



2023

ANNUAL REPORT

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

Star One’s Mission Statement



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BOARD Report

What an exhilarating year it has been for Star One and our members! We've witnessed remarkable growth and now serve over 126,000 members. In 2023, 9,212 new members joined Star One, with the majority living in Santa Clara County and the eight adjacent counties in our field of membership, and many more who work for one of our Corporate Partners. As news about the genuine everyday value we provide spreads through referrals and our expanded marketing efforts, our goal is always to build lasting relationships by providing financial services that put you, the member, first.

The turmoil of the U.S. banking crisis earlier in the year cast a shadow of uncertainty across the industry, impacting consumer confidence in even the most established

financial institutions. We reassured our membership of Star One's financial health by reaffirming our steadfast commitment to a model anchored in strength and stability, reminding members that their hard-earned wealth is secure in our care. Our financial strength was again acknowledged by BauerFinancial Inc., which awarded Star One a perfect 5-Star Rating for the 132nd consecutive quarter, along with the highly regarded distinction of "Best of Bauer Credit Union." Moreover, we continue to provide high-yield deposits

Melissa Henck
Chair





We're first because we put you first.

Ranked #1 for Highest
Member Benefit for 10
Years by the Credit Union
National Association

with rates that surpass most of our competitors, while strategically positioning ourselves for long-term sustainability.

One of the things that makes me proud to serve on the Star One Board is seeing the impact we've had on so many community-based organizations in Santa Clara County and beyond. With a total of \$900,000 in contributions to 91 organizations, and thousands more of in-kind donations, plus the countless volunteer hours from our generous staff, we've made a positive difference to many individuals and families in the neighborhoods we serve. These collective efforts earned

us acknowledgement from the Silicon Valley Business Journal as the 20th Top Corporate Philanthropist on their 2023 list, a recognition we are truly proud of.

On behalf of the Board and our dedicated staff, I extend a heartfelt thank you for your continued membership and unwavering trust. Serving your financial needs is not just a responsibility but an incredible privilege we hold dear. We eagerly look forward to more opportunities to provide valuable financial services that improve your life.

PRESIDENT'S Report

Over the last two years, inflation, interest rate increases, and shifting economic conditions have presented formidable challenges that have reverberated through our local economy and the broader financial sector. Still, Star One stood prepared, and I am pleased to report that we are not only weathering the storm but have emerged stronger. As of year-end 2023, our net worth is nearly 13%, more than two times what our federal regulator requires for a credit union to be considered adequately capitalized.

For over six decades, we have been dedicated to providing high-quality, competitively priced financial products and services to our members. In 2023, we reached a new record of funded consumer

loans and real estate purchase loans, including loans to first time homebuyers. We are honored to know that we facilitated the dream of homeownership for many hopeful members at a time when other financial institutions scaled back their lending.

As our members' needs continue to evolve, we will be alongside them making sure our services stay best-in-class. This year, we have made some exciting updates to the digital banking channel, all geared towards

Gary Rodrigues
President & CEO



enhancing the remote banking experience. For example, with the new digital issuance of Visa cards, members can now replace lost or stolen Visa cards in their digital wallets for immediate use prior to receiving a physical card. We also added Digital Banking Demos to our website, starone.org, where members can view quick tutorials to see how simple it is to use Star One's Online and Mobile Banking features.

Also, in the summer, after years of preparation, we announced the launch of Star One's real-time payments solution, Instant Pay, making our credit union the first financial institution to conduct a transaction using the FedNowSM service. We have continued to be an industry leader in deploying FedNowSM, which is expected to be the dominant payment system in the future. Star One is currently the only financial institution that has enabled instant payments to be made from Online and Mobile Banking. We are working on other enhancements to continue to improve the payment services offered to members.

Once again, the Credit Union National Association ranked Star One the top in the nation for providing direct financial benefit to our members. Earning this distinction for the tenth consecutive year is not only a testament to the cooperative model of credit unions, but it also underscores Star One's mission to improve each member's life by delivering valuable financial services. Because of our competitive rates and low, or non-existent fees, members are getting back tangible savings with every membership, checking, and loan account opened. The best part is, the more you use Star One, the more you save.

