

CEO Report

Good evening. On behalf of the management and staff of STAR Credit Union, I want to say what a pleasure it is to be here with all of you. Because of your trust and involvement, your credit union is able to thrive and provide many important benefits, not only to our members but to our community.

As a financial cooperative, our success is your success. When you participate in the credit union, you are contributing to its growth. And because of our cooperative structure, we are able to return our profits back to you, the owners and members, by offering competitive rates, new products, enhanced services, and additional points of service.

Now, it is my privilege to provide the state of our credit union.

STAR Credit Union has remained stable and strong in 2017. Our member deposits have grown to 40.64 million and our assets are 46.63 million. STAR Credit Union's reserve ratio is 11.87%, which is well above the amount needed to call ourselves financially sound. Membership at STAR Credit Union has increased and now stands at 5383.

Our loan total has slightly increased to 19.15 million and our delinquency ratio, 0.07%, which is well below other credit unions of equivalent size. Loan charge-offs have decreased.

STAR Credit Union is a strong, sustainable, and efficient financial institution. Indeed, we are confident in our ability meet all of your financial services' needs. But we are far more than an institution that offers financial products and services.

Here are a few differentiators that make STAR Credit Union special:

- We have a real presence in this community. In 2017, we:
 - Raised and donated monies to Driscoll Children's Hospital, Special Olympics and Toys for Tots.
 - Sponsored children to attend the Shriner's Circus and the Nueces County Live Stock Show
 - Participated in the Chemo Kids Fish Off and Children's Miracle Network Telethon

As we grow, we will keep our focus on doing what's right. We will continue to provide better services and more convenience for our members. We will seek to help more people in our community get on solid ground through financial education and our charitable activities.

Through it all, we will continue to focus on people first. It's what makes your credit union different, and what makes us strong.

As we embark on the year ahead, my commitment to you today is that STAR Credit Union will continue to:

- Grow responsibly, while listening and responding to your needs;
- Explore innovative product/service solutions to enhance your financial life, such as
 - Our new First-time Auto Buyer's Program
 - New Facebook page and Instagram
 - Condense Loan Applications
- Develop our staff and board so they can confidently serve you.

You will see new events in 2018:

The Wall of Stars – which is an opportunity for our members to display the achievements of their children or grandchildren in the credit union lobbies.

Happy Hour – In April, the staff served our members refreshment and educated them about our products.

Upcoming Lobby events – Coffee and Donuts at Buffalo on Friday, May 4th and Popcorn Friday at McKinzie on May, 25th.

This is just the beginning of many future opportunities to show our appreciation to our members for choosing STAR Credit Union as their preferred partner for their everyday financial needs.

Many thanks for being an integral part of our credit union family. On behalf of the entire staff, we look forward to a happy and successful 2018 for us all.

Christina Reyna, President/CEO

Chairman Report

Welcome to the 58th annual meeting of STAR Credit Union. Thank you for joining us tonight. I applaud you for being truly connected member-owners.

We are the stakeholders in this credit union. And by "we," I mean *all* of us, though in slightly different ways. We are all invested in the health and wellbeing of this great financial institution.

I want to recognize our board for their leadership, dedication, and passion for credit unions. Those are integral qualities for long-term sustainability and prosperity, and I'm greatly humbled by the trust you've placed in us. As a united body of leadership, we are responsible for ensuring that we have a competent, qualified, and trustworthy management team, and I can say that we do.

As a financial cooperative, we understand that we can most effectively serve you and strengthen that movement by engaging in the vast network of organizations and service groups available. For instance, our participation in our local chapter of credit unions allows us to benefit from the training, tools, and resources available through our trade association, the Cornerstone Credit Union League, whose purpose is to support our endeavors and, by extension, you.

You can see STAR Credit Union's performance well in fiscal year 2017 in the Annual Report. Though the credit union needs to make a profit to keep the doors open, our sole interests are in our *stakeholders'* interests.

Some of the highlights of that report include:

- Membership at STAR Credit Union now stands at 5383
- In total, our 5383 members have added more than \$1,442,000 to their accounts.
- You, the members and owners of this institution, have borrowed more than \$8.89 million in 2017, adding more than 643 new loans.
- The median delinquency ratio is now 0.07% percent. This is a strong indicator that our members are diligently staying on top of their debt obligations.

In closing, I'd like to express my confidence in the leadership of STAR Credit Union, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because STAR Credit Union is well positioned to face any challenge and seize any opportunity that presents itself in 2018.

Thank you, ladies and gentlemen. I want to again express my gratitude for your trust and your continued membership, and I wish you and your families the very best in 2018.

Nina Amador, Board Chair

Audit Committee

The Audit Committee serves independently from the Board of Directors, management and staff to ensure the credit union's financial condition is accurately stated and that STAR Credit Union remains a viable financial institution.

In order to fulfill that responsibility, an independent audit of STAR Credit Union's financial condition is obtained on an annual basis, surprise cash counts are performed and a member account verification is performed bi-annually.

The committee engaged CU Resources to perform the 2017 audit of the financial statements and the audit for Bank Secrecy Act. SWACHA performed the 2017 compliance audit for Automated Clearing House activities. The Credit Union Department of the State of Texas also conducts an examination of the credit union at least once every eighteen months.

