

2020 Annual Meeting

May 14, 2020

Financial Reports, Unaudited

December 31, 2019





WELCOME TO THE FEDSTAR CREDIT UNION ANNUAL MEETING

May 14, 2020

We will begin at 3:00 p.m.

AGENDA

Call to order
Ascertain a quorum
Reading of the minutes
Chairwoman's Report
President's Report
Treasurer's Report
Unfinished Business
New Business
Nominating Committee Report
Announcements
Adjournment

Patricia Buck — Board Chairwoman

Linda Jeffress — Secretary of the Board
Patricia Buck — Board Chairwoman
Mary Beth Borroni — President/CEO
Ted Peabody, Jr. — Assistant Treasurer
Patricia Buck — Board Chairwoman
Mary Beth Borroni — President/CEO
Ted Peabody, Jr. — Nominating Chair
Mary Beth Borroni — President/CEO
Patricia Buck — Board Chairwoman

MEET OUR BOARD OF DIRECTORS

Patricia Buck — Board Chairwoman
Linda Jeffress — Secretary of the Board
Jubal Hancock — Vice Chairman
Ron Weiman — Treasurer
Ted Peabody, Jr. — Assistant Treasurer
Fred Bingaman — Member-at-Large

	Term
Term Expires	2022
Term Expires	2021
Term Expires	2023
Term Expires	2022
Term Expires	2022
Term Expires	2023

Mary Beth Borroni — President/CEO

PRESIDENT'S REPORT

Mary Beth Borroni, President

FINANCIAL PERFORMANCE

Net Income:	\$ 367,362.01
Undivided Earnings	\$ 3,227,765.60
Net Worth Ratio	12.61%
ROA	1.37%
Operating Efficiency Ratio	68.61%

Credit Union Performance

FedStar Credit Union has maintained a constant deposit base, increases by 3.04% in 2019. Total loans increased by 0.78% and total investments increased by 4.94%

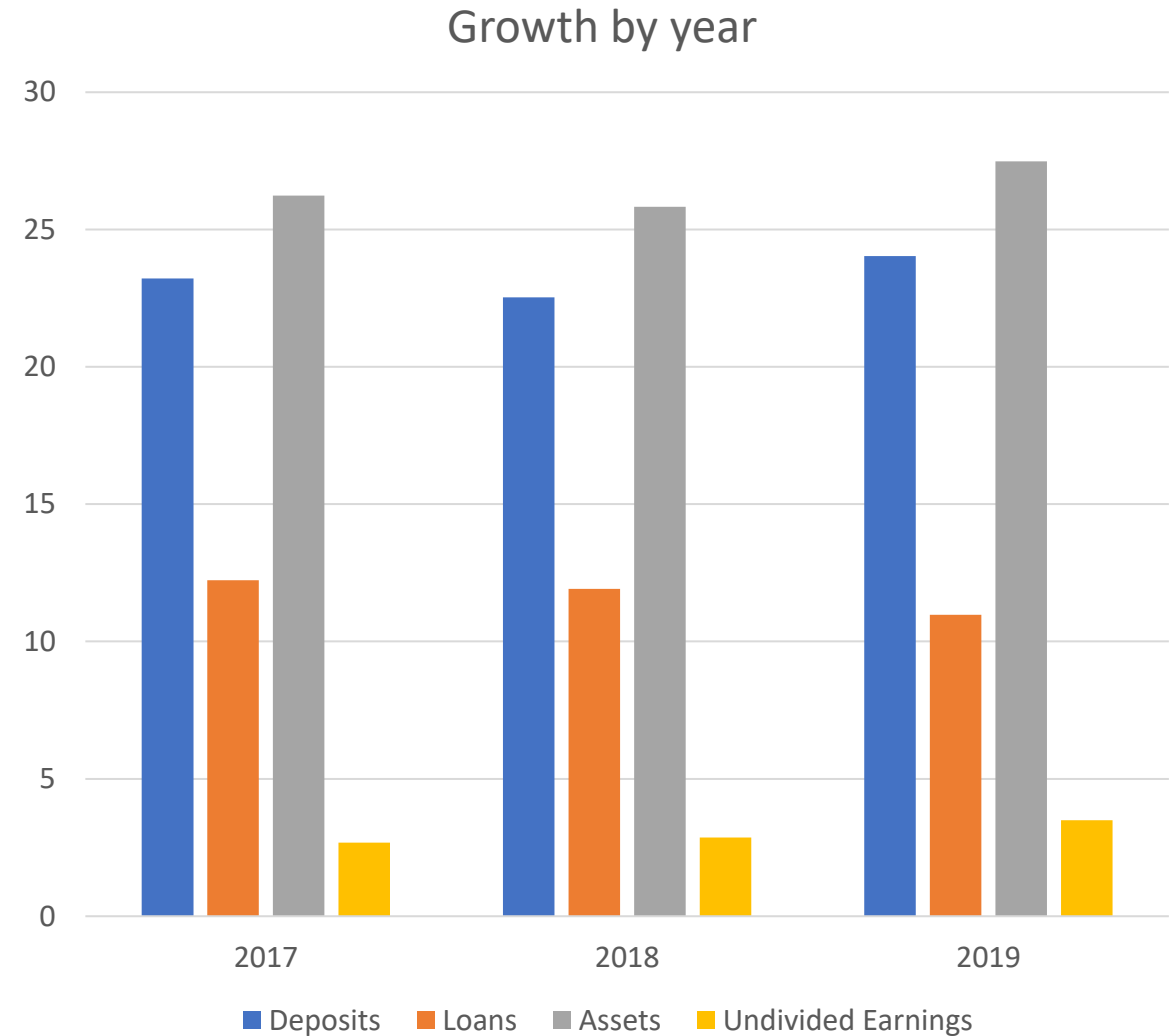
Overall, assets increased in the last three years and undivided earnings, commonly called retained earnings of the credit union continue to rise.

