



HAWAII CENTRAL
FEDERAL CREDIT UNION

HANAPA‘A
AT OUR
ANNUAL MEETING

2019 ANNUAL REPORT
Mahalo for being part of our ohana



MAHALO TO OUR OHANA

TABLE OF CONTENTS

CHAIRMAN & PRESIDENT'S MESSAGE	3
SUPERVISORY COMMITTEE REPORT	4-5
FINANCIAL HIGHLIGHTS	6-7
FINANCIAL CONDITION STATEMENT	8-9
ANNUAL MEETING MINUTES	10-11
STAFF	12-13
SOCIAL RESPONSIBILITY AT-A-GLANCE	14
BOARD OF DIRECTORS & SUPERVISORY COMMITTEE	15

Aloha Member,

We're pleased to report that 2019 was another year of achievements and growth for Hawaii Central Federal Credit Union. We've grown in asset size to more than \$298 million. Our growth is a testament to the strength of the credit union value we provide to our member-owners.

We are very proud of our managers and employees that work hard each day to help our members achieve their financial and personal goals. Listed below are a few new products your credit union introduced to assist our member-owners.



MOBILE CHECK DEPOSIT

Mobile Check Deposit (remote deposit capture) allows you to deposit checks into your Hawaii Central account anytime from anywhere.



MICRO BUSINESS LOANS

Business owners with start-ups or a small business can get assistance with funding up to \$49,999 in microloans. These funds are often used for working capital, inventory or supply chain management, furniture for an office or equipment for production.



COLLEGE COMBO ACCOUNT

Students can manage their own accounts while away for college with a local financial institution you trust.



EXCESS SHARE INSURANCE

Member deposits are federally insured by the National Credit Union Administration (NCUA) up to \$250,000 and are now insured up to an additional \$250,000 by ESI for a total coverage of up to \$500,000.

Hawaii Central remains committed to helping people beyond our Credit Union family by supporting various charitable foundations in our community. It is through your support and confidence, our member-owners, and the work of the dedicated staff and devoted volunteers that your Credit Union remains financially strong.

Together, we can make 2020 another successful year.

NEIL SHIMOYAWA
CHAIRMAN OF THE BOARD

DRAKE TANABE
PRESIDENT

In compliance with the Federal Credit Union Act and Hawaii Central Federal Credit Union's bylaws, the Supervisory Committee independently evaluates the safety and soundness of the Credit Union's operations and activities. To fulfill its primary responsibility, the Supervisory Committee oversaw all external audit-related activities as set forth under the National Credit Union Administration (NCUA) Rules and Regulations, contracting with CU Pacific Audit Solutions, LLC (CU Pacific) for financial and internal control and member verification audits and with Kwock & Associates/Clifton Larson Allen for the IT audit.

The Committee met with CU Pacific to review the 2019 Supervisory audit, and with Kwock & Associates/Clifton Larson Allen to review the IT Audit.

In 2019, Hawaii Central underwent a regulatory examination conducted by the NCUA, and there were no significant findings in the exam.

The Committee strongly believes that controls are in place to protect your assets and your Credit Union continues to be financially sound. The Supervisory Committee continues to find other methods and means to strengthen internal controls and processes. Each and every Hawaii Central employee must remain vigilant, properly trained, and participate in the safety and soundness of our growing financial institution.



CLYDE
Core System
Administrator

EDWINA
Vice President of
Administration & HR

KEIN
Back Office Specialist/
Teller

KELLY
Accountant

REYNA
Junior Loan
Officer

Other Supervisory Committee responsibilities include ensuring that records are maintained properly and accurately, policies are carried out faithfully, and continue to serve as the watchdog for the monthly Board of Directors' meetings. Every two years, the verification of all membership accounts is also required under NCUA Rules and Regulations.

As Chairman, I am privileged to work besides Bill Lane, Vice Chair, Mary Jane Manabe, Secretary and Tracy Woo, Member on the Supervisory Committee. Thank you for your outstanding contributions.

The cooperation of the Credit Union's members, Board of Directors, management, and employees is appreciated. Your Supervisory Committee will continue to perform its oversight responsibilities in the best interest of all the credit union members. Our sincere appreciation goes out to you, the members for your support and confidence. It's been a pleasure to serve you.

