



**STAR ONE**  
CREDIT UNION

**2021**  
ANNUAL  
REPORT

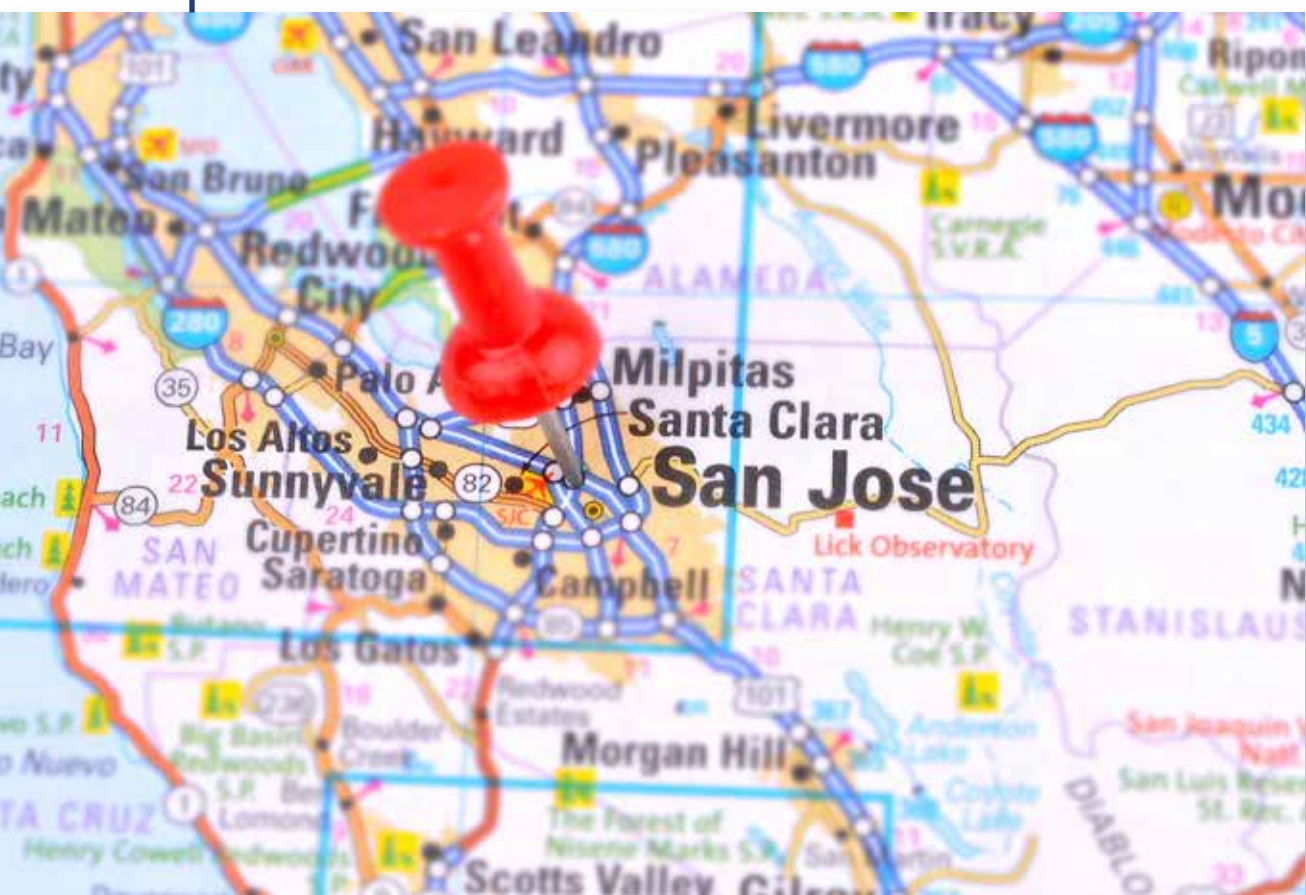
*“Improve each  
member’s life by  
delivering valuable  
financial services.”*

