

# A Decade Of Member Growth

2010

2011

2012

2013

2014

2015

2016

2017

2018



ANNUAL  
REPORT **2019**

*Improve each  
member's life by  
delivering valuable  
financial services.*

*Star One's Mission Statement*



**Since 1956 Star One consistently  
gives back to members and our  
community. When we do so, it  
strengthens us toward our mission.  
As we close this decade, we look  
back on the achievements we've  
made for, and with, our members.**



# Credit Union Growth

Star One ranks as the 16<sup>th</sup> largest credit union based on assets among over 5,300 credit unions in the nation.\* Through the last decade of our growth, strength and stability remain our trademarks.

## MEMBERS

## ASSETS

12/31/2009



83,578



\$5.11 B

12/31/2019



110,278



\$9 B



\* Reported by NCUA as of June 2019

# Membership Benefits

For the sixth year in a row, the Credit Union National Association honored Star One with the Member Benefits Top Performance Award for providing the highest direct financial benefits to our members.

## BENEFITS PER HOUSEHOLD

Estimated total direct financial benefits per member household.



2014\*

*\* during the twelve months ending September 2014.*



2019\*\*

*\*\* during the twelve months ending March 2019.*

## BENEFITS TO MEMBERSHIP

Estimated total direct financial benefits to Star One membership.



Membership Benefits



## Product Offerings

Since our doors have opened, Star One members have enjoyed a continually growing suite of financial products and services that aim to improve their lives. Here's a sample of some of the things we've made available just in the last 10 years.

- Rewards Checking with same interest as a Money Market Savings Account, free checks, and many other benefits
- Complimentary estate planning consultations and discounted living trusts through our partners at Affinity Trusts and Citadel Law
- Auto Buying services through our partners with the Enterprise Referral Program
- Access to Real Estate Agents, and a one-stop shop for searching, selling, or buying a home and earning a cash rewards through HomeAdvantage®
- Easy online loan application process

Product Offerings







## Product Offerings (continued)



- View FICO® Score in Online Banking for free
- Two new branches – in San Jose and Saratoga – to serve Santa Clara County
- 5/5 Adjustable Rate Mortgage (ARM) with the low payments of a traditional ARM and low adjustable caps for greater rate security
- Visa Signature Rewards Credit Card that earns 1.5 Rewards Points on every dollar spent, redeemable as travel, merchandise, gift cards or cash
- Undergraduate and Graduate Student Loans, including Student Loan Refinance Program

Product Offerings

# Member Service

Star One strives to provide **outstanding personal service** by treating every member as a unique and special individual. Long-term relationships are what help keep Star One strong and our members loyal.



## Great Credit Union!

I've been with Star One since 1974 when it was Lockheed Credit Union. Been very happy with the service all these years. I would especially like to thank Leticia of Customer Service who recently helped me and went out of her way to get me the info I needed. Thank you so much, Leticia. I so appreciate your diligence and commitment. Great work!!!

*Diana, Danville, California*



## One of the best life choices made

Considering everything the banking industry has done to consumers, it felt good to close my WF account and drive to the nearest Star One...Being a credit union member and supporting a local credit union instead of some impersonal mega bank feels great. Thank you Star One.

*Ex Army Member, San Jose, California*



Member Service



## *Community Involvement*

Nearly two years ago, Star One **increased the Community Involvement Committee budget from \$300,000 to \$500,000**, to further support worthy organizations in the local community.

In 2019, Star One doubled the number of winners of the Student Scholarship program **from five to 10** so that more students could receive money for tuition costs. Each student submitted applications and personal essays to be evaluated. **The winners received \$5,000 each.**



