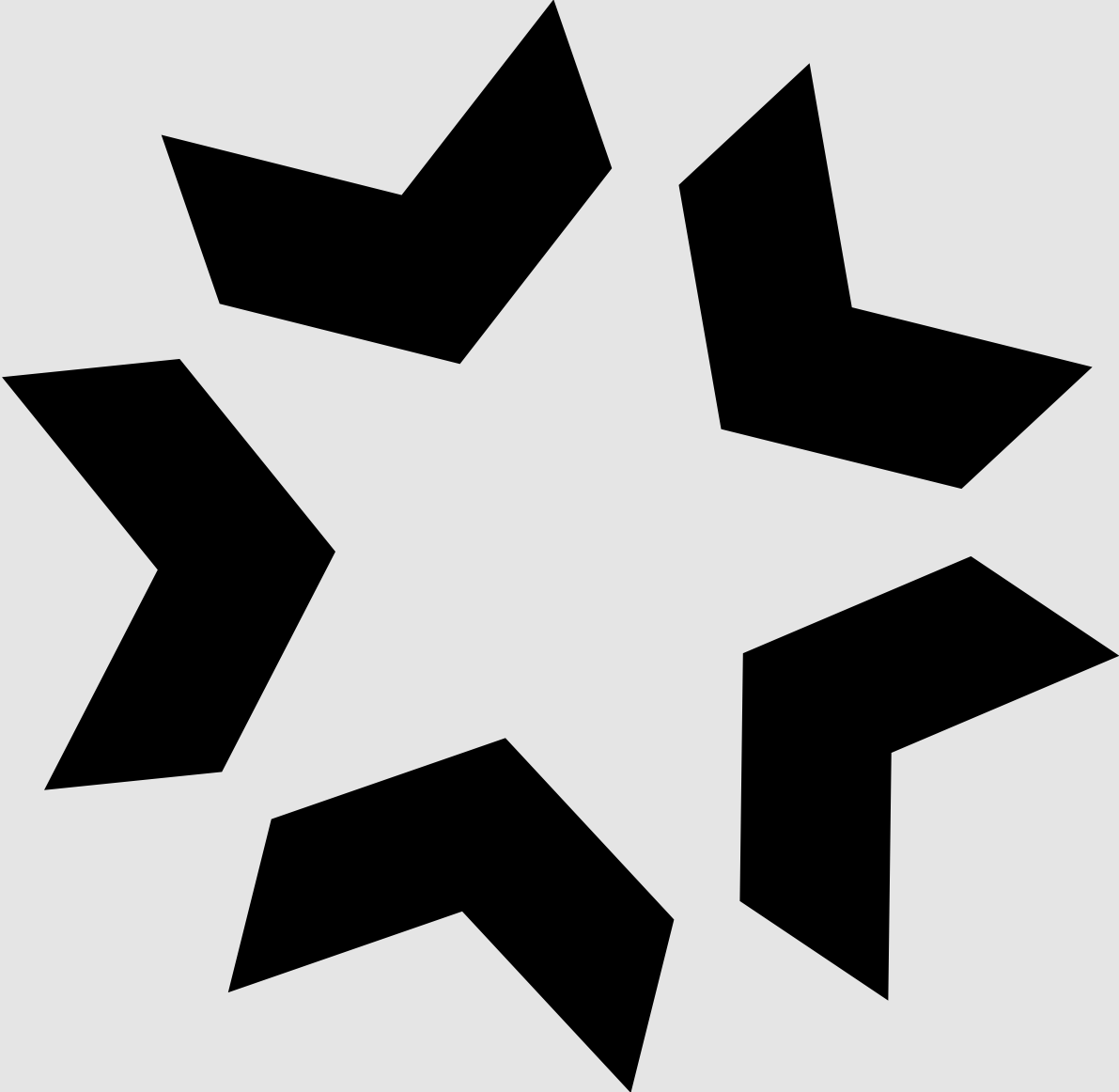




Live
Confident.

2023

ANNUAL REPORT





Live
Confident.

Our Brand is The Why.

Why we do what we do each day to make sure our members know it's not about banking, it's about belonging.

Our Culture is the How.

How we engage each day, with our members and with each other, to build relationships and add value with every interaction.



MISSION

Be a trusted partner that provides 'anytime and anywhere' financial education and services to our members, at each stage of their lives, to achieve financial success.

