

2023

Annual Impact Report



Marked by
STRENGTH & SECURITY

Leading with Excellence

As a Member-owned, not-for-profit financial cooperative, KeyPoint invests in the prosperity of Members and the community. Our mission is to enable financial well-being through advantageous solutions and education. We live this mission daily by empowering people to thrive throughout all stages of life.

KeyPoint was recognized twice for our **Economic Empowerment Initiative**—a unique collaboration between KeyPoint, local Chambers of Commerce and nonprofits that uplifts marginalized individuals and breaks the cycle of poverty.

KeyPoint is a great place to work! For the second consecutive year, our employees voted KeyPoint a **Top Workplace** (for mid-sized companies). Sponsored by the *San Francisco Chronicle/Hearst Media*, this award celebrates companies that prioritize employees' well-being and potential.



Employee satisfaction translates to exceptional Member commitment. Each year, we measure Member satisfaction to ensure we provide the services and support for Members to thrive financially. **Our Net Promoter Score received a high rating of 74**, which means that Members are likely to refer friends and family to KeyPoint!



Dora Maxwell Social Responsibility Community Service Award

*Recognized at the state level
(for CA-based credit unions
at least \$1 billion in assets)*

Community Impact Award

*Honored at the Silicon Valley
Business Journal's Community
Impact and Corporate
Philanthropy Awards*

Going Beyond to Improve Lives

GARY GARCIA

Board Chair

The Federal Reserve's efforts to tame inflation impacted the banking industry. With higher interest rates, loan demand decreased, and savers earned higher dividends on their money. KeyPoint quickly met the evolving market demands while maintaining operational strength and soundness.

To support Members' financial needs, we made loans to worthy borrowers, offered high-yield savings opportunities and enhanced our digital services.



Welcomed **5,574** new Members



Opened **12,166** checking, savings, certificates & retirement accounts



Paid **\$11.2M** in dividends to Members



Received **\$62.3M** in business checking account deposits



Financed **\$55M** in vehicle and equipment, unsecured term & SBA loans

Driven By Innovation

We enhanced operations to make Member experiences more efficient and intuitive. With the introduction of an artificial intelligence underwriting module, borrowers can now receive instant loan approval and faster application processing. We also improved our credit card application process, helping Members get instantly approved for their new card.

Keeping Things Social

Social media brings our mission to life. Throughout 2023, we invited our followers to attend community events, get the latest on new developments and celebrate major KeyPoint milestones. By sharing our story, we reached over 30,000 individuals, received 3,954 page visits and saw our Facebook engagement rise by 68% from the previous year.

Meeting Today's Needs

As part of our credit union story of people helping people, we passionately invest in the community's growth and prosperity. Beyond financial services, KeyPoint focuses on three areas of great need.



Financial Wellness

We equip Members and the community with advantageous solutions so they can thrive financially.



Homeownership

We provide the resources and access to capital so Members can realize their dreams of homeownership.



Economic Empowerment

We empower our neighborhoods, serve our community and create opportunities for businesses to grow.

Fostering Financial Wellness

We help Members and our community build financial freedom through meaningful education opportunities. We delivered 31 webinars and 26 in-person classes to these groups:

- **Youth:** Los Paseos Aquatic Club, Santa Clara County Library District
- **High School:** Sunnyvale Educational Options High School, Latino College Preparatory Academy, TRIO Programs Leadership Conference
- **College:** San Jose State University, Evergreen Valley College
- **Community:** Consulate General of Mexico, Santa Clara County Head Start Program, Sunday Friends, HomeFirst Shelter, Healthier Kids Foundation

KeyPoint awards scholarships to Members pursuing higher education. In 2023, we proudly awarded scholarships to four students to support their future education endeavors.



Inspiring Homeownership

Owning a home is a big step in one's financial journey, and our goal is to help Members make this dream a reality. For first-time homeowners, we introduced two government-funded down payment assistance programs. With these programs, first-time buyers could qualify for a grant to supplement down payment and closing costs. Additionally, we helped buyers finance their homes, funding \$36.1 million in home mortgages. **In fact, one out of every four loans made was for first-time buyers!**



Empowering Our Community

Our *Economic Empowerment Initiative* helped six nonprofit organizations grow their community outreach, achieve fundraising goals and spread community aid. We bolstered our community's economic growth through supply drives, volunteer events and financial support. We also joined with the Mexican Consulate in San Jose to support a *Girls in Entrepreneurship program*, which gives women the resources and assistance to turn their ideas into reality.