*Star One’s Mission Statement*



**Star One Credit Union is one of Silicon Valley's largest, member-owned financial institutions. We've been serving Santa Clara County for over 65 years with more than 116,000 members worldwide. With assets over \$11 billion, Star One is ranked 16<sup>th</sup> in total assets among over 5,700 credit unions nationally.**

**Star One is a credit union focused on providing long-term financial solutions to all of our members. Our mission is to improve each member's life by delivering valuable financial services.**



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# BOARD REPORT

**In the last year we faced new and ongoing challenges from the pandemic, and the resulting economic impact was felt by both Star One and those we serve. Still, we persevered, fueled by the resilience of our members and staff, toward our mission of improving each member's life by delivering valuable financial services.**

**With decades of combined experience, the Board of Directors apply their diverse expertise as unpaid volunteers to the service of Star One and its members. Our approach in managing the Credit Union**

**is measured, with a careful balance of offering up-to-date products and services while not being impulsively swayed by trends. This strategy has allowed us to not just endure difficult economic environments, but actually thrive.**

It has been over a year since we expanded our [membership](#) to neighboring counties around Santa Clara County. We see continued growth in these new areas and attract new people who enjoy the value of banking with Star One. And, this last fall, we relocated the El Camino Branch to a new convenient and accessible [location](#) to serve even more members in the Palo Alto and Los Altos area.

As we grow, it's important for us to examine how well we live up to our Mission. Regularly, members are asked to participate in Quality

Member Surveys, the Mystery Shopper Program, and other programs to evaluate the service they receive. Star One's website has a function to [rate](#) and discuss members' experiences. Our scores remain high across the board, and we value every opportunity to enhance our products and services even further.

Members can consider Star One a partner in achieving financial fitness. This year, many members joined online [educational workshops](#) we offered via live webinars led by experts and specialists. Topics included family money management, identity theft, understanding credit and credit cards, home buying, estate planning, and IRAs. For on-demand learning, the Star One website has abundant resources for financial education and counseling services on the [Learning Center](#) page.

We are a proud supporter of local [community organizations](#). In this Annual Report, we highlight [HomeFirst™](#), an organization serving Santa Clara County. In 2021, we donated \$900,000 to 63 local community organizations, highlighting our belief that giving back to the communities we serve benefits us all.

Challenges are almost always a given, and this year, we overcame many while moving the Credit Union forward. I am excited to see what successes we will have together in the coming year.



**Doug Flowe**  
Chair

# PRESIDENT'S REPORT

**Star One's mission to improve each member's life by delivering valuable financial services remains the driving force behind each change and improvement we undergo. This last year we made remarkable enhancements to better serve our members and keep our standing as one of the strongest credit unions in the nation.**

We successfully moved the El Camino Branch and opened the doors of the new [San Antonio Branch](#) in Los Altos, centrally located and easily accessible to many of our members in the area. All Star One ATMs were replaced with state-of-the-art machines at each branch, the work sites of member companies, and the administration office.

As members increasingly turn to our convenient [digital channels](#) for banking and research, we made enhancements there to meet the

rising needs. We launched the Glia digital communication platform on [www.starone.org](#), enabling live text, audio, and even video chat directly on the website. And with the launch of Auto Loan Refinance Pro, members with auto loans at other financial institutions can quickly see how much money they could save by refinancing with Star One, with a streamlined and fast-tracked application process.

In the aftermath of the pandemic, we continued to adapt to keep members and employees safe while providing the same high level of service. We made changes in the branches to keep them open, and many of our employees continued working from home. Throughout, we were also adjusting and improving processes to ensure members' expectations were met and exceeded.

We had an opportunity to help many members during a critical time of need. Star One deferred payments on 2,195 consumer and real estate loans with total balances of \$291 million. By

year-end, payments have resumed on all but three loans, or the loans have been paid off.

First-time homebuyers are offered [special programs](#) to help them achieve their dreams of homeownership. Through December 2022, we are offering an appraisal fee refund of up to \$800, saving borrowers even more money. We continue to offer valuable refinance programs with lower rates than many lenders. Alternatively, our [rate modification program](#) allows members to take advantage of low rates without the lengthy refinance process, and without having to "start over" on their loan term.

