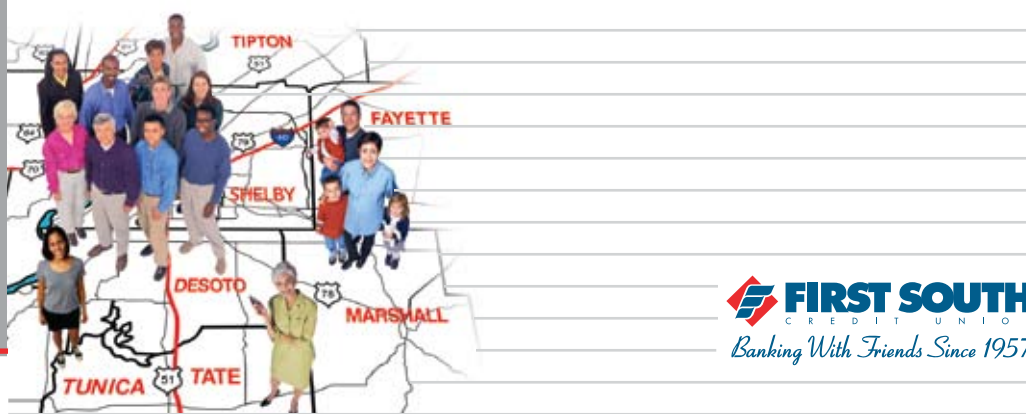


April 2009

# FIRST EDITION



**FIRST SOUTH**  
CREDIT UNION  
*Banking With Friends Since 1957*

## Down economy is a great environment for home buyers



**T**he national slide into a recession has brought with it many negatives, but if you've never owned a home before, now could be one of the best times to make the leap into home ownership.

Mortgage rates have been steadily dropping. In November of 2008 the national average for a 30-year fixed rate mortgage was approximately 6.28%. In mid-December, mortgage rates pushed lower to about 5.72%. As of the first part of March, the 30-year fixed averaged 5.41%. \* Bad economic news can put upward pressure on rates — higher unemployment can lead to higher foreclosure rates — making mortgage lending a riskier proposition.

So if you are in a position to purchase, now is an excellent time to make that investment. Rates are very good and many properties that were highly overvalued have seen their values drop to more reasonable levels.

In addition to keeping mortgage rates low, the federal government is also stimulating home buying with other incentives. The American Recovery and Reinvestment Act of 2009 provides a tax credit of up to \$8,000\*. Here are some of the key points:

1. The tax credit is for first-time home buyers only.
2. The tax credit does not have to be repaid.
3. The tax credit is equal to 10% of the home's purchase price up to a maximum of \$8,000.

4. The credit is available for home purchased on or after January 1, 2009 and before December 1, 2009.
5. Single taxpayers with incomes up to \$75,000 and married couples with incomes up to \$150,000 qualify for the full tax credit.

First South Credit Union's Mortgage Department stands ready to help you no matter what your mortgage lending needs may be. From purchases to refinances, we are happy to talk with you to see which type of mortgage loan best fits your needs.

We are a full service lender offering a wide range of mortgage loans, and **many of them have absolutely no points, fees or closing costs!**\* Our staff is well trained and **not motivated by commission**, so they will help you decide **on a mortgage based on what is best for you and what you can afford.**

To find out more about how we can help you purchase a home or refinance your existing home, please call us at **901.380.7530** or go online to **firstsouth.com**.

\* *Mortgage rate averages provided by bankrate.com. Information on the tax credit provided by federalhousingtaxcredit.com. This information is provided for general knowledge and does not imply any kind of guarantees. Please consult your tax advisor for details. The no points, fees or closing costs offer does not apply to long-term, fixed-rate first mortgages and to some existing First South in-house mortgage loans. First South is an equal housing lender.*



Dr. Craig Esrael  
President and Chief  
Executive Officer  
First South Credit Union

## First South Has Its Best Year Since 1957

Two thousand eight saw major upheaval in the financial markets that had massive repercussions in all sectors of our economy. But even as the economy slid into a recession and many financial institutions received help from the federal government, First South remained as strong and stable as ever. **In**

