



A large, stylized blue number '1' with a soft shadow, positioned to the right of a blue triangle.



2014

# Who we are

Star One Credit Union is one of Silicon Valley's largest, member-owned financial institutions.

We've been serving Santa Clara County for over

**59 years** with more than **93,000** members

worldwide. With Star One, you can

expect great personal service,

**above-average yields** on

deposits, and **below-market**

rates on loans.

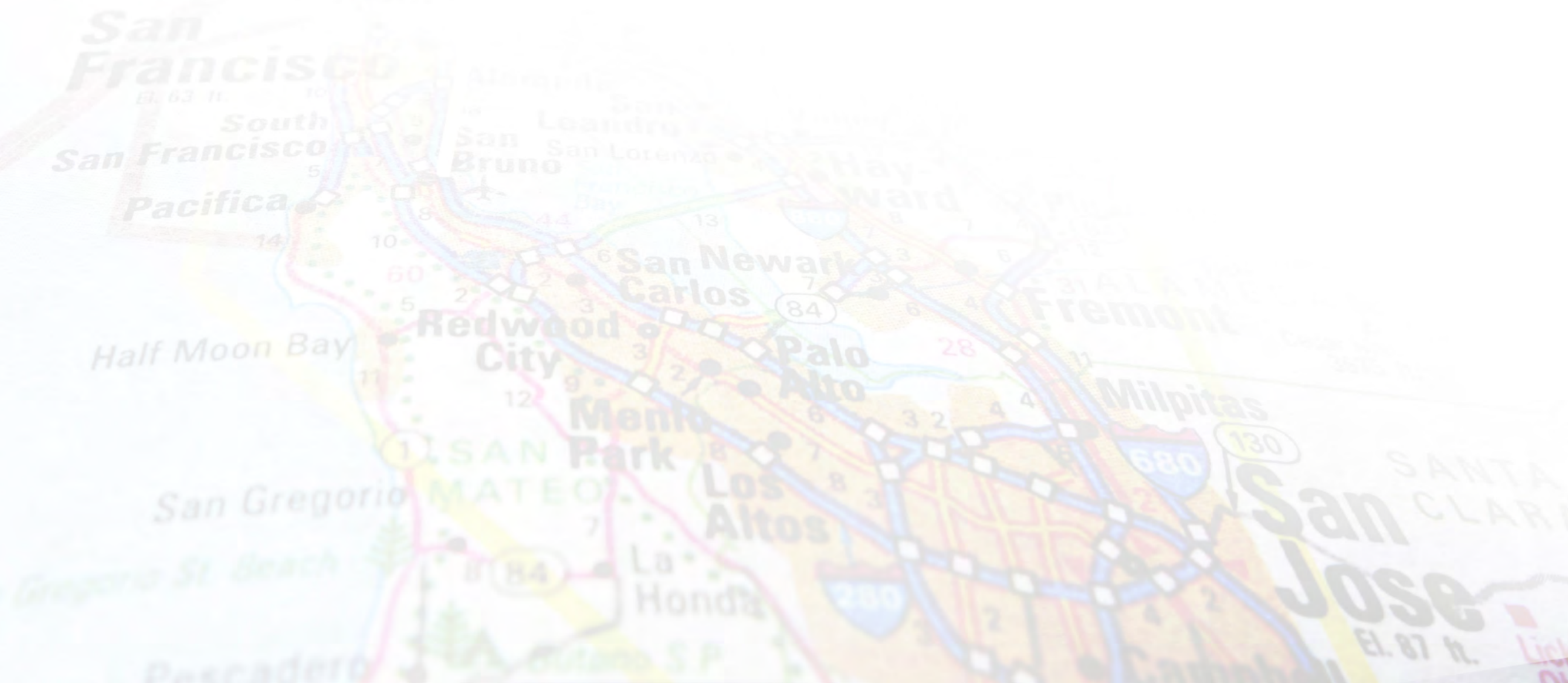


# Our mission

Help members improve  
their lives by delivering  
valuable financial services.



*Help members...*







# home

For many Americans owning their home is the American dream. In 2014, Star One provided over \$200 million in **first mortgage loans** to our members. As the Silicon Valley real estate market reached a sustained high demand for the third consecutive year, Star One offered a successful new **10-year mortgage program**.

Along with a variety of mortgage programs, we made it possible for our members to have a house they can now call their home.



*...improve*

*their lives...*



# auto

In 2014, Star One funded \$75 million in **Auto Loans**. Members benefit from Star One's lower-than-market **auto loan rates** and **extended terms up to seven years**. At Star One, we also understand that searching for the right car can be a time-consuming and frustrating process. Instead of spending valuable time visiting multiple dealerships and dealing with salespeople, Star One members can use



our **complimentary Personal Auto Shopper Service** to help them find the right vehicle. Convenience, savings and excellent service are what we strive to provide our members on a daily basis.





*...valuable  
financial services.*



# MMSA

Despite the fact that we have been in an environment of protracted low rates for the last few years, Star One members are able to earn an interest rate of more than eight times the national average on their **Star One Money Market Savings Account**.<sup>†</sup> Plus, the account is completely liquid and accessible anytime, and securely **insured** to at least \$250,000 by the Federal Government. Star One is owned



by our members, so all of the profits goes back to them in form of higher yields on deposits and lower rates on loans. This is a testament to our commitment of delivering value to our members everyday.

<sup>†</sup>NATIONAL AVERAGE RATE FROM [WWW.BANKRATE.COM](http://WWW.BANKRATE.COM). RATE AS OF FEBRUARY 25, 2015 AND SUBJECT TO CHANGE.

# exemplary

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As a testament to Star One's commitment to member service, our **satisfaction** ratings<sup>†</sup> are consistently above 97%. Over the years, we have been dedicated and committed to delivering superior **products** and **services** to help improve our members' financial lives.

<sup>†</sup>ACCORDING TO AN INDEPENDENT STUDY.

# achievement

## “Excellent”

Star One was awarded the  
highest financial rating of A+  
— WEISS RATINGS

## “★★★★★”

Rated Superior with five stars  
based on safety and financial  
soundness  
—BAUER FINANCIAL, INC.

## “Superior”

Star One was awarded  
the highest financial rating  
—IDC FINANCIAL PUBLISHING, INC.





