



**FOR
YOU** NOT
PROFIT



40
Years of Service

2017 Annual Report

2018 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

New Business

Board Election

Adjournment

Door Prize Drawing



“

FOR 40 YEARS,

we've put the needs of our members and community first. This year, we look back and celebrate the things we've accomplished together while looking forward to another four decades of service and prosperity for all.”

— **DAVID BLEAZARD**
President / CEO

2017 HIGHLIGHTS



57,877

members

\$4,236,224
in total
dividends paid

72,091,938
Debit Rewards
points earned
by members



785
hours volunteered
by employees in
local communities

226,193
member calls answered
by the Service Center

177 employees

working for our members



\$201,166,234

in new loans



\$696,939,493

in total assets



\$598,889,590

in total deposits



\$1,308,269
in discounted auto loans given
to members to replace vehicles

\$237,782
given to members in fees
waived due to Hurricane Harvey

\$523,223

in Hurricane Harvey Emergency Relief Loans

FOR HOUSTON, NOT PROFIT

Year after year, First Service employees dedicate themselves to helping members and the community. 2017 was a chance for our team to show its spirit like never before. We're so proud of them, and the entire Houston community, for showing what it means to be #HoustonStrong.

HURRICANE HARVEY RELIEF

Immediately after the storm passed, we made the decision to give back to our members most affected by providing financial assistance and support. First Service waived \$237,782 in fees, provided \$523,223 in Emergency Relief



Loans, and discounted auto loans to replace damaged autos at the same rate we offer our employees.

HOUSTON FOOD BANK

We hosted a donation drive at our branches to collect food and other supplies for the Houston Food Bank. As we finished up the

drive, a group of 21 employees and their family members volunteered at the Houston Food Bank warehouse to help organize and sort items.



WALK FOR THE WOODS

For the fourth year, we sponsored the Walk for the Woods Project, an annual event that supports youth in Houston by preparing them for college and helping them develop life and leadership skills through wilderness exploration.

YOU FIRST FOUNDATION

The You First Foundation was started by First Service employees in memory of a beloved colleague who suffered a fatal brain aneurysm and is 100% volunteer-run. The 3rd Annual Wendy Kwan Memorial



Golf Tournament raised \$61,544, and we raised \$87,112 in ticket sales from our Jeep Wrangler Raffle. The proceeds will go toward a sensory room and rehabilitation equipment for Healthbridge Children's Hospital as well as scholarships for those affected by traumatic medical events.

**SINCE FIRST
OPENING 40 YEARS
AGO, WE'VE BEEN
DEDICATED TO
GROWING WITH YOU.**

JANET HILL

Board Chair



On December 9, 1977, Brownbuilder Federal Credit Union was officially chartered, and on April 3, 1978, this new credit union opened its doors to serve Brown & Root employees and their family members.

Founded to help those who remembered all too well the recent uncertainty and financial turmoil caused by the 1973 oil crisis,

Brownbuilder Federal Credit Union was set on a course of helping its members and the surrounding community.

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. In these past four decades and even in my own 17 years as a Board member, I am amazed at how far we have come. First Service has grown to over \$696 million in assets, with 177 employees, and 57,877 members. With 11 branches across the greater Houston area, we are now bringing the benefits of First Service membership to even more Houstonians.

In 2017 alone, we grew total loans by 10.43% and total shares by 15.78%. As a financial cooperative, you share in our success, and we are proud of how this growth directly benefits our members. By providing \$201 million in new loans, we helped our

members finance the things that matter to them — from new cars to home renovations — at lower rates and with better service. By growing to \$598 million in total deposits, we are able to help our members take care of their everyday spending and save for the future with better rates and more convenient benefits.

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 times of need. That's why after Hurricane Harvey brought devastating weather and flooding to Houston and the entire Southeast Texas region, we wanted to do all we could to support our members and help them rebuild their lives. To help our members recover, we provided \$523,223 in Emergency Relief Loans and \$1,308,269.17 in discounted auto loans to replace vehicles damaged during the storm. We also waived a total of \$237,782 in

late payment, Skip-a-Pay, and other fees in the months after Hurricane Harvey.

