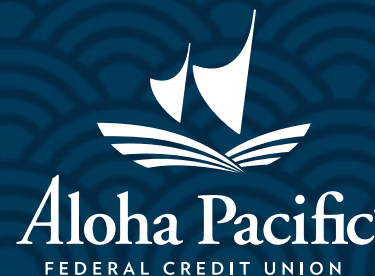




2021

ANNUAL REPORT



Management's Message

2021 was in some ways a year when things began to feel a little more normal at Aloha Pacific Federal Credit Union. Loans and deposits began to grow again. Thousands of new members joined. Our branches and call center welcomed members as they emerged from lockdowns and restrictions. Although not quite normal, 2021 gave us hope that normal was possible and perhaps just around the corner.

Financial soundness headlined 2021 as our assets grew to over \$1.25 billion. Members continued to save with us, trusting in our collective strength and stability. Net income grew to \$9 million, our best year on record thanks to loyal members who trusted us during trying times. A stable loan portfolio allowed us to return \$1.7 million in loan loss reserves to earnings. The net worth ratio was a healthy 9.50%, well above regulatory requirements. Our commitment to keeping your deposits safe can be seen in the strength and stability of your credit union's financial position.

Membership grew to over 66,000 with the help of St. Francis Medical Center FCU, which joined our ohana in November. With our newest branch located on the campus of St. Francis Medical Center in Liliha, we welcomed the opportunity to serve yet another organization of first responders battling COVID-19.

With the pandemic on the verge of starting its third year, complacency can often set in. We want to assure members that Aloha Pacific Federal Credit Union continues to follow best practices as laid out by the State Department of Health and the Centers for Disease Control and Prevention. 98% of our employees are fully vaccinated. We continue to practice masking and social distancing protocols. Board meetings are held virtually as are most of our management and business meetings. Our Annual Meetings will continue to be offered virtually with online voting for Directors until the pandemic all-clear signal is given. We have also instituted a work-from-home program for employees as both a pandemic safety measure and as a way to ensure proper work-life balance during this exceptionally stressful time.

We continue to help those hit hardest by the pandemic deferring loan payments for hundreds of members. Economic conditions have improved enough so that far fewer members have applied for some form of relief this year. However, we remain committed to doing what we can to assist members as long as the effects of the pandemic are felt.

Community outreach remains at the forefront of our thinking as we look to spread the spirit of "people helping people" embodied in the credit union movement. This year we established the Aloha Pacific Foundation as a way to raise financial support for various causes, especially in the area of children and youth. The future

(continued on pg. 2)

Contact Us:

BY PHONE

Aloha Pacific FCU
Oahu: 531-3711
Toll-free: 1-877-531-3711
Kekaha CU: 808-337-1433

BY MAIL

Aloha Pacific Federal Credit Union
832 South Hotel Street
Honolulu, HI 96813

BY INTERNET

Websites:
alohapacific.com, kekahacu.com
E-mail: support@alohapacific.com

DIRECTORS

To contact our board members and committee members, please mail correspondence to:
Aloha Pacific Federal Credit Union
Attn: <Board Member's Name>
3465 Waialae Avenue, Suite 400
Honolulu, HI 96816

For inquiries about credit union oversight, please mail correspondence to the Supervisory Committee at
P.O. Box 1377
Aiea, HI 96701



Management's Message *(Continued)*

belongs to our children and we have a responsibility to help pave the way for their success. The Aloha Pacific Foundation will serve as a means to collect tax deductible charitable donations that will go towards building a better future.

We are also excited to kick off the creation of a student-run credit union branch at Farrington High School. The branch will be run by students with credit union employees acting as advisors. The branch will serve as a way to teach students about how a credit union works and to hopefully inspire the next generation to carry on the movement. The branch will initially be open to students and staff at Farrington with the vision to one day open to the surrounding community.

The future appears to be sunny even if a little cloudy. 2022 remains a bit of a mystery as COVID-19 mutates and shifts, trying to evade the defenses we have erected. At the same time, we believe those who direct and operate your credit union are up to the task of navigating these sometimes treacherous waters. Your credit union is safe and sound with demonstrable financial strength and resiliency. And of course, our employees look forward to serving you each and every day with aloha. The board and management are pleased to be serving you, especially during these most unusual times. We relish the challenge and look forward to a return to a time when we can say that things are normal. Thank you for your ongoing support.

Mahalo & Aloha,



Gary Iwai
Board Chair



Vince J. Otsuka
President and CEO



*St. Francis Medical Center
branch staff*



Kekaha branch donation to foodbank

84th Annual Meeting Notice

This year's Annual Meeting will be a virtual, online event because of ongoing pandemic concerns.

When: Wednesday, March 16, 2022, at 5 p.m. Hawaii Standard Time

Online link: Primary members are welcome to join the online meeting. You will need to register by filling in your account/member number and the last four digits of your Social Security Number. Go to alohapacific.com or kekahacu.com for details.

