



HAWAII CENTRAL
FEDERAL CREDIT UNION

BLAST OFF
AT OUR
ANNUAL MEETING



2020 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
FINANCIAL HIGHLIGHTS	6
FINANCIAL CONDITION STATEMENT	8
ANNUAL MEETING MINUTES	10
STAFF	12
SOCIAL RESPONSIBILITY AT-A-GLANCE	14
BOARD OF DIRECTORS & SUPERVISORY COMMITTEE	15

Aloha Member,

We're pleased to report that 2020 was another year of achievements and growth for Hawaii Central Federal Credit Union (HCFCU) despite going through the COVID-19 pandemic. We've grown in asset size to just under \$320 million. Our growth is attributed to the strength of the credit union values we provide to our member-owners. Even in these troubling times, your credit union is there for you offering lower loan rates, loans designed for members who were impacted by COVID-19, and loan extensions. This is a testament to your credit union's Board, Managers and Staff. They have always put your well-being ahead of their own and we salute them!

We are very proud of our staff who continue to dedicate each day in helping our members achieve their financial goals. We also invest in staff training as part of our commitment to offer you the very best financial solutions. Listed below are a few products your credit union introduced to assist our member-owners.



LAUNCHED NEW HAWAII CENTRAL FCU WEBSITE

Our new website makes it quicker and easier for members to access their online accounts and find information quickly.



EMERGENCY CASH LOANS

Experienced financial hardship due to the current pandemic? Our emergency loan helps cover unplanned costs and expenses.



ELECTRONIC SIGNATURE

Offers members the convenience of signing loan documents in a secure way without having to come into our office.

HCFCU 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 our Credit Union remains financially strong.

As we band together to stay strong and fight this pandemic, we will remain by your side and will continue to support you and the communities you live.

NEIL SHIMOGAWA
CHAIRMAN OF THE BOARD

DRAKE TANABE
PRESIDENT

The Supervisory Committee is a group of volunteer members who serve a vital role in serving Hawaii Central Federal Credit Union’s members.

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 2020 Supervisory audit and the internal audits with Kwock & Associates/Clifton Larson Allen to review the IT Audit. None of these audits revealed any significant weaknesses.

In 2020, Hawaii Central FCU’s underwent a regulatory examination conducted by the NCUA. Again this year, 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 Federal Credit Union employee must remain vigilant, properly trained and participate in the safety and soundness of our growing financial institution.

As Chairman, I am privileged to work beside 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 / Human
Resources Supervisor

ENGIE

Collections
Manager



**“We are people
helping people.”**



TREASURER'S REPORT

Management and the Board of Directors are keenly aware of the challenges presented by the COVID-19 Pandemic coupled with the continuing low interest rate environment. The Pandemic has forced all of us to modify our procedures. We have made loan extensions to many of our members struggling to stay afloat and will continue to assist our members through these difficult times.

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. Such investments are necessary to not only provide additional security of member confidential information but also to broaden our services to members.

Your Board of Directors pledges to assist you through the Pandemic and continue to maintain competitive dividend rates. Thank you for your ongoing support of Hawaii Central Federal Credit Union.

SAMUEL A. AUCOIN
TREASURER



-6.60%
DECREASED
OPERATING
INCOME

Total operating income decreased from \$11,283,702 to \$10,539,431, a difference of \$744,271. Interest income from loans lowered to \$6,428,897 from \$7,363,400, a reduction of \$934,503. This was due to the decline in loan balances and lower interest rates on new loans. Interest income from investments increased from \$2,559,721 to \$2,774,421, an addition of \$214,700, as excess cash was put into investments.



+15.32%
INCREASED
DIVIDENDS

Dividends to members increased from \$2,130,215 to \$2,456,503, an increase of \$326,288. As mentioned above, our share dividend rates continue to be one of the highest among credit unions within the State of Hawaii.



-8.29%
DECREASED NET
INCOME

Net income decreased from \$1,223,705 to \$1,122,212

“Your board of directors pledges to assist you through the Pandemic and continue to maintain competitive dividend rates.”

2020 FINANCIAL HIGHLIGHTS



+7.09%
INCREASED
ASSETS

Assets increased from \$298,716,997 to \$319,896,999, an increase of \$21,180,002.



-10.95%
DECREASED
LOANS

Loans decreased from \$150,830,651 to \$134,312,297, a decrease of \$16,518,354.



+7.16%
INCREASED SHARE
DEPOSITS

Share deposits increased from \$272,056,058 to \$291,543,282, an increase of \$19,487,224. This large increase in deposits attributes to the trust our members have in their credit union to safeguard their investments. Our share deposits continue to pay one of the highest interest rates among credit unions in the State of Hawaii. We are the only credit union in Hawaii that provides share deposit insurance on balances up to \$500,000.



+23.17%
INCREASED CASH

Cash increased from \$17,925,065 to \$22,077,659, an increase of \$4,152,594.



