



STAR ONE
CREDIT UNION

2022
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 six decades with more than 121,000 members worldwide. With assets over \$10.7 billion, Star One is ranked 19th in total assets among over 4,900 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.

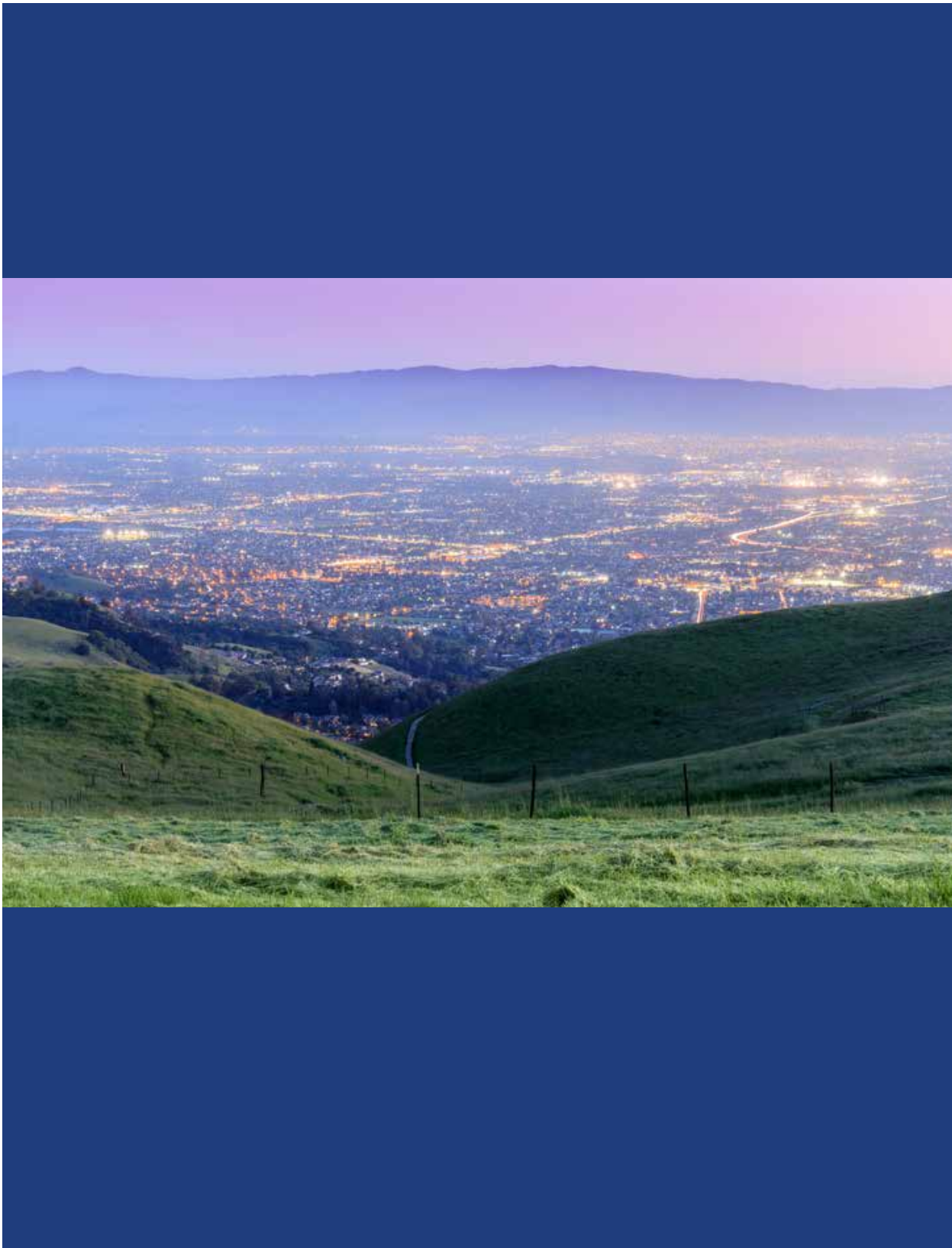


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BOARD REPORT

A challenge of any organization is to achieve growth and to do it in a healthy, sustainable way. Since 1956, Star One Credit Union has multiplied in members and assets with a safe, sensible approach to become one of the largest and most secure credit unions in the country.

