

2020

ANNUAL REPORT



Hawaiian Financial
Federal Credit Union

for life ...

A Message from the Chairman of the Board

Aloha Members,

The year 2020 has certainly been one of disruption. The COVID-19 pandemic has affected virtually all aspects of our lives, in ways that no one could have imagined. Extraordinary circumstances demand a proportionate response, and I am proud of the way our Board and management staff met the challenge head on. Working together, we swiftly implemented measures to create a safe environment in accordance with government guidelines, for our employees as well as our members. Requiring face masks, installing plexi-glass shields, providing hand sanitizers and following social-distancing protocols may now be “the new normal,” but we managed to put this paradigm in place immediately during the pandemic’s earliest days, with minimal interruption of service. I applaud our CU personnel’s efforts.

I would also like to thank you, our valued membership, for your patience and fortitude while we went through temporary branch closures and—in the case of our in-store locations—shifting hours of operation. Thank you also for your cooperation in complying with our new safety measures whenever you visit us to do your transactions. While we are always happy to serve you in person, keep in mind that HomeBranching (our online banking platform) and our mobile app is also available to you 24/7. We will continue to explore new ways to provide contactless options for you to safely and conveniently access your accounts.

The Coronavirus outbreak brought with it widespread financial instability, and we offered support to our members in the form of loan extensions, lessening the impact on their pocketbook while keeping their payment and credit histories intact. Additionally, HIFICU was among the local credit unions who partnered with the City & County of Honolulu Office of Economic Development to disburse funds from the Small Business Relief & Recovery Fund, which assisted businesses adversely affected by the pandemic.

Despite COVID-19’s impact on the economic landscape, the Credit Union still managed to uphold its on-going mission of providing new and improved services and products to our members. We teamed up with INPAC Wealth Solutions to provide our members free financial seminars on topics such as saving for retirement and preparing wills and trusts. Another exciting enhancement is our new online appointment-booking system. If you need to see a loan officer or member services representative, you can schedule your appointment at www.hificu.com. New products introduced in 2020 include Visa gift cards and personalized HIFICU debit cards. You can also now add your HIFICU Visa Card and debit card to your digital wallet for use with Apple Pay, Samsung Pay and more. Lastly, we expanded our field of membership to include those who live and work in Maui County. We welcome those members to our financial ‘ohana.

Rest assured that even in times like these, your Credit Union remains on solid financial footing, and is well-positioned to take care of all your money needs. On behalf of myself, my fellow Board members and CU management and staff, mahalo for your continued trust and support. We look forward to serving you in 2021 and beyond.

Sincerely,



Glen Moribe
Board Chairman

Consolidated Income Statements

**Hawaiian Financial Federal Credit Union
and Subsidiary HTFCU Financial Services LLC
Years Ending December 31, 2020 and 2019**

	2020	2019
INTEREST INCOME		
Interest on Loans	\$ 16,524,362	\$ 16,707,890
Income From Investments	4,733,243	5,557,092
Other Operating Income	8,965,872	6,125,897
Total Operating Income	\$ 30,223,477	\$ 28,390,879
Less: Dividends Paid To Members	4,006,493	4,346,754
Income Before Operating Expenses	\$ 26,216,984	\$ 24,044,125
OPERATING EXPENSES		
Salaries and Benefits	\$ 9,158,559	\$ 8,093,261
Office Operations	2,379,785	2,033,384
Office Occupancy	1,176,288	903,929
Loan Servicing	1,282,989	831,364
Provision for Loan Losses	362,850	1,114,868
Professional & Outside Services	1,972,720	1,350,165
Annual Meeting Expense	85,454	163,540
Members' Services	2,163,209	1,693,841
Publicity and Promotional	924,344	1,279,764
Other	475,655	528,877
Total Operating Expenses	\$ 19,981,853	\$ 17,992,993
NET INCOME	\$ 6,235,131	\$ 6,051,132

Consolidated Balance Sheet

**Hawaiian Financial Federal Credit Union
and Subsidiary HTFCU Financial Services LLC
As of December 31, 2020 and 2019**

ASSETS	2020	2019
Loans	\$369,547,954	\$414,898,997
Allowance For Loan Losses	(6,819,448)	(7,074,011)
Net Origination Fee	(2,242,640)	(2,445,690)
Cash and Cash Equivalents	99,382,279	50,627,336
Investments	260,058,899	192,414,871
NCUA Share Insurance Fund	6,005,552	5,486,177
Building & Land, Net	14,433,400	8,656,692
Furniture, Equipment & Improvements, Net	764,490	702,944
Accrued Interest Receivable	1,557,653	1,617,107
Other Assets	43,607,927	8,357,200
TOTAL ASSETS	\$786,296,066	\$673,241,623
LIABILITIES	\$ 4,613,167	\$ 3,216,094
MEMBERS' SHARES	684,145,551	579,314,086
MEMBERS' EQUITY	97,537,348	90,711,443
TOTAL LIABILITIES, SHARES & EQUITY	\$786,296,066	\$673,241,623

Minutes of the 83rd Annual Meeting

March 14, 2020

The 83rd Annual Meeting was called to order by Chairman Glen Moribe at 5:00 p.m. Secretary Wanda Beppu ascertained the presence of a quorum with 49 members present.