It gives me great satisfaction to reflect on the ways we are enriching the member experience at Star One. Thank you for your membership and for sharing us with your friends, family, and coworkers. You've helped us become one of the largest and most trusted credit unions in the nation. In return, you can expect we'll continue to provide you with outstanding financial products and services that make your life better.

2023 IN NUMBERS



2023 HIGHLIGHTS

FEBRUARY

Introduced the Fixed Rate Option on Star One Home Equity Line of Credit.

MAY

- Enabled instant issuance of digital cards for members reporting lost or stolen cards, allowing immediate use while waiting for the physical replacement.
- Became a participating lender with the Middle Income Downpayment Assistance Program from the FHLB of San Francisco.

AUGUST

Achieved 5-Star "Superior" Rating from BauerFinancial Inc. for 132 Consecutive Quarters based on safety and soundness.

SEPTEMBER

Launched the Member Benefits Webinar with tips to make the most of a Star One membership.

APRIL

Launched eLibrary of Digital Banking Demos for members.

JUNE

Unveiled a new Marketing campaign, "In Your Best Interest," capturing the spirit of Star One's Mission.

JULY

- Among the first financial institutions to leverage FedNow (SM) service to offer secure, real-time payments with Instant Pay.
- Established the Virtual Branch to help members connect with a Branch representative on their computer or mobile device from wherever they may be.
- Moved up to rank 44th among the Top 100 Corporate Philanthropy firms in 2023 at the San Francisco Business Times Corporate Philanthropy Awards & Summit.

NOVEMBER

Ranked 20th on the Silicon Valley Business Journal's list of Corporate Philanthropists.

TREASURER'S Report

Star One achieved another strong year financially. The Return on Assets for 2023 was 0.12%, adding \$12 million to our capital reserves despite a challenging interest rate environment. Keeping our expense ratio at a near industry low of 0.68% helped to attain these results. Our Net Worth ratio remains strong at 12.99%. 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 3.44% to 126,042; 9,212 new members joined Star One during 2023. More than 72.9% joined from our community charter in Santa Clara and the eight adjacent counties, another 23.9% 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 \$865 million or 8.04% from \$10.76 billion in 2022 to \$9.90 in 2023. Deposits decreased \$1.27 billion or 14.7% from \$8.64 billion to \$7.38 billion. Money Market Savings Accounts decreased 17.4% to \$6.1 billion. Although

Jeff Gaut
Treasurer



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.

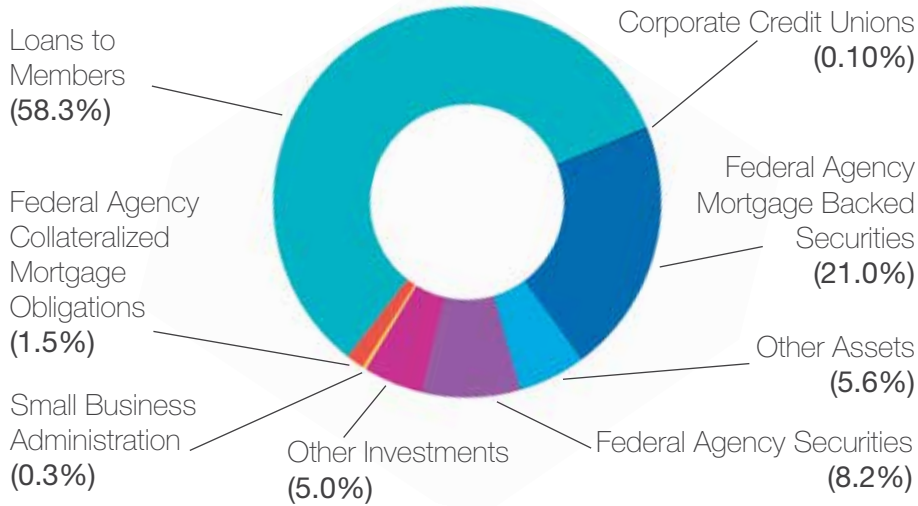
Overall loans grew 8.4%, to \$5.86 billion, a new high. Consumer loan growth was 19.19%. Specifically, auto loans increased by 13.3% or \$50.4 million. Solar loans continue to be successful with 1,316 loans funded since being offered in 2022. Consumer loan delinquency remained low at 0.38% in 2023. Many new and existing members took advantage of Star One’s low real estate loan rates as home prices continued to increase. Total first mortgage real estate loans, including investment properties, increased 6.61%, up \$301 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’s derivative investment hedging strategy positioned the credit union very effectively for the rising rate environment the past two years mitigating the impact of the rising rates on the credit union’s financials. 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.

