



Hawaiian Financial Federal Credit Union

2023 ANNUAL REPORT

A Message from the Chairman of the Board

Glen Moribe, Board Chairman

Aloha Members,

I am filled with immense pride and gratitude as I reflect on the exceptional performance of our credit union in 2023. Our unwavering commitment to serving you, our valued members, has been the cornerstone of our success.

Throughout 2023, our credit union has continued to uphold its mission of providing top-notch financial services while fostering a community-driven approach. I am thrilled to share that our collective efforts have yielded tremendous results. We offered up to 4.75% CD specials to help members save money. In June, Forbes magazine ranked HIFICU as one of the top Credit Unions in the nation and state.

Exemplifying our commitment to community well-being, I am proud to share how HIFICU rallied support and provided much-needed assistance to those affected by the Maui wildfires. We offered financial relief, participated in efforts such as Kokua Maui and Kokua For Maui, and helped to rebuild lives that have been forever changed.

I would like to welcome the newest members of our financial family, the members of Kamehameha FCU, who joined our ohana in December. I also want to extend my heartfelt appreciation to all members of our growing credit union ohana.

The dedication of our board, committee members and staff—as well as the support of our members—has been instrumental in propelling us forward. Our prudent financial strategies, coupled with a firm focus on service, have enabled us to navigate through an ever-changing financial landscape. Our success is a testament to the trust you place in us, and we remain steadfast in our pledge to take care of all your money needs.

Looking ahead, we remain committed to charting new paths, embracing innovation, and enhancing our products and services to better meet your needs. Mahalo for your continued support and trust in our credit union.

CONSOLIDATED INCOME STATEMENTS

Hawaiian Financial Federal Credit Union
and Subsidiary HTFCU Financial Services LLC
As of December 31, 2023 and 2022

	2023	2022
INCOME		
Interest from Loans	\$ 23,322,377	\$15,793,987
Income from Investments	6,407,505	6,195,152
Other Operating Income	6,958,886	5,454,403
Total Operating Income	36,688,768	27,443,542
Less: Dividends Paid to Members	(11,317,897)	(3,032,010)
Income Before Operating Expenses	25,370,871	24,411,532
OPERATING EXPENSES		
Salaries, Benefits & Payroll		
Taxes	\$ 9,654,398	\$ 9,873,534
Office Operations	1,956,356	2,071,158
Office Occupancy	915,894	1,197,230
Loan Servicing	778,342	736,721
Provision for Loan Losses	417,476	(3,134,093)
Professional & Outside Services	1,495,072	1,189,725
Annual Meeting Expense	163,037	21,772
Members' Services	1,854,261	1,610,589
Publicity and Promotional	1,495,700	1,454,166
Miscellaneous Operating Expense	1,376,647	1,036,342
Total Operating Expenses	20,107,183	16,057,144
NET INCOME	\$ 5,263,688	\$ 8,354,388

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 2023.

CONSOLIDATED BALANCE SHEET
Hawaiian Financial Federal Credit Union
and Subsidiary HTFCU Financial Services LLC
As of December 31, 2023 and 2022

ASSETS	2023	2022
Loans	\$572,887,880	\$531,780,924
Net Origination Fees	(4,297,206)	(4,110,298)
Allowance for Loan Losses	(1,634,478)	(1,067,635)
Cash	67,554,651	60,848,548
Investments	297,195,237	326,825,152
NCUA Share Insurance Fund	8,290,044	7,605,540
Building & Land - Net	7,765,947	7,930,354
Building & Leasehold Improvm'ts-Net	5,630,770	5,917,963
F F & E - Net	1,456,552	438,984
Other Assets	8,389,888	6,925,354
TOTAL ASSETS	\$963,239,285	\$943,094,886
LIABILITIES & EQUITY		
Accounts Payable	\$ 2,694,439	\$ 1,693,728
Notes Payable	-	30,000,000
Other Liabilities	5,170,889	4,583,665
Total Liabilities	7,865,328	\$ 36,277,393
Regular Shares	\$224,924,785	\$ 228,160,155
Share Draft	121,979,532	117,043,871
Share Certificates	280,807,781	197,614,133
Money Market	202,121,979	253,604,451
IRA Shares	10,109,302	11,434,468
IRA Certificates	27,537,370	20,924,388
Total Members Deposits	867,480,749	828,781,466
Member's Equity	87,897,208	78,036,027
TOTAL LIABILITIES & EQUITY	963,243,285	943,094,886

Loan Review Committee Report

Anabel Lindsey, Chairman

We held 294 meetings during 2023, and approved 529 loans totaling \$76,343,242. 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 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 1,124 loans amounting to \$81,838,562.

