

The KeyPoint of the Future Starts Today

Members Thrive Financially Throughout All Stages of Life

Next Generation Neighborhood Banking

KEYPOINT CREDIT UNION

We Enable Members' Financial Well-being Through Advantageous Solutions and Education



Building Tomorrow's Workplace...

TODAY

In April 2022, KeyPoint's employees started working at our new headquarters building at 2150 Trade Zone Boulevard in San Jose.

When designing the new building, we sought to embody innovation and sustainability. We spent considerable time strategizing and planning to create a workplace for the future. We're proud that our new headquarters accommodates our hybrid work model, maximizes space efficiently, and integrates sustainability into an aesthetically pleasing and environmentally sound design.



The new building has a smaller footprint than our former location. Our offices and employee spaces have a creative architectural layout to maximize efficiency and collaboration. We incorporated small, hotel-like workspaces, telephone rooms, multi-sized meeting spaces, and a large boardroom to facilitate innovation, teamwork, and genuine communication. There is even a secure KeyPoint ATM—which is available to Members and the public at large.



The new headquarters enables and empowers the dedicated employees of KeyPoint to improve Member value, serve our communities and support our environment.

Sustainability drove our building plans. The building is certified as **LEED* Gold**. To earn this hard-to-achieve certification, we built using eco-friendly materials and systems. The building utilizes low-carbon emitting materials, optimizes energy performance, and contains low-flow plumbing to reduce water consumption. And the parking lot even hosts electric vehicle charging stations for employees' use.

*Leadership in Energy and Environmental Design



LIVING UP TO THE VISION

MARSHA POENISCH, *Board Chair*

In 2022, KeyPoint took many opportunities to uphold our mission of helping Members thrive financially throughout all stages of life.

We accomplished our mission through innovative, highly-targeted financial services and pertinent, highly-relevant financial literacy events. Our vision translated into personalized and intuitive Member experiences. Proof of this commitment is evident in 2022's outstanding membership growth, new account openings, dividends paid, and services offered.

As our Members' needs expanded, so did our products and service offerings. KeyPoint introduced products like Business ACH and Wires, Payroll, and Merchant Card Processing for small businesses. We also introduced contactless ATMs for added Member security. To meet Members' interest in renovating their homes, we launched Home Improvement Loans.

Integral to our mission, our financial literacy events covered pertinent topics across Members' diverse life stages. We expanded our financial literacy seminars, offering over 50 seminars on Mortgages, Estate Planning, and Wealth Management. Topics included Money Management, Money Basics, Understanding Credit, and Good Money Decisions for elementary and college-age students.

By the numbers:

- Welcomed **8,000** new Members
- Opened **7,714** new checking, savings, certificates and retirement accounts
- Paid dividends to **20,214** Members
- Provided **2,500** car loans, **467** personal loans
- Produced **271** home mortgages—half were for first-time home buyers
- Extended **85** business and commercial real estate loans
- Granted **400** new credit card accounts

KeyPoint was honored with the **Luminaries Award** (in *Product Innovation*) for our Credit Starter program. This national recognition was sponsored by the *Credit Union Times*.



FOSTERING FINANCIAL LITERACY

Our focus was to create highly relevant opportunities for Members and neighbors of all ages. We broadened our outreach to include webinars, in-person classes, and partnerships with schools and nonprofit organizations.

KeyPoint delivered financial literacy classes to these groups:

- **Elementary school:** Frederiksen Elementary School
- **High school:** Fremont High School (Sunnyvale) and Tri-Valley Regional Occupational Program
- **Teens:** Santa Clara County Library District
- **College:** DaVinci Academy, San Jose State University, SparkPoint Centers at San Jose City College and Evergreen Community College

We are so encouraged by the enthusiasm for learning about money and the emphasis on saving!



Engaging With the Community

EMPOWERMENT

Since we believe in empowering the next generation, KeyPoint was the main sponsor with the **California Technology Council (CTC)** to develop a program for young women in STEM. Participants developed and submitted a business plan for a STEM-related field before a panel of judges. We also joined the **Mexican Consulate in San Jose** and the **Hispanic Chamber of Commerce of Silicon Valley** to sponsor a **Girls in Entrepreneurship** program.

KeyPoint, in partnership with several local Chambers of Commerce, established the **Economic Empowerment Initiative** for nonprofit organizations. With this program, KeyPoint paid a one-year membership for nonprofit organizations to join their local Chamber of Commerce. The goal was to help nonprofit organizations expand their networks and stimulate economic growth for individuals within our communities. *Sunday Friends* was the first to benefit from this initiative.