In 2021, we granted or modified \$3.13 billion of real estate loans and \$418 million of automobile and other consumer loans; the most in Star One's history. Our charge-off to average loan ratio remained low at 0.02%. Savings, checking and other deposit accounts grew to \$9.54 billion. We also welcomed 7,312 new members.

For the seventh consecutive year, the Credit Union National Association honored Star One with the [Member Benefits Top Performance Award](#) for providing the highest direct financial benefits to its members. CUNA estimated that Star One provided \$73,314,031 in direct financial benefits to its members during the 12 months ending September 2021. These benefits are equivalent to \$1,347 per member household. This designation is one we are proud to have and is an important indicator of our success in upholding our Mission.

We've experienced tremendous growth in many areas while maintaining stability and financial strength. Membership is increasing from the new counties surrounding Santa Clara. Now that Star One has reached over \$10 billion in assets, we are subject to additional regulations and oversight. This is a milestone we are extremely proud of and we are taking all the necessary steps to maintain compliance, and to be prepared for even greater growth ahead.



**Gary Rodrigues**  
President & CEO



# TREASURER'S REPORT

**Star One achieved another strong year financially. The Return on Assets for 2021 was 0.77%, adding a record \$82 million to our capital reserves. We are able to do this in a challenging interest rate environment by keeping our expense ratio at a near industry low of 0.59%. Our Net Worth ratio remains strong at 11.15%. Our federal regulator considers a credit union with a ratio of 7.00% or higher to be well-capitalized.**

Star One's total assets, excluding borrowed funds, increased during the year by 8.8% from \$9.98 billion in 2020 to \$10.86 billion in 2021. Borrowed funds decreased \$38 million to \$206.8 million in 2021. Star One does not borrow funds to leverage earnings, but rather to mitigate the

interest rate risk associated with long-term fixed-rate member mortgages held in our portfolio. The borrowed funds will continue to decrease over time as we now control this risk with lower-cost financial management tools.

Membership increased 2.91% to 116,688. A total of 7,312 new members joined Star One during 2021. More than 63.9% joined from our community charter in Santa Clara and other counties, another 33.3% joined through family members, while 2.8% joined through member companies. Over the past few years we have seen very strong growth in new members coming from Santa Clara County at 47.2%.

Deposits grew \$920 million, up 10.67% from \$8.63 billion in 2020 to \$9.54 billion in 2021. Money Market Savings Accounts grew 12.3% to \$8.17 billion. Certificates of Deposit decreased 11.6% to \$349 million. 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 4.97%, to \$4.79 billion. Auto loans decreased, down -1.32% or \$3.56 million. Consumer loan growth was -1.22%. Consumer loan delinquency remained low at 0.27% in 2021. 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 4.95%, up \$185 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 loan ratio of 0.02%. 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.