At the end of 2019, the credit union's asset size was \$ 27,746,378.05

Loans to members totaled \$ 10,968,167.11

Member shares and deposits were \$ 24,036,001.59

Total Member's Equity was \$ 3,499,366.97



Statement of Financial Condition, Page 1

Comparative 2018-2019

Assets	2019	2018
Loans	10,968,167	11,910,689
Cash	338,120	278,699
Investments	15,227,956	12,521,251
Land/Building	894,532	907,387
Fixed Assets	0	0
Other Assets	113,163	326,456
ALLL	(78,630)	(175,438)
Total Assets	27,746,378	25,827,044

Statement of Financial Condition, Page 2

Liabilities and Member's Equity

	2019	2018
Accounts Payable	196,329	141,623
All Other Liabilities	14,681	28,596
Member's Share Accounts	13,883,211	12,270,895
Member's Share Certificates	5,802,232	5,767,809
Member's Share Draft Accounts	4,346,482	4,483,806
Member's Club Accounts	4,076	2,310
Regular/Statutory Reserves	271,601	271,601
Undivided Earnings	3,227,766	2,860,404
Total Member's Equity	3,499,366	3,132,005
Total Liabilities & Equity	27,746,378	25,827,044

Statement of Income and Expenses

Income	2019	2018
Interest Income from Loans	584,464	574,548
Interest Income from Investments	315,122	226,559
Total Interest Income	899,556	801,107
Total Operating Income	168,481	181,800
Total All Income	1,068,037	982,907
Interest Expense and Cost of Funds	148,252	86,124
Operating Expenses	552,423	712,510
Non-Operating Income	0	2,021
Total All Expenses	700,675	798,634
Net Income	367,362	186,294

Distribution of Net Income



	2019	2018
Dividends on shares	148,252	86,124
To Undivided Earnings	367,360	186,294

Giving back to members and saving for the future

COVID19 PANDEMIC

- Implemented and adapted our Business Continuity and Resumption plan
- Provided uninterrupted drive-thru services in a full-service capacity
- Steady workflow and continuous services to members
- Developed and launched Emergency Loans to members and Fee-Free Skips
- Migrated members to the credit union's free online services

NEW SERVICES

- Fully implemented remote electronic signatures
- Revised lending strategies to meet member needs
- Attracted new deposit growth with competitive CD rates
- Partnership with the Society of St. Vincent de Paul for PLCP Loans
- For the second year in a row, the credit union paid out bonus dividends to members
- Sponsored Elder Abuse seminar for members and guests

