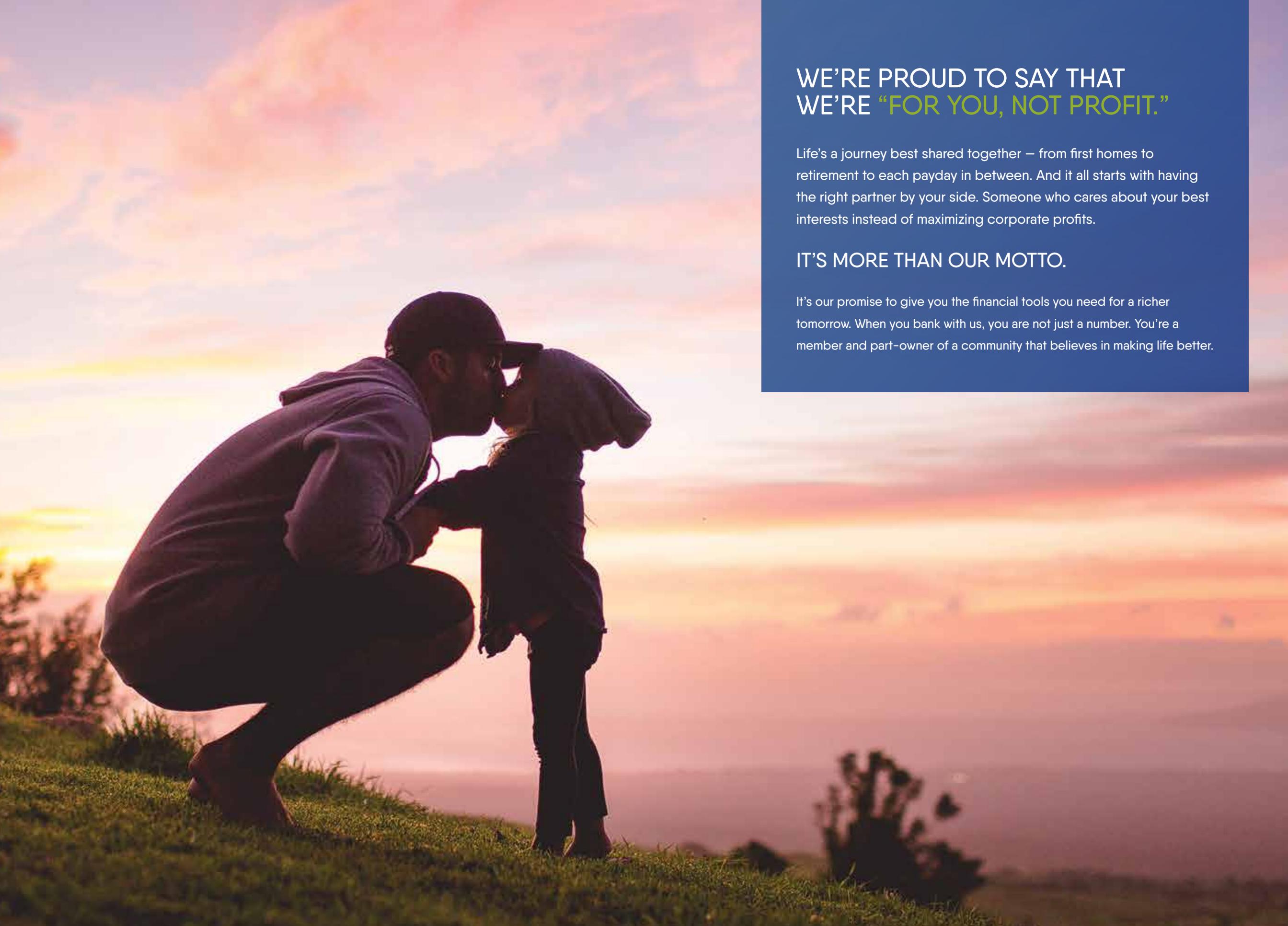


FOR
YOU
NOT PROFIT





WE'RE PROUD TO SAY THAT WE'RE "FOR YOU, NOT PROFIT."

Life's a journey best shared together – from first homes to retirement to each payday in between. And it all starts with having the right partner by your side. Someone who cares about your best interests instead of maximizing corporate profits.

