



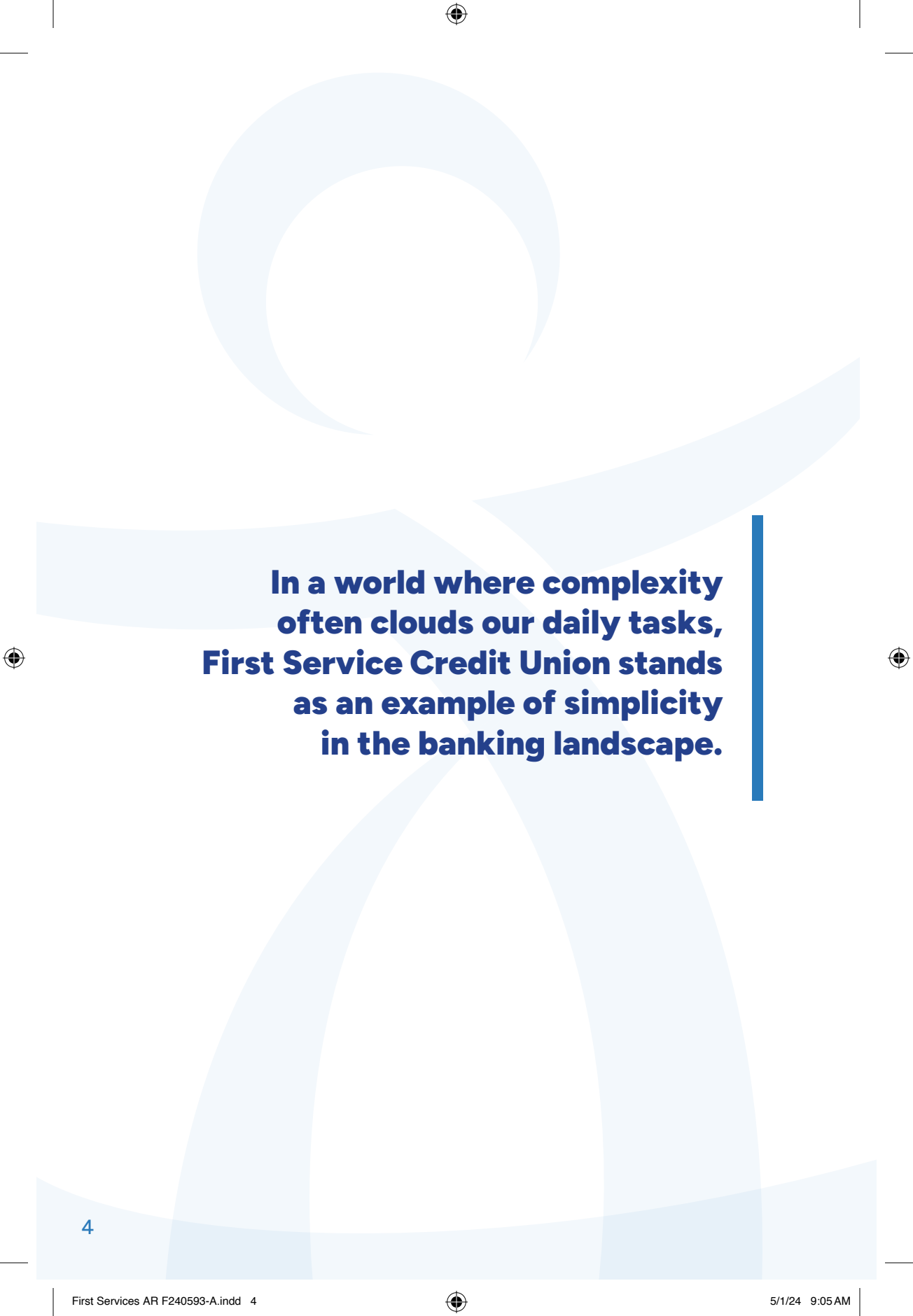
2023

Annual Report



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**In a world where complexity
often clouds our daily tasks,
First Service Credit Union stands
as an example of simplicity
in the banking landscape.**

FROM VISION TO REALITY

This past year, First Service Credit Union has focused on enhancing our members' banking experiences, emphasizing simplicity and member-focused innovation. With our membership growing to 96,225 and an increase in active checking accounts, we are forging ahead with momentum.

We've transformed banking with a user-friendly website overhaul, personalized services at our Tunnels branch, and technological innovations such as Interactive Teller Machines (ITMs) and virtual banking. Enhancements in our Zelle® features and a streamlined direct deposit process ensure a seamless experience across all devices. Each upgrade is designed to simplify our members' banking journey and better their daily financial management.

