ANNUAL REPORT 2022



kinecta
banking done different

OUR MISSION

To guide our members and communities to financial security.

2022 ACCOLADES

Forbes 2022 BEST-IN-STATE CREDIT UNIONS

2022 THE OFFICIAL COMMUNITY CHOICE AWARDS Democrat & Chronicle FINALIST

2022 THE BEST OF THE SOUTHLAND LA Times

SOUTH BAY'S BEST 31ST ANNUAL READERS' CHOICE AWARDS 2022

Great Place To Work. Certified APR 2022-APR 2023 USA

DEI LEADERSHIP AWARD

270,000+
Credit Union Members Nationally

$6.7B
In Assets

31
Kinecta Branches



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In 2022, Kinecta surpassed our plan for member growth, exceeding 16,000 new direct members.



This past year was marked by volatility for many Americans, as higher interest rates, inflation, Russia's war in Ukraine and the challenging labor environment created uncertainty in the market and at home. Despite these headwinds, Kinecta continued to enhance member service, expand digital banking tools and grow our branch network. We are grateful for the commitment and talent of all our team members who have helped make 2022 another successful year.

In 2022, we added more members to our credit union than any other year, exceeding 16,000 new direct members. Notably, our percentage of new members between 18 and 42 grew to nearly 50% and is still climbing. We also received the Great Place to Work designation for the 4th year in a row and had record-low employee turnover, despite the challenges presented during what has been called the "Great Resignation."

The credit union had strong financial performance throughout the year, even considering the inflationary environment and lending slowdowns, with total assets growing to $6.7 billion by the end of 2022. The credit union remains well-capitalized and recorded $41.2 million in net earnings. The quality of the loan portfolio remained strong as well, and the credit union saw an increase of $1.4 billion in loan balances.

Our members' credit needs remained a high priority. In 2022, Kinecta exceeded our plan for consumer loan growth, originating over 14,000 auto loans for approximately $554 million. We successfully weathered the waning mortgage demand better than most due to our unique Construction-to-Permanent loan option, ultimately funding approximately $1.7 billion in residential and commercial mortgages—ranking us 30th* in loan production among U.S. credit unions.

Kinecta introduced several new and enhanced financial products in 2022, such as Payday Alternative Loans to provide members quick access to needed funds and the removal of foreign transaction fees on credit cards. We also expanded services to new states, including launching our auto dealership lending products in New York and New Jersey.

With pandemic limitations on large gatherings largely lifting in 2022, Kinecta, its subsidiaries, employees and Volunteer Corps gave over 6,300 hours of their time and helped raise over $1.2 million for local nonprofit organizations across our markets. Kinecta's Diversity Council successfully launched six Employee Resource Groups for employees with similar backgrounds to connect and support one another. Kinecta also received the Social Impact Award presented by the California and Nevada Credit Union League for our work in these areas.

Kinecta was also recognized as a top-ranked credit union in CA on Forbes' 2022 list of America's Best Credit Unions. Additionally, residents in Rochester, NY, voted Kinecta as a finalist for Best Credit Union in the Democrat & Chronicle's annual Rochester Choice Awards in 2022.

We opened our state-of-the-art flagship branch in Manhattan Beach, CA, and completed several remodeling projects, including reopening the Gardena, CA, branch this past year.

Kinecta introduced several new member service enhancements in 2022. We completed the development of our new generation Interactive Teller Machines that will begin deploying in 2023, allowing members to make loan payments, obtain mini-statements, withdraw funds in multiple denominations or work directly with a video teller on more complex transactions. We deployed our Live Chat function with a seamless interface to a live Kinecta agent from our automated chat service on kinecta.org and extended the Live Chat hours to include weekends.

Looking to 2023, we're excited for the year ahead. Our members will continue to see access to our branch network expand with new locations, as well as remodels of existing locations. Our new Virtual Banking Platform will allow members to conduct most transactions via video online with a live Kinecta banker without coming into a branch. And, as a credit union, deposits continue to be safe and insured by the NCUA[1]. Our business decisions are made with only the best interests of our member-owners in mind, unlike banks, which are accountable to the demands of their shareholders. All this and more is made possible because of the passionate and dedicated team members who make Kinecta the credit union it is today. Thank you for your loyalty and trust over these past 83 years.