Respectfully submitted,



BLAINE K. HEDANI

SUPERVISORY COMMITTEE CHAIRMAN

NATASHA

Compliance/
BSA Officer

ENGIE

Collections
Manager



**“We are people
helping people.”**



TREASURER'S REPORT

The Board of Directors and management are keenly aware of the challenges presented by our continuing low interest rate environment. Additionally, continuing challenges for Hawaii Central, as well as all credit unions, are the heightened complexity from increased regulations and the need for continuing investments in information systems. In February 2019, we upgraded our core operating system. Such investments are necessary to not only provide additional security of member accounts but also to broaden our services to members. This conversion in our core operating system could not have been accomplished in a timely manner without the dedicated involvement of our dedicated employees.

Your Board of Directors pledge to maintain competitive dividend and loan interest rates. Thank you for your continued support of Hawaii Central Federal Credit Union.

WAYNE T. TOMA
TREASURER



+6.58%
**INCREASED
ASSETS**

Assets increased from \$280,273,120 to \$298,716,997, an increase of \$18,443,876.



+33.94%
**INCREASED
DIVIDENDS**

Dividends to members increased from \$1,590,408 to \$2,130,215. Our share dividend rates continue to be one of the highest among credit unions within the State of Hawaii.

**“Your board of
directors pledge
to maintain
competitive
dividend and loan
interest rates.”**

2019 FINANCIAL HIGHLIGHTS



+7.22%

**INCREASED SHARE
DEPOSITS**

Share deposits increased from \$253,734,992 to \$272,056,058, an increase of \$18,321,067. With the supplemental increase in our share deposit insurance from \$250,000 to \$500,000, we have been successful in attracting and maintaining deposits from entities with large cash reserves who prefer the additional layer of share insurance.



+1.86%

**INCREASED
LOANS**

Loans increased from \$148,074,939 to \$150,830,651, an increase of \$2,755,712. Hawaii Central processed 1,435 loans during 2019 with a gross loan amount of \$54,738,571. Home equity lines of credit (HELOC) continue to be an important component of our loan growth.



+15.25% **INCREASED CASH & INVESTMENTS**

Cash and investments increased from \$112,799,091 to \$129,995,732, an increase of \$17,196,641. We continue to restrict our investments to high-quality financial instruments and have adjusted our focus to shorter-term maturities due to the current low interest rate environment.



+2.22%

**INCREASED
OPERATING
INCOME**

Operating income increased, from \$11,038,748 to \$11,283,702, an increase of \$244,955. Interest income from loans increased from \$7,306,638 to \$7,363,400 and interest income from investments increased from \$2,228,157 to \$2,559,721, both positive increases from higher loan and investments balances and higher investment rates.



+197.38%

**INCREASED NET
INCOME**

Net income increased from \$411,495 to \$1,223,705.

