


# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2017	2016	2017	2018
<b>ASSETS</b>			
Total Loans	531,173,932	589,318,110	711,016,583
Less: Allowance	(1,493,045)	(1,607,103)	(2,465,986)
Net Loans	529,680,887	587,711,007	708,550,597
Cash & Investments	1,386,462,267	1,496,667,111	174,201,951
<b>OTHER ASSETS</b>			
Fixed Assets	19,606,365	22,312,005	25,648,849
NCUA Share Insurance Deposit	16,499,202	17,108,503	18,358,400
Other Assets	22,771,531	10,596,062	8,918,393
<b>TOTAL ASSETS</b>	<b>\$1,975,020,252</b>	<b>\$2,134,394,688</b>	<b>\$2,135,266,297</b>
<b>LIABILITIES, SHARES &amp; EQUITY</b>			
Total Liabilities	8,442,082	1,786,370	2,295,848
Total Shares & Deposit	1,758,141,907	1,910,233,426	1,893,648,213
Total Equity	208,436,263	222,374,893	239,322,236
<b>TOTAL LIABILITIES, SHARES &amp; EQUITY</b>	<b>\$1,975,020,252</b>	<b>\$2,134,394,689</b>	<b>\$2,135,266,297</b>

CONSOLIDATED STATEMENT OF INCOME	2016	2017	2018
<b>OPERATING INCOME</b>			
Total Interest on Loans to Members	18,936,557	20,075,096	22,272,991
Interest on Other Loans (Non-Members/Participations)	-----	497,053	1,593,774
Income from Investments	16,237,047	19,524,187	25,515,401
Fee and Other Operating Income	14,760,681	15,001,748	17,355,166
<b>TOTAL GROSS INCOME</b>	<b>\$49,934,285</b>	<b>\$55,098,084</b>	<b>\$66,737,332</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>\$30,565,856</b>	<b>\$31,202,222</b>	<b>\$35,309,463</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>19,368,428</b>	<b>23,895,862</b>	<b>31,427,869</b>
Less: Provision for Loan Losses	(1,651,715)	(1,865,320)	(3,393,673)
Non Operating Gain (Loss)	(4,096)	-----	(2)
Total Cost of Funds	(7,263,133)	(8,091,913)	(11,086,851)
<b>ADJUSTED NET INCOME (LOSS)</b>	<b>\$10,449,484</b>	<b>\$13,938,629</b>	<b>\$16,947,343</b>



- Clear Lake - Main Office**  
1330 Gemini  
Houston, TX 77058
- Alvin**  
877 E Highway 6  
Alvin, TX 77511
- Clear Lake City Blvd.**  
1600A Clear Lake City Blvd  
Houston, TX 77062
- Deer Park - 8th Street**  
120 E 8th St  
Deer Park, TX 77536
- Deer Park - Monument**  
2200 E Thirteenth St  
Deer Park, TX 77536
- Dickinson - Bay Colony**  
2461 FM 646 W  
Dickinson, TX 77539
- Ellington**  
404 FM 1959  
Houston, TX 77034
- Friendswood**  
1320 S Friendswood  
Friendswood, TX 77546
- Friendswood North**  
307 N Friendswood Dr  
Friendswood, TX 77546
- Galveston**  
2121 Market St  
Galveston, TX 77550
- La Porte**  
607 W Fairmont Pkwy  
La Porte, TX 77571
- League City**  
501 FM 270  
League City, TX 77573
- League City - Tuscan Lakes**  
1280 E League City Pkwy  
League City, TX 77573
- League City West**  
2660 W Main St  
League City, TX 77573
- Park Place**  
8424 Park Place Blvd  
Houston, TX 77017
- Pasadena North**  
303 W Shaw  
Pasadena, TX 77506
- Pearland - Broadway**  
9101 Broadway  
Pearland, TX 77584
- Pearland Parkway**  
1849 Pearland Pkwy, Ste. 102  
Pearland, TX 77581
- Seabrook**  
3620 NASA Pkwy  
Seabrook, TX 77586
- Texas City - Mainland**  
2300 Gulf Freeway  
Texas City, TX 77591
- Space Center Blvd.**  
11530 Space Center Blvd.  
Houston, TX 77059