Sincerely,

Jeffry Y. Yonemura
Chair of the Board

Keith Sultemeier
President and CEO

* S&P Global as of 12/31/2022

[1] Members' deposits are federally insured by the NCUA (National Credit Union Association) to at least $250,000.

COMMUNITY ENGAGEMENT

Providing support and opportunity





6,300+

Volunteer Hours

$1,200,000+

Total Donations To Charitable Causes

200+

Community Events Participated In

Kinecta gives back to our community through financial support and volunteerism where we live, work and do business.

As the continued effects of the pandemic wore on, Kinecta's Volunteer Corps remained steadfast in our commitment to positively impacting our communities. In 2022, our employees gave back by volunteering more than 6,300 hours at more than 200 events, benefiting over 200 nonprofits. We donated over $1,200,000 to charitable causes, such as Children's Miracle Network Hospitals. We closed the year by hosting our 49th Annual drive-through Holiday Food Drive event in Los Angeles, California. In Rochester, we hosted a "thank you" breakfast for the YWCA Rochester & Monroe County staff and provided 330 grocery store gift cards for every resident of the YWCA. Kinecta also supported the Pirate Toy Fund Drive in Rochester, New York, throughout the year. Check out some of the ways Kinecta showcased our commitment to community in 2022.



Skechers Pier to Pier Friendship Walk

Kinecta was the premier sponsor of the 2022 Skechers Pier to Pier Friendship Walk. Over 19,350 attendees participated, and the event raised over $3,000,000 to benefit students and families nationwide, including nearly 60,000 students in the South Bay public school system, as well as funding a national scholarship program to help students thrive beyond their high school education. Proceeds from the event also helped fund virtual programs for families and children nationwide with special needs. Kinecta is supporting the Skechers Pier to Pier Friendship Walk through 2023 as the exclusive presenting sponsor and donating a corporate gift of $450,000 over three years to benefit this great cause.

Pirate Toy Fund Drive

Kinecta reinforced its commitment to the Rochester, New York, community by becoming the Exclusive Financial Partner for the Pirate Toy Fund (PTF) events and activities. The PTF is the only nonprofit organization in the country dedicated to distributing new toys year-round to children in need throughout the Greater Rochester, NY, area. Kinecta branches across the country collected more than 600 toys and took monetary donations for kids in need to help PTF reach its overall goal of 20,000 toys.

Dave and Lorrie Simonetti and local children's entertainer, Gary the Happy Pirate, founded the Pirate Toy Fund in 1995, and the organization has distributed almost 400,000 toys since its formation. Kinecta's community partner, the Rochester Americans professional ice hockey team, is also part of this amazing annual campaign.

Mychal's Learning Place: The Great Santa Stroll

Kinecta sponsored the Mychal's Learning Place Annual Great California Santa Stroll, which gathered hundreds of Santas who ran, walked or strolled at this 5K in the South Bay of Los Angeles. Mychal's Learning Place provides support, training and opportunities for children and young adults with developmental disabilities. It is a safe and loving environment that fosters self-esteem and growth and encourages its participants to achieve their goals of living a more independent life. Team Kinecta had 122 walkers and raised over $10,000 for Mychal's Learning Place. Kinecta also donated our ice cream truck to be onsite for the event and gave away free ice cream to the participants, along with frozen treats to the pups who accompanied them.



Financial Empowerment

Whether it's learning how to improve credit, ways to increase savings or other personal finance topics, we are here to help our members succeed in their financial lives. Kinecta facilitated 73 in-person and virtual financial empowerment sessions and provided partners and members with online modules, engaging over 3,000 participants in 2022.

Kinecta's Annual Backpack Drive

Kinecta's Annual Backpack Drive supported students and families coast-to-coast this year. Kinecta donated, packed and distributed 846 backpacks across Southern and Northern California and in Rochester, New York, providing underserved students from grades three to 12 much-needed school supplies for the upcoming school year.

"Kinecta facilitated 73 in-person and virtual financial empowerment sessions and provided partners and members with online modules, engaging over 3,000 participants in 2022."

Kinecta Kindness

Kinecta recognizes acts of kindness throughout our community, with #KinectaKindness awards. Know a caring friend, neighbor or someone in your community committing acts of kindness? Nominate them for a Kinecta Kindness award. It's a great way to recognize their good deeds, and each award winner earns a $250 donation to the nonprofit they support. In 2022, we celebrated 40 Kinecta Kindness winners.