Following the credit union model, Star One is owned by its members, not shareholders. The elected Board of Directors volunteer their personal time to serve Star One and its members. With diverse backgrounds and decades of combined experience, the Board helps to manage the Credit Union and steer its policies. They ensure the products and services meet the evolving needs of members, and that members receive the most benefit from Star One. They also oversee the operations

and audits of Star One, to ensure operational excellence as well as safe and sound practices for our members' money.

This past year we saw record membership growth, including within the newer counties we serve. As we grow, Star One remains focused on the mission of improving each member's life by delivering valuable financial services. We confirm how well we are achieving this goal by regularly surveying our members through Quality Member Surveys, the Mystery Shopper Program, and various other public forums. Our website also has a function to rate and discuss members' experiences. Star One quality scores continue to be high on these measurement standards, and the abundant referrals that current members make to Star One validate these scores.

One of the ways we are adding value to members' lives is by partnering with them for financial success. Star One offers financial education workshops and webinars led by

experienced Star One staff and various industry experts. In 2022, topics included student loans and college planning, cybersecurity, trusts and estate planning, homebuying, budgeting and credit reports, retirement and more. For on-demand learning, the Star One website has numerous resources for financial education and counseling services on the Learning Center page.

Supporting the community at large is a priority for Star One and we are a proud supporter of local organizations, contributing funds and in-kind donations every year. In 2022, Star One contributed \$900,000 to 74 local community organizations. In this report, we are proud to highlight Cancer CAREpoint in San Jose.

Our commitment to you, our member-owners, is that we will continue to provide you valuable products and a high level of service while ensuring the stability and soundness of the Credit Union you have come to trust.



■ Melissa Henck
Chair

PRESIDENT'S REPORT

This last year challenged us to respond and adapt to changing economic conditions. In the wake of the pandemic, we contended with rising inflation and interest rates that increased more and at a faster pace than any time in history. Despite these challenges, Star One continued to provide high quality competitively priced products and services.

Star One's mission to improve each member's life by delivering valuable financial services is the cornerstone of everything we do. With that in mind, we welcomed new members from Santa Clara County and other new counties in record numbers. We also saw record growth in auto loans, first mortgages, and home equity loans, and we helped more first-time home buyers than in any previous year. Homeowners with equity

now have access to an extended 20-year fixed-rate home equity loan for low, predictable payments. The interest rates on personal lines of credit were reduced so even existing borrowers could benefit from the savings. And solar loans were introduced with extremely competitive rates to help members benefit from green energy.

As part of an ongoing effort in transitioning the Credit Union to better serve members remotely, we launched enhancements to our electronic and digital channels. Through the Virtual Branch, members can access branch personnel by phone, video, and chat to ask questions, open accounts, and even apply for membership as well as loans. For those wishing to open membership accounts on the web, we improved and streamlined the online application for a better user experience. Our Online Banking and Mobile Banking app received upgrades with a new interface and unified look and feel across both channels.

Through December 2023, we are again offering an appraisal fee refund of up to \$800 to first-time home buyers. Our rate modification program allows members to lock in a low rate without the lengthy refinance process, and without having to reset their loan term.

In 2022, we granted or modified \$1.2 billion of real estate loans and \$583 million of automobile and other consumer loans. Our charge-off to average loan ratio remained low at 0.01%. Savings, checking and other deposit accounts decreased to \$8.64 billion. Loans grew to \$5.4 billion. We also welcomed 9,520 new members.

For the ninth consecutive year, the Credit Union National Association (CUNA) honored Star One with the Member Benefits Performance Award for providing the highest direct financial benefits to its members. CUNA estimated that Star One provided \$144,113,881 in direct financial benefits to its members during the 12 months ending September 2022. These benefits are equivalent to \$2,560 per member household, and more than any other credit union surveyed.

I am proud of all that we have accomplished together with the Board, staff, and the trust of our members. As we take proactive steps to anticipate and meet members' needs, you can be sure your best interests will continue to be at the heart of what we do.



Gary Rodrigues
President & CEO

TREASURER'S REPORT

Star One achieved another strong year financially. The Return on Assets for 2022 was 0.39%, adding \$42 million to our capital reserves despite a challenging interest rate environment. Keeping our expense ratio at a near industry low of 1.12% helped to attain these results. Our Net Worth ratio remains strong at 11.85%. Our federal regulator considers a credit union with a ratio of 9.00% or higher to be well-capitalized under the complex credit union leverage ratio (CCULR) regulatory framework.

