

HOCU • P.O. Box 235862 Honolulu, Hawaii 96823 • 808-777-JOIN (5646) • Toll-Free 1-800-524-2261



# INNOVATION

HONOLULU FEDERAL CREDIT UNION • 2018-2019 ANNUAL REPORT



## CHAIRMAN AND PRESIDENT REPORT



CHRISTOPHER JAY



MARK MUNEMITSU



## ALOHA!

It is an honor for us to serve as the Chairman of the Board of Directors and President/CEO of the Honolulu Federal Credit Union ("HOCU"). With the help of the Board of Directors, fellow volunteers and our dedicated staff, we have embarked on a journey that focuses on innovative ways HOCU can service our members and our community:

**EFFICIENCY IN OUR PROCESSES:** Our credit union believes that priority should be given to how we meet the expectations of our membership. In this day and age, time is extremely valuable. We want to give time back to our members through efficient processes, such as our implementation of DocuSign's eSignature platform. DocuSign helps our loan team to quickly and accurately process our member's loans, so you can focus on what really matters.

**THROUGH LEADERSHIP IN OUR COMMUNITY:** We recognize that we are not just individuals, but important members of a larger community. Therefore, HOCU served our community in various ways in 2018, with our popular Shred-It Day, our Pet Adoption event with the Hawaiian Humane Society, and participation in the Moiliili Christmas Parade. You might have even seen us every month on KHON's Financial Fridays sharing our knowledge and tips to help achieve

financial wellness. As a member benefit, we also held workshops and seminars throughout the year. It's just the right way of serving our member-owners.

**INVESTMENT IN OUR YOUTH:** Our children are the future and HOCU is ready and willing to support them as they transition to young adults. We've awarded thousands of dollars to high school graduates and college students to assist them as they pursue higher education. Teens as young as 13 years of age can qualify to receive a debit card to learn about the importance of good fiscal practice. And by way of our participation in the national shared-branching network, you can easily send money to your college student, whether they're in Boston, Seattle or Hilo.

Since our humble beginnings in 1936, we've grown to become a full-service financial institution that proudly serves our membership. And we're not resting on our past results; HOCU continues to strive and find innovative ways to meet and promote your financial goals. We thank you for your business and loyalty; we realize that you have many choices when it comes to your banking, and we are honored that you have chosen HOCU.

MAHALO.

**CHRISTOPHER JAY**  
Chairman, Board of Directors

**MARK MUNEMITSU**  
President/CEO





## TREASURER'S REPORT



### BOARD OF DIRECTORS

Christopher Jay <b>CHAIRMAN</b>	Lydia Kauha Wyman Au Sandra Ng	Timothy Titus Dudley Kubo Warren Nakamura
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### SUPERVISORY COMMITTEE

Albert Pang <b>CHAIRMAN</b>	Colin Chung Annie Fletcher	Sandra Luke Uaaree Matsuda
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### SENIOR MANAGEMENT

Mark Munemitsu <b>PRESIDENT/CEO</b>	Ross Inouye <b>SENIOR VICE PRESIDENT</b>
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The financial performance of the Honolulu Federal Credit Union continued an upward arc in 2018. The net earnings of \$1,697,463 was a 181.81% increase over the \$602,335 reported for the previous year, and we ended the year with \$257,878,888 in total assets and a net worth ratio of 11.83%. Our loan portfolio grew by an impressive 17.93% and total membership was 16,009 at year end, which are reflections of our mission to extend credit and the benefits of credit unions to more individuals.

In 2019 our economy, both on a local and national scale, is predicted by many to face various challenges – less borrowing, an overextension of credit that many cannot repay, or the threat of a recession just beyond the horizon. Regardless of the looming challenges, please be assured that the Honolulu Federal Credit Union will continue to provide the products and services that are affordable and designed to meet your financial needs. We realize that you have many choices among the institutions that you choose to work with, and we thank you for the opportunity and privilege to serve you.

Secretary/Treasurer

**LYDIA KAUHA**

## SUPERVISORY COMMITTEE REPORT

In accordance with the requirements of the National Credit Union Administration, an audit of Honolulu Federal Credit Union's financial statements for the period ending December 2017 was conducted by Kobayashi, Kanetoku, Doi, Lum & Yasuda, CPAs, LLC, which rendered a clean opinion. The audit for the period ending December 2018 has begun and copies of the audit will be available upon requests.

