



ValleyStar

CREDIT UNION

2023 ANNUAL REPORT

Proudly serving our members since 1953.

BOARD CHAIRMAN & PRESIDENT/CEO REPORT

Dear Valued Members,

Since 1953, ValleyStar Credit Union has safeguarded your finances. On behalf of the Board of Directors and management team, thank you for your valued membership. We deeply appreciate the confidence you place in us each time you entrust your hard-earned money to our institution.

Our commitment to understanding your needs and preferences goes beyond mere words. It embodies who we are and how we engage with you. We meet you, our members, wherever you are on your financial journey. Your financial well-being is our primary concern. Whether you're striving to purchase your dream home, secure a vehicle for your daily commute and family activities, or save for retirement, we're here to assist you. We understand your needs because we share them.

Maintaining high levels of capital remains a cornerstone of ValleyStar's financial strength. This resilience enables us to navigate through shifts in the financial and economic landscape while prioritizing your interests. Every decision we make revolves around serving our members. By channeling local deposits into local loans, we contribute to the vitality of our community's economy. We're deeply committed to making a difference in the communities we serve.

At ValleyStar, we take pride in living the Credit Union philosophy of "People helping people." Providing staff with paid time off to volunteer, supporting local businesses, and providing financial education are just a few ways we care for our communities. This year we are excited to announce new partnerships with the Martinsville Mustangs, Dr. Pepper Park at the Bridges, the Franklin County Humane Society, and the Henry County Food Bank. Giving back to the communities we serve is at the heart of everything we do.



Mike Warrell
President/CEO



James Rorrer
Board Chairman

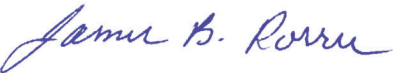
As your credit union and partner, we want to assure you that we adhere to sound business practices to uphold the safety and stability of our institution. Unlike traditional banks, we report to our members, not shareholders. As a member-owned cooperative, our mission is to enhance your financial well-being, not to generate profits for external stakeholders.

ValleyStar Credit Union maintains a robust capital position, surpassing the industry standards set by regulatory bodies like the National Credit Union Administration (NCUA). Our operations are transparent and subject to rigorous oversight by multiple entities, including the NCUA and independent CPA firms. We consistently exceed regulatory expectations, ensuring the safety and soundness of your credit union.

Your funds are federally insured by the NCUA, providing an additional layer of protection regardless of market conditions. We remain steadfast in our commitment to you, offering unwavering support through both challenges and triumphs.

Rest assured, your funds are secure with us. ValleyStar Credit Union stands firm, stable, and resilient, ready to face the future with confidence.

Thank you for choosing us as your financial partner.



James B. Rorrer | Board Chairman



Mike Warrell | President/CEO



BOARD OF DIRECTORS



James Rorrer
Chairman



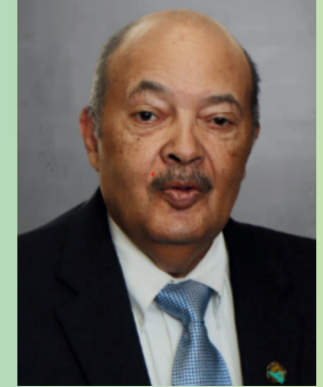
G. Steve Isley
Vice Chairman



David Deal
Treasurer



Betty Jo Ray
Secretary



Gregory Hill
Legislative Representative



Doug Nunn
Director



Nancy Phillips, Ph.D.
Director



Terry Young
Director



Jason Vipperman
Director



Richard Wood
Director
Emeritus

Not pictured: **Whitney Armstrong-Collins** – Board Member at Large

SUPERVISORY REPORT

Dear Valued Members,

As we reflect on another successful year, the Supervisory Committee is committed to keeping you informed about the current state of the Credit Union and providing you with updates on our financial performance. We are delighted to share positive news about the strength and stability of ValleyStar. This success is attributed to the expertise of our management team, as well as our dedicated employees.