Membership increased 4.42% to 121,849; 9,520 new members joined Star One during 2022. More than 67.6% joined from our community charter in Santa Clara and adjacent counties.

another 29.9% joined through family members, while 2.5% joined through member companies. We continue to see very strong growth in new members from Santa Clara County. Of the neighboring counties, Alameda and San Mateo added the most new members.

Star One's total assets decreased by \$305 million or 2.76% from \$11.07 billion in 2021 to \$10.76 in 2022. Deposits decreased \$903 million or 9.46% from \$9.54 billion to \$8.64 billion. Money Market Savings Accounts decreased 10.4% to \$7.32 billion. Of all new members who joined in 2022, 73% opened a Free Checking account. Although Star One continues to pay higher deposit rates than most other financial institutions, inflation, higher interest rates, pent-up consumer demand and economic conditions led some members to reduce their deposit balances.

Overall loans grew 12.88%, to \$5.41 billion, a new high. Consumer loan growth was 35.88%. Specifically, auto loans increased by 42.8% or

\$113.8 million. The newly introduced solar loans are off to a successful start with 377 loans funded already. Consumer loan delinquency remained low at 0.17% in 2022. 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, including investment properties, increased 9.81%, up \$406 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 0.01%. 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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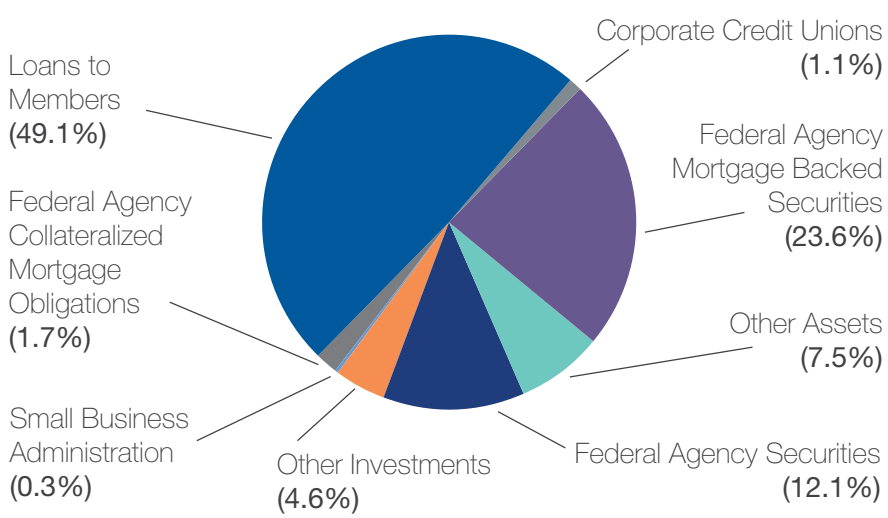
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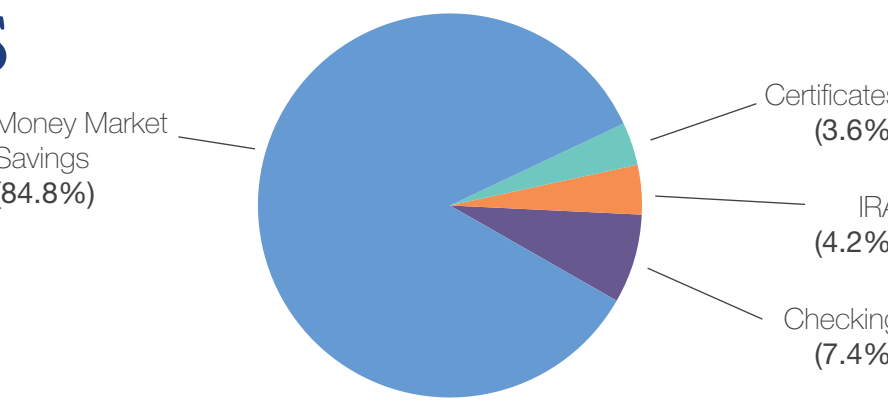
■ Jeff Gaut
Treasurer