FINANCIAL INFORMATION

ASSETS



SAVINGS

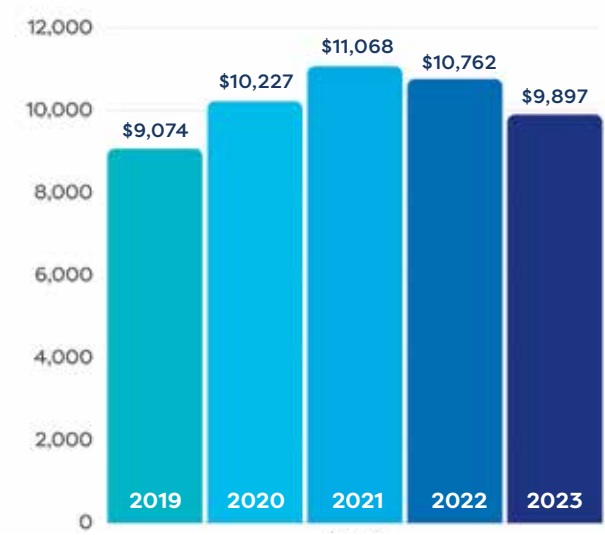


LOANS

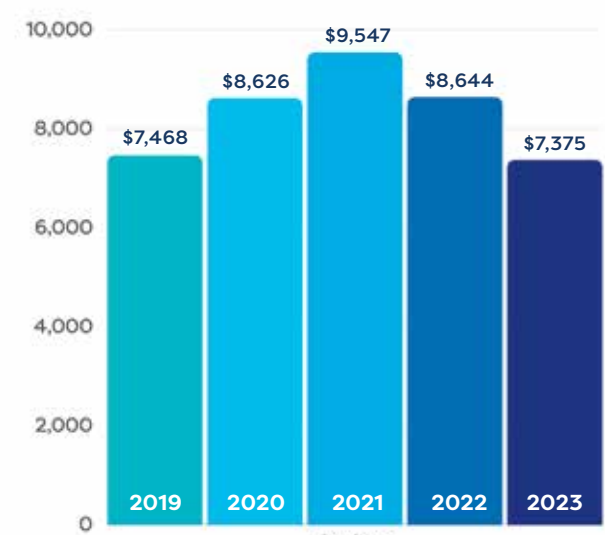


FINANCIAL HIGHLIGHTS

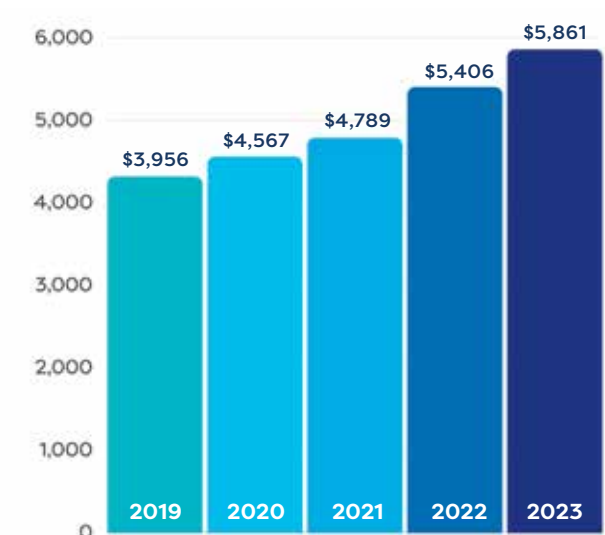
TOTAL ASSETS IN MILLIONS



TOTAL SAVINGS IN MILLIONS



TOTAL LOANS IN MILLIONS



COMPARATIVE FINANCIAL RESULTS

Year End Summary	2023	2022	% Change
IN THOUSANDS			
Total Assets	\$9,897,191	\$10,762,399	-8.0%
Member Savings and Certificate Accounts	\$7,375,156	\$8,643,745	-14.7%
Loans to Members	\$5,861,203	\$5,406,463	8.4%
Delinquent Loans	\$6,754	\$2,400	181.4%
Member Equity	\$1,027,557	\$893,864	15.0%
Cash and Investments	\$3,746,100	\$5,102,999	-26.6%
Dividends Paid to Members	\$177,189	\$72,668	143.8%

Statement of Financial Condition

IN THOUSANDS

Assets	2023	2022
Cash and Investments	\$3,746,100	\$5,102,999
Loans to Members	\$5,861,203	\$5,406,463
Less: Allowance for Loan Losses	(\$12,085)	(\$8,067)
Land, Building & Equipment	\$13,478	\$13,820
Accrued Interest Receivable	\$23,803	\$22,860
Deposit-Share Insurance Fund	\$62,443	\$72,661
All Other Assets	\$202,249	\$151,663
Total Assets	\$9,897,191	\$10,762,399

Liabilities & Member Equity	2023	2022
Member Savings & Certificate Accounts	\$7,375,156	\$8,643,745
Accounts Payable	\$11,909	\$13,954
Borrowed Funds	\$1,420,300	\$1,147,800
Regular Reserves	\$56,851	\$56,851
Undivided Earnings	\$1,228,649	\$1,218,844
Unrealized Gain/(Loss) on Investments	(\$251,356)	(\$375,547)
OCI Derivative Market Gain/(Loss)	\$631	\$2,646
Accumulated Other Comprehensive Income	(\$7,217)	(\$8,929)
Accrued Liabilities	\$62,268	\$63,035
Total Liabilities & Member Equity	\$9,897,191	\$10,762,399

COMPARATIVE FINANCIAL RESULTS

(CONTINUED)

Statement of Operations

IN THOUSANDS

Income	2023	2022
Interest on Loans	\$242,152	\$154,115
Investment Income	\$68,846	\$78,792
Other Operating Income	\$9,986	\$18,036