“

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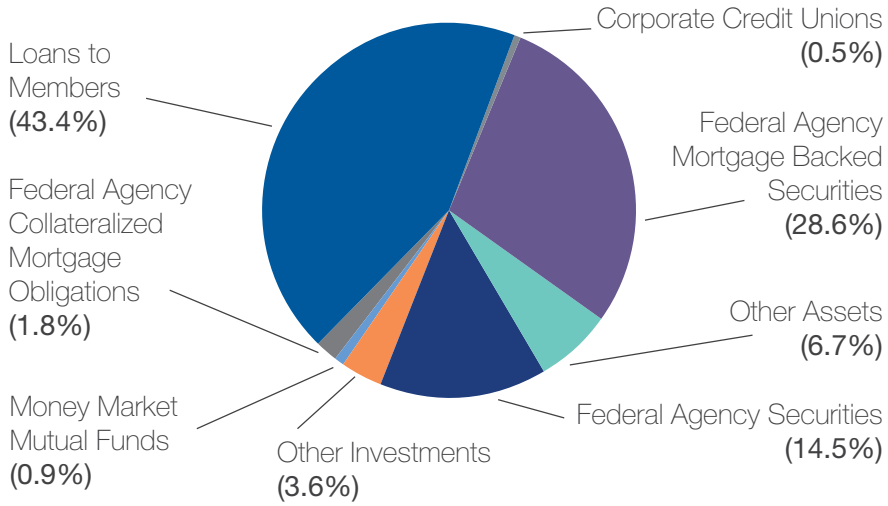
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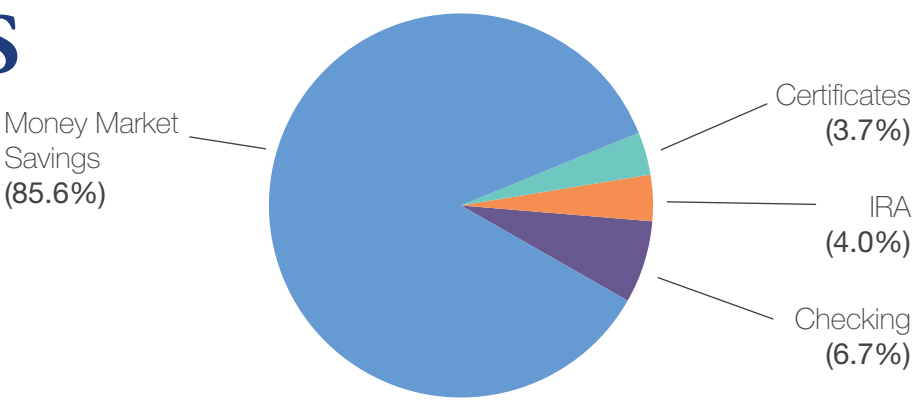
**■ Jeff Gaut**  
*Treasurer*

