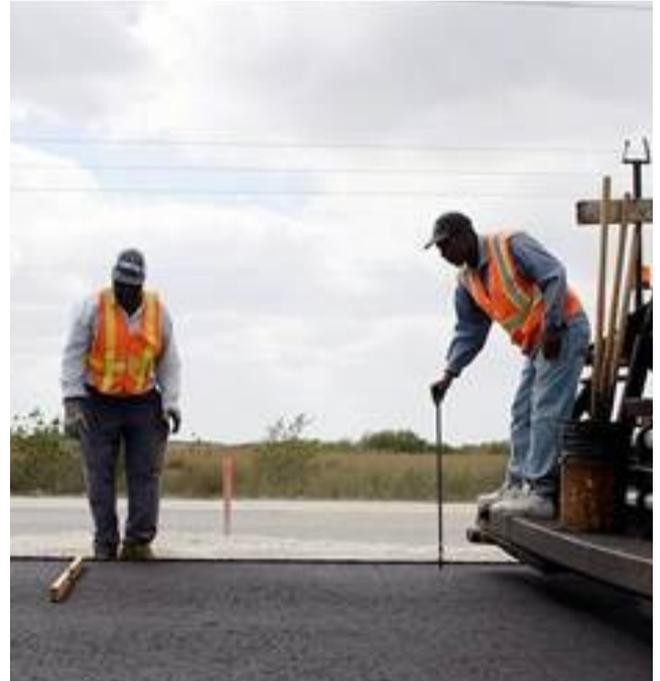


Moving Ahead On the Road to Change



Brazos Star Credit Union
2022 Annual Report

2023 President's Message

Welcome to Brazos Star Credit Union's 62nd Annual Membership Meeting. I would like to thank the member-owners of our credit union for the incredible growth we have experienced over the years; it has only been possible because of you, our members.

During 2022, our credit union members were faced with challenges which included high inflation, rising interest rates, an uncertain economy and political turmoil. Our credit union continued to grow in spite of those many obstacles. Our members and their financial goals are important to us at Brazos Star Credit Union. That's why your deposits are safe, secure, and insured. We invite you to continue to grow with us toward a brighter financial future.

Our board of directors has worked hard to ensure the safety and soundness of our credit union. As we continue to grow and move forward through unpredictable economic conditions, our members can be sure the credit union provides a safe and secure place to deposit your money, make low-cost loans and provide financial services that are convenient and dependable.

You are member-owners of our credit union, where deposits are insured up to \$250,000 – no one has ever lost a single penny of insured deposits at a federally insured credit union.

My sincerest thanks go out to our staff for working to build the credit union and the long-term relationships we hold with our members. We are honored to serve you. We hope to serve you and the financial needs of your families, co-workers, and friends now and in the future.

Thank you,

Mary Beth Borroni

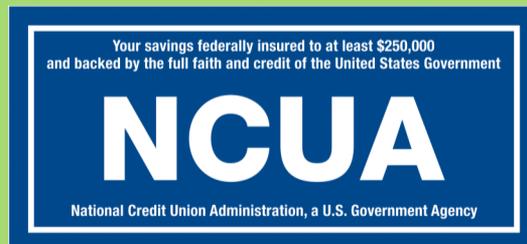
Mary Beth Borroni

President/CEO



Brazos Star Credit Union

The brighter place
to bank!



DEPOSITS ARE FEDERALLY INSURED BY NCUA

Meet our Board of Directors

Our board of directors is a seven person board made up of volunteer members. 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.

