

2020
2021



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

EVOLUTION

HONOLULU FEDERAL CREDIT UNION • ANNUAL REPORT



2020
2021

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2021



CHRISTOPHER JAY



MARK MUNEMITSU

CHAIRMAN AND PRESIDENT

REPORT

2020 will be remembered as one of the greatest life-changing moments in modern history. We imagine that most people were affected by COVID-19—the mask and social distancing mandates, children taking lessons from home, closures of our favorite stores and restaurants, mass unemployment, and, in some cases, the passing of loved ones. Yet we persisted.

Like many other companies, the pandemic was thrust upon HOCU with no tried-and-tested processes to fall back on. Therefore, management immediately focused on four key areas as our response strategy:

- 1. PRESERVE MEMBER SERVICES.** Although we needed to adjust our operations by closing two branches and reducing hours, we intended to remain open for our members. Since no one knew what would happen or how long the crisis would last, HOCU needed to be the rock that you relied upon.
- 2. PROTECT OUR MEMBERS AND STAFF.** We immediately instituted rules that helped protect everyone from the virus—social distancing in our lobbies, the availability of hand sanitizers, constant cleaning, kupuna hours—and to do our part in preventing the spread.
- 3. KEEP OUR EMPLOYEES WORKING.** Our employees are the foundation of our success, and many of them had to concern themselves with the events in their personal lives that were causing them stress. Therefore, to continue providing service to our members, we made the decision to keep everyone working and relieve the additional burden of making ends meet.
- 4. SERVICE TO OTHERS.** At the outset of the pandemic many financial institutions began to restrict access to their members only. HOCU, as part of a shared branching network, continued to allow members of other credit unions to use our branches. In addition to being convenient for these individuals, we felt that it was important to help small credit unions by serving their members. HOCU was one of five credit unions asked by the City and County of Honolulu to participate in its Small Business Relief and Recovery Fund; collectively we disbursed \$170 million in funds to businesses impacted by the pandemic and supported our local economy.

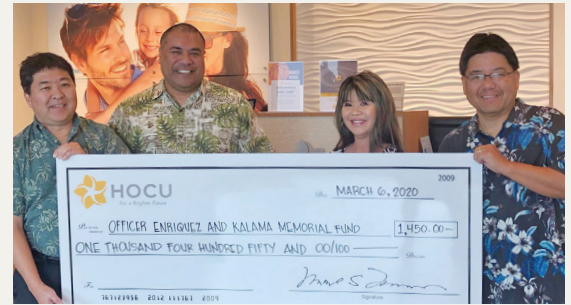
This year, HOCU is celebrating our 84th annual meeting, albeit in a virtual format. Regardless of whether we can meet in person or continue these preventative measures, one thing has remained constant—our goal to continue to serve you. We've evolved to help members navigate this new normal and continue reaching their financial goals. Mahalo for your membership in HOCU and look forward to our continued partnership.

CHRISTOPHER JAY
Chairman, Board of Directors

MARK MUNEMITSU
President/CEO

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We've evolved
to help members
navigate this
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reaching their
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TREASURER'S
REPORT

2020
2021

SUPERVISORY COMMITTEE

REPORT

2020
2021

For the first time in HOCU's history, total assets grew to over \$300 million. Here are some of the financial highlights for 2020:

- Assets increased \$33,231,510 or 12.35%
- Loans decreased \$3,782,704 or -2.00%
- Shares increased \$30,960,985 or 13.14%
- Net income for 2020 was \$1,690,349
- Net worth to asset ratio 11.26%

HOCU remained strong with our commitment to our membership and community during 2020. During the pandemic, the credit union implemented safety protocols to help our employees

and members stay safe. We also waived certain fees, modified loans, and deferred payments to help members with their financial needs. HOCU also help distribute grants under the city's Small Business Recovery and Relief Fund program.

Looking ahead at 2021, we are projecting to have another successful year, and continue to grow which will enable us to provide new products and services. We would like to thank you for your continued support and really appreciate your patronage over the years.

LYDIA KAUHA
Secretary/Treasurer

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 2019 was conducted by Kobayashi, Kanetoku, Doi, Lum & Yasuda, CPAs, LLC, which rendered a clean opinion. The audit for the period ending December 2020 has begun and copies of the audit will be available upon request.

ALBERT PANG
Chairman, Supervisory Committee

BOARD OF DIRECTORS

Christopher Jay
CHAIRMAN

Lydia Kauha Sandra Ng Warren Nakamura
Wyman Au Dudley Kubo

SUPERVISORY COMMITTEE

Albert Pang
CHAIRMAN

Colin Chung Marilyn Wong
Annie Fletcher

SENIOR MANAGEMENT

Mark Munemitsu Ross Inouye
PRESIDENT/CEO SENIOR VICE PRESIDENT

FINANCIAL
STATEMENT

2020
2021

HOCU FINANCIAL RATIOS

	2019	2020	% CHANGE
Average yield on loans	4.56%	4.31%	-5.48%
Average yield on investments	2.27%	1.00%	-55.95%
Average yield paid on deposits	0.35%	0.36%	2.86%

DECEMBER 31, 2019 & 2020

Balance Sheet

ASSETS (in thousands)	2019	2020
Loans	188,704	184,921
Allowance for Loan Loss	(1,494)	(2,586)
Cash	2,063	1,520
Bank & S&L Investments	4,455	2,774
Other Investments	53,056	92,083
Fixed Assets	11,627	11,219
Accrued Income	702	597
Other Assets	9,997	11,813
TOTAL ASSETS	269,110	302,341
LIABILITY & EQUITY	2019	2020
Accounts Payable & Liabilities	1,007	1,122
Notes Payable	0	0
Dividends Payable	0	0
Shares	235,571	266,532
Regular Reserves	3,504	3,504
Undivided Earnings	28,847	30,537
Unrealized Loss in Long Term Investments	181	646
TOTAL LIABILITY & EQUITY	269,110	302,341

Statement of Income and Expenses

INCOME (in thousands)	2019	2020
Interest on Loans	8,104	8,047
Income from Investments	1,438	771
Other Income	1,251	2,736
TOTAL INCOME	10,793	11,554
EXPENSE	2019	2020
Salaries & Benefits	3,333	3,283
Office Occupancy and Operations	2,175	1,810
Professional and Outside	724	741
Loan Servicing	839	771
Provision for Loan Loss	467	1,535
Other Expense	522	698
TOTAL EXPENSE	8,060	8,838
Dividends	919	1,026
Other Non-Operating Gains and Losses	30	0
NET INCOME	1,844	1,690

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
Medallion 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