EMBRACING THE FUTURE

- Completed the move to fully functional live Debit and ATM access
- Unveiling our new, modern website
- Providing a more robust Payday Alternative Loan Program benefitting members in need
- Providing enhanced VISA Credit Card framework with new issue of cards in June
- Implementing new payment options for member pay through card services



Asset Liability Analysis

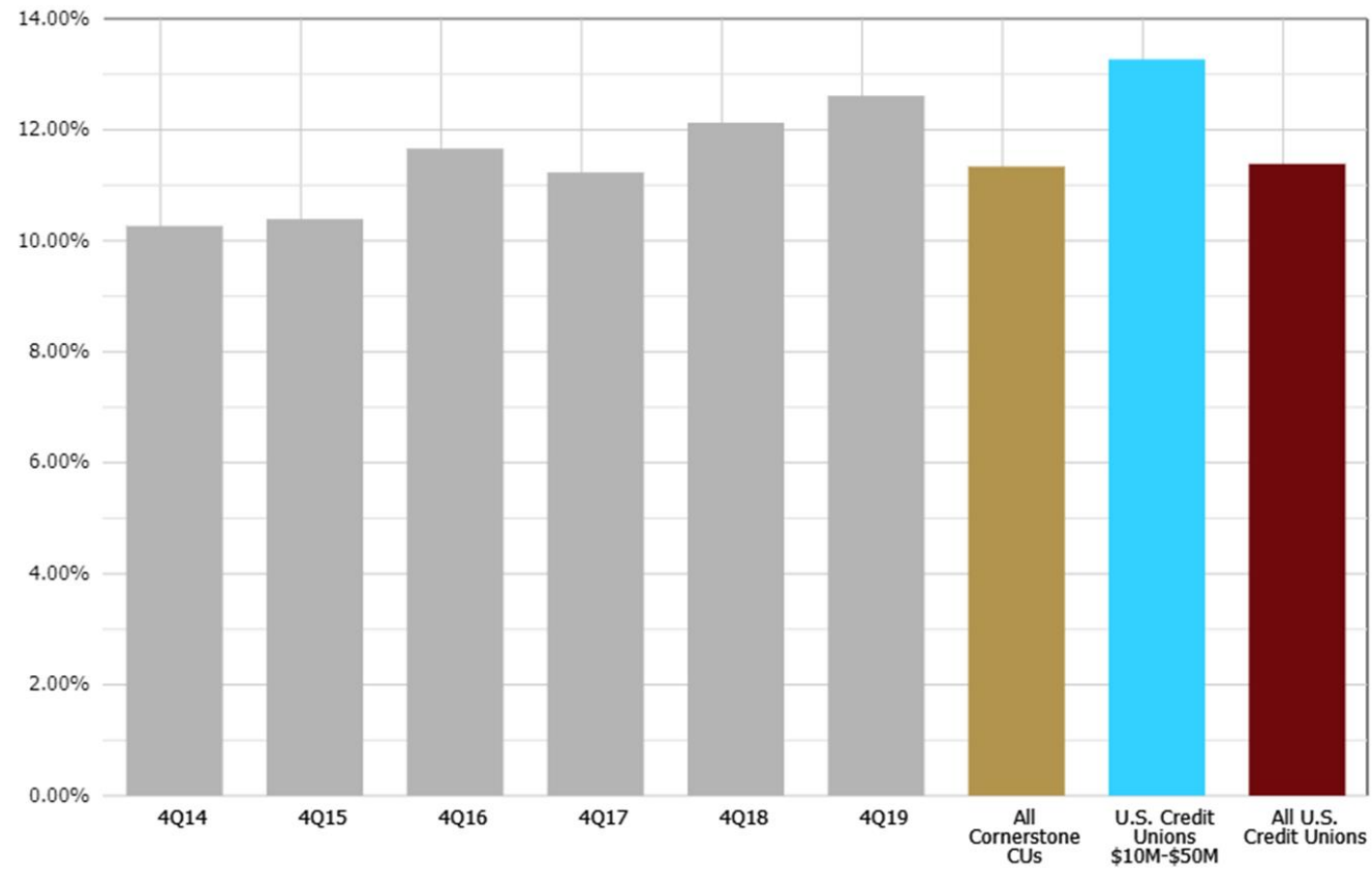
Cornerstone Credit Union League is a dues supported association for credit unions located in the state of Texas, Arkansas, Oklahoma and New Mexico. Cornerstone serves over 550 credit unions to promote strength, growth and the cooperative credit union movement.