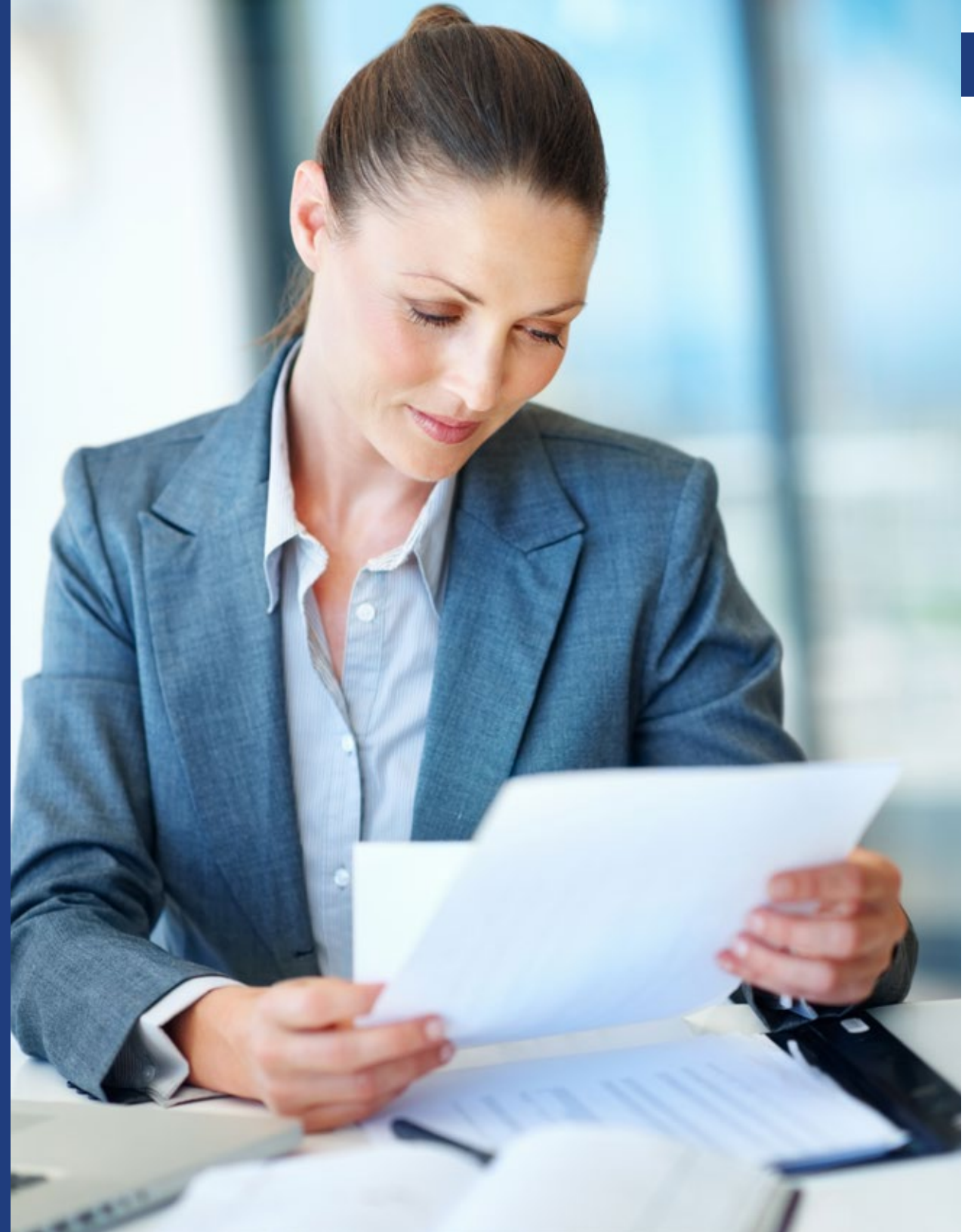


## *Financial Education*

Consider Star One your partner through the years and in every stage in your financial life. To prepare you to make the best financial decisions for you and your family, we offer live and web-based workshops, as well as online interactive financial education modules with EverFi – all at no fee to you. Members can discover more about topics such as IRAs, estate planning, credit reports, saving and budgeting, homeownership, ID theft and so much more.

Financial Education

# REPORTS





## Board Report

**The end of this year gave us a moment to reflect on the decades-long legacy that Star One has cultivated of strength, stability, and of giving back to members. In 2019, Star One saw some of the strongest growth we've seen in the history of the Credit Union. Our growth has never been just for growth's sake, or to satisfy Wall Street. As always, our success stands on sound research and judgment, with policies that reflect our utmost commitment to protecting the wealth and security of each member. This approach has ensured our stability for over 60 years.**

The cooperative nature of credit unions allows them to distribute profits back to the membership. Star

One is no exception – members receive profits back in the form of higher returns, lower loan rates, nominal or no fees, and innovative technologies to make “banking” more convenient and secure for everyone. Unlike paid shareholders, the Star One Board of Directors willingly volunteer their time and experience to make decisions that benefit the members. Together with Star One staff, we comprise decades of experience from a myriad of professional backgrounds to guide the Credit Union.

One of the points of our focus this year was member service. It's our goal to exceed our members' expectations and Star One relies on various methods to measure the quality of service we provide. Transaction surveys, Mystery Shopper programs, and the



**Doug Flowe**  
*Chair*





# Board Report *continued*

Member Advisory Group where local members provide feedback to our branch managers, are just some of the ways we learn about members and improve. As the internet becomes more of a trusted source of vetting, Star One is also paying close attention to online reviews, including anonymous Power Reviews on our own site, to enhance the already excellent service we are providing.