We thank our members for their loyalty and patronage these past 40 years, which has allowed us to grow and expand while continuing to reward and repay our members year after year. Our healthy growth and generosity in 2017 demonstrates our continued commitment to being the best and loudest financial cheerleader for our members and willing servants in the community. 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.

**AFTER 40 YEARS,
WE'RE STILL
FOCUSED ON
WORKING FOR YOU,
NOT PROFIT.**

**DAVID
BLEAZARD**

President / CEO



When I joined the credit union as President and CEO in 2003, we were a small but strong credit union that had a long history of helping its members. In the years since then, we have become a modern, growing credit union that maintains its focus on providing outstanding service to our members and the community. This past year we put that commitment front and center by introducing our "For You, Not Profit" motto, a tagline that

perfectly sums up both our credit union structure and our people-first philosophy.

As a not-for-profit financial cooperative, First Service was founded with a distinct purpose: to serve our members and help you reach your financial goals — without having to worry about paying investors or shareholders. That means every cent of our profit goes back into the credit union and ultimately to our members, whether that's by providing a better member experience with the latest technology and most convenient services or directly helping you save money with higher dividends, lower loan rates, and fewer fees.

Last year gave us many opportunities to put that promise into action by giving you the financial tools you need to manage whatever life brings your way. We ensured that we could give you the most competitive products with new mortgage and checking account offers. We introduced an SBA loan

program to bring our low-rate lending to small business owners and startups. We focused on continued enhancements to online and mobile banking as well as new automatic text alerts to help you keep your accounts safe.

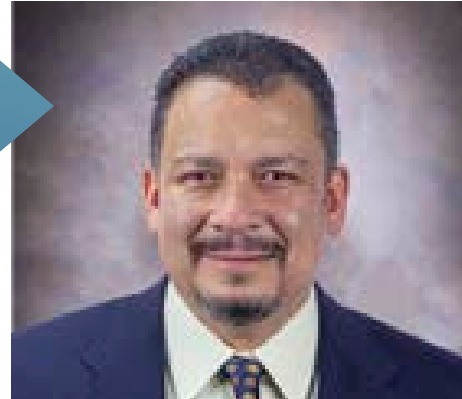
Of course, we know your finances are personal and closely tied by every aspect of your life. When Hurricane Harvey brought devastating damage to Houston and affected many of our own members and employees, we worked to stand by you in any way that we could. I am so proud of the entire First Service family, including both members and employees, who stepped up to help each other in the wake of such tragedy. This is what makes our community truly strong.

In 2018, we'll continue to find new and better ways to serve you with enhanced products and services, so that you can benefit from membership even more. We're working to

help you achieve your financial goals with free educational seminars and workshops on how to buy a home, invest in your future, and protect yourself from fraud. We're opening more branches throughout the greater Houston area including the now open Park Ten, Atascocita, and Sugar Land branches. Lastly, we'll be introducing a new website and online banking experience designed to be more responsive and accessible for all of our members.

The past 40 years have been an era of impressive accomplishments due to the dedication, hard work, and loyalty of our current and past Board members, employees, and member-owners. I look forward to serving you and exploring the rich promise and possibilities presented in the years to come.

**YOU CAN BE
CONFIDENT IN THE
STRENGTH AND
STABILITY OF YOUR
CREDIT UNION.**



MARCO CASSO
Chair of the
Supervisory Committee

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

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 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, 2017 fairly present in all material respects the credit union's financial position, results of operations, and cash flow for 2017.

Additionally, the following bylaw changes were made in 2017:

1. First Service amended its field of membership to include employees of SNC-Lavalin.
2. First Service amended its field of membership to include persons who live in, worship in, attend school in, or work in Fort Bend County, Texas.