IT'S MORE THAN OUR MOTTO.

It's our promise to give you the financial tools you need for a richer tomorrow. When you bank with us, you are not just a number. You're a member and part-owner of a community that believes in making life better.

FIRST SERVICE

CREDIT UNION IN 2016

55,748

Members

\$622 million+

In total assets

\$517 million+

In total deposits

\$206 million+

In new loans

\$10 million+

In new home loans

\$146 million+

In auto loans

\$3 million+

In total dividends paid

\$325,000

Paid through the third annual Patronage Dividend

\$622

Paid for good grades through the Semester Earnings Program

160+ employees

Working for our members

750 volunteer hours

Contributed by employees in local communities

193,839 calls

From members answered by the Service Center

13,618 new downloads

Of the First Service Mobile Banking app

4,188 sq. ft.

At the newly opened Spring Cypress branch

110,452 sq. ft.

Of office space at new Park Ten headquarters building

29,050 lb

Of paper shredded at the free Shred Day

2017 ANNUAL MEETING AGENDA

Call to Order

Ascertainment of
Quorum

Designation of
Secretary and
Parliamentarian

Approval of Prior
Meeting's Minutes

Board Chair's Report

President and Chief
Executive's Report

Supervisory
Committee Report

Unfinished Business

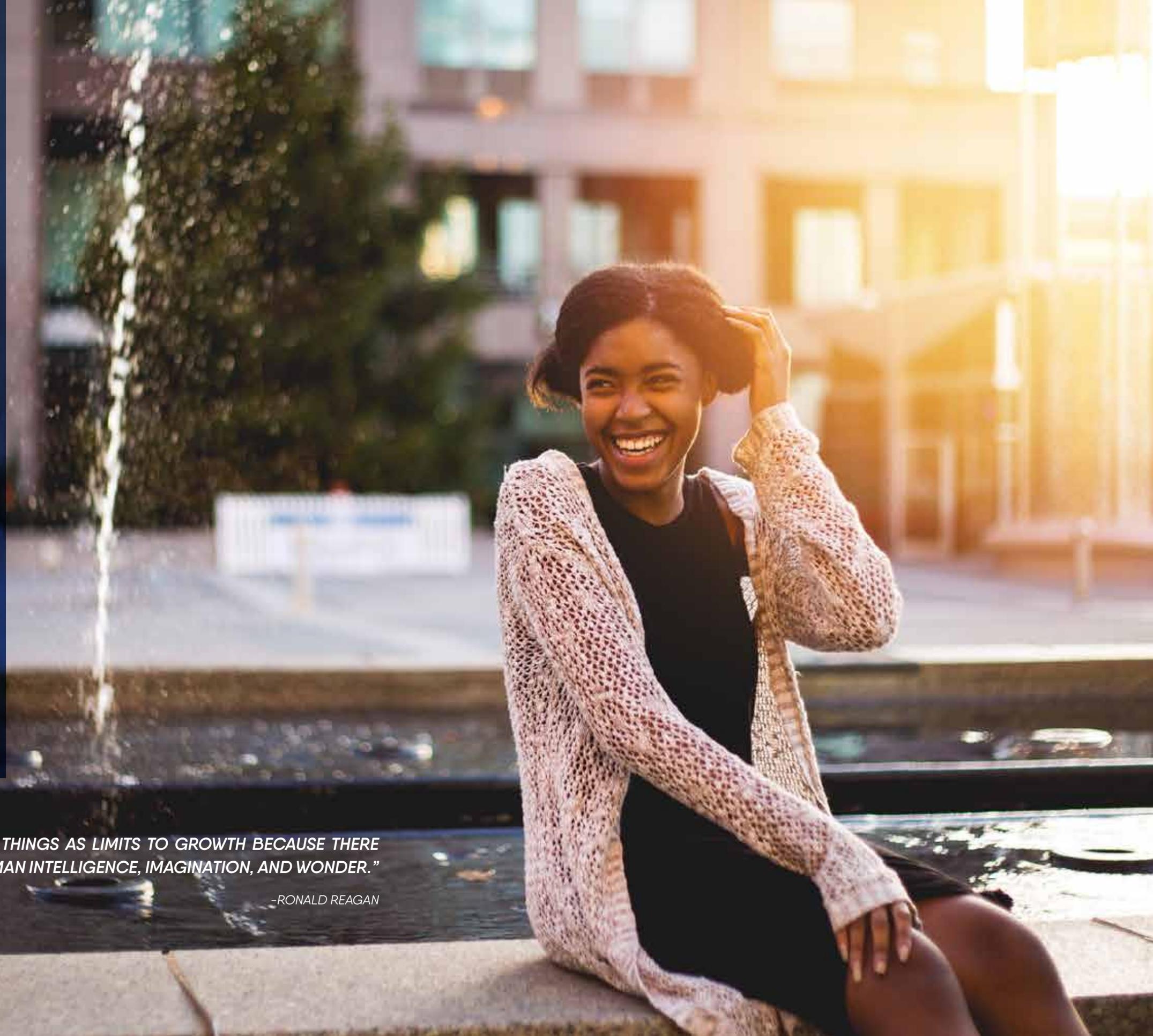
Board Election

Adjournment

Door Prize Drawing

“ THERE ARE NO SUCH THINGS AS LIMITS TO GROWTH BECAUSE THERE ARE NO LIMITS OF HUMAN INTELLIGENCE, IMAGINATION, AND WONDER.”

-RONALD REAGAN



A MESSAGE FROM THE BOARD CHAIR



JANET HILL
BOARD CHAIR

This past year was a tough one for Houston, as oil prices fell, and the Houston economy suffered the worst downturn in over 30 years. First Service Credit Union has historically had strong ties to the oil and gas industry, and we saw many of our members feel the impact of resulting cuts and layoffs. In spite of this economic uncertainty, First Service worked hard to remain a trusted partner by your side.

We maintained our financial strength and stability as a credit union, growing our total assets by 4.11% to over \$622 million. In addition, we were able to help even more of our members than before by providing 12,912 new loans for over \$206 million. We realize that for a number of you, this may be a time when our role in your financial lives is more important than ever, and we remain committed to being there for you during any financial climate.

