





NEW HORIZONS

2018 was a year of branching out in new directions as First Service continued on its journey to become a credit union of the future.

A photograph of a city skyline at sunset. The sky is filled with large, dark clouds, and the sun is low on the horizon, casting a warm, golden glow over the buildings. The skyline includes several tall skyscrapers and a prominent, very tall, thin tower. In the foreground, there are some lower-rise buildings and a body of water reflecting the light.

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

Opened Atascocita Branch
in April 2018



11,906,835

Debit Rewards points
earned by members

\$89,000

given to members
through First Service
Cash Rewards

196+ employees

working for our members




Opened Sugar Land Branch in June 2018


2018 HIGHLIGHTS



\$226,149,370
in new loans



\$746,298,965
in total assets



63,076
members



\$605,255,412
in total deposits

2,349

hours volunteered in
local communities

\$5,638,654

paid to members in dividends

211,473

member calls answered
by the Service Center



FOR HOUSTON, NOT PROFIT



Each year, First Service employees strive to give back to our members and the community. This year, we invited members to volunteer with us, and in total we volunteered over 2,300 hours. We are proud of our employees and members for making volunteering a priority this year.

FOR GOOD DAY

2018 was the first year we planned a "For Good Day," where we invited our members, employees, and the community to volunteer alongside each other. We volunteered at the Brookwood Community, and volunteers exercised with their community members to lift their spirits.

HOUSTON FOOD BANK

To help the Houston Food Bank provide food for those in need, we hosted a

donation drive at our branches to collect food and supplies. In total, we donated 400 pounds of food, which provided approximately 300 meals for Houston's hungry.

WALK FOR THE WOODS

We had 26 walkers participate in the 2018 Walk for the Woods Project. This is one of their most important fundraisers of the year, where volunteers, students, and sponsors walk to raise money for children in Houston's historic East End.

GRAND OPENING AT ATASCOCITA

To celebrate the opening of our new branch in Atascocita, we gave away many prizes, including a Weber Genesis grill, a smart TV, money, and more. We also partnered with 100.3 The Bull, which gave



away Shania Twain tickets. Members and non-members enjoyed the giveaways, games, and food from Texas Roadhouse.

SHRED DAY

At the Spring Cypress Branch, we provided a free shredding service to the community. The event was free for all members and non-members, and allowed them to shred personal and confidential documents securely. This service helped the community protect themselves from fraud and identity theft.

SEMESTER SWEEPSTAKES

Each semester, we pay members with youth accounts for earning good grades. From the list of submissions, one Semester Sweepstakes winner is chosen for each age group. This year, we gave away \$1,200 to deserving children in the form of cool prizes like an Apple Watch, Polaroid camera, and new shoes. These prizes and semester earnings are a way to encourage young members to earn good grades in school and use their money responsibly.

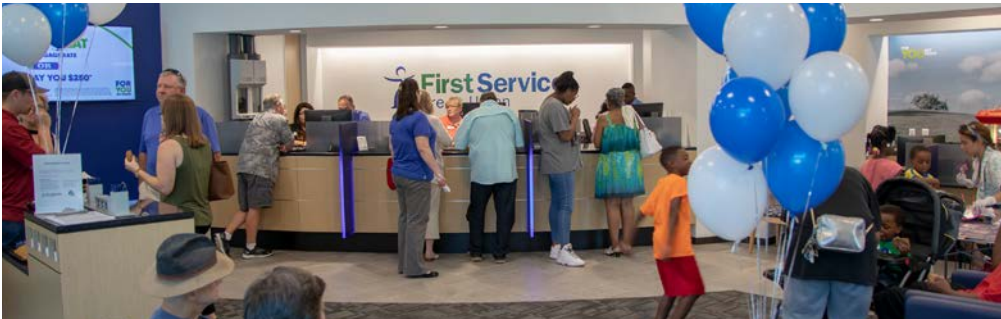


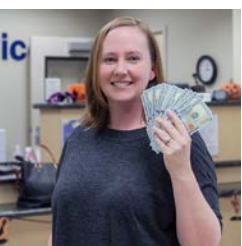
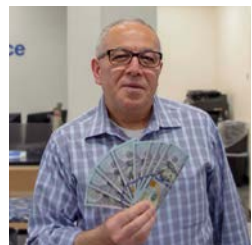
BLOOD DRIVE

First Service partnered with Gulf Coast Regional Blood Center to donate blood at the Park Ten location. The whole building was invited to donate, and in total 23 people gave blood, which means up to 69 lives were saved from our donations.