Our commitment to financial transparency and accountability remains unwavering. The Supervisory Committee has been diligently working with reputable certified public accounting firms, Doeren Mayhew CPAs and Advisors, for our financial statement audits, and Brown, Edwards, & Company, overseeing our quarterly internal audits. These efforts ensure compliance with regulatory standards set by the National Credit Union Administration (NCUA) and the Commonwealth of Virginia State Corporation Commission, reinforcing the professional and successful execution of our policies, programs, and management practices.

Additionally, we understand that exceptional member service is at the heart of our credit union's success. Our mantra, "Employees First. Members Benefit," encapsulates our commitment to putting our employees at the forefront, knowing that their satisfaction and engagement translate into enhanced services for you, our valued members. Moreover, we are dedicated to enhancing operational efficiency to serve you better. The recent implementation of our new core system is a significant step towards this goal, allowing us to streamline processes and provide you with an even more seamless experience.

As we strive for continuous improvement, your support and feedback are invaluable. If you have suggestions, concerns, or ideas that can help us serve you better, please do not hesitate to reach out to me or any member of the Supervisory Committee. In conclusion, we express our gratitude for your ongoing trust and membership. We are excited about the journey ahead and remain committed to providing outstanding financial services.



Sandy Strayer | Chairwoman, Supervisory Committee



Sandy Strayer

Chairwoman, Supervisory Committee



Cameron Cooper

Supervisory Committee



Sandy Hines

Supervisory Committee

The Federal Credit Union Act and the bylaws of ValleyStar Credit Union provide for establishing a Supervisory Committee. The Supervisory Committee works independently of the Board of Directors and Credit Union management and comprises Credit Union members who volunteer their time to support the credit union movement. Their principal function is to ensure the accuracy of the Credit Union's financial statements and compliance with sound business practices and procedures.

TREASURER REPORT

Dear Valued Members,

On behalf of the Board of Directors, I am pleased to report that 2023 was a successful year financially for the Credit Union. Our year-end assets totaled \$661,272,106, a slight 2.68% decrease from 2022's total of \$679,489,981. Year-end deposits decreased to \$519,603,555 from \$556,103,137, a 6.56% decrease over 2022. Total net loans to members decreased \$6,535,414 to \$513,307,491. Net income was \$1,511,550, and total membership ended the year with 45,357 members.

These totals represent solid financial operations while restraining growth goals for 2023 so that our team could concentrate on infrastructure improvements in our core computer system and new state-of-the-art internet banking solutions. Since its founding in 1953, the Credit Union's retained earnings have increased to \$67,473,022 and remain above peer average in all national credit union peer capital adequacy ratios. The 2022 and 2023 financials are provided for you in this program.

The Board of Directors and the Credit Union management team meet at least once a month to evaluate the financial condition and adherence to and implementation of the Credit Union policies that affect each member's life. If you have questions or comments regarding ValleyStar's financial performance, please do not hesitate to contact me. Thank you for the opportunity to serve in this capacity.

Sincerely,



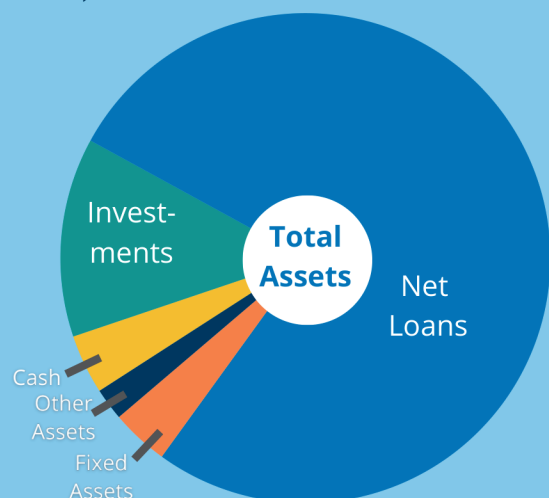
David Deal | Treasurer



David Deal
Treasurer

Consolidated Statement of Financial Condition

As of December 31, 2023



Assets	2023	2022
Cash	\$25,932,781	\$4,320,299
investments	\$86,736,237	\$117,991,573
Net Loans	\$509,541,491	\$519,842,905
Fixed Assets	\$25,087,254	\$24,103,405
Other Assets	\$13,974,343	\$13,231,799
Total Assets	\$661,272,106	\$679,489,981
Liabilities	2023	2022
Total Liabilities	\$86,801,801	\$72,873,198
Equity	2023	2022
Member Shares	\$519,603,555	\$556,103,137
Other Equity	\$54,866,750	\$50,513,646
Liabilities & Equity	\$661,272,106	\$679,489,981