MAKING HOME OWNERSHIP POSSIBLE

We passionately encouraged home ownership in our community.

Because of Member demand, we provided first-time home-owning education resources like webinars, workshops, in-person professional assistance, and online tools. We also encouraged Members to consult with our home lending specialists to guide them throughout their journey.

FUN, ARTS, AND CULTURE

We supported the annual **Cupertino Diwali Festival**. We love caring for our local arts programs alongside promoting economic development. We sponsored and manned a booth at the **Sunnyvale Art & Wine Festival**.

At our **document shredding day** at the Santa Teresa Branch, we welcomed over 150 community and KeyPoint Members to shred their documents!



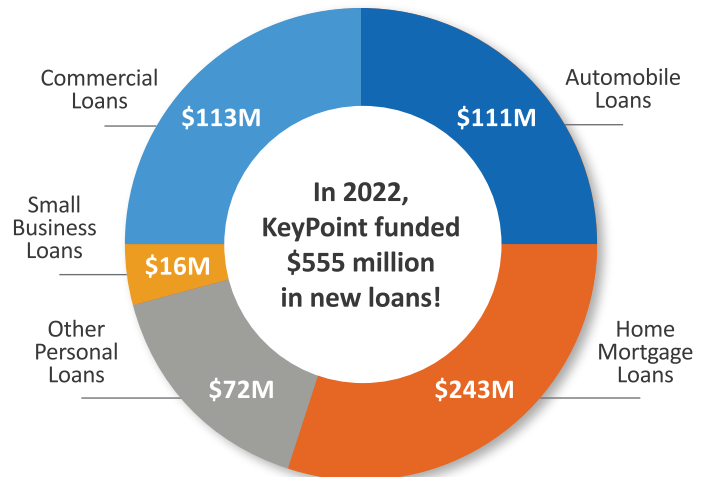


SERVING MEMBERS THROUGHOUT ALL STAGES OF LIFE

T. BRADFORD CANFIELD, *President & CEO*

KeyPoint enjoyed a year of widespread success. In fact, 2022 was a record year for loan volume!

Low interest rates at the beginning of the year—combined with a strong economy—encouraged individual Members to buy vehicles and homes. Additionally, many business Members took out loans to grow their businesses. Of course, the Federal Reserve (Fed) started raising interest rates mid-year to tame inflation and that slowed loan volume. Nevertheless, we finished 2022 strong.



NOTE: We reduce risk and protect against market volatility by making loans in many categories.

Everyday Banking

Our branches and online channels were busier than ever! Branches conducted 166 thousand transactions for Members. Members logged on to Mobile and Online banking 16.8 million times—where they made 298 thousand mobile deposits, paid 481 thousand bills, paid another person 25 thousand times and moved money between accounts 242 thousand times. And Members used their debit or credit card to make 12.6 million purchases—over 1 million of them using a Mobile Wallet!

Member Satisfaction

How well did we serve the Membership?

Our overall Net Promoter Score—a measure of Member satisfaction—ended the year above expectations with a rating of 75. This score indicates that our Members are very likely to refer friends and family to KeyPoint!

Employee Satisfaction

Finally, I'd like to recognize the employees of KeyPoint who work so hard to make your experience pleasant and efficient. Our employees voted KeyPoint a **Top Workplace for 2022** (for mid-sized companies), sponsored by the *San Francisco Chronicle/Hearst Media*.





MAINTAINING EXEMPLARY FIDUCIARY STANDARDS

ANDREA SICILIANO, *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—including engaging an independent certified public accounting firm to audit the consolidated financial statements
- Reviewing internal control systems that protect 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 year 2022 audit confirmed our financial statements with no changes.





ENJOYING ROBUST ACCOUNT ACTIVITY

KEITH STATTFIELD, *Treasurer's Report*

KeyPoint Credit Union concluded another strong year in 2022!

Total assets as of December 31, 2022 were \$1.81 billion, while total net loans to Members were \$1.39 billion. Net worth was 8.09%. Total revenue was \$52 million and total operating expenses were \$45 million.

Total assets under management were \$2.3 billion and included:



\$1.8B

Assets (Loans)



\$444M

Loans serviced for others



\$84M

Invested through
Wealth Management

Members received \$2.7 million in dividends on their checking and savings balances. Total balances at year-end were \$1.32 billion and consisted of the following:



\$398M

in Savings



\$755M

in Checking and Money
Market Accounts



\$170M

in Certificates

Cutting the Ribbon...

