JSC Federal Credit Union began operations December 27, 1961 as MSC Federal Credit Union, working out of a small office in the Farnsworth Chambers Building. Later, the office moved to Building Two (on the current JSC Clear Lake site), then to Building Eleven. JSC FCU was originally chartered to serve employees of Johnson Space Center in Houston. In 1975, JSC Federal Credit Union moved into its current Main Office location at 1330 Gemini in the Clear Lake area of Houston.

From its humble beginnings over 50 years ago, JSC FCU has grown to serve 100,000+ members and 1,500+ Community Business Partners throughout the Greater Houston Bay Area. Offering a full array of financial products and services, JSC FCU stands poised to continue this tradition of member service excellence for many years to come.
A LETTER FROM OUR CHAIRMAN

TO MEMBERS AND FRIENDS:

It is my privilege to present the 2012 Annual Report for JSC Federal Credit Union (JSC FCU). The Credit Union has had another year of exceptional accomplishments. JSC FCU experienced incredible growth in 2012, adding more than 10,362 new members and growing in assets by $121,779,916. In addition, JSC FCU added 275 new Community Business Partners to its field of membership, which brings the total to over 1,500 ways a person can qualify to be a Credit Union member. These affiliations continue to be an essential source of Credit Union membership opportunities in the communities we serve.

With technology ever evolving, JSC FCU continues to take steps toward improving the ways in which we communicate and interact with members. The Credit Union also continues to develop and implement emerging online and mobile tools that can help members manage their JSC FCU accounts easily, quickly and securely.

2012 was filled with the introduction of several new online tools. In March 2012, JSC FCU launched its E-Signature service which allows members to send and receive documents electronically using a secure online portal. Members may even legally sign their document using their own electronic signature. In April 2012, a new online tool called IRA Center was launched, which allows members to open and manage their own retirement accounts.

Mobile App technology continues to evolve, and JSC FCU has stayed ahead of the technology curve by introducing the HTML 5 Web App in August 2012. Members who have mobile devices other than Android and Apple, may access the web-based app with the same ease and functionality as the mobile app. In an effort to improve upon existing technology, JSC FCU launched its first mobile app update in April 2012. New features in this update include mobile account opening and landscape view functionality.

JSC FCU initiated online advertising campaigns through social media and internet search engines throughout 2012. Having an online presence allows JSC FCU to reach a wider and more...
targeted audience. Online advertising also allows internet viewers to directly engage with the Credit Union by forwarding an ad or message to their friends and family.

In late December 2012, JSC FCU opened its 18th branch. The Clear Lake City Boulevard location is the first of its kind offering a fresh and modern design, more convenient hours of operation, a 24 hour walk-up ATM, and interactive touchscreen kiosks where members may watch product tutorials and education modules. Breaking the mold from the traditional branch layout, this branch has an open concept and utilizes self-service terminals to dispense cash. These cash machines eliminate the need to count cash and allow more time for tellers to build relationships with members.

JSC FCU continues to be an excellent corporate citizen within the communities it serves. The Credit Union donated monies and personal time to numerous charitable and community development organizations in 2012. The Credit Union also continues to offer financial and volunteer support for multiple outreach organizations whose efforts directly benefit the members of our community with modest means. In terms of direct involvement, the Credit Union offers financial education opportunities to members and non-members alike by hosting free seminars on such topics as Home Buying, Identity Theft and Credit, free access to our MoneyFIT program, as well as partnering with organizations like the YMCA, Habitat for Humanity, and elementary schools that host events designed to enhance financial literacy, wellness and education to all ages.

As the Credit Union looks toward the next fifty years, our tradition of member service will continue to be the most important value that we strive for each and every day.

In closing, I am pleased to report to our membership that your Credit Union is financially safe and sound, well capitalized, and prospering. In its 51st year of business, your Credit Union continues to be a vital asset to its members and to the greater communities it serves and supports. We realize that you have many options when choosing a provider for financial needs, and we appreciate your choice of JSC Federal Credit Union as your financial service provider.

Sincerely,

David W. Whittle

David W. Whittle
Chairman, JSC Federal Credit Union
YEAR AT A GLANCE

MEMBERSHIP GROWTH

There would be no Credit Union but for our Members. At JSC FCU, we believe that our members should be treated how we would want to be treated ourselves, and this shows when each year more people choose us as their financial institution.

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>115,929</td>
</tr>
<tr>
<td>2011</td>
<td>118,390</td>
</tr>
<tr>
<td>2012</td>
<td>118,896</td>
</tr>
</tbody>
</table>

COMMUNITY BUSINESS PARTNERS

JSC FCU strives to promote the benefits of credit union membership to local businesses in our community. This is a great way for local businesses to enhance their employee benefits package at no charge. Taking care of our community through educating its work-force about financial responsibility remains a core mission of JSC FCU.