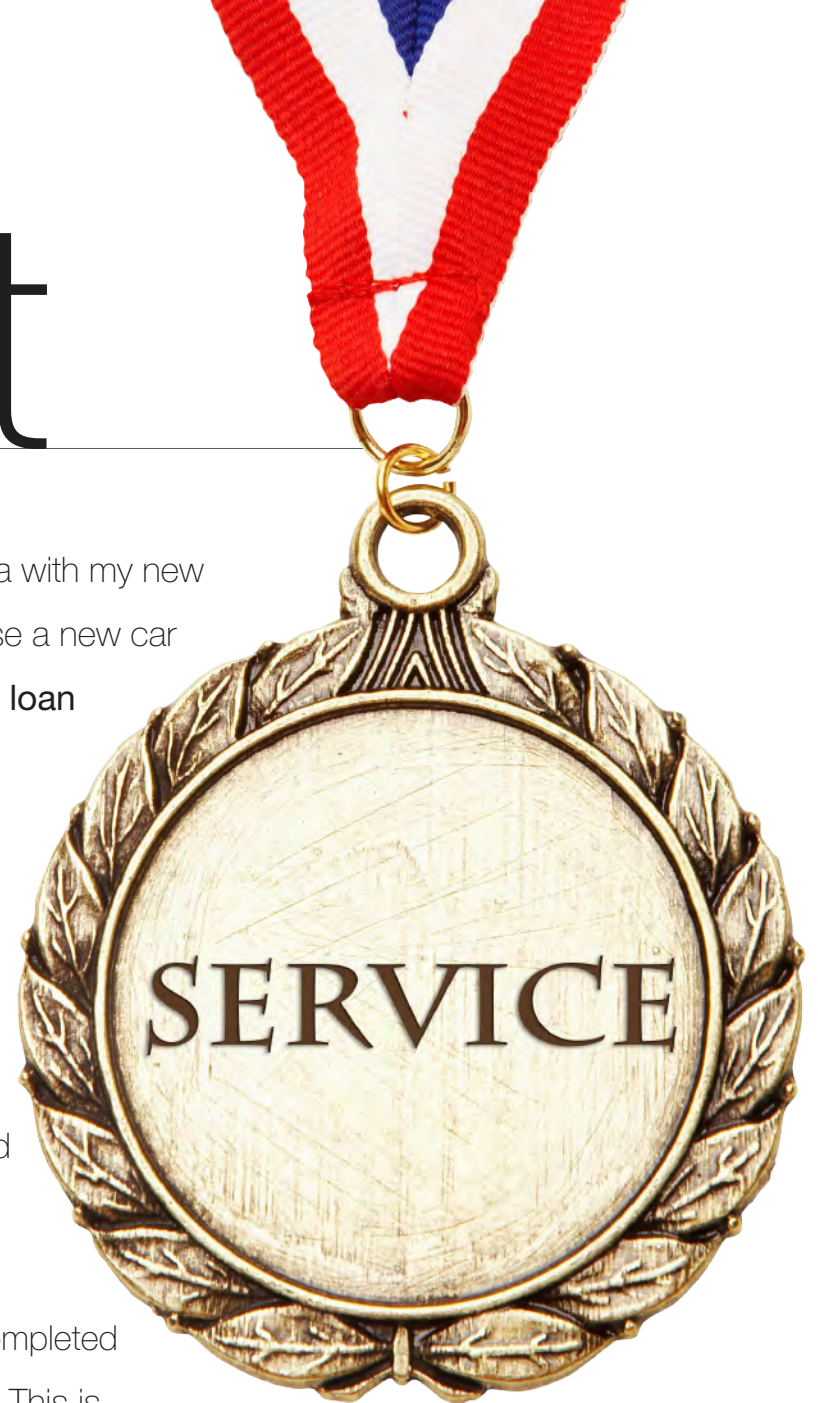
# excellent



I'm writing to commend the excellent service provided by Karolina with my new car loan. My wife and I were at a dealership in Virginia, to purchase a new car to replace our vehicle which had been totaled. I applied for a Star One **car loan** online at the dealership, using my electronic tablet, and was immediately approved. When I called Star One, I spoke with Joe, one of your Member Service Representatives and he explained how direct deposit and automatic payment discounts would further decrease the interest rate. He arranged for someone to call us and finish the loan process. Karolina returned our call soon after. Unfortunately, the dealership was slow in processing the paperwork. Karolina however, stayed in contact with us and communicated with the dealership throughout and into the following week, until the documents had been sent and were ready to be e-signed. Had the dealership done their part, the entire process could have been completed within 2 hours. My car loan process with Star One was simple and smooth. This is why I've maintained my Star One accounts the past 31 years.



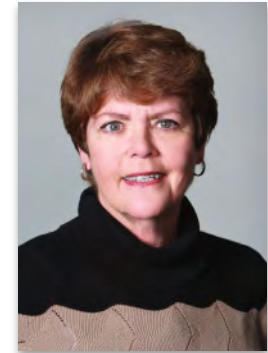
*Very respectfully, – John*





# BOARD REPORT

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GAE ADAMS  
CHAIR

Star One Credit Union continues to grow and deliver valuable **products** and **services** to our members. In 2014, Star One achieved balanced growth in loans, deposits and membership as well as strong return on assets. Our conservative management strategies and policies, the skills of our employees, and the commitment of our Board and Committees all combine to provide our members with valuable financial products that meet their changing needs.

Star One has grown to one of the strongest credit unions nationally. During a time when many institutions were increasing

their fees, Star One continued to offer products and services with low or no fees to serve the needs of our membership.

A large part of our growth in loans was due to new and existing members taking advantage of the low **loan rates** and the strong housing market. Star One continues to offer some of the lowest loan rates on conventional **real estate loans, home equity loans, auto loans, credit cards** and **student loans**. We maintain conservative lending policies and work to offer good value to our membership while maintaining balanced returns and risk levels for future growth of the Credit Union.

Growth was steady throughout the year. The competitive products we offer and the trust our members place in Star One to manage their financial services contributes to our continued growth. Much of the deposit growth came from members concerned about the safety and security of their deposits at other institutions. While the rate environment remains at one of the lowest points in our history, members find our rates to be very competitive without confusing terms and account fees charged by other institutions.

Star One continues to focus on service

• *Continues*

# BOARD REPORT

Continued

quality and believes it is a key component to our continued success. Our service quality scores outpaced our peers. Star One identifies and improves procedures that increase member service without creating undue risk to the Credit Union. Throughout the year, Star One conducts a series of surveys to evaluate member service across all our product lines and delivery channels. Star One employees rank higher than our peers for staff knowledge, accuracy and speed of service. Member satisfaction stands at 97%. Our national **ATM** and **Shared Branch** networks, as well as full service **Online Banking**, **Mobile Banking** and **Call Center** also provide convenient channels for members to access their accounts no matter where they are located.