VISION

Expanding our reach as a dynamic enterprise that supports and enhances the financial security of our members so they can live confident.

OUR CORE *Values*

COMMUNITY

We promote meaningful connections with our members and employees - our family - for the purpose of strengthening and celebrating our communities. We are socially responsible and committed to giving back to our neighbors.

INNOVATION

We are committed to exploring, expanding and investing in innovative technologies, products and services to ensure our members and employees are strongly positioned for future growth and success.

TRUST

With integrity at our core we provide consistent, responsible and honorable service to each member and employee. We help members live confident by continuing our solid history of providing safe and secure financial solutions.

DIVERSITY

We see, hear and value each member and employee while creating a culture that reflects and supports the diversity of our communities. We value our family's unique talents, perspectives and initiatives.

EXCELLENCE

All of us, working together, are committed to exceeding expectations through sincere effort and handcrafted solutions.



Chairman's Report

Matt D. Nixon, Chairman

As we reflect on 2023, it's appropriate to remember that in 2022, both the stock and bond markets had one of their worst years in over a decade. The Federal Reserve raised interest rates numerous times in an attempt to combat rising inflation, the world was still recovering from Covid and the Russian invasion of Ukraine furthered global instability. This year began with cautious optimism for recovery.

While there were significant concerns over inflation and rising interest rates, the U.S. economy proved resilient with strong jobs and corporate earnings reports. The Federal Reserve started the year by continuing to raise interest rates to counter inflation with apparent success, the Consumer Price Index peaked in June, but declined throughout the rest of the year. While the end of the year saw the Consumer Price Index remain above the Fed's target, they were able to avoid a recession in 2023. Technology stocks led much of the gains in the equity markets. Advancements in artificial intelligence (AI) were a significant impact on business, society and the markets. There was also concern over a "banking crisis" in 2023 that was averted. Geopolitical events, trade disputes and global political dynamics significantly impacted markets.

Through all this, your Credit Union was a diligent steward of your finances and trust. We continued to grow in terms of total assets, and number of members served. Kirtland Credit Union strongly believes in the mission of credit unions, which as stated by the National Credit Union Administration (NCUA) is "to strengthen communities and protect consumers by ensuring equitable financial inclusion through a robust, safe, sound and evolving credit union system." To this end, KCU opened two new branches in 2023 to provide better service to our members in the communities of Rio Rancho and Los Lunas. We continue to advance our technology to enhance security, while implementing cost- saving measures to improve operational efficiencies.

Looking to 2024, most predictions seem to expect slow growth, with continued improved corporate earnings. Some speculate we will achieve the Fed's desired "soft landing," avoiding a recession. If this proves to be true, we can likely expect the Fed to lower rates. This optimism will be influenced by geopolitical conflicts, trade policies and political events. In consideration of this environment, your Credit Union has updated our strategic initiatives to focus on expanded services to our existing members and serving new members. In 2024 and beyond, we want to help our members navigate these changing times and be of service to you wherever you may need us.

Board of Directors



MARK NEICE
Vice Chair



CHERYL FROST
Secretary



LYN KIRKWOOD
Treasurer



BRIAN MCDONALD
Director



KIM FITZGERALD
Director



TERRY FRANKS
Director

President and CEO's Report

Matt Rarden, President & CEO



On behalf of all our volunteers and employees, thank you for being a member of Kirtland Credit Union. We are deeply committed to the credit union philosophy of people helping people, and we extend that commitment to our members and the communities we serve. Our 2023 results are a direct reflection of the confidence and trust our members place in us.

In 2023, we continued to face a volatile market as the Federal Reserve interest rates increased at a pace not seen in almost 40 years with the aim to battle against inflation. Despite these challenges, Kirtland Credit Union continued to expand our reach across the state to help more New Mexicans than ever before. Our two newest retail branch locations opened for business in Rio Rancho (March 2023) and Los Lunas (April 2023) enabling us to better serve our existing members and welcome new members in those communities. Both communities welcomed Kirtland Credit Union with open arms.

A big part of our vision and mission is to help support and enhance the financial security of our members at each stage of their lives. To that end, our wealth management team, Kirtland Financial Services (KFS), was recognized in the top three programs out of nearly three thousand in the Kehrer Group's Top Directors Awards. This significant recognition demonstrates our dedication to our member's financial security throughout all stages of life. You can feel confident in your credit union's commitment to support you through your work life and beyond, with tailored and trusted solutions. Kirtland Credit Union also received the Albuquerque Journal's Reader's Choice Award for New Mexico's Favorites in 2023. We are further proud to share that Kirtland Credit Union won the Gold Family Friendly Business Award by Family Friendly New Mexico.

