

**2012**  
ANNUAL REPORT



## 2012 / 2013 HIGHLIGHTS

### ANNUAL MEETING AGENDA

	PAGE
● Call to Order / Ascertainment of Quorum	
● Designation of Secretary / Parliamentarian	
● Prior Meeting's Minutes	3
● Chairman's Report	5
● President/CEO's Report	7
● Supervisory Committee Report	10
● Unfinished Business	
● New Business	
- Election of Officials	
● Adjournment	
● Door Prize Drawing	

#### 2012 Highlights

- Assets grew 3.5% to \$329,075,325
- \$1.459 million in dividends paid to members
- 15.41% increase in consumer loan growth to \$247,190,161
- Participated in more than 15 community events (fundraisers for needy) with 574 employee community service hours
- 5,167 new members enrolled
- Renovated Woodlands Branch

#### 2013 Highlights

- Initiated TV and print advertising campaigns
- Upgraded Mobile Banking system
- Enhanced Mortgage Origination and Processing structure for future growth
- Expanded immediate issuance of debit cards
- Brought Credit Card systems and processes in-house
- Implemented an Online Account Opening system
- Opened Eldridge Oaks Branch

## MINUTES - 2012 MEETING

Wayne Taylor, Chairman of the Board, welcomed everyone and called the 34th Annual Meeting of First Service Credit Union to order at 6:00 PM. He asked if a quorum was present and Kevin Morahan stated/affirmed there was a quorum. Mr. Taylor introduced the Board members present, including Janet Hill, Gary Godwin, Jack Bartell, Thomas Smith, James Harkrider, Merv Swan (Advisory Director). Also introduced were Douglas Chee and Marco Casso of the Supervisory Committee. All were thanked for their devoted service. Mr. Taylor asked Sara Ferguson to serve as Secretary and Parliamentarian. She answered in the affirmative indicating recorder and Robert's Rules of Order. Mr. Taylor asked if there were any adjustments to the minutes as presented in the 2011 Annual Report. There were none; therefore, he asked for a motion to accept the minutes as presented.

**Motion:** Kevin Morahan moved and Gary Godwin seconded a motion to accept the 2011 Annual Meeting Minutes as presented. Motion passed.

Wayne Taylor presented the Chairman's Report (as printed in the Annual Report Booklet provided to all in attendance).

Mr. Taylor introduced Dave Bleazard President & CEO and turned over the gavel/podium to Mr Bleazard. Mr. Bleazard delivered the President's Report (as printed in the Annual Report Booklet provided to all in attendance).

Dave Bleazard introduced Doug Chee of the Supervisory Committee. Mr. Chee delivered the Supervisory Committee Report (as printed in the Annual Report Booklet provided to all in attendance). Doug Chee turned the podium over to Chairman Wayne Taylor.

Wayne Taylor asked if there was any old business and there was none. He also asked if there was any new business and there was not. He expressed it was with gratitude that we acknowledge the long-standing service of Andrea Mangiavacchi. Mr. Mangiavacchi has decided not to stand for re-election to Board of Directors at this time, and was recently appointed to the Advisory Director Committee.

Mr Taylor invited Janet Hill to the podium.

## MINUTES - 2012 MEETING

(CONTINUED FROM PAGE 3)

Janet Hill, Chair of the Executive Committee, explained that the Nominating Committee proposed the following members stand for election to serve 3 year terms on the Board of Directors: Jack Bartell, James Harkrider, Merv Swan and Wayne Taylor.

Wayne Taylor stated in the absence of any opposing candidates he asked for the Nominating Committee's slate of candidates be elected by acclamation of those members present. He then asked for a motion in accord with credit union bylaws.

**Motion:** A motion was made by Gary Godwin and seconded by Kevin Morahan to accept the slate of candidates for election as proposed. Motion passed.

Wayne Taylor concluded "the candidates are hereby elected" and with no other business scheduled for the meeting he asked for a motion to adjourn.

