

2025 ANNUAL REPORT

ONE VISION. ONE FUTURE.

STRONGER TOGETHER.



Meeting Minutes

A meeting of the general membership of MemberSource Credit Union was held on Thursday, May 29, 2025, at 10100 Richmond Ave, Houston, Texas 77042. Chairman Gibson called the meeting to order at 5:04 p.m. Chairman Gibson called on Director Peper to ascertain that a quorum of at least 25 members were in attendance. Director Peper confirmed that there was a quorum.

Chairman Gibson called for a reading of the minutes from the previous Annual Meeting on May 30, 2024. Director Chiaro made a motion to dispense with a reading of the minutes. Sarah Livingston seconded the motion; motion carried. Director Smith made a motion to approve the minutes of the 2024 Annual meeting as written. Sarah Livingston seconded the motion; motion carried.

Chairman Gibson introduced Kenny Harrington, President/CEO. Mr. Harrington introduced the members of the Board and management:

- Pat Gibson – Chairman
- Eddie Corvin – Vice Chairman
- Joe Hildenbrand – Treasurer
- Cheri Peper – Secretary
- Ellen Tarver – Director
- Gay Baskin – Director
- Jeremy Smith – Director
- Cassie Chiaro – Director
- Whitney Wiener – Director
- Ray Lastovica – Advisory Director
- James Tuggle - CFO
- Bobbi Phelps, Vice President, Branch Operations
- Diana Fisher, Vice President Marketing
- Elvin Tejada, Vice President, Accounting
- Cody Jones, Vice President, Lending
- Samuel Phelps, Vice President, Information Technology (unable to attend)
- Dana Forrest, Administrative Assistant

Chairman Gibson presented the Chairman's report, and Director Hildenbrand presented the Treasurer's report.

Chairman Gibson asked if there was any unfinished business from the 2024 Annual meeting. There were none. He then asked if there was any new business. There were none.

Director Smith presented the Nominating Committee report. Jeremy Smith, Gay Baskin and Cheri Peper met to review the potential Nominees. The Committee was deliberate and conscientious at its meeting and was unanimous in its nominations. Since there were no petitions from the notice that was distributed in the December 2024 statement, the Nominating Committee submitted the following members to be elected to the MemberSource Board of Directors:

- Joe Hildenbrand
- Pat Gibson
- Cassie Chiaro

Chairman Gibson called for a motion to nominate the slate of Nominees. Director Baskin made a motion to place the names presented by the Nominating Committee into nomination. Sarah Livingston seconded the motion; motion carried. Chairman Gibson called for a motion to elect by acclamation the Nominees as presented by the Nominating Committee. Director Corvin made a motion that the Nominees be elected by acclamation. Diana Fisher seconded the motion; motion carried.

Mr. Harrington called on Ms. Fisher to conduct the drawing for the door prizes.

There being no further business, Director Chiaro made a motion to adjourn the meeting at 5:22 p.m. Sarah Livingston seconded the motion; motion carried.

Chairman Gibson thanked everyone for attending and invited the attendees to join us for refreshments.

Chairman's and President's Report

As you review our Annual Report, you'll see MemberSource Credit Union performed quite well during 2025. While no two years are ever alike, this past year can be described with one word: Together. On April 1, 2025, MemberSource Credit Union merged with Transtar Federal Credit Union, creating a stronger, more resilient financial institution. This strategic partnership delivered meaningful financial benefits while enhancing the overall member experience. Former Transtar members now have expanded product offerings, increased free ATM availability, and broader access to branch locations reinforcing our shared commitment to convenience, value and member service - Together.

In 2025, the credit union demonstrated exceptional momentum across its lending portfolio, reinforcing its commitment to meeting the evolving financial needs of our members. Overall loan growth remained strong, highlighted by a nearly **34%** increase in the number of credit cards. The total number of loans made grew **18%** by nearly **\$29 million**. This expansion reflects both increased member engagement and the continued relevance of our credit offerings in a dynamic economic environment.

New auto loan balances grew by **12.71%**, while student loan balances increased by **21.42%**, further supporting members at key stages of their financial journeys. Also noted, personal loans experienced key growth, increasing by **24.04%** over 2024. This rise was largely driven by the introduction and full-year availability of our Loyalty Loans, which provided members with flexible, accessible borrowing options beyond the traditional seasonal offering.