This year, we had a key leadership change welcoming Julie Nielsen as our Chief Financial Officer. Ms. Nielsen returned to Kirtland Credit Union in this leadership role after having previously served as VP of Finance from 2010–2014. She is a proven strategic leader with deep credit union experience and extensive knowledge of the financial services industry here in New Mexico. We're privileged to have Ms. Nielsen back on the Kirtland Credit Union team.

This year marked 65 years serving our members. We reached just under \$1.1 billion in total assets and grew total membership again for the third year in a row (5.4%), now serving well over 52,000 members. With this growth comes the continued dedication and support from each of our employees. 2023 presented many challenges in our industry, which placed demands on our members, employees, and volunteers. We adapted to these challenges and adjusted our tactical priorities while remaining committed to our strategic vision. That is a testament to the strength of our volunteers and staff, and we thank each of them for their hard work and determination to keep our members best interests in mind each step of the way.

Please take a moment to review your credit union's accomplishments in this annual report. We are honored to serve those who serve, our communities and each one of our valued members. Thank you for continuing to place your trust in Kirtland Credit Union. Your support and loyalty are critical for our Credit Union's ongoing success.

Very Respectfully,

Matt Rarden
President and Chief Executive Officer

Supervisory Committee's Report

The Kirtland Credit Union Supervisory Committee ensures that financial statements are accurate and that internal controls are effective in safeguarding Kirtland Credit Union member assets. Additionally, the Supervisory Committee oversees the resolution of member complaints concerning Kirtland Credit Union procedures and services. We provide an independent review and ensure complaint resolution. Your four-member committee—all Credit Union volunteers—reports these issues monthly to the Board of Directors and the senior management team concerning these issues.

To ensure assets are protected, oversight of financial operations is one of the primary responsibilities of the Kirtland Credit Union Committee. The Committee employs the Certified Public Accountant firm of Moss Adams LLP to conduct internal audits and ensure that processes protect member accounts. Another CPA firm, FORVIS, conducts independent annual audits of Kirtland Credit Union financial statements.

The Supervisory Committee provides audit findings and recommendations to the Board of Directors and senior management for corrective action. We are pleased to report that Kirtland Credit Union's financial assets are properly safeguarded, and reports accurately represent its financial position; all based on internal and external audit results.

- Arthur Gottlieb, Chair
- Sharon McMahan, Co-Chair
- Maria Weddige, Member
- Lugene Frazier, Member

New branch coming soon.

The newest Kirtland Credit Union branch will be located at 4023 Ranger Road SE, Albuquerque, NM 87116, within Max Q, a new commercial development at Gibson and Girard SE.

Live  Confident.



**Photos are concept renderings only.*

Statement of Operations

December 31, 2023 and 2022

INTEREST INCOME	2023	2022
Interest on Loans	38,890,703	26,305,553
Interest on Investments	15,239,372	7,805,607
Total Interest Income	54,130,075	34,111,160
INTEREST EXPENSE		
Dividends on Members' Share and Savings Accounts	10,229,336	3,354,908
Interest on Borrowed Funds	16,124,703	5,664,282
Total Interest Expense	26,354,039	9,019,190
Net Interest Income	27,776,036	25,091,970
PROVISION FOR LOAN LOSSES	3,328,753	1,477,732
Net Interest Income after Provision for Loan Losses	24,447,283	23,614,238
NON-INTEREST INCOME		
Fees and Charges	1,853,202	1,715,328
Other Non-Interest Income	5,473,041	5,652,615
Total Non-Interest Income	7,326,243	7,367,943
Total Income	31,773,526	30,982,181
NON-INTEREST EXPENSE		
Compensation and Benefits	16,621,651	15,057,775
Occupancy	1,537,122	1,345,780
Operations	8,664,578	8,867,213
Professional and Outside Services	2,273,555	2,266,952
Other Expense	534,425	7,733
Total Non-Interest Expense	29,631,631	27,545,453
Total Non-Operating Gains (Losses)	2,770,069	1,452,889
NET INCOME		
Net Income	4,911,964	4,889,617