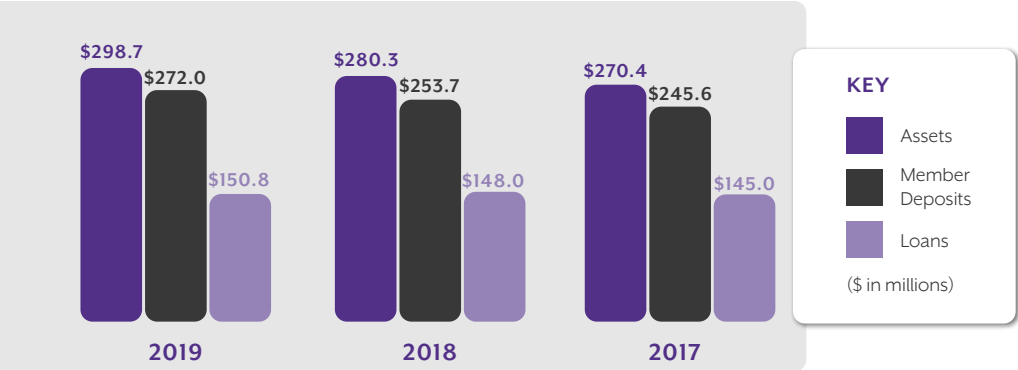


8.64%

**NET WORTH
RATIO**

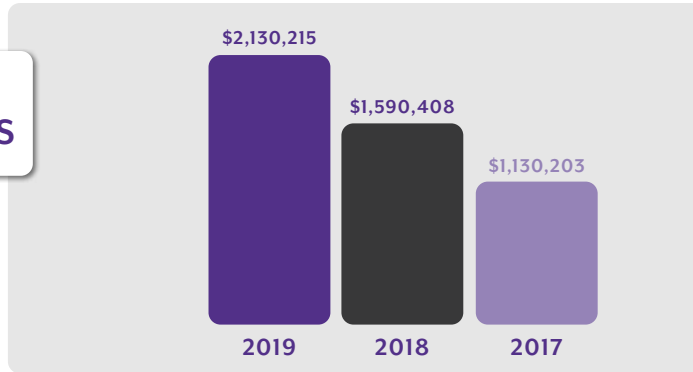
Our net worth ratio decreased slightly, from 8.77% to 8.64% at December 31, 2018 and 2019, respectively. This decrease is expected due to the increase in total assets of \$18,443,876. We continue to be a “well-capitalized” credit union as defined by the National Credit Union Association, our regulatory authority.

FINANCIAL CONDITION STATEMENT



ASSETS AS OF	12/31/19	12/31/18	CHANGE	% CHANGE
Loans to Members	\$150,830,651	\$148,074,939	2,755,712	1.86%
Allowance for Loan Losses	\$(882,825)	\$(814,437)	(68,388)	8.40%
Cash	\$17,925,065	\$8,694,086	9,230,978	106.18%
Investments	\$112,070,667	\$104,105,005	7,965,662	7.65%
Property & Equipment	\$5,363,597	\$5,396,340	(32,743)	-0.61%
NCUSIF Capital Deposit	\$2,470,415	\$2,458,408	12,007	0.49%
Real Estate Held for Sale	\$574,220	\$1,963,182	(1,388,962)	-70.75%
Other Assets	\$10,365,207	\$10,395,597	(30,389)	-0.29%
TOTAL ASSETS	\$298,716,997	\$280,273,120	18,443,876	6.58%
Liabilities				
Accounts Payable	\$515,649	\$473,284	42,365	8.95%
Other Liabilities	\$1,286,214	\$2,610,806	(1,324,592)	-50.73%
TOTAL LIABILITIES	\$1,801,864	\$3,084,090	(1,282,227)	-41.58%
Equity				
Total Share Deposits	\$272,056,058	\$253,734,992	18,321,067	7.22%
Regular Reserves	\$1,840,546	\$1,840,546	-	0.00%
Unrealized Gain/(Loss) on Available for Sale Investments	\$31,556	\$(149,776)	181,331	-121.07%
Undivided Earnings (net)	\$22,986,973	\$21,763,268	1,223,705	5.62%
TOTAL EQUITY	\$296,915,133	\$277,189,030	19,726,103	7.12%
TOTAL LIABILITIES & EQUITY	\$298,716,997	\$280,273,120	18,443,876	6.58%

DIVIDENDS TO MEMBERS



	2019	2018	2017	CHANGE	% CHANGE
OPERATING INCOME					
Income on Loans (net)	\$7,363,400	\$7,306,638	\$6,638,389	56,761	0.78%
Gross Investments/Other	\$3,920,303	\$3,732,109	\$3,419,480	188,193	5.04%
TOTAL OPERATING INCOME	\$11,283,702	\$11,038,748	\$10,057,869	244,955	2.22%
DIVIDENDS TO MEMBERS	\$ 2,130,215	\$ 1,590,408	\$1,130,203	539,807	33.94%
Salaries & Benefits	\$3,755,515	\$4,999,893	\$4,524,530	(1,244,378)	-24.89%
Office Occupancy	\$676,489	\$635,873	\$504,156	40,616	6.39%
Office Operations	\$546,399	\$585,482	\$525,371	(39,083)	-6.68%
Education & Promotions	\$305,306	\$251,688	\$220,329	53,619	21.30%
Professional Services	\$505,882	\$636,526	\$469,121	(130,643)	-20.52%
Provision for Loan Losses	\$609,870	\$310,065	\$616,592	299,805	96.69%
Other Miscellaneous	\$1,429,002	\$1,645,034	\$1,533,511	(216,032)	-13.13%
TOTAL OPERATING EXPENSES	\$7,828,463	\$9,064,560	\$8,393,610	(1,236,097)	-13.64%
Other Non-Operating Income	\$(101,320)	\$27,716	\$428,686	(129,035)	-465.57%
NET INCOME	\$1,223,705	\$411,495	\$962,742	\$812,210	197.38%
Loan: Share	55.44%	58.36%			-2.92%
Loans	6,568	6,900			-4.81%
Net Worth Ratio	8.64%	8.77%			-0.13%