In fact, being there for you is our sole reason for existence. As a credit union, we operate differently than other financial institutions. We don't have to worry about paying big corporate shareholders, so we can give our profits back to you and focus on delivering the financial products and services that you truly need to reach your goals and enrich your life. As members, you are

essentially our shareholders, and it is because of your trust in us and in our ability to help you achieve those goals that we continue to exist and thrive. So we truly mean it when we say that we're for you, not profit.

In 2016, we took to our mission with a renewed focus, giving back to you in even more ways than before. For starters, we made sure that you had the best options when it came to high-rate deposit products and competitive loans. As a result

of this, I am proud to say that last year we paid our members a total of over three million dollars in dividends including through our third annual Patronage Dividend. In the first full year with our Discovery youth program, we paid over \$600 for good grades and gave away nearly \$1,200 worth of Semester Sweepstakes prizes. These savings matter to you in your daily lives, and we will continually work to help you get the most value and save more money when it matters the most.

Of course, our people-helping-people philosophy means more than just helping our members. As a local credit union, we consider it our responsibility to enrich and strengthen the Houston community as a whole. Last year, we took part in many outreach efforts including providing financial education seminars in both English and Spanish and helping prevent identity theft with our free community Shred Day. First Service also provided financial support to causes and organizations that matter to our employees like the Woods Project and the You First Foundation.

Looking to the future, we will continue to be a credit union this community can depend upon and provide even greater value to you in the coming years. Please allow me to express my thanks and gratitude for your membership and trust in First Service, which makes everything we do possible. I would also like to recognize the employees, my fellow Board members, and all of the other volunteers for their dedication and commitment. As always, it is an honor to serve as the Chair of the Board, and I look forward to another year of being there for you.

A handwritten signature in black ink that reads "Janet Hill". The signature is written in a cursive, flowing style.

Janet Hill
Board Chair

"In 2016, we took to our mission with a renewed focus, giving back to you in even more ways than before."

A MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



DAVID BLEAZARD
PRESIDENT / CEO

What a year 2016 was! It was a year that tested our resolve as a community and as a credit union. Through it all, I was consistently amazed by the grit and determination of everyone in this organization — from our members to our employees to our volunteer board. It is this drive to do more that defines who we are at First Service Credit Union. We think of tough economic times as an opportunity for us to dig in our heels and prove that we're even tougher. They're a chance for us to be innovative and push ourselves to new heights.

Last year, we did just that. Not only did we do all we could to give you more today, but we also laid the groundwork to give you even more tomorrow. Over the course of 2016, we focused on putting essential strategies in place to ensure we can keep giving our members the best possible banking experience, now and in the future.

“Over the course of 2016, we focused on putting essential strategies in place to ensure we can keep giving our members the best possible banking experience, now and in the future.”

After spending 10 years at our previous headquarters off Sam Houston Parkway and growing to over 160 employees, First Service found that we had outgrown the space. We sought to accommodate this growth while still making the best use of our members' resources by purchasing and remodeling our new building at Park Ten Place. We expect that this building will prove a good investment for the credit union by giving us room to grow as well as income from tenants that offset some of our costs.

In addition, we are making careful and calculated expansions into more areas where our members live and where there is a potential for future growth. In September, we proudly opened a new branch

in Spring Cypress, and we plan to open three more branches this year in Sugar Land, Atascocita, and in the lobby of our Park Ten headquarters. Our goal is to create a wide and representative footprint across the Houston area and give our members even greater access to the same friendly, personal service they have enjoyed at our other branches.

Last year, we also made considerable investments in our technological infrastructure to help us take on the growing needs of our members with improved accuracy and efficiency. We converted to a new person-centric core computer system designed to bring your information profile much more quickly to the fingertips of those who serve you. By utilizing the most flexible and advanced technology, this new system will also pave the way for easier adoption of better tools and features in the future.

To provide you with even greater convenience, we also focused on improvements to the way that you bank on the go. In June, we rolled out an upgraded Mobile Banking app that provided a simplified look, streamlined navigation, and easier login options. We saw an extremely positive reception to the upgrade. There were 8,676 downloads of the upgraded app in 2016 and a total of over 25,000 Mobile Banking users by the end of the year.

Most importantly, we wanted to listen to you, our members, so that we can help you get the most out of your credit union. To do this, we created more opportunities for feedback through membership surveys and focus groups with the community. The feedback we received from members like you proved invaluable in helping us learn more about your needs and decide what we can do to make your experience even better. With that in mind, I am incredibly excited for the developments we still have in store, including enhancements to Online Banking, new expanded hours of operation, and more features and initiatives for you.

I would like to thank our member-owners, Board members, and employees who have all made this last year one of impressive accomplishments. The Houston economy is now regaining strength, and I am confident that together we can build upon our progress and continue to do more for you in the years to come.

David Bleazard
President and Chief Executive Officer

FOR HOUSTON, NOT PROFIT

Our culture at First Service is deeply rooted in the philosophy of people helping people. This means not only helping our members, but also helping the communities that we serve. We strongly encourage our employees to give back to the causes and organizations that are most important to them, and last year, our team invested over 750 volunteer hours in their communities. As an organization, here are a few of the other ways First Service gave back to our members and the community in 2016:

PATRONAGE DIVIDEND

Banking at First Service Credit Union pays off with more than just great rates and outstanding service. At the end of every year, we give back to our members even more by paying a special Patronage Dividend to reward you for your loyalty and participation in the credit union. We were thrilled to be able to pay our members \$325,000 through the 2016 Patronage Dividend.

DISCOVERY YOUTH ACCOUNT SEMESTER SWEEPSTAKES

At First Service, we know it's never too early to teach good money habits — and good study habits too! So in 2016, we rewarded our youth members for their hard work and good grades with over \$600 in Semester Earnings and a chance to win one of six Semester Sweepstakes prizes ranging from a GoPro camera to a new bike to Typhoon Texas tickets.

SUMMER GIVEAWAYS

Last year, we offered many chances for our current and potential members to win awesome prizes and see just how much credit union membership pays off. Throughout the summer, every member who opened a new checking account could enter to win one of several prizes, including a barbecue grill and a gift certificate for a Galveston cruise.