3. First Service amended its bylaws to reduce its number of board members from nine to eight.

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.

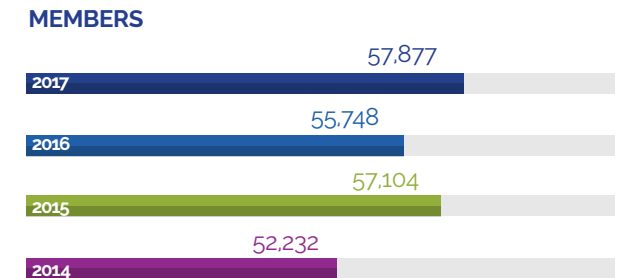
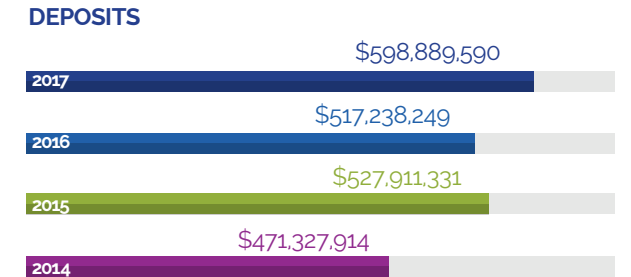
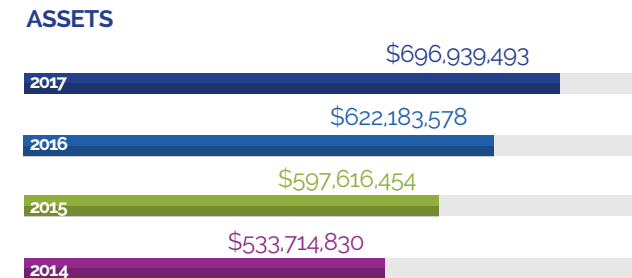
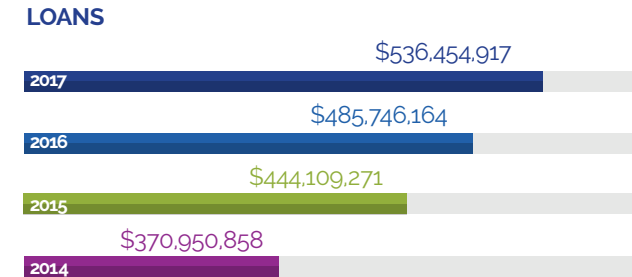
STATEMENT OF FINANCIAL CONDITION

As of December 31st

ASSETS	2016	2017
Cash	\$30,218,404	\$24,130,299
Investments	\$68,373,241	\$82,791,870
Net Loans	\$485,746,164	\$536,454,917
Accrued Interest Receivable	\$1,686,850	\$1,958,971
Premises and Equipment, Net	\$27,066,237	\$29,822,539
National Credit Union Share Insurance Fund Deposit	\$5,111,737	\$5,744,673
Other Assets	\$3,980,945	\$16,036,224
Total Assets	\$622,183,578	\$696,939,493
MEMBERS	55,748	57,877

LIABILITIES & MEMBER EQUITY	2016	2017
Liabilities	\$43,739,090	\$32,615,472
Members' Shares and Deposits	\$517,238,249	\$598,889,590
Members' Equity	\$61,206,239	\$65,434,431
Total Liabilities and Members' Equity	\$622,183,578	\$696,939,493

INCOME & EXPENSE STATEMENT	2016	2017
Total Income	\$42,882,043	\$45,918,173
Operating Expenses	\$26,805,469	\$29,014,303
Provision for Loan Losses	\$8,032,900	\$8,529,624
Interest and Dividend Expense	\$3,184,616	\$4,428,072
Non-Operating Income (Loss)	(\$1,247,354)	\$402,460
Net Income	\$3,611,704	\$4,348,634