Total Income	\$320,984	\$250,943
Operating Expenses	2023	2022
Employee Compensation	\$44,170	\$42,536
Retirement & Employee Benefits Prefunding Plan Valuation	(\$16,383)	\$42,199
Office Occupancy	\$3,324	\$3,073
Office Operations	\$10,101	\$8,885
Loan Servicing	\$10,157	\$9,748
Professional & Outside Services	\$6,530	\$5,822
Provision for Loan Losses	\$3,094	\$827
Operating Fee	\$675	\$683
Other Operating Expenses	\$10,047	\$8,140
Total Operating Expenses	\$71,715	\$121,913
Income from Operations	\$249,269	\$129,030
Non-Operating Income (Expense)	(\$672)	\$4,124
Net Income Before Distribution	\$248,597	\$133,154
Dividends	\$177,189	\$72,668
Interest on Borrowed Money	\$59,223	\$18,809
Added to Reserves & Undivided Earnings	\$12,185	\$41,677



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 2023 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 2023, 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.

Brian Lawler
Chair





**Real great rates.
Real great people.
For real.**

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.



At Star One, we firmly believe that a company's success is intertwined with the well-being of the communities it serves. Supporting the community is not just our responsibility; it is a profound commitment rooted in our core values. We play an integral role in society, and by actively participating in community initiatives, offering financial support, and contributing in-kind resources, we help create a positive ripple effect that uplifts lives and fosters a sense of unity. This is not merely a business strategy; it is a heartfelt conviction to make a lasting impact where it matters most – in the hearts and homes of those we are privileged to serve.



**Strengthening
our communities.**

The following are organizations that we had the honor of supporting in 2023.