Member education and awareness has always been another sharp focus at Star One. Through our partnership with EverFi, members of all ages can access engaging, interactive financial education modules on our website at no cost to them. The Elder Financial Abuse Prevention modules especially raise awareness to help protect one of the most vulnerable

segments of our membership. Plus, every year, Star One hosts multiple live and online educational workshops about topics of retirement and legacy planning, preparing and paying for college, IRAs, buying a home or auto, cyber security, and much more.

With an increased budget of \$500,000 for community contributions, Star One made an even bigger impact in the communities around us. In total, Star One donated \$511,966 in 2019 to local organizations who provide resources and assistance to individuals and families in Santa Clara County. Of that total, Star One employees contributed \$11,966 in financial and in-kind donations and volunteered numerous hours of personal time to organizations which support various worthy causes. It's

a badge of honor, so to speak, to be recognized by the Silicon Valley Business Journal as one of the 50 leading supporters of Silicon Valley's nonprofit organizations, and by the San Francisco Business Times as a Top 100 Corporate Philanthropist. Star One recognizes that upholding the surrounding community ultimately advances us all.

As we look forward to 2020, the Board is ready to overcome new challenges and seize the opportunities to grow Star One into an even stronger Credit Union for all members.



**It's a badge of honor, so to speak, to be recognized by the Silicon Valley Business Journal as one of the 50 leading supporters of Silicon Valley's nonprofit organizations, and by the San Francisco Business Times as a Top 100 Corporate Philanthropist.**

## President's Report



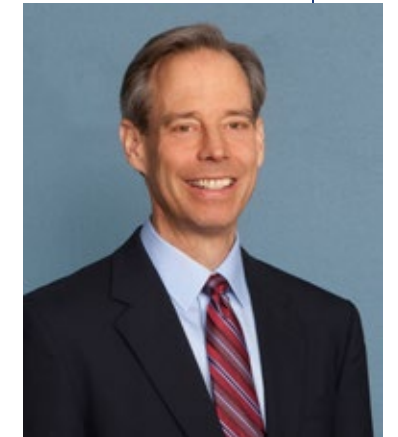
**2019 was full of successes and milestones that we are proud to have achieved. Star One employees, leadership, and the Board have once again worked hard to deliver valuable financial services to improve each member's life. Our members keep us on mission – you are the reason for our successes.**

Once again, the Credit Union National Association (CUNA) awarded Star One the Member Benefits Top Performance Award. We are pleased to earn this distinction for the sixth consecutive year. According to CUNA, Star One's annual benefits per household as compared to an average bank increased to \$3,005 for the 12 months ending March 2019 – the highest ever

reported by Star One and CUNA. Total direct financial benefits delivered to all of Star One's members were \$147,666,735. Since these benefits are calculated as averages, loyal members who use Star One extensively often receive total financial benefits that are much greater.

We granted more loans in 2019 than any previous year. Real estate loans totaling \$973 million and \$390 million of automobile and other consumer loans were granted. Charge-offs remained low at .01%. Savings, checking and other deposit accounts grew to \$7.47 billion. Members opened 8,466 new memberships.

2019 was a watershed year in real estate lending as mortgage interest rates decreased. Members who wished to take advantage of falling rates without having to do



■ **Gary Rodrigues**  
*President & CEO*

# President’s Report *continued*

a costly and time-consuming refinance were able to use our Modification Program. The Wall Street Journal featured Star One as an industry leader in this arena and quoted our VP of Marketing, Joe Fagenstrom, who remarked: “The Rate Modification Program creates loyalty with our members, provides a valuable service, and reduces churn in the portfolio.”

Members can face many challenges when buying a home, especially in the Bay Area. To help first-time home buyers, Star One offered special low down-payment

options, reduced Private Mortgage Insurance (PMI) premiums, flexible loan terms, and appraisal-fee refunds of up to \$500. Recognizing the unique Bay Area market, Star One offered a maximum real estate loan amount of \$5,000,000.

At Star One, we are interested in serving members at any stage of life. For students and their parents, we offer a Student Loan Refinance Program to help save money by consolidating private and federal student loans. For families and their legacies, we partner with Affinity Trusts to provide free

estate planning consultations and discounted professional estate planning services. And for everyone in between, we offer a range of IRAs, education savings accounts, student accounts, home, auto and personal loans, a robust Visa Rewards Credit Card, and so much more.

Members are increasingly relying on remote channels to manage their finances. So we work to improve these channels while keeping them secure and convenient. In 2019, we rolled out the new, optional Bill Management tab in Online and Mobile Banking which features an enhanced bill payment interface and improved functionality. Later in the year, we made external funds transfers quicker by eliminating the standard transfers, which

cut transfer time from three to five business days to now only one or two. Additionally, fees for the transfers were eliminated.