Financial literacy and education are key components to helping members achieve their financial goals. Star One sponsored 15 different educational workshops throughout the year. These **free workshops** were well attended by members, their families and prospective members. They included such topics as Retirement Planning, First Time Home Buying, Mobile Banking, and Identity Theft Solutions to name a few. During 2014, Star One donated more than \$100,000 to 41 different local community groups and



non-profit organizations with employees and volunteers donating time and raising an additional \$20,000. Some of the groups included the Alzheimer's Association, American Cancer Society, Organs 'R' Us, Second Harvest Food Bank, Special Olympics, and Sunnyvale Community Services. Star One's Beneficiary and Retiree Services Department continues to work with community groups and government agencies to draw awareness to elder financial abuse.

As we look forward to 2015 and beyond, you can be assured Star One will grow and prosper. The Board, volunteers and staff are committed to maintaining Star One as a safe and sound financial institution while providing exceptional products and services to our members. The Board and employees will continue to work on all aspects of Star One's performance to ensure that it remains a respected, strong and sound financial institution for many years to come ■

# PRESIDENT'S REPORT

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RICK HELDEBRANT  
PRESIDENT & CEO

Star One is one of the strongest financial institutions in the nation. As a member, you can be assured our **commitment** to sound lending policies, conservative investment strategies and excellent member service continue to be a priority. While growth for growth's sake has never been our strategy, Star One has grown to become one of the largest credit unions in the nation.

Amid challenges throughout the year, Star One continues to outperform our peers locally and nationally. While many banks have seen extraordinary losses in their loan portfolios over the past few years,

unions nationally are experiencing significantly less. Star One delinquencies and charge-offs remain substantially lower than industry and peer institutions.

The low rate environment continues to squeeze margins on investments, loans and deposits and causes a challenging business environment. Star One is ranked as one of the most efficient credit unions nationally so a lower percentage of Star One's profits go to operating costs and are returned to our members in the form of higher interest on deposits, lower rates on loans and lower fees. Star One continues to rank in the 90th percentile for return to

member and efficiency. Many other institutions offer special deposit products for "new money only" and complicated pricing schemes. We believe this kind of strategy only hurts member loyalty in the long run. Star One maintains a strategy of offering an easy to understand product line without confusing pricing tiers or gimmicks. We consistently pay high yields on our deposit products while charging very competitive loan rates and minimal fees. In 2014, Star One granted over \$697 million in loans to members. More than 300 members took advantage of our

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# PRESIDENT'S REPORT

Continued.

**loan modification** process to reduce their rates on \$126 million in mortgage loans resulting in significant savings in interest charges and monthly payments. Many members took advantage of our **auto buying services** to purchase new and used cars as well as transfer their loans from other institutions to Star One. Nine hundred students have taken advantage of our **student lending** program with more than \$44 million in total outstanding loans. In November we revamped our credit card products and introduced our new **Visa Signature** and **Platinum Rewards** program. The program was well received by our members and we expect it to produce good results in future years. More than 60% of our member households utilize our **checking account**.

Star One members continue to move more towards our remote delivery channels, which provide greater convenience to members throughout the nation and beyond. In October, we introduced **Saturday hours** at our Stevens Creek branch. Our **ATM Network** has access to more than 800,000 machines worldwide, 30,000 surcharge-free nationwide, including 9,000 that accept deposits and 5,500 located at 7-Eleven stores. Our five Star One **branches** continue to see good activity by Bay Area members. Additionally, our Shared Branch Network



has more than 5,000 full service branches in 48 states. **Online Banking, Bill Pay** and **Mobile Banking** usage continues to grow. Over 40,000 members now use Online Banking, 8,800 use Bill Pay and over 10,000 use Mobile Banking. Our Mobile Deposit service continues to see strong growth. Using this service, members can deposit a check via their smartphone. In 2014 alone, members deposited over \$10 million remotely through this channel. In 2014 we enhanced Mobile Banking to include Visa card activation, the ability for members to update their personal

contact information as well as view their debit and credit card transactions from their smartphone. Members continue to use our website for educational research, evaluation of product offerings, to review transactions and to open additional accounts. Many members also use our website to apply and activate mortgage, auto and credit card loans from their home or work. Star One is always looking for more convenient ways for members to access their accounts. The Board and staff are committed to effectively and efficiently serving our members' needs ■



# TREASURER'S REPORT

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SCOTT DUNLAP  
TREASURER

While many financial institutions are struggling with high loan delinquency and low growth in deposits and loans, Star One achieved another strong year financially.

**Assets** grew 9.08% from \$6.60 billion in 2013 to \$7.20 billion in 2014. The Return on Assets for 2014 was 0.81%.

Membership increased 1.8% to 93,375. More than 52% joined from our community charter, another 41% joined through family members, while 7% joined through Lockheed Martin, Yahoo! and our other

member companies. Over the past few years we have seen very strong growth in new members coming from the Santa Clara County region.

**Deposits** grew more than \$306 million, up 6.70% from \$4.57 billion in 2013 to \$4.87 billion in 2014. Checking grew 13.52% to \$272 million. The Money Market Savings Account grew 7.55% to \$4.02 billion. Star One continues to pay higher deposit rates than most other financial institutions and does so without the “gimmick” products

many other institutions offer.

Loans grew 3.4%, to \$2.98 billion. The majority of the growth was in mortgage loans. Total real estate loans increased 3.16%, up more than \$80 million for the year. Many new and existing members took advantage of the lower mortgage rates and increasing housing market. Auto loans increased 9.3% to \$161 million as auto purchasing was up across the nation and many consumers were replacing their

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# TREASURER'S REPORT

Continued.

older vehicles. Student loans increased 8.1% to more than \$44 million. Consumer Loan Delinquency increased slightly from 0.17% in 2013 to 0.21% in 2014, but was substantially lower than our peers and 2009 levels at 0.96%. Our loan portfolio continues to perform much better than other credit unions and banks nationally.

Our investment portfolio continues to provide good returns while maintaining safety and security. Our investment portfolio yield is usually in the top 25% tier of other large credit unions nationally.