2023 HIGHLIGHTS



96,225 Members

267 Employees Serving Our Members

284,814 Member Calls Accepted by the Service Team

1,043 Volunteer Hours by Employees



\$1,057,520,124 in Total Deposits

\$11,157,674 in Dividends Paid

\$3,156 in Youth Account Semester Earnings Paid Out to **408 Students**



289 Home Equity Loans Totaling **\$29,757,707**

138 Home Purchases Totaling **\$36,290,975**

8 Home Refinances Totaling **\$1,416,400**



7,788 Consumer Loans Totaling **\$176,308,064** Including

3,505 Auto Loans Totaling **\$136,980,067**

1,671 Loans Funded Through Virtual Banking Rooms Totaling **\$26,535,123**



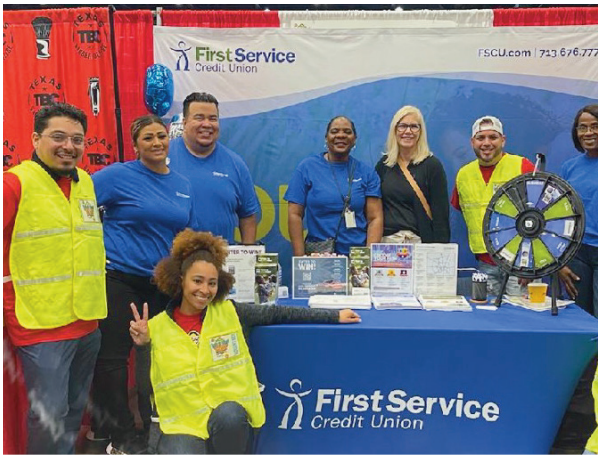
284,494,136 Total Debit Rewards Points Earned

167,646,500 Total Debit Rewards Points Redeemed



Annual Report 2023





KEY TAKEAWAYS

FINANCIAL EDUCATION

Central to our community engagement is our commitment to financial education, empowering both our members and the broader Houston community through a diverse array of financial workshops. These educational initiatives – including workshops on investing, auto buying, and homeownership – empower members with critical knowledge for informed decision-making. Our workshops on budgeting, financial basics for kids, and debt management build a foundation for sound financial practices, addressing the essentials of financial literacy and providing tools for a secure financial future.

CREDIT UNION INVOLVEMENT

Continuing our journey of community engagement at First Service Credit Union, 2023 was a year when our actions echoed our belief in the power of local, member-centric initiatives.

A highlight of our community involvement was the Mayor's Back-to-School Festival. In a heartfelt effort to support underprivileged students, our branch staff helped distribute hundreds of backpacks filled with essential school supplies. But the commitment did not stop at education alone; the support extended to include comprehensive health screenings and connecting families with vital community services in the Houston area.

Participation in events like the Home and Garden Shows in Houston and Katy, and various career fairs, allowed us to weave stronger connections within our community, showcasing our commitment to local growth and prosperity.

Our Shred Day events, which drew over 200 participants, were commitments to protecting personal information and promoting environmental sustainability. Additionally, our collaborative book drive with Books Between Kids, collecting 182 books for young readers, highlighted our commitment to literacy and educational support, particularly for those at risk.

In each of these endeavors, First Service Credit Union's heart and soul were evident. Our community involvement in 2023 helped provide services, but it also assisted in building a stronger, more educated, and more connected community.





MESSAGE

FROM THE CHAIR OF THE SUPERVISORY COMMITTEE

Doug Esmond, CPA

To provide members with financial services that enhance their lives, we must ensure that First Service Credit Union is operationally sound. The Supervisory Committee monitors the credit union's operations and procedures on behalf of members. We oversee the internal audit function, initiate an annual external audit, commission member account verification, and review closed accounts.

The Supervisory Committee members are well qualified, with extensive financial audit experience. We maintain sound management practices and reporting that instills member confidence in the credit union's strength and stability.

Each year, we have an annual audit performed by an independent CPA firm to ensure that 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. The 2023 financial statements fairly present, in all material respects, the credit union's financial position, results of operations and cash flows. For a free copy of the full audited financial statements, please contact First Service Credit Union's Accounting Department at 713-676-9623.

We want to extend our thanks to the Board of Directors and the First Service staff for their continued cooperation, assistance, and support. We appreciate the opportunity to serve, and we encourage all members to take advantage of the many services and benefits the credit union offers.



