

Annual Report | 2023

Bank Borrow Insure Invest

kinecta 



kinecta  banking done different[®]

270K+

credit union members nationally

\$6.8B

in assets

2023 Accolades



Mission

To guide our members and communities to financial security.

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17.3K+

new members joined our credit union.

\$1B+

share certificate volume

\$243M

new credit card accounts



Our members and the credit union faced challenging times in 2023. For the first time in recent memory, we saw inflation drive the costs of daily living much higher. Our borrowers saw interest rates on loans more than double. We made it through these challenges by focusing on what we do best...serving our members.

Member demand for credit union products and services was robust in 2023. Over 17,300 new members joined our credit union. Loan production included over 1,300 residential mortgage loans for over \$800 million, 4,500 auto loans for \$159 million, \$120 million in personal loans and over \$243 million in new credit card accounts.

We rewarded our savers with competitive rates on over \$1 billion of 15-month, 12-month liquid and 9-month certificates. We also introduced new digital solutions, including Zelle® for person-to-person payments, a new fleet of state-of-the-art ATMs with video functionality and a digital investing platform for members who want to begin building stock and mutual fund portfolios.

Our commitment to our communities and employees does not waiver. In 2023, Kinecta, its subsidiaries, employees and Volunteer Corps gave over 7,000 hours of their time and raised more than \$1.2 million to support local nonprofits across

our markets. For the 5th year in a row, we received the Great Place to Work designation, an ongoing focus on serving those who serve our members.

Last year, we began the credit union's largest technology upgrade in the past decade, which successfully launched on March 19, 2024. Members now have a new unified mobile and online banking platform with expanded features and more on the way. These digital enhancements provide members with a more powerful, convenient, intuitive and seamless banking experience.

At its core, our promise to members has always been that we will provide them with a better option than traditional banks, and for over 80 years, we've kept our focus on that promise. Your credit union's success would not be possible without the patronage and support of its member-owners or the passionate and dedicated team providing our members with exceptional service. Thank you for your continued loyalty.

Sincerely,



Jeffrey Y. Yonemura
Chair of the Board



Keith Sultemeier
President and CEO

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



Providing support and opportunity

In 2023, our employees gave back by volunteering more than 7,000 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 50th Annual Holiday drive-through 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 2023.

Skechers Pier to Pier Friendship Walk

Over the last three years, Kinecta was the exclusive presenting sponsor of the walk. The walk raises money to benefit students and families nationwide, including nearly 60,000 in the South Bay.

60,000+
students

Pirate Toy Fund

The Pirate Toy Fund (PTF) is the only nonprofit organization in the country dedicated to distributing new toys year-round to children in need throughout the Greater Rochester, New York area. Kinecta supported the organization as the exclusive financial partner.

600+
toys and monetary
donations collected

Helped PTF reach
goal of collecting toys
34,000+

Kinecta’s 50th Annual Food Drive

The food drive has been a nationwide success with events in Southern California and Rochester, New York. For the 50th year, Kinecta volunteers packed 50,000 meals for Rise Against Hunger ahead of the local food distributions.

1,300+
underserved
families served

Kinecta employees, vendors
and members raised
\$70,000+

Kinecta employees
and members
raised over

\$15,000+

Maui Relief Fire Campaign

Kinecta’s heart went out to those affected by the Maui fires. For every \$1 donated to the Maui Fire Relief campaign, Kinecta matched \$2 up to \$10,000. With an additional fundraiser hosted by our Employee Resource Groups, Kinecta 99s/AAPI, Kinecta employees and members raised over \$15,000 to benefit the Hawaii Community Foundation – Maui Strong campaign.

Kinecta Kindness

Throughout 2023, 31 Kinecta Kindness winners were awarded a \$250 donation to the nonprofit they support for their community spirit.

Community Engagement

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. Team Kinecta had 93 walkers and raised over \$10,000 for Mychal's Learning Place.

Kinecta employees, and members raised

\$10,000+

4,300+

participants engaged in online modules provided by Kinecta

77

financial empowerment sessions facilitated

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 77 in-person and virtual financial empowerment sessions in 2023.

Kinecta's Annual Backpack Drive

Kinecta's Annual Backpack Drive supported students and families coast-to-coast this year. The event supported students in grades three to 12 in Southern California and Rochester, New York.

≈ 1,000

backpacks donated, packed and distributed

Kinecta's Scholarship Program

The Scholarship and Teaching Grants for Growth programs help students and educators reach their financial and academic goals. In 2023, Kinecta awarded eight \$2,000 scholarships to students and six teaching grants provided by our partner, Innovision Society (\$10,546 total) 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.



Amber M.
Kinecta REDCAP
Scholarship
Winner

Kinecta Teaching Grants for Growth Winners



Helen L.



Graciela O.



Phuong U.



Karyn P.



Daisy L.



Ashley G.