Kinecta's 49th Annual Food Drive

The Kinecta Community Foundation hosted its 49th Annual Holiday Food Drive in 2022. The Food Drive has been a nationwide success with events in Southern California, Northern California and Rochester, New York. Over 1,300 underserved families participated and received traditional Thanksgiving food items and $75 grocery store gift cards. In total, our employees, vendors and members raised over $72,000 for the special event.

"Over 1,300 underserved families participated and received traditional Thanksgiving food items and $75 grocery store gift cards."



Kinecta's Scholarship Program

Kinecta's Scholarship and Teaching Grants for Growth programs help students and educators reach their financial and academic goals. In 2022, Kinecta awarded eight $2,000 scholarships to students, and five teaching grants totaling over $9,000 to help educators enhance their regular curriculum with special activities. Executives also funded and awarded the Kinecta $5,000 REDCAP Scholarship to help a Kinecta employee pay for their child's tuition expenses.

Shaunael Milton
Kinecta REDCAP Scholarship Winner



Kinecta Teaching Grants for Growth Winners


Dan Bonn


Robert Duffy


Robert Nordquist


Michelle Adams


Monica Caballero

Kinecta Scholarship Winners


David Maemoto


Hannah Takasuka


Eric Ho


Karla Vasquez


Lian Sydorowicz


David Mayoral


Isabela Estrada


Adrienne Walker

LEADERSHIP

Board of Directors



Jeffry Y. Yonemura
Chair



Suzanne M. Curtin
Vice-Chair



Paul A. James
Treasurer



Roni Crichton
Secretary



Jacqueline Stafsudd
Associate Treasurer



Jeffrey S. Conrad
Assistant Secretary



Mary Yasui-Yamabe
Director



Judy Novak
Director



Mark Byrne
Director

Supervisory Committee



Keith Landenberger
Chair



Kristen Stewart
Secretary



Mark Byrne
Member



Jeffrey W. Wells
Member



Mark Holbrook
Staff Liaison

Directors Emeriti



Andrew L. Savoy



John N. Tessier



John Buttrill



Dennis Ruffner

Kinecta Federal Credit Union and its Board of Directors thank the Directors Emeriti for their years of commitment and service.

Kinecta Financial Management Company, LLC Board of Directors

Jeffrey S. Conrad
Director

Robert A. Young
Vice-Chair

Mary Yasui-Yamabe
Treasurer

Judy Novak
Secretary

Keith Sultemeier
Director

Dennis Ruffner
Liaison

Donna McNeely
Staff Liaison

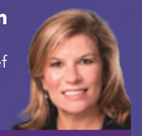
Executive Team



Keith Sultemeier
President, Chief Executive Officer



Raj Bandaru
Senior Vice President, Chief Information Officer



Kim Graham
Senior Vice President, Chief People Officer



Mark Holbrook
Senior Vice President, Chief Risk Officer



Jason Pendergist
Senior Vice President, Chief Lending Officer



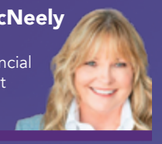
Mike Squire
Senior Vice President, Chief Experience Officer



Brett A. Stubbs
Senior Vice President, Chief Financial Officer



Ondar Tarlow
Senior Vice President, Chief Marketing Officer



Donna McNeely
President, Kinecta Financial Management Company

Volunteer Associates



Donald Rory
Volunteer



Spencer Leslie
Volunteer



Heather Smith
Volunteer



FINANCIALS

Years ended December 31, 2022 and 2021

Kinecta Federal Credit Union and Subsidiaries condensed consolidated statements of financial condition

ASSETS (IN THOUSANDS)	**2021**	**2022**
Cash and investments	$ 1,847,444	$ 611,779
Loans receivable, net	4,353,689	5,613,394
Premises and equipment	108,169	97,346
Goodwill and other intangibles	26,841	26,841
Other assets	274,610	318,805
Total Assets	**$ 6,610,753**	**$ 6,668,165**

LIABILITIES AND MEMBERS' EQUITY	**2021**	**2022**
Liabilities		
Members' shares	$ 6,020,072	$ 5,715,366
Borrowed funds	-	327,000
Accrued expenses and other liabilities	65,534	91,641
Total liabilities	**6,085,606**	**6,134,007**
Members' Equity	525,147	534,158
Total Liabilities and Members' Equity	**$ 6,610,753**	**$ 6,668,165**