MESSAGE

FROM THE BOARD CHAIR
Kourtney Calhoun

Last year marked a journey of growth and community engagement. We've not only reached milestones but also created lasting impacts through our community-focused initiatives.

A YEAR OF COMMUNITY IMPACT

In 2023, First Service Credit Union focused on creating meaningful connections within our community. From handing out hundreds of backpacks at the Mayor's Back to School Festival to empowering our members with the financial knowledge needed to make informed decisions through workshops on investments, auto buying, and homeownership, we've been dedicated to improving financial lives with both support and education. Our educational efforts also included teaching the basics of budgeting to kids and providing strategies for debt management. These efforts help guide our members in making financial choices. Each initiative has been a step toward a more informed and financially independent community, underlining our commitment to enhancing the financial well-being of our members and the broader community, one step at a time.

FINANCIAL SERVICES TAILORED TO YOU

This year, we initiated a renewed emphasis on empowering our members and fostering a personalized relationship with our members. To help us better understand our members, we completed surveys and focus groups with over 2,000 members and non-members, which provided helpful insights and allowed us to align our goals with our members' wants and needs.

At our Tunnels Branch, we've introduced a fresh relationship concept, creating a personalized experience. From the moment our members are greeted at the door, every step in their journey is tailored to their needs. Our Interactive Teller Machines (ITMs) and state-of-the-art virtual banking rooms serve as more than technological

advancements; they are our commitment to bringing our members closer to their financial goals. In the month after the new branch location opened, our estimated branch traffic doubled and a total of 31 new accounts were opened.

We launched our new Drive Smart Auto Loan, a loan that allows members looking for a short-term car to take advantage of lower payments and more flexibility than a lease. We also introduced tools to help our small business members grow, including card management, enhanced fraud management through positive pay, and new business management features, like user management, within our digital banking platform.

One of our proudest achievements this year has been simplifying the direct deposit switch. It's no longer a paperwork marathon. Just a few clicks to sign into your payroll, and you're set. This hassle-free switch has already been embraced by over 3,262 members, a testament to our promise of making your financial experience uncomplicated and stress-free.

OUR VISION FOR 2024

Looking ahead to 2024, our goals are clear and focused. We're committed to continuing the simplification of our products, making financial services straightforward and accessible. We recognize the importance of evolving with changing demographics and preferences, catering to all audiences as we gear up for the future. Expect to see more modern and user-friendly branches, designed with your needs and comfort in mind. But above all, our goal is to deepen the relationships we have with you, our members. We believe in not just serving you, but also connecting with you, understanding your goals, and being a part of your financial journey every step of the way.

I want to express my heartfelt gratitude to each of you. Your trust, participation, and feedback are the driving forces behind our continuous evolution and success for all of our members. Here's to a 2024 filled with progress, innovation, and enhanced connections within our First Service Credit Union family.



MESSAGE

FROM THE PRESIDENT & CEO
Dave Bleazard

This past year at First Service Credit Union, we've lived by our motto, "Bank Like You Own the Place," and we've seen how powerful that can be. It's a philosophy that shapes every service we offer and every interaction we have. We empower you, our members, with the tools and services that enable you to manage your finances with the confidence and authority of an owner.

INNOVATING WITH OWNERSHIP IN MIND

Every step we've taken—from redesigning our website to our innovative services at the Tunnels Branch—has been about giving you more control. Our improvements to Zelle® have made transactions smoother, and our upgraded digital banking ensures you can manage your finances seamlessly, wherever you are. These advancements make banking more convenient, but they also embody our commitment to providing you with the financial freedom you deserve.

Our community has expanded impressively to nearly 96,500 members across 14 branches, each of you an integral part of our shared success. Your enthusiastic response, reflected in our excellent Net Promoter Score of 80, reaffirms that our efforts are hitting the mark.

EMPOWERING YOU EVERY STEP OF THE WAY

Here at First Service, "Bank Like You Own the Place" means that your voice is heard, your needs are anticipated, and your financial well-being is at the forefront of every decision we make.

Inflation's impact on spending and savings, along with rising interest rates, understandably caused concerns among our members. But it's in these times that our commitment to your financial well-being shines the brightest, working tirelessly to offer solutions and advice that help you balance and thrive.