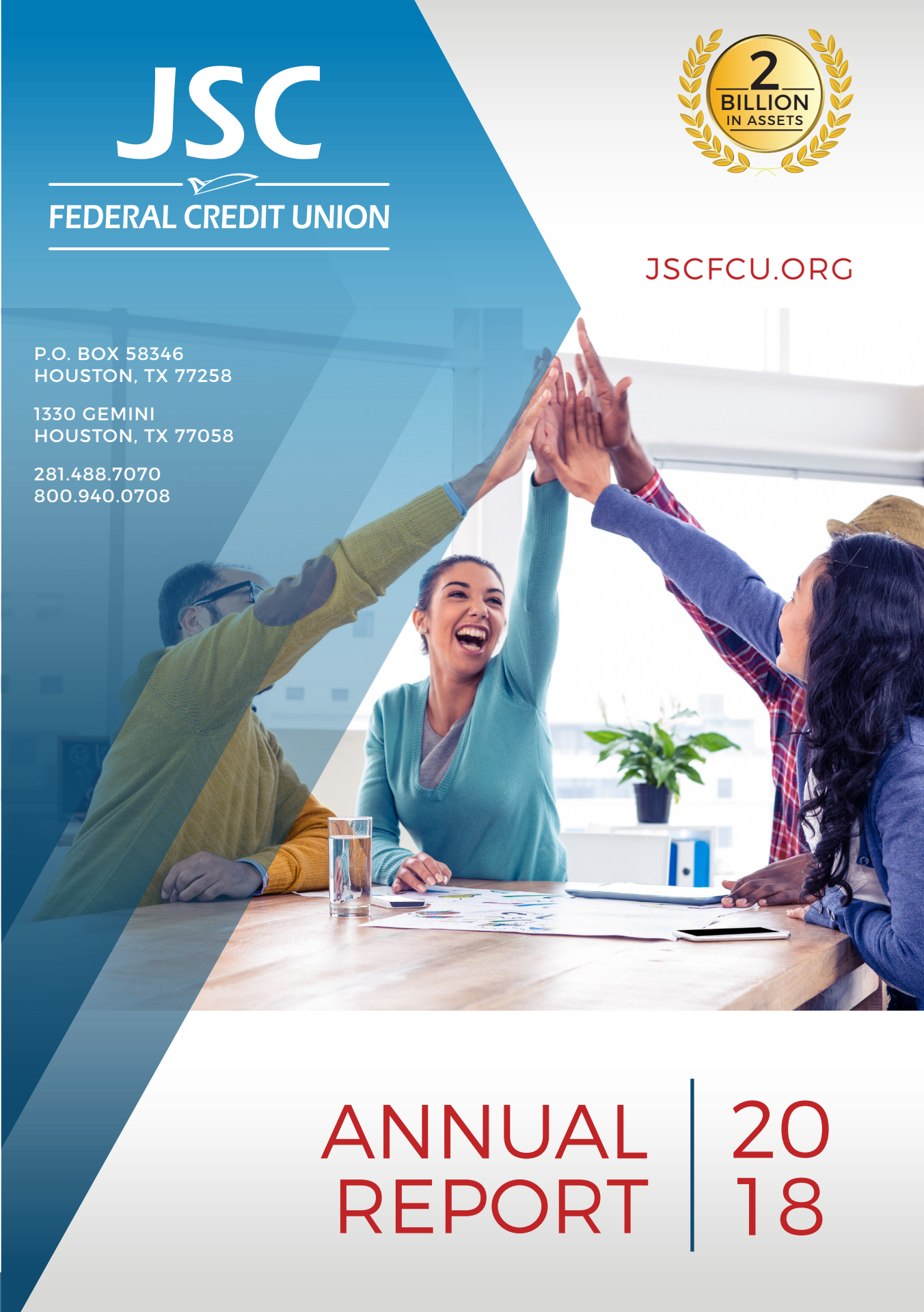
**JSC**  
FEDERAL CREDIT UNION

[JSCFCU.ORG](http://JSCFCU.ORG)