**fact, 2008 was our strongest year financially since our inception in 1957.**

We achieved the following last year:

- Our independent Net Economic Value Risk Analysis found that **“the credit union has an excellent investment mix and that the balance sheet is very well planned.”** It was noted that **“there is very little risk related to the balance sheet.”**
- The latest IDC score ranks First South a **perfect 300 for all of 2008**, making us the **strongest financial institution in Tennessee and one of the strongest credit unions in the nation. This marks the 20<sup>th</sup> consecutive quarter in which we have attained a perfect score and the longest run of perfect scores for credit unions over \$30 million dollars in assets in the entire nation.**
- Additionally, First South has received **59 consecutive quarters of Bauer’s perfect five star ratings.**

Technological improvements were a major focus in 2008. Several staff functions that were performed manually were automated, saving staff hours and increasing efficiency. We also implemented eAlerts. This feature allows you to choose from 26 different types of notices that you can receive via text and/

or email — anything from balance alerts to large debit card transaction clearings to advance notice of loan payment due dates. This new feature provides a much faster means of notification over paper notices sent in the mail and significant savings for the credit union.

Our ever increasing use of technology comes with an ever increasing need to ensure that plans are in place should that technology fail or a natural disaster strike. **We have partnered with a local firm that specializes in information and network security to ensure our plans and procedures for business continuity and risk management are continually maintained and improved.** We constantly strive to ensure all member information is safe and secure and that our business resumption plans are tested and ready. The implementation of multifactor authentication for online banking is just one small example of the steps we take to protect your information. Live Chat has also been set up on every page of our Web site, [firstsouth.com](http://firstsouth.com). This feature allows you to communicate with us via a secure instant message environment. **You should never send us any sensitive information such as your account number or social security number via email as this is not a secure means of communication.**

So in these troubling economic times, you can rest assured that your money is safe and secure with us. We appreciate your trust and your business.

---

**We appreciate  
your trust and  
business.**

---

Plans for **two new locations** continued to progress in 2008. First South will be opening a branch in the **Munford/Atoka** area in late 2009. Our **Collierville** location will open sometime after that. These new banking centers will provide even more convenience to our current and future members.

# Guiding Your Children Towards Financial Independence



## Grade: F

That's the average report card 12th graders earned for financial literacy in 2008. For about a decade, the Jump\$tart Coalition® has been surveying high-school seniors about personal finance.

What our youth don't know is shocking. **For example, only 27% understand that interest/dividends on savings accounts may be taxable. Only 40% realize they could lose their health insurance if their parents become unemployed.**

Achieving economic prosperity is difficult. It's especially hard for young people who've never learned how to manage money.

Your credit union is ideally positioned to respond because we believe in the power of education. We're here to help you launch the youth in your life toward financial independence.

**Join.** As a start, open a savings account for each child in your family at First South. Guide teenagers through using a debit card and balancing a checkbook.

**Share.** Include your children in your household finance discussions. Show them how you budget income and expenses. As their skills improve, give them challenges—such as finding a better cell-phone plan, calculating the total monthly cost of owning a car, or sticking to a budget with back-to-school or holiday spending.

**Coach.** Remind your children to ask for help when they need it. And turn to us when you want help. Our tradition of service and philosophy of self-help make First South a natural partner in pursuing financial security.

To find out more about how we can help you and your children, please call us at 901.380.7400, go online to [firstsouth.com](http://firstsouth.com) or drop by any one of our 13 locations. We'll be happy to help!



Members of First South's senior management team along with local dignitaries from Atoka and Tipton County break ground on the credit union's new location in Atoka, Tennessee.

## Breaking Ground in Atoka

First South recently broke ground on our newest banking center in Atoka, Tennessee. Located in the median between Highway 51 North and Highway 51 South, this location will offer great convenience for members with a full service lobby and multiple drive-thru lanes. The estimated open date is late 2009.



Planning for life.

Trust us to guide you through life's financial journey.

