

Through adversity
comes opportunity



Brazos Star Credit Union
2020 Annual Report

2020 President's Message

Thank you for joining us today. We welcome those of you who have been with us for some time now, as well as who are new to our credit union community. As we celebrate our 60th anniversary in years of service to our members and community, we reflect on where we started and where our path has taken us. We are proud to provide products and services that meet the needs of our members and provide a financial services toolkit leading to personal financial success. As we strive to continue to provide excellent personal service and technology products that meet today's digital demands, we invite you to continue to grow with us toward a brighter financial future.

As we faced new challenges at every turn throughout 2020, we know with certainty that the pandemic has affected everyone. Not just our members, not just our communities, but throughout the world. Our board of directors has been proactive in ensuring that our staff and members were as safe as possible to conduct their business. We quickly put into action steps that have helped our members and staff continue working and or banking in a safe environment. Through upgrades in financial technology, our members were able to deposit checks through their smart phones, transfer funds between accounts through our online banking and pay bills remotely. Our borrowers could apply, upload documents and sign their loans electronically. All with the touch of a button and within the comfort of their home or office. None of the challenges we faced during this time resulted in a total disruption of our vital operations.

Throughout all the changes in our operation, we have grown to over \$30M in assets, and together we will make it through the next 12 months. We have learned how essential patience, understanding and dedication are for all of us.

My sincerest thanks go out to our staff for working so hard during these very challenging times. I am proud to work with a great board and staff who can cooperate and create opportunity through adversity.

Thank you,

Mary Beth Borroni



Brazos Star Credit Union

The brighter place
to bank

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Through Adversity comes Opportunity

2020 has been a year of change and uncertainty.

Worldwide, every person has been affected by the effects of the COVID-19 pandemic in some way. We have seen both tragedies and loss in our own community and within our membership. Through this time of great change, Brazos Star has improved our member experience, upgraded our technology through the ongoing pandemic, and remained financially sound and secure. As a result of our commitment to serving our members with trust and integrity, we were able to maintain a strong Net Worth Ratio in 2020 and we continue to review our position to navigate through the economic changes wrought from the pandemic. Brazos Star provided assistance in the form of COVID-19 relief loans, fee-free payment deferrals (Skip-a-Payment) on loans, and expanded drive-thru services to ensure social distancing. Throughout 2020, we approved more than 64 deferrals that gave members \$36,985.00 normally allocated to their monthly payments to use during the pandemic. We also were able to provide Back on Track loans to homeowners to assist them in a variety of ways. To continue serving our members as well as keeping our employees safe and healthy, we equipped our lobby with enhanced cleaning services, acrylic shields, disposable masks and hand sanitizer; we have limited the capacity of members to conduct in-person transactions in the lobby, and when active case counts have been high, we temporarily shut down the lobby. We have followed the directives from the CDC, Texas, Brazos County and our local governments and aligned our credit union with Recovery Ready protocols under the local Operation Restart program.

With our drive-through ready to assist members during normal banking hours, and the ability to call and schedule an appointment for in-house services, the enhancements of our Online Banking System and Mobile apps for Apple and Android have made it easier than ever to conduct business remotely. Members are now able to access more products and faster service in order to deliver a secure and convenient experience for members. In 2020, we converted our credit card portfolio to a different processor to lower costs to the credit union. We also upgraded our phone system with the latest in VOIP technology. Members continue to utilize E-signatures saving them a trip to the credit union. Additionally, Brazos Star added the convenience and security of a remote payment portal to make loan payments anywhere, at anytime. During the pandemic, members have increasingly embraced the credit union's easy Remote Deposit Capture feature on their smart phones to deposit checks. This service provides security and functionality for deposits to both checking and savings accounts. In addition to technology upgrades, Brazos Star also embarked on an expansion of our field of membership to for future growth in Burleson, Robertson, Leon and Madison counties. This inclusive expansion will allow us to serve more and more members in the contiguous counties surrounding Brazos County,

We are proud to report that in 2020, we supported a dozen local charities and individual members through donations and contributions to those in need. Remaining financially sound and secure during a turbulent year has been a challenge that has yielded opportunities to serve our members in different ways. Our members and our community have embraced our name change and we are working hard to make Brazos Star Credit Union *the brighter place to bank*. We look forward to delivering low cost, high value products and services and to be a trusted financial partner to our members.