Balloting for Board of Directors: February 16 through 4 p.m. Hawaii Standard Time March 16. Primary members may vote in one of three ways:

- ◆ Online at the secure website <https://alohapacific.cuballot.com/> using your home computer, smartphone or other mobile device
- ◆ Or by phone at **855-479-0738**, toll free
- ◆ Or through a paper ballot, requested by calling **855-479-0738**. The completed ballot must be received by election administrator CU Ballot in Ohio by 4 p.m. HST
- ◆ March 16. **Please note that there have been U.S. Postal Service delivery delays, so please make your request as soon as possible.**

You will need your account/member number and the last four digits of your Social Security Number when voting online or by phone. If voting by requested paper ballot, you must fill in your name, account/member number and sign the ballot.

Balloting will not be available at the branches.

Visit our websites or call us at 808-531-3711 or 1-877-531-3711 toll-free for more information.

alohapacific.com ■ kekahacu.com

2021 Annual Meeting Minutes

The 83rd Annual Meeting of the members of Aloha Pacific Federal Credit Union was held via teleconference on Tuesday, March 16, 2021.

Board of Directors Chair Gary Iwai called the meeting to order at 5:00 pm. and requested the meeting moderator, Debra Yuen, to declare a quorum. Yuen declared quorum with 124 Aloha Pacific members present at the online meeting.

Through a recorded message, special guest speaker Mayor Rick Blangiardi extended his appreciation of Aloha Pacific's steadfast community support of the Kapiolani Children's Medical Network, Salvation Army Angel Tree, Honolulu City Lights, donation efforts for the families of the fallen police officers, and distribution of grants via the Small Business Recovery and Relief Fund program.

Chair Iwai acknowledged the following Directors for donating their time and efforts throughout the year:

1st Vice Chair	Stanley Inamasu
2nd Vice Chair	Allan Fujimoto
Secretary	Darwin Hamamoto
Director	Geminiano "Toy" Arre Jr.
Director	Robert Morita
Director	Samuel Moku

Chair Iwai asked for a motion to approve the 2020 Annual Meeting minutes. Moderator Yuen verified a motion was made and seconded by members. There were no further questions. The 2020 Annual Meeting minutes were approved as presented. Iwai noted the reports from Management, the Treasurer and Supervisory Committee are in the Annual Report.

Iwai shared his thoughts on 2020 and APFCU's accomplishments. APFCU grew to \$1 billion in assets, a goal that was set several years ago. Net income grew to over \$6.2 million even as we strengthened loan loss reserves to prepare for a slowing economy. Membership increased to 62,892, which included members from the McCabe, Hamilton and Renny FCU merger. During the pandemic we provided the following: deferral of loan payments for some, distribution of restaurant gift cards, implemented COVID-19 safety initiatives to protect members and employees and assisted with the distribution of small business grants on behalf of the City and County of Honolulu. Iwai also honored the memory of former President and CEO Wallace Watanabe.

President and CEO Vince Otsuka shared his appreciation of the Board of Directors and of Aloha Pacific FCU's employees for their continued time and efforts throughout 2020. Otsuka highlighted the various contributions made to various community programs. Otsuka acknowledged the pandemic is far from over and we have expanded our online and mobile banking services. Members and new members can now open accounts through our website for added convenience and accessibility. Otsuka expressed his appreciation of our loyal membership and looked forward to 2021.

As there was no unfinished business, Iwai announced the election results. Three Board seats were up for election. The four candidates were Geminiano "Toy" Arre Jr., Darwin Hamamoto, Wayne Mau, and Sam Moku. Balloting was conducted online, by phone and paper ballots. Iwai announced and congratulated the following three candidates with the most votes who will serve on the Board for two years:

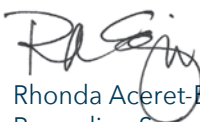
- Geminiano "Toy" Arre Jr.
- Darwin Hamamoto
- Sam Moku

Iwai asked if there were any member questions. Yuen provided the members' questions. Iwai said answers to all member questions will be reviewed and answered by Management. Responses will be available on Aloha Pacific's website.

There being no further business, Chair Iwai declared the Annual Meeting adjourned at 5:25 pm.

Respectfully Submitted,


Gary Iwai
Board Chair


Rhonda Aceret-Espinas
Recording Secretary



Message from Mayor Rick Blangiardi



It gives me great pleasure to send my warmest aloha to the officers, directors, staff and members of Aloha Pacific Federal Credit Union. Congratulations on the many achievements of your organization during 2021 in support of your mission to build lasting relationships.

During another very challenging year, Aloha Pacific Federal Credit Union exemplified the Spirit of Aloha in 2021 by expressing appreciation to the Hawai'i National Guard for its service to our communities, and encouraging your membership to take time, reflect and find comfort and joy in the big and little things in life, a timely and important reminder for us all.

Our community is grateful for your steadfast support of Honolulu City Lights, charitable programs including Hawai'i Foodbank, Kapi'olani Children's Miracle Network, and the Salvation Army Angel Tree program, and your enduring commitment to education through Masami Oishi Memorial Scholarships.

On behalf of the people of the City and County of Honolulu, I extend best wishes to Aloha Pacific Federal Credit Union for much comfort, joy, and continued success in 2022.