<table>
<thead>
<tr>
<th>Year</th>
<th>Community Business Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>109</td>
</tr>
<tr>
<td>2011</td>
<td>115</td>
</tr>
<tr>
<td>2012</td>
<td>275</td>
</tr>
</tbody>
</table>

*Added per year

ASSET SIZE (BILLIONS)

Our drive to serve our members’ needs above all else is synonymous with JSC FCU’s drive for financial strength. When we take care of our members, we believe financial success will follow.

<table>
<thead>
<tr>
<th>Year</th>
<th>Asset Size (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$1.47</td>
</tr>
<tr>
<td>2011</td>
<td>$1.57</td>
</tr>
<tr>
<td>2012</td>
<td>$1.69</td>
</tr>
</tbody>
</table>
## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

### AS OF DECEMBER 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Loans</td>
<td>414,771,799</td>
<td>349,099,916</td>
<td>354,041,500</td>
</tr>
<tr>
<td>Less: Allowance</td>
<td>(1,407,350)</td>
<td>(1,806,671)</td>
<td>(1,831,988)</td>
</tr>
<tr>
<td>Net Loans</td>
<td>413,364,449</td>
<td>347,293,245</td>
<td>352,209,512</td>
</tr>
<tr>
<td>Cash &amp; Investments</td>
<td>1,227,836,219</td>
<td>1,174,211,227</td>
<td>1,072,294,075</td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>19,003,679</td>
<td>18,518,067</td>
<td>18,008,503</td>
</tr>
<tr>
<td>NCUA Share Insurance Deposit</td>
<td>14,271,443</td>
<td>12,957,547</td>
<td>12,618,850</td>
</tr>
<tr>
<td>Other Assets</td>
<td>14,792,119</td>
<td>14,295,957</td>
<td>15,442,454</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$1,689,213,909</td>
<td>$1,567,276,043</td>
<td>$1,470,573,394</td>
</tr>
<tr>
<td><strong>LIABILITIES, SHARES &amp; EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,882,113</td>
<td>6,679,653</td>
<td>5,123,061</td>
</tr>
<tr>
<td>Total Shares &amp; Deposit</td>
<td>1,520,969,887</td>
<td>1,404,382,929</td>
<td>1,319,115,121</td>
</tr>
<tr>
<td>Total Equity</td>
<td>166,361,909</td>
<td>156,213,461</td>
<td>146,335,212</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES, SHARES &amp; EQUITY</strong></td>
<td>$1,689,213,909</td>
<td>$1,567,276,043</td>
<td>$1,470,573,394</td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF INCOME

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Interest on Loans to Members</td>
<td>18,778,950</td>
<td>20,065,012</td>
<td>22,310,595</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>13,952,095</td>
<td>15,342,070</td>
<td>18,226,870</td>
</tr>
<tr>
<td>Fee and Other Operating Income</td>
<td>12,750,284</td>
<td>12,902,547</td>
<td>12,040,396</td>
</tr>
<tr>
<td><strong>Total Gross Income</strong></td>
<td>45,481,329</td>
<td>48,309,629</td>
<td>52,577,861</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>$25,249,706</td>
<td>$26,795,042</td>
<td>$26,876,805</td>
</tr>
<tr>
<td><strong>Income (Loss) From Operations</strong></td>
<td>20,231,623</td>
<td>21,514,587</td>
<td>25,701,056</td>
</tr>
<tr>
<td>Less: Provision for Loan Losses</td>
<td>(1,052,866)</td>
<td>(1,583,843)</td>
<td>(1,735,935)</td>
</tr>
<tr>
<td>Non Operating Gain (Loss)</td>
<td>65,844</td>
<td>(143)</td>
<td>(294,424)</td>
</tr>
<tr>
<td><strong>Total Cost of Funds</strong></td>
<td>(9,096,153)</td>
<td>(10,052,353)</td>
<td>(15,024,271)</td>
</tr>
<tr>
<td><strong>Adjusted Net Income (Loss)</strong></td>
<td>$10,148,448</td>
<td>$9,878,248</td>
<td>$8,646,426</td>
</tr>
</tbody>
</table>
BRANCH LOCATIONS

1. CLEAR LAKE/MAIN OFFICE
   1330 Gemini
   Houston, TX 77058

2. LEAGUE CITY BRANCH
   501 FM 270
   League City, TX 77573

3. ELLINGTON BRANCH
   404 FM 1959
   Houston, TX 77034

4. FRIENDSWOOD BRANCH
   1320 S. Friendswood
   Friendswood, TX 77546

5. GALVESTON BRANCH
   2121 Market St.
   Galveston, TX 77550

6. TUSCAN LAKES BRANCH
   1280 East League City Parkway
   League City, TX 77573

7. MAINLAND BRANCH
   2300 Gulf Freeway
   Texas City, TX 77591

8. PARK PLACE BRANCH
   8424 Park Place Blvd.
   Houston, TX 77017

9. BAY COLONY BRANCH
   2461 FM 646 W
   Dickinson, TX 77539

10. PEARLAND BRANCH
    9101 Broadway
    Pearland, TX 77584

11. SEABROOK BRANCH
    2900 NASA Parkway, Suite 310
    Seabrook, TX 77586

12. LEAGUE CITY WEST BRANCH
    3612 W. Main Street, Suite 400
    League City, TX 77573

13. MONUMENT BRANCH
    2200 East 13th Street
    Deer Park, TX 77536

14. DEER PARK BRANCH
    120 East 8th Street
    Deer Park, TX 77536

15. LA PORTE BRANCH
    607 West Fairmont Parkway
    La Porte, TX 77571

16. CLEAR SPRINGS HIGH SCHOOL BRANCH
    501 Palomino Lane
    League City, TX 77573
    Access restricted to CSHS students & staff