- ◆ Fred Bingaman Term Expires 2023
- ◆ Jubal Hancock Term Expires 2023
- ◆ Tara Jackson Term Expires 2025
- ◆ Linda Jeffress Term Expires 2024
- ◆ Ted Peabody, Jr. Term Expires 2025
- ◆ Johnny Stimson Term Expires 2024
- ◆ Ron Weiman Term Expires 2025

Meet our Credit Union Staff

- ◆ Mary Beth Borroni President/CEO
- ◆ Penny Kornegay Office Manager
- ◆ Morgan Leopold Lead MSR/Payments
- ◆ Gabby Moncibaiz MSR/New Accounts
- ◆ Andrea Rodriguez MSR/Social Media Content Manager



2022 Chairman's Report: The Year in Review

Welcome to the 2022 Annual Meeting of Brazos Star Credit Union. Having our annual meeting is a great opportunity to meet and greet members, whether it is your first time to join us here or if you have been attending the annual meeting for years. The credit union brings together its members annually for a chance to catch up with friends, neighbors and former colleagues, as well as to conduct the business of the credit union. For many, playing BINGO and eating pizza has been a highlight.

Last year, the country was moving past the COVID pandemic with caution and resolve. Now with another year under our belts in this post pandemic period, Brazos Star Credit Union remains financially safe and sound. Our deposits have grown, as well as loans to members. Our financial strength is in our numbers. We have continued to pay regular and bonus dividends to our membership while also contributing to undivided earnings. Our Net Worth Ratio shows the strength of the credit union and our ability to provide quality services at a low cost to our members. Truly our greatest asset is our membership.

I would like to thank our board of directors, our employees and members for their commitment, knowledge and desire to serve. We are looking ahead to a bright future, continuing to serve our members with confidence and integrity.

Your money is safe and sound at Brazos Star Credit Union. Deposits are insured up to \$250,000 – no one has ever lost a single penny of insured deposits at a federally insured credit union.

Jubal Hancock

Jubal Hancock, Board Chairman



Results of the 2022 Supervisory Audit

REPORT OF THE SUPERVISORY COMMITTEE ANNUAL REVIEW

CREDIT UNION RESOURCES, LLC

Financial and Technology Resources of the Cornerstone Credit Union League

As of September 30, 2022

The Cornerstone Credit Union League's Technical Assistance Department completed a Supervisory Committee Annual Review of our books and records for the 13-month period ending September 30, 2022. The findings of this report were discussed with Board of Directors on December 2, 2022 with Senior Financial Auditor Mr. Sid Zahn and Ms. Jennifer Gracia of CU Resources, LLC.

The work of the auditors was performed in accordance with requirements set forth in Title 7, Part 6, Section 91.516 of the Texas Administrative Code and Section 715.7(c) of the NCUA Rules and Regulations. The audit also encompassed any additional procedures deemed necessary.

Accounting records and other supporting evidence were examined or tested during this period. A general review of the system of internal controls was completed. The results of the credit union's operations and its cash flows for the period are in conformity with generally accepted accounting principles.

The Audit found that the overall records and operations of the credit union were found in good condition. These included Loan portfolio review, Allowances for Loan and Lease Losses, Cash, Investments, Loans to Officials and Members, Accounts Payable and Accrued Liability, and Undivided Earnings. The noted exceptions were minor.

Reserve transfers were not required by regulation during the review period, while Undivided Earnings including current earnings increased 10.46%. This reflects the positive earnings of the credit union.

Based on thorough analysis, the auditors have advised us that adequate internal controls exist to protect member accounts and that the accounting records and financial statements accurately reflect the performance and condition of the credit union.

CU Resources, LLC. also completed a number of internal audit reviews for the same period and made recommendations for continued operating efficiencies and compliance with regulations. No major issues were identified. These audits included an ATM Safety Audit, Cybersecurity Audit, Information Security and Risk Assessment, Information Security Policy Review, and External Vulnerability Assessment Testing. The last Verification of member accounts (100% negative) was performed as of September 30, 2022, by Credit Union Resources, LLC.



2022 Treasurer's Report: Our financial condition

For the year ending 2022, the credit union had total assets of \$34,065,082, which is a 2.7% increase from 2021. Asset growth was driven by a consistent share deposit growth by our members. Total income for the 12-month period was \$ 1,019,199.00 and total expenses were \$ 710,772.00.

Core shares, share drafts deposits increased by close to \$500,000.00 for the year. The credit union loan portfolio also grew by more than 11% to end the year at \$ 12,989,195.00. Growth in the loan portfolio was fueled by new and used auto loans and our newest home equity loan product.