DIRECT IMPACT ON YOUR FINANCIAL SUCCESS

Our dedication to empowering our members has yielded impressive results. Together, we've saved a remarkable total of over one billion dollars in deposits and paid out dividends amounting to over eleven million dollars. Our focus on the future has also rewarded our younger members, with over \$3,000 paid in Youth Account Semester Earnings, investing in their potential. In 2023, 138 families achieved their dream of homeownership with our help, and 289 more took advantage of their home equity to enhance their financial standing. These numbers represent real stories of financial achievement and stability, made possible by your trust and participation.

A FUTURE DESIGNED BY YOU

As we head into 2024, we're not slowing down. We're excited to launch revamped checking accounts for consumers, business owners, and youth members and to introduce more features to digital banking, including a subscription management service. It's about ensuring that First Service Credit Union is not just a place where you bank, but a place you're truly proud to call your own.



**Thank you for your trust,
your engagement, and your
partnership. We're more
than ready for 2024, and
we can't wait to take this
journey with you.**

Net Loans

'23	\$998,409,099
'22	\$1,012,373,519
'21	\$707,735,538
'20	\$654,620,821
'19	\$631,471,562

Members' Shares and Deposits

'23	\$1,057,520,124
'22	\$1,117,395,907
'21	\$728,132,436
'20	\$689,443,636
'19	\$654,566,770

Total Assets

'23	\$1,331,577,521
'22	\$1,392,074,136
'21	\$855,085,368
'20	\$788,140,953
'19	\$759,272,539

Members

'23	96,225
'22	94,051
'21	68,549
'20	68,233
'19	65,364

STATEMENT OF FINANCIAL CONDITION

As of December 31,

	2022	2023
ASSETS		
Cash	\$91,712,780	\$68,189,874
Investments	\$186,883,884	\$155,486,387
Net Loans	\$1,012,373,519	\$998,409,099
Accrued Interest Receivable	\$3,201,387	\$3,394,502
Premises and Equipment, Net	\$47,027,749	\$46,778,817
National Credit Union Share Insurance Fund Deposit	\$11,347,589	\$9,807,940
Other Assets	\$39,527,228	\$49,510,902
Total Assets	\$1,392,074,136	\$1,331,577,521
LIABILITIES & MEMBERS' EQUITY		
Liabilities	\$141,999,198	\$132,113,633
Members' Shares and Deposits	\$1,117,395,907	\$1,057,520,124
Members' Equity	\$132,679,031	\$141,943,764
Total Liabilities & Members' Equity	\$1,392,074,136	\$1,331,577,521

STATEMENT OF INCOME

For the Year Ending December 31,

	2022	2023
Total Income	\$73,320,942	\$86,394,631
Operating Expenses	\$51,157,666	\$51,494,194
Provision for Loan Losses	\$5,695,196	\$7,375,306
Interest and Dividend Expense	\$4,167,118	\$15,345,462
Non-Operating (Income) Expense	\$2,132,158	\$943,724
Net Income	\$10,168,804	\$11,235,945