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



Jim Harkrider
Secretary
Volunteer since 2010
Re-Election 2018



Doug Esmond
Treasurer
Volunteer since 1990
Re-Election 2019



David Itz
Director
Volunteer since 1994
Re-Election 2019



Paul Love
Director
Volunteer since 1984
Re-Election 2020



Merv Swan
Director
Volunteer since 2010
Retiring 2018



Wayne Taylor
Director
Volunteer since 1982
Re-Election 2018

EXECUTIVE LEADERSHIP TEAM



Dave Bleazard
President and Chief
Executive Officer



Mike McWethy
Executive Vice
President



Jana Heaton
Chief Financial
Officer



David Dang
Chief Information
Officer



Debi Little
Chief Lending
Officer



Frank Halstead
Chief Risk Officer

SENIOR MANAGEMENT TEAM

Jianjun Bai
VP of Systems
Development
and Host Operations

Philip LaCorte
VP of Business
Development

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

ADVISORY COMMITTEE

Marco Casso
Volunteer since 2010
Board Election 2018

Tom Bullard
Volunteer since 2018

Andrea Mangiavacchi
Volunteer since 1999

SUPERVISORY COMMITTEE

Marco Casso
Chair
Volunteer since 2010

Doug Chee
Member
Volunteer since 2007

Doug Esmond
Member
Volunteer since 1990

George Gentry III
Member
Volunteer since 2017

Mack Mayhew
Member
Volunteer since 2007

Merv Swan
Member
Volunteer since 2010

BOARD NOMINEES



Jim Harkrider

The First Service Credit Union Nomination Committee has submitted the following candidates for the 2018 Board of Directors election:

Mr. Harkrider is currently the Secretary of the Board of First Service Credit Union, serving on the Asset and Liability Committee and Development Committees. He retired from CenterPoint Energy, Inc., after a 37 year career. A native of Shreveport, LA, he holds two bachelor's degrees in Economics and Biology from Centenary College of Louisiana. Mr. Harkrider was transferred to Houston with Sears in their Retail Management Training Program and managed two divisions before leaving to join Houston Lighting & Power Co. in

their Marketing Department. Jim and his wife, Marilyn, enjoy traveling, riding motorcycles, and the arts. He has a lifetime membership in the Greater Houston Partnership, was President of the Board of Directors for Fort Bend MUD 106 for 13 years, and is currently serving as a director on the Board for Harris County MUD 501. Additionally, he has served as a director on several nonprofit boards in the Houston area.



Wayne Taylor

Mr. Taylor has been a credit union member for 37 years and an active Board member for over 30 of those years. He has served on most of the credit union's standing committees at some time or another, and he has served three terms as Chair of the Board. After 25 years in the Credit Department with Brown & Root he moved to ESG/Halliburton, managing the American Express Travel Card Program. His years of credit oriented service have put him in good stead to monitor the finances of the credit union during several tumultuous

financial periods since the 1980s. Now retired, Wayne devotes his time to gardening, playing senior softball, and volunteering with several charities and his church.



Marco Casso

Mr. Casso currently serves as the Chair of the Supervisory Committee and has served on both the Supervisory Committee and the Asset and Liability Committee. Having served the credit union for over seven years, he is excited for the opportunity to continue furthering the personal interests and security of the credit union's members as a full-time Board director. He is a Certified Public Accountant and has worked for Halliburton for over 20 years in various roles with increasing responsibility including Internal Audit, Financial Planning, and 8 years of international assignments in Latin America including Brazil, Ecuador and Mexico. In addition to

his day-to-day job duties, he participates in university recruiting, mentoring, and training of operations employees in various finance related courses. He is originally from Laredo, but he has called Houston home since 1992. He has been married for 25 years and has three teenaged boys. In his spare time, he enjoys coaching youth sports teams including football, basketball and soccer and volunteering for nonprofits including Junior Achievement and Kid's Meals.