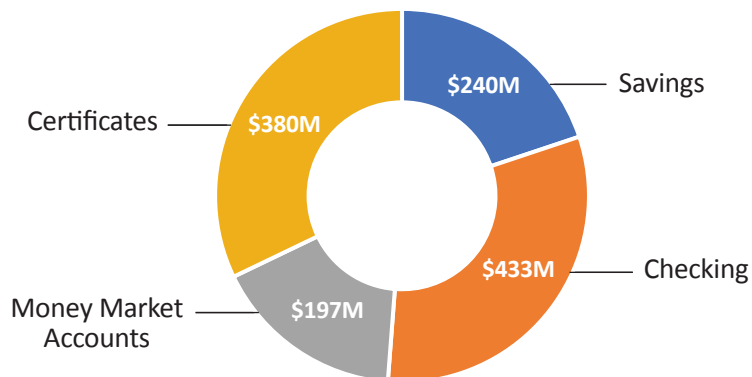
Resolute in Our Mission

Brad Canfield

President & CEO

KeyPoint had a productive year in 2023 with services that enhanced Member value and streamlined operations. Our financial strength stemmed from our ability to serve Members' needs and maintain robust deposit balances.

While higher interest rates squeezed borrowers, it brought good news for savers—better rates on savings. Members took advantage by opening 5,290 new Certificate accounts!



Next Generation Banking

We revamped our Youth Banking services, making it easier for young people to learn smart money habits. With the launch of a *Kids Checking* account, young Members learned financial independence while parents had the visibility, control and account security to guide their financial journey. The next generation opened over 400 Youth Banking accounts, receiving the tools, education and account security to support strong financial futures.

Strong Member Activities

Members continued to take advantage of our branch and digital services, making 166 thousand branch visits and 6.37 million Mobile and Online Banking logins. On the digital side, **82.2% of Members used Mobile and Online Banking** to manage their money, deposit 101 thousand checks and pay 158 thousand bills. Members also used their KeyPoint debit and credit cards to make 5.21 million transactions.

Maintaining Exemplary Fiduciary Standards

Mary Vetrano

Supervisory Committee's Report

Each month, a three-member volunteer Supervisory Committee convenes to provide independent oversight of the credit union's operations and financial statements.

Our mandate ensures that KeyPoint Credit Union maintains the highest fiduciary standards and upholds the Members' best interests.



The Supervisory Committee fulfills its duties and responsibilities by:

- Performing an independent annual audit
- Verifying membership account balances
- Ensuring the accuracy of financial statements
- Reviewing internal control systems to safeguard assets
- Establishing compliance with governing regulations, policies and procedures

An independent certified accounting firm audited KeyPoint's consolidated financial statements and verified that these reports comply with Generally Accepted Accounting Principles (GAAP). The audit for the year 2023 confirmed our financial statements with no changes.



*Earned an Excellent 4 Star-Rating
from BauerFinancial*

*Maintained NCUA's Well
Capitalized Classification*



Upholding Financial Strength

Mary Bennion

Treasurer's Report

While 2023 saw concern regarding the banking industry's stability, KeyPoint continued a decades-long story of strength and security.

Total assets as of December 31, 2023 were \$1.7 billion, while total net loans to Members were \$1.3 billion. Net worth was 8.29%. Total revenue was \$76 million and total operating expenses were \$43.9 million.

Total assets under management were \$2.2 billion and included:



\$1.7B

Assets (Loans)



\$440M

Loans serviced for others



\$32M

Invested through
Wealth Management



Members received \$466 thousand in dividends on their checking and savings balances. Total balances at year-end were \$1.3 billion and consisted of the following:



\$240M

in Savings



\$630M

in Checking and Money
Market Accounts



\$380M

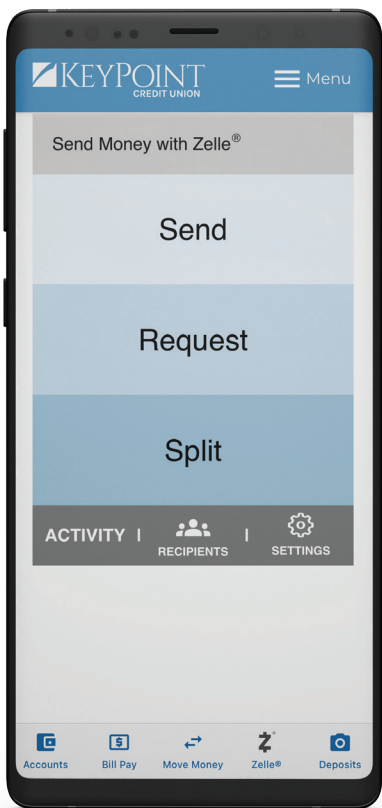
in Certificates

Flexible. Fast. Secure.