Your Loan Review Committee takes pride in meeting your financial needs. We look forward to serving you in 2024. 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.

MINUTES OF THE 86th ANNUAL MEETING March 25, 2023

Glen Y. Moribe, Chairman
Wanda C. Beppu, Secretary

Call to Order

The 86th Annual Meeting was called to order by Chairman Glen Moribe at 5:15 p.m. Secretary Wanda Beppu reported there was a quorum with 580 members present. The final count at the end of the meeting was 668 members.

The minutes of the March 12, 2022 Annual Meeting are approved as circulated. Chairman Moribe introduced the Board of Directors and their respective committees: Vice Chairman William "Primo" Pimental, Treasurer Gerald Noda, Secretary Wanda Beppu, Directors Calvin Choy, Deborah Lau Okamura, and Donald "Scotty" Bowman (not present).

Moribe then recognized the Asset/Liability Committee chaired by Norman Okimoto, Treasurer Gerald Noda and its members Calvin Choy, Wanda Beppu and Wendy Cheung. He also recognized the Loan Review Committee chaired by Anabel Lindsey, and its members Wendy Cheung, Laurie Awa, Duane Omori (not present), Delbert Kamikawa and Carey Thomas with Gerald Noda as the Board Liaison. There were no questions on the Loan Review Committee's report located on the inside right panel of the annual report. Moribe next recognized the Supervisory Committee chaired by Daniel Masutomi, and its members Dianne Sinco, Jason Fujita (not present), Gerry Sagucio and Lorna Pang. He referred the attendees to the Supervisory Committee's report located on the inside right panel of the annual report. There were no questions received.

At this time, Moribe called upon the President of the credit union, Norman Okimoto. Okimoto welcomed everyone to the 86th Annual Meeting. He mentioned our last in person annual meeting was on March 30, 2019. Okimoto shared the COVID-19 pandemic disrupted our lives and we all did our best to stay safe and live as normal a life as possible. He said it was good to see everyone in person again. Okimoto mentioned the recent closures by regulators of Silicon Valley Bank and Signature Bank have dominated the news recently and reassured everyone the credit union is not impacted. He explained the credit union doesn't have any business with the two banks and those banks specifically focused on commercial deposits and lending, which the credit union doesn't do. Okimoto said the credit union focuses on consumers and the products needed, such as savings, money market and CDs, mortgages, auto loans, signature loans, credit cards, etc. He reported the credit union continues to be one of the strongest and best credit unions not only in Hawaii but in the United States as well. Okimoto shared we have been consistently recognized by DepositAccounts.com as one of the top 200 Healthiest Credit Unions in America and in its last rating in 2021, we were rated in the top 200 of healthiest credit unions in the nation, coming in at number 86. He said members' deposits are fully insured up to \$250,000 by the National Credit Union Administration Share Insurance Fund. Okimoto shared the insurance amount is higher with joint accounts and beneficiaries. He then said at last year's virtual annual meeting, we welcomed the members of Kuakini Medical & Dental FCU into our financial ohana as of November 2021.

Okimoto then recognized all 16 credit unions who have joined our Hawaiian Financial ohana over the years: American Trust FCU, Church of World Messianity FCU, Hawaii Teamsters FCU, Star Markets FCU, Central Oahu Community FCU, Waipahu FCU, Oahu Plumbing FCU, Aiea FCU, Halekulani FCU, Sheraton Hawaii FCU, Island Tradition FCU, ORAL FCU, Board of Water Supply FCU, Hawaiian Airlines FCU and Times FCU.

At this time, Okimoto recognized 18 employees who reached milestone years of service this past year.

5 YEARS

- Darren Soliven, Senior Marketing Specialist
- Nikkole Penaroza, Loan Officer
- Aaron Kim, Teller
- Vangie Domingo, Teller – Hawaiian Airlines
- Donna Balantac, Senior Teller
- Jasmine Mendiola, Senior Teller
- Mady Masiglat, Senior Teller – Hawaiian Airlines
- Roger Yadao, Senior Teller – Maui
- Donna Kikuchi, Assistant Teller Supervisor – Hawaiian Airlines
- Nikki Barcus, Assistant Branch Manager – Maui
- Brenda Higa, Branch Manager – Hawaiian Airlines
- Liz Agcolicol, Branch Manager – Maui
- Anne Robb, West Region Manager
- Mitchell Sanpei, VP – Hawaiian Airlines Operations

15 YEARS

- Celine Cintron, Electronic Support Services Asst

20 YEARS

- Stacey Horita, Executive Assistant
- Daren Kimura, VP – Mortgage Banking

30 YEARS

- Jenny Viernes – Receptionist

In closing, Okimoto thanked all the volunteers and loyal credit union members for the privilege of serving them. He said we will continue to do our best to meet our members financial needs in a safe and prudent manner.