CALLED TO ORDER

The 81st Annual Meeting of Hawaii Central Federal Credit Union was called to order by Board Chairman Neil Shimogawa at 11:12 a.m. at the Japanese Cultural Center, Manoa Grand Ballroom in Honolulu.

Board Chairman Shimogawa called on Board Secretary Betty Hirozawa for a quorum. She reported that 169 members were in attendance; therefore, a quorum was established.

MINUTES

Chairman Shimogawa referred to the minutes of the 80th Annual Membership Meeting held on March 10, 2018 printed in the 2018 Annual Report. After reviewing, he asked if there were any additions, deletions or corrections. There were no responses from the membership; therefore, the minutes were accepted as presented.

REPORTS

Chairman Shimogawa directed the members' attention to the Chairman and President's Message along with the Treasurer's and Supervisory Committee's Reports printed in the annual report. He asked if there were any objections or questions to the reports. Since there were no responses, the reports were accepted as presented.

UNFINISHED BUSINESS

Chairman Shimogawa asked Secretary Hirozawa for any unfinished business; she replied by stating that there were no unfinished business to report.

NEW BUSINESS

Chairman Shimogawa then asked Secretary Hirozawa for any new business. There was none. At this point Chairman Shimogawa called on Nominating Committee Chairman Alan Yasuda. Nominating Committee Chairman Alan Yasuda reported that there were three (3) vacancies on the Hawaii Central's Board of Directors. Notices for Nomination and petitions were posted in the October 2018 and January 2019 newsletters. There are three (3) nominees, incumbents Betty Hirozawa, Frederick Tsuda, and Wayne Toma filed nomination papers and ran unopposed. As stated in the Bylaws, there will be no nominations from the floor. Chairman Shimogawa congratulated Betty Hirozawa, Frederick Tsuda and Wayne Toma on their election to the Board of Directors for 3-year term.

Chairman Shimogawa reported that in 2018 Hawaii Central experienced another year of achievements and growth. We've grown in asset size to more than \$280 million and closed out the year 18,000 members strong. Our achievements are due to YOU, our member-owners, and YOUR support of the credit union values and the products and services the credit union provides.

Chairman Shimogawa recognized the credit union staff and management under the leadership of President Drake Tanabe. They do their best every day to ensure the integrity of the credit union and the quality of the products and services we provide.

In closing, Chairman Shimogawa extended a big thank you to the catering staff of the Manoa Grand Ballroom for the fine job provided for the event. He also thanked the members for attending and supporting the credit union.

ADJOURNMENT

A motion to adjourn the meeting at 11:17 a.m. was made, seconded, and carried.



NEIL SHIMOGAWA
BOARD CHAIRMAN



BETTY HIROZAWA
BOARD SECRETARY

**“We are very proud
of our managers
and employees that
work hard each day
to help our
members achieve
their financial goals.”**