The goal of Cornerstone Credit Union League is to promote the success of credit unions while providing essential services and resources that focus on regulatory and compliance support.

The following slides represent FedStar's performance in 2019, courtesy of Cornerstone Credit Union League and Callahan and Associates.

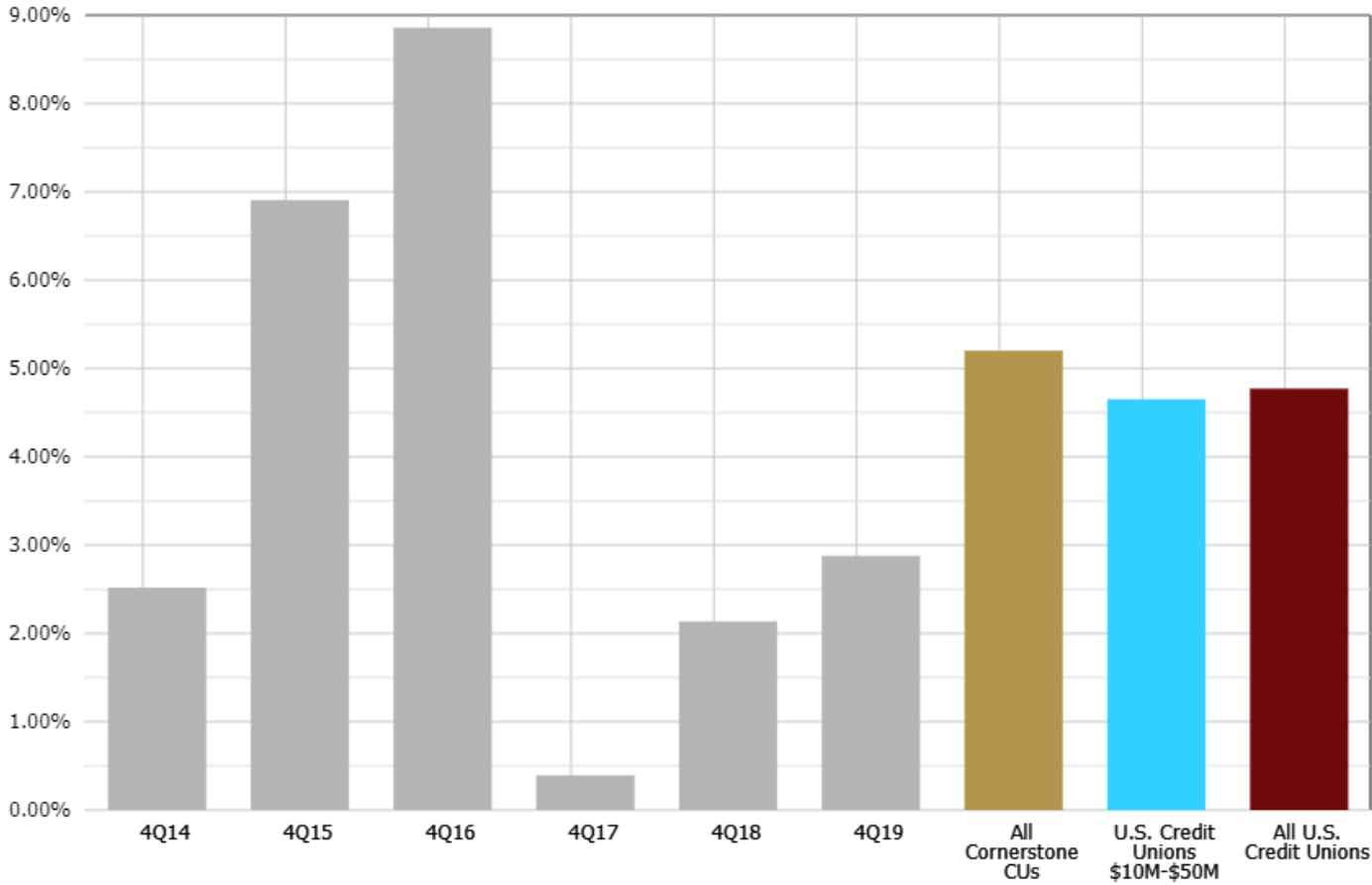


Net Worth/TA - FedStar (Dec. 31, 2019)