MEMBERS

2023
52,416

GROWTH
5.4%

Statement of Financial Condition

December 31, 2023 and 2022

ASSETS	2023	2022
Loans to Members, Net of Allowance for Loan Loss	810,954,692	742,818,782
Cash and Cash Equivalents	34,852,410	27,635,904
Investment Securities	221,217,990	247,938,114
Accrued Interest Receivable	3,349,717	2,343,665
Premises and Equipment	8,609,789	7,744,244
NCUSIF Deposit	8,367,666	8,075,531
Other Assets	6,692,220	8,631,928
Total Assets	1,094,044,484	1,045,188,168
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' Share and Savings Accounts	873,513,125	862,180,860
Accrued Interest Payable	1,118,648	416,452
FHLB Borrowing	0	63,000,000
FRB Borrowing	84,923,000	0
Accrued Expenses and Other Liabilities	16,787,151	12,508,758
Total Liabilities	976,341,924	938,106,070
Members' Equity		
Regular Reserve	7,713,660	7,713,660
Undivided Earnings	109,988,890	99,368,438
Total Members' Equity	117,702,559	107,082,098
Total Liabilities and Members' Equity	1,094,044,484	1,045,188,168

2023
\$1.1b

2022
\$1.0b

2021
\$977m

2020
\$899m

ASSETS

2023
\$818m

2022
\$747m

2021
\$639m

2020
\$560m

LOANS

IN THE *Community*



NEW BRANCHES

To honor the commitment to enhancing our ability to serve our members better, we added new retail locations in Los Lunas and Rio Rancho. Bringing service to both cities aligned with our growth strategy and brought us to eight branches total. Visit us!



COMMUNITY OUTREACH

Here at Kirtland Credit Union, community outreach and engagement are a core part of our mission. This year, we were proud to partner with several local organizations to support programs and events that benefit our members and neighbors. Here are two highlights:

- We provided \$2,500 scholarships to four deserving high school seniors entering college.
- We also helped 150 families from Kirtland Air Force Base's Season of Giving campaign.



SPECIAL EVENTS

We are committed to giving back. Working together helps strengthen our community and empower organizations to achieve their financial goals. We drive economic health and support the New Mexico tourism industry by proudly sponsoring the 2023 Albuquerque International Balloon Fiesta and the 2023 New Mexico Bowl. We also continued our support with KROE Cares, a cause near and dear to our hearts that ensures no child goes without a good pair of shoes.

Community Giving

At Kirtland Credit Union, we believe in supporting the communities where our members live and work. That's why each year, we dedicate a portion of our profits to community giving.

In the last year, through our community giving efforts, we were able to **donate \$328,957** to key focus areas such as education, military and veteran causes, and family and children.

When our communities thrive, our members and their families thrive. Together, we can help create vibrant, caring communities for all.

EDUCATION

\$33,784

FAMILY & CHILDREN

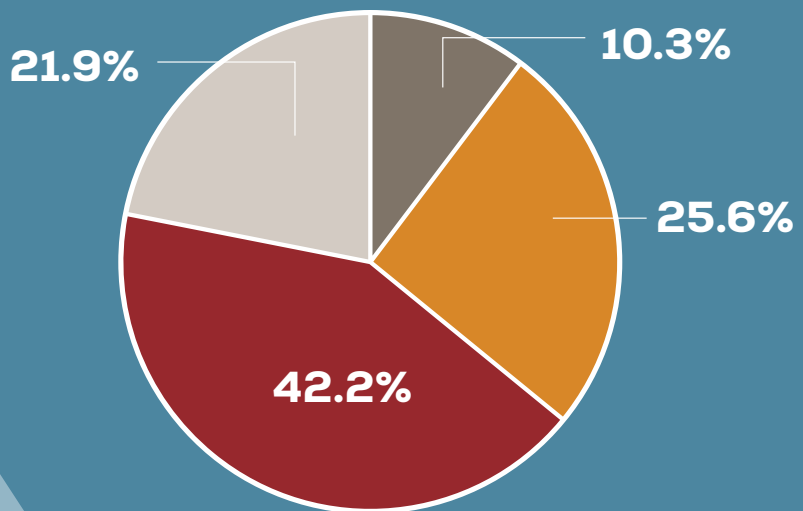
\$138,713

MILITARY/VETERAN

\$84,328

OTHER - COMMUNITY SUPPORT

\$72,132



Awards & RECOGNITION

Thanks to our employees' dedication and hard work, we achieved record growth and delivered outstanding value to our members. With a service-oriented spirit and commitment to excellence, we gained best-in-class recognition in key areas such as employee and family wellness, top three in auto lending, and the Kirtland Financial Services team winning the Top Directors award in 2023. Thank you for making our Credit Union the trusted financial partner it is today.