+29.47%
INCREASED
INVESTMENTS

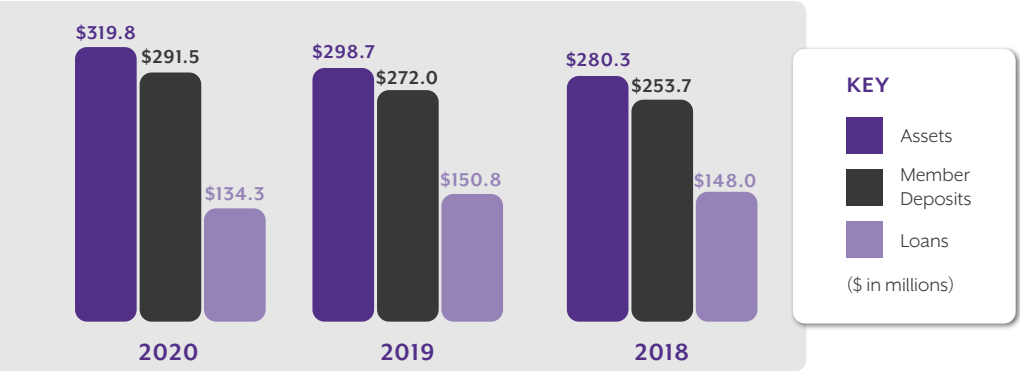
Investments increased from \$112,070,667 to \$145,099,467, an increase of \$33,028,800.



-0.22%
NET WORTH
RATIO

Our net worth ratio decreased slightly, from 8.64% to 8.42% at December 31, 2019 and 2020, respectively. This decrease is expected due to the increase in total assets of \$21,180,002 despite the net income of \$1.1 million. 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	12/21/20	12/31/19	CHANGE	% CHANGE
Loans to Members	\$134,312,297	\$150,830,651	(16,518,354)	-10.95%
Allowance for Loan Losses	\$(701,400)	\$(882,825)	181,425	-20.55%
Cash	\$22,077,659	\$17,925,065	4,152,594	23.17%
Investments	\$145,099,467	\$112,070,667	33,028,800	29.47%
Property & Equipment	\$5,071,010	\$5,363,597	(292,587)	-5.46%
NCUSIF Capital Deposit	\$2,823,006	\$2,470,415	352,592	14.27%
Real Estate Held for Sale	\$574,220	\$574,220	-	0.00%
Other Assets	\$10,640,739	\$10,365,207	275,532	2.66%
TOTAL ASSETS	\$319,896,999	\$298,716,997	21,180,002	7.09%
Liabilities				
Accounts Payable	\$378,373	\$515,649	(137,276)	-26.62%
Other Liabilities	\$1,791,775	\$1,286,214	505,561	39.31%
TOTAL LIABILITIES	\$2,170,148	\$1,801,864	368,285	20.44%
Equity				
Total Share Deposits	\$291,543,282	\$272,056,058	19,487,224	7.16%
Regular Reserves	\$1,840,546	\$1,840,546	-	0.00%
Unrealized Gain/(Loss) on Available for Sale Investments	\$233,837	\$31,556	202,281	641.02%
Undivided Earnings (net)	\$24,109,185	\$22,986,973	1,122,212	4.88%
TOTAL EQUITY	\$317,726,850	\$296,915,133	20,811,717	7.01%
TOTAL LIABILITIES & EQUITY	\$319,896,999	\$298,716,997	21,180,002	7.09%

DIVIDENDS TO MEMBERS

\$2,456,503



\$2,130,215



\$1,590,408



2020

2019

2018

	2020	2019	CHANGE	% CHANGE
OPERATING INCOME				
Income on Loans (net)	\$6,428,897	\$7,363,400	(934,503)	-12.69%
Gross Investments/Other	\$4,110,535	\$3,920,303	190,232	4.85%
TOTAL OPERATING INCOME	\$10,539,431	\$11,283,702	(744,271)	-6.60%
DIVIDENDS TO MEMBERS	\$2,456,503	\$ 2,130,215	326,289	15.32%
Salaries & Benefits	\$3,458,335	\$3,755,515	(297,179)	-7.91%
Office Occupancy	\$688,098	\$676,489	11,609	1.72%
Office Operations	\$601,838	\$546,399	55,439	10.15%
Education & Promotions	\$266,879	\$305,306	(38,427)	-12.59%
Professional Services	\$508,130	\$505,882	2,248	0.44%
Provision for Loan Losses	\$437,825	\$609,870	(172,046)	-28.21%
Other Miscellaneous	\$1,330,983	\$1,429,002	(98,019)	-6.86%
TOTAL OPERATING EXPENSES	\$7,292,087	\$7,828,463	(536,376)	-6.85%
Other Non-Operating Income	\$331,372	\$ (101,320)	432,692	-427.06%
NET INCOME	\$1,122,212	\$1,223,705	\$(101,493)	-8.29%
Loan: Share	46.07%	55.44%		-9.37%
Loans	6,109	6,568		-6.99%
Net Worth Ratio	8.42%	8.64%		-0.22%

CALLED TO ORDER

The 82nd Annual Meeting of Hawaii Central Federal Credit Union was called to order by Board Chairman Neil Shimogawa at 10:30 a.m. at the Japanese Cultural Center of Hawaii, Manoa Grand Ballroom in Honolulu.