Despite this robust growth, the credit union maintained a disciplined approach to risk management. Delinquency remained stable at **0.56%**, significantly outperforming the industry average credit union delinquency rate of **1.03%**. This achievement underscores our commitment to responsible lending practices and strong portfolio oversight.

We thank the Board, management team and staff for their professionalism and dedication to MemberSource. Together, we ensure a sound strategy and clear focus on our members.

Thank you for being a member, for trusting us with your finances and for your continued support.

Pat Gibson Chairman

Kenny Harrington President / CEO



Treasurer's Report

The performance period of 2025 reflects a year of meaningful, well-balanced growth across several key areas of the organization. Driven by disciplined strategy, strong member engagement, and an expanding market presence, MemberSource Credit Union achieved significant gains in both lending and deposits while strengthening overall financial health.

Total loans increased by an impressive **14.73%**, underscoring continued demand for lending products and the organization's ability to meet member needs effectively. Within this portfolio, mortgage lending emerged as a standout category, rising **32.07%** to over **\$22 million**. This growth highlights both favorable market positioning and the credit union's commitment to supporting members in achieving homeownership.

Revenue performance remained solid, with interest income climbing **3%** to **\$9,320,341**. This steady increase reflects both portfolio expansion and prudent rate management, contributing to improved earnings stability.

Deposit growth was equally encouraging, demonstrating strong member confidence and deeper relationships. Share accounts increased by **10.9%**, while checking accounts saw a notable rise of **20.3%**, signaling increased primary account usage and enhanced engagement from both new and existing members.

Overall financial strength is further reflected in asset growth and member expansion. Total assets grew by **11.38%** to **\$200,584,083**, reinforcing the organization's solid foundation and capacity for future growth. At the same time membership expanded by **10.42%**, largely contributed to the merger and indirect lending initiatives.

MemberSource Credit Union maintained a strong Net Worth Ratio of **12.13%**, significantly exceeding the **7%** threshold considered to be well-capitalized. Return on Assets also improved from **-0.17%** in 2024 to **0.64%** in 2025, reflecting a strong recovery in overall financial performance.

Most notably, MemberSource achieved a significant improvement in profitability. Net income surged by **472.6%**, reaching **\$1,217,572**, driven by the merger including a combination of revenue growth, operational efficiency, and disciplined expense management. This substantial increase positions the credit union well for reinvestment into member services, technology, and long-term strategic initiatives.

Looking Ahead

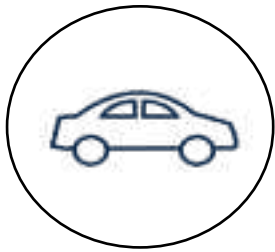
The strong performance across lending, deposits, membership and profitability reflects a well-executed strategy and a resilient operating model. As MemberSource Credit Union moves forward, it remains focused on sustaining this momentum – continuing to enhance member value, expand service offerings, and build on its financial strength.

