



DISCOVERY

HONOLULU FEDERAL CREDIT UNION
2023-2024 ANNUAL REPORT



CHAIRMAN'S AND PRESIDENT'S REPORT



WE SINCERELY hope that, despite the many challenges, 2023 was rewarding to you as it was for your credit union.

The year saw unprecedented interest rate hikes that forced many to borrow at higher loan rates or postpone their plans or presented obstacles to home ownership or even managing soaring rents. HOCU continued its mission to provide credit to our members at affordable terms, while preserving our financial stability. This was proven by our nearly 13% growth in loans for the year.

Continuously striving for excellence, we regularly review and enhance our products and services to better meet your needs. One noteworthy improvement is the launch of an upgraded Kasasa checking product, featuring one of the most competitive interest rates in the state. Additionally, our new external transfer feature offers you the convenience of moving funds seamlessly between financial institutions. In our commitment to supporting education, HOCU awarded a record \$25,000 in scholarships to deserving young individuals, and our financial seminars continue to be popular among our members for enhancing their financial literacy and well-being.

What the credit union is especially proud of is the high marks that we receive from our membership. Our semiannual member surveys have propelled us to scores exceeding 9.0 (on a scale of 1 to 10, with 10 being outstanding), and we are actively listening to your needs and trying to meet expectations. This commitment to improvement is an ongoing journey for HOCU, as we strive to enhance our products and service with each passing day. And we are also proud of our contributions to our community. In 2023:

- For the first time, HOCU organized two Shred-It Days and recycled over 9,000 pounds of paper that would have otherwise contributed to landfill waste.
- Our partnership with HUGS resulted in toys and school supplies for local keiki who lack the means to enjoy these basic needs.
- Our food drive with the Hawaii Foodbank yielded 439 pounds of food, making a meaningful difference for local families in need.
- Responding to the Maui wildfires, the community and HOCU raised \$15,000 to aid in the recovery efforts for our neighbor island ohana.

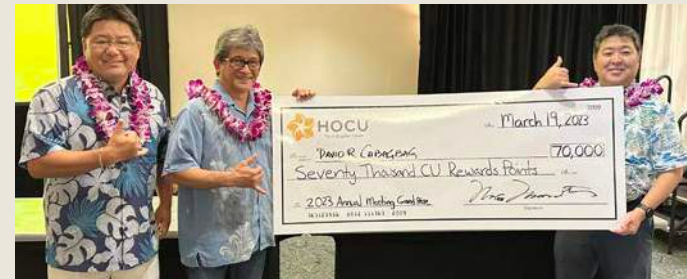
Above all, we are thankful for the generosity of our members who immediately jumped in to help the community when the call went out. Your selfless commitment to supporting friends and neighbors is consistently commendable.

Looking ahead, HOCU is committed to bringing you the products and services that you seek, at affordable rates, to meet your financial needs and create a brighter future.

MAHALO.

CHRISTOPHER JAY
Chairman, Board of Directors

MARK MUNEMITSU
President/CEO



TREASURER'S REPORT

HOCU continues to thrive and progress even through difficult and uncertain times. It seems like uncertainty is going to be the norm now and in the future, so businesses should prepare to be able to adapt and be flexible to change quickly. During 2023, HOCU was able to take advantage of the opportunities that were presented. One of the major challenges last year was to manage the increase in interest rates. Added to inflation, it caused stress and hardship to many budgets but hopefully inflation will be lower and interest rates will start declining by midyear. HOCU was able to successfully manage interest rates and had another healthy year.

Below are some of the highlights for 2023...

- Assets increased more than \$23.6 million or 6.55% from 2022, to \$384.7 million
- Loans grew \$31.7 million or 13.04%
- Total assets rose by 4.3%
- Shares increased more than \$19.1 million or 5.91%
- Net Income for the year ended 2023 was \$3,000,658, a slight improvement from 2022

In 2024, HOCU will continue to progress and add and improve products and services.

Technology keeps moving forward so HOCU is planning to reinvest in staff and resources to keep up with initiatives to stay competitive. Also, as you can see, HOCU's loans increased over 13% due to the favorable loan interest rates and terms offered to our members. Our goal this year is to continue offering products and services that our membership seeks. Hopefully, with your help, HOCU can achieve that goal.

The Board, Officials and Staff of HOCU would like to thank everyone for their continued support and patronage.

DUDLEY KUBO
Secretary/Treasurer

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 2022 was conducted by Kobayashi, Kanetoku, Doi, Lum & Yasuda, CPAs, LLC, which rendered a clean opinion. The audit for the period ending December 2023 has begun and copies of the audit will be available upon request.

ANNIE FLETCHER
Chairman, Supervisory Committee



BOARD OF DIRECTORS

Christopher Jay
CHAIRMAN

Wyman Au Tim Titus Warren Nakamura
Sandra Ng Dudley Kubo Lianna Napuinoa

SUPERVISORY COMMITTEE

Annie Fletcher
CHAIRMAN

Leila Kagawa Albert Pang

SENIOR MANAGEMENT

Mark Munemitsu Ross Inouye
PRESIDENT/CEO **SENIOR VICE PRESIDENT**

FINANCIAL STATEMENT

HOCU FINANCIAL RATIOS

	2022	2023	% CHANGE
Average yield on loans	4.24%	4.63%	9.17%
Average yield on investments	1.67%	3.55%	112.75%
Average yield paid on deposits	0.33%	1.03%	213.33%

DECEMBER 31, 2022 & 2023

Balance Sheet

ASSETS (in thousands)	2022	2023
Loans	244,485	276,179
Allowance for Loan Loss	(2,309)	(3,250)
Cash	2,170	1,690
Bank & S&L Investments	39,601	36,832
Other Investments	53,673	48,667
Fixed Assets	10,647	10,859
Accrued Income	958	1,266
Other Assets	11,840	12,470
TOTAL ASSETS	361,064	384,712

LIABILITY & EQUITY	2022	2023
Accounts Payable & Liabilities	1,503	2,229
Notes Payable	0	1,700
Dividends Payable	0	0
Shares	323,125	342,207
Regular Reserves	0	0
Undivided Earnings	40,657	42,962
Unrealized Loss in Long Term Investments	(4,221)	(4,386)
TOTAL LIABILITY & EQUITY	361,064	384,712

Statement of Income and Expenses

INCOME (in thousands)	2022	2023
Interest on Loans	9,638	12,051
Income from Investments	1,816	3,287
Other Income	1,696	1,467
TOTAL INCOME	13,149	16,805

EXPENSE	2022	2023
Salaries & Benefits	3,924	4,281
Office Occupancy and Operations	2,428	2,471
Professional and Outside	798	842
Loan Servicing	867	911
Provision for Loan Loss	664	1,480
Other Expense	328	376
TOTAL EXPENSE	9,009	10,361
Dividends	1,068	3,443
Other Non-Operating Gains and Losses	(444)	(0)
NET INCOME	2,629	3,001

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 Accounts
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
VA Mortgage Loans
FHA Mortgage Loans
One+ Mortgage Loans

CONVENIENT SERVICES

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

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

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 ExpressSM 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 Certificate Accounts

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