Source: Callahan & Associates

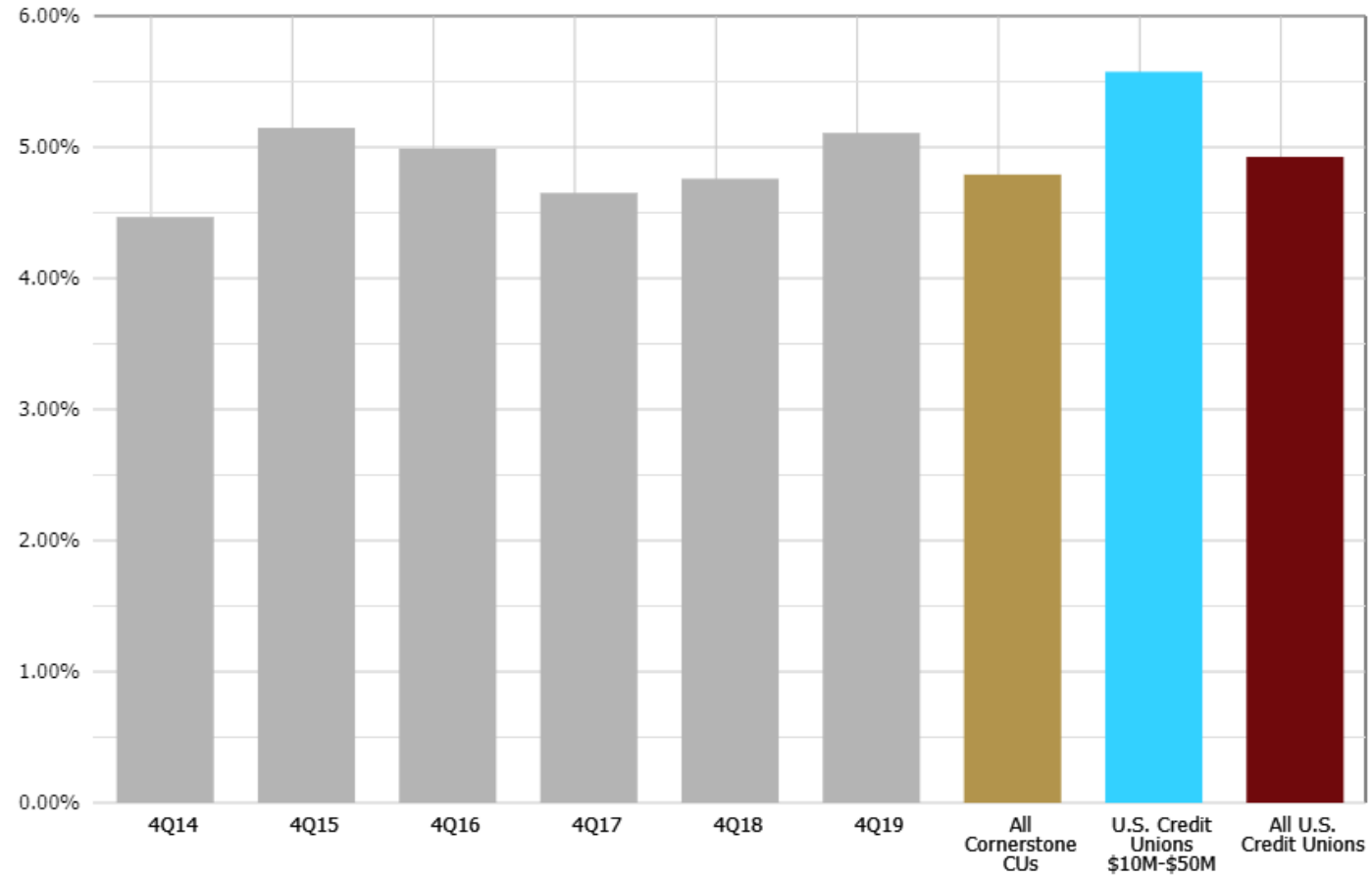
Net Worth at Risk - FedStar (Dec. 31, 2019)