**Motion:** Gary Godwin moved to adjourn.

The Annual Meeting adjourned at 6:30 pm.





**DAVID ITZ**  
CHAIRMAN OF THE BOARD

## CHAIRMAN'S REPORT

On behalf of the Board of Directors, I'd like to start by thanking each of you, our members, for your business over the past year. Standing together and teamed with our skilled employees and management, we all ensure that First Service Credit Union continues as a strong financial institution.

In 2012, First Service Credit Union added 5,167 new members with 36% being in the 18 to 40 age range, which represents the next generation of credit union users. Also, 52% of those new members came from the community, supporting our strategic decision back in 2004 to become a community credit union for anyone who lives, works, worships or attends school in Harris County.

Our assets grew 3.5% in 2012 to \$329 million and loans grew more than 15% to \$247 million.

To bring you up to date here in 2013, on April 1, FSCU merged with El Paso Corporation Federal Credit Union. After merging, our membership is now over 52,000 and our assets stand at approximately \$480 million.

Our electronic services also grew in 2012. For example, about 5,067 loan applications, or about 47% of our total applications, were received online. That percentage continues to grow. I urge you to go to our website or talk with one of our Financial Service Representatives to find out about our variety of services available online. Be sure to like us on Facebook and follow us on Twitter to keep up with everything going on at your credit union. You are a member/owner of First Service Credit Union, so we know you will want to use your credit union as your primary, and perhaps only, financial institution.

  
DAVID ITZ  
CHAIRMAN OF THE BOARD

## BOARD OF DIRECTORS



**DAVID ITZ**  
CHAIRMAN/2014



**GARY GODWIN**  
VICE CHAIRMAN/2013



**JANET HILL**  
SECRETARY/2014



**PAUL LOVE**  
TREASURER/2014



**WAYNE TAYLOR**  
DIRECTOR/2015



**JACK BARTELL**  
DIRECTOR/2015



**DOUG ESMOND**  
DIRECTOR/2014



**THOMAS SMITH**  
DIRECTOR/2014



**MERV SWAN**  
DIRECTOR/2015



**KOURTNEY CALHOUN**  
DIRECTOR/2014



**JAMES HARKRIDER**  
DIRECTOR/2015



**DAVID BLEAZARD**  
PRESIDENT / CEO

## PRESIDENT / CEO'S REPORT

Belonging to a credit union makes you a member/owner of your financial institution.

Your participation is critical to our success and I want to thank you for that!

As you can see from the Annual Report, 2012 has been a phenomenal year in which we've had the best overall performance in our history. It's a fantastic time to be a member/owner of your financial cooperative!

My promise last year was to make it easier for members to gain access to their accounts, loans and our electronic services. I'm excited to share our achievements since we last met.

1. We rolled out Remote Deposit Capture as an additional electronic service. Just imagine the ease and convenience of being able to deposit checks via smartphone or tablet from anywhere! This feature puts time back in your hands. In fact, since its implementation, we've received over 4,800 checks representing \$2.2M in deposits from Remote Deposit Capture and it's growing quickly.
2. We've developed Microsites to streamline doing business with our members. We now operate MoveMyAccount.com, MoveMyAutoLoan.com, and MoveMyCard.com to fulfill our members' specific needs through simple and easy-to-remember websites. The response has been huge! For example, we've funded over 1,100 auto loans worth approximately \$25M from MoveMyAutoLoan.com alone! From MoveMyCard.com, we've opened over 1,400 new credit cards worth over \$5M in new balances last year!
3. Perhaps you've noticed our new tagline, "Bank Like You Own The Place, Because at First Service Credit Union You Do", which truly sums up the difference between credit unions and all other financial institutions.

This powerful campaign has been highlighted regularly on the television show, Great Day Houston! In addition, this campaign has been showcased on TV commercials, displays at each branch, and in our print materials and direct mail campaigns.