Joe Hildenbrand | Treasurer



Year in Review

Key highlights from 2025



\$7.4M

Balance of New Auto Loans

up 12.08%



14,700

Number of Members

up 10.42%



\$5.7M

Student Loan Balance

up 21.4%



1242

Number of Personal Loans

up 24.08%



\$28.9M

Total Loans Balance Made in 2025

up 18.4%



4221

Number Of Credit Cards

up 34%

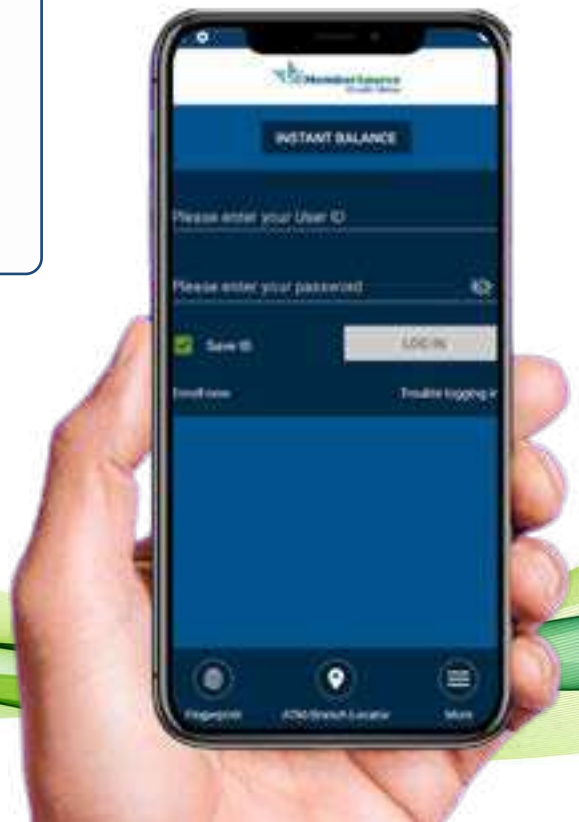
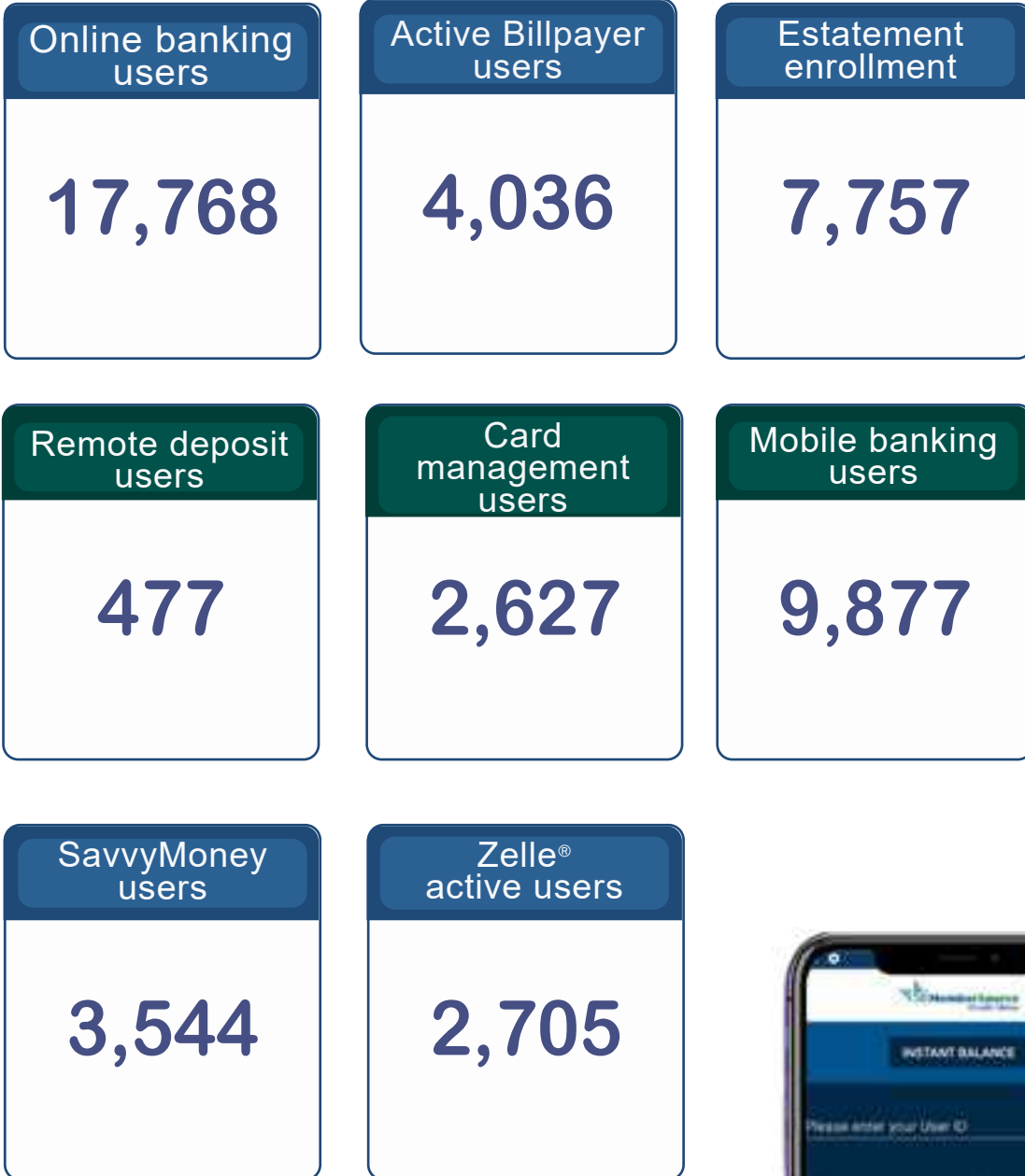