TOTAL ASSETS

2019: \$499,503,539

2020: \$548,472,993

2021: \$615,061,529

2022: \$679,489,981

2023: \$661,272,106

Comparative Financial Statements

TOTAL DEPOSITS

2019: \$435,698,397

2020: \$482,378,110

2021: \$511,014,980

2022: \$556,103,137

2023: \$519,603,555

TOTAL LOANS

2019: \$310,594,028

2020: \$335,704,915

2021: \$412,759,682

2022: \$523,101,105

2023: \$513,307,491

STATEMENT OF INCOME

For the period ended December 31, 2023

	2023	2022
Loan Income	\$32,062,771	\$25,545,227
Investment Income	\$2,853,120	\$2,170,386
Other Income	\$10,242,777	\$7,818,447
Total Gross Income	\$45,158,668	\$35,534,060
	2023	2022
Operating Expense	\$34,426,439	\$29,363,892
Net Operating Income	\$10,732,229	\$6,170,168
Non-operating Gain/Loss	\$(497,473)	\$181,385
Net Income Before Dividends	\$10,234,756	\$6,351,553
Dividend Expense	\$8,723,206	\$3,085,346
Net Income	\$1,511,550	\$3,266,207

LEGISLATIVE REPORT

Dear Valued Members,

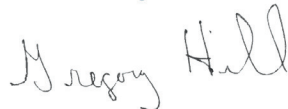
Wren Williams of Patrick County was elected to the House of Delegates in the legislative elections and took office in January 2022. We established a relationship with Del. Williams at the Virginia Credit Union League Credit Union Day at the General Assembly in Richmond in January 2023.

The VACUPAC donations were tremendous this year, led by our President/CEO, Michael Warrell. Donations are used to build relationships with House of Delegate members and State Senators. Bill Stanley represents our southwest Virginia region in the Senate. Danny Marshall, Les Adams, and Wren Williams represent our southwest Virginia region in the House of Delegates. Please visit <https://whosmy.virginiageneralassembly.gov/> to find the representatives specific to your location.

On Credit Union Day at the General Assembly in Richmond, we were represented by numerous employees, the entire senior management team, and the board of directors. We are pleased to announce that House Bill 1727 was passed by the House of Delegates and State Senate through hard work by the Virginia Credit Union League and our representation on Credit Union Day.

Everyone involved in the credit union movement can actively support the legislative and regulatory environment by getting involved. Please contact me if you're interested in donating or participating in legislative efforts for our area.

Sincerely,



Gregory Hill | CCUV Legislative Representative



Gregory Hill

CCUV Legislative
Representative

2023 MEETING MINUTES

I. Chairman James Rorrer called the meeting to order at 5:30 pm at the New College Institute. He declared the meeting officially open. He introduced Sandy Hines and Whitney Armstrong-Collins as the newest Volunteer-at-Large members and Cameron Cooper as the newest Supervisory Committee member.

II. An invocation was given by Robert Sparrow.

III. The Chairman determined a quorum was present.

IV. A motion was made by Charles Speakman and seconded by Bill Hensley to dispense with the reading of the 2021 Annual Meeting minutes.

V. Chairman James Rorrer gave the Chairman's report.

VI. President/CEO Mike Warrell gave the President's report.

VII. Supervisory Committee Chairperson Jason Vipperman gave the Supervisory Committee's report.

VIII. Treasurer David Deal gave the Treasurer's report.

IX. Legislative Representative Greg Hill gave the Legislative report.

X. Unfinished Business: There was none.

XI. New Business: There was none.

XII. Nominating Committee Chair, Steve Isley announced the Nominating Committee nominated Betty Jo Ray, Terry Young and Nancy Phillips to serve three-year terms [2026].