Meet our Board of Directors

Our board of directors is a seven person board made up of volunteer members. In 2020, they have worked tirelessly to be proactive in the face of the COVID-19 Pandemic. Our Board sets the direction of the credit union and assists with setting policies, approving our budgets, and helping to direct strategic planning. They work hard to keep our member's and the community's best interests at heart. Our board works cooperatively to serve our members and to provide prudent oversight to the credit union along with fresh insight to trends and technology.

| | | |
|-------------------------------------------|--------------|------|
| ▶ Patricia Buck – Board Chairwoman | Term Expires | 2022 |
| ▶ Jubal Hancock – Vice Chairman | Term Expires | 2023 |
| ▶ Linda Jeffress – Secretary of the Board | Term Expires | 2021 |
| ▶ Ron Weiman – Treasurer | Term Expires | 2022 |
| ▶ Ted Peabody, Jr. – Assistant Treasurer | Term Expires | 2022 |
| ▶ Fred Bingaman – Member-at-Large | Term Expires | 2023 |
| ▶ Johnny Stimson – Member-at-Large | Term Expires | 2021 |



2020 Chairwoman's Report: A Message of Positivity

Welcome to the 2021 Annual Meeting of Brazos Star Credit Union. This is our first year with our new name, but another year of a virtual annual meeting. Having our traditional annual meeting with the opportunity to meet and greet members, both old and new as been an event to look forward to. Having a chance to catch up with friends, neighbors and former colleagues has always been an exciting time, and playing BINGO has been a highlight for many.

Throughout the year our priority has been the health and safety of our members and staff. As Texas has opened up and specifically Brazos County is returning to normal, it was prudent to remain on the side of safety with an online meeting. We have remained committed to providing a safe and clean environment for our staff and our members who wish to conduct their business in our lobby. Members and staff have remained socially distanced as much as possible to help stop the spread of the Coronavirus. Very soon, it is our hope that we will transition to more normal operations. We will continue to follow the guidelines of our local, state and public health officials and continue to update our operations accordingly to our membership.

As you can see in our Treasurer's Report, Brazos Star Credit Union remains financially strong. While our deposits have grown as members have saved instead of spent, the drop in interest rates have resulted in a challenging year for the credit union. We have made adjustments to counter-balance the low interest rate environment and still remained profitable with a consistently high net worth. We have been able to pay dividends to our membership as well as contributing to undivided earnings.

During 2020, the credit union has added or enhanced several valuable services to aid our members. Live VISA Debit card access, Online Banking and Online Bill Pay, Mobile Banking and Remote Deposit add convenience and security during these uncertain times. With the addition of our newest online payment portal REPAY, members can make loan payments securely through our website anywhere, anytime for payment credit to their loans. These are more ways we have adapted to assist members throughout this pandemic.

I would like to thank the board of directors, employees and members for their unwavering dedication and loyalty under these very uncertain times. We are looking ahead to a bright future, continuing to serve our members with confidence and integrity.

Patricia A. Buck, Chairwoman

Results of the 2020 Supervisory Audit

Each year Brazos Star contracts with an independent auditing firm to perform an annual audit of the records of the credit union. These auditors are tasked with ensuring that the Board of Directors and management of the credit union is meeting all regulatory requirements and complying with approved policies and control procedures to safeguard members' assets. The auditors ensure that the credit union is safe and sound and have established adequate internal controls, adherence to board policies, and compliance with appropriate laws and regulations.

Their latest review, conducted in December in 2020, for the period ending October 2020, indicated that the credit union's overall records and operations were found to be in good condition. The results of the audit indicate that the financial statements present fairly the financial position for the period and no material weaknesses in internal control were reported. Based on a thorough review and analysis, the Supervisory Auditors believe that adequate internal controls exist to protect member accounts and that the financial statements accurately reflect the credit union's performance and condition.

2020 Treasurer's Report: Our financial condition

Throughout 2020, Brazos Star Credit Union remained strong and maintained profitability in spite of the challenges of living in the COVID-19 Pandemic. Our deposits grew as the uncertainty of the market became a big concern. Having insured deposits up to \$250,000.00 is the safety net that many credit union members can appreciate. Brazos Star's member behavior reflected a transition from spending to saving dollars as the uncertainty of the year continued. As member deposits grew, so did our assets. In fact, the credit union has reached another milestone at over \$ 30,000,000.00 in assets. This is reflected an increase of 9.28% in member growth and total assets grew by \$ 2,458,594.00 over 2019.