Source: Callahan & Associates

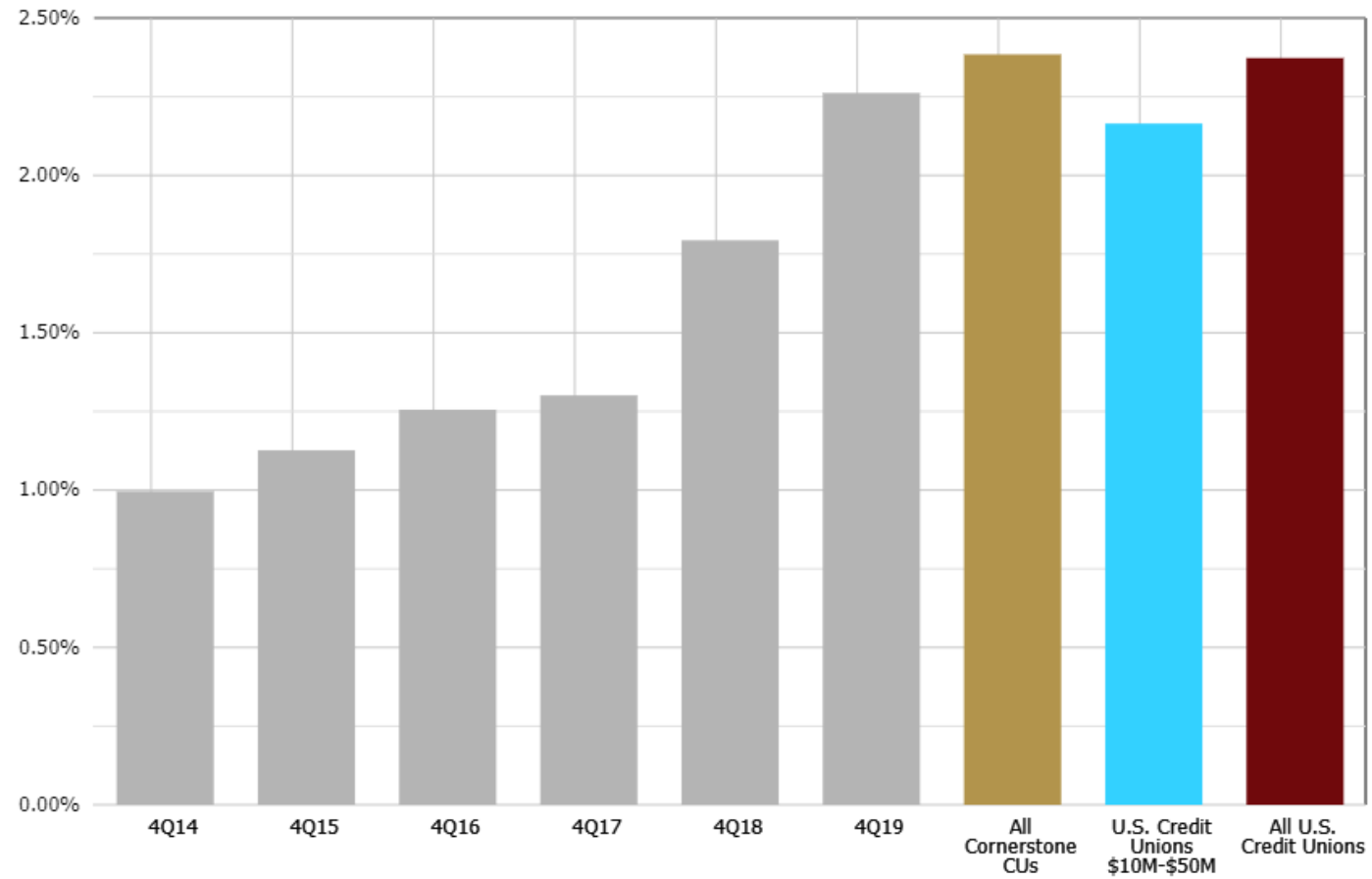


Loan Yield - FedStar (Dec. 31, 2019)