STAR Credit Union was found to be financially sound and operating within the applicable rules and regulations.

Rudy Gil, Audit Committee Chair

Miscellaneous Statistics

Key Personnel Changes

Christina Martinez, Accounting Supervisor
Brianna Rukes, Marketing Representative

Bylaw Changes

NONE

Articles of Incorporation

NONE

End of December 2016

Membership size:	5383 members
Number of Loans:	2117
Share Draft Accounts:	2719
Loans Granted YTD:	643
Loans totaling:	\$8,895,236
E-Statement Users:	950
CyberStar Users:	3610

SOUTH TEXAS AREA RESOURCES (STAR) CREDIT UNION ANNUAL MEETING - April 27, 2017

The 2017 57th Annual Meeting of the membership was held on Thursday, April 27, 2017, at the Corpus Christi Event Center 3126 Holly at Kostoryz. The evening opened with STAR CU staff and Board of Directors greeting and welcoming the members as they arrived and were served a sit down dinner.

Nina Amador, Chairwoman, called the Annual Meeting to order at 6:52 p.m.

The invocation was given by Christina Reyna.

An introduction of the Board of Directors, Audit Committee and Management and Staff was made to the membership. The minutes of the 2016 Annual Meeting were referred to in the printed Annual Report. Following a motion from the floor and a second motion from the floor, the membership voted to approve the minutes.

The Reports of Officials were delivered by: Chairwoman, Nina Amador, the CEO Report was given by Christina Reyna. The Treasurer's Report by Joe Carmona, the Audit Report by Rudy Gil. Following a motion by Arnold Sosa and a second from the floor, the membership voted to approve the reports.

Old Business

There was no old business.

New Business

Election of Directors

The Nominating Committee presented four nominations to fill the four expiring terms. Biographies of the candidates were mailed and processed in accordance with our by-laws. There were no additional nominations, therefore, ballots were not required.

The results of the Board of Director's elections for the 4 Director's terms that expired are as follows: Hector Saenz, Linda Edwards, Randy Wilson, and Derrick Escobedo.

The Board of Director's whose terms had not expired are as follows: Nina Amador, Joe Carmona, and Dennis Hill.

The Board of Director's were sworn in by taking the Oath of Directors.

Nina Amador, Chairwoman thanked the membership in attendance and called for a motion from Arnold Sosa and a second from the floor, the meeting was called to adjourn at 7:30 p.m.

Linda Edwards, Board Secretary

2017 Financial Condition

Balance Sheet

*All figures are in thousands

Assets

Loans	19145
Allowance for Charge-off Loans	(74)
Investments	22686
Fixed	2926
Other	1949

Total 46632

Liabilities and Equity

Total Member Deposits	40644
Reserves	1356
Undivided Earnings	4178
Other	454

Total 46632

Income Statement

*All figures are in thousands

Income

Loans	892
Investments	312
Non-Interest Income	665

1869

Expenses

Compensation/Benefits	813
Office Oper/Occupancy	974
Provision for Loan Loss	57
Dividends	145

1989

Net Income from Operations -120

Extra Ordinary Items

Extra Ordinary Expenses- 0

Income after Extra Ordinary Items -120

Treasurer's Report

STAR Credit Union has remained stable and strong in 2017. Our member deposits are 40.64 million and our assets are 46.63 million. STAR Credit Union's reserve ratio is 11.87%, which is well above the amount needed to call ourselves financially sound.

STAR Credit Union's members can be assured of the security of their deposits, knowing that their money is insured for \$250,000 through the NCUA (National Credit Union Association) as well as an additional \$250,000 through ESI (Excess Share Insurance). Integrity and responsibility continue to be the standard of STAR Credit Union, whether in lending practices, the investment of monies, business decisions, or daily member service.

The total dollar amount of loans increased from 19.09 million in 2016 to 19.15 million in 2017. The quality of loans has remained strong resulting in a lower average of delinquencies compared to other credit unions of equivalent size. Our interest rates on loans and certificate of deposits have remained competitive.

STAR Credit Union's priority has always been to provide competitive, quality financial products and services to its members, that priority remains the same.

Joe Carmona
Treasurer

MEET STAR CREDIT UNION

<u>Board of Directors</u>	<u>Term Expires</u>
Nina Amador, Chairperson	2018
Hector Saenz, Vice-Chair	2019
Joe Carmona, Treasurer	2018
Linda Edwards, Secretary	2019
Allen Fryer	2018
Derrick Escobedo	2019
Randy Wilson	2019

Audit Committee

Rudy Gil, Chairman
Arnold Sosa, Member
Carolyn Rice

Management Staff

Christina Reyna, President/CEO
Rose Kowis, Branch Operations Supervisor
Christina Martinez, Accounting Supervisor

Accounting

Officers

Marissa Suchil
Susie DeLeon

Jennifer Gonzalez
Judy Gaston

Information Systems

Services

Jerad Harper
Marina Martinez
Monica Saenz

Loan Department

Ariana Saenz
Amanda Trevino
Josie Strahan
(JR) Jose Rojas

Allison Chavez
Demi Ruiz
Kitzia Cruz
Siera Gonzalez
Amber Sanchez
Miranda Padron

Telephone Service Rep.

Otilia Leal

Marketing

Brianna Rukes

Administrative Asst.

Christian Salinas