Board Chairman Shimogawa called on Board Secretary Betty Hirozawa for a quorum. She reported that 154 members were in attendance; therefore, a quorum was established.

MINUTES

Chairman Shimogawa referred to the minutes of the 81st Annual Membership Meeting held on April 13, 2019 printed in the Annual Report. 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 also 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 Board Secretary Hirozawa for any unfinished business; she replied by stating that there were no unfinished business to report.

NEW BUSINESS

Chairman Shimogawa then asked Board 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 two (2) vacancies on the Hawaii Central FCU's Board of Directors. Notices for Nomination and petitions were posted in the October 2019 and January 2020 newsletters. There are two (2) nominees, incumbents Neil Shimogawa and Garret Kawamura filed nomination papers, and they ran unopposed. As stated in the Bylaws, there will be no nominations from the floor. Nominating Committee Chairman Yasuda congratulated Neil

Shimogawa and Garret Kawamura on their election to the Board of Directors for 3-year term.

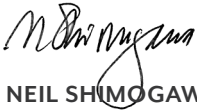
Chairman Shimogawa reported that in 2019 Hawaii Central Federal Credit Union experienced another year of achievements and growth. We've grown in asset size to almost \$300 million and closed out the year with more than 18,000 members strong. He stated that the credit union's achievements are due to our member-owners, and their 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. He reported that 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 11:00 a.m. was made, seconded and carried.

A handwritten signature in black ink, appearing to read "Neil Shimogawa".

NEIL SHIMOGAWA
BOARD CHAIRMAN

A handwritten signature in black ink, appearing to read "Betty Hirozawa".

BETTY HIROZAWA
BOARD SECRETARY

“We are very proud
of our staff 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

Rhonda Nii
Trainer / Utility

Kimberly Mondejar
Records Clerk

COMPLIANCE

Natasha Flores
Compliance / Human Resources
Supervisor

Hilda Reyes
Compliance Clerk II

Lee Uchiyama
Compliance Officer / BSA Officer

OPERATIONS DEPARTMENT

Isabel Navarro
Operations Manager

Hope Huckso
Operations Supervisor

Melissa Madamba
MSR Supervisor

Julie Ma
Harkness Branch Supervisor

Jody Chung
Debit Card Clerk

Mila Miyata
Member Support Technology Specialist

Kein Jay Bayawa
Back Office Specialist / Teller

Delaine Roberts
New Accounts

Dyani Misiluti
Teller

Riza Reyes

Teller

Kryzel Valdez

Teller

ACCOUNTING DEPARTMENT

Gary Nakata

Controller/Legal Counsel

Theresa Meyer

Accounting Manager

Sharlene Sukanuma

Accounting Supervisor

Nia Rodriguez

Accountant

Kelly Liddle

Accountant

Christopher-Travis Lum Lee

Accountant

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

Dani Awakuni

Junior Consumer Loan Officer

Kimberly Abaricia

Junior Consumer Loan Officer

COLLECTIONS DEPARTMENT

Engie Pagaduan

Collections Manager

Matda Bautista-Cadiz

Collection Control Officer II

Jeonerey Tungpalan

Collection Control Officer

SUPPORT SERVICES DEPARTMENT

Travis Uchino

Support Services Manager

Clyde Hirata

Core System Administrator

Reyna Dallago

Marketing Assistant

REAL ESTATE LOANS DEPARTMENT

Lynnette Wong

Mortgage Loan Processor/Closer

Kay Costello

Mortgage Underwriter

Irene Ayling

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.

Hawaii Foodbank

Q4 2020 - OHANA

500+
POUNDS
OF FOOD

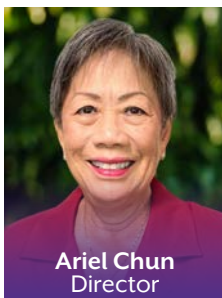
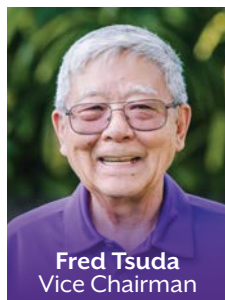
STACKING UP TO HELP OUR COMMUNITY

Hawaii Central participated in the Hawaii Foodbank Credit Union Coalition's Annual Food Drive Campaign in October and November. Together, with our members, we donated 500 lbs of non-perishable food and \$1,083.58 for the Hawaii Foodbank.



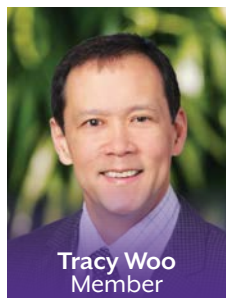
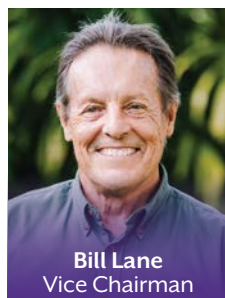
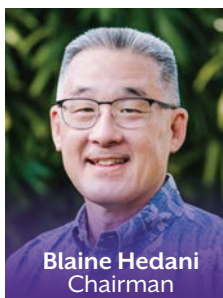
BOARD OF DIRECTORS

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