**Borrowings** increased to \$1.49 billion in 2014. Star One borrows funds



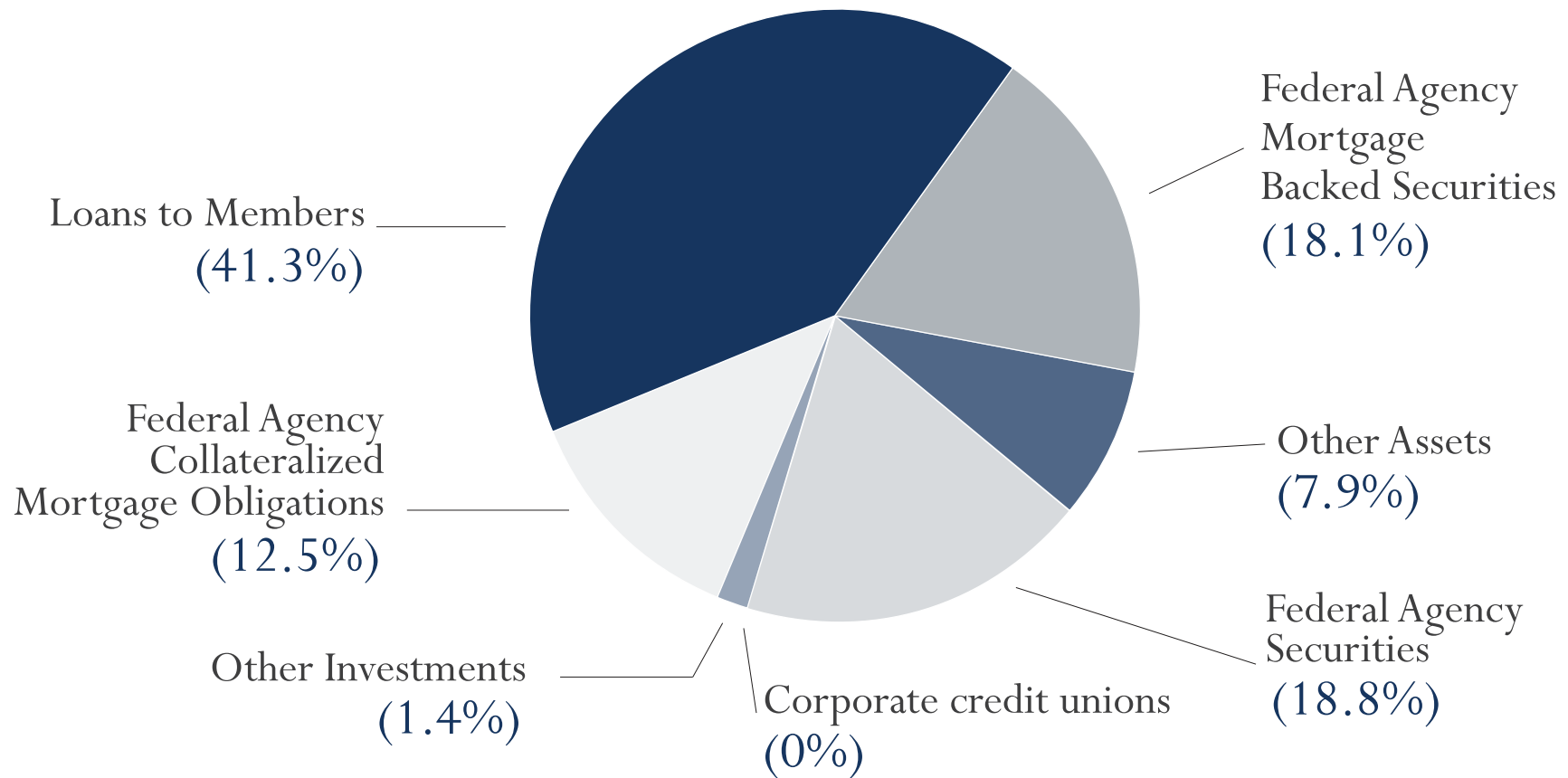
primarily to mitigate the interest rate risk associated with long-term fixed rate mortgages held in portfolio.

Our loyal membership and their extensive use of products, services and automated

delivery channels continues to provide the resources for Star One to thrive in difficult times and deliver lower priced loans, higher yielding deposits and automated services with no or low fees ■