GRAND OPENING GIVEAWAYS

To celebrate the opening of our new branch in Spring Cypress, our members and the community were invited to our Grand Opening event that featured family-friendly entertainment and games as well as lots of great prizes including a 60" 4K Smart TV, an iPad Pro, and our grand prize of \$1,000 cash!

COMMUNITY SHRED DAYS

To help prevent identity theft, we hosted Shred Days at our Katy and Gulf Freeway branches open to anyone in the area. With the help of Shred-It®, we shredded a total of 29,050 pounds of paper and recycled 247 trees worth of paper.

BLOOD DRIVE

Together with the Gulf Coast Regional Blood Center, First Service held a blood drive at our Northwest branch as a way for our members and employees to directly give back and help save lives. In all, we donated enough blood to save 54 lives!

WALK FOR THE WOODS PROJECT

For the third year, we sponsored the Walk for the Woods Project, an annual event that supports youth right here in Houston. The Woods Project prepares students for college and beyond by developing life and leadership skills through wilderness exploration. Our employees are very passionate about this organization, and we thank all who came out and participated.



WE LIVE BY EACH OTHER AND FOR EACH OTHER. ALONE WE CAN DO SO LITTLE. TOGETHER WE CAN DO SO MUCH. ONLY LOVE CAN BREAK DOWN THE WALLS THAT STAND BETWEEN US AND OUR HAPPINESS."

—HELEN KELLER

SUPERVISORY COMMITTEE REPORT



MERV SWAN
CHAIR

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, and monitoring compliance with the credit union's bylaws and operating policies and with federal laws and regulations. We are committed to ensuring the strength and stability of your credit union.

Each year we have an annual audit performed by an independent CPA firm to make sure 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 Nearman, Maynard, Vallez, CPAs to conduct the annual financial audit. In the opinion of Near-

man, Maynard, Vallez, CPAs, the financial statements as of December 31, 2016 fairly present in all material respects the credit union's financial position, results of operations, and cash flow for 2016.

Also, in 2016, the following bylaw changes were made:

1. First Service amended its field of membership to include persons who live, work,

worship, or attend school in and businesses or other legal entities located within the geographical boundaries of the Conroe Independent School District or the Magnolia Independent School District; and to include employees and members of the You First Foundation.

2. First Service amended its bylaws to reduce its number of board members from ten to nine.

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.

Merv Swan
Chair of the Supervisory Committee

"We are committed to ensuring the strength and stability of your credit union."

STATEMENT OF FINANCIAL CONDITION

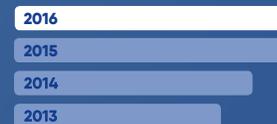
AS OF DECEMBER 31ST, 2016

	2015	2016
MEMBERS*	57,104	55,748
ASSETS		
Cash	\$23,592,577	\$30,218,404
Investments	\$97,676,396	\$68,373,241
Net Loans	\$444,109,271	\$485,746,164
Accrued Interest Receivable	\$1,511,828	\$1,686,850
Premises and Equipment, Net	\$20,508,965	\$27,066,237
National Credit Union Share Insurance Fund Deposit	\$4,924,714	\$5,111,737
Other Assets	\$5,292,703	\$3,980,945
Total Assets	\$597,616,454	\$622,183,578
LIABILITIES & MEMBERS' EQUITY		
Liabilities	\$11,741,981	\$43,739,090
Members' Shares and Deposits	\$527,911,331	\$517,238,249
Members' Equity	\$57,963,142	\$61,206,239
Total Liabilities and Members' Equity	\$597,616,454	\$622,183,578
INCOME AND EXPENSE STATEMENT		
Total Income	\$40,164,416	\$42,882,043
Operating Expenses	\$(24,241,687)	\$(26,805,469)
Provision for Loan Losses	\$(6,535,000)	\$(8,032,900)
Interest and Dividends Expense	\$(2,802,602)	\$(3,184,616)
Non-Operating Income/Expense	\$1,466,440	\$(1,247,354)
Net Income	\$8,051,567	\$3,611,704

*Our new person-centric core system consolidated many member accounts under one membership.