FINANCIAL INFORMATION

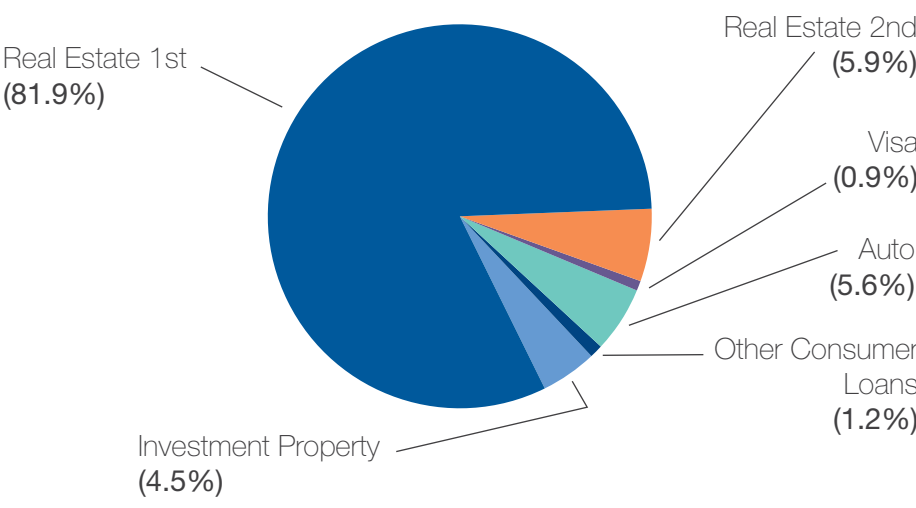
ASSETS



SAVINGS



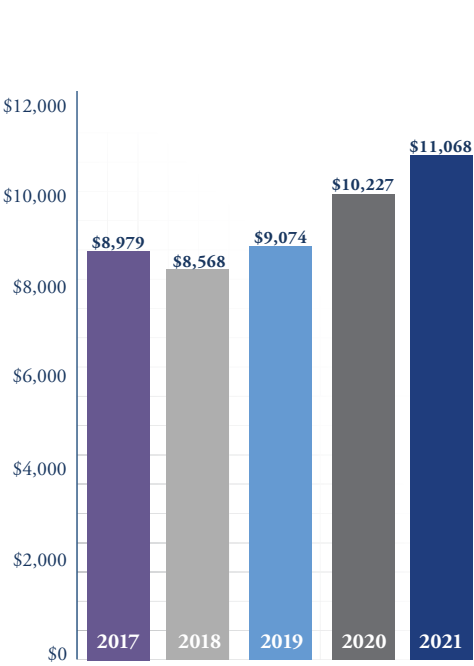
LOANS



FINANCIAL HIGHLIGHTS

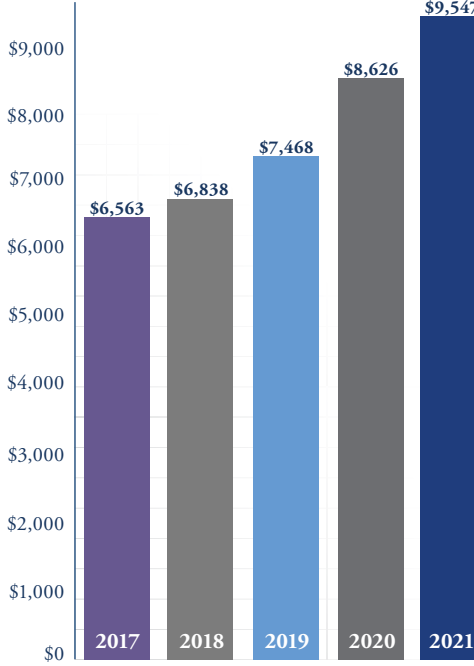
TOTAL ASSETS

IN MILLIONS



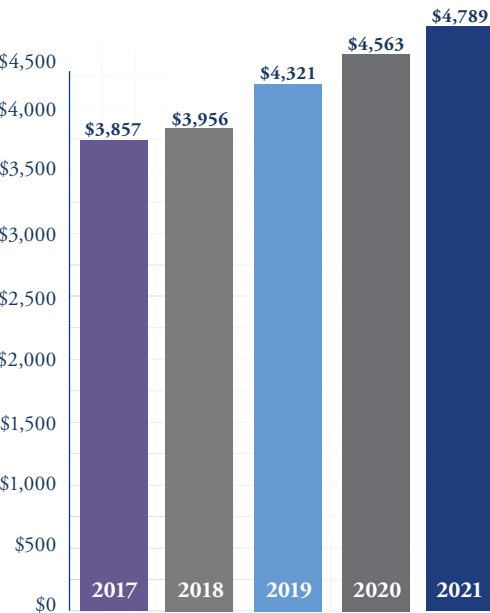
TOTAL SAVINGS

IN MILLIONS



TOTAL LOANS

IN MILLIONS





# COMPARATIVE FINANCIAL RESULTS

Year End Summary IN THOUSANDS	2021	2020	% Change
Total Assets	\$11,067,768	\$10,227,496	8.2%
Member Savings and Certificate Accounts	\$9,546,500	\$8,626,413	10.7%
Loans to Members	\$4,789,363	\$4,562,598	5.0%
Delinquent Loans	\$977	\$2,767	-64.7%
Member Equity	\$1,220,316	\$1,222,575	-0.2%
Cash and Investments	\$5,875,296	\$5,300,454	10.8%
Dividends Paid to Members	\$45,293	\$80,819	-44.0%

## Statement of Financial Condition IN THOUSANDS

Assets	2021	2020
Cash and Investments	\$5,875,296	\$5,300,454
Loans to Members	\$4,789,363	\$4,562,598
Less: Allowance for Loan Losses	(\$7,557)	(\$8,659)
Land, Building & Equipment	\$14,336	\$12,841
Accrued Interest Receivable	\$20,518	\$22,252
Deposit-Share Insurance Fund	\$70,164	\$64,588
All Other Assets	\$305,648	\$273,422
<b>Total Assets</b>	<b>\$11,067,768</b>	<b>\$10,227,496</b>
Liabilities & Member Equity	2021	2020
Member Savings & Certificate Accounts	\$9,546,500	\$8,626,413
Accounts Payable	\$7,128	\$7,254
Borrowed Funds	\$206,800	\$244,800
Regular Reserves	\$56,851	\$56,851
Undivided Earnings	\$1,177,167	\$1,094,869
Unrealized Gain/(Loss) on Investments	\$1,871	\$89,087
OCI Derivative Market Gain/(Loss)	\$6,913	\$13,169
Accumulated Other Comprehensive Income	(\$22,485)	(\$31,401)
Accrued Liabilities	\$87,023	\$126,454
<b>Total Liabilities &amp; Member Equity</b>	<b>\$11,067,768</b>	<b>\$10,227,496</b>