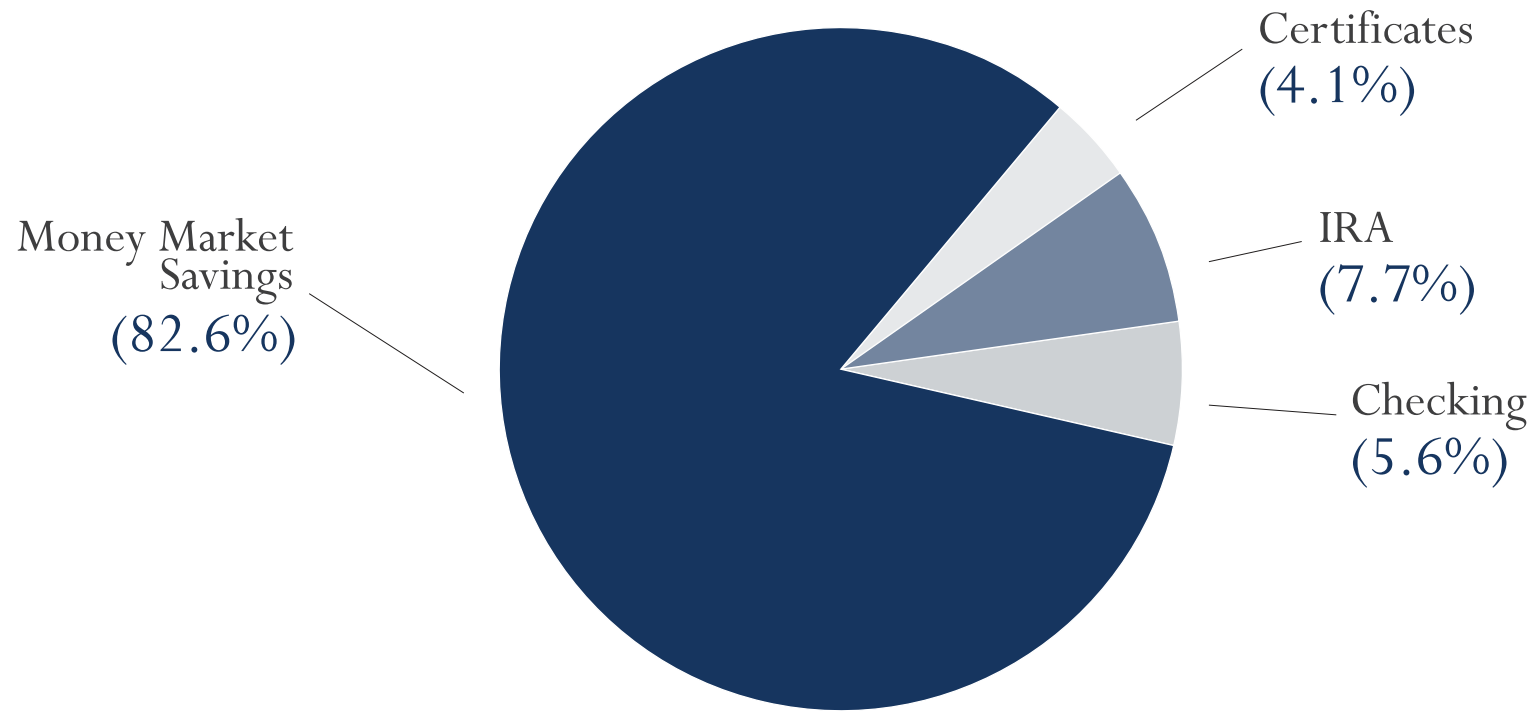
# Financial Information

## ASSETS



# Financial Information

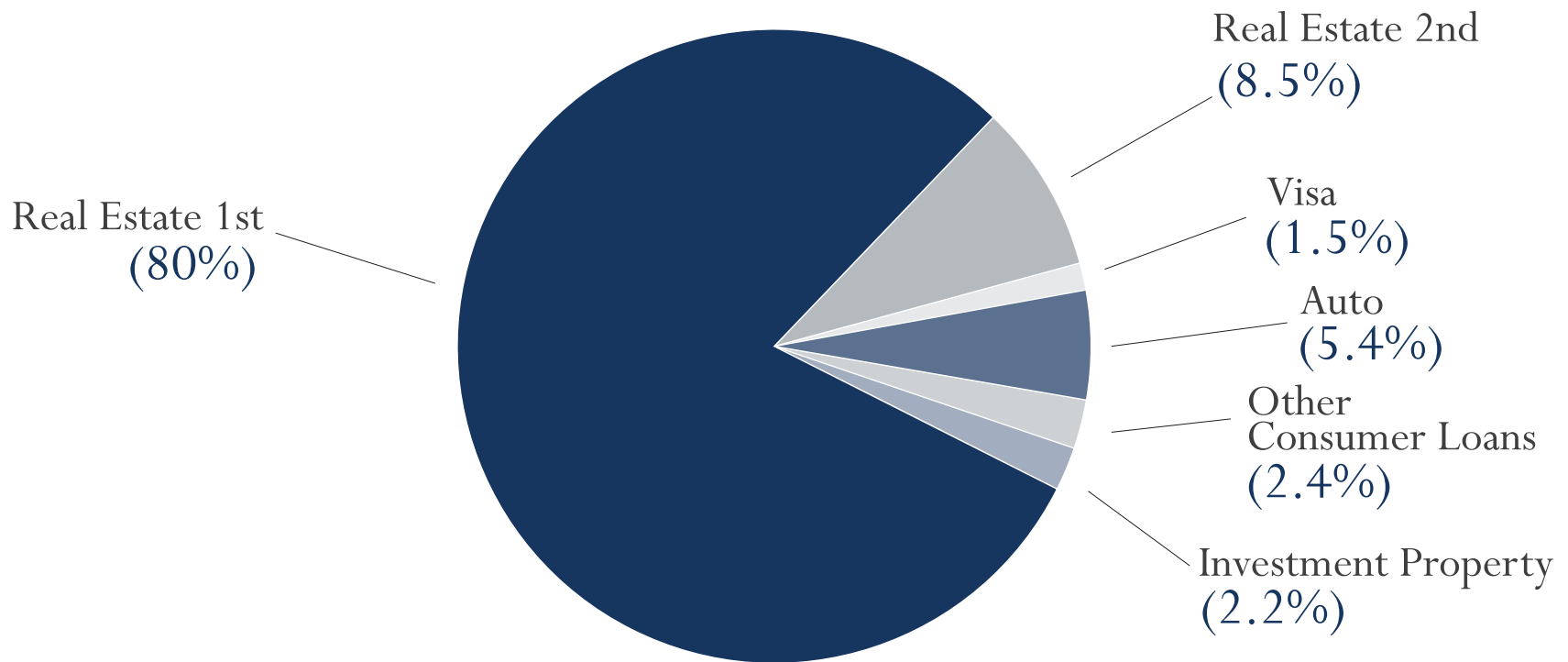
## SAVINGS





# Financial Information

## LOANS



# Comparative Financial Results

## Year End Summary

*in thousands*

	2014	2013	% Change
Total Assets	\$7,200,501	\$6,601,207	9.1%
Member Savings and Certificate Accounts	\$4,874,519	\$4,568,302	6.7%
Loans to Members	\$2,977,041	\$2,879,682	3.4%
Delinquent Loans	\$2,419	\$1,870	29.4%
Member Equity	\$796,281	\$725,508	9.8%
Cash and Investments	\$4,118,554	\$3,620,641	13.8%
Dividends Paid to Members	\$31,501	\$25,729	22.4%

## Statement of Financial Condition

*in thousands*

	2014	2013
<b>Assets</b>		
Cash and Investments	\$4,118,554	\$3,620,641
Loans to Members	\$2,977,041	\$2,879,682
<i>Less: Allowance for Loan Losses</i>	(4,552)	(7,234)
Land, Building & Equipment	\$11,697	\$11,669
Accrued Interest Receivable	\$17,677	\$16,787
Deposit-Share Insurance Fund	\$41,060	\$39,338
All Other Assets	\$39,024	\$40,324
<b>Total Assets</b>	<b>\$7,200,501</b>	<b>\$6,601,207</b>

	2014	2013
<b>Liabilities &amp; Member Equity</b>		
Member Savings & Certificate Accounts	\$4,874,519	\$4,568,302
Accounts Payable	\$7,637	\$5,107
Borrowed Funds	\$1,493,434	\$1,269,934
Regular Reserves	\$56,851	\$56,851
Undivided Earnings	\$742,911	\$687,206
Unrealized Gain (Loss) on Investments	\$9,262	(\$10,135)
Accumulated Other Comprehensive Income	(\$12,743)	(\$8,413)
Accrued Liabilities	\$28,630	\$32,355
<b>Total Liabilities &amp; Member Equity</b>	<b>\$7,200,501</b>	<b>\$6,601,207</b>