FINANCIAL INFORMATION

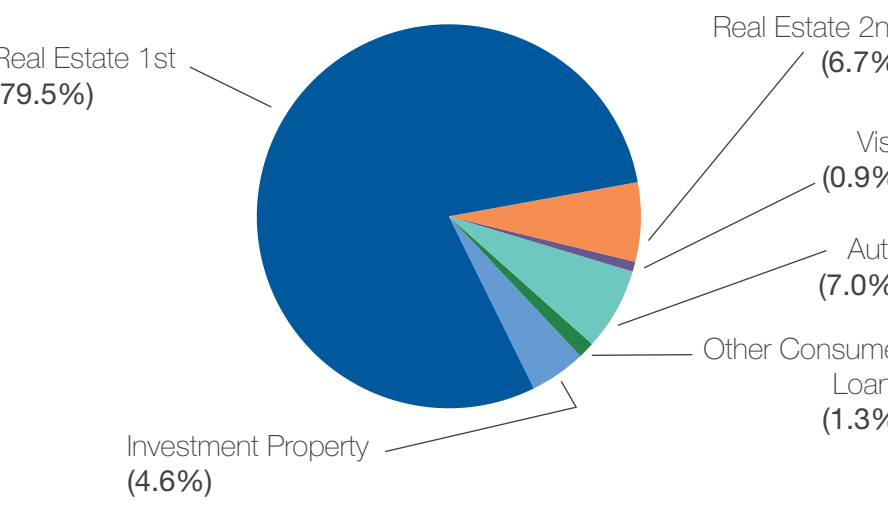
ASSETS



SAVINGS



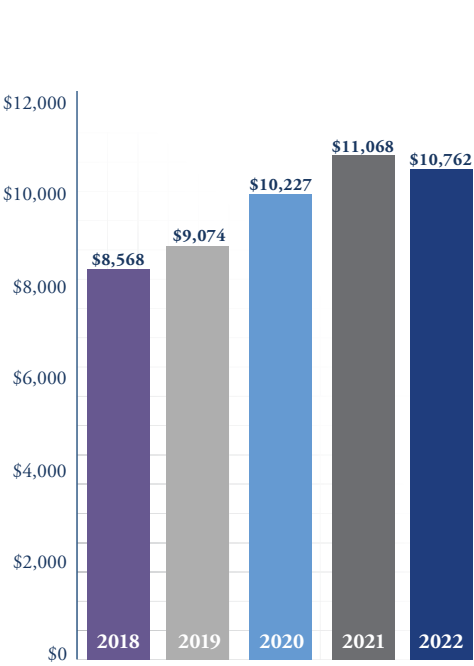
LOANS



FINANCIAL HIGHLIGHTS

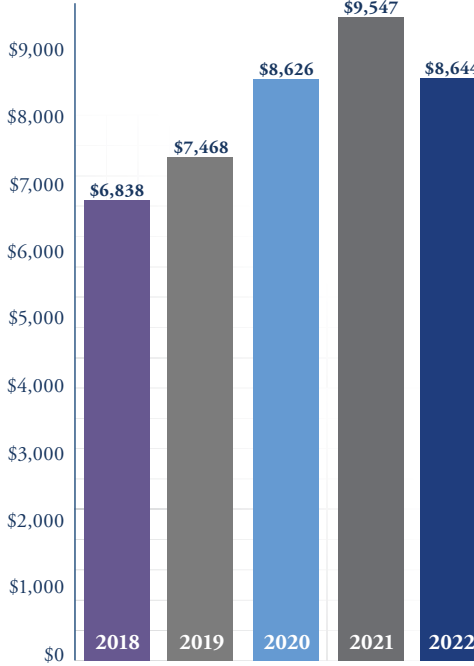
TOTAL ASSETS

IN MILLIONS



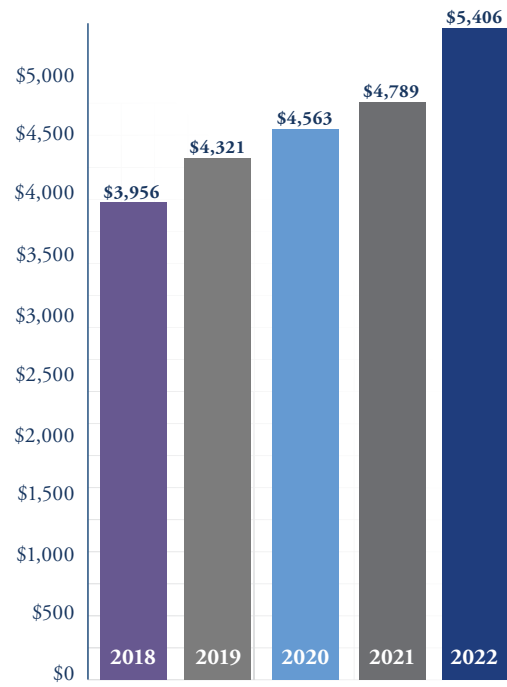
TOTAL SAVINGS

IN MILLIONS



TOTAL LOANS

IN MILLIONS



COMPARATIVE FINANCIAL RESULTS

Year End Summary IN THOUSANDS	2022	2021	% Change
Total Assets	\$10,762,399	\$11,067,768	-2.8%
Member Savings and Certificate Accounts	\$8,643,745	\$9,546,500	-9.5%
Loans to Members	\$5,406,463	\$4,789,363	12.9%
Delinquent Loans	\$2,400	\$977	145.6%
Member Equity	\$893,864	\$1,220,316	-26.8%
Cash and Investments	\$5,102,999	\$5,875,296	-13.1%
Dividends Paid to Members	\$72,668	\$45,293	60.4%

Statement of Financial Condition IN THOUSANDS

Assets	2022	2021
Cash and Investments	\$5,102,999	\$5,875,296
Loans to Members	\$5,406,463	\$4,789,363
Less: Allowance for Loan Losses	(\$8,067)	(\$7,557)
Land, Building & Equipment	\$13,820	\$14,336
Accrued Interest Receivable	\$22,860	\$20,518
Deposit-Share Insurance Fund	\$72,661	\$70,164
All Other Assets	\$151,663	\$305,648
Total Assets	\$10,762,399	\$11,067,768
Liabilities & Member Equity	2022	2021
Member Savings & Certificate Accounts	\$8,643,745	\$9,546,500
Accounts Payable	\$13,954	\$7,128
Borrowed Funds	\$1,147,800	\$206,800
Regular Reserves	\$56,851	\$56,851
Undivided Earnings	\$1,218,844	\$1,177,167
Unrealized Gain/(Loss) on Investments	(\$375,547)	\$1,871
OCI Derivative Market Gain/(Loss)	\$2,646	\$6,913