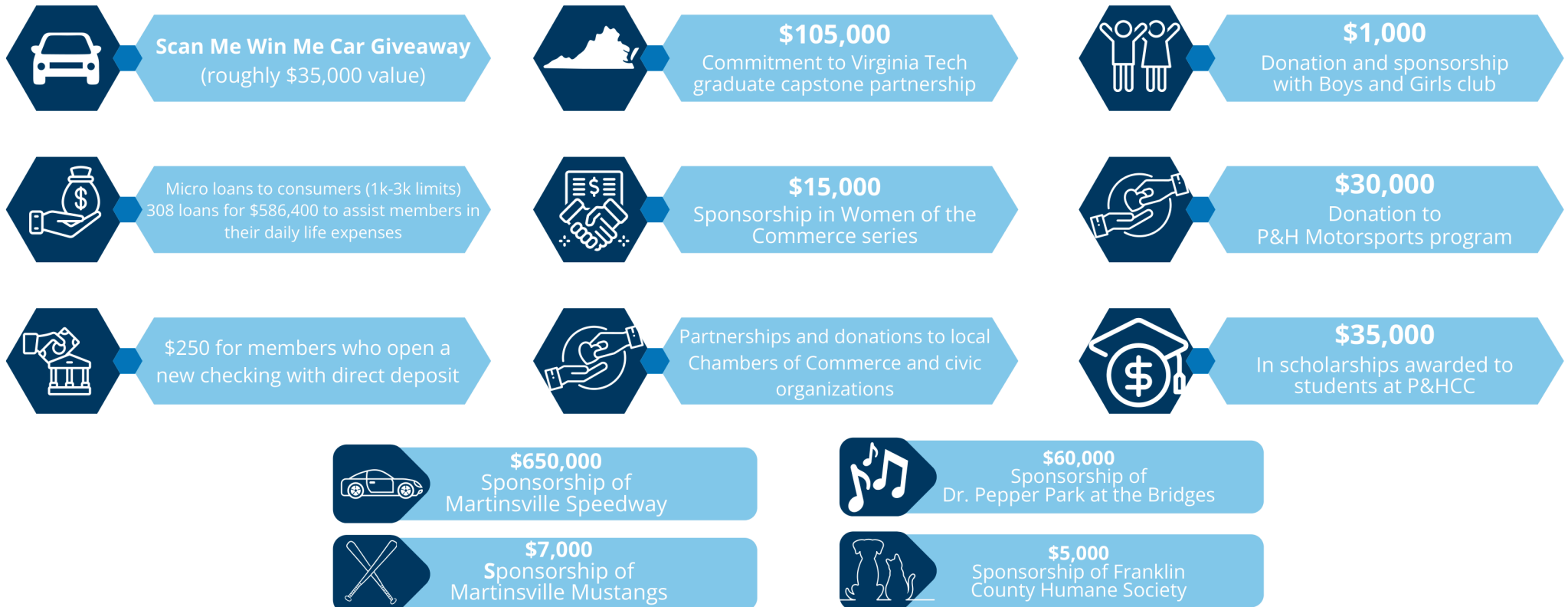
He reported that ValleyStar's bylaws and election policy provide a process for nomination by petition and election by mail ballot when there is more than one nominee.

Since there were no nominations by petition and only one nominee for each vacancy, Nominating Committee Chair Steve Isley announced the election of the previously named individuals for the terms previously designated.

XIII. Chief Marketing Communications Officer Becky Freemal announced the winners of the door prizes.

XIV. There being no further business, the meeting was adjourned at 5:58 pm.

IN THE COMMUNITY



EXECUTIVE TEAM



Mike Warrell
President/CEO



Kevin Laine
Executive
Vice President



Woody Windley
Chief Financial
Officer



Angela Davis
Chief Operations
Officer



Justin Barnes
Chief Lending
Officer



Misty Reed
Chief Credit
Officer



Robert Sparrow
Chief Risk
Officer



Susan Chapman
Chief Marketing
Officer



Ben McBride
Chief Information
Officer



Jordan Weatherholtz
SVP Data & Analytics



Leslie Rakes
SVP Human Resources



Christy Nester
VP Administrative Services



ValleyStar

CREDIT UNION

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