PRIOR MEETING'S MINUTES

Kourtney Calhoun, Vice-Chair of the Board, welcomed everyone to the 39th Annual Meeting of First Service Credit Union, on behalf of Janet Hill, Chairman of the Board. She called the meeting to order at 6:00pm and asked if a quorum was present, and Executive Assistant Virginia Dolan affirmed that there was.

Vice-Chair Calhoun asked Executive Assistant Dolan to serve as Secretary and Parliamentarian. Executive Assistant Dolan accepted indicating that a recorder and Robert's Rules of Order were in hand. Vice-Chair Calhoun asked if there were any proposed adjustments to the minutes as presented in the 2016 Annual Report. There were none, and she proceeded to ask for a motion to accept the minutes as presented.

A motion was made by Secretary Harkrider and seconded by Director Swan to accept the 2016 Annual Meeting minutes as presented. The motion passed.

Vice-Chair Calhoun presented the Chairman's Report and stated that in the past year the Houston economy suffered the worst downturn in over 30 years. First Service worked hard to remain a trusted partner by the side of members and grew assets by 4.11% to over \$622 million. We will continue to be a credit union this community can depend upon and provide even greater value

to you in the coming years. Thank you for your membership and trust in First Service, which makes everything we do possible.

Vice-Chair Calhoun introduced the Board members present: Secretary Jim Harkrider, Treasurer Doug Esmond, Paul Love, Merv Swan, and Wayne Taylor, recognizing those who were not able to attend: Chairman Janet Hill, Jack Bartell, David Itz, and thanked them for their devoted service.

CEO David Bleazard presented the President's Report stating this has been a year that tested our resolve as a community and as a 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. After ten years at our previous headquarters off Sam Houston Parkway, and growing to over 160 employees, First Service moved the headquarters to our new building at 16430 Park Ten Place. We have closed four branches this year and are expanding into other areas where our members live and where there is potential for future growth. We will be opening branches in the Atascocita and Sugar Land areas, along with a lobby being built here at the Park Ten location. We have created improvements to our home and mobile banking, converted to a new core computer system, and moved to using VISA as our credit card provider and processor. The Houston economy is now regaining strength and

CEO Bleazard is confident that together we can build upon our progress and do more for you in the years to come.

Chairman Swan presented the Supervisory Committee's Report stating that its purpose is to monitor the credit union's operations and procedures on behalf of the membership. 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. In 2016, we amended our field of membership to include the Conroe and Magnolia independent school district areas. We also amended First Service's bylaws to reduce its number of board members from ten to nine.

Vice-Chair Calhoun asked if there was any old business to address, and there was none.

For new business, Vice-Chair Calhoun turned the podium over to Secretary Harkrider, the Chairman of the Nominating Committee.

Secretary Harkrider mentioned that this year we began staggering board terms. In the past we have had more than three expiring terms per year, and in the interest of continuity we want to only have three terms expire each year. In keeping with that,

the current elections will be for the following positions: Janet Hill and Paul Love to be elected to three-year terms, each with an expiration date of 2020; Kourtney Calhoun, Doug Esmond, and David Itz to be elected to two-year terms, each with an expiration date of 2019. There were no other nominees submitted.

A motion was made by Director Taylor and seconded by Director Harkrider to approve the nomination of Janet Hill and Paul Love to three-year terms and Kourtney Calhoun, Doug Esmond, and David Itz to two-year terms. The motion passed.

Secretary Harkrider mentioned that he has enjoyed working with management and the board and what a pleasure it has been to be part of such a fantastic organization. He charged CEO Bleazard with bringing us to a billion in assets in the next several years.

Vice-Chair Calhoun thanked everyone for coming and asked for a motion to adjourn.

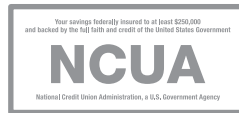
A motion was made by Marilyn Harkrider to adjourn, and the meeting ended at 6:30pm.



FOR YOU, NOT PROFIT

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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.