

ANNUAL  
REPORT

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# 2012

# ANNUAL REPORT

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**JSC**  
Federal Credit Union



# HISTORY

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# 1961

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

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## 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

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**"WITH TECHNOLOGY EVER EVOLVING, JSC FCU CONTINUES TO TAKE STEPS TOWARD IMPROVING THE WAYS IN WHICH WE COMMUNICATE AND INTERACT WITH MEMBERS."**

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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

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**"THE CLEAR LAKE CITY  
BOULEVARD LOCATION IS  
THE FIRST OF ITS KIND..."**

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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

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**"OUR TRADITION OF MEMBER  
SERVICE WILL CONTINUE TO  
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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*

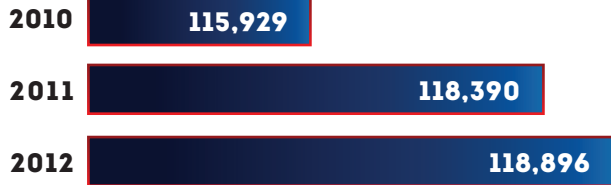
David W. Whittle

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.



## COMMUNITY BUSINESS PARTNERS

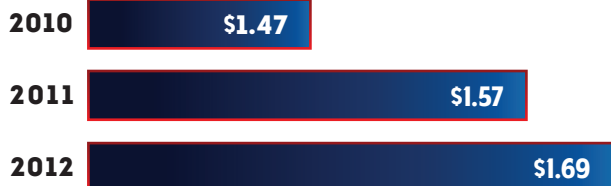
JSC FCU strives to promote the benefits of credit union membership to local businesses in our community. This is a great way for local businesses to enhance their employee benefits package at no charge. Taking care of our community through educating its work-force about financial responsibility remains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



*\*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.



# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2012	2012	2011	2010
<b>ASSETS</b>			
Total Loans	414,771,799	349,099,916	354,041,500
Less: Allowance	(1,407,350)	(1,806,671)	(1,831,988)
Net Loans	413,364,449	347,293,245	352,209,512
Cash & Investments	1,227,836,219	1,174,211,227	1,072,294,075
<b>OTHER ASSETS</b>			
Fixed Assets	19,003,679	18,518,067	18,008,503
NCUA Share Insurance Deposit	14,271,443	12,957,547	12,618,850
Other Assets	14,792,119	14,295,957	15,442,454
<b>TOTAL ASSETS</b>	<b>\$1,689,213,909</b>	<b>\$1,567,276,043</b>	<b>\$1,470,573,394</b>
<b>LIABILITIES, SHARES &amp; EQUITY</b>			
Total Liabilities	1,882,113	6,679,653	5,123,061
Total Shares & Deposit	1,520,969,887	1,404,382,929	1,319,115,121
Total Equity	166,361,909	156,213,461	146,335,212
<b>TOTAL LIABILITIES, SHARES &amp; EQUITY</b>	<b>\$1,689,213,909</b>	<b>\$1,567,276,043</b>	<b>\$1,470,573,394</b>
<b>CONSOLIDATED STATEMENT OF INCOME</b>			
<b>OPERATING INCOME</b>			
Total Interest on Loans to Members	18,778,950	20,065,012	22,310,595
Income from Investments	13,952,095	15,342,070	18,226,870
Fee and Other Operating Income	12,750,284	12,902,547	12,040,396
<b>Total Gross Income</b>	<b>45,481,329</b>	<b>48,309,629</b>	<b>52,577,861</b>
<b>Total Operating Expense</b>	<b>\$25,249,706</b>	<b>\$26,795,042</b>	<b>\$26,876,805</b>
<b>Income (Loss) From Operations</b>	<b>20,231,623</b>	<b>21,514,587</b>	<b>25,701,056</b>
Less: Provision for Loan Losses	(1,052,866)	(1,583,843)	(1,735,935)
Non Operating Gain (Loss)	65,844	(143)	(294,424)
Total Cost of Funds	(9,096,153)	(10,052,353)	(15,024,271)
<b>Adjusted Net Income (Loss)</b>	<b>\$10,148,448</b>	<b>\$9,878,248</b>	<b>\$8,646,426</b>

# 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

## 19 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

## SUPERVISORY COMMITTEE

**Jose Olivarez**  
Chairman

**Thomas B. Smith**

**Damon Wilson**

**Teming Tse**

**Joseph Pat McCormack**

## NORTHERN ADVISORY BOARD

**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

## JSC FCU MANAGEMENT

**Michael G. Brown**  
President

**Paul Maslonka**  
Chief Operations Officer

**Debra Reeder**  
Chief Financial Officer

**Thomas Hast**  
Chief Lending Officer  
Vice President of Marketing

## SOUTHERN ADVISORY BOARD

**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.

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

-Diana B.

"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 I was allowed to 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.

"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.

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

-Randy H.

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

-Dung H.



We do business in  
accordance with Federal  
Fair Lending Laws



Federally  
Insured by  
the NCUA



**MAILING ADDRESS**

P.O. Box 58346  
Houston, Texas 77258

**MAIN OFFICE**

1330 Gemini  
Houston, Texas 77058

**PHONE**

281.488.7070  
800.940.0708

**WEB**

[www.jscfcu.org](http://www.jscfcu.org)

————— **OUR MISSION** —————

Maximize member satisfaction and financial stability

————— **OUR COMMITMENT** —————

Enable our members to become financially self-sufficient and successful.