4. We've introduced a complete online account opening service, which is available through our MoveMyAccount.com and FSCU.com websites. This service allows your family members, friends and relatives to join our credit union family in just 7 minutes! It's never been easier to help those you love become a member/owner of FSCU. Last year we opened over 1,300 new accounts using our websites!

5. I want you to be aware that we have created a new mortgage company to serve you - eCU Mortgage, LLC. We now offer complete mortgage services through this new company. It is a wholly owned subsidiary of FSCU and is focused on making the process of applying for a new home loan or refinancing your existing one easier than ever before.

As was mentioned by our Chairman of the Board, I'm excited to announce that on April 1st, the employees and the members of El Paso Corporation Federal Credit Union became part of the FSCU family. This merger brings an additional branch and ATM located in the downtown tunnel system, and which serves over 7,500 members. With this addition, your credit union is now over \$480M in assets and serves over 52K members!

Finally, I wish to express my sincere appreciation for the vision, hard work and dedication of our Board members, employees, vendors, and volunteers, who have worked countless hours to make this credit union successful. Because of the dedicated service of so many, we have enjoyed one of the best years in our credit union's history and we look forward to another wonderful year in 2013! I'm proud to be a part of this credit union and I'm honored to serve you, and hope that you will "Bank Like You Own The Place, Because at First Service Credit Union You Do"!

**DAVID BLEAZARD**  
PRESIDENT / CEO

# STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2012

MEMBERS: 45,100

## ASSETS

Cash	4,048,701
Investments	57,535,640
Net Loans	247,190,161
Accrued Interest Receivable	877,506
Premises and Equipment, Net	10,264,006
National Credit Union Share Insurance Fund Deposit	2,963,357
Other Assets	6,195,954
<b>Total Assets</b>	<b>329,075,325</b>

## LIABILITIES & MEMBERS' EQUITY

Liabilities	6,630,578
Members' Shares and Deposit	292,650,809
Members' Equity	29,793,938
<b>Total Liabilities &amp; Members' Equity</b>	<b>329,075,325</b>

## INCOME AND EXPENSE STATEMENT

Total Income	21,999,475
Operating Expenses	(15,864,510)
Provision for Loan Losses	(749,300)
Interest and Dividends Expense	(1,461,730)
Non-Operating Income (Loss)	(166,228)
<b>Net Income</b>	<b>3,757,707</b>

AUDITED



**MERV SWAN**  
CHAIRMAN - SUPERVISORY COMMITTEE

# SUPERVISORY COMMITTEE REPORT

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. We also assist members who have questions regarding the credit union operations.

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 the financial condition of the credit union and that management practices and procedures safeguard members' assets. This past year, we contracted with McGladrey, LLP, a member of the RSM International Network to conduct the annual financial audit.

In the opinion of McGladrey, LLP, the financial statements present fairly, in all material respects, the financial position of First Service Credit Union as of December 31, 2012, and the results of its operation and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

I extend thanks to the members of the Supervisory Committee, the Board of Directors and the Credit Union staff for their cooperation, assistance and support.