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LEADERSHIP

2023 BOARD OF DIRECTORS



Kourtney Calhoun
Chair
Volunteer since 1996
Re-Election 2025



Gary Daugherty
Vice Chair
Volunteer since 2014
Re-Election 2026



Tom Bullard
Secretary
Volunteer since 2018
Re-Election 2024



Doug Esmond
Treasurer
Volunteer since 1990
Re-Election 2025



Ron Booth
Director
Volunteer since 2001
Re-Election 2026



Mohan Dinanath
Director
Volunteer since 1998
Re-Election 2026



Janet Hill
Director
Volunteer since 2001
Re-Election 2026



David Itz
Director
Volunteer since 1994
Re-Election 2025



Paul Love
Director
Volunteer since 1984
Re-Election 2025



Paul SoRelle
Director
Volunteer since 1980
Re-Election 2024



Wayne Taylor
Director
Volunteer since 1982
Re-Election 2026



**Dominique
Marshall Varner**
Director
Volunteer since 2021
Re-Election 2024

2023 SUPERVISORY COMMITTEE



Doug Esmond
Treasurer
Volunteer since 1990
Re-Election 2025



Mohan Dinanath
Director
Volunteer since 1998
Re-Election 2026



Mack Mayhew
Committee Member
Volunteer since 2007
Re-Election 2024



Adrian Nieto
Committee Member
Volunteer since 2014
Re-Election 2024



Paul SoRelle
Director
Volunteer since 1980
Re-Election 2024



**Dominique
Marshall Varner**
Director
Volunteer since 2021
Re-Election 2024

EXECUTIVE LEADERSHIP



Dave Bleazard
*President/
Chief Executive Officer*



Teri Edge
*Executive Vice President
& Chief Growth Officer*



Jon Shurtz
*Executive Vice President
& In-House Counsel*



Jason Swatsenborg
*Executive Vice President
& Chief Financial Officer*



Nolan Waltman
*Executive Vice President
& Chief Operating Officer*

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2024 BOARD NOMINEES



Tom Bullard
Secretary
Volunteer since 2018

Mr. Bullard has been a credit union member for nearly 30 years and currently serves as Secretary of the Board. He served on the Advisory Committee for two years before joining as a full-time director. In his volunteer role at the credit union, Mr. Bullard 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, Mr. Bullard 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. Mr. Bullard holds a Bachelors' Degree in Business Management from Texas A&M University and spent eight years working on foreign assignments. Mr. Bullard has been married for over 20 years, and he and his wife have three children together.



Paul SoRelle

Director

Volunteer since 1980

Mr. SoRelle has been a credit union volunteer for more than 40 years and currently serves on the Board of Directors. He previously served as Board Chair of the Houston Chronicle Employees Federal Credit Union during its merger with People's Trust before being appointed by the People's Trust Board as an Associate Director in 2014 and Director in 2016. Mr. SoRelle worked at the Houston Chronicle for 34 years and then the University of Texas MD Anderson Cancer Center for 10 years before retiring in 2016.

Mr. SoRelle has an MBA from the University of Houston and a Bachelor of Journalism from the University of Texas at Austin. Mr. SoRelle serves on the board of Houston Bike Share, the operators of the Houston BCycle bike share system. Previously he served on the Boards of Examiners for the Baldrige National Quality Award and the Texas Award for Performance Excellence.



**Dominique
Marshall Varner**

Director

Volunteer since 2021

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. She received her Bachelor's Degree in International Business and Finance from UT – Austin in 1990, and she completed her Juris Doctorate program at the South Texas College of Law in 1994. Ms. Varner was recognized by the State Bar of Texas the same year and has been Board Certified in Consumer Bankruptcy Law by the Texas Board of Legal Specialization since 2006.

2023 ANNUAL MEETING MINUTES

May 16, 2023

Chair of the Board, Kourtney Calhoun, welcomed everyone to the 45th Annual Meeting of First Service Credit Union (FSCU), which was held in person at the corporate office in Houston, TX. The meeting was called to order at 6:00pm. Chair Calhoun asked if a quorum was present, and Executive Assistant Virginia Dolan affirmed that there was.

Chair Calhoun stated that Executive Assistant Dolan will serve as our secretary and the meeting is being recorded. As a reminder, during last year's Annual Meeting, Special Rules of Order – also known as "House Rules" – were adopted for the conduct of all membership meetings of First Service Credit Union. Because we are required to follow Robert's Rules of Order and our Bylaws, the Board is appointing a Parliamentarian to help ensure that our meeting is conducted properly and efficiently. The Board has appointed Brent Vannoy, an attorney for the Credit Union, to serve as Parliamentarian. Chair Calhoun asked if there were any proposed adjustments to the minutes as presented in the 2022 Annual Report. There were none, and Chair Calhoun proceeded to ask for a motion to accept the minutes as presented.

Motion: A motion was made by Director Mo Dinanath and seconded by CFO Jana Heaton to accept the 2022 Annual Meeting minutes as presented. The motion passed.

Steve Gilman thanked everyone for coming and wanted to take the opportunity to thank the following individuals who represent the 2022 Board of Directors, Advisory

Committee, Supervisory Committee and the Executive Team.

Board Members: Chair Kourtney Calhoun, Vice-Chair Gary Daugherty, Secretary Tom Bullard, Treasurer Doug Esmond, Director Wayne Taylor, Director Janet Hill, Director David Itz, Director Dominique Varner, Director Paul Love, Director Mo Dinanath, Director Ron Booth, Director Paul SoRelle and Director Michael Read.

Advisory Committee: Andrea Mangiavacchi, Nirupa Oudit, Ed Raponi, Scott Sellers and Director Emeritus Rhonda Bouldin.

Supervisory Members: Chair Doug Esmond, Dominique Varner, Mack Mayhew, Brett Rychel, Mo Dinanath, Paul SoRelle and Adrian Nieto.

Executive Leadership Team: President/CEO Dave Bleazard, CFO Jana Heaton, CRO Frank Halstead, CIO David Dang, CAO / In-House Counsel Jon Shurtz, CGO Nolan Waltman, CLO Sonya Harris, CDO Ty Robbins and COO Teri Edge.