Our Net Worth remained strong at 12.49%, down slightly from last year-end of 12.61%. Overall, we have outpaced our Texas peers at or near our same asset size. The credit union is considered well-capitalized by regulatory standards. We continue to have sufficient capital and liquidity to meet the needs of our members.

Our return on assets as of year-end was 0.94%, down from 1.12% in 2019. Because of record low investment yields, our net worth has declined. This adverse trend is not unique to us, as declining investment revenue has been felt throughout the marketplace and specifically in the credit union industry. Prudent cost control measures have been implemented and some projects have been delayed.

Brazos Star still delivered a profitable year and was able to return dividends to members along with bonus dividends of 100%. Brazos Star was able to generate net income in the amount of \$ 384,377, down from 2019 by \$ 131,237.00. As interest rates and demand for loans declined, it became more favorable for members to pay down debt or refinance existing loans. Our positive earnings still allowed us to declare dividends for the year totaling \$ 110,851, and move \$ 273,526 to undivided earnings.

We are fortunate that conservative lending practices have enabled Brazos Star to have minimal loan losses 2020, as evidenced by a net charge off ratio of 0.24% and a delinquency ratio of 0.23%. These asset quality and delinquency ratios reflect low levels of credit risk within our loan portfolio. As a result, the provision for loan and lease loss expense has been reduced throughout the year as estimates on future losses were recalculated.

We are proud to report that Brazos Star Credit Union remains financially strong. Our healthy financial condition is directly attributed to responsible member behavior and the true cooperative nature of credit unions. We count ourselves fortunate to have such wonderful members who are loyal to the credit union and believe in the credit union movement.

Thank you for your continued loyalty and support of the credit union. There will be a time when we can celebrate what we have achieved together in a financially stable and healthy environment.

Ron Weiman, Treasurer



Consolidated Statement of Financial Condition, Unaudited

| | December 21, 2020 | December 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Loans to Members | \$ 11,508,970 | \$ 10,968,167 |
| Cash | 411,878 | 396,121 |
| Investments | 17,091,794 | 15,227,956 |
| Land and Building | 881,677 | 894,532 |
| Other Assets | 363,301 | 338,232 |
| Allowance for Loan Losses | (52,648) | (78,630) |
| TOTAL ASSETS | \$ 30,204,972 | \$ 27,746,378 |
| LIABILITIES AND MEMBER EQUITY | | |
| Accounts Payable | \$ 146,536 | \$ 196,328 |
| Other Liabilities | 18,624 | 14,681 |
| TOTAL LIABILITIES | \$ 165,160 | \$ 211,009 |
| Member's Shares | \$ 26,266,919 | \$ 24,036,002 |
| Reserve Funds | 271,601 | 271,601 |
| Undivided Earnings | 3,501,292 | 3,227,766 |
| TOTAL MEMBER'S | \$ 30,039,812 | \$ 27,535,369 |
| TOTAL LIABILITIES AND | \$ 30,204,972 | \$ 27,746,378 |

Consolidated Statement of Income, Unaudited

| | December 21, 2020 | December 31, 2019 |
|------------------------------------------------------------|-------------------|-------------------|
| INCOME | | |
| Total Interest Income | \$ 832,032 | \$ 899,556 |
| Total Interest/Dividend Expense | \$ 110,851 | \$ 148,252 |
| Net Interest Margin | \$ 721,181 | \$ 751,304 |
| Loan Loss Provision Expense | \$ (409) | \$ (80,502) |
| Net Interest Income | \$ 721,590 | \$ 831,806 |
| Non-Interest Income | \$ 225,288 | \$ 168,481 |
| Non-Interest Expenses | \$ (673,352) | \$ (632,925) |
| Net Income To Reserves and Undi- vided Earnings | \$ 273,526 | \$ 367,362 |

| | | |
|------------------------------------|------------|------------|
| Distribution of Net Income | | |
| Dividends on Shares | \$ 110,851 | \$ 148,252 |
| To Reserves and Undivided Earnings | \$ 273,526 | \$ 367,362 |

How we made a difference in 2020



Our new name has been well-received by our members and the community. We are founded on the credit union philosophy of “People Helping People”. Our new name is inclusive and welcoming!

Paid out regular and Bonus Dividends to credit union members. Paying an above average rate of return on deposit and certificate accounts.