I hope you experience fully the value of your Star One membership. The year ahead holds many more possibilities of achievements and important milestones and we look forward to reaching them together.

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## Treasurer's Report

**Star One achieved another strong year financially. The Return on Assets for 2019 was 0.51%. Our Net Worth ratio remains strong at 11.93%. Our federal regulator considers a credit union with a ratio of 7.00% or higher to be well capitalized.**

Star One's total assets increased during the year, growing 5.9%; assets excluding borrowed funds grew 9.78% from \$7.88 billion in 2018 to \$8.65 billion in 2019. Borrowed funds decreased \$266 million to \$419 million in 2019. Star One does not borrow funds to leverage more earnings, but rather to mitigate the interest rate risk associated with long-term fixed-rate member mortgages held in our portfolio.

Membership increased 3.98% to 110,278. A record 8,466 new members joined Star One during 2019 compared to 8,169 in 2018. This was the highest membership growth in our history. More than 59% joined from our community charter, another 37% joined through family members, while 4% joined through member companies. Over the past few years we have seen very strong growth in new members coming from Santa Clara County.

Deposits grew \$630 million, up 9.22% from \$6.84 billion in 2018 to \$7.47 billion in 2019. Checking increased 4.81% to \$434 million. Money Market Savings Accounts grew 9.37% to \$6.31 billion. Certificates of Deposit grew 21.05% to \$341 million. Star One continues to pay higher deposit rates than most



**■ Scott Dunlap**  
*Treasurer*

Treasurer’s Report *continued*

**” Many new and existing members took advantage of Star One’s low real estate loan rates as home prices continue to increase. Total first real estate loans increased 11.28%, up \$350.7 million for the year. Our loan portfolio continues to perform much better than other credit unions and banks both locally and nationally with a net charge-off to average loans ratio of .03%.**

other financial institutions and does so without the “gimmick” products many other institutions offer.

Loans grew 9.23%, to \$4.32 billion. Auto loans increased, up 2.6% or \$7 million. Consumer loan growth was 0.26%. Consumer loan delinquency remained low at 0.19% in 2019. Many new and existing members took advantage of Star One’s low real estate loan rates as home prices continue to increase. Total first real estate loans increased 11.28%, up \$350.7 million for the year. Our loan portfolio continues to perform much better than other credit unions and banks both locally and nationally with a net charge-off to average loans ratio of .03%. Our investment portfolio provides

strong returns while maintaining safety and security. Star One does not invest in subprime debt.

Star One continues to thrive and provide valuable financial services to our members throughout California and the nation. Our loyal membership and their extensive use of products, services and automated delivery channels provide the resources for Star One to be one of the most successful credit unions in the nation.



# Supervisory Committee Report

**The Supervisory Committee’s primary responsibility is to assure that Star One has effective internal operating controls and that the Board of Directors’ plans, policies and procedures are being properly administered by management. The 2019 internal audit programs consisted of an extensive evaluation of internal procedures and policies as well as the hiring of outside audit firms to provide third-party evaluations of selected Star One business practices.**

Internal controls are in place to ensure the Credit Union’s assets are protected and to verify the accuracy and reliability of Star One’s accounting data. They also promote operating efficiencies, provide safeguards against fraud, and

ensure compliance with prescribed managerial policies, established procedures, and applicable regulatory requirements. During 2019, 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 Supervisory Committee contracted with specialized external firms to perform independent reviews.