10,000 Degrees • Abode Services • Acknowledge Alliance • Acterra Action for a Healthy Planet • AINAK • Alameda Meals on Wheels • Alzheimer’s Association • American Cancer Society • American Foundation for Suicide Prevention • Animal Assisted Happiness • Assistance League of San Jose • Avenidas • Be a Mentor • Bill Wilson Center • Boys & Girls Club of Manteca/Lathrop • Building Futures • California Careforce • California Veterans Connection • Cancer CAREpoint • Canine Companions • Center for Employment Training • Child Advocates of Silicon Valley • Children’s Health Council • Community Health Awareness Council • Community Services Agency of Mountain View and Los Altos and Los Altos Hills • Community Solutions for Children, Families, and Individuals • Crohn’s and Colitis Foundation - Northern CA Chapter • Cystic Fibrosis Research Institute • Downtown Streets Team • Family Giving Tree • Family Supportive Housing • Foothill - De Anza Community Colleges Foundation • Friends of Stevens Creek Trail • George Mark Children’s House • Give Every Child a Chance • Habitat for Humanity East Bay/Silicon Valley • Happy Hollow Foundation • HDSA San Francisco Bay Area Chapter • Health Trust • HealthRight 360 • HERS Breast Cancer Foundation • HomeFirst Services of Santa Clara County • Humane Society Silicon Valley • Hunger at Home • JW House • Leukemia and Lymphoma Society • Life Services Alternatives • LifeMoves • Living Classroom • Los Altos Mountain View Community Foundation • Lucile Packard Foundation for Children’s Health • Manteca Police Chief’s Foundation • Momentum for Health • Morgan Autism Center • My Good Brain • NAMI Santa Clara County • NephCure Kidney International • Next Door Solutions • Open Doors to Future Possibilities • Operation: Care and Comfort • Operation Freedom Paws • Pancreatic Cancer Action Network • Parents Helping Parents • Parkinson’s Foundation • PARTI Program • Peninsula Open Space Trust • Pivotal Connections • Project Safety Net • Razing the Bar • Rebuilding Together Silicon Valley • Resource Area for Teaching • San Jose Public

Library Foundation • Santa Clara University • Saratoga Area Senior Coordinating Council • Second Harvest of Silicon Valley • Second Harvest of the Greater Valley • Shop With a Cop Foundation of Silicon Valley • Sonrisas Dental Health • Special Olympics Northern California • Sunday Friends Foundation • Sunnyvale Community Services • The Envisioneers • The Grateful Garment Project • The Tech Interactive • Tower Foundation of San Jose State University • United Way of the Bay Area • Uplift Family Services • Valley Medical Center Foundation • We Hope • West Valley Community Services of Santa Clara County • West Valley-Mission College District Foundation



**Empowering
dreams.**



Board of Directors

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

Supervisory Committee

Brian Lawler <i>Chair</i>	Ponprom (Mel) Flynn <i>Member</i>	Madelaine Kolda <i>Member</i>	Tyler Martin <i>Member</i>
Kristen Mank <i>Secretary</i>			

Board/Supervisory Committee Associates

Jeannette DeLaGarza Tom Ferguson Milan Gandhi

Star One Management

Gary Rodrigues <i>President & CEO</i>	Minal Gupta <i>Senior Vice President Operations</i>	Percival Cerezo <i>Vice President Remote Services</i>
Margarete Mucker <i>Executive Vice President Operations</i>	Safal Panicker <i>Senior Vice President Treasurer</i>	Kimberly Hunter <i>Vice President Branch Services</i>
Brian Ross <i>Executive Vice President Finance & Administration</i>	Victoria Tabler <i>Senior Vice President Real Estate Lending</i>	Alex Kim <i>Vice President Audit and Compliance</i>
	Ryan Barringer <i>Vice President Marketing</i>	Steve Naylor <i>Vice President Information Systems</i>
	Shyam Bhaskar <i>Vice President Controller</i>	Humberto Ornelas <i>Vice President Consumer Lending</i>
	Vanessa Brosas <i>Vice President Deposit 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
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starone.org

Federally insured by NCUA