Kinecta Federal Credit Union and Subsidiaries condensed consolidated statements of income and comprehensive income

INCOME (IN THOUSANDS)	**2021**	**2022**
Interest income	$ 162,279	$ 217,988
Interest expense	25,760	32,568
Net interest income	**136,519**	**185,420**
Provision for loan losses	2,197	1,828
Net interest income after provision for loan losses	**134,322**	**183,592**
Noninterest income		
Commissions, fees & other	56,007	38,273
Gain on sale of loans	17,353	5,656
Total noninterest income	**73,360**	**43,929**
Noninterest expense		
Compensation & benefits	108,776	102,968
Office occupancy	12,530	15,748
Other operating expense	57,288	67,617
Total noninterest expenses	178,594	186,333
Net income	**$ 29,088**	**$ 41,188**
Other comprehensive (loss) income	(6,357)	(24,647)
Comprehensive Income	**$ 22,731**	**$ 16,541**

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee has engaged independent auditors to complete Kinecta Federal Credit Union's financial statement audit as of and for the years ended December 31, 2022 and 2021. The independent auditors have issued an unmodified opinion in their Independent Auditor's Report. The audited consolidated financial statements as of and for the years ended December 31, 2022 and 2021, (not presented herein) are available by calling the Credit Union's Member Contact Center at **800.854.9846.**

The Credit Union's Condensed Consolidated Statements of Financial Condition as of December 31, 2022 and 2021, and Condensed Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2022 and 2021 are included herein on pages 12 and 13.

Based on our review and the result of our independent auditors' efforts, the Supervisory Committee believes the Credit Union has maintained accurate and timely accounting records and applied the policies and procedures established by the Board of Directors.

Keith Landenberger
Chair, Supervisory Committee

SERVICE PROVIDERS
Independent Auditors
Crowe, LLP
Los Angeles, CA

LEGAL & REGULATORY COUNSEL
Styskal, Wiese & Melchione, LLP
Glendale, CA

KINECTA DIVERSITY COUNCIL

Kinecta is dedicated to promoting a diverse, inclusive and equitable environment for our employees, members and the communities we serve. The Diversity Council was formed in 2020 by a cross-section of employees who meet regularly to advance diversity, equity and inclusion (DEI) goals at Kinecta, with the support of an executive sponsor.

The Council's vision is to recognize, advocate and foster a culture of diversity, equality and inclusion across our organization that is equitable for our employees and the communities we serve.

"We are committed to building an equitable work environment by supporting and celebrating our employees' unique abilities and differences while providing opportunities that encourage growth and development. We are committed to promoting equitable communities by supporting partners and outreach efforts that align with our vision."



Growth and Development

The Council has successfully implemented several internal programs to support the growth and development of employees through the DEI lens, including a series of training courses for employees that focus on such topics as unconscious bias, microaggressions and cultural sensitivity. Additionally, the Kinecta Emerging Leaders Program (KELP) was created to encourage and develop future leaders and diverse representation within the organization. Through mentorship opportunities and leadership assessments, KELP participants learn from senior leaders both inside and outside of the credit union.

Employee Resource Groups (ERGs)

The Council supports seven Employee Resource Groups (ERGs) where individuals with similar backgrounds and allies can connect and have a voice. ERGs raise awareness and give a voice to our employees, offering them support and an opportunity to network and socialize, as well as work on professional development.

External Partnerships

The Council has partnered with community organizations across our markets who align with our commitment to promote equity in the communities we serve. These partners include Covenant House, Operation Progress and Spicy Green Book. The Council's vision is at the heart of every action we take. From the environment we provide our employees to the services we offer members to the charitable activities we support in the communities, Kinecta has an immense opportunity to bring meaningful change to the lives of those we touch.

PRODUCTS & SERVICES

As one of the largest credit unions in the nation by asset size, we have the financial products, technology and services to help our members achieve financial security. Members can choose from a range of products—online or through consultations with their Kinecta personal financial advocate—to suit their financial needs. Whether it's new checking accounts, personal loans, credit cards, mortgages, insurance or investment products, we take a personalized approach to help our members make informed decisions.



