

June 2010

FIRST EDITION



FIRST SOUTH
CREDIT UNION
Banking With Friends Since 1957

Refinance Your Vehicle Loan with Us and Save Two Ways!!!



In today's economy, every penny counts. And we want to help you save every penny you can! If you've got a vehicle loan financed with someone other than First South, you may be paying too much. Refinancing your loan with First South can save you money in two very good ways!

1 A lower interest rate = you pay less

A lower interest rate can mean that you pay less in total interest over the life of the loan. And it could mean a lower monthly payment as well. Our experienced staff can review your current loan and tell you if you've got the best possible rate. If you don't, we'll try to lower your current rate. If we can't beat your current rate, we'll tell you that too. Either way, you are assured that you have the best rate in the market today!

2 A ½% cash rebate = money in your pocket

From now until August, 31, 2010, we'll give you ½% of the total amount of the vehicle loan you refinance with First South!*

In addition to lowering your interest rate, we'll also give you a cash back rebate! Once you refinance your auto loan with First South, we'll deposit ½% of the total amount you've financed with us into your First South account. Here's an example:

Loan balance of refinanced loan:	\$25,000
Cash Rebate Percentage:	½%
Amount of Cash Rebate:	\$125

Use the money however you want — pay bills, go shopping, apply it to your loan — whatever you choose — it's your money! To find out how we can help you start saving money today, call us at **901.380.7400**, go online to **firstsouth.com** or stop by any one of our 14 banking centers.

**Offers do not apply to existing First South loans and is subject to change or withdrawal without notice. Please see First South for complete details. All loans are subject to approval criteria — not all applicants will qualify. First South is an equal opportunity lender.*

First South is strong and stable – you can see it for yourself



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

... our outstanding financial performance has been recognized by all independent rating agencies.

Visit <http://banktracker.msnbc.msn.com/banks> and choose the "search for a credit union" link on the left side of the page. You can then search for First South by name or by state.

bauerfinancial.com

Since 1983, Bauer Financial has been analyzing and rating the nation's financial institutions using detailed quarterly financial reports that are filed with the federal government. Upon completion of the analysis, a star rating is assigned on a scale of zero to five stars, with five stars being the strongest. No financial institution pays for a rating from Bauer's, nor can they avoid a rating. **First South has received 64 consecutive quarters of perfect five star ratings. Our ratings can be viewed by visiting bauerfinancial.com and choosing the "credit union star ratings" menu option on the left side of the home page.**

While the economy is slowly gaining some positive ground, many experts predict that the worst is not over for many financial institutions. However, this is certainly not the case for First South Credit Union.

Due to the strong support of our members 2009 was one of our best years on record despite the difficult economic circumstances and 2010 looks to be another strong year for us. Our outstanding financial performance has been recognized by all independent rating agencies. **Here are some details on those agencies so you can see for yourself how strong and stable First South is. Plus, you should check the ratings of any other financial institutions with which you do business.** It is your right to know that your money is safe and secure and you'll be hard pressed to find another organization as strong and stable as First South.

IDC

We have received 23 consecutive perfect scores from IDC; the longest consecutive run of perfect scores ever recorded nationally for credit unions over \$50 million in assets. IDC Financial Publishing, Inc. solely uses information that financial institutions report to the federal government to produce its scores. They review more than 35 key ratios when determining their ratings. **To find out more about IDC Financial Publishing Inc. you can visit them online at idcfp.com.**

Bankrate.com

Bankrate.com offers Safe and Sound® ratings for banks, thrifts and credit unions. The Safe & Sound® ratings system employs more than 20 tests to measure the capital adequacy, asset quality, profitability and liquidity of each rated financial institution. Bankrate.com then assigns a 1-to-5 rating with five stars representing the highest rating. **Of course, First South has a five star rating from bankrate.com.**

To see First South's current rating, go to bankrate.com. Look for "bank ratings" in the upper right corner of the home page.

<http://banktracker.msnbc.msn.com/banks>

This is another site that takes a look at both banks and credit unions and compares their key financial ratios and other publicly reported data such as assets, loans, reserves for loan losses, total reserves, capital, and delinquencies to chart how well a financial institution is doing, especially when dealing with "troubled assets". Including loans that are more than 60 days delinquent and other real estate owned (i.e. foreclosures), the level of troubled assets is an important indicator of the quality of a credit union's assets. Divide troubled assets by capital and loan loss reserves and a standard ratio can be calculated for comparison to other financial institutions. **First South's troubled asset ratio is 1.1% compared to the median average of 6%.**

First South's President and CEO recognized for his outstanding service

The Tennessee Credit Union League (TCUL) and Volunteer Corporate Credit Union (VolCorp) recently inducted our President and CEO, Craig Esrael into the Tennessee Credit Union Hall of Fame. Dr. Esrael was the inaugural inductee. Jointly sponsored by the TCUL and VolCorp, induction into the Tennessee Credit Union Hall of Fame will be awarded annually to recognize the commitment, leadership, and dedication that deserving individuals from the state have made to the credit union movement.

When Dr. Esrael came to First South Credit Union (then Navy Memphis FCU) in 1983, the organization was a tiny step away from NCUA conservatorship. Six straight quarters of net losses and rising delinquencies had sunk employee morale and almost caused the credit union to close its doors. Seeing only opportunity, Dr. Esrael charted a course for the credit union that has led to one of the most extraordinary transformations in credit union history. Highlights include: asset growth of over 950%, capital growth of over 4000%, an increase in banking centers from 2 to 14, an increase in employee efficiency from 1 employee per \$800,000 in assets to 1 employee per \$3.5 million in assets, and 64 consecutive quarters of perfect 5-star ratings from Bauer. In addition to serving as spokesman for the credit union, Dr. Esrael is also actively involved in many notable community and volunteer service efforts.