# Comparative Financial Results

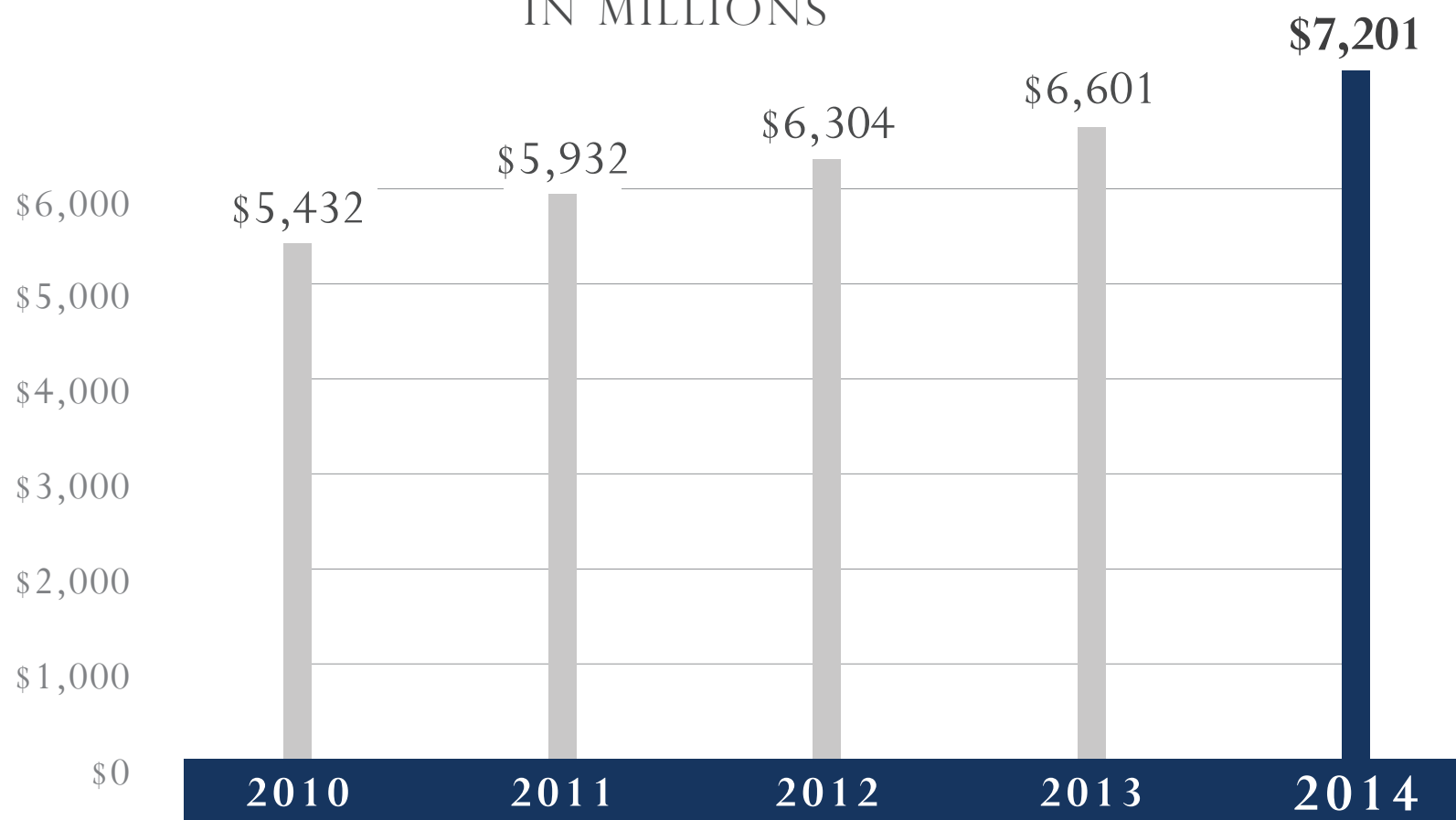
## Statement of Operations *in thousands*

<b>Income</b>	<b>2014</b>	<b>2013</b>
Interest on Loans	\$100,659	\$100,576
Investment Income	\$51,850	\$43,012
Other Operating Income	\$6,819	\$7,846
<b>Total Income</b>	<b>\$159,328</b>	<b>\$151,434</b>
<b>Operating Expenses</b>		
Employee Compensation	\$22,821	\$20,366
Office Occupancy	\$2,108	\$2,128
Office Operations	\$6,370	\$6,485
Loan Servicing	\$3,797	\$2,794
Professional & Outside Services	\$2,120	\$1,816
Provision for Loan Losses	(\$2,135)	(\$1,903)
Operating Fee	\$501	\$567
Other Operating Expenses	\$3,681	\$6,775
<b>Total Operating Expenses</b>	<b>\$39,263</b>	<b>\$39,028</b>
<b>Income from Operations</b>	<b>\$120,065</b>	<b>\$112,406</b>
Non-Operating Income (Expense)	\$131	\$26
<b>Net Income Before Distribution</b>	<b>\$120,196</b>	<b>\$112,432</b>
Dividends	\$31,501	\$25,729
Interest on Borrowed Money	\$32,990	\$33,215
<b>Added to Reserves &amp; Undivided Earnings</b>	<b>\$55,705</b>	<b>\$53,488</b>