The minutes of the March 30, 2019 Annual Meeting were approved as circulated. Chairman Moribe introduced the Board of Directors and Board Advisor of the Credit Union: Vice Chairman William "Primo" Pimental, Treasurer Ken Miyasato, Secretary Wanda Beppu, Directors Deborah Lau Okamura (not present), Gerald Noda, Michael Yee (not present) and Board Advisor Donald "Scotty" Bowman (not present).

Moribe next recognized the members of the Asset Liability Committee chaired by Norman Okimoto with its members Ken Miyasato, Calvin Choy, Michael Yee (not present) and Wanda Beppu. He then recognized the members of the Loan Review Committee chaired by Randall Okamoto, with its members Wendy Cheung, Laurie Awa, Duane Omori (not present) and Delbert Kamikawa (not present). Moribe also recognized Michael Yee (not present) as the board liaison and Gerald Noda as the alternate board liaison. There were no questions on the Loan Review Committee's report in the annual report. He then recognized the members of the Human Resources Committee chaired by Ken Miyasato, with its members Deborah Lau Okamura (not present), Wanda Beppu and William "Primo" Pimental. Moribe also recognized the members of the Supervisory Committee, chaired by Calvin Choy, with its members Daniel Masutomi, Dianne Sinco (not present), Gerry Sagucio and Lorna Pang (not present). There were no questions on the Supervisory Committee's report in the annual report.

Moribe welcomed and thanked everyone for coming to the abbreviated 83rd Annual Meeting. He mentioned he would be doing a combined Chairman's Message, President's Message and Treasurer's Report.

Moribe said 2019 was another successful year for the credit union as we reached new highs in Assets, Loans, Shares and Member's Equity. He reported we paid out over \$4.3 million in dividends to our members and achieved \$6.1 million in net income. Moribe shared our net worth ratio of 13.5% was one of the highest in the state.

Moribe shared 2019 was also memorable and special because we again received national recognition as one of the healthiest credit unions in the nation. He reported we were the only Hawaii credit union to be recognized in DepositAccounts.com's 2019 list of the top 200 healthiest banks and credit unions in America. Moribe mentioned we received an A+ Health Rating and was ranked an impressive 13th out of 5,460 credit unions nationwide. He said this is the fifth year in a row we have received this recognition and the only Hawaii credit union or bank with this distinction. Moribe added we were also one of only four credit unions in Hawaii to be recognized by Forbes magazine as one of the "Best" credit unions in the nation, based on their survey of over 25,000 consumers. He noted this is a reflection of the collective efforts of our members, staff and volunteers of the credit union over the years.

Moribe said in 2019, we introduced our new Advantage Account designed especially for our members aged 13 to 22 years old. He mentioned our online and mobile banking services were streamlined to enhance member functionality and convenience. Moribe shared we also continued our very popular and high yielding 15- and 23- month Share and IRA CD specials, and very low auto loan rates starting at 1.95% APR for 36 months.

Moribe shared the backbone of our credit union is all the hard working and loyal employees who do their best to take care of our members. He then recognized fourteen employees who reached milestone years of service this past year.

MINUTES OF THE 83RD ANNUAL MEETING (CONT'D)

5 YEARS

- Greg Lee, IT Supervisor
- Heidi Subia, Teller
- Samantha Davis, Member Services

10 YEARS

- Beverly Munoz, Branch Representative
- Kehau Chung, Member Services Supervisor

15 YEARS

- Joanalyn Rico, Executive Assistant
- John Miyao, AVP Mortgage Origination
- Misty Kajitani, Electronic Support Services Assistant
- Paige Kahanu, Assistant Teller Supervisor
- Rosario Totor, Teller

20 YEARS

- Claire Matsuoka, Loan Payment Services Representative

25 YEARS

- Anna Aarii, SVP Administration
- Paulette Ito, SVP Marketing / IT

30 YEARS

- Joann Arakaki, General Office Assistant

Moribe said last year he talked about the credit union changing its name to Hawaiian Financial FCU, changing its colors to green and brown, and changing its tagline to "Hawaiian Financial FCU ... for life." He mentioned the change has been very successful as members have embraced these positive moves, and non-members have become more aware of us.