# COMPARATIVE FINANCIAL RESULTS (CONTINUED)

Statement of Operations IN THOUSANDS	2021	2020
Income		
Interest on Loans	\$120,303	\$140,432
Investment Income	\$62,728	\$81,152
Other Operating Income	\$12,496	\$12,696
<b>Total Income</b>	<b>\$195,527</b>	<b>\$234,280</b>
Operating Expenses	2021	2020
Employee Compensation	\$45,624	\$37,260
Retirement Plan Valuation	(\$15,335)	(\$289)
Office Occupancy	\$3,084	\$2,993
Office Operations	\$7,814	\$7,151
Loan Servicing	\$9,124	\$8,098
Professional & Outside Services	\$5,719	\$5,817
Provision for Loan Losses	(\$270)	\$3,760
Operating Fee	\$656	\$629
Other Operating Expenses	\$6,463	\$5,843
<b>Total Operating Expenses</b>	<b>\$62,879</b>	<b>\$71,262</b>
<b>Income from Operations</b>	<b>\$132,648</b>	\$163,018
Non-Operating Income (Expense)	\$2,048	(\$865)
<b>Net Income Before Distribution</b>	<b>\$134,696</b>	<b>\$162,153</b>
Dividends	\$45,293	\$80,819
Interest on Borrowed Money	\$7,105	\$12,143
<b>Added to Reserves &amp; Undivided Earnings</b>	<b>\$82,298</b>	<b>\$69,191</b>

# 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 2021 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 2021, 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.



**“ During 2021, 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. ”**



**Christina Goetas**  
*Chair*

# 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 prepared to partner with organizations throughout the following counties: Alameda, Merced, Monterey, San Benito, San Joaquin, San Mateo, Santa Clara, Santa Cruz and Stanislaus. The list that follows includes organizations we supported in 2021.

Acknowledge Alliance ■ Alameda Food Bank ■ Alameda Meals on Wheels ■ Alzheimer's Association ■ American Cancer Society ■ American Heart Association ■ AINAK ■ Animal Assisted Happiness ■ Assistance League of San Jose ■ Avenidas ■ Bill Wilson Center ■ Breathe California of the Bay Area ■ California Veteran's Connection ■ Cancer CAREpoint ■ Canine Companions ■ Child Advocates of Silicon Valley ■ Chronicle Season of Sharing Fund ■ Citizen Schools ■ Community Services Agency of Mountain View and Los Altos and Los Altos Hills ■ Chrohn's and Colitis Foundation - Northern CA Chapter ■

Cystic Fibrosis Research Institute ■ Downtown Streets Team ■ Family Giving Tree ■ Family Supportive Housing ■ Friends of Stevens Creek Trail ■ From the Garden to the Table ■ G.I. Josie ■ Get Involved ■ Happy Hollow Foundation ■ Health Trust: Meals on Wheels ■ HealthRight 360 ■ Home and Hope ■ HomeFirst Services of Santa Clara County ■ Hunger at Home ■ Jacob's Heart Children's Cancer Support Services ■ JW House ■ Labor of Humanity ■ LEAD Scholars Program - Santa Clara University ■ Leukemia and Lymphoma Society ■ Life Services Alternatives ■ LifeMoves ■ Lucile Packard Foundation for Children's Health ■ Martha's Kitchen ■ Morgan Autism Center ■ NAMI Santa Clara County ■ NephCure Kidney International ■ North Peninsula Food Pantry & Dining Center of Daly City ■ Open Heart Kitchen of Livermore ■ Operation: Care and Comfort ■ Rebekah Children's Home ■ Rebuilding Together Silicon Valley ■ Recovery Café of San Jose ■ Rise Together Education ■ Samaritan House ■ Saratoga Area Senior Coordinating Council ■ Second Harvest of Silicon Valley ■ Special Olympics Northern California ■ Sunday Friends Foundation ■ Sunnyvale Community Services ■ The Tech Interactive ■ The Tower Foundation of San Jose State University ■ Veterans Memorial & Support Foundation of Los Gatos ■ West Valley Community Services