\$31.5M

Certified Funding Loan Balances

up 31%

Digital Member Engagement



Financial Statements

2025

2024

Statement of Financial Condition

Assets

Loans to Members	\$139,211,676.49	\$131,176,255.86
Accounts Receivable	4,894,513.01	4,989,780.66
Cash on Hand	31,754,711.09	16,466,590.77
Investments	14,256,150.16	19,301,864.02
Prepaid and Deferred Accounts	381,997.17	424,825.50
Fixed Assets	7,688,841.88	5,472,715.98
Accrued Income	573,423.96	524,770.41
Share Insurance	1,822,770.15	1,731,628.41

Total Assets

\$200,584,083.91 **\$180,088,431.61**

Liabilities & Member Equity

Accounts Payable	\$738,954.96	\$800,513.82
Notes Payable	0.00	0.00
Dividends Payable	125,071.89	119,859.81
Accrued Expenses	764,333.61	470,285.89
Other Liabilities	0.00	0.00

Total Liabilities

\$1,628,360.46 \$1,390,659.52

All Share Accounts	\$175,169,311.75	\$158,292,440.26
Regular Reserve	4,223,389.82	4,223,389.82
Equity Acquired in Merger	3,170,395.52	2,690,587.98
Undivided Earnings	16,933,622.67	14,650,293.80
Investment Valuation	(540,996.31)	(1,158,939.77)

Total Equity

\$198,955,723.45 \$178,697,772.09

Total Liabilities and Equity

\$200,584,083.91 **\$180,088,431.61**

Statement of Income

Interest Income

Interest on Loans to Members	\$8,039,083.94	\$7,461,856.00
Income from Investments	1,281,257.03	1,592,681.79
Total Interest Income	9,320,340.97	9,054,537.79

Total Interest Expense

Net Interest Expense	1,638,539.53	2,378,677.85
Total Interest Expense	1,638,539.53	2,378,677.85

Provision for Loan Losses Expense

Provision for Loan Losses Expense	1,082,091.87	950,141.87
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Fees, Charges and Other Operating Income

Total Operating Income	10,460,270.12	8,236,777.65
Total Operating Expense	9,242,698.04	8,563,544.60

Net Operating Income

\$1,217,572.08 \$(326,766.95)

Total Non-Operating income

0.00 0.00

NET INCOME (LOSS)

\$1,217,572.08 **\$(326,766.95)**

Member & Community Impact

Beyond financial performance, 2025 was a year of building meaningful community engagement - together. The credit union continued its tradition of giving back by actively participating in local initiatives and partnerships. Our team proudly supported the Pink Out fundraiser benefiting Susan G. Komen, reinforcing our commitment to breast cancer awareness and research. We also strengthened our regional presence as a sponsor of the Sugar Land Space Cowboys, the triple A minor league team for the Houston Astros.

Employees dedicated their time and energy to community volunteer efforts, including making lunches at Kids' Meals and participating in the Fall Festival at Camden Park. Additionally, the credit union collected school supplies benefiting the Westchase District, helping to equip local students with the resources needed for academic success. The organization also supported the West Houston Assistance Ministries Super Food Drive through donated funds and employee volunteer efforts. These initiatives reflect our core belief that strong communities are the foundation of financial well-being.

Our involvement extended into the broader credit union industry, where we remained active contributors and leaders. The organization supported the Cornerstone Credit Union League's annual fundraiser and participated in the Houston Chapter of Credit Unions golf tournament through both sponsorship and volunteerism. Further demonstrating our commitment to leadership development, we hosted and had students participate in the Houston Chapter of Credit Unions Leadership Academy, fostering growth and collaboration within the industry.

Operationally, the credit union made significant strides to enhance products, services, and member experience. In 2025, we transitioned Platinum Visa® cardholders from ScoreCard to uChoose Rewards, providing a more dynamic and user-friendly rewards platform. Additionally, the merger with Transtar Federal Credit Union expanded our footprint with the addition of two new branches, one of which was updated with interior and exterior branded signage to better reflect our identity. We also continued to update security programs and resources to combat ever present fraudulent attempts.

To further improve delivery of service, we implemented a new, more robust loan application system designed to streamline the borrowing process and improve efficiency. The expansion of Loyalty Loans to a year-round offering also reflects our continued focus on accessibility and convenience for our members.

As we look ahead, the credit union remains committed to innovation, service excellence, and community impact. By continuously evaluating and enhancing our products and services, we are well-positioned to support our members' financial success while strengthening the communities we serve.



Member & Community Impact