Source: Callahan & Associates

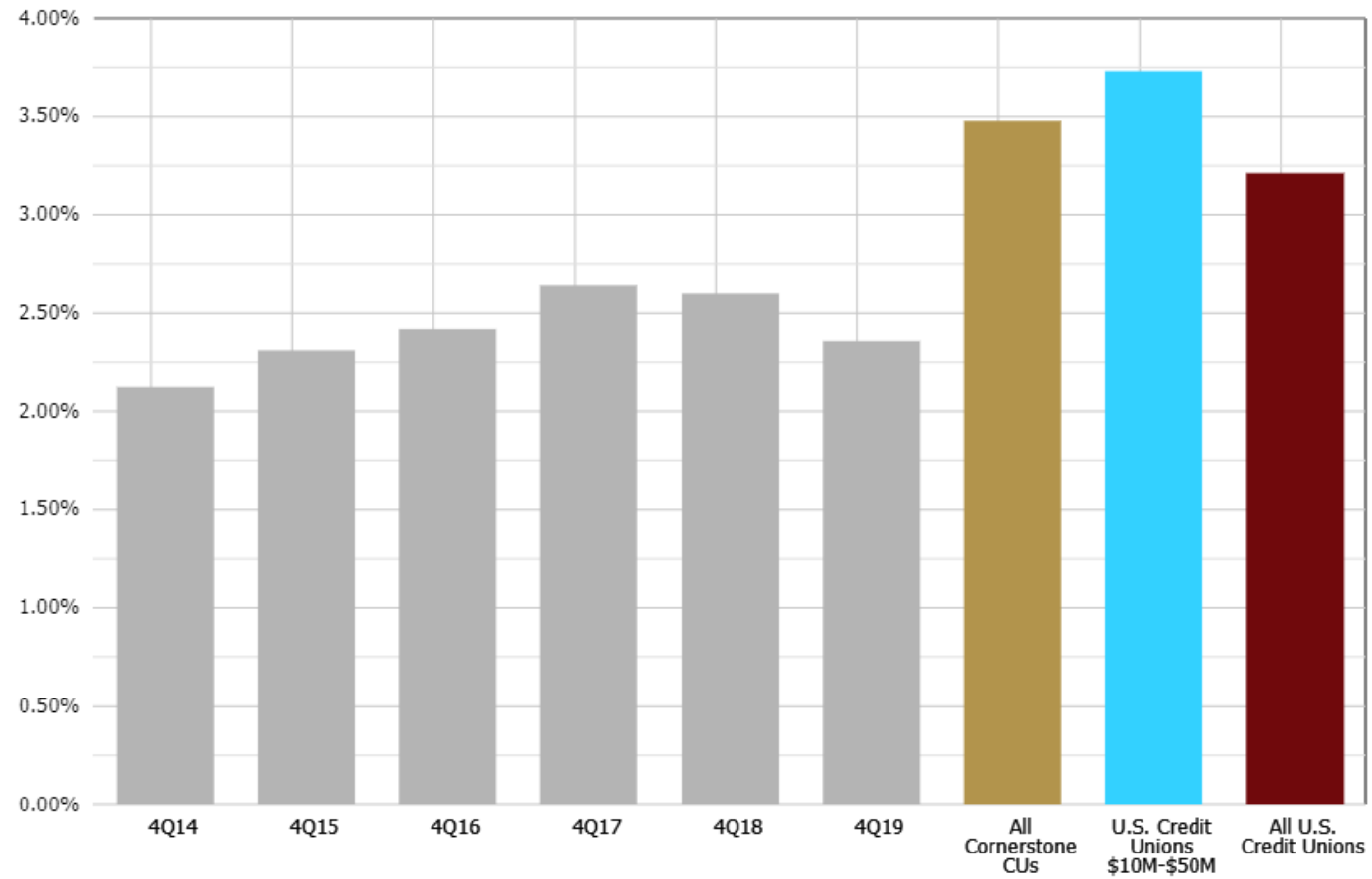
Investment Yield - FedStar (Dec. 31, 2019)