Chair Calhoun announced we have a special message from our CEO, Dave Bleazard, who will present his CEO Report.

CEO Bleazard stated we are proud of the completion of a wonderful merger with People's Trust Federal Credit Union (PTFCU) in 2022. We are now the fifth largest credit union in the Houston area. We have one of the best digital banking programs in the business and are making changes to make it even better, including updating bill pay and Zelle®. We are revamping our branches by giving them a new look and feel to serve you better. The Tunnels branch, under the Shell building, will be our

first branch to showcase our new concept. This year, we are working on developing operational excellence by implementing new processes and procedures to help with consistency when serving our members. We have wonderful employees who are dedicated to serving you, and for the 10th year in a row, we were named one of the top places to work in Houston. We are the only business in Houston to win this award 10 years in a row. Our focus is on you. You are the member-owners, and we are grateful for your business.

Chair Calhoun presented the Chairman's Report, stating that FSCU started out as Brown and Root Credit Union back in 1977 and has now grown to over 260 employees with 14 branches and around 95,000 members. In 2022, FSCU grew to be \$1.3 billion in assets, which was a significant milestone to help us better serve you, our members. On behalf of the Board and the Executive Team, we want to thank you, our members, as we strive to supply you with the best financial products possible. We look forward to continuing to serve you in 2023 and beyond.

Supervisory Chair Doug Esmond presented the Supervisory Committee Report stating that, to provide members with financial services that enhance their lives, it is our responsibility to ensure that FSCU is operationally sound. The Supervisory Committee monitors the credit union's operations and procedures on behalf of you – the member – because the soundness of the credit union is very important

to us. Our most recent financial audit came back with an unqualified opinion due to the great work from CFO Heaton and her accounting team. We appreciate the opportunity to serve and encourage all members to take advantage of the many services and benefits we offer.

Chair Calhoun stated that since there is no Old Business on our agenda for tonight, we will move to New Business: the elections. She turned the podium over to Director David Itz to introduce our Board candidates and conduct this meeting's election.

For New Business, the Nominating Committee Chair, Director Itz, stated the Nominating Committee has recommended that Gary Daugherty, Wayne Taylor, Janet Hill, Ron Booth and Mohan Dinanath be re-elected for three-year terms.

Motion: A motion was made by CGO Waltman and seconded by CDO Robbins to approve the nominations of Gary Daugherty, Wayne Taylor, Janet Hill, Ron Booth and Mohan Dinanath to be re-elected for three-year terms. The motion passed.

Hearing the majority in favor, the Board nominees were re-elected. Chair Calhoun thanked everyone for attending tonight and asked for a motion to adjourn. Director Varner made a motion to adjourn, with the meeting ending at 6:21pm.

Kourtney Calhoun – Chairman
Tom Bullard – Secretary

HOUSE RULES

The following special rules of order have been adopted for the conduct of membership meetings of First Service Credit Union:

1

No business other than that related to the Noticed Business or customary Board and management reports at annual meetings shall be transacted at meetings of the members.

2

Noticed Business motions may be subject to amendment and debate but may not exceed the scope of the original topic of business noticed.

3

Notwithstanding the bylaws, the Board may ask for nonbinding member consensus, or other similar polling, through a nonbinding vote at any meeting of the members. Such polling shall not be considered transaction of business.

4

In any question before the members subject to debate, each member may speak once in debate for a maximum of three (3) minutes, unless extended by the Chair for an additional two (2) minutes at the Chair's discretion. Members of the Board and management, or special presentations, may be excepted, subject to reasonable time limitations set by the Chair in advance of the meeting. The member who makes or seconds a motion may be called upon or recognized to respond to debate separate from the above time frame. The Chair may limit the time available for overall debate on any main or subsidiary motion to a reasonable time and may end debate and/or limit a member's time if the Chair believes that debate is becoming repetitive.



**DO THE RIGHT THING
FOR THE RIGHT REASON
AT THE RIGHT TIME
EVERY TIME.**



2023 BYLAW UPDATES

In 2023, First Service enacted several key amendments to its bylaws.

These included expanding the Field of Membership to include Employees of Kent LLC in February, reducing the board size from 13 members to 12 in April, refining the descriptions of Advisory Director and Director Emeritus roles in May, and implementing regulatory-compliant changes in response to the Report of Examination in December. These adjustments aimed to enhance governance efficiency, clarify roles, and ensure adherence to regulatory standards.

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