



BANK

LIKE YOU

OWN THE

PLACE

...BECAUSE YOU DO!

ANNUAL MEETING AGENDA

- Call to Order / Ascertainment of Quorum
- Designation of Secretary / Parliamentarian
- Prior Meeting's Minutes
- Chairman's Report
- President/CEO's Report
- Supervisory Committee Report
- Unfinished Business
- New Business
- Adjournment
- Door Prize Drawing

2015 HIGHLIGHTS

- Grew membership by 9.33%
- Grew assets by 11.67%
- Grew loans by 20%
- Grew deposits by 12%
- Received 30,601 loan requests
Approved a total of \$259 million
- 7,684 loan applications received online
- Opened new branch in Katy June 2015
- Purchased building in Spring-Cypress for future branch expansion
- Converted to VISA® EMV chip cards
- Introduced new Discovery Youth Accounts program
- Paid second annual Patronage Dividend to membership
- Launched technology subsidiary, eCU Technology, LLC
- Partnered with Higher Education Servicing Corporation to offer student loans
- Raised over \$55,000 for You First Foundation to make first donation

KATY BRANCH



OPENED JUNE 2015 | 3500 FT²

MINUTES - 2015 MEETING

WELCOME

Gary Godwin, Chairman of the Board, welcomed everyone and called the 37th Annual Meeting of First Service Credit Union to order at 6:00 PM. He asked if a quorum was present and Virginia Dolan affirmed there was. Chairman Godwin introduced the Board members present including Janet Hill-Vice Chair, Jack Bartell, Paul Love, David Itz, Wayne Taylor; also Mack Mayhew of the Supervisory Committee; and thanked them for their devoted service. Chairman Godwin asked Virginia Dolan, our Executive Assistant, to serve as Secretary and Parliamentarian. She answered in the affirmative indicating the recorder and the Robert's Rules of Order were in hand. Chairman Godwin asked if there were any adjustments to the minutes as presented in the 2014 Annual Report. There were none, therefore, he asked for a motion to accept the minutes as presented.

MOTION

A motion was made by Wayne Taylor and seconded by Janet Hill to accept the 2014 Annual Meeting Minutes as presented. The motion passed.

CHAIRMAN'S REPORT

Chairman Godwin presented the Chairman's Report during which he thanked the board members for their dedicated service and how he is humbled by the level of trust our members have placed in him and the board. He discussed several of the highlights of the previous year while encouraging all in attendance to continue utilizing the services provided by FSCU. Our membership now stands at 54,232, representing a 7% increase over last year's membership.

PRESIDENT'S REPORT

Dave Bleazard presented the President's Report during which he thanked the membership for their support and reported that based on our strong financial performance this credit union has never been better prepared to serve you and your financial needs. Mr. Bleazard expressed his sincere appreciation for the vision, hard work and dedication of our Board of Directors, employees, vendors, and volunteers, who have worked countless hours to make this credit union successful. Due to our success last year our board of directors elected to offer a Patronage Dividend to accounts in good standing as of December 31, 2014. This is our way of saying thank you for your support and trust in First Service Credit Union.

SUPERVISORY COMMITTEE REPORT

Mack Mayhew presented the Supervisory Report on behalf of Committee Chairman Merv Swan who was unable to attend. Mr. Mayhew reported that this past year, 2014, we contracted CliftonLarsonAllen LLP, to conduct the annual financial audit. The financial statements as of December 31, 2014 fairly present in all material respects the credit unions financial position, results of operations and cash flows. He extended thanks for the members of the Supervisory Committee, the Board of Directors and the Credit Union staff for their cooperation, assistance and support.

MINUTES - 2015 MEETING (CONTINUED)

OLD/NEW BUSINESS

Chairman Godwin asked if there was any old or new business to address and there was none.

NOMINATING COMMITTEE

Chairman Godwin turned the podium over to David Itz who introduced the nominated candidates who will be elected by acclamation at this meeting which are; Jack Bartell, Wayne Taylor, Jim Harkrider and Merv Swan for a three-year term. There were no other nominees.

MOTION

A motion was made by Paul Love and seconded by Janet Hill to accept Mr. Bartell, Mr. Taylor, Mr. Harkrider, and Mr. Swan to be elected by acclamation as proposed by the Nominating Committee. The motion passed.

MOTION

A motion was made by Mr. Bartell to adjourn, and the meeting ended at 6:30pm.

CHAIRMAN'S REPORT



GARY GODWIN
CHAIRMAN OF THE BOARD

As I report on behalf of the Board of Directors, I would like to say it is an honor and a privilege to represent the membership by serving on the First Service Credit Union Board. Whether we have our car loan, our retirement savings, or our everyday checking account here, all of us on the board are members of the credit union just like you. We have a vested interest in not just the financial success of our credit union, but the well-being of our fellow members.