Through cutting-edge digital services, we bring financial solutions to Members' fingertips. We introduced powerful new features that helped Members easily move their money, make secure payments and receive quick answers to pressing questions.



Zelle®* is a fast and easy way to send and receive money with friends, family and acquaintances. Members can send money directly to enrolled recipients within minutes, all from the convenience of Mobile and Online Banking.



Contact Center Digital Assistant

Members calling the Contact Center can now interact with our Digital Assistant **KP**. Instead of waiting for a representative, **KP** provides immediate answers to questions such as how to register for Mobile Banking, business hours and locations, money transfers and more.



Contactless Payments

Keeping Members' personal information secure is a priority. For enhanced payment protection, we enabled contactless payments for all KeyPoint debit and credit cards. A safer way to pay, Members can tap and hold their contactless card above the payment terminal to thwart card skimmers from stealing their information.



Enhanced Digital Experience

Spoiler Alert! We're upgrading our Mobile and Online Banking platforms in 2024. Members will enjoy a simplified, user-friendly design, customized dashboards, financial health resources, account reports and much more.

*Zelle® and the Zelle® related marks are wholly owned by Early Warning Services, LLC and are used herein under license.

Consolidated Statement of Financial Condition *(in thousands)*

December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and Equivalents	\$ 103,432	\$ 103,408
Loans to Members	1,280,459	1,390,715
Investments	229,118	248,432
Property and Equipment, net	21,490	21,191
Other Assets	45,105	43,036
TOTAL ASSETS	\$ 1,679,604	\$ 1,806,782
LIABILITIES & MEMBERS' EQUITY		
Total Share Deposits	\$ 1,317,092	\$ 1,322,780
Borrowings	230,000	344,000
Other Liabilities	23,870	22,972
Total Liabilities	1,570,962	1,689,752
EQUITY		
Retained Earnings	139,206	146,101
Unrealized Gain (Loss) on securities available for sale	(30,564)	(29,071)
Total Equity	108,642	117,030
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 1,679,604	\$ 1,806,782

Consolidated Statement of Operations *(in thousands)*

December 31, 2023 and 2022

	2023	2022
INTEREST INCOME		
Interest on Loans	\$ 56,309	\$ 47,909
Interest on Investments	10,506	9,165
Total Interest Income	66,815	57,074
NON-INTEREST INCOME		
Fee Income	3,744	3,666
Other Income	5,907	8,957
Total Non-Interest Income	9,651	12,623
TOTAL REVENUE	\$ 76,466	\$ 69,697
INTEREST EXPENSE		
Share Dividend Expense	\$ 11,214	\$ 2,714
Interest on Borrowings	11,339	7,712
Total Interest Expense	22,553	10,426
Provision for Loan Losses	4,517	7,130
Non-Interest Expense	43,891	45,297
TOTAL EXPENSE	\$ 70,961	\$ 62,853
NET INCOME	\$ 5,505	\$ 6,844

2023 Volunteers

As of December 31, 2023

The Board of Directors and the Supervisory Committee represent your best interests in our Member-owned financial cooperative. They volunteer their time to ensure proper oversight and thorough governance of our credit union's finances and operations. We are very grateful for their service.

- Gary Garcia, Board Chair



Directors

Gary Garcia (*Board Chair, 11 years of service*)
Keith Stattenfield (*Vice Chair, 22 years of service*)
Mary Bennion (*Secretary/Treasurer, 4 years of service*)
Robert Lerner (*Director, 32 years of service*)
John Tom (*Director, 31 years of service*)
Gregory Eby (*Director, 28 years of service*)
Baljinder Sandhu (*Director, 19 years of service*)
Marsha Poenisch (*Director, 6 years of service*)
Andrea Siciliano (*Director, 5 years of service*)

Supervisory Committee

Mary Vetrano (*Chair, 11 years of service*)
Tracy Wingrove (*Member, 2 years of service*)

Associate Director

George Lin (*1 year of service*)