TWO NEW BRANCHES



7030 Santa Teresa Boulevard, SAN JOSE

We targeted the Santa Teresa community for our new branch to reach an underserved community. The branch provides the community with a wide range of banking products and services that help everyone meet their financial goals. Our new Santa Clara location replaced the old Bowers Branch located in our former headquarters building. With this new location, we provide our community with top-of-the-line customer care and innovative financial services.

We celebrated the opening of new branches in San Jose and Santa Clara! We strengthened our community presence and provided additional convenience to current and potential Members.

Each branch includes full-service capabilities and reflects the future of financial institutions. They are open seven days a week to help Members determine their financial needs and handle certain transactions. Cash deposits and withdrawal services are available via 24-hour ATM access.



3556 La Rambla Avenue, SANTA CLARA



We celebrated these grand openings in style, welcoming local dignitaries alongside our executive staff and board of directors. The community at large was invited to join the Member events—which included staff introductions, gift drawings and refreshments.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION *(in thousands)*

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and equivalents	\$ 103,408	\$ 194,095
Investment securities - equities	1,314	0
Investment securities available-for-sale, at fair value	221,634	253,585
Investment securities held-to-maturity, at amortized cost	0	1
Other investments, at cost	25,484	18,865
Loans to Members, held for sale	1,886	10,048
Loans to Members, held for investment	1,388,829	1,106,297
Loan servicing rights	4,633	3,841
Accrued interest receivable	4,809	3,702
Property and equipment, net	21,191	12,050
Other assets	33,594	36,583
Total assets	\$ 1,806,782	\$ 1,639,067
LIABILITIES & MEMBERS' EQUITY		
Members' shares	1,322,780	1,377,871
Borrowings	344,000	109,000
Other liabilities	22,972	16,710
Total liabilities	1,689,752	1,503,581
Retained earnings, substantially restricted	146,101	139,257
Net unrealized gains (losses) on securities available-for-sale	(29,071)	(3,771)
Total Members' equity	117,030	135,486
Total liabilities & Members' equity	\$ 1,806,782	\$ 1,639,067

CONSOLIDATED STATEMENT OF OPERATIONS *(in thousands)*

December 31, 2022 and 2021

	2022	2021
INTEREST INCOME		
Interest on loans	\$ 47,909	\$ 33,975
Interest on investments	9,165	4,279
Total interest income	57,074	38,254
INTEREST EXPENSE		
Share dividend expense	2,714	2,708
Interest on borrowings	7,712	2,847
Total interest expense	10,426	5,555
Net interest income before provision for loan losses	46,648	32,699
Provision for loan losses	7,130	2,110
Net interest income after provision for loan losses	39,518	30,589
NON-INTEREST INCOME		
Fee income	3,666	3,130
Other operating income	6,437	7,685
Gain on sale of loans	2,520	4,032
Gain on sale of building	0	25,860
Total non-interest income	12,623	40,707
Income before operating expenses	52,141	71,296
OPERATING EXPENSE		
Compensation and benefits	25,279	25,079
Professional services	6,301	5,597
Office operations	3,133	3,059
Office occupancy	2,897	3,358
Depreciation and amortization	2,303	2,501
Loan servicing	1,841	1,613
Marketing and promotion	1,552	1,186
Other expenses	1,991	1,000
Income before operating expenses	45,297	43,393
NET INCOME	\$ 6,844	\$ 27,903

2022 VOLUNTEERS

As of December 31, 2022

The Board of Directors and the Supervisory Committee dedicate their own time to represent your interests in our Member-owned credit union. They frequently work long hours to ensure thoughtful oversight and thorough governance over KeyPoint's finances and operations. We're grateful for their service.

– Marsha Poenisch, Board Chair

DIRECTORS

Marsha Poenisch (*Board Chair, 5 years of service*)

Gary Garcia (*Vice Chair, 10 years of service*)

Keith Stattenfield (*Secretary/Treasurer, 21 years of service*)

Robert Lerner (*Director, 31 years of service*)

John Tom (*Director, 30 years of service*)

Gregory Eby (*Director, 27 years of service*)

Baljinder Sandhu (*Director, 18 years of service*)

Leslie Guidice (*Director, 3 years of service*)

Brice Harrison (*Director, 1 year of service*)

ASSOCIATE DIRECTORS

Linda Chew (*5 years of service*)

Mary Bennion (*3 years of service*)

Tracy Wingrove (*1 year of service*)

SUPERVISORY COMMITTEE

Andrea Siciliano (*Chair, 4 years of service*)

Mary Vetrano (*Member, 10 years of service*)

Vish Iyer (*Member, 9 years of service*)