Moribe then shared a few remarks. He welcomed everyone to our first in-person annual meeting in four years and shared the Board felt it was important to get together again and celebrate the success of the credit union. Moribe said as evidenced by the incredible amount of member attendance, everyone felt the same way. He mentioned he will be doing a combined Chairman's Message and Treasurer's Report.

Moribe shared the credit union is very strong financially and has enjoyed solid growth over the years. He reported 2022 was another successful year as assets grew \$28.1 million to \$943.1 million, net income was \$8.4 million and net worth ratio was 12.0% at year end. Moribe mentioned compared to four years ago when we last met in person, assets grew \$284.6 million or 43.2%.

Moribe said the national recognition we received from DepositAccounts.com over the years is a testament of the credit union's financial strength and confirmation the credit union is operating in a very safe and sound manner. He shared he has been involved with the credit union for over 25 years and the credit union's conservative strategy and focus on consumer member needs, instead of business banking and commercial lending has been and will continue to be the right decision, especially given the recent events. Moribe mentioned the credit union's winning formula is doing business the old fashion way: take good care of members, make loans the members can afford to pay back, help members make their dreams come true with competitive lending products and help members save money with market or above market deposit rates. He said this has allowed us to give back to members with affordable loan rates and attractive CD rate specials such as the current 4.5% 15-month CD promotion and 4.0% CD special at the end of 2022.

Moribe then said as a community-chartered credit union, we want to do our part in helping the community. He shared in 2022 we launched our Scholarship Program and awarded 30 scholarships of \$2,000 each to help Hawaii students with their higher education pursuits. Moribe said we also created the Get Your House in Order (GYHO) education program. The GYHO initiative is a multi-tiered campaign aimed at guiding Hawaii families through the complexities of estate planning, getting organized and other important life issues. It is prominently featured in MidWeek and we also have a weekly TV program on KITV. Moribe shared numerous

members and non-members have personally thanked him for doing the GYHO program.

Moribe mentioned we also continue to support Hawaii's keiki with our School Tools Drive in the summer. He said we partnered with the Kidney Foundation as a Bank Day Sponsor for packet pick-ups and also sold Kidney cut-outs to assist with their fundraising efforts. Moribe mentioned we also collaborated with a local artist to create and sell a unique t-shirt to support Lanakila Pacific in their annual fundraising efforts. He shared we also support the Board of Water Supply water conservation week, the Kuakini Foundation and many community events throughout the year, including the All American Rodeo, Young@Heart Expo and many University of Hawaii sporting events. He said taking care of our community and helping people succeed is important to our core values.

Moribe said our financial strength, growth and spirit of helping everyone have been attractive to credit unions looking to merge with another credit union. He then welcomed the members of the 16 credit unions mentioned earlier who decided to join the Hawaiian Financial ohana. Moribe said our annual meeting is a way of celebrating what we have accomplished together.

At this time, Moribe shared back in 2018 we changed our name to Hawaiian Financial FCU from Hawaiian Tel FCU to reflect our growing ohana. We also changed our colors to green and brown because green represents growth and money, and brown represents the earth and stability. Moribe said we want the credit union and members to grow financially, so members can sleep well at night, knowing the credit union is financially strong and their money is safe and secure. He mentioned we chose the tagline, "Hawaiian Financial FCU ... for life," because first, we are here to help you with all the financial needs that arise in "your life," buying your first car, your first home, college for your kids, retirement, and so on. Secondly, when you become a member of our credit union, you know you have a trusted partner to help you achieve your financial goals ... for life.

Moribe shared as Chairman, he is truly humbled and in awe by what the credit union achieved over the years. He said we will continue to work hard, focus on meeting and exceeding member needs, focus on consumer products and not commercial business activities, plan effectively for the future, take good care of our members and employees, and most of all, continue to stay humble, respectful and helpful.

In closing, Moribe thanked everyone for the privilege of serving as Chairman. He then wished everyone a fun evening and sincerely thanked everyone for taking the time to attend the annual meeting and for their loyal membership.

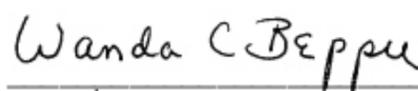
There was no unfinished or new business.