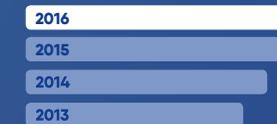
\$622,183,578

TOTAL ASSETS



\$517,238,249

DEPOSITS



\$485,746,164

LOANS



EXECUTIVE MANAGEMENT TEAM



DAVE BLEAZARD
CHIEF EXECUTIVE
OFFICER



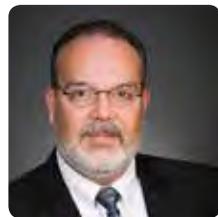
MIKE MCWETHY
EXECUTIVE VICE
PRESIDENT



JANA HEATON
CHIEF FINANCIAL
OFFICER



DEBI LITTLE
CHIEF LENDING OFFICER



FRANK HALSTEAD
CHIEF INFORMATION
OFFICER



JOHN JACKSON
CHIEF ADMINISTRATIVE
OFFICER

SUPERVISORY COMMITTEE



MERV SWAN
CHAIR



MARCO CASSO
MEMBER



DOUG CHEE
MEMBER



DOUG ESMOND
MEMBER



MACK MAYHEW
MEMBER



GEORGE GENTRY III
MEMBER

BOARD OF DIRECTORS



JANET HILL
CHAIR
RE-ELECTION MAY 2017



**KOURTNEY
CALHOUN**
VICE CHAIR
RE-ELECTION MAY 2017



**JAMES
HARKRIDER**
SECRETARY
RE-ELECTION MAY 2018



DOUG ESMOND
TREASURER
RE-ELECTION 2017



JACK BARTELL
DIRECTOR
RE-ELECTION MAY 2018



DAVID ITZ
DIRECTOR
RE-ELECTION MAY 2017



PAUL LOVE
DIRECTOR
RE-ELECTION MAY 2017



MERV SWAN
DIRECTOR
RE-ELECTION MAY 2018



WAYNE TAYLOR
DIRECTOR
RE-ELECTION MAY 2018

ADVISORY COMMITTEE



**ANDREA
MANGIAVACCHI**
MEMBER



MARCO CASSO
MEMBER

SENIOR MANAGEMENT TEAM

In 2016, First Service restructured the roles of our senior management team to better serve our members. This is your credit union's current senior management team:

Jianjun Bai, VP of Systems and Host Operations

David Meaux, VP of Operations

Ricardo Mejia, VP of Centralized Services

Sharon Moore, VP of Special Projects

Scott Slattery, VP of Lending and Collections

Daniel Souers, VP of Marketing

Kisheena Williams, VP of Enterprise Risk Management

NOMINEES

The First Service Credit Union Nomination Committee has submitted the following candidates for the 2017 Board of Directors election:

JANET HILL

Ms. Hill currently serves as Chair of the Board and has served as Secretary and Vice Chair of the Board, as well as Chair of the Executive Compensation Committee and other committees since 2001. As a career employee with KBR, she has had responsibility for a variety of positions in the procurement and human resource departments before arriving in her current role managing the KBR Dispute Resolution Program. In her spare time, she loves to travel and spend time with her family and her two Cocker Spaniels at the lake.

DAVID ITZ

Mr. Itz currently serves on the First Service Board of Directors. Over the years, he has served as the Chair of the Board, on the Supervisory Committee, on the Executive Compensation Committee, and on other committees. Now retired, Mr. Itz has held professional and management positions with El Paso Natural Gas, Texas Utilities, Houston Industries (now Centerpoint Energy and NRG Energy), and Calpine Corporation. He spends his spare time serving on nonprofit boards including as Treasurer and Chair of the Finance Committee for the Houston Community College Foundation.

KOURTNEY CALHOUN

Ms. Calhoun currently serves as the Vice Chair of the Board and formerly was 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. Ms. Calhoun enjoys spending time with her family, especially her twin granddaughters and grandson who live in Austin.

PAUL LOVE

Mr. Love currently serves on the Asset and Liability Committee and Information Technology Committee for First Service Credit Union. He has served on the First Service Credit Union board since 1984 and has previously held positions 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 with the Westbury Baptist Church, where he has served on numerous financial and administrative committees.

DOUG ESMOND

Mr. Esmond currently serves as a Director on the Board and is a member of the Supervisory Committee for First Service Credit Union. In the past, he has served on the Executive Compensation Committee, the Loan Committee, and as Chair of the Board for Right Choice Credit Union. He is the Tax Manager, CPA, for EOG Resources and enjoys golfing, working out, running, cycling, motocross, snow skiing, and backpacking.