Accumulated Other Comprehensive Income	(\$8,929)	(\$22,485)
Accrued Liabilities	\$63,035	\$87,023
Total Liabilities & Member Equity	\$10,762,399	\$11,067,768

COMPARATIVE FINANCIAL RESULTS (CONTINUED)

Statement of Operations IN THOUSANDS	2022	2021
Income		
Interest on Loans	\$154,115	\$120,303
Investment Income	\$78,792	\$62,728
Other Operating Income	\$18,036	\$12,496
Total Income	\$250,943	\$195,527
Operating Expenses	2022	2021
Employee Compensation	\$42,536	\$45,594
Retirement & Employee Benefits Prefunding Plan Valuation	\$42,199	(\$15,306)
Office Occupancy	\$3,073	\$3,084
Office Operations	\$8,885	\$7,814
Loan Servicing	\$9,748	\$9,124
Professional & Outside Services	\$5,822	\$5,719
Provision for Loan Losses	\$827	(\$270)
Operating Fee	\$683	\$656
Other Operating Expenses	\$8,140	\$6,464
Total Operating Expenses	\$121,913	\$62,879
Income from Operations	\$129,030	\$132,648
Non-Operating Income (Expense)	\$4,124	\$2,048
Net Income Before Distribution	\$133,154	\$134,696
Dividends	\$72,668	\$45,293
Interest on Borrowed Money	\$18,809	\$7,105
Added to Reserves & Undivided Earnings	\$41,677	\$82,298

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 2022 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 2022, 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.



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Brian Lawler
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 partners 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 2022.

