



Board Chairman & President/CEO Report

Dear Valued Members,

As we gather for our annual meeting, we want to extend our heartfelt gratitude to each of you for your continued support and commitment to ValleyStar Credit Union. This past year was challenging for our credit union, as it was for many of our members. It is during times of challenge that we come together as a community, and we are proud to lead your credit union during these unprecedented times.

The combination of economic challenges, increased loan defaults, operational costs, investment losses, and competitive pressures created a challenging environment for the credit union industry in 2024. ValleyStar faced significant financial challenges that resulted in a net loss of \$8.4 million. Losses in our indirect loan portfolio, reduced liquidity, and regulatory restrictions that affected our ability to fund commercial loans were among the many factors that impacted income during the year.

As these challenges began to come to light, the Board of Directors and Management Team began implementing strategies to help reduce further losses and increase liquidity. Rest assured that these financial challenges are being addressed, and your credit union remains strong and financially sound.

Maintaining the financial strength of your credit union is the foundation of all we do here at ValleyStar. A credit union's capital is a "rainy day fund" available to support operations, absorb losses, and facilitate growth. Our continued high levels of capital are a sound measure of our financial strength and ability to weather changes in the financial and economic environment.

The National Credit Union Administration considers a credit union with 7% net worth as "well-capitalized." Despite the losses experienced last year, the credit union ended the year with a strong net worth of 9.87%, well above the regulatory requirements set by the National Credit Union (NCUA).

We will continue to chart a path that will guide us through these losses and bring your credit union out even stronger at the end of this journey.

One thing that has not and will not ever change - our unwavering commitment to the communities we serve. ValleyStar continues to support local businesses, schools, and non-profit organizations that are at the heart of those communities.

In 2024, we launched a financial literacy program for the student athletes at Patrick & Henry Community College. Next year, the program will be offered to the entire student body. The ValleyStar Team held our annual all-staff meeting in January. During this meeting staff assembled and donated 25 bicycles to a local Boys and Girls Club. ValleyStar also recently committed to a donation to help build the new Martinsville YMCA which will have a major impact for years to come. These are just a few of the ways we continue to invest in the organizations that exemplify the credit union motto of "people helping people" and make a difference in the lives of the members we serve.

In closing, we would like to thank you for your trust and support during this challenging time. On behalf of the Board, Management, and employees of ValleyStar Credit Union, thank you for your loyalty and membership. We remain united in our mission to serve our members and build a brighter future for ValleyStar Credit Union.

Thank you for choosing us as your financial partner.



Mike Warrell

Mike Warrell President/CEO



James B. Rorrer

James B. Rorrer Board Chairman

Board of Directors



James B. Rorrer
Board Chairman



Betty Jo Ray
Vice Chairwoman



Jason Vipperman
Treasurer



Gregory Hill
Legislative Representative



David Deal
Secretary



G. Steve Isley
Director



Doug Nunn
Director



Nancy Phillips, Ph.D.
Director



Terry Young
Director



Richard Wood
Director Emeritus

Supervisory Committee



Sandy Strayer
Supervisory Committee Chairwoman



Cameron Cooper
Supervisor Committee



Sandy Hines
Supervisor Committee

Volunteers at Large



Whitney Armstrong Collins
Volunteer at Large



Michael Palmer
Volunteer at Large



Meghan Eggleston
Volunteer at Large

Supervisory Report

Dear Valued Members,

As we welcome a new year, we are proud to share that ValleyStar remains strong, resilient, and fully committed to providing tailored financial solutions that meet your needs. Our continued success is driven by an experienced and knowledgeable leadership team, board, employees, and the unwavering dedication to you—our members.

In a time of rising inflation and economic uncertainty, we want you to know that Valley Star is here to offer the stability and support you deserve. Your success remains our top priority because, as our core value states: "Member success is our success."

To uphold the highest standards of transparency and excellence, the Supervisory Committee partners with esteemed accounting firms—Doeren Mayhew CPAs and Advisors, and Brown, Edwards & Company. Their rigorous audits ensure full compliance with the National Credit Union Administration and the Commonwealth of Virginia State Corporation Commission.

Looking ahead, we remain focused on enhancing your financial well-being through innovation and convenience, making your experience with Valley Star even more seamless and rewarding.

As always, we welcome your feedback and ideas on how we can serve you better. Please don't hesitate to reach out to me or any member of the Supervisory Committee.