ANGEL TREE

In December, we provided Christmas presents for three families in need in the Houston area. We helped a mother with cancer, a daughter in remission from brain cancer, and many others. We also visited an elementary school to deliver the gifts, bring candy canes for the children, and surprise them with a special visit from Santa Claus.





FIRST SERVICE CASH REWARDS

From August 2018 through January 2019, we gave away \$89,000 to members through the Cash Rewards Sweepstakes. Our Sweepstakes were a way to reward members for their engagement with the credit union and their involvement in the community. The winners have used their money to go on dream vacations, fund equipment that

will help them further their passions, help pay for their child's education, recoup the cost of unexpected expenses, pay for a move, and give Christmas money to a family in need. We were happy to see the good that came from having a little extra cash!



MESSAGE FROM THE BOARD CHAIR



JANET HILL
Board Chair

A white, cursive handwritten signature of Janet Hill on a dark blue rectangular background.

This past year has been one of peaks and valleys for Houston, as our community continues to recover from the devastating effects of Hurricane Harvey and recent decreases in oil prices. Although the economic climate offered financial uncertainty, First Service Credit Union has remained stable and strong.

Our members' trust in what we do allows us to give back and assist even

more Houstonians than ever before, as we now serve over 63,000 members. Their loyalty in 2018 has helped grow our total assets to over \$746 million, and we reached over \$226 million in new loans by being there for our members in their times of need. We also paid our members back with \$5.6 million in total dividends. In addition, our First Service Cash Rewards program gave members nearly \$90,000 in 2018.

The raw numbers aren't the only sign of growth at First Service Credit Union. As a member, you may have noticed the many steps we are taking to make First Service Credit Union your go-to institution for all your financial needs. We've continued to improve our branch and digital experiences to bring you the convenient service you expect in today's modern world.

Our members likely noticed that our all-new, redesigned website went live in 2018 – providing all the information our members and prospective members will ever need to know about First Service's products, services, and branch locations. We have also been working behind the scenes to upgrade our digital banking platform. Soon, we will provide a cohesive and innovative

online banking experience across all digital devices, and our members will see the results of this hard work at their fingertips.

We know that service and convenience is all about letting you bank when and where you want, which includes an easy-to-use digital experience for when you're at home or on the go, and a personal branch experience when you need it. That's why we opened three new state-of-the-art branches in highly requested areas to better meet our members' financial needs. The full-service Park Ten, Atascocita and Sugar Land branches are the latest expansions. These new branches will help decrease traffic at existing branches – making our members' trips to any First Service branch for consultation or transactional needs even more convenient.

Our expansion to better serve our members needs didn't end at digital services upgrades and physical construction. We also expanded our First Service family. We now employ nearly 200 Houstonians, all working to meet the best interests of our members.

Our people-helping-people philosophy flows throughout First Service, and

the changes in 2018 demonstrated our sustained, ongoing commitment to our community. As a local credit union, we know it's our responsibility to help enrich the lives of our neighbors, friends, and family. I would like to recognize all First Service employees, my fellow board members, and all other volunteers for their commitment and dedication to creating a bright future for First Service Credit Union.

Finally, allow me to express my sincerest thanks and gratitude to every member. Your loyalty and trust allow us to do what we do. Our growth and advancements in 2018 are a step in the right direction, and we look forward to becoming even greater in the years ahead. It is an honor to serve as the Chair of the Board, and I look forward to another amazing year at First Service Credit Union.

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE



**DAVE
BLEAZARD**
President / CEO

I first joined First Service Credit Union 15 years ago, and the evolution I've witnessed in that time has been extraordinary. We continue to offer competitive rates for both loans and deposits while focusing on providing remarkable service. By offering both outstanding service and financial products catered to the needs of our members, the credit union has remained stable, strong, and secure. We are proud of our overall financial

performance in 2018 and look forward to the future.

In 2018, we focused especially on service and convenience. This focus was demonstrated through the many enhancements and upgrades we've made to our products and services. For example, we added new business products and services to help local business owners, including merchant services and payroll management. In addition, we expanded our branch footprint into new areas to better serve our members. Each move we make is calculated to best serve our members and position First Service for future growth.

Our efforts proudly embody "For You, Not Profit" – our motto and the spirit behind everything we do. It perfectly sums up our credit union structure and our people-first philosophy.

My vision for First Service is to be first in service to our members' financial needs and first in service to the community. I've witnessed firsthand how the seeds of our volunteer efforts following Hurricane Harvey have blossomed into new growth and opportunities for those in our community.