Therefore, it is our top priority as board members to guide and support the management and employees in ensuring that the mission and values of First Service Credit Union are upheld. Just as we value financial strength and stability, it is equally important that we never lose sight of our reason for existence—the member-owners. At a credit union, you are more than just an account holder, and I believe it is the personal relationship that we have with our members that drives our growth.

This past year, we have seen exceptional growth at First Service, which further attests to the strength of our mission as more people see the power of credit union membership. These are some highlights of First Service's performance in 2015 that demonstrate this:

- First Service welcomed 4,872 new members, representing growth of 9.33% from last year's membership.
- You, our member-owners, have added more than \$56.5 million to your accounts.
- Over the course of 2015, First Service paid over \$2.8 million in dividends to our members.
- First Service completed 19,063 loans for over \$259 million to help our members fund the many important expenses in their lives.
- Whether you were a new homeowner or refinancing your home, I'm thrilled that you turned to your credit union for your mortgage needs. In fiscal year 2015, First Service closed 380 home loans worth more than \$43 million.
- Favorable interest rates and low gas prices motivated many of you to buy new vehicles or refinance your cur-

rent ones in 2015, and FSCU wrote 6,890 auto loans worth more than \$174 million.

- Delinquency ratio remained well below industry average at 0.78%, which shows that our members are just as committed to us as we are to them.

First Service remains strong and continues to be a credit union this community can depend upon, even in the current downturned Houston economy. We are dedicated to being there for our members through the good times and the bad, and to helping you weather any uncertain economic period. Our strong growth puts us in the best position to meet all of your financial needs with more locations and better products and services. In addition, as a local financial institution, we understand the unique needs of our community, so we continually look for the best means to fulfill our obligations to you, the member-owners.

Here are a just a few ways we plan to grow and improve in the coming year:

- We will offer the most up-to-date technological resources in order to provide a convenient and easy banking experience while also recognizing the need to protect our members with the most efficient and secure tools for data security.
- We will create more opportunities for feedback such as through membership surveys and focus groups with the community, so that we can help you get the most out of your credit union.
- As members bring their banking needs closer to home, we will grow our branch network into more communities for all of our new and existing members.
- From the front line to the executive office, we will provide continued education and training to ensure that everyone involved in the organization is knowledgeable and competent to best serve you.

I take great pride in the fact that I participate in a financial cooperative, in which each of us plays a part in our mutual growth and success. I would like to recognize the employees, my fellow board members, and all of the other volunteers for their dedication and commitment to First Service Credit Union. I also want to thank you, my fellow members, for your participation in in the credit union and for the trust you have demonstrated in our employees and board of directors. It is with confidence that I say that First Service Credit Union is well positioned to seize all opportunities that present themselves in 2016, and I am optimistic and excited for our future.

PRESIDENT/CEO'S REPORT



DAVID BLEAZARD
PRESIDENT / CEO

On behalf of the executive management and employees at First Service Credit Union, I want to welcome you to our 38th Annual Meeting. Looking back on this past year of tremendous growth and progress, I am filled with gratitude for your trust and involvement in the credit union. As member-owners, you are an integral part of the credit union, and it is because of your participation that I can report another successful year at FSCU.

By continuing to grow and thrive, we are able to help an expanding membership and provide more products and services to meet all their financial needs. Helping people financially is at the heart of what we do, so we are all proud to have helped more people than ever last year. Over the course of the past year, membership grew by 9.33% and First Service Credit Union ended the year 57,104 members strong.

As our membership grew, and we continued to better our products and services, our total assets grew as well and stood at \$597,616,454 by the end of 2015. In addition, loans increased by 20% from the previous year, giving more of our members the means for those important expenses in life, like a house, a car, or a college education.

Our success goes hand-in-hand with the success of our members, and our solid growth last year means we have more earnings to give back to you, the member-owners. As a not-for-profit financial cooperative, we are able to pass our profits on to the members by offering better rates, new products, and more convenient branches and services. For the second year in a row, we were also able to pay a special Patronage Dividend to our members as a way to individually thank you for your continued support and trust in your credit union.

The Patronage Dividend is one of the many ways that we continually put our members first. We strive to deliver Outstanding Service to our members with products and services that genuinely improve your financial wellbeing and with a team of employees committed to making a positive difference in your lives. Outstanding Service is a part of who we are at First Service, and I am proud to be a part of an organization that truly takes that motto to heart.