**MERV SWAN**  
CHAIRMAN - SUPERVISORY COMMITTEE



**DOUG ESMOND**  
MEMBER



**MACK MAYHEW**  
MEMBER

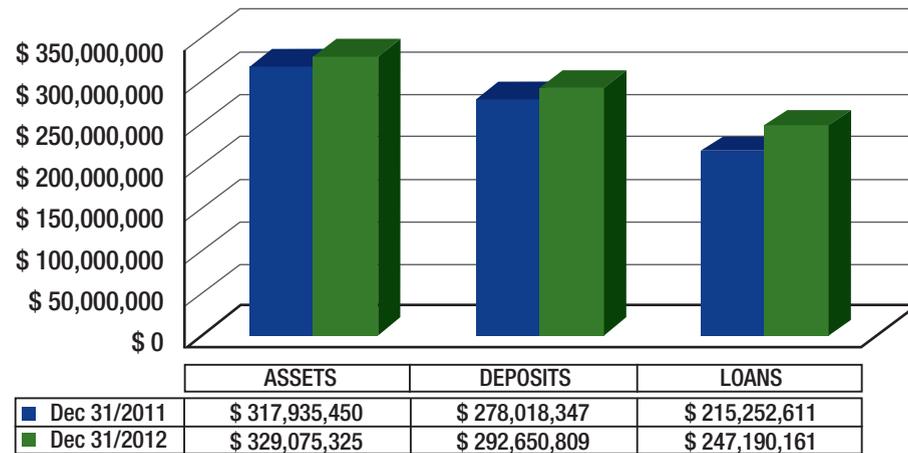


**DOUG CHEE**  
MEMBER

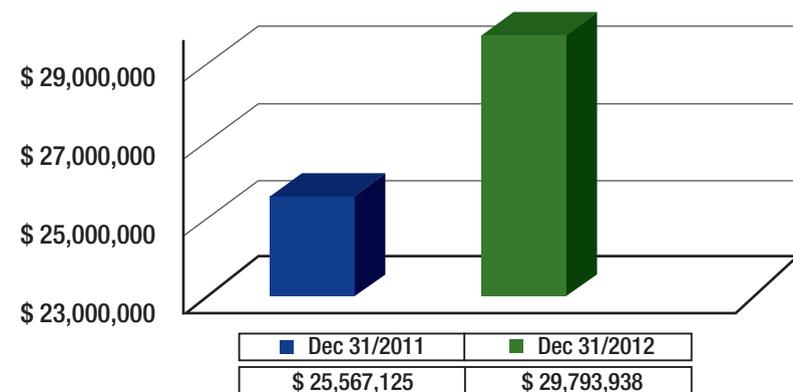


**MARCO CASSO**  
MEMBER

## FSCU FISCAL 2011 - 2012



## TOTAL EQUITY 2011 - 2012



GARY GODWIN

## FSCU BOARD OF DIRECTORS NOMINEE

The First Service Credit Union Nominating Committee has submitted the following candidate for the 2013 Board of Directors Election -- Gary Godwin.

Mr. Godwin is presently serving as a Director on the FSCU Board and has been a credit union member for several years. He has served on a variety of committees, including the Supervisory Committee and the Asset Liability Committee (ALCO). More recently, Mr. Godwin has served as Vice Chairman.

Mr. Godwin is employed by Halliburton Corporation, presently as a Vice President. He has served that company well in a variety of highly responsible positions, domestic and international, for 32 years. Gary resides with his wife in the Katy area.

## ADVISORY BOARD COMMITTEE



JAY  
GALLIA



ANDREA  
MANGIAVACCHI

## MANAGEMENT TEAM

*Dave Bleazard*  
Chief Executive Officer

*Jana Heaton*  
Chief Financial Officer

*Mike McWethy*  
Chief Operating Officer

*Debi Little*  
Chief Lending Officer

*Frank Halstead*  
Chief Information Officer



## MISSION AND VALUES

### Our Mission

Provide Financial Services  
that Enhance Members' Lives

### Our Values

- Treat Others with Honesty and Respect
- Serve with Accuracy, Integrity and Safety
- Maintain Financial Stability and Strength
- Comply with Laws, Regulations and Policies

## CHANGES TO FIRST SERVICE BYLAWS

2012 Bylaw changes submitted and approved by Texas Credit Union  
Department (TCUD):

January 2012 – Amended bylaws to add employees of G&A Partners, LLC  
to field of membership.

Notice: Members are entitled to review the most current statement of financial  
condition, articles of incorporation and bylaws of the credit union  
as well as IRS form 990.



If you are interested in learning more about our products, services or locations, visit our website at [www.FSCU.COM](http://www.FSCU.COM).

Or, feel free to contact us at:  
713.676.7777 or 800.678.5197.



Your savings 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.