A proud moment for First Service this year was our first "For Good Day," which

took our volunteer efforts to a whole new level. This special day combined all First Service's forces – bringing together our employees and members to contribute to one volunteer effort. We look forward to hosting similar events in the future, showing Houston that everyone connected to First Service is making a difference.

We're carrying out our "For You, Not Profit" motto by ensuring that every one of our nearly 200 employees volunteer and give back. At First Service we require our team to find ways to directly impact our local community. In 2018, the First Service staff volunteered over 854 hours at various events. Our dedication to service is not a tactic to gain positive media coverage, and it is not part of a corporate public relations strategy. Exceptional service is a foundational element of our credit union's DNA. Simply put, it's who we are – and it's our dedication to improving the lives of others that I cherish most when looking back at our successful year.

In 2018, more than 48,000 members participated in the Cash Rewards Sweepstakes, and we gave away \$89,000 to members. One of our faithful members even won \$50,000, as he was randomly drawn as our Cash Rewards Grand Prize winner. Our Sweepstakes were a way to reward members like

yourself for engaging with the credit union and impacting the community through volunteer efforts. Members who volunteer locally were rewarded for their efforts with additional entry opportunities. As a result, our members logged 1,495 volunteer hours. What an impact! In 2019, you can count on First Service to provide you with more ways to benefit from your membership.

I am incredibly excited about the direction we are taking, and our continued impact on Houston and surrounding areas. 2018 has been a year of astonishing accomplishments, and I would like to thank our member-owners, board members, and employees for aiding our progress and promoting growth. I look forward to serving you and being a part of the First Service vision in the years to come.

SUPERVISORY COMMITTEE REPORT



MARCO CASSO
Supervisory Committee
Chair

A handwritten signature in white ink on a dark blue background, appearing to read 'Marco Casso'.

To provide you with the first-class convenience and amazing financial products you've come to expect from us, there must be someone to ensure that First Service Credit Union is operating soundly.

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.

The Supervisory Committee members are well qualified with excellent and relevant financial audit experience. We are committed to maintaining sound management practices and solid reporting, helping to give our members confidence in the strength and stability of their credit union.

Each year, we have an annual audit performed by an independent CPA firm to ensure 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 Nearman, Maynard, Vallez, CPAs, the financial statements as of December 31, 2018, fairly present, in all material respects, the credit union's financial position, results of operations, and cash flow for 2018.



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.

We truly appreciate the opportunity to serve the membership and encourage all members to take advantage of the many services and benefits offered by First Service Credit Union.

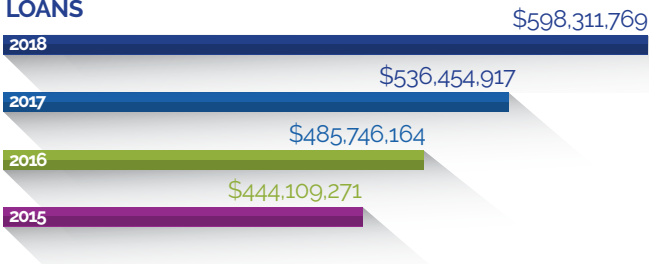
STATEMENT OF FINANCIAL CONDITION

ASSETS	2018	2017
As of December 31, 2018		
Cash _____	\$17,705,590	\$24,130,299
Investments _____	\$63,108,262	\$82,791,870
Net Loans _____	\$598,311,769	\$536,454,917
Accrued Interest Receivable _____	\$1,940,463	\$1,958,971
Premises and Equipment, Net _____	\$36,538,483	\$29,822,539
National Credit Union Share Insurance Fund Deposit _____	\$5,722,059	\$5,744,673
Other Assets _____	\$22,972,339	\$16,036,224
Total Assets _____	\$746,298,965	\$696,939,493

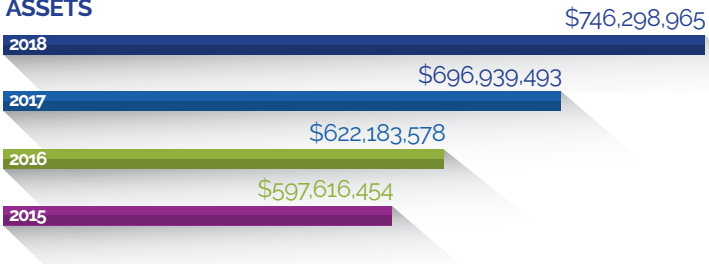
LIABILITIES & MEMBER EQUITY	2018	2017
Liabilities _____	\$70,418,376	\$32,615,472
Members' Shares and Deposits _____	\$605,255,412	\$598,889,590
Members' Equity _____	\$70,625,177	\$65,434,431
Total Liabilities and Members' Equity _____	\$746,298,965	\$696,939,493