Personal Banking

- Checking
- Certificates
- IRAs
- Savings
- High Yield Money Markets
- Debit Cards
- Health Savings Accounts

Student Banking

- Checking
- Student Loans[1]
- Credit Cards



Business Banking

- Checking and Savings
- Small Business Administration (SBA) Loans
- SBA Lines of Credit
- Credit Cards
- Money Markets and Certificates

Commercial Real Estate Loans[2]

- Multi-family Properties Over Four Units
- Manufactured Housing Communities
- Office and Retail Spaces, Light Industrial, Warehouse, and Self-Storage
- Single Credit Tenant

Loans/Borrow

- Mortgage Loans[3] (Purchase, Refi, Home Equity)
- Construction-to-Permanent Loans
- Credit Cards (Rewards, No-fee, Secured, First-time Borrower)
- Personal Unsecured Loans and Lines of Credit
- Auto Loans (Purchase, Refi, Lease Buyout)
- Vehicle, Motorcycle, RV and Boat Loans

Kinecta offers the borrowing tools and lending strength to provide the funds our members need.

1 Before applying for a private student loan, Kinecta Federal Credit Union, Citizens and Cognition Financial recommend comparing all financial aid alternatives including grants, scholarships, and both federal and private student loans. Citizens and Cognition Financial are not owned by, or affiliates of, Kinecta Federal Credit Union.

2 **Commercial lending.** Subject to borrower's credit qualifications and requirements of Kinecta and/or the Small Business Administration loan program. Terms & conditions subject to change. Kinecta Federal Credit Union is an equal opportunity lender. Commercial real estate loans are only available in states with a physical Kinecta branch location.

3 **Mortgage loans.** Offered under Nationwide Multistate Licensing System (NMLS) #407870. Membership requirements apply. Refer to the Agreements & Disclosure booklet for terms and conditions applicable to specific accounts.

Investors count on us to help plan for their financial futures.

Property and Casualty Insurance[4]

- Home and Vehicle Insurance
- Umbrella Insurance
- Renters Insurance
- Natural Disaster Insurance
- Business Owner Policies
- Apartment & Condo Policies



4 Insurance products are offered through Kinecta Financial & Insurance Services, LLC, subsidiary of Kinecta Federal Credit Union.
California Insurance License #0E24631. Insurance products: **1) are not NCUSIF insured; 2) are not obligations of or guaranteed by the Credit Union or any affiliated entities; 3) involve investment risk, including possible loss of value. Insurance products not available in all states.**



Kinecta Wealth Management

Investors count on us to help plan for their financial futures. Our LPL Financial Advisors can locate new opportunities for investors' money while creating plans to help protect the people and things that mean the most to them.

Our LPL Financial Advisors also offer access to quality investment and insurance strategies customized to address the needs of individuals, as well as businesses of various sizes and stages of development.

Wealth Management[5]

- Comprehensive Financial Plans
- Retirement Savings & Income Planning
- Trust & Estate Planning
- Tax-managed Investing
- Life & Long-term Care Insurance Solutions
- Business Retirement Plans
- Key Employee Insurance
- Buy-sell Agreements



5 **Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates.** Kinecta Federal Credit Union and Kinecta Wealth Management **are not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using Kinecta Wealth Management and are employees of Kinecta Federal Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Kinecta Federal Credit Union or Kinecta Wealth Management. Certain fixed insurance products may also be offered through Kinecta Financial & Insurance Services, a subsidiary of Kinecta Federal Credit Union. Securities and insurance offered through LPL or its affiliates and fixed insurance products offered through Kinecta Financial & Insurance Services are:

Not insured by NCUA or Any Other Government Agency	Not Credit Union Guaranteed	Not Credit Union Deposits or Obligations	May Lose Value