Moribe then shared a few remarks. He said he is truly humbled to be the Chairman, and to be a part of this incredibly successful and progressive credit union. Moribe mentioned 2020 will be a very challenging year for all businesses, especially banks and credit unions, and the whole state given the current conditions. He reported the credit union is very strong financially, and will be one of the best, if not the best credit union in weathering these recessionary times.

In closing, Moribe thanked everyone for the privilege of serving as Chairman. He said it was unfortunate not more of our members could be with us, but mentioned we all need to take extra precautions to deal with the current COVID-19 pandemic. Moribe wished everyone a good night and thanked everyone for taking the time to be here and for their loyal membership.

There was no unfinished or new business.

At this time, Moribe introduced the members of the Nominating Committee chaired by Deborah Lau Okamura (not present) with its members Donald "Scotty" Bowman (not present), Gerald Noda and Michael Yee (not present). Noda reported there was no election by ballot this year because there were two candidates for two vacancies. He declared the candidates elected by general consent per Article VI, Section 2 of our Bylaws. Noda then introduced the newly elected directors: Calvin Choy and Glen Moribe. He said according to our policy, a director must leave

MINUTES OF THE 83RD ANNUAL MEETING (CONT'D)

the Board after serving three terms of three years. Noda acknowledged our outgoing Board Member, Deborah Lau Okamura (not present).

Moribe stated, "We are now at the end of our agenda." Hearing no objections, the meeting was adjourned.

Adjournment

The meeting was adjourned at 5:15 p.m.



Wanda C. Beppu, Secretary



Glen Y. Moribe, Chairman

Loan Review Committee Report

Anabel Lindsey, Chairman

We held 172 meetings during 2020 and approved 411 loans totaling \$32,297,443. We accomplished this by establishing lending authorizations for the loan staff and instituting policies and procedures for them to adhere to. We strive to accommodate your loan requests while adhering to sound credit lending practices. Loans are also made within limits of prudence and safety in order to protect the deposits of all members.

The aggregate number of loans granted by the staff and Committee totaled 2,177 loans amounting to \$302,775,789.

Your Loan Review Committee takes pride in meeting your financial needs. We look forward to serving you in 2021. Meeting our responsibilities would not have been possible without your support, the guidance and leadership of the Board of Directors, Asset/Liability Committee and credit union staff.

Supervisory Committee Report

Daniel Masutomi, Chairman

The Supervisory Committee, as a key link between elected officials and the membership, is responsible for determining that the financial condition of the Credit Union is accurately and fairly presented in the Credit Union's financial statements, and the management practices and procedures are sufficient to safeguard member's assets.

The Committee reviewed the Credit Union's financial performance, attended the monthly Board of Director's meetings, provided assistance to any members with questions, and engaged an independent certified public accounting firm to conduct a formal audit of the Credit Union's operations and accounting records. The audit determines the reliability and integrity of financial and operating information, and ensures compliance with policies, plans, procedures, laws and regulations which could have a significant impact on the Credit Union. It also evaluates whether the established system of internal control provides reasonable assurance that goals are met economically.

The Committee is happy to report that the financial condition of the Credit Union is accurately and fairly represented in the Credit Union's financial statements and that management practices and procedures are sufficient to safeguard member's assets.

We wish to thank the Board of Directors and the Credit Union staff for their support and you, the members, for the privilege of serving as your representative during 2020.

Treasurer's Report

Ken Miyasato, Treasurer

As your Treasurer, I am pleased to report that in 2020 Hawaiian Financial Federal Credit Union remained financially strong and healthy while helping our members and the community persevere through the unprecedented challenges of the COVID-19 pandemic. Your credit union continues to be well-reserved and is committed to be the preferred provider for all of your financial services throughout 2021 and beyond.

Many Hawaii residents including members of our credit union faced challenges when their families were affected by unemployment, reduced income and an overall uncertain outlook after the pandemic shut down parts of Hawaii's economy in 2020. Our staff immediately responded by working diligently to provide relief to members needing assistance. We offered interest-free mortgage assistance programs for borrowers, allowed VISA cardholders to skip a payment, expanded our Remote Capture Deposit program so members can conveniently deposit their checks 24/7 from anywhere using a mobile device, waived card service fees, and implemented social distancing and other safety protocols in our branches to ensure the health of our members and staff.

Your credit union's staff, management, volunteers and Board of Directors remain fully committed to the financial security and soundness of the deposits which you entrust with us. Hawaiian Financial Federal Credit Union has strong reserves to fulfill the needs of our members now and in the future.

Although prevailing interest rates fell to historic lows, your credit union continued to offer competitive rates on your share deposits and kept loan rates low to allow you to have the extra funds for unforeseeable expenses and special events. We continuously benchmarked our rates to ensure they are among the best offered by Hawaii credit unions and banks. Additionally, our mortgage department's knowledgeable and helpful staff continued to help many members take advantage of the low interest rates to refinance their homes or purchase a new home.