# COMMUNITY HIGHLIGHT

Since 2014, Star One has partnered with [HomeFirst™](#) a leading provider of services, shelter and housing opportunities to the homeless and those at risk of homelessness in Santa Clara County. HomeFirst confronts homelessness by cultivating people's potential to get housed and stay housed. Currently, Santa Clara County has the highest percentage of unsheltered homeless veterans of any area in the U.S. At the Boccardo Reception Center, HomeFirst offers the most comprehensive set of services for homeless veterans in the County, including mental health counseling, employment placement, emergency shelter, transitional housing, and support for families of veterans who are at risk of homelessness.



In July 2021, Star One contributed \$15,000 to HomeFirst, and another \$10,000 in November for a total of \$25,000 in contributions for 2021.

The strength of the people in our community inspires us to continue serving. Star One stands with the community and is committed to helping families and individuals to thrive.



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**With 40 years' experience, we've learned that everyone has the potential to get housed and stay housed. We relentlessly focused on eliminating barriers to housing and creating stability for everyone we serve.**

”

HomeFirst



# Board of Directors

<b>Doug Flowe</b> <i>Chair</i>	<b>Jeff Gaut</b> <i>Treasurer</i>	<b>Richard Aochi</b> <i>Assistant Secretary</i>	<b>Bill Lewis</b> <i>Emeritus Director</i>
<b>David Daggett</b> <i>First Vice Chair</i>	<b>Scott Dunlap</b> <i>Assistant Treasurer</i>	<b>Melissa Henck</b> <i>Director</i>	
<b>Martin Eng</b> <i>Second Vice Chair</i>	<b>Triny Lee</b> <i>Secretary</i>	<b>Patricia Humecke</b> <i>Director</i>	

# Supervisory Committee

<b>Christina Goeas</b> <i>Chair</i>	<b>Ponprom (Mel) Flynn</b> <i>Member</i>	<b>Brian Lawler</b> <i>Member</i>	<b>Kristen Mank</b> <i>Member</i>
	<b>Cyrus Tabari</b> <i>Member</i>		

# Board/Supervisory Committee Associates

<b>Jim Barnhart</b>	<b>Milan Gandhi</b>	<b>Madelaine Kolda</b>
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# Star One Management

<b>Gary Rodrigues</b> <i>President &amp; CEO</i>	<b>Vanessa Brosas</b> <i>Vice President Branch Services</i>	<b>Steve Naylor</b> <i>Vice President Information Systems</i>	<b>Ann Sebastian</b> <i>Vice President Controller</i>
<b>Margarete Mucker</b> <i>Executive Vice President Operations</i>	<b>Joe Fagenstrom</b> <i>Vice President Marketing</i>	<b>Humberto Ornelas</b> <i>Vice President Consumer Lending</i>	<b>Kathy Sullivan</b> <i>Vice President Deposit Services</i>
<b>Brian Ross</b> <i>Executive Vice President Finance &amp; Administration</i>	<b>Minal Gupta</b> <i>Vice President Remote Services</i>	<b>Safal Panicker</b> <i>Vice President Treasurer</i>	<b>Victoria Tabler</b> <i>Vice President Real Estate Lending</i>
	<b>Alex Kim</b> <i>Vice President Audit and Compliance</i>	<b>Regina Rutledge</b> <i>Vice President Human Resources</i>	





## Star One Information

### De Anza Branch | Cupertino

10991 N. De Anza Boulevard, Cupertino, CA 95014

### San Antonio Branch | Los Altos

495 S San Antonio Road, Los Altos, CA 94022

### 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

PO Box 3643, Sunnyvale, CA 94088



Federally insured by NCUA