BRANCH LOCATIONS

Serving members across the nation

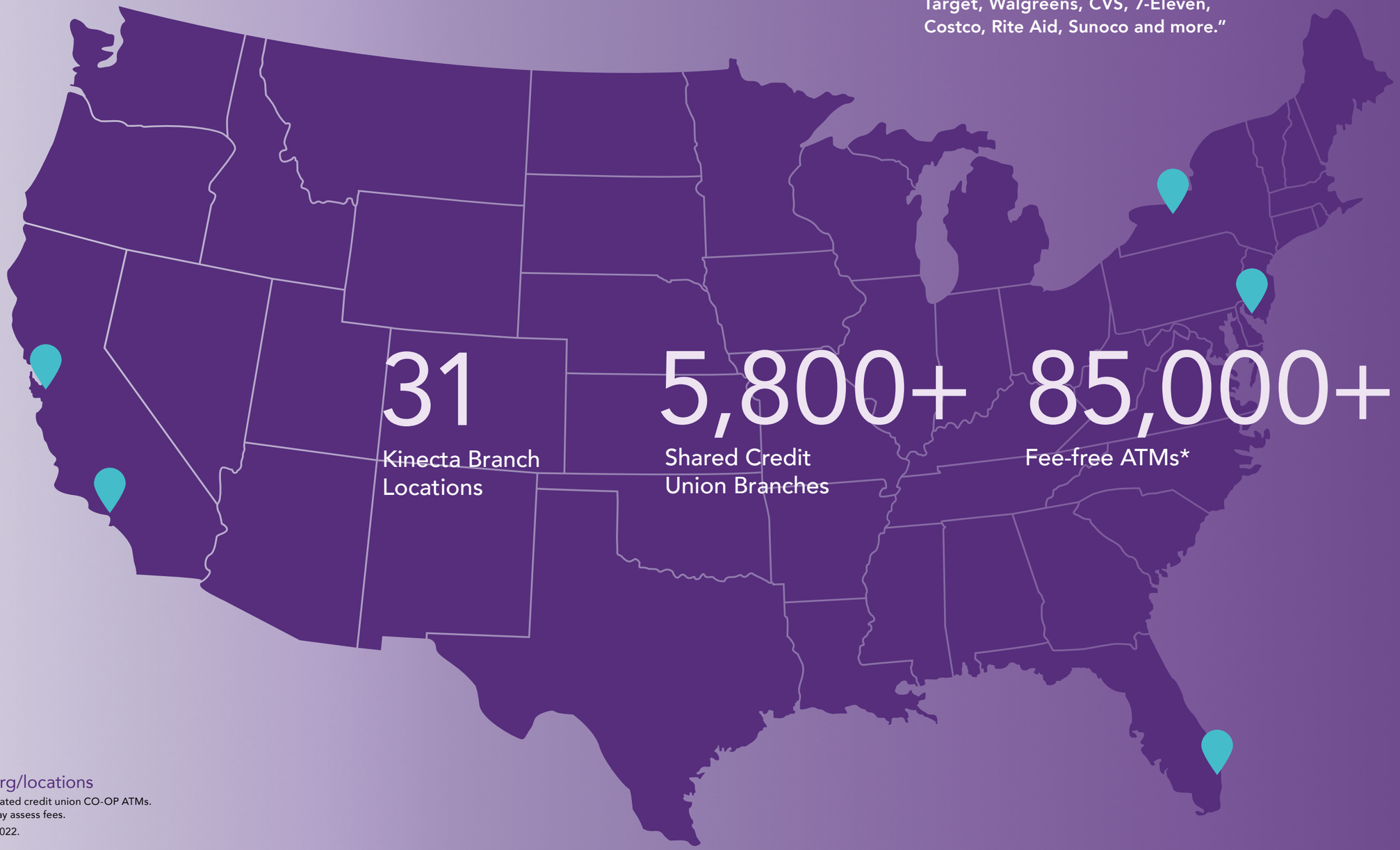
CALIFORNIA
Brea
El Segundo
El Segundo (Boeing)
El Segundo (Raytheon)
Fountain Valley
Gardena
Goleta
Hawthorne
Huntington Beach
Lakewood
Malibu (HRL Labs)
Manhattan Beach (2)
Palos Verdes Peninsula
Redondo Beach
San Jose
Santa Monica
Torrance (2)
Tustin
Warner Center
Westchester
Westlake Village

NEW JERSEY
Madison (Anywhere)
Parsippany

NEW YORK
Greece
Henrietta
Pittsford
Webster
Webster (Xerox)

FLORIDA
Boca Raton (ADT)

"Our members have access to over 85,000 fee-free* Allpoint and CO-OP network ATMs nationwide, which are often located in stores such as Target, Walgreens, CVS, 7-Eleven, Costco, Rite Aid, Sunoco and more."



31
Kinecta Branch Locations

5,800+
Shared Credit Union Branches

85,000+
Fee-free ATMs*

Learn more at kinecta.org/locations

*No-surcharge fee for Kinecta and affiliated credit union CO-OP ATMs. Unaffiliated ATM owners/operators may assess fees.

Branch locations accurate as of 12/31/2022.

kinecta
banking done different

1440 Rosecrans Ave.
Manhattan Beach, CA 90266
kinecta.org | 800.854.9846

EQUAL HOUSING LENDER

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