DEVOTE YOURSELF TO LOVING OTHERS, DEVOTE YOURSELF TO YOUR COMMUNITY AROUND YOU, AND DEVOTE YOURSELF TO CREATING SOMETHING THAT GIVES YOU PURPOSE AND MEANING.”

-MITCH ALBOM

PRIOR MEETING'S MINUTES

MAY 19, 2016

Gary Godwin, Chairman of the Board, welcomed everyone to the 38th Annual Meeting of First Service Credit Union and called the meeting to order at 6:00pm. He asked if a quorum was present and Executive Assistant Dolan affirmed that there was.

Chairman Godwin asked Executive Assistant Dolan to serve as Secretary and Parliamentarian. She answered in the affirmative indicating the recorder and Robert's Rules of Order were on hand. Chairman Godwin asked if there were any proposed adjustments to the minutes as presented in the 2015 Annual Report. There were none and he proceeded to ask for a motion to accept the minutes as presented.

A motion was made by Director Harkrider and seconded by Director Itz to accept the 2015 Annual Meeting minutes as presented. The motion passed.

Chairman Godwin presented the Chairman's Report and stated it is an honor and privilege to represent the membership by serving on the First Service Credit Union Board. The Board has a vested interest not only in the financial success of our credit union, but also in the well-being of our fellow members. Several of the highlights of the previous year were discussed. He encouraged all in attendance to continue utilizing the services provided by First Service. In 2015 we welcomed 4,872 new members which was a 9.33% increase over last year's membership.

Chairman Godwin introduced the Board members present including: Janet Hill (Vice Chair), Wayne Taylor (Secretary), Doug Esmond (Treasurer), Jack Bartell, Kourtney Calhoun, Jim Harkrider, David Itz, and Paul Love, and thanked them for their devoted service.

CEO Bleazard presented the President's Report stating that as he looks back on this past year of tremendous growth and progress, he is filled with gratitude for members' trust and involvement in the credit union. Due to our growth we are able to help an expanding membership and provide more products and services to meet all their financial needs. Helping people is at the heart of what we do, so we are all proud to have helped more people than ever last year.

CEO Bleazard stated that we would not have the great success that we enjoy without the dedicated and hard-working support of our phenomenal employees who have a great interest in serving our members. Our employees are the best there are. First Service has been voted one of the "Best Places to Work" by our employees for the third year in a row in a Houston Chronicle survey. We have great members, and we want to thank them for making First Service so successful.

Director Esmond presented the Supervisory Report on behalf of Committee Chair Merv Swan who was unable to attend the meeting. The Committees' responsibilities include overseeing the direction and focus of internal audits and other items pertaining to the safety and soundness of the credit union's financial and regulatory-compliance status. He extended his thanks on behalf of the members of the Supervisory Committee and the Board of Directors to the Credit Union staff for their cooperation, assistance, and support.

Chairman Godwin asked if there was any old business to address. There was none.

For new business Chairman Godwin turned the podium over to Jim Harkrider who introduced Gary Godwin as the sole nominated candidate to be elected at this meeting by acclamation for another three-year term. There were no other nominees.

Director Harkrider stated that CEO Bleazard deserves a lot of credit for the way First Service operates. He does a superb job as the CEO and deserves a round of applause. After the applause Chairman Godwin said that with all sincerity he wanted to thank the leadership team and the employees for all their hard work.

A motion was made by Director Love to adjourn. The meeting ended at 6:30pm.

Gary Godwin
Board Chair, 2016

Jim Harkrider
Secretary, 2016

FOR
YOU NOT
PROFIT

“

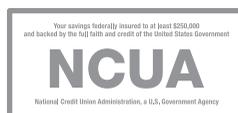
THE MEANING OF LIFE IS TO FIND YOUR GIFT. THE
PURPOSE OF LIFE IS TO GIVE IT AWAY.”

-PABLO PICASSO



800.678.5197 | FSCU.com

First Service Credit Union - NMLS #411394
16430 Park Ten Place, Houston, TX, 77084



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.