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HOUSTON, TX 77058

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# LEADERSHIP

## BOARD OR DIRECTORS

**David W. Whittle**, Chairman  
Term Expires 2021

**Deborah A. Conder**, Secretary  
Term Expires 2020

**Harry Guss**, Director  
Term Expires 2019

**Curtis C. Collins**, Vice Chairman  
Term Expires 2019

**John J. Thiel**, Director  
Term Expires 2020

**Grady Perdue**, Director  
Term Expires 2021

**James H. Ragan**, Treasurer  
Term Expires 2019

**Peggy A. Zahler**, Director  
Term Expires 2021

**Natalie Saiz**, Director  
Term Expires 2020

## NORTHERN ADVISORY BOARD

**Timothy Daggett**  
Clear Lake - Main Office  
Clear Lake City Blvd

**Shawn Chittum**  
Ellington

**Brett Burns**  
Pearland - Broadway  
Pearland Parkway

**James (Steven) Oyler**  
Seabrook

**Glenn Perk**  
Deer Park - 8th Street  
Deer Park - Monument

**Gig Rohmfeld**  
La Porte

**Joseph (Tim) Bounds**  
Pasadena North

## SUPERVISORY COMMITTEE

**Jose Olivarez**, Chairman

**Joseph Pat McCormack**

**Gerald (Buddy) Land**

**Renee Falls**

**Bill Reid**

## SOUTHERN ADVISORY BOARD

**Ann Paulissen**  
League City

**Gerald Stacy**  
Friendswood

**Sharon Gillins**  
Galveston

**Leo Rudd**  
League City -  
Tuscan Lakes



## JSC FCU MANAGEMENT

**Brandon Michaels**, President & CEO

**Paul Maslonka**, Chief Operations Officer

**Debra Reeder**, Chief Financial Officer

**James Marshall**, Chief Brand & Innovation Officer

# A LETTER FROM OUR CHAIRMAN

### To Members and Friends:

I am once more honored to present the Annual Report for JSC Federal Credit Union (JSC FCU). In 2018, the Credit Union continued its strong performance, growing assets and adding 8,516 new members.

2018 was a year of change for JSC FCU with the retirement of our long time CEO and President, Mr. Michael Brown. Mr. Brown had been with JSC FCU for 32 years and served our membership with conviction. For Mr. Brown, our members came first, as is evident by the impressive growth of the organization. During his tenure, Mr. Brown oversaw the growth of JSC FCU from \$41 million in assets, 14,700 members and 45 team members to where it is today. Mr. Brown helped build a strong organization that is member focused and growth orientated. We thank him for his contributions and wish him well in retirement!

With Mr. Brown retiring in 2018, I am pleased to welcome Brandon Michaels to JSC FCU as our new President & CEO. Brandon comes to Houston by way of Kansas City, MO having previously been the President & CEO of Mazuma Credit Union. Brandon is a forward-thinking, innovative and member-centric CEO and was selected by your Board of Directors to help lead JSC FCU into its next chapter. I speak on behalf of the Board when I say that we are excited about the journey ahead! Welcome, Brandon!

JSC FCU continues to take steps toward providing new products and services to meet our members' financial needs. As such, we saw the launch of our new mobile app, which gave us a greater ability to serve our members. Such new benefits include:

- More security, using multifactor authentication
- Increased user friendliness by providing a consistent banking experience on the mobile app and website
- Greater ability to add more products and services in the future



### Dear Members,

I am very excited and honored to serve as your new President/CEO! Originally from California, but immediately from the Kansas City, Missouri area, I am excited to lead the organization into the realm of a rapidly changing financial marketplace. While leveraging the past's successes, the focus in the coming years will be on providing unmatched member experience, best-in-class digital platforms and investments in the communities in which we serve.

This past year, JSC Federal Credit Union had a good year. The credit union financially performed well, earning strong net income and increasing loan balances. In addition to our financial performance, there are projects and enhancements that the credit union completed throughout the year. While transitions and migrations can be challenging, the credit union made a commitment to improve the functionality and capabilities of our mobile app. Additionally, the credit union upgraded all of our ATMs to EMV-enabled functionality in order to protect our members against fraud and streamline efficiencies throughout the credit union. JSC Federal Credit Union also enhanced security in our systems in order to protect our members' personal information. Finally, JSC Federal Credit Union opened a new branch (number 21) on Space Center Boulevard.