Abode Services ■ Acknowledge Alliance ■ AINAK ■ Alameda Food Bank ■ Alzheimer's Association ■ American Cancer Society ■ American Heart Association ■ Amigos de Guadalupe ■ Animal Assisted Happiness ■ Assistance League of San Jose ■ Avenidas ■ Bay Area Cancer Connections ■ Bill Wilson Center ■ Building Futures ■ California Veterans Connection ■ Cancer CAREpoint ■ Canine Companions ■ Child Advocates of Silicon Valley ■ Citizen Schools ■ Community Services Agency of Mountain View and Los Altos and Los Altos Hills ■ Crohn's and Colitis Foundation - Northern CA Chapter ■ Cystic Fibrosis Research

Institute ■ Downtown Streets Team ■ Ecumenical Hunger Program ■ Family Giving Tree ■ Foothill - De Anza Community Colleges Foundation ■ Friends of Stevens Creek Trail ■ Friends of the Saratoga Libraries ■ George Mark's Children's Fund ■ Get Involved ■ Happy Hollow Foundation ■ HealthRight 360 ■ HERS Breast Cancer Foundation ■ HomeFirst Services of Santa Clara County ■ Hunger at Home ■ Jacob's Heart Children's Cancer Support Services ■ JW House ■ Labor of Humanity ■ Leukemia and Lymphoma Society ■ Life Services Alternatives ■ LifeMoves ■ Los Altos Mountain View Community Foundation ■ Loved Twice ■ Lucile Packard Foundation for Children's Health ■ Morgan Autism Center ■ My Good Brain ■ NAMI Santa Clara County ■ NephCure Kidney International ■ Not Time to Waste ■ Open Doors to Future Possibilities ■ Operation: Care and Comfort ■ Operation Freedom Paws ■ Pancreatic Cancer Action Network ■ Parkinson's Foundation ■ Pivotal Connections ■ Razing the Bar ■ Rebuilding Together Silicon Valley ■ Samaritan House ■ San Jose Evergreen Community College District Foundation ■ San Jose Public Library Foundation ■ Saratoga Area Senior Coordinating Council ■ Second Harvest of Silicon Valley ■ Special Olympics Northern California ■ Stanfor Cancer Research/Stanford University ■ Sunday Friends Foundation ■ Sunnyvale Community Services ■ The DreamPower Foundation ■ The Grateful Garment Project ■ The Tech Interactive ■ The Tower Foundation of San Jose State University ■ Uplift Family Services ■ Valley Medical Center Foundation ■ We Hope ■ West Valley Community Services of Santa Clara County

COMMUNITY HIGHLIGHT

Cancer CAREpoint estimates that around 10,000 people in Silicon Valley are diagnosed with cancer each year, and thousands more are living as cancer survivors. Cancer CAREpoint provides personalized one-on-one counseling, assistance, resources, and education to Silicon Valley cancer patients, survivors, families, and caregivers. All services are provided at no cost to patients and their families, no matter where they receive medical care or their cancer type. Cancer CAREpoint is dedicated to transforming support for their clients through the services they provide, and to ensuring that no one should have to face cancer alone.

Star One is encouraged by our community and is committed to helping families and individuals to thrive. It's the strength of those around us that inspires us to continue giving, and we are privileged to partner with such an impactful organization as CancerCAREpoint.



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The support that I received from the counselors and clients empowered me during my treatments. The services impacted me so much that I volunteered so I could help share and spread the word about CancerCAREpoint to the community in hopes to have individuals learn more about them from someone directly who has benefited.

Jeanelle

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Board of Directors

Melissa Henck <i>Chair</i>	Jeff Gaut <i>Treasurer</i>	Jim Barnhart <i>Director</i>	Doug Flowe <i>Emeritus Director</i>
David Daggett <i>First Vice Chair</i>	Christina Goeas <i>Assistant Treasurer</i>	Marty Eng <i>Director</i>	Bill Lewis <i>Emeritus Director</i>
Richard Aochi <i>Second Vice Chair & Assistant Secretary</i>	Triny Lee <i>Secretary</i>	Patricia Humecke <i>Director</i>	

Supervisory Committee

Brian Lawler <i>Chair</i>	Ponprom (Mel) Flynn <i>Member</i>	Kristen Mank <i>Member</i>	Tyler Martin <i>Member</i>
	Cyrus Tabari <i>Member</i>		

Board/Supervisory Committee Associates

Milan Gandhi Madelaine Kolda

Star One Management

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

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Federally insured by NCUA