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



**Christina Goeas**  
*Chair*

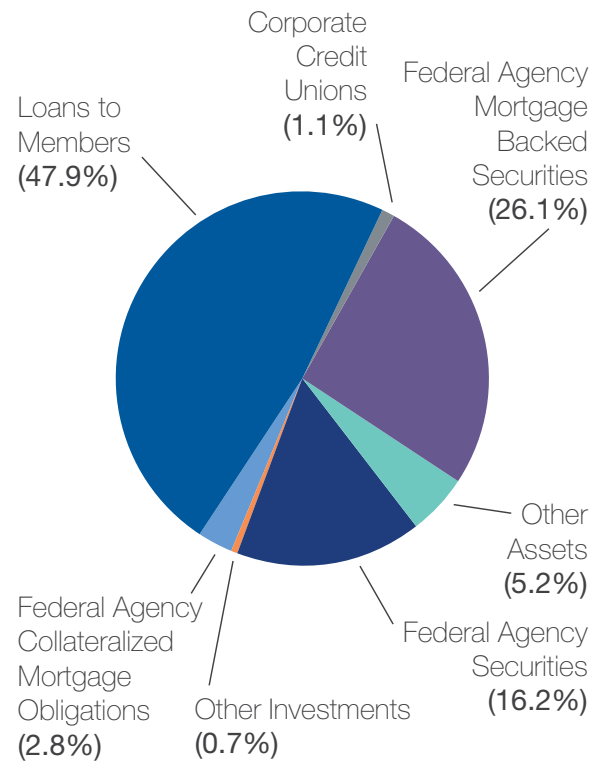


# FINANCIAL STATEMENT

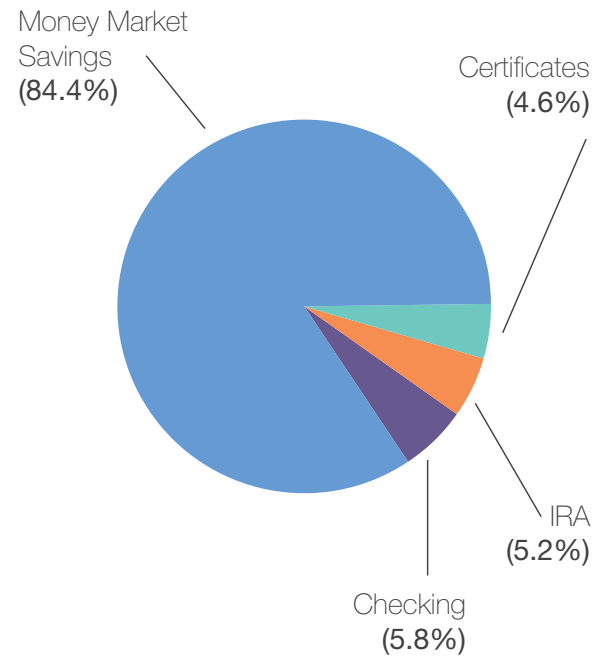


# FINANCIAL INFORMATION

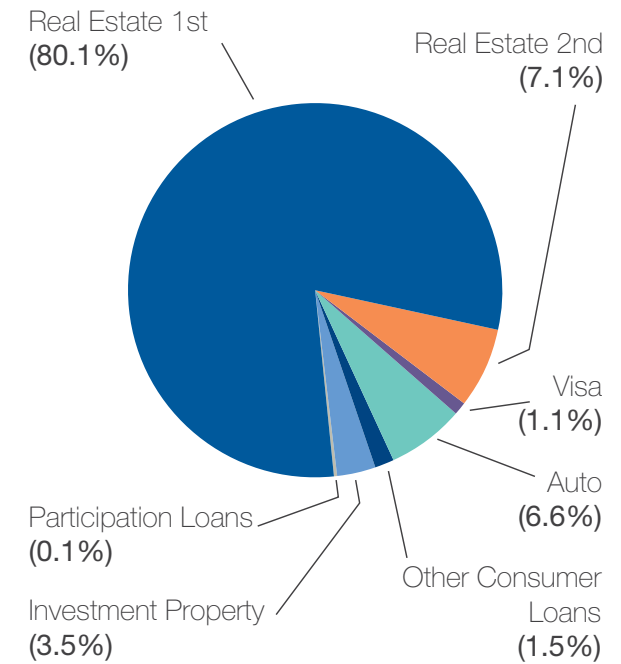
## ASSETS



## SAVINGS



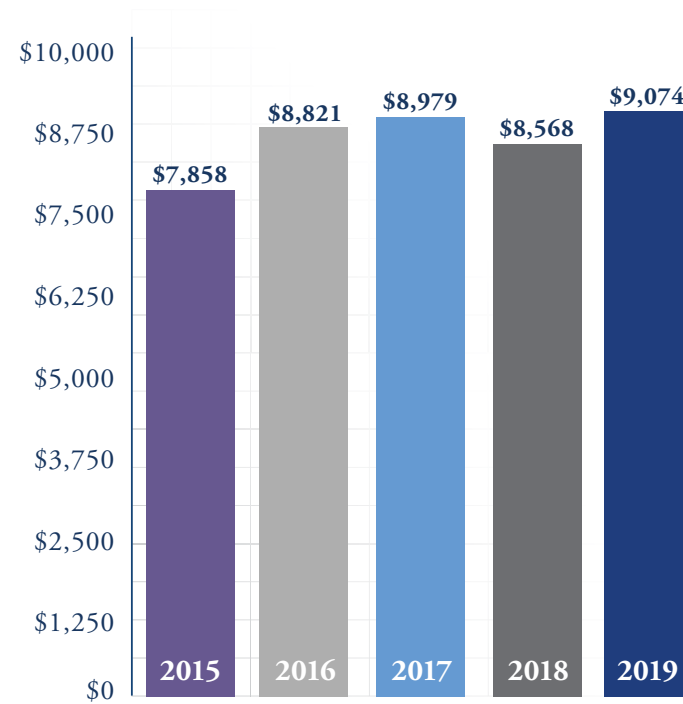
## LOANS



# FINANCIAL HIGHLIGHTS

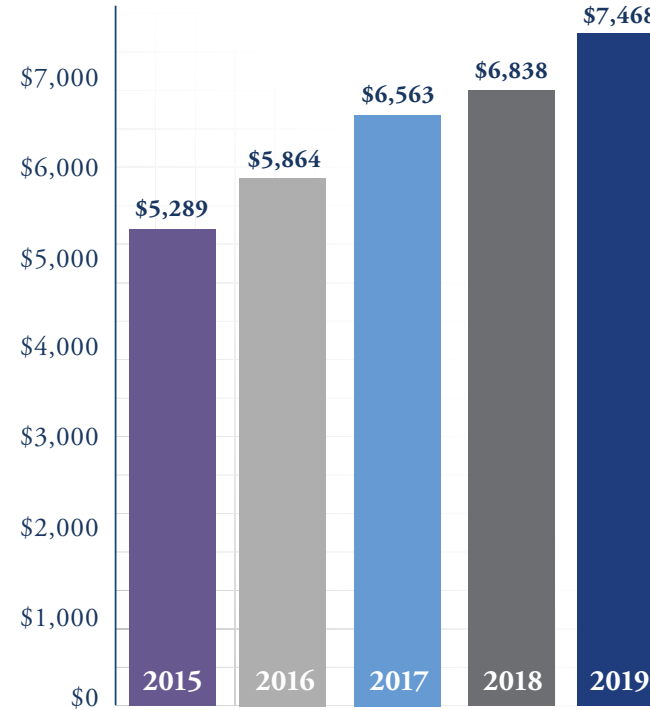
## TOTAL ASSETS

IN MILLIONS



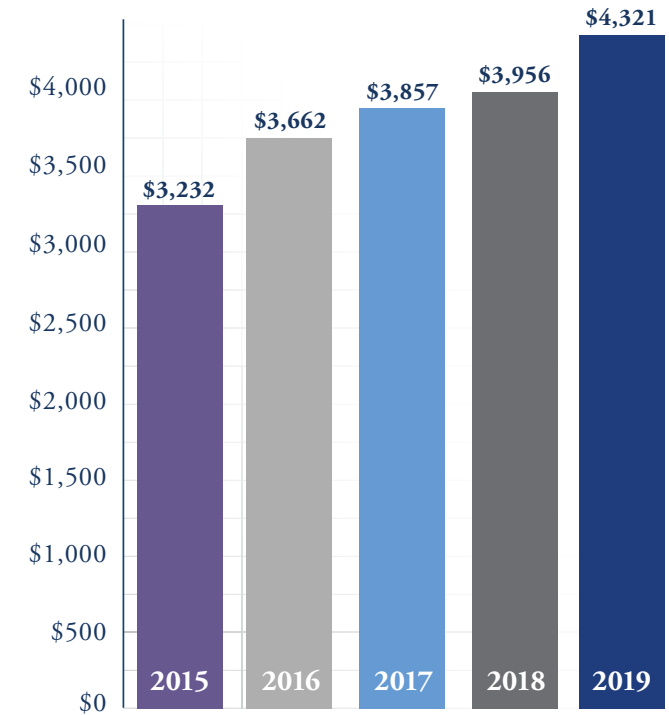
## TOTAL SAVINGS

IN MILLIONS



## TOTAL LOANS

IN MILLIONS





# COMPARATIVE FINANCIAL RESULTS

## Year End Summary IN THOUSANDS

	2019	2018	% Change
Total Assets	<b>\$9,073,632</b>	\$8,568,191	5.9%
Member Savings and Certificate Accounts	<b>\$7,467,766</b>	\$6,837,566	9.2%
Loans to Members	<b>\$4,321,231</b>	\$3,956,119	9.2%
Delinquent Loans	<b>\$2,980</b>	\$2,542	17.2%
Member Equity	<b>\$1,105,161</b>	\$990,971	11.5%
Cash and Investments	<b>\$4,504,544</b>	\$4,403,993	2.3%
Dividends Paid to Members	<b>\$130,588</b>	\$97,069	34.5%

## Statement of Financial Condition IN THOUSANDS

### Assets

	2019	2018
Cash and Investments	<b>\$4,504,544</b>	\$4,403,993
Loans to Members	<b>\$4,321,231</b>	\$3,956,119
Less: Allowance for Loan Losses	<b>(\$5,322)</b>	(\$4,766)
Land, Building & Equipment	<b>\$13,411</b>	\$14,232
Accrued Interest Receivable	<b>\$24,693</b>	\$26,559
Deposit-Share Insurance Fund	<b>\$57,476</b>	\$54,582
All Other Assets	<b>\$157,599</b>	\$117,472
<b>Total Assets</b>	<b>\$9,073,632</b>	<b>\$8,568,191</b>

