

Annual Report

embrace the challenges

INCOME AND EXPENSE YEAR TO DATE

| NET INCOME | 2,767,460 | 1,639,760 |
|--|-------------|-------------|
| EXTRAORDINARY ITEMS (GAIN) / LOSS ON NON-OPERATING ACTIVITIES | (1,019,299) | (1,121,109) |
| INCOME BEFORE EXTRAORDINARY ITEMS | 1,748,161 | 518,651 |
| TOTAL OPERATING EXPENSE | 14,847,459 | 13,029,694 |
| NON-INTEREST OPERATING EXPENSES | | |
| TOTAL OTHER INCOME | 7,073,061 | 6,602,023 |
| NON-INTEREST INCOME SERVICE FEES | 7,073,061 | 6,602,023 |
| NET AFTER LOSS PROVISION | 9,522,559 | 6,946,322 |
| TOTAL LOSS PROVISION | 319,346 | 837,802 |
| TOTAL LOAN LOSS EXPENSE | 319,346 | 837,802 |
| NET INTEREST INCOME | 9,841,904 | 7,784,124 |
| TOTAL INTEREST EXPENSE | 768,280 | 743,750 |
| INTEREST EXPENSE TOTAL INTEREST, DEPOSITS | 768,280 | 743,750 |
| TOTAL INTEREST INCOME | 10,610,185 | 8,527,874 |
| INCOME, INVESTMENTS | 1,238,965 | 489,961 |
| INTEREST INCOME INCOME, LOANS | 9,371,219 | 8,037,912 |
| | 12/31/22 | 12/31/21 |

STATEMENT OF CONDITION

| ASSETS | | |
|--|-------------|-------------|
| TOTAL LOANS TO MEMBERS | 200,703,533 | 173,354,201 |
| TOTAL ALLOWANCE FOR LOAN LOSSES | (1,786,918) | (1,389,813) |
| TOTAL RECEIVABLES | 750,513 | 391,646 |
| TOTAL CASH | 11,156,913 | 9,195,678 |
| TOTAL INVESTMENTS | 83,618,522 | 96,509,194 |
| TOTAL PREPAID AND DEFERRED EXPENSES | 3,217,263 | 3,082,818 |
| TOTAL FIXED ASSETS | 25,567,438 | 26,319,004 |
| TOTAL ACCRUED INCOME | 708,763 | 694,377 |
| TOTAL OTHER ASSETS | 546,576 | 506,373 |
| TOTAL ASSETS | 324,482,602 | 308,663,478 |
| LIABILITIES | | |
| TOTAL ACCOUNTS PAYABLE | 2,613,053 | 1,086,232 |
| TOTAL NOTES PAYABLE | 754,121 | 504,231 |
| TOTAL CONTINGENT ITEMS | 922,972 | 824,538 |
| TOTAL OTHER LIABILITIES | 7,444,092 | 4,829,052 |
| TOTAL LIABILITIES | 11,734,238 | 7,244,052 |
| DEPOSITS | | |
| TOTAL DEPOSITS | 288,823,871 | 271,151,531 |
| EOUITY | | |
| TOTAL RETAINED EARNINGS & RESERVES | 32,668,257 | 30,267,895 |
| UNREALIZED LOSS ON MARKETABLE SECURITIES | (8,743,764) | 0 |
| TOTAL LIABILITIES, DEPOSITS & EQUITY | 324,482,602 | 308,663,478 |
| | | |



2©22 ANNUAL MEETING AGENDA

Call to Order
Ascertain Quorum
Reading and Approval of Minutes
Report from Chairman of the Board
Report from President/CEO
Annual Audit Report
Unfinished Business
New Business
Election of Board of Directors



and Management, Year ending December 31, 2022

Challenge [pronounced chal-inj] noun – a call or summons to engage in any contest, as of skill, strength, etc.

Throughout 2022, First Basin Credit Union demonstrated our skillset, strengths, and 58 years of knowledge in the financial industry to not only face changes that came our way but to embrace the challenges that accompanied those changes. It is this fixed state of mind throughout First Basin that has permitted your credit union to remain financially strong despite the trials brought about by the COVID-19 pandemic.

To the point of the credit union's endurance, it was reported in last year's Annual Report that with so many First Basin members either unemployed or underemployed, loan losses mounted during the first half of 2021. Despite the setbacks, the willingness and strength to face all obstacles head-on and make the tough decisions during 2020 and 2021, the resiliency, along with various strategies and alternative revenue sources, overall financial performance improved from one month to the next. That momentum carried over into 2022, eventually enabling First Basin to emerge and develop into its strongest financial and operational condition in the institution's history.

First Basin takes pride in sharing with our members that we ended the year at our **strongest** financial condition in history with total retained earnings and reserves of \$32.6 million, up from the prior year-end \$30.2 million. Loans increased \$27.3 million to \$200.7 million, while deposits expanded \$17.6 million to \$288.8 million. The year-end net worth ratio of 10% was substantially ahead of the "well-capitalized" level of 7% as determined by regulatory authorities.



Embracing the communities we serve.

The medical community, educational institutions and nonprofit organizations strengthen the communities we serve by providing the health, educational and social services our citizens need. First Basin is proud of its deep roots and close affiliation with these vital entities and devotes countless resources towards their support. We are grateful to our dedicated and passionate employees and senior management who volunteer their time to fulfill a mission and embrace the communities we serve.