Thank you for your continued trust and membership. Together, let's embrace a year filled with opportunities to achieve your financial goals and strengthen our community.

Sincerely,



A handwritten signature in blue ink that reads "Sandy Strayer".

Sandy Strayer *Chairwoman, 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 Members,

On behalf of the Board of Directors, I report that 2024 was financially challenging for the Credit Union primarily due to the devaluation of used car values and the subsequent losses we, along with many of our peers, experienced this year.

Our year-end assets totaled \$585,256,925, an 11.50% decrease from 2023's total of \$661,272,106. Year-end deposits decreased to \$469,305,715 from \$519,603,555, a 9.68% decrease over 2023. Total net loans to members decreased \$71,936,245 to \$441,371,246.

The net loss was \$8,490,186, and total membership ended the year with 38,232 members. These totals reflect the credit union's challenges this year with loans made during the pandemic, primarily indirect auto loans.

Since its founding in 1953, the Credit Union has retained earnings of \$57,214,879 and remains above the peer average in all national credit union peer capital adequacy ratios. The 2024 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,



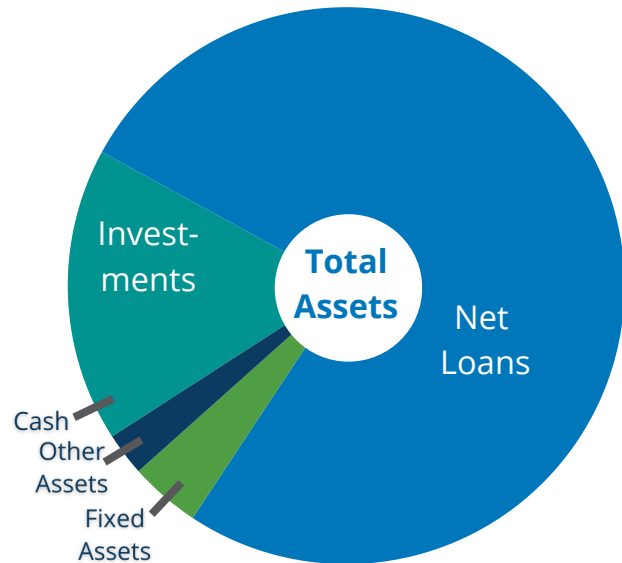
A handwritten signature in black ink, appearing to read 'J. Vipperman'.

Jason Vipperman *Treasurer*



Consolidated Statement of Financial Condition

As of December 31, 2024



TOTAL ASSETS

2020:	\$548,472,993
2021:	\$615,061,529
2022:	\$679,489,981
2023:	\$661,272,106
2024:	\$585,256,925

Comparative Financial Statements

TOTAL DEPOSITS

2020:	\$482,378,110
2021:	\$511,014,980
2022:	\$556,103,137
2023:	\$619,603,555
2024:	\$469,305,715

TOTAL LOANS

2020:	\$335,704,915
2021:	\$412,759,682
2022:	\$523,101,105
2023:	\$513,307,491
2024:	\$441,371,246

STATEMENT OF INCOME

For the period ended December 31, 2024

Assets	2024	2023
Cash	\$17,750,613	\$25,932,781
Investments	\$96,927,606	\$86,736,237
Net Loans	\$433,151,317	\$509,541,491
Fixed Assets	\$23,275,616	\$25,087,254
Other Assets	\$14,151,773	\$13,974,343
Total Assets	\$585,256,925	\$661,272,106
Liabilities	2024	2023
Total Liabilities	\$71,354,911	\$86,794,273
Equity	2024	2023
Member Shares	\$469,305,715	\$519,603,555
Other Equity	\$44,596,299	\$54,874,278
Liabilities & Equity	\$585,256,925	\$661,272,106

	2024	2023
Loan Income	\$30,760,670	\$32,062,771
Investment Income	\$2,954,460	\$2,853,120
Other Income	\$6,838,921	\$10,242,777
Total Gross Income	\$40,554,051	\$45,158,668
	2024	2023
Operating Expense	\$39,570,891	\$34,426,439
Net Operating Income	\$983,160	\$10,732,229
Non-operating Gain (Loss)	\$44,934	\$(497,473)
Net Income Before Dividends	\$1,028,094	\$10,234,756
Dividend Expense	\$9,518,280	\$8,723,206
Net Income (Loss)	\$(8,490,186)	\$1,511,550

Legislative Report

Dear Members,

Credit Unions are governed by laws. The future of credit unions is dependent upon the ability to understand and improve state and federal statutes. Our success or failure is dependent in large part upon our thorough understanding of the impact that legislative action has on credit unions and our members.