Retirement, investment and insurance services for life.

Because no one has the same lifestyle and goals, everybody's financial needs are different.

Our financial advisors are here to help you:

- Roll over your 401(k)/pension plan if you've changed jobs
- Create a retirement income plan
- Manage your investments
- Make the right choices for insurance
- Develop a comprehensive financial plan

Simply call us to get your financial journey started today!

First South Investment Services, Inc.  
 Located at: FIRST SOUTH CREDIT UNION  
 7792 Church Street, Suite 100 • Millington, TN 38053

**Christy H. Heckler, CRPC®†**  
 Financial Representative  
 901.380.7280 • 800.872.3728  
 Fax 901.380.7285



Representatives are registered, securities are sold, and investment advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, Iowa 50677, toll-free (866) 512-6109. **Nondeposit investment and insurance products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the financial institution.** CBSI is under contract with the financial institution, through the financial services program, to make securities available to members. †CRPC® is a registered service mark of the College for Financial Planning®.

011-0068-0506

© CUNA Mutual Group

**Banking Centers**

**Bartlett**  
 6471 Stage Rd.  
 Bartlett, TN 38134

**Raleigh**  
 3731 Austin Peay Hwy.  
 Memphis, TN 38128

**University of Memphis**  
 209 Rawlins Service Ct.  
 (above the bookstore)  
 Memphis, TN 38152

**Highland**  
 633 S. Highland  
 Memphis, TN 38111

**Midtown**  
 1940 Madison Ave.  
 Memphis, TN 38104

**Millington**  
*FSIS location*  
 7792 Church St.  
 Millington, TN 38053

**Naval Support Activity**  
 7645 Tarawa  
 Millington, TN 38054

**Southaven**  
 185 Goodman Rd. W.  
 Southaven, MS 38671

**Winchester**  
 7166 Winchester Rd.  
 Memphis, TN 38125

**Whitehaven**  
 (Drive-thru only)  
 1250 Shelby Dr. E.  
 Memphis, TN 38116

**St. Jude Hospital**  
 262 Danny Thomas Place  
 Memphis, TN 38105

**Cordova**  
 1575 N. Germantown Pkwy.  
 Cordova, TN 38018

**Sales and Service Center**  
 6445 Stage Rd.  
 Bartlett TN 38134

**Board of Directors**

Gaylon Hall – Chairman  
 Herb Stacy – Vice-Chairman  
 Robert Kennedy – Secretary  
 Gary Rick – Treasurer  
 Ed Dean – Director  
 Lita Hilton – Director  
 Tom Dean Jr – Director  
 Rob Kamery – Associate Director  
 Gene Douglass – Associate Director  
 Deb Ross – Associate Director

**President and CEO**

Dr. W. Craig Esrael

**Mailing Address**

6445 Stage Road  
 Bartlett, TN 38134

**E-Mail Address**

mail@firstsouth.com

**Web Site Address**

www.firstsouth.com

**Phone Numbers**

901.380.7400  
 FAX 901.380.7305

**Statistics**

As of February 28, 2009

Assets: \$ 347,182,850  
 Loans: \$ 167,079,753  
 Shares: \$ 257,888,222  
 Capital: \$ 86,269,909

**2009/2010 ELECTION AND ANNUAL MEETING SCHEDULE**

Thursday, August 20, 2009 — Friday, September 25, 2009	Nominating committee in session to consider applications for two positions on the Board of Directors.
Monday, September 28, 2009	List of nominees posted in lobby of all offices. Members who wish to petition to have name placed on ballot may pick up petition packet at the Bartlett Office, Suite 200.
Friday, October 30, 2009	Cutoff date for petitions and biographical information. All petition material to be turned into the Bartlett Office, Suite 200 by 5:00P.M. on this date.
Friday, January 8, 2010	Ballots and statements mailed to all members. Date may vary slightly.
Monday, March 1, 2010	Deadline for ballots to be received.
Tuesday, March 16, 2010	Tentative date for annual business meeting to be held at Bartlett Branch, Training Room, 5:00P.M.