Supervisory Committee

**ALBERT PANG**

# FINANCIAL STATEMENT



## HONOLULU FCU FINANCIAL RATIOS

	2017	2018	% CHANGE
Average yield on loans	4.23%	4.50%	6.38%
Average yield on investments	1.50%	2.00%	33.33%
Average yield paid on deposits	0.30%	0.30%	0.00%

DECEMBER 31, 2017 & 2018

### Balance Sheet

ASSETS (in thousands)	2017	2018
Loans	142,020	167,487
Allowance for Loan Loss	-1,285	-1,373
Cash	2,409	1,605
Bank & S&L Investments	13,854	4,455
Other Investments	83,721	65,787
Fixed Assets	11,881	11,559
Accrued Income	746	798
Other Assets	7,906	7,562
<b>TOTAL ASSETS</b>	<b>261,252</b>	<b>257,880</b>

LIABILITY & EQUITY	2017	2018
Accounts Payable & Liabilities	949	1,050
Notes Payable	0	0
Dividends Payable	0	0
Shares	231,627	226,665
Regular Reserves	3,504	3,504
Undivided Earnings	25,305	27,003
Unrealized Loss in Long Term Investments	-133	-344
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>261,252</b>	<b>257,878</b>

### Statement of Income and Expenses

INCOME (in thousands)	2017	2018
Interest on Loans	5,995	6,941
Income from Investments	1,368	1,631
Other Income	970	1,164
<b>TOTAL INCOME</b>	<b>8,333</b>	<b>9,736</b>

EXPENSE	2017	2018
Salaries & Benefits	2,684	2,880
Office Occupancy and Operations	1,808	1,864
Professional and Outside	786	758
Loan Servicing	533	948
Provision for Loan Loss	498	413
Other Expense	500	443
<b>TOTAL EXPENSE</b>	<b>6,809</b>	<b>7,306</b>
Dividends	679	677
Other Non-Operating Gains and Losses	-243	-55
<b>NET INCOME</b>	<b>602</b>	<b>1,698</b>

# PRODUCTS AND SERVICES

## MEMBER ACCOUNTS

Share Savings Accounts  
Kasasa Saver Accounts  
Classic Share Draft Accounts  
Kasasa Checking Accounts with Rewards  
ATM Cards  
VISA Debit Check Cards  
Money Market  
Share Certificate Accounts  
Super Share Certificate Accounts  
Jumbo Share Certificate Accounts  
Individual Retirement Accounts (IRAs)  
Holiday Club Accounts

## LOANS AND MORTGAGES

Auto Loans  
Auto Green Loans  
Solar Green Loans  
Photovoltaic Green Loans  
Share Secured Loans  
Signature (Personal) Loans  
Bill Consolidation Loans  
VISA Rewards Credit Cards  
Home Equity Lines of Credit  
Fixed Rate Home Equity Loans  
First Mortgage Loans  
Second Mortgage Loans

## CONVENIENT SERVICES

NextGen ATM with Shared Branching  
In-Lobby Teller (ILT) with Shared Branching  
Mobile Banking  
24-Hour Online Banking  
Popmoney Personal Payment Service

Online Bill Payment Service  
Online Check Imaging  
24-Hour Apply for Loans Online  
CO-OP Shared Branch & ATM Network  
Payroll Deduction & Direct Deposit Services

## VALUE PRODUCTS AND SERVICES

Financial Planning  
Accidental Death & Dismemberment Insurance  
Debt Protection  
Wire Transfer Service

AutoSMART Online Auto Buying Resource  
Guaranteed Asset Protection (GAP Plus)  
Mechanical Repair Coverage  
American Express Travelers Cheques  
Safe Deposit Boxes  
Notary Public Services  
Signature Guarantee Services

## BUSINESS ACCOUNTS & OTHER SERVICES

Business Share Savings Accounts  
Business Money Market Accounts  
Business Checking Accounts  
VISA Debit Check Cards  
Mobile Banking  
Automated Teller Machines (ATMs)  
Safe Deposit Boxes  
Notary Public Services  
Signature Guarantee Services  
Wire Transfer Service  
Business Certificates



# LOCATIONS

## MO'ILI'ILI BRANCH

2305 South Beretania Street  
Honolulu, Hawaii 96826

## FEDERAL BUILDING BRANCH

Prince Kuhio Federal Building  
300 Ala Moana Blvd., #1-137  
Honolulu, Hawaii 96850

## AIRPORT BRANCH

Honolulu Main Post Office  
3600 Aolele Street  
Honolulu, Hawaii 96820

## TRIPLER BRANCH

Tripler Army Medical Center  
Oceanside, VA Headquarters  
E-Wing, Room 1-C100  
Honolulu, Hawaii 96819

## EWA BRANCH

91-1717B Fort Weaver Road  
Ewa Beach, Hawaii 96706