corporation, and presently with Kinder Morgan, with a variety of responsibilities in Accounting, Information Technology, Pipeline Commercial Operations, and as Director - Records/Information Governance.



**PAUL LOVE**  
Volunteer since 1984

Mr. Love currently serves as Vice Chair of the Board, on the Asset and Liability Committee, and on the Information Technology Committee for First Service Credit Union. He served on the legacy First Service Credit Union Board since 1984 and held past positions there as the Chair and Vice Chair of the Board. Prior to his retirement in 2013, Mr. Love was the Director of Electronic Customer Services for Kinder Morgan. He is now active in the Westbury Baptist Church, where he has served on numerous financial and administrative committees.





**DAVID ITZ**

Volunteer since 1994

Mr. Itz currently serves on the Board of Directors of First Service Credit Union and is Chair of the Asset and Liability Committee. Over the years, he has served as the Chair of the Board, on the Supervisory Committee, and on the Executive Compensation Committee. Now retired, Mr. Itz has over 40 years of experience in the energy industry with El Paso Natural Gas, Texas Utilities, Houston Industries (now CenterPoint Energy and NRG), and Calpine Corporation. Mr. Itz still keeps a hand in business, serving as Member/Manager of Energetic Properties, LLC., Vice Chair of the Board of Directors for the Houston Community College Foundation, and a member of the Dean's Advisory Board for the School of Social Sciences at Rice University.



**DOUG ESMOND**

Volunteer since 1990

Mr. Esmond is currently serving as Treasurer on the Board and is Chair of the Supervisory Committee for First Service Credit Union. In the past, he has served on the Executive Compensation Committee and the Loan Committee, and he was the Chair of the Board for legacy Right Choice Credit Union. He is a Tax Director for EOG Resources, Inc., and prior to that, he worked for KBR/Halliburton for 13 years. Doug has been a member of the credit union since 1993. He has a BBA in Accounting from Texas State University (formerly Southwest Texas State University) and is a Certified Public Accountant licensed in the State of Texas.



**DOMINIQUE VARNER**

Volunteer since 2020

Ms. Varner, a member of the credit union's Supervisory Committee, was elected to the First Service Board of Directors in 2021. Professionally, she is a partner with Hughes Watters Askanase, LLP, where she works closely with credit unions, mortgage servicing companies, and other nonbank lenders. Ms. Varner has been the Co-Managing Partner of the firm's Default Servicing Division for over 15 years, and she has garnered extensive experience with lending and finance through her current role.

# ANNUAL MEETING MINUTES

May 19, 2021

Chair of the Board Kourtney Calhoun welcomed everyone to the 43rd Annual Meeting of First Service Credit Union (First Service), which was held in person at the corporate office in Houston, TX with an option for attendance through Zoom. The meeting was called to order at 6:00 PM. Chair Calhoun asked if a quorum was present, and Executive Assistant Virginia Dolan affirmed that there was.

Chair Calhoun 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 are in hand." Chair Calhoun asked if there were any proposed adjustments to the minutes as presented in the 2020 Annual Report. There were none, and Chair Calhoun proceeded to ask for a motion to accept the minutes as presented.

A motion was made by Mr. Doug Chee and seconded by CXO Daniel Souers to accept the 2020 Annual Meeting minutes as presented. The motion passed.

Chair Calhoun turned the podium over to CEO David Bleazard who introduced the Board members, Advisory Committee, and the Supervisory Committee in attendance and via Zoom:

Board Members: Chair Kourtney Calhoun, Vice-Chair Paul Love, Secretary Wayne Taylor, Treasurer Doug Esmond, Director

Marco Casso, Director Janet Hill, Director David Itz, and Director Tom Bullard.

Advisory Committee members: Andrea Mangiavacchi and Dominique Varner.

Supervisory members: Mack Mayhew, Doug Chee, and Brett Rychel.

CEO Bleazard presented his report stating what a challenging year we experienced in 2020 due to COVID. During this bumpy ride, we were proud to be there with practical solutions and were able to help thousands of our members get back on their feet. We are a financial cooperative that helps each other, and we are so thankful to be able to serve you. Our capital position in 2020 was strong, despite economically trying times. We are confident in where we are headed for many reasons, including rising membership rates and innovative steps forward with digital banking. By the end of 2020, our members had trusted us with over \$689MM in total

deposits, and we assisted members with 10,156 new loans for over \$248MM. We are proud of our employees and take great measures to keep them and our members safe. They put members first virtually and in our branches. We are optimistic about what the future holds both for ourselves and for our members.

Chair Calhoun introduced First Service's Executive Leadership Team: President/ CEO Dave Bleazard, CFO Jana Heaton, CRO Frank Halstead, CIO David Dang, CAO/ In-House Counsel Jon Shurtz, CXO Daniel Souers, CLO Sonya Harris, and Larry Hayes, our President of eCU Technology. We also want to recognize the 193 employees of First Service. We are so thankful for these staff members. They are the best!

Chair Calhoun presented her report stating that even through the trying times of 2020, we came out on top. We are proud of the challenges we overcame and are optimistic about our future. 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 you, our members. We have many things to offer our members to make their lives better, such as the Freedom Auto Loan program, building upon the digital banking experience, and virtual banking rooms. For business owners, we offer SBA loans and business credit cards, and we participated in offering PPP loans and guidance through these trying times.

Supervisory Committee Chair Casso presented his report stating that this committee's responsibility is to provide you with the innovative financial products and first-class service you've come to expect. The Supervisory Committee monitors the credit union's operations and procedures on behalf of the membership. We are committed to maintaining sound management practices, solid reporting, and helping to give our members confidence in the strength and stability of their credit union.

Chair Calhoun asked if there was any old business, and there was none. For New Business the Nominating Committee Chair Paul Love introduced Marco Casso and Tom Bullard as candidates for another three-year term to the board of directors.

A motion was made by VP of Operations Nolan Waltman and seconded by VP of Dev Ops Ethan Ferrell to approve the nominations presented by acclamation for both Marco Casso and Tom Bullard to serve three-year terms. The motion passed.

Chair Calhoun thanked everyone for coming and asked for a motion to adjourn.

Secretary Taylor made a motion to adjourn, with the meeting ending at 6:30 PM.

# 2021 BYLAW UPDATES

In 2021, First Service also amended its bylaws to better serve its members. Here is a summary of the changes:

- Revised language to prohibit employees or family members from serving on the board of directors and to prohibit a director from being a paid employee.
- Modified the requirements for holding a Special Meeting,
- Amended the requirements for business (including new business) that can be presented and voted on at Annual and Special Meetings; and
- Modified the requirements of the nominating committee with respect to nominations for the annual membership meeting.







**FOR YOU, NOT PROFIT**

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First Service Credit Union  
16430 Park Ten Place, Houston, TX, 77084



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