# Financial Highlights

## TOTAL ASSETS

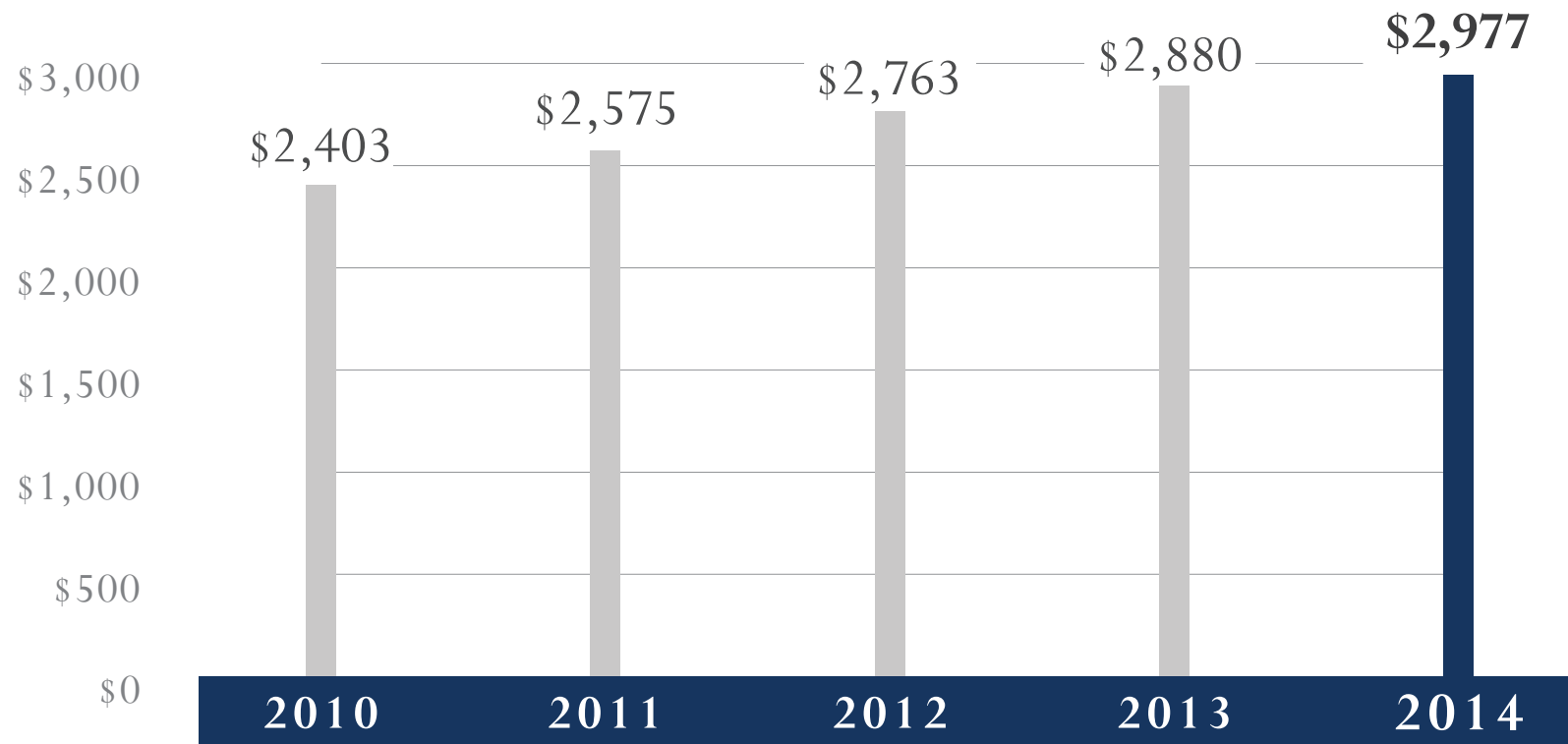
IN MILLIONS





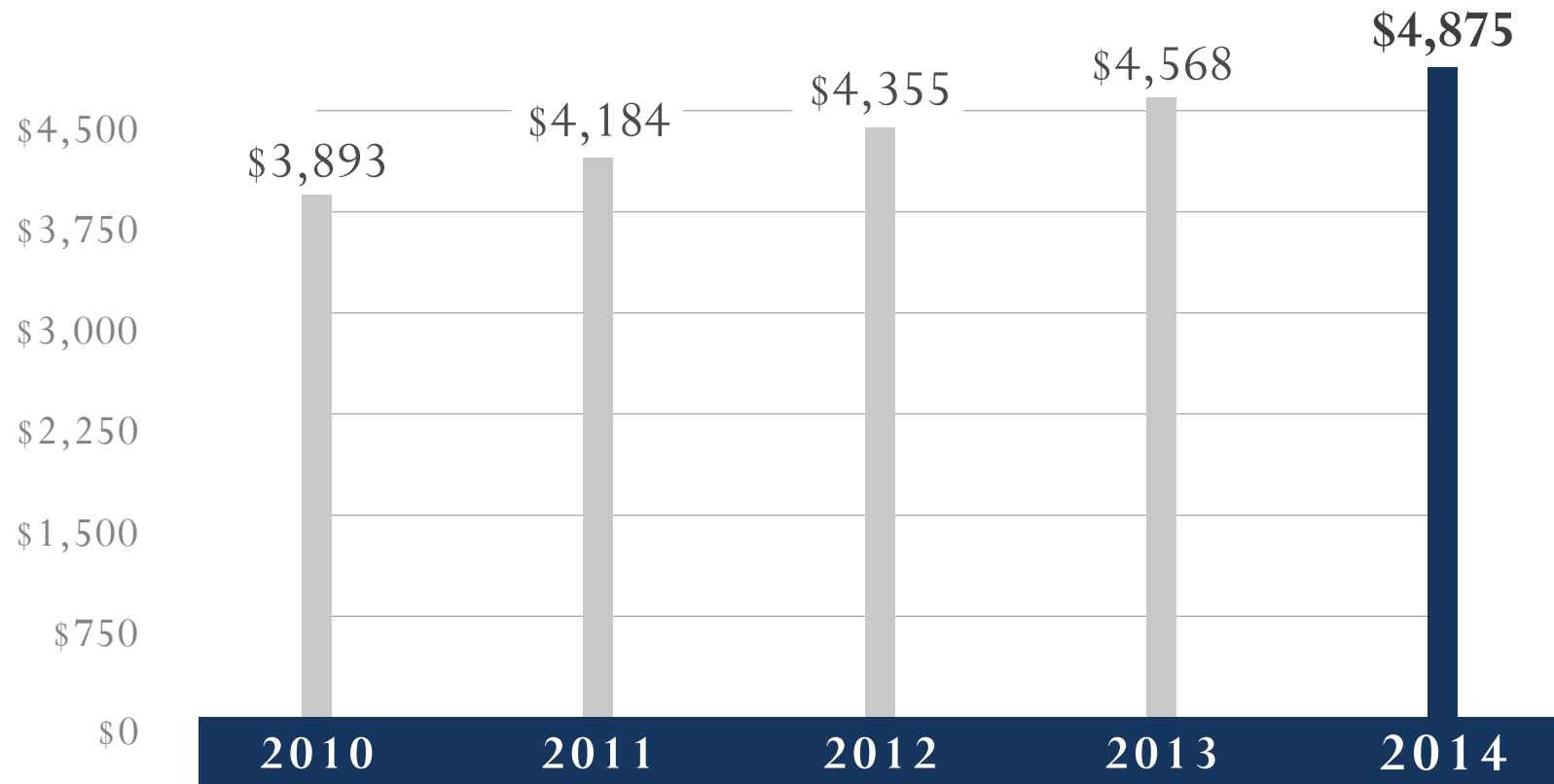
# Financial Highlights

## TOTAL LOANS IN MILLIONS



# Financial Highlights

## TOTAL SAVINGS IN MILLIONS



# SUPERVISORY COMMITTEE REPORT

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**RICHARD AOCHI**  
CHAIR

The Supervisory Committee's primary responsibility is to assure that internal operating controls are established and effectively maintained and that the Board of Directors' plans, policies and procedures are being properly administered by management. The 2014 internal audit program consisted of extensive evaluation of internal procedures and policies as well as the hiring of outside audit firms to provide third-party evaluation of selected Star One business practices.