**I'm proud to share the vision I have for the organization: \$5 Billion in Assets by 2025.**

Here are some steps we need to take in order to achieve such a high degree of success. These steps will take some time and will undoubtedly transition into 2020 and beyond.

### Heightened Focus on Member Experience

Our dream is to have one of the most sought-after member experience models in the country. We want other financial institutions to envy what we have. We want to be different than our competitors. We want all Houstonians to use JSC Federal Credit Union as their primary banking provider because of the incredible experience we provide. We don't just mean good service. Experience is so much more than good service.

JSC Federal Credit Union will embark on a heightened focus on providing unparalleled experiences across all of our platforms, branches and interactions. Member Experience requires an elevation of thought, mindset, process and alignment throughout the organization. Everything from products to services to the way our branches look and feel will be enhanced. It's so important that I've hired a Chief Experience Officer (CXO) to oversee the 'art and science' of establishing and implementing a true experience platform. This will take time and will require a concerted effort, but you are worth it!

With continued changes in the housing market, we realized that the standard mortgage may not be sufficient for all borrowers. As a member-owned organization, JSC FCU wants to be there for all and we saw a need to develop a product with low interest rates, fewer fees, and smaller down payment and insurance requirements. In response, JSC FCU began offering several new mortgage products including the Best Rate Guarantee + No Lender Fees and 100% financing with no private mortgage insurance.

JSC Federal Credit Union is dedicated to helping our members during periods of financial difficulty. In anticipation of the government shutdown, your credit union began offering financial relief to potentially affected members. We began offering loan skip-a-payments and Furlough Loans to assist members who would miss their paycheck.

As always, our members take priority at JSC FCU. We will continue to evaluate our products and services in order to provide the best experience possible, but also position the organization for long-term prosperity. There is no doubt that the financial marketplace and the world around us is changing in enormous ways. It is incumbent upon your credit union to advance and serve the needs of all members, now and in the future. We are honored you have chosen JSC FCU as your financial institution and we hope you are as excited as we are about the changes and enhancements in the years to come.

Sincerely,

*David W. Whittle*

David W. Whittle, Chairman

# A LETTER FROM OUR PRESIDENT/CEO

### Digital Platforms

In order to further compete in a rapidly changing marketplace, JSC Federal Credit Union has to significantly invest in our digital platforms. Since a mobile app conversion was recently completed, management will be focused on enhancements and functionality over the course of the next couple of years. Management will also be focused on laying the groundwork for achieving best-in-class digital offerings.

### Product & Service Redesign

The complete line up of products and services will be reviewed with the Member Experience in mind. We will work tirelessly to ensure that our existing offerings are reflective of a growing and changing organization and may implement new products that align with the needs of our members. Our products should make it simple and easy to do business with your credit union. In many cases, many products have been in place at the organization for decades and are worthy of discussion.

### Expansion

In 2020 and beyond, we will look beyond the frontiers of the Clear Lake area. As Houston is one of the fastest growing cities in America, your credit union needs to be aggressive in expanding into areas that have the greatest opportunity for success. Management is currently reviewing possible locations for future branches.

In 2019 and beyond, we'll achieve many more milestones. Laying the foundation for growth, and specifically increasing the organization's lending function, will be of utmost importance. More importantly, as we grow to meet your needs, we will always maintain an acute focus on the needs of each member. I am excited about 2019 as we continue to progress our thinking of what it means to have amazing member experience. We will be working to break down the paradigms of traditional banking by not being afraid to be different and innovative. We won't be perfect and we appreciate your patience and occasional forgiveness as we foster the growth and creativity of our team and work to build a truly excellent model for member experience.

Thank you again for your trust, support, and occasional forgiveness as we collectively endure the trials and tribulations of change. There is only one thing in this new world that is constant and that is change. We are stronger than ever before, and ready to embark on our most important project yet: **transforming the organization to provide an amazing member experience!**

The best is yet to come.

*Brandon Michaels*

Brandon Michaels, President/CEO