Our employees are part of what makes First Service different from any other credit union, and thanks to our extraordinary team of employees, First Service Credit Union was named one of the top 100 places to work in Houston for the third consecutive year. In 2015, FSCU ranked 20th out of the top 50 midsize employers in Houston Chronicle's Top Workplaces employee survey. This means that when you walk into one of our branches or talk with one of our Contact Center representatives on the phone, you are speaking with someone who enjoys what they do and is dedicated to serving your financial needs.

At First Service, we apply this dedication to every aspect of our operations, continually finding and implementing new and better ways to help you. This past year, we have improved and expanded upon our services even more, and there are a few key achievements that demonstrate that:

- Opened Katy branch June 2015
- Converted to EMV chip cards for increased member security
- Introduced new Discovery Youth Accounts program to promote financial responsibility
- Partnered with Higher Education Servicing Corporation to offer Texas Extra Credit Education Loans to help our members finance their education

I'm excited to see the credit union continue to grow in 2016 and in the coming years. There have been many innovations to modernize banking and the financial world recently, and we will continue to move forward as the way that you manage and spend your money changes.

We plan to keep expanding our branch network, with two future branch openings in Spring-Cypress and Atascocita slated for this year. As convenient as shared branching, online banking, and other on-the-go banking options are, we know nothing beats coming in to an FSCU branch and talking with one of our representatives. We want to provide that experience for as many people in our field of membership as we can.

Most of all, our greatest strength as a credit union is that even as we grow, we always maintain our focus on what is best for the membership, so you can have the peace of mind that you are banking with a financial institution that cares about your future.

As we look to the future, I want to thank everyone who has made First Service what it is today—from our member-owners to our Board members, employees, and volunteers. Your vision and support will no doubt lead the credit union to new heights, and I look forward to the joy and success 2016 will bring for us all.

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, commissioning member account verification, and ensuring an ongoing review of closed accounts. We also assist members who have questions regarding the credit union's operations.

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 CliftonLarsonAllen LLP to conduct the annual financial audit. In the opinion of CliftonLarsonAllen LLP, the financial statements as of December 31, 2015 fairly present in all material respects the credit union's financial position, results of operations, and cash flow for 2015.

I want extend my thanks to the members of the Supervisory Committee, the Board of Directors, and the FSCU staff for their continued cooperation, assistance, and support. Thank you!