Internal controls are in place to ensure the Credit Union's assets are protected and accounting data is accurate and reliable. They also promote operating efficiencies, provide safeguards against fraud, and confirm compliance with prescribed managerial policies, established procedures and applicable regulatory requirements.

During 2014, the Supervisory Committee directed a comprehensive 'risk based' audit program. Specific audit techniques

and methods were applied to operating processes selected for their risks across all of the Credit Union's products and services. The audit program consisted of audits conducted by Star One's Internal Audit Department as well as independent reviews conducted by contracted, specialized external audit firms.

Based on the reports from ongoing internal audit programs and the audits performed during the year by third-party

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# SUPERVISORY COMMITTEE REPORT

Continued.

firms, the Supervisory Committee reports that Star One is operating in a sound manner. Moreover, the Credit Union's internal controls are effectively maintained to reasonably ensure that the Board of Directors' plans, policies and procedures are being properly administered, and that the financial results are fairly and accurately represented in communications to the members ■





# Community Roots



# unity

Star One Credit Union is proud to be affiliated with the Santa Clara County community. In addition to providing quality financial products and services to members who live, work or attend school in the area, Star One **makes a commitment** each year to be a positive force through sponsorships, volunteerism and donations to various programs and organizations. A list of local events and **2014 benefactors** follows.



Assistance League of San Jose: Hug-A-Bear

ALS Association, Golden West Chapter

Alzheimer's Association: Silicon Valley Walk to End Alzheimer's

American Cancer Society

American Diabetes Association

American Heart Association: Wear Red Day

Autism Speaks: Light It Up Blue

Bay Area Cancer Connection

**Breathe California**



Cake4Kids

Crohn's & Colitis Foundation





Cystic Fibrosis Research Inc.: Golf Tournament

EHC LifeBuilders: Rivers of Chocolate Festival

Employment & Community Options

Family Giving Tree: Back-to-School & Holiday Drive

Family Supportive Housing, Inc.

Fresh Lifelines for Youth

Friends of Stevens Creek Trail: 20th Annual Trailblazer Race

Happy Hollow Foundation: 4th Annual Hoot & Howl Gala

**HEALTHTrust – Meals on Wheels**

Healthier Kids Foundation

HERS Breast Cancer Foundation

HomeFirst: Programs for Veterans







Humane Society Silicon Valley

Hope Services

KARA

Live Oak Adult Day Services

Lucile Packard Children's Fund

Lupus Foundation of Northern California

Morgan Autism Center

Operation Care & Comfort: Golf Tournament

Organs 'R' Us: Golden Gate Relay

Project Linus San José, CA/South Bay Chapter

Prostate Cancer Research — Stanford University

San Jose Day Nursery





Second Harvest Food Bank

Silicon Valley FACES

Special Olympics Northern California: 12th Annual Power Pull

Sunday Friends

Sunnyvale Community Services

Toys for Tots

■ — The Grateful Garment Project



# letters

“ Each year we help more people in need than the previous year and this year is no exception. Your financial support makes it possible for us to keep a roof over our clients' heads, utilities connected and nutritious food on the table.”

**MARIE T. BERNARD**  
EXECUTIVE DIRECTOR  
SUNNYVALE COMMUNITY SERVICES



“ Thank you for supporting the mission of Happy Hollow through sponsorship. You are also helping us reframe the story of the role of the modern zoo.”

**HEATHER LERNER**  
EXECUTIVE DIRECTOR  
HAPPY HOLLOW FOUNDATION

# letters



“Because you choose to support Second Harvest, the food bank has the resources each month to provide healthy food to our families. Without donors, none of this would be possible.”

**IRENE**

FOOD BANK CLIENT AND VOLUNTEER  
**SECOND HARVEST FOOD BANK**

“I want to thank you for giving me the gift of a pillow pet. I really like it. I hope you know that you made me very happy. You did not have to do this but thank you.”



**JESSICA**

AGE 9

**VIA FAMILY GIVING TREE**

# BOARD OF DIRECTORS

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**Gae Adams**

Chair

**David Daggett**

First Vice-Chair

**Dan Abihider**

Second Vice-Chair

**Scott Dunlap**

Treasurer

**Doug Flowe**

Secretary

**Jeff Gaut**

Assistant Secretary

**Bruce Bachant**

Director

**Marty Eng**

Director

**Patricia Humecke**

Director

**Bill Lewis**

Emeritus

**Jack McElravey**

Emeritus

# SUPERVISORY COMMITTEE

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**Richard Aochi**

Chair

**Cy Tabari**

Secretary

**Christina Goeas**

**Mojan Khaghani**

**Leslie Varr**

# BOARD/SUPERVISORY COMMITTEE ASSOCIATES

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**Ponprom Flynn**

**Melissa Henck**

**Triny Lee**

# MANAGEMENT

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**Rick Heldebrant**

President & CEO

**Gary Rodrigues**

Executive Vice President,  
Operations

**Brian Ross**

Executive Vice President,  
Finance & Administration

**Kevin Collins**

Senior Vice President, Loan Services

**Richard Aubrey**

Vice President, Treasurer

**Lynn Brubaker**

Vice President, Deposit Services

**Joe Fagenstrom**

Vice President, Marketing

**Koji Fukumoto**

Vice President, Audit

**Russ McAlpine**

Vice President, Information Systems

**Sandra Moix**

Vice President, Branch Services

**Margarete Mucker**

Vice President, Remote Services

**Regina Rutledge**

Vice President, Human Resources

**Ann Sebastian**

Vice President, Controller

# STAR ONE INFORMATION

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## DE ANZA BRANCH | CUPERTINO

10991 N. De Anza Boulevard,  
Cupertino, CA 95014

## EL CAMINO BRANCH | PALO ALTO

3903 El Camino Real  
Palo Alto, CA 94306

## BLOSSOM HILL BRANCH | SAN JOSE

1090 Blossom Hill Road  
San Jose, CA 95123

## STEVENS CREEK BRANCH | SAN JOSE

3136 Stevens Creek Boulevard  
San Jose, CA 95117

## ENTERPRISE BRANCH | SUNNYVALE

1080 Enterprise Way, Suite 150  
Sunnyvale, CA 94089

## ADMINISTRATION OFFICE

1306 Bordeaux Drive  
Sunnyvale, CA 94089

## MAILING ADDRESS

PO Box 3643  
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