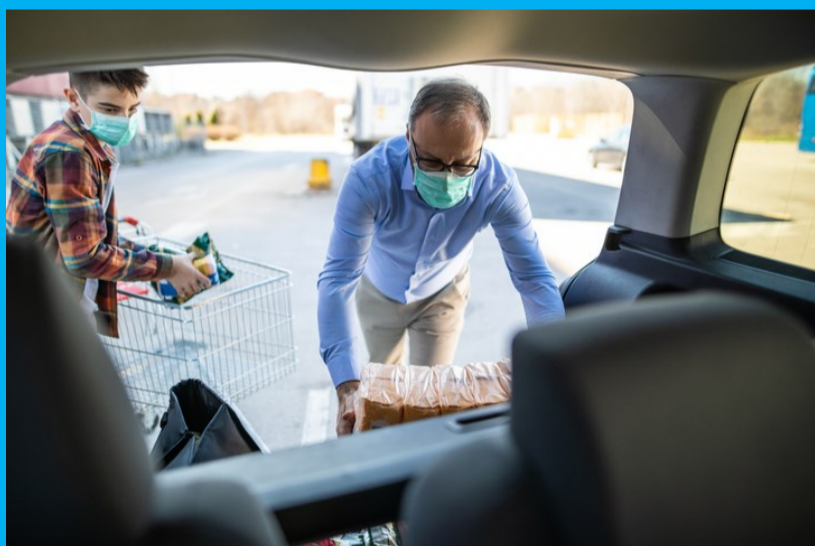
Installed a new debit card system, allowing members to transact payments in real time. Live time notifications through email and text can be sent out through a member’s choice of media channels.

Installed a new phone system, making it easy for members to be directed to the right place or to leave a unique message that is private and timely.



Donated over \$11,400.00 to our community and to members in need. Provided rent, grocery and utility assistance making lives better in the Brazos Valley

Offered Fee Free Skip-a-Payment options to over 64 members. This totaled more than \$ 36,985.00 in monthly payments keeping money in our member’s pockets a little longer or paying bills and utilities.



Provided COVID-19, Holiday Helper, CashNOW and Back on Track loans provided opportunity to members to stay current on bills and other expenses. We offered additional financial help, when our members needed most.

Added online 24/7 loan payment options through REPAY for ACH and Debit Card payments. REPAY allows members to pay on their loans anytime, anywhere through a secure online portal.



Our Products and Services

Community Charter—Almost anyone can join the credit union

Now serving all of Brazos, Burleson, Leon, Robertson and Madison Counties

Share Accounts (Savings)

Share Draft Accounts (Checking, with interest!), Debit Cards

Youth Savings Accounts

Loans for almost any need: Auto, Boats, Motorcycles, RVs

Personal loans, Promotional Loans, CashNOW loans

Credit Life and Disability Insurance Coverage

Loan products to help when you need it most:

Extended Warranties, GAP Coverage,

VISA® Secured Credit Cards

VISA® Lines of Credit , ScoreCard® Rewards,

EZCardInfo.com

Payroll Deduction, Direct Deposit

ACH Recurring Payments

REPAY Online Payment Portal

Courtesy Pay, Overdraft privilege

Notary Services

Medallion Stamp Services

Savings Bond Redemption

Financial Education

VISA® Travel Cards

VISA® Gift Cards

Instant Issue Debit Cards

Mobile App, for Apple and Android

Remote Deposit Capture

Real Estate Mortgage Loans

Home Equity Loans, Coming soon!

E-Statements, Text Alerts

Email Activity Alerts,

E-signature for documents and loans,

Cross Member Transfers

Account to Account Auto Transfers

CO-OP Surcharge-Free ATMs

Free Online Banking



Opportunities Ahead in 2021

Brazos Star Credit Union is looking forward to a new normal. Later in the year, the credit union will be offering Home Equity Loans, a new debit card program and more convenience features to help our members conduct their financial business with confidence.

We look forward to growing the credit union with modernized software and accessibility. We also hope to provide a big-box bank alternative to our growing Texas population. We can meet the needs and demands of our members and future members by offering a safe and sound banking choice.

Our primary focus will continue to be a focus on the health and safety of our members and staff. We continue to provide enhanced cleaning of our facilities, hand sanitizer at every station, disposable masks, acrylic safety screens and social distancing in our lobby. Our drive-through continues to be a convenient alternative to the lobby access. With the increased use of Remote or Mobile deposits, e-Signature access and our popular suite of Free Online Services, Brazos Star can position ourselves for future growth. We not only share a concern for your personal health, but for your financial health as well.

Thank you for your membership in our credit union. We sincerely hope that this year brings you health and happiness.





BRAZOS STAR

CREDIT UNION

— ESTD 1961 —

The brighter place to bank.

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