We are fortunate that both our delinquencies and charge-offs for the year were exceptionally low, thanks to our responsible membership and prudent loan policies.

At year-end, our net worth ratio was 12.88% and our credit union's capital to assets ratio was 12.98%. This is higher than our PEER group average for credit unions of similar asset size. Credit unions with a Net Worth Ratio of greater than 7% are considered "well-capitalized" by the National Credit Union Administration (NCUA). Brazos Star Credit Union remains safe and sound for the future.

The credit union originated 317 loans for more than \$ 6.2M, while Investment dollars decreased by 1.48% \$19,460,600.00 as loan demand increased.

Undivided earnings increased from \$ 3,777,105 to \$ 4,115,124 and a 200% year-end bonus dividend was declared by the board of directors and deposited to member share and club accounts.

The credit union continued to reduce funding to the ALLL (Allowance for Loan and Lease Losses) as we overfunded in the last two years in anticipation of higher-than normal loan losses.

According to the Bauer Financial Institution's Rating Website, Brazos Star Credit Union continues to maintain a five-star rating, which is the top rating for any credit union. This exemplary rating has not changed for us in over 20 years. Brazos Star continues to be a safe, financially sound credit union operating in a well-capitalized manner.

Respectfully submitted,

Ron Weiman

Ron Weiman, Treasurer



Consolidated Statement of Financial Condition, Unaudited

	December 31, 2022	December 31, 2021
ASSETS		
Loans to Members	\$ 12,989,195	\$ 11,657,260
Cash	410,761	539,003
Investments	19,460,600	19,753,334
Land and Building	855,967	868,822
Other Assets	384,382	352,900
Allowance for Loan Losses	-35,823	-24,570
TOTAL ASSETS	\$ 34,065,082	\$ 33,146,749
LIABILITIES AND MEMBER EQUITY		
Accounts Payable	322,495	237,975
Other Liabilities	23,244	22,848
TOTAL LIABILITIES	\$ 345,739	\$ 260,823
Member's Shares	\$ 29,332,618	\$ 28,837,220
Reserve Funds	271,601	271,601
Undivided Earnings	4,115,124	3,777,105
TOTAL MEMBER'S EQUITY	\$ 33,719,343	\$ 32,885,926
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 34,065,082	\$ 33,146,749

Consolidated Statement of Income, Unaudited

	December 31, 2022	December 31, 2021
INCOME		
Total Interest Income	\$ 800,871	\$ 754,278
Total Interest/Dividend Expense	91,117	83,138
Net Interest Margin	\$ 709,754	\$ 671,140
Loan Loss Provision Expense	13,453	-43,000
Net Interest Income	\$ 696,301	\$ 714,140
Non-Interest Income	339,037	240,611
Non-Interest Expenses	697,319	678,939
Net Income To Reserves and Undi- vided Earnings	\$ 338,019	\$ 275,812
Total Income before Dividends	429,136	358,950
Distribution of Net Income		
Dividends on Shares	\$ 91,117	\$ 83,138
To Reserves and Undivided Earnings	\$ 338,019	\$ 275,812

Brazos Star Credit Union has served people in our community for over 62 years. As a not-for-profit financial institution, we never forget that the hard-earned money we are entrusted with belongs to the members we serve. Our credit union welcomes members who live, work or are supervised from Brazos, Grimes, Burlison, Leon, Robertson, Washington, and Madison Counties. All members and their families are encouraged to join and become a member-owner of a financial co-op.