17. CLEAR FALLS HIGH SCHOOL BRANCH
    4380 Village Way
    League City, TX 77573
    Access restricted to CFHS students & staff

18. CLEAR LAKE CITY BLVD. BRANCH
    1600A Clear Lake City Blvd
    Houston, TX 77062

19. PEARLAND PARKWAY BRANCH
    1849 Pearland Parkway, Suite 103
    Pearland, TX 77581

LOCATIONS
LEADERSHIP

BOARD OF DIRECTORS

David W. Whittle
Chairman
Term Expires 2015

Curtis C. Collins
Vice Chairman
Term Expires 2013

James H. Ragan
Treasurer
Term Expires 2013

Peggy A. Zahler
Secretary
Term Expires 2015

Deborah A. Conder
Director
Term Expires 2014

Harry Guss
Director
Term Expires 2013

John J. Thiel
Director
Term Expires 2014

Grady Perdue
Director
Term Expires 2015

Randy Stone
Director
Term Expires 2014

Jose Olivarez
Chairman

Thomas B. Smith

Damon Wilson

Teming Tse

Joseph Pat McCormack

Michael G. Brown
President

Paul Maslonka
Chief Operations Officer

Debra Reeder
Chief Financial Officer

Thomas Hast
Chief Lending Officer
Vice President of Marketing

SUPervisory Committee

Jose Olivarez
Chairman

Thomas B. Smith

Damon Wilson

Teming Tse

Joseph Pat McCormack

Timothy Daggett
Branch 1 Gemini

Shawn Chittum
Branch 3 Ellington

Gregorio Jaramillo
Branch 8 Park Place

Brett Burns
Branch 10 Pearland

Elizabeth Oliver
Branch 11 Seabrook

Glenn Perk
Branch 13 Monument

Owen Hilton
Branch 14 Deer Park

Kenneth Weber
Branch 15 La Porte

Dion McInnis
Branch 1 Gemini

Ann Paulissen
Branch 2 League City

Gerald Stacy
Branch 4 Friendswood

Dorethea Wynn
Branch 5 Galveston

Leo Rudd
Branch 6 Tuscan Lakes

William Reid
Branch 7 Mainland

Louis Decker
Branch 9 Bay Colony

Fay Hogg
Branch 12 League City West

Nancy Mallini
Branch 16 Clear Springs High School
Branch 17 Clear Falls High School
I ❤ JSC

"I ❤ JSC FCU! When I got my first job in 1995, JSC FCU was there for me. I opened my savings and checking. Now I have loans and love seeing all of my accounts in one place. Online banking is awesome and bill pay is super convenient. My in-laws and kids have accounts, that makes it easy to transfer between them. Thank you for 16 years and for making my crazy life a little less crazy."

-Jennifer H.

"I love that JSC FCU doesn’t have all those fees that other financial institutions have, and they always have competitive interest rates."

-Mana V.

"I ❤ JSC FCU because they helped me finance my first car at 16 (with the help of my dad too)! I’ve been a loyal member now for ten years. And my parents have been members since 1988. JSC FCU has also assisted me with personal loans for college. They have given me much needed financial advice and have steered me in the right direction for credit repair as well. They are honest, reliable, and experts at what they do. Thanks a million!"

-Rachel L.

"Overall, I love knowing that JSC FCU really cares about ME!"

-Diana B.

"I ❤ JSC FCU because they helped me consolidate all my bills and accounts into three easy payment accounts with lower interest rates with no pressures or roadblocks. It made me stress free and allowed me to have some additional money to pay for my son’s last college tuition payment."

-Carmela T.

"Thanks for 50 years of responsible financial strength and awesome service, and here’s to the next 50 years of the same."

-Dung H.

"I ❤ JSC because they give me everything I need as a college student, so far from home. JSC is the best ever."

-Randy H.

"I ❤ JSC because they help me finance my first car at 16 (with the help of my dad too)! I’ve been a loyal member now for ten years. And my parents have been members since 1988. JSC FCU has also assisted me with personal loans for college. They have given me much needed financial advice and have steered me in the right direction for credit repair as well. They are honest, reliable, and experts at what they do. Thanks a million!"

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Annual Report
JSC Federal Credit Union

We do business in accordance with Federal Fair Lending Laws. Federally insured by the NCUA.