



HawaiiUSA
FEDERAL CREDIT UNION

Life matters.

2021 Annual Report

2021 Board of Directors

Harlan Y. Kimura
Chair

Rita S. Ornellas
Vice Chair

Alan M. Schlissel
Treasurer

Roberta Mayor
Secretary

Leo Caires
Director

Jean H. Miyahira
Director

Paul Mow
Director

Stevette Santiago
Director

Terry Visperas
Director

2021 Supervisory Committee

Denise Yoshida
Chair

Ethan Tomokiyo
Vice Chair

Reed Hisamoto
Secretary

Elton Kinoshita
Member

A Message from our former President & CEO



Aloha and Mahalo!

The year 2021 marked the second year of the global pandemic, and our Credit Union adjusted as necessary to continue serving our members with greater access either in-person, on the phone, or digitally. Our *Life matters* commitment remains our Mission and Vision.

It is with the continual commitment to enhance the lives of our members and community into the future that the Board of Directors selected Greg Young to serve as the new President & CEO of our Credit Union, effective October 1, 2021. After 20 years as the President & CEO I retired on December 31, 2021. It has been an honor and a privilege to serve our 133,000 members during the period of growth we have enjoyed, and I look forward to what Greg and the Board of Directors have planned to meet the challenges of the future.

There have been many leaders and staff that I have had the pleasure to work with during my 33 years at our credit union. I will not name all of them in this message, but will mention the late Ron Ogata, who hired me and gave me the opportunity to grow with the Credit Union; and also the Board of Directors who selected me to become the President & CEO upon Ron's retirement.

Of course, without the support and loyalty of our members and staff, our plans would not have become a reality. As we look to the future, it will be the *Life matters* commitment that remains the bedrock of our Credit Union.

Karl Yoneshige

Former President & CEO

A Message from our President & CEO



Aloha!

I'm opening this letter in the spirit of gratitude to our loyal members and all those who make up HawaiiUSA – from our hardworking employees and managers to the volunteers on our Board of Directors. YOU are HawaiiUSA.

In 2021, HawaiiUSA celebrated its 85th Anniversary. My first impression as CEO of this enduring institution was a sense of overwhelming responsibility and guardianship. Our success today is due to the leadership of yesterday. I am humbled by the task of building upon the past and leading us into a future where we are known for high performance at one of Hawaii's best places to work.

At the beginning of 2021, there was a temporary sense of calm before the COVID-19 pandemic surged with a vengeance in the form of the highly contagious Omicron variant. Once again, the fortitude and resilience of our people drove us toward our accomplishments, despite the many challenges.

The Great Resignation began in 2021 as Americans began quitting their jobs in record numbers. The need to value and support our workforce could not be greater. In midyear, employees received a paycheck supplement to help them through financial challenges at home. Additionally, we restarted our employee engagement

efforts and unveiled a new leadership framework and leadership development learning plan. Our workforce always has been and always will be HawaiiUSA's greatest asset and a top business priority.

2020's lessons taught us how to adjust to pandemic realities and restrictions. Beyond a handful of temporary branch closures, we continued uninterrupted service in safe and hygienic branch environments. Our online appointment scheduling platform was launched last year with the aim to provide a new level of member convenience, and a new level of service is being provided by team members who earned the CUNA Certified Credit Union Financial Counselor distinction. These specialists are now able to provide expert financial wellness education and advice to members.

Although volunteerism was down in 2021 due to COVID restrictions, our commitment to our Community Outreach Giveback program remained stronger than ever. The HawaiiUSA Foundation's donations and in-kind givebacks to various community organizations totaled \$303,845, a record high in a year of continued community need.

Financially, HawaiiUSA remains strong and resilient. Our loan balances increased by \$44 million; and thanks to member confidence, we experienced record asset growth to over \$2.3 billion – a milestone in our credit union's history.

As we move forward in 2022, we embrace the legacy of our leaders of yesteryear and our Life matters commitment to improve lives. From the struggles of the past two years, we have proven that together, we can survive and thrive. I look forward to working together to move HawaiiUSA forward into a bright and better future for all of us.

Greg Young

President & CEO



Message from our 2021 Board Chair

Many important events occurred last year, the most notable of which was the retirement of Karl Yoneshige on December 31, 2021 after serving twenty years as the President and CEO of HawaiiUSA. Under Karl's leadership our Credit Union enjoyed tremendous growth and achieved countless milestones. Many of our members remember when we were known as Oahu Educational Employees Federal Credit Union. With Karl's vision and leadership our Credit Union changed its name to HawaiiUSA Federal Credit Union, expanded to all four major islands, increased assets and membership to become the largest credit union in Hawaii, and was recognized by Forbes as Best In State for the fourth year in a row, to name a few of them.