Keeping up with Technology in 2022

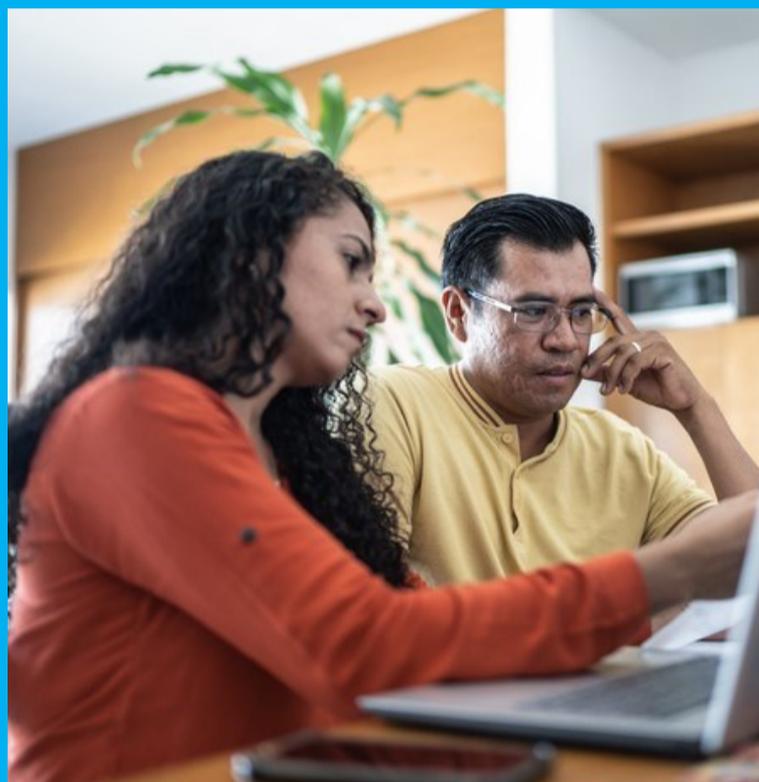


Real-time Debit cards with text message and email alerts keep our members informed and in control on account status, deposits, transfers and much more. Do more with your accounts at Brazos Star Credit Union

In 2022 we paid out regular and 200% bonus dividends to credit union member's share accounts. Find out the latest Credit Union information with text alerts.

Community

Brazos Star CU donated thousands to our community in 2022 including local school districts, women and children, and to members who need help most.



Scan the QR Code above to access us on Facebook, or Instagram below



Service

Our Products and Services

- Community Charter—Almost anyone can join the credit union
- Now serving all of Brazos, Burleson, Leon, Robertson, Grimes, Washington, and Madison Counties
- Share Accounts (Savings)
- Share Draft Accounts (Checking, with interest!) VISA® Instant Issue Debit Cards
- Youth Savings Accounts
- Share Certificates of Deposit
- Loans for almost any need: Auto, Boats, Motorcycles, RVs
- Personal loans
- CashNOW loans
- Credit Life and Disability Insurance Coverage
- Auto Extended Warranties
- Auto GAP Coverage
- Auto Dent Guard Ultra
- VISA® Secured Credit Cards
- VISA® Lines of Credit with ScoreCard® Rewards,
- VISA® Credit Card Text Alerts
- 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
- Money Orders and Cashier's Checks
- Mobile App, for Apple and Android
- Remote Deposit Capture/Mobile Deposit
- Home Equity Loans
- Real Estate Mortgage Loans
- E-Statements
- Email Activity Alerts
- E-signature for documents and loans
- Cross Member Transfers
- Account to Account Auto Transfers
- Surcharge-Free ATMs
- Free Online Banking
- Free Online Bill Pay

We are always looking for new ways to serve our members!



The brighter place to bank!

Opportunities Ahead in 2023

Brazos Star Credit Union continues to be optimistic in the credit union movement and our ability to serve our members and their families in new and meaningful ways. The credit union will soon be contracting with a new mortgage loan servicer to provide state of the art real estate lending products to our members.

We want to be your primary financial institution where the safety and soundness of your funds is our primary responsibility. Look for new and enhanced services throughout the year!

Our credit union is the best choice to bank where members are owners. We can meet the needs and demands of our members and future members by offering products and services to make banking convenient, safe and sound.

With the increased use of Remote or Mobile Deposits, e-Signature access and our popular suite of Free Online Services, Brazos Star is the financial institution that offers the personalized services members desire most.





BRAZOS STAR CREDIT UNION

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