INCOME & EXPENSE STATEMENT	2018	2017
Total Income _____	\$48,788,190	\$45,918,173
Operating Expenses _____	\$32,315,440	\$29,014,303
Provision for Loan Losses _____	\$4,286,428	\$8,529,624
Interest and Dividend Expense _____	\$5,638,654	\$4,428,072
Non-Operating Expense (Income) _____	\$653,818	(\$402,460)
Net Income _____	\$5,893,850	\$4,348,634

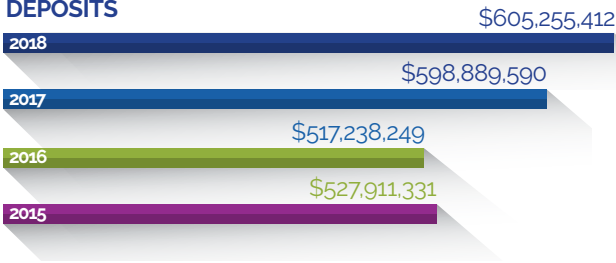
LOANS



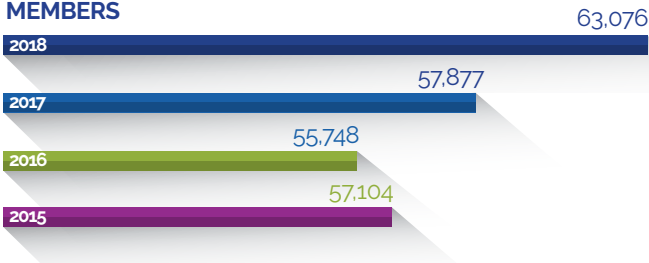
ASSETS



DEPOSITS



MEMBERS



BOARD MEMBERS AND MANAGEMENT TEAM

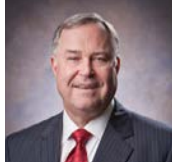
BOARD OF DIRECTORS



Janet Hill
Chair
Volunteer since 2001
Re-Election 2020



Kourtney Calhoun
Vice Chair
Volunteer since 1996
Re-Election 2019



James Harkrider
Secretary
Volunteer since 2010
Re-Election 2021



Doug Esmond
Treasurer
Volunteer since 1990
Re-Election 2019



Wayne Taylor
Director
Volunteer since 1982
Re-Election 2021



David Itz
Director
Volunteer since 1994
Re-Election 2019



Paul Love
Director
Volunteer since 1984
Re-Election 2020



Marco Casso
Director
Volunteer since 2010
Re-Election 2021

EXECUTIVE LEADERSHIP TEAM



Dave Bleazard
President and Chief
Executive Officer



Mike McWethy
Executive Vice
President



Jon Shurtz
Chief Administrative
Officer



Jana Heaton
Chief Financial
Officer



David Dang
Chief Information
Officer



Debi Little
Chief Lending Officer



Frank Halstead
Chief Risk Officer

SENIOR MANAGEMENT TEAM

Joshua Murray
Controller

Saby Joliet
VP of Accounting

Philip LaCorte
VP of Business
Development

Ricardo Mejia
VP of Centralized
Services

Kisheena Williams
VP of Enterprise Risk
Management

Scott Slattery
VP of Lending
and Collections

Daniel Souers
VP of Marketing

Nolan Waltman
VP of Branch
Operations

Sharon Moore
VP of Special Projects

Jianjun Bai
VP of Systems
Development & Host
Operations

ADVISORY COMMITTEE

Tom Bullard
Volunteer since 2018

Andrea Mangiavacchi
Volunteer since 1999

SUPERVISORY COMMITTEE

Marco Casso
Chair
Volunteer since 2010

Doug Chee
Volunteer since 2007

Doug Esmond
Volunteer since 1990

Mack Mayhew
Volunteer since 2007

George Gentry III
Volunteer since 2017

Merv Swan
Volunteer since 2010

BOARD NOMINEES

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. Ms. Calhoun obtained her bachelor's from Houston Baptist University majoring in Accounting and Political Science. She has served in management positions with Tenneco, El Paso Corporation, and presently with Kinder Morgan, with a variety of responsibilities in Accounting, Information Technology, Pipeline Commercial Operations, and as Director - Records/Information Governance. Ms. Calhoun enjoys spending time with her family, especially her twin granddaughters and grandson who live in Austin.