At the beginning of last year in anticipation of Karl's retirement your Board retained a well known and respected Executive Recruitment Company to conduct a nation wide search for HawaiiUSA's next leader. After a vigorous and competitive effort spanning all fifty states, your Board selected one of our own, HawaiiUSA's Chief Lending Officer Greg Young, to lead the Credit Union as our new President and CEO. Greg Young brings with him the best of both sectors of the financial services industry. He has the knowledge and skill sets gained while at American Savings Bank since 2007, but has quickly embraced the "Heart To Help" Credit Union Culture since joining HawaiiUSA in October 2019. Many of our members, and others in the larger community, benefited from Greg's expertise after joining the Credit Union as he guided the Loan Department in the administration of the SBA Paycheck Protection Program. He also led the Loan Department in delivering emergency loans to our members suffering from the economic devastation of the Pandemic, and deferrals on other loans, so they could focus on staying safe and caring for their loved ones.

HawaiiUSA will continue providing our members with the products and services needed to regain financial wellness as our government leaders lift the restrictions imposed over the past two years because of the Pandemic. One of HawaiiUSA's initiatives to achieve that is through the digital transformation in the delivery to our members of what they want, how they want it, and when they want it, because "What Matters To Our Members, Matters To Us At HawaiiUSA." Visit our website at hawaiiusafcu.com for more information about our "Life matters" commitment to you.

Mahalo, and Aloha,

Harlan Y. Kimura

Chair, Board of Directors

Supervisory Committee's Report

Denise Yoshida, Chairperson, reported the following:

The Supervisory Committee (SC) of HawaiiUSA Federal Credit Union (FCU) consists of four volunteer Credit Union members, appointed by the Credit Union's Board of Directors. The SC's goals are to ensure that:

1. Management's financial statements fairly present the financial condition of the Credit Union.

The SC hired Kwock and Company, CPAs to perform the December 31, 2021 annual independent audit of HawaiiUSA FCU's financial statements in accordance with generally accepted auditing standards and National Credit Union Administration Supervisory Committee requirements.

2. The Board of Director's policies are carried out and management practices and procedures safeguard the assets of the Credit Union members.

The SC reviewed and approved the Internal Audit plan, which included audits over the internal control structure of HawaiiUSA FCU. The audits included a review of various Board of Director and management policies and procedures to ensure that the internal controls were in place and operating effectively to mitigate risks.

Condensed Statements of Financial Condition

	December 31,	
ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$46,615,427	\$60,602,251
Investments	904,567,401	742,717,207
Loans, less allowance for credit losses	1,022,170,605	974,678,264
Accrued interest receivable	5,408,741	6,131,664
Premises and equipment, net	46,109,881	46,569,851
NCUSIF deposit	18,721,675	17,152,067
Monetary control reserve deposit	261,474,804	234,632,060
Other assets	13,841,541	13,054,525
TOTAL ASSETS:	\$2,318,910,075	\$2,095,537,889
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Members' shares	\$2,064,869,018	\$1,840,700,481
Accounts payable and other liabilities	25,446,033	25,008,687
Total Liabilities	2,090,315,051	1,865,709,168
Members' Equity	228,595,024	229,828,721
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$2,318,910,075	\$2,095,537,889

The condensed financial information for fiscal years 2021 and 2020 has been presented in summary format. A full set of the audited financial statements and the related footnote disclosures is available for view in our branches and is available upon request.

Condensed Statements of Income

	December 31,	
	<u>2021</u>	<u>2020</u>
INTEREST INCOME	\$58,343,087	\$60,250,736
INTEREST EXPENSE	2,368,489	3,764,333
Net interest income	55,974,598	56,486,403
Provision for credit losses	(1,479,776)	12,708,923
Net interest income after provision for credit losses	57,454,374	43,777,480
Non-interest income:		
Service fees	16,774,844	14,418,521
Other income	6,301,148	5,986,552
Total non-interest income	23,075,992	\$20,405,073
Non-interest expense:		
Compensation and employee benefits	31,900,805	31,782,151
Office occupancy	7,086,701	6,884,268
Office operations	15,528,282	13,507,883
Loan servicing	3,089,639	3,643,004
Professional and outside services	3,513,606	3,904,093
Education and promotion	1,732,855	1,359,635
Other expense	802,282	1,020,105
Total non-interest expense	63,654,170	62,101,139
NET INCOME	\$16,876,196	\$2,081,414

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