DRAKE TANABE
PRESIDENT

ADMINISTRATION

Drake Tanabe
President

Bruce Rosen
Executive Vice President

Edwina Suzuki
Vice President-Administration &
Human Resources

Pam Regidor
Executive Assistant

Natasha Flores
Compliance / BSA Officer

Hilda Reyes
Compliance Clerk II

Kimberly Mondejar
File Clerk

OPERATIONS DEPARTMENT

Isabel Navarro
Operations Manager

Hope Huckso
Operations Supervisor

Melissa Madamba
MSR Supervisor

Julie Ma
Branch Supervisor

Mila Miyata
Member Support Technology Specialist

Kein Jay Bayawa
Back Office Specialist / Teller

Jody Chung
Debit Card Clerk

Lynette Lolohea
Teller

Anjela Rogers

Teller

ACCOUNTING DEPARTMENT

Gary Nakata

Controller / Legal Counsel

Sharlene Suganuma

Accounting Supervisor

Nia Rodriguez

Accountant

Kelly Liddle

Accountant

BUSINESS DEVELOPMENT DEPARTMENT

Ruth Khoe

Business Development Manager

CONSUMER LENDING DEPARTMENT

Aaron Komatsu

Consumer Loan Manager

Nalani Pahukula

Consumer Loan Manager

Elly May Draculan

Senior Consumer Loan Officer

Mary Ching

Senior Consumer Loan Officer

Kristy Kaneshiro

Senior Consumer Loan Officer

Reyna Dallago

Junior Consumer Loan Officer

Kimberly Abaricia

Junior Consumer Loan Officer

Brooke Bluemke-Sanchez

Consumer Loan Clerk

COLLECTIONS DEPARTMENT

Engie Pagaduan

Collections Manager

Matda Bautista-Cadiz

Collection Control Officer

Jeonerey Tungpalan

Collection Control Officer

SUPPORT SERVICES DEPARTMENT

Travis Uchino

Support Services Manager

Clyde Hirata

Core System Administrator

REAL ESTATE LOANS DEPARTMENT

Lynnette Wong

Administrative Assistant

Kay Costello

Mortgage Loan Underwriter

Rhonda Nii

Mortgage Loan Officer



SOCIAL RESPONSIBILITY



At Hawaii Central, our corporate social responsibility program gives our team a chance to build stronger relationships, encouraging leadership and growth while sharing camaraderie for a good cause.

Arthritis Foundation

Q1 2019 - OHANA

\$550
RAISED

Team Ohana raised \$550 for the Arthritis Foundation. We had a taco lunch fundraiser at the main branch and participated in the 2019 Walk to Cure Arthritis on May 19, 2019.

Oahu SPCA

Q2 2019 - ANIMAL

1,400
POUNDS OF
FOOD

Hawaii Central and its members donated over 1,400 pounds of pet supplies and \$250 to Oahu SPCA. Supplies included dog and cat food, kitty litter, paper towels, pet bedding, cleaning supplies, cat towers, toys, and towels.

808 Cleanups

Q3 2019 - ENVIRONMENT

33+
VOLUNTEERS

Team Environment participated in a cleanup event for our community service this year with 808 Cleanups to help clean up the Lo'i Kalo (Taro Patch) Mini Park. This Mini Lo'i Kalo is one of the remaining hidden gems in the middle of urban Kapalama.

Friends of the Children's Justice Center

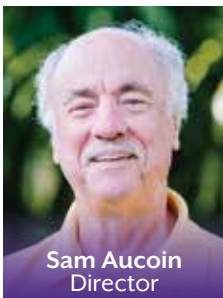
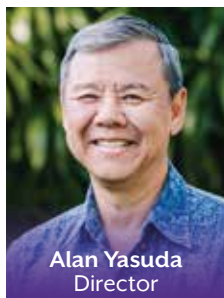
Q4 2019 - KEIKI

\$1,155
RAISED

Team Keiki partnered up with Friends of the Children's Justice Center of Oahu (FCJCO) to help raise money for their Holiday Gift Project. Collectively our staff and members raised a total of \$1,155.00. We purchased gifts for 15 keiki and donated the remaining \$839.44 to FCJCO.

BOARD OF DIRECTORS

Board members must effectively carry out their vital leadership, legal, and stewardship responsibilities and act in the best interests of the members of the credit union.



SUPERVISORY COMMITTEE

The Supervisory Committee independently evaluates the safety and soundness of the Credit Union's operations and activities.



MAIN BRANCH

681 South King Street
Honolulu, Hawaii 96813

HawaiiCentral.org
(808) 536-3677

THE QUEEN'S MEDICAL CENTER

PUNCHBOWL STREET BRANCH

1301 Punchbowl Street
Harkness Annex, Room 139
Honolulu, Hawaii 96813

WEST OAHU BRANCH

91-2135 Fort Weaver Road
Ewa Beach, Hawaii 96706

MEMBER SERVICES

(808) 536-3677

CONSUMER LOANS

(808) 536-0833

REAL ESTATE LOANS

(808) 529-4599
NMLS #412820