DOUG ESMOND



Mr. Esmond is currently serving as Treasurer 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 and the Loan Committee, and he was the Chair of the Board for legacy Right Choice Credit Union. He is a Tax Director for EOG Resources, Inc. Prior to that, he worked for KBR/Halliburton for 13 years. Doug has been a member of the credit union since 1993. He is the proud parent of two grown children and two grandchildren. He enjoys golf, working out, running, hunting, motorcycling, and snow skiing. He has a BBA in Accounting from Texas State University (formerly Southwest Texas State University) and is a Certified Public Accountant licensed in the State of Texas.



DAVID ITZ



Mr. Itz currently serves on the Board of Directors of First Service Credit Union. 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. Mr. Itz has over 40 years of experience in the energy industry and is now retired. A native of San Antonio, he earned his bachelor's in Geology and Economics from Rice University and then held professional and management positions with El Paso Natural Gas, Texas Utilities, Houston Industries (now CenterPoint Energy and NRG), and Calpine Corporation. Mr. Itz still keeps a hand in business serving as Member/Manager of Energetic Properties, LLC. Mr. Itz's spare time is spent serving on nonprofit boards, and he is currently Treasurer and Chair of the Finance Committee for the Houston Community College Foundation.

PRIOR MEETING'S MINUTES

ANNUAL MEETING MINUTES

MAY 16, 2018

Chairman of the Board Janet Hill welcomed everyone to the 40th Annual Meeting of First Service Credit Union and called the meeting to order at 6:00 p.m. She asked if a quorum was present, and Executive Assistant Virginia Dolan affirmed that there was.

Chairman Hill 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 in hand.

Chairman Hill asked if there were any proposed adjustments to the minutes as presented in the 2017 Annual Report. There were none, and she proceeded to ask for a motion to accept the minutes as presented.

Motion: A motion was made by Director David Itz and seconded by Joe Ramirez to accept the 2017 Annual Meeting minutes as presented. The motion passed.

Chairman Hill introduced the board members in attendance: Secretary Jim Harkrider, Treasurer Doug Esmond, David Itz, Merv Swan, Wayne Taylor, and Advisory Committee member Andrea Mangiavacchi.

Chairman Hill presented the Chairman's Report stating that in 1978 Brownbuilder Federal Credit Union officially opened its doors to serve Brown & Root employees and their families. Over the past 40 years the credit union has expanded to serve not just the employees of one company, but to serve the entire Houston community. First Service has grown to over \$696 million in assets, with 11 branches across the greater Houston area. Being a not-for-profit credit union means that we continually look for ways to give back to our members throughout the year as well as in their time of need. We thank our members for their loyalty and patronage these past 40 years.

CEO Dave Bleazard thanked the board for volunteering their time and energy to help represent the members of First Service. He also thanked all the employees for what they do to take care of our members' needs. He stated, "This year we have started with a new tagline 'For You, Not Profit.' We are not for profit, not for charity, but for service. We want to help you keep your financials on solid ground and giving great service to our members. When I started here, we were \$90 million in assets, and we are now close to \$700 million. We have outperformed our peers for many years. We deliver to you the best of the best. Thank you for your trust in us."



CEO Bleazard introduced Treasurer Esmond from the nominating committee. Treasurer Esmond introduced the nominees, and a motion was taken.

Motion: A motion was made by Director Mangiavacchi and seconded by Ricardo Mejia to approve the nomination of Jim Harkrider to a three-year term, Wayne Taylor to a two-year term, and Marco Casso to a three-year term. The motion passed.

Chairman Swan presented the Supervisory Committee Report on behalf of Marco Casso stating that the Supervisory Committee monitors the credit union's operations and procedures on behalf of the membership. He explained, "Each year we have an annual financial audit performed by an independent CPA firm to ensure the credit

union's financial statements are accurate and fairly present the financial condition of the credit union, and to certify that management practices and procedures safeguard members' assets. I want to thank the Supervisory Committee, the Board of Directors, and the First Service staff for their continued cooperation, assistance, and support."

Chairman Hill asked if there was any old business, and there was none.

Chairman Hill asked if there was any other new business, and there was none.

Chairman Hill thanked everyone for coming and asked for a motion to adjourn.

A motion was made by Sharon Moore to adjourn, and the meeting ended at 6:25 p.m.



FOR YOU, NOT PROFIT

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First Service Credit Union
16430 Park Ten Place, Houston, TX 77084



Your savings are 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. NMLS #411394