In 2022, First Basin made a generous contribution to Odessa College to continue expanding the vision of the OC Athletic program. FBCU pledged \$1 million dollars to Odessa College to become a Foundational Partner for Phase Two of the all-new James Segrest Stadium. This multi-phase project is under construction and will provide the required amenities to host track and field

events for Odessa College and the community. OC will include the First Basin logo as the exclusive financial institution in the James Segrest Stadium.



As a Corporate Partner of UT Permian Basin, First Basin is a great fan of UTPB Athletics. Last year the credit union hosted Falcon Alumni for the first-ever "Meet the Coaches" event to give UTPB staff and alumni the opportunity to meet and mingle with the coaches of fall and winter sports. First Basin also sponsored a "Falcon Flight BBQ" treating faculty and staff of UT Permian Basin while engaging attendees about the FB Falcons-

First program. FalconsFirst was launched within the credit union for the UT Permian Basin community and to support our corporate sponsorship with UTPB. First Basin was honored at the UTPB Homecoming game and presented a \$75,000 check to UTPB Athletics to show our continued support.



Our dedication to support higher education spreads across the South Plains as well. In August, FBCU Lubbock and the Marketing Team attended Texas Tech's Hub City Fest to welcome students back to campus. First Basin, Corporate Partner of TTU Athletics, attended the 2022 Red Raider Club Athletics Kick-Off Luncheon and had

the opportunity to meet incoming TTU Head Football Coach Joey McGuire. FBCU Marketing welcomed Red Raider Football Fans as they took on Baylor at Jones Stadium. It was a very special game and experience – Team FBCU was in attendance as Patrick Mahomes of the Kansas City Chiefs was inducted into the Texas Tech Ring of Honor.

Supporting financial literacy.

The inner strength of the credit union shines brightest when we are reaching out to our youth. FBCU understands the importance of teaching our kids, of all ages, the importance of financial literacy.

Team First Basin visited students in the Choice Program at Zavala Magnet Elementary, First Basin's Adopted School, during Financial Literacy Month. They taught the children about money basics, including how to make bank deposits, withdrawals, how to fill out a ledger and keep track of their money. Zavala Elementary also invited FBCU volunteers to sit with Choice Program students to experience what it was like during a job interview.



For more than eight years, First Basin Junior Achievement Inspiring Tomorrows has been a loyal partner of Junior Achievement of the Permian Basin.

In 2022, First Basin Marketing, and Senior Management spent the day with senior class of George H.W. Bush New Tech Odessa for "JA in a Day". FBCU volunteers also taught personal finance classes to students at area schools so they, too, could learn valuable lessons about credit, earning money, budgeting, saving and developing healthy spending habits.

Donating to make a difference.



In August, Team FBCU attended the United Way of Odessa Annual Campaign Kick-Off. The team showed up in full-force prepared to go above and beyond in raising funds to donate and volunteer their time. Staff not only volunteered but branches were provided

raffle tickets to sell which raised an additional \$5,000 for the United Way! In 2021 First Basin more than doubled what was raised during our 2020 workplace campaign and even exceeded those contributions in 2022.

FMBRACE The Class

Investing in employees...and looking to the future.

First Basin finds it equally important to invest in our community and our employees. In 2022, FBCU introduced "Embrace the Chaos", a new leadership training that allows team members from across the credit union to move outside their comfort zones, connect with one another and break down walls. The time spent in training was for the employees to bond, share triumphs and struggles and lift one another up. First Basin firmly believes the stronger employees are as individuals the stronger FBCU is as a company.

When the call for change rang through, First Basin Credit Union faced those changes head-on and was determined to come out on top. We proudly rose to the challenges of 2022 and continued to serve our members, the community and to take care of our employees. After an exceptional year, we have embraced 2023 and continue to grow and soar upward.

> Shem Culpepper President & CEO

Sam Gonzalez Chairman



REPORT TO MEMBERSHIP

First Basin Credit Union appreciates the commitment and dedication of the Board of Directors. Currently, FBCU pays each director \$400 per board meeting attended. The FBCU Board of Directors are presented below, along with the expiration dates of their terms.

Sam Gonzalez 2/2023 Cathy Laracuente 2/2024 Gary Windham 2/2023 Rebecca Marler 2/2025 Steve Compton 2/2024 Wesley Burnett 2/2025

There were no documented changes to the First Basin Credit Union bylaws in 2022.





ANNUAL AUDIT

The annual audit performed by Doeren Mayhew CPAs resulted in a determination that First Basin Credit Union's reported financial statements for December 31, 2021 present fairly, in all material respects, its financial position and are in conformity with accounting principles generally accepted in the United States of America. The financial statements for December 31, 2022 have not yet been audited.



MISSION STATEMENT

First Basin Credit Union will do whatever it takes to exceed members' expectations by providing professional financial solutions that place members' needs first.

Board of Directors

Chairman – Sam Gonzalez Secretary – Gary Windham Treasurer – Rebecca Marler Wesley Burnett Steve Compton Cathy Laracuente

Senior Management

President/CEO Shem Culpepper
Chief Financial Officer Ana Gonzalez-Alvarado
Chief Lending Officer Doug Sypolt
Chief Marketing Officer Tim O'Reilly
Chief Operations Officer Brad Stillwell
Chief Retail Officer Julia Tarin