Kinecta Scholarship Winners



Amanda S.



Camron B.



Christopher T.



Francesca V.



Heather J.



Joseph N.



Katelyn C.



Naomi K.

Leadership

Board of Directors



Jeffrey Y. Yonemura
Chair



Suzanne M. Curtin
Vice-Chair



Paul A. James
Treasurer



Roni Crichton
Secretary



Mark Byrne
Associate
Treasurer



Judy Novak
Assistant
Secretary



Mary Yasui-Yamabe
Director

Kinecta Financial Management
Company, LLC
Board of Directors

Paul A. James
Chair

Suzanne M. Curtin
Vice-Chair

Mark Byrne
Treasurer

Mary Yasui-Yamabe
Secretary

Keith Sultemeier
Director

John Buttrill
Liaison

Keith Landenberger
Liaison

Judy Novak
Liaison

Supervisory Committee



Keith Landenberger
Chair



Kristen Stewart
Secretary



Mark Byrne
Member

Dennis Ruffner
Liaison

Donna McNeely
Staff Liaison



Jeffrey W. Wells
Member



Mark Holbrook
Staff Liaison

Executive Team



Keith Sultemeier
President,
Chief Executive
Officer



Raj Bandaru
Senior Vice
President,
Chief Information
Officer



Robin Blake
Vice President,
Strategy



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

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.

Financials

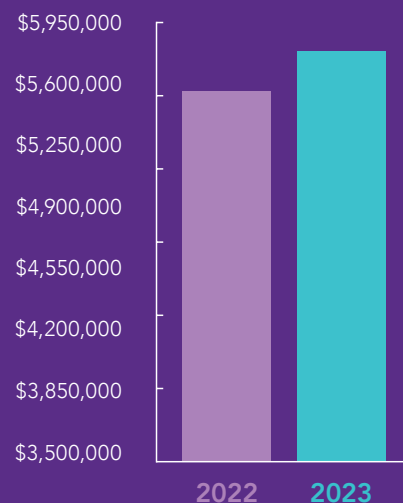
Years ended December 31, 2022 and 2023

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

ASSETS (IN THOUSANDS)	2022	2023
Cash and investments	\$ 611,779	\$ 618,026
Loans receivable, net	5,613,394	5,802,538
Premises and equipment	97,346	100,232
Goodwill and other intangibles	26,841	23,700
Other assets	318,805	300,278
Total Assets	\$ 6,668,165	\$ 6,844,774

LIABILITIES AND MEMBERS' EQUITY	2022	2023
Liabilities		
Members' shares	\$ 5,715,366	\$ 5,564,919
Borrowed funds	327,000	684,720
Accrued expenses and other liabilities	91,641	70,729
Total liabilities	6,134,007	6,320,368
Members' Equity	534,158	524,406
Total Liabilities and Members' Equity	\$ 6,668,165	\$ 6,844,774

LOANS

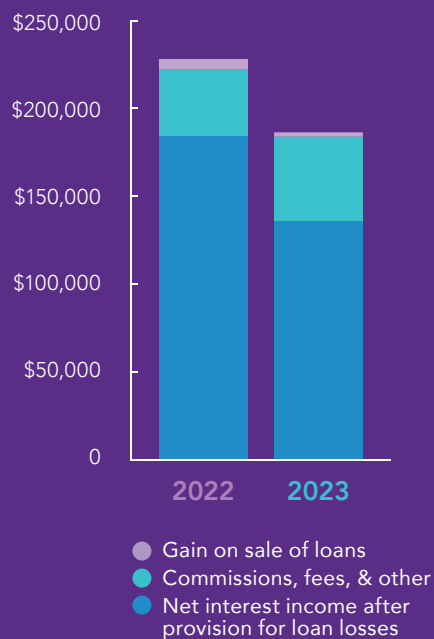


SHARES

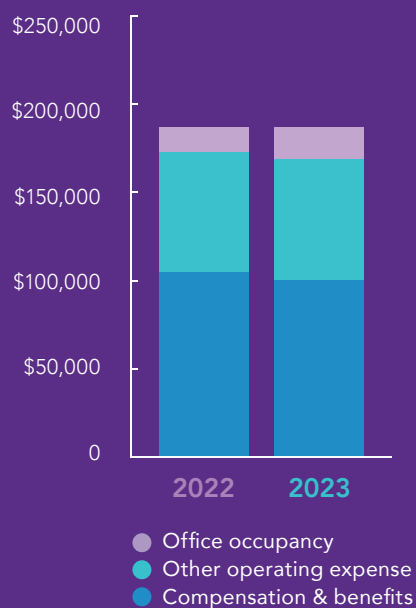


Kinecta Federal Credit Union and Subsidiaries condensed consolidated statements of income and comprehensive income