### Liabilities & Member Equity

	2019	2018
Member Savings & Certificate Accounts	<b>\$7,467,766</b>	\$6,837,566
Accounts Payable	<b>\$6,601</b>	\$8,025
Borrowed Funds	<b>\$419,400</b>	\$684,900
Regular Reserves	<b>\$56,851</b>	\$56,851
Undivided Earnings	<b>\$1,025,678</b>	\$980,448
Unrealized Gain (Loss) on Investments	<b>\$23,956</b>	(\$63,479)
OCI Derivative Market Gain/(Loss)	<b>\$21,167</b>	\$31,372
Accumulated Other Comprehensive Income	<b>(\$22,491)</b>	(\$14,221)
Accrued Liabilities	<b>\$74,704</b>	\$46,729
<b>Total Liabilities &amp; Member Equity</b>	<b>\$9,073,632</b>	<b>\$8,568,191</b>

## COMPARATIVE FINANCIAL RESULTS

### Statement of Operations IN THOUSANDS

Income	2019	2018
Interest on Loans	\$155,061	\$142,053
Investment Income	\$90,864	\$87,207
Other Operating Income	\$10,911	\$12,037
<b>Total Income</b>	<b>\$256,836</b>	<b>\$241,297</b>
<b>Operating Expenses</b>	<b>2019</b>	<b>2018</b>
Employee Compensation	\$33,393	\$32,118
Retirement Plan Valuation	\$4,521	\$686
Office Occupancy	\$2,974	\$2,820
Office Operations	\$7,580	\$7,937
Loan Servicing	\$6,810	\$5,859
Professional & Outside Services	\$5,032	\$4,519
Provision for Loan Losses	\$1,746	\$1,059
Operating Fee	\$581	\$535
Other Operating Expenses	\$5,517	\$5,138
<b>Total Operating Expenses</b>	<b>\$68,154</b>	<b>\$60,671</b>
<b>Income from Operations</b>	<b>\$188,682</b>	<b>\$180,626</b>
Non-Operating Income (Expense)	(\$371)	\$320
<b>Net Income Before Distribution</b>	<b>\$188,311</b>	<b>\$180,946</b>
Dividends	\$130,588	\$97,069
Interest on Borrowed Money	\$12,493	\$24,365
<b>Added to Reserves &amp; Undivided Earnings</b>	<b>\$45,230</b>	<b>\$59,512</b>

*continued*



# COMMUNITY IMPACT



The entire Star One family, from employees to management and Board, recognizes the importance of contributing to the community we serve and being a strong corporate citizen. Through direct financial donations and other in-kind contributions and by participating in local public service activities, Star One is an active partner with these organizations throughout Santa Clara County.





# 2019 Benefactors

**Acknowledge Alliance** ■ Alzheimer's Association ■  
American Cancer Society ■ American Diabetes Association ■  
American Heart Association ■ Animal Assisted Happiness ■  
Assistance League of San Jose ■ **Avenidas** ■ Bay Area Cancer  
Connections ■ Bill Wilson Center ■ Cake4Kids ■ **Cancer**  
**CAREpoint** ■ Canine Companions for Independence ■ Child  
Advocates of Silicon Valley ■ Citizen Schools ■ Crohn's and  
Colitis Foundation of America ■ Cystic Fibrosis Research, Inc. ■  
Downtown Streets Inc. ■ Family Giving Tree ■ Family Supportive  
Housing, Inc. ■ Friends of Stevens Creek Trail ■ Happy Hollow  
Foundation ■ Health Trust: Meals on Wheels ■ HomeFirst ■  
Jacob's Heart Children's Cancer Support Services ■ Live Oak  
Adult Day Care ■ Lucile Packard Foundation for Children's Health



# 2019 Benefactors



■ Marine Toys for Tots ■ Martha's Kitchen ■ Morgan Autism Center ■ NAMI Silicon Valley ■ NephCure Kidney International ■ Operation Care & Comfort ■ Organs 'R' Us ■ Pancreatic Cancer Action Network ■ President & Board of Trustees of Santa Clara College ■ Prostate Cancer Research at Stanford University ■ Sacred Heart Community Services ■ San Andreas Regional Center ■ **Saratoga Area Senior Coordinating Council** ■ Second Harvest Food Bank ■ Sunnyvale Community Services ■ The Leukemia & Lymphoma Society ■ The Tech Museum of Innovation ■ VMC Foundation ■ West Valley Community Services

**2019** Benefactors *continued*

”

While you may never know the families you've helped with your kindness, please know that your generosity is providing tools and resources to help patients and their families reduce the stress and anxiety that comes with a cancer diagnosis and to have the highest quality of life.