For your convenience, our in-store Walmart branches at Fort Street, Kunia, Kapolei, Pearl City, and Kahului Maui remain open for your convenience six days a week and have extended daily and Saturday hours. They complement our Kalihi main branch and satellite branches at Airport Industrial Park, Honolulu Airport, Kaimuki, Sheraton Waikiki and Wheeler. All branches are staffed by our friendly employees to help you with your financial needs.

In 2020, the consolidated net income for our Credit Union was \$6.2 million, and our net worth ratio of 12.3% was one of the best in the State. The following summarizes and highlights the year's activity:

- Dividends paid to members totaled \$4.0 million
- Operating Expenses of \$20.0 million were 2.5% of Assets
- Contribution to Capital of \$6.2 million increased Members' Equity to \$97.5 million
- Assets increased \$113.1 million to \$786.3 million
- Shares increased \$104.8 million to \$684.1 million
- Loans decreased \$45.4 million to \$369.5 million
- Investments increased \$67.6 million to \$260.1 million

Please join me in sharing appreciation for the dedication and hard work by the credit union's staff, management, committee members, volunteers, and my fellow Board of Directors. They work tirelessly to provide you with the best member service and a full portfolio of financial services. We remain committed to fulfilling our mission of "People Helping People." It is an honor and a privilege to serve as the Treasurer of your Credit Union.

Board and Committees

Board of Directors

Chairman.....	Glen Moribe
Vice Chairman.....	William Pimental
Treasurer.....	Ken Miyasato
Secretary.....	Wanda Beppu
Directors.....	Calvin Choy
.....	Gerald Noda
.....	Michael Yee

Committee Members

SUPERVISORY COMMITTEE

Chairman.....	Daniel Masutomi
Members.....	Deborah Lau Okamura
.....	Dianne Sinco
.....	Gery Sagucio
.....	Lorna Pang

LOAN REVIEW COMMITTEE

Chairman.....	Anabel Lindsey
Members.....	Wendy Cheung
.....	Duane Omori
.....	Laurie Awa
.....	Delbert Kamikawa
Board Liaison.....	Michael Yee
Alternate.....	Gerald Noda

ASSET/LIABILITY COMMITTEE

Chairman.....	Norman Okimoto
Treasurer.....	Ken Miyasato
Members.....	Calvin Choy
.....	Michael Yee
.....	Wanda Beppu

HUMAN RESOURCES COMMITTEE

Chairman.....	Ken Miyasato
Members.....	Calvin Choy
.....	Wanda Beppu
.....	Michael Yee

NOMINATING COMMITTEE

Chairman.....	Gerald Noda
Members.....	Donald S Bowman
.....	William Pimental
.....	Calvin Choy

INFORMATION TECHNOLOGY STEERING COMMITTEE

Chairman.....	Ken Miyasato
Members.....	Glen Moribe
.....	Wanda Beppu
.....	Norman Okimoto
.....	Anna Arie
.....	Paulette Ito
.....	Wendy Cheung
.....	Anabel Lindsey
.....	Tammy Toyama
.....	Derek Kato
.....	Gordon Tom
.....	David Curre

VENDOR RISK MANAGEMENT COMMITTEE

Chairman.....	Michael Yee
Members.....	Norman Okimoto
.....	Anna Arie
.....	Wendy Cheung
.....	Gordon Tom

CUSO BOARD OF DIRECTORS

President.....	Ken Miyasato
Vice President.....	Glen Moribe
Secretary/Treasurer.....	Norman Okimoto

Note: Norman Okimoto is designated ex-officio member of all committees.

Branch Locations

Main Branch

1138 North King Street
(808) 832-8700

Airport Branch

277 Elliot Street
(808) 835-3344

Airport Industrial Branch

3375 Koapaka Street,
Suite D-106
(808) 521-1077

Bishop Branch

1177 Bishop St. 11th Floor
(Restricted Access)
(808) 521-1077

Downtown Branch

(located inside Fort St. Walmart)
(808) 532-5300

Kaimuki Branch

1144 10th Avenue Suite 101
(808) 735-6940

Kapolei Branch

(located inside Kapolei Walmart)
(808) 380-7280

Kunia Branch

(located inside Kunia Walmart)
(808) 671-7788

Maui Branch

(located inside Maui Walmart)
(808) 866-5288

Mililani Branch

(located inside Mililani Walmart)
(808) 625-7179

Pearl City Branch

(located inside Pearl City Walmart)
(808) 777-3060

Sheraton Waikiki Branch

2255 Kalakaua Avenue
Suite 3505
(808) 624-9801

Wheeler Branch

Wheeler AAF,
1129 Wright Ave
(808) 624-9801