INCOME



EXPENSE



INCOME (IN THOUSANDS)	2022	2023
Interest income	\$ 217,988	\$ 274,992
Interest expense	32,568	99,726
Net interest income	185,420	175,266
Provision for loan losses	1,828	38,041
Net interest income after provision for loan losses	183,592	137,225
Noninterest income		
Commissions, fees & other	38,273	48,849
Gain on sale of loans	5,656	1,980
Total noninterest income	43,929	50,829
Noninterest expense		
Compensation & benefits	102,968	98,162
Office occupancy	15,748	17,638
Other operating expense	67,617	72,211
Total noninterest expenses	186,333	188,011
Net income	\$ 41,188	\$ 43
Other comprehensive (loss) income	(24,647)	5,097
Comprehensive Income	\$ 16,541	\$ 5,140

In 2020, Kinecta formed the Diversity Council to advance the diversity, equity and inclusion (DEI) goals of the organization. The commitment to creating a diverse, inclusive and equitable environment continues and in 2023 Kinecta was recognized for this work as a finalist for the CUES Catalyst for Change Award.

80+

training courses & growth initiatives

125+

council members

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, 2023 and 2022. 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, 2023 and 2022, (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, 2023 and 2022, and Condensed Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2023 and 2022 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

Employee Resource Groups (ERGs)

One area of focus is the support of Employee Resource Groups (ERGs) where individuals with similar backgrounds and allies can connect and have a voice. ERGs also provide networking opportunities and professional development. In 2023, the Kinectabilities Disability & Inclusion Outreach ERG launched as a support for employees and members with disabilities as well as caregivers for someone with a disability.

The nine ERGs at Kinecta also participate in community events. In 2023, ERG members contributed nearly 800 hours of external community service. A national effort, the Veterans Empowering Throughout Society (VETS) ERG sponsored over 112 wreaths for the Wreaths Across America Campaign while the Kinecting in Safe Spaces (KISS) ERG hosted a mental health and wellness fair for Kinecta employees and community members in the South Bay area of Los Angeles.

Coming together to support the PRISM ERG, members of multiple ERGs participated in the Long Beach Pride Parade and the El Camino Pride Festival. ERG community support went beyond volunteer hours when the Maui fires occurred. Kinecta's AAPI Empowerment ERG jumped into action to raise more than \$2,800 for the Maui disaster with a match from the Kinecta Community Foundation to provide a total of \$5,600 to the cause.

Growth and Development

Using the DEI lens, the Council implements internal programs that support the growth and development of employees. The Kinecta Emerging Leaders Program (KELP) was created to encourage and develop future leaders and promote diverse representation within the organization. This is achieved through mentorship opportunities and leadership assessments where KELP participants learn from senior leaders inside and outside of the credit union.

The Council has also successfully implemented a series of training courses for employees that focus on topics such as unconscious bias, microaggressions and cultural sensitivity.

200+

employees benefit from this initiative every year

External Partnerships

Partnering with community organizations throughout our footprint, the Council aligns with partners who share our commitment to promote equity. These partners include Covenant House, Operation Progress, Green Dot Public Schools and Spicy Green Book. Kinecta provides support to these partners such as hosting the annual Spicy Green Book Food Market at our headquarters in Manhattan Beach and providing financial literacy to over 1,000 students at Green Dot's annual Launch to College event. The Council's vision serves as a guide for the organization. From promoting a culture that embraces equity and inclusion to charitable service in our communities, Kinecta is committed to bringing meaningful change to our organization, members and communities.



Kinecta offers the deposit products and lending strength to provide the funds our members need.

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
- Savings
- Student Loans¹
- Credit Cards



Kinecta Wealth Management

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

The 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.



Business Banking

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



Commercial Real Estate Loans²

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



Loans/Borrow

- Credit Cards (Rewards, No-fee, Secured)
- Personal Unsecured Loans and Lines of Credit
- Mortgage Loans³ (Purchase, Refi, Home Equity)
- Construction-to-Permanent Loans
- Auto Loans (Purchase, Refi, Lease Buyout)
- Vehicle, Motorcycle, RV and Boat Loans



Property and Casualty Insurance⁴

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

¹ Before applying for a private student loan, Kinecta Federal Credit Union, Citizens and Monogram recommend comparing all financial aid alternatives including grants, scholarships, and both federal and private student loans. Citizens and Monogram 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 & Disclosures booklet for terms and conditions applicable to specific accounts.

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.**



Wealth Management

- 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

Investors count on us to help safeguard their financial futures.

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

Kinecta members chose to join a credit union with their best interest in mind.



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

29

Kinecta branches

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 as of 12/31/2023.

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
Santa Monica
Thousand Oaks
Torrance (2)
Tustin
Warner Center
Watts
Westchester

NEW JERSEY

Madison (Anywhere)

NEW YORK

Greece
Henrietta
Webster
Webster (Xerox)

FLORIDA

Boca Raton (ADT)



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banking done different

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