During the 2024-2025 election season, Donald Trump was elected President of the USA. Morgan Griffin was elected to the 9th Congressional district of Virginia. Elections play a crucial role in shaping the legal and economic environment in which credit unions operate. This underscores the importance of being actively involved in the political process.

Key Legislative priorities for ValleyStar and other Virginia credit unions include:

- Maintaining the tax-exempt status of credit unions so they can continue to promote access to affordable financial services
- Modernizing Bank Secrecy Act (BSA) reporting thresholds from \$10K to \$60K
- Expanding small business credit access from \$50K to \$100K
- Enacting the Veteran Member Business Loan Act to exempt veterans from member business loan cap
- Modernizing Field of Membership restrictions allowing credit unions to expand membership beyond a common bond
- Modernizing Annual Meeting requirements to allow virtual meetings
- Reduce limitations on credit union loan maturities from 15 years to 20 years
- Reform the Consumer Financial Protection Bureau (CFPB) to place agency under the traditional congressional appropriations process and bring stronger oversight and accountability to financial regulation

The Virginia Credit Union Political Action Committee (VACUPAC) is a state-level, non-profit, non-partisan political action committee created by the Virginia Credit Union League and its affiliated credit unions. VACUPAC distributes funds to statewide political officials who support credit unions. It also works in conjunction with other federal political action committees to ensure that the interest of credit unions are supported at the federal level.

With the recent merger of the Virginia Credit Union League with the League of Southeastern Credit Unions & Affiliates (LSCU), VACUPAC funds are now more important than ever. Regulation permits VACUPAC to solicit and accept voluntary donations from any person who is a member of a credit union that has signed a "Permission to Solicit" form for the current year. You can help advance these critical credit union priorities by donating to VACUPAC. For more information on VACUPAC or to contribute please visit www.donorbox.org/vacupac.

Sincerely,



A handwritten signature in blue ink that reads "Gregory Hill". The signature is written in a cursive, flowing style.

Gregory Hill *CCUV Legislative Representative*

2024 Meeting Minutes

- I.** Chairman James Rorrer called the meeting to order at 5:51 pm at the New College Institute. He declared the meeting officially open.
- II.** An invocation was given by Justin Barnes.
- III.** The Chairman determined a quorum was present.
- IV.** A motion was made by Charles Speakman and seconded by David Bell to dispense with the reading of the 2022 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 Sandy Strayer gave the Supervisory Committee's report. Mrs. Strayer introduced the other members of the Supervisory Committee – Cameron Cooper and Sandy Hines. She also introduced the Volunteer-at-Large members – Whitney Armstong-Collins, Meghan Eggleston and Michael Palmer.
- 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 Member, Terry Young announced the Nominating Committee nominated Doug Nunn, Steve Isley and David Deal to serve three-year terms [2027]. Jason Vipperman was nominated to finish Norman Hill's unexpired term.

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 Member Terry Young announced the election of the previously named individuals for the terms previously designated.
- XIII.** President/CEO Mike Warrell announced the winners of the door prizes.
- XIV.** There being no further business, the meeting was adjourned at 6:25 pm.

In The Community

\$4,400,000+

Dividends given to ValleyStar Members in 2023.

\$1,141,000

Dollars invested in the community through scholarships, donations and sponsorships.

\$21,228

Dollars invested in the community through staff volunteerism.

\$500,000

Donated to Children's Miracle Network and Make-A-Wish through ValleyStar Rise Foundation. (1996–2024)



Scan Me Win Me Car Giveaway

(\$35,000± value)



Micro loans to consumers (463 loans for \$900,000)

To assist members in their daily life expenses.



Partnerships and Donations

To local Chambers of Commerce and civic organizations



\$28,000

Donation to P&HCC Athletics program



\$20,000

Sponsorship in Women of the Commerce Series



\$250 for Members

Who open a new checking with direct deposit



\$650,000

Sponsorship of Martinsville Speedway



\$60,000

Sponsorship of Dr. Pepper Park at the Bridges



\$35,000

In scholarships awarded to students at P&HCC



\$5,000

Sponsorship of Franklin County Humane Society



\$140,000 Commitment to Virginia Tech graduate capstone partnership



\$7,000

Sponsorship of Martinsville Mustangs

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