Source: Callahan & Associates

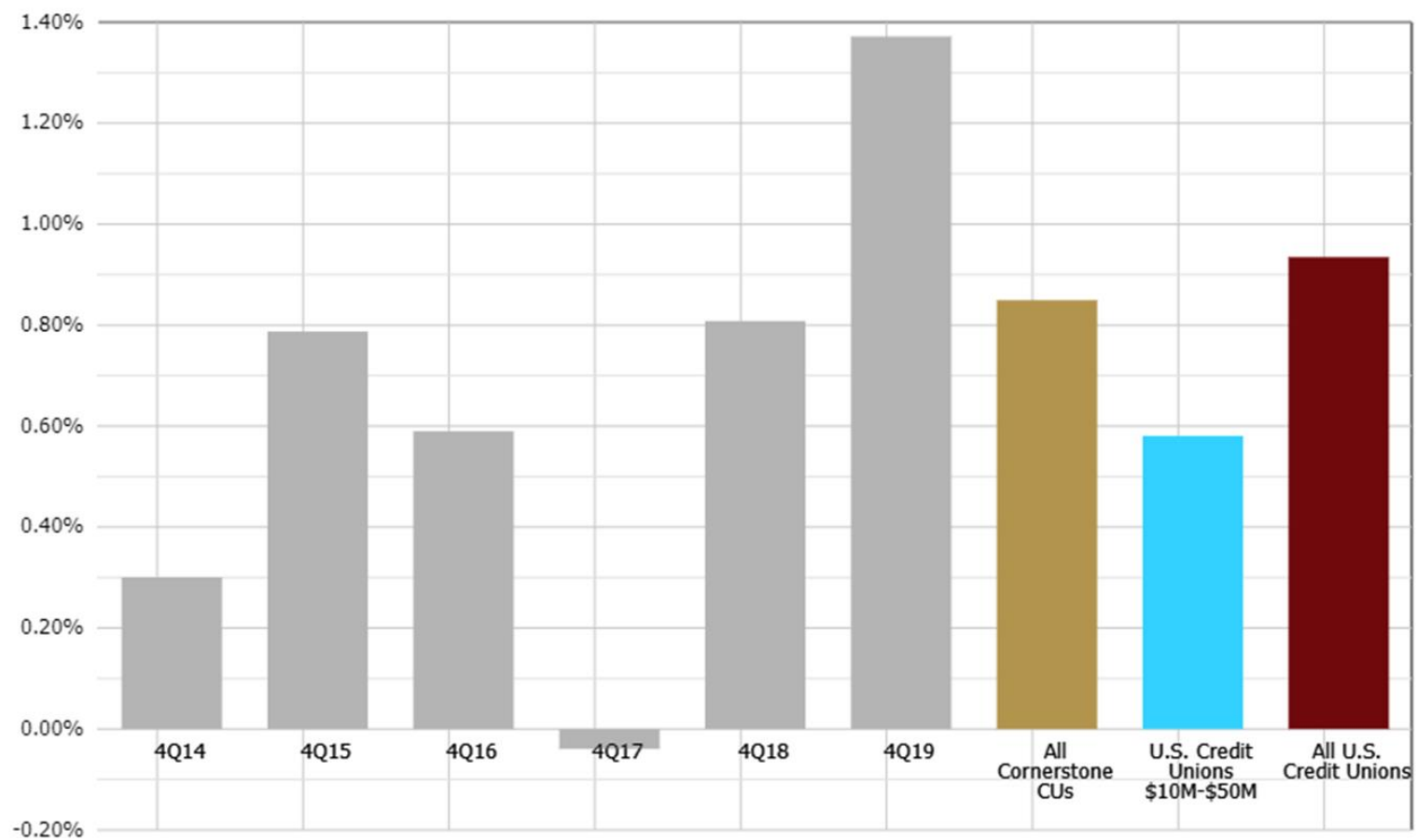


Operating Expense/ATA - FedStar (Dec. 31, 2019)



Source: Callahan & Associates

Return on Assets (ROA)/ATA - FedStar (Dec. 31, 2019)



Source: Callahan & Associates



BRAZOS STAR CREDIT UNION

— ESTD 1961 —

The brighter place to bank.