SUPERVISORY COMMITTEE



MERV SWAN
CHAIR



MARCO CASSO
MEMBER



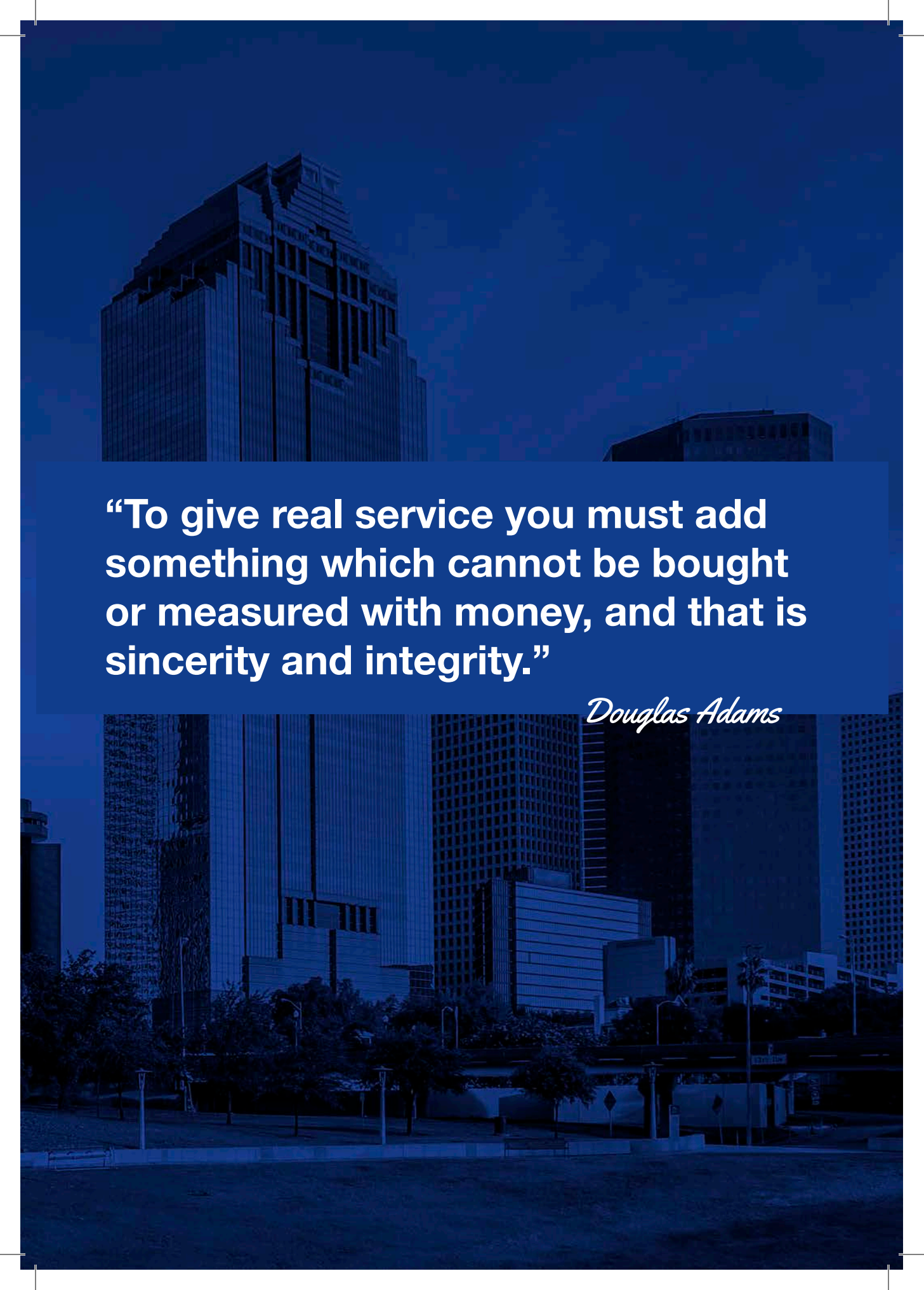
DOUG CHEE
MEMBER



DOUG ESMOND
MEMBER



MACK MAYHEW
MEMBER



“To give real service you must add something which cannot be bought or measured with money, and that is sincerity and integrity.”

Douglas Adams

STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31ST, 2015

ASSETS

| | |
|--|-----------------------|
| Cash | 23,592,577 |
| Investments | 97,676,396 |
| Net Loans | 444,109,271 |
| Accrued Interest Receivable | 1,511,828 |
| Premises and Equipment, Net | 20,508,965 |
| National Credit Union Share Insurance Fund Deposit | 4,924,714 |
| Other Assets | 5,292,703 |
| Total Assets | \$ 597,616,454 |

LIABILITIES & MEMBERS' EQUITY

| | |
|--|-----------------------|
| Liabilities | 11,741,981 |
| Members' Shares and Deposits | 527,911,331 |
| Members' Equity | 57,963,142 |
| Total Liabilities and Members' Equity | \$ 597,616,454 |

INCOME AND EXPENSE STATEMENT

| | |
|--------------------------------|---------------------|
| Total Income | 40,164,416 |
| Operating Expenses | (24,241,687) |
| Provision for Loan Losses | (6,535,000) |
| Interest and Dividends Expense | (2,802,602) |
| Non-Operating Income (Expense) | 1,466,440 |
| Net Income | \$ 8,051,567 |

57,104

MEMBERS



\$597,617,000

TOTAL ASSETS



\$8,051,567

NET INCOME



BOARD OF DIRECTORS



GARY GODWIN
CHAIR - 2016



JANET HILL
VICE CHAIR - 2017



WAYNE TAYLOR
SECRETARY - 2018



DOUG ESMOND
TREASURER - 2017



JACK BARTELL
DIRECTOR - 2018



**KOURTNEY
CALHOUN**
DIRECTOR - 2017



**JAMES
HARKRIDER**
DIRECTOR - 2018



DAVID ITZ
DIRECTOR - 2017



PAUL LOVE
DIRECTOR - 2017



MERV SWAN
DIRECTOR - 2017

NOMINEE

The First Service Credit Union Nominating Committee has submitted the following candidate for the 2016 Board of Directors Election:



GARY GODWIN

Mr. Godwin has served on the FSCU Board of Directors for almost ten years and currently serves as the Chairman of the Board. He has served on a variety of committees, including the Supervisory Committee and the Asset Liability Committee (ALCO). Mr. Godwin is the Account Vice President at Halliburton, and has worked at Halliburton for over 30 years. Gary resides with his wife in the Houston area.

ADVISORY COMMITTEE



**ANDREA
MANGIAVACCHI**

MANAGEMENT TEAM



DAVE BLEAZARD
CHIEF EXECUTIVE OFFICER



MIKE MCWETHY
EXECUTIVE VICE PRESIDENT



JANA HEATON
CHIEF FINANCIAL OFFICER



DEBI LITTLE
CHIEF LENDING OFFICER



JOHN JACKSON
CHIEF ADMINISTRATIVE
OFFICER



FRANK HALSTEAD
CHIEF INFORMATION
OFFICER



Thank you for being a member of FSCU! Our priority is helping you take control of your financial future. To learn more, please visit our website:
FSCU.com



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.