Family Friendly Business Award

In November 2023, Kirtland Credit Union was awarded the Gold-level NM Family Friendly Business Award! This prestigious award recognizes businesses that go above and beyond to create a supportive and accommodating workplace for employees with family responsibilities.

For years, Kirtland Credit Union has prided itself on being an employer that understands the importance of work-life balance. We offer flexible schedules, generous paid family leave, and excellent benefits. It's exciting to be acknowledged and to celebrate our efforts to help staff manage their careers and families.

This award is a testament to the hard work and dedication of every person on our team. We look forward to continuing to make Kirtland Credit Union the best place to work!



Top Three Auto

Kirtland CU was honored to be ranked in the Top Three in Auto Lending in The Albuquerque Journal's 2023 Readers' Choice awards. Thanks to our community and partners for making this happen.

Kirtland Financial Services Team

With personalized service and comprehensive solutions, Kirtland Financial Services' Wealth Management Advisors and staff are ready to partner with you during your financial planning journey.

At Kirtland Financial Services, we understand that clients have unique goals and needs. That's why we focus on our relationship with you – we'll take the time to get to know you and your goals to align you with the tools and advice you'll need to pursue your path toward financial success.



The Kehler Group awarded Kirtland Financial Services & Kirtland Credit Union the 2023 Top Directors Award.

WE LOVE OUR *Employees*

Volunteering in the Community



I Love My CU Day at Los Lunas



Rio Rancho Branch Grand Opening



Balloon Fiesta with CUNANM



KAFB Jingle Jubilee



Fall Shred Day

Make Plans To *Live Confident*

No matter where you are in **your financial planning journey**, our team of knowledgeable advisors are **here for you**.



Education Planning



Retirement Planning



Life Changes



Asset Protection



Get started today! Make your appointment at KirtlandCU.org/Schedule or by calling 505.254.4363.

Kirtland Credit Union ("Financial Institution") provides referrals to financial professionals of LPL Financial LLC ("LPL") pursuant to an agreement that allows LPL to pay the Financial Institution for these referrals. This creates an incentive for the Financial Institution to make these referrals, resulting in a conflict of interest. The Financial Institution is not a current client of LPL for advisory services.

Please visit <https://www.lpl.com/disclosures/is-lpl-relationship-disclosure.html> or scan the QR code below for more detailed information. The information provided is not intended to be a substitute for specific individualized tax planning or legal advice. We suggest that you consult with a qualified tax or legal professional.

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. Kirtland Federal Credit Union and Kirtland Financial Services are not registered as a broker-dealer or investment advisor.

LPL offer products and services using Kirtland Financial Services, and may also be employees of Kirtland Federal Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Kirtland Federal Credit Union or Kirtland Financial Services.

Securities and insurances offered through LPL or its affiliates are:

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

LOS LUNAS BRANCH

2270 Main St NW, Suite D
Los Lunas, NM 87031

HOME LOAN CENTER

6700 Jefferson St NE
Suite D-1
Albuquerque, NM 87109

GIBSON BRANCH

6440 Gibson Blvd SE
Albuquerque, NM 87108
(Intersection of Gibson & Louisiana)

COORS PAVILION BRANCH

4101 Coors Blvd. NW
Suite B
Albuquerque, NM 87120

PASEO BRANCH

6550 Holly Ave. NE
Suite D-6
Albuquerque, NM 87113

KIRTLAND AIR FORCE BASE BASE EXCHANGE BRANCH

(RESTRICTED ACCESS)
7901 Gibson Blvd SE
Building 20176
Albuquerque, NM 87116
(1 block east of Gibson Gate)

MONTGOMERY CROSSING BRANCH

8900 Montgomery Blvd NE
Albuquerque, NM 87111
(East of Wyoming Blvd)

RIO RANCHO BRANCH

111 Rio Rancho Blvd NE, Suite 112
Rio Rancho, NM 87124

WEST ALAMEDA BRANCH

10200 Corrales Road NW #F
Albuquerque, NM 87114
(Intersection of Coors & Alameda)

1-800-880-5328

kirtlandcu.org