“Cancer CAREpoint was there for me. It was a comfort to know that I was not alone - that there was a place with all these services for me that weren't available anywhere else” ~ Anna

**Corrine Fabie**  
Board Chair  
Cancer CAREpoint

**Rob Tufel**  
Executive Director  
Cancer CAREpoint



Letters from the  
Community

”

Your contribution is very much appreciated! You have shown a great sense of community and sharing that seniors in Saratoga and surrounding communities can be proud of. You are an excellent example of what it means to make your community a better place to live, especially for seniors.

Supporting an active lifestyle and regular exercise, in addition to the many benefits of regular socialization and bonding with friends and neighbors, your contribution directly benefits local seniors in innumerable ways.

**Tylor Taylor**  
Executive Director  
Saratoga Area Senior  
Coordinating Council





”

Every year Avenidas reaches out to provide support, information, and community to enrich the lives of over 7,500 older adults and their families, but this is only possible because of organizations like Star One Credit Union, who understand the need and respond by making a gift.

Your gift is put to work right away providing older adults with free health screenings, rides to the doctor, exercise classes to maintain strength and flexibility, and many other services that meet older adults' basic needs.

**Amy Andonian**

*President/CEO*

*Avenidas - Re-Inventing Aging*



**Avenidas**  
Re-Inventing Aging

*Letters From The  
Community*

”

Your gift helps empower the students and educators we serve. Your contribution shows how much you care, and that definitely adds to the positive impacts we make in our everyday interactions at schools:

“I think the most useful thing is learning about inner strengths. It helped me think of myself in a positive way. It also helped me when I was in a bad mood.”

~ Student

“I was depressed and ready to quit being a teacher. The Resilience Consultant helped my work through this difficult time and helped me see that it was not me or my teaching abilities that I should be questioning.” ~ Teacher

Together, we are helping students and educators develop the resilience and social emotional wellness needed for success both in and out of school.

**Sharon Navarro**

*Executive Director*

*Acknowledge Alliance*

The power of classroom wellness  
**Acknowledge Alliance**

Board  
of Directors

Doug Flowe  
*Chair*

David Daggett  
*First Vice Chair*

Jeff Gaut  
*Second Vice Chair &  
Assistant Treasurer*

Scott Dunlap  
*Treasurer*

Richard Aochi  
*Secretary*

Patricia Humecke  
*Assistant Secretary*

Martin Eng  
*Director*

Melissa Henck  
*Director*

Triny Lee  
*Director*

Gae Adams  
*Emeritus Director*

Bill Lewis  
*Emeritus Director*

Jack McElravey  
*Emeritus Director*

Supervisory  
Committee

Christina Goeas  
*Chair*

Brian Lawler  
*Secretary*

Ponprom (Mel) Flynn  
*Member*

Krishna Marella  
*Member*

Cyrus Tabari  
*Member*

Board/Supervisory  
Committee Associates

Tyler Brock

Milan Gandhi

Madelaine Kolda

Star One  
Management

Gary Rodrigues  
*President  
& CEO*

Margarete Mucker  
*Executive Vice President  
Operations*

Brian Ross  
*Executive Vice President  
Finance & Administration*

Kevin Collins  
*Senior Vice President  
Loan Services*

Vanessa Brosas  
*Vice President  
Branch Services*

Joe Fagenstrom  
*Vice President  
Marketing*

Koji Fukumoto  
*Vice President  
Audit*

Minal Gupta  
*Vice President  
Remote Services*

Mayra Koury  
*Vice President  
Deposit Services*

Russ McAlpine  
*Vice President  
Information Systems*

Safal Panicker  
*Vice President  
Treasurer*

Regina Rutledge  
*Vice President  
Human Resources*

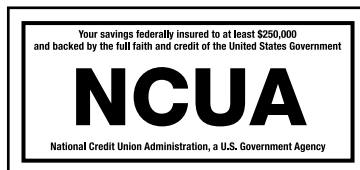
Ann Sebastian  
*Vice President  
Controller*

# Star One Information



[www.starone.org](http://www.starone.org)

Federally insured by NCUA



**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

**Big Basin Branch** | Saratoga  
14411 Big Basin Way, Saratoga, CA 95070

**Enterprise Branch** | Sunnyvale  
1080 Enterprise Way, Suite 150, Sunnyvale, CA 94089

**Star One Administration Office** | Sunnyvale  
1306 Bordeaux Drive, Sunnyvale, CA 94089  
Phone: (408) 543-5202  
Toll-Free: (866) 543-5202  
Fax: (408) 543-5203

**Mailing Address**  
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