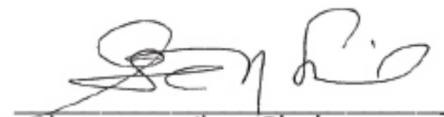
Moribe then called upon Wanda Beppu, Nominating Committee Chairperson. Beppu reported there was no election by ballot this year because there were three candidates for three vacancies. She declared the candidates elected by general consent per Article V, Section 1c of our Bylaws. Beppu then introduced the newly elected directors: Calvin Choy, Glen Moribe and Ken Miyasato.

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

Adjournment

The meeting was adjourned at 5:40 p.m.


Wanda C. Beppu, Secretary


Glen Y. Moribe, Chairman

Treasurer's Report

Gerald Noda, Treasurer

As your Treasurer, I am pleased to report that Hawaiian Financial Federal Credit Union continued to be financially strong and healthy throughout 2023 and is well-positioned to sustain this performance in 2024 and beyond.

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. We continue to have strong reserves to fulfill the current and future needs of our members.

In 2023, the Federal Reserve Bank increased Federal Funds rate to a range of 5.25% to 5.50% to stave off inflation and stabilize economic growth. Despite higher interest rates, we kept borrowing rates steady. At the same time, we raised money market and certificate rates so you could earn more on your deposits.

Our 15-month Certificate of Deposit (CD) special was a huge success, bringing in new money and members. We also kept the minimum balance requirement to open the promotional CD at \$2,000 so more members could take advantage of this awesome rate.

In 2023, Kamehameha Federal Credit Union (KFCU) members overwhelming voted to merge with us. The merger was completed in December and it gave us an incredible opportunity to provide expanded financial services to over 3,500 members of the credit union. KFCU members include students and alumni of Kamehameha Schools, as well as employees of Kamehameha Shopping Center businesses and their families. We are honored and humbled to welcome them to our growing ohana.

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

In 2023, the consolidated net income for our Credit Union was \$5.3 million, and our net worth ratio of 12.5% was one of the best in the State. The following summarizes and highlights the year's activity:

- Dividends paid to members totaled \$11.3 million
- Operating Expenses of \$20.1 million were 2.1% of Assets
- Members' Equity increased \$9.9 million to \$87.9 million
- Assets increased \$20.1 million to \$963.2 million
- Shares increased \$38.7 million to \$867.5 million
- Loans increased \$41.1 million to \$572.9 million
- Investments decreased \$19.6 million to \$350.4 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 worked tirelessly to provide you with the best and safest customer 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 & COMMITTEES

Board of Directors

Chairman.....Glen Moribe
Vice Chairman.....William Pimental
Treasurer.....Gerald Noda
Secretary.....Wanda Beppu
Directors.....Calvin Choy
.....Deborah Lau Okamura
.....Ken Miyasato

Committees

ASSET/LIABILITY COMMITTEE

Chairman.....Norman Okimoto
Members.....Calvin Choy
.....Gerald Noda
.....Wanda Beppu
.....Wendy Cheung

HUMAN RESOURCES COMMITTEE

Chairman.....Ken Miyasato
Members.....Calvin Choy
.....Gerald Noda
.....Wanda Beppu
.....William Pimental

LOAN REVIEW COMMITTEE

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

SCHOLARSHIP COMMITTEE

Chairman.....Gerald Noda
Members.....Anna Arie
.....Deborah Lau Okamura
.....Gerry Sagucio
.....Gordon Tom
.....Norman Okimoto
.....Paulette Ito

SUPERVISORY COMMITTEE

Chairman.....Daniel Masutomi
Members.....Dianne Sinco
.....Gerry Sagucio
.....Loma Pang

CUSO BOARD OF DIRECTORS

President.....Gerald Noda
Vice President.....Glen Moribe
Secretary/
Treasurer.....Norman Okimoto

INFORMATION TECHNOLOGY STEERING COMMITTEE

Chairman.....Ken Miyasato
Members.....Anna Arie
.....Derek Kato
.....Gordon Tom
.....Norman Okimoto
.....Wanda Beppu
.....Wendy Cheung

NOMINATING COMMITTEE

Chairman.....Wanda Beppu
Members.....Calvin Choy
.....Deborah Lau Okamura
.....Donald S. Bowman

STRATEGIC MARKETING COMMITTEE

Chairman.....William Pimental
Members.....Deborah Lau Okamura
.....Ken Miyasato
.....Norman Okimoto
.....Paulette Ito

VENDOR RISK MANAGEMENT COMMITTEE

Chairman.....Calvin Choy
Members.....Anna Arie
.....Gordon Tom
.....Norman Okimoto
.....Wendy Cheung

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