The board, management and staff of First South congratulate Craig Esrael on this tremendous honor.


FIRST MORTGAGE RATES ARE STILL AT ALL TIME LOWS! CALL TO REFINANCE NOW!

4.99% APR*

10 YEAR FIXED-RATE With ABSOLUTELY No Points, Fees or Closing Costs!*

If you are paying more than **4.99%** on your home loan, call us today at **901.380.7530!**



 *4.99% is for a 10 year fixed-rate first mortgage loan with an LTV (loan to value) ratio of 80% or less. Payments are approximately \$10.61 per \$1000 borrowed. Other terms and rates are available. No closing costs offer applies to First South in-house mortgage loans only and does not apply to most existing First South first mortgage loans. Offer is subject to change or withdrawal without notice. See First South for details. First South is an equal housing lender.

All accounts insured by the federal government.



The Savings Keep Growing for First South Credit Union Members with Invest in America

First South is proud to participate in Invest in America, a unique program offering our members' discounts on products and services from U.S. based companies. It not only gives our members valuable discounts, but it also increases sales for the participating companies and, on a larger scale, helps stimulate the U.S. economy. Basically, Invest in America is a win-win for everyone.

Simply visit www.LoveMyCreditUnion.org to learn how, as a member of First South, you can receive money-saving discounts from: **General Motors, Sprint, Allied Van Lines, FTD, CU Benefits Express, CompleteTax, DIRECTV and through ShopAmerica, a new online mall specifically for credit union members.**

First South is here to help our members save with respected U.S. companies at a time when everyone needs it most. To learn more about Invest in America and details on all the current discounts visit LoveMyCreditUnion.org.



On the Road
Again...
with
Protection
You Can
Trust



Whether you own a car, SUV, motorcycle or RV, you want auto insurance you can trust. That's why your credit union endorses the MEMBERS® Auto Insurance Program.

You can trust MEMBERS Auto Insurance to provide:

- ▶ 24/7 claims service
- ▶ Emergency roadside assistance 24 hours a day
- ▶ Guaranteed rates for a full 12 months
- ▶ Fast appraisals*

That's not all! **Average credit union member savings is \$341.28***. Some members save even more.

For a free, no-pressure quote call toll-free anytime: **1-888-380-9287**.

*These descriptions are necessarily brief and subject to the terms stated in the policy and related endorsements; available where state laws and regulations allow; may vary by state. Figure based on a February 2008 sample of auto policyholder savings when comparing their former premium with those of Liberty Mutual's group auto and home program. Individual premiums and savings will vary. Discounts are not available in all states and discounts vary by state.

Coverage provided and underwritten by leading insurance companies, including Liberty Mutual Insurance Company and affiliates, 175 Berkeley Street, Boston, MA. To the extent permitted by law, applicants are individually underwritten; not all applicants may qualify. A consumer report from a consumer reporting agency and/or motor vehicle report will be obtained on all drivers listed on your policy where state laws and regulations allow. Please consult your policy for specific coverages and limitations. Roadside Assistance applies to auto policyholders and is provided by Cross Country Motor Club, Inc., Boston, MA or through Cross Country Motor Club of California Inc., Boston, MA. Emergency Roadside Assistance is available anywhere in the U.S. and Canada. With the purchase of our optional Towing and Labor coverage, the cost of towing is covered, subject to policy limits. The insurance offered is not a deposit and is not federally insured. This coverage is not sold or guaranteed by your credit union. This material is used in conjunction with information provided to CUNA Mutual Insurance Agency, Inc. by your credit union.

MC2276R-0908

A Savings Plus Account gives you more for your money!

First South has introduced a new type of account that combines the benefits of a savings and flexibility of a checking account. It's called Savings Plus and here's how it works:

If you have a Regular Savings Account and use your Visa debit card at least one time to make a signature or PIN (Personal Identification Number) based purchase during the month, we'll convert your account to a Savings Plus Account at the end of that month. You can still continue to use your Visa debit card for purchases and for withdrawals at ATMs. And if you keep \$200 in the account at all times there's no service fee! Otherwise, there is a low monthly service fee of \$10.

If you have any questions about Savings Plus, please stop by any one of our 14 banking centers, or contact us at 901.380.7400 or at mail@firstsouth.com.

Banking Centers

Atoka/Munford

11624 Highway 51 S.
Atoka, TN 38004

Bartlett

6471 Stage Rd.
Bartlett, TN 38134

Cordova

1575 N. Germantown Pkwy.
Cordova, TN 38018

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

Raleigh

3731 Austin Peay Hwy.
Memphis, TN 38128

Sales and Service Center

6445 Stage Rd.
Bartlett TN 38134

Southaven

185 Goodman Rd. W.
Southaven, MS 38671

St. Jude Hospital

262 Danny Thomas Place
Memphis, TN 38105

Tiger Banking Center University of Memphis

209 Rawlins Service Ct.
Memphis, TN 38152

Whitehaven

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

Winchester

7166 Winchester Rd.
Memphis, TN 38125

Board of Directors

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

President and CEO

Dr. W. Craig Esrael

Mailing Address

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Bartlett, TN 38134

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Web Site Address

www.firstsouth.com

Phone Numbers

901.380.7400
FAX 901.380.7305
24/7 Account Information 901.380.7300

Statistics

As of May 31, 2010

Total Assets	\$366,606,179
Total Deposits	\$271,504,051
Total Loans	\$164,657,468
Total Equity	\$87,853,834