A handwritten signature in black ink that reads "Rick Blangiardi".

Rick Blangiardi
Mayor, City and County of Honolulu

Supervisory Committee

According to the National Credit Union Administration's (NCUA) Rules and Regulations, the Supervisory Committee is responsible for ensuring that an annual financial audit is conducted, verification of member accounts is performed at least once every two years, and an annual report is prepared and presented to the members at the annual meeting.

To meet these requirements, Moss Adams LLP conducted the financial audit in accordance with generally accepted auditing standards and found that, the consolidated financial statements fairly present, in all material respects, the financial position of the Aloha Pacific Federal Credit Union and Subsidiaries in accordance with generally accepted accounting principles. Given the current pandemic, to protect our employees and members the audit was conducted remotely using secure technology. The financial statement includes our wholly owned credit union service organizations CUSO of Hawaii Services LLC and CUSO of Hawaii Investments LLC.

Other Supervisory Committee responsibilities include attending Board of Directors and committee meetings, researching member complaints, verifying closed accounts, and monitoring the overview and findings of the Federal Examiner, external financial audit and internal control program.

The Board of Directors and management have met required financial reporting objectives and established procedures to safeguard our members' assets. Their dedicated efforts to serve our members ensure that our Credit Union will maintain its sound financial condition and continue to perform in a diligent and creditable manner.

A handwritten signature in black ink that reads "Ann Sakurao".

Ann Sakurao
Supervisory Committee Chair

Treasurer's Report

Aloha Pacific Federal Credit Union continued to display financial strength in the face of a global pandemic that is well into its second year. Even with the economy vastly improved, COVID-19 still dictated how consumers and financial markets behaved in 2021 as new variants posed even greater threats. Your credit union met this challenge with careful planning, nimble actions, and concern for members, which led once again to strong financial results.

Assets grew to over \$1.25 billion with the help of disciplined saving by members. Member deposits rose to \$1.12 billion, crossing the billion dollar threshold for the first time. Members also began to borrow again, lifting total loans to \$625 million. Member equity remained stable at \$116 million. The regulatory net worth ratio was 9.50%, which classified the credit union as well-capitalized, according to the NCUA, the federal agency that insures member shares.

Net income grew to \$9 million as loss reserves accumulated in anticipation of a weak economy were returned to earnings, leaving the allowance for loan losses at a solid 0.95% of loans. Loyal members making regular loan payments even during these challenging times made it possible to lower loss reserves. Member dividends exceeded \$2.3 million. Members continued to move money out of certificates and into savings and money market accounts just in case these funds were needed during the pandemic. And operating expenses remained under control to ensure earnings continued even during financially challenging times.

The financial success of 2021 must be credited to loyal members, the efforts of dedicated employees and stalwart volunteers. Members placed their trust in Aloha Pacific to do the right thing during these unprecedented times. Employees braved COVID as essential workers to provide service to members. And faithful volunteers provided guidance and oversight when it was needed most. This is what makes us an Aloha Pacific ohana.

Thank you for allowing me to serve you.

A handwritten signature in black ink that reads "Darwin Hamamoto".

Darwin Hamamoto
Secretary/Treasurer

Financial Statements

Consolidated Statements of Financial Condition (Unaudited)	Dec 31, 2021	Dec 31, 2020
ASSETS		
Cash & Equivalents	\$ 70,465,167	\$ 72,988,314
Investments	493,039,765	412,447,442
Loans	633,486,259	594,641,387
Allowance for Loan Losses	(6,051,295)	(7,672,288)
Net Loans	627,434,964	586,969,099
Property & Equipment	34,362,028	35,676,085
Other Assets	20,533,528	25,656,185
TOTAL ASSETS	\$ 1,245,835,452	\$ 1,133,737,125
LIABILITIES & EQUITY		
Accounts Payable & Other Liabilities	\$ 15,345,716	\$ 18,866,332
Member Shares	\$ 1,116,739,005	\$ 998,707,963
Equity		
Regular Reserves	22,528,698	22,528,698
Undivided Earnings	88,822,033	91,234,132
Appropriated Undiv. Earn	2,400,000	2,400,000
Total Equity	\$ 113,750,731	\$ 116,162,830
TOTAL LIABILITIES, SHARES & EQUITY	\$ 1,245,835,452	\$ 1,133,737,125
Consolidated Statements of Income (Unaudited)	Dec 31, 2021	Dec 31, 2020
Interest Income		
Interest on Loans	\$ 23,472,080	\$ 24,062,716
Income on Investments	6,547,639	6,560,499
Total Interest Income	\$ 30,019,719	\$ 30,623,215
Interest Expense		
Dividends to Members	\$ 2,326,818	\$ 3,161,887
Other Cost of Funds	8	453,920
Total Interest Expense	\$ 2,326,826	\$ 3,615,807
Net Interest Income	\$ 27,692,893	\$ 27,007,408
Provision for Loan Losses	(941,920)	3,260,671
Net Int Inc After Provision for Loan Losses	\$ 28,634,813	\$ 23,746,737
Non-Interest Income	\$ 9,836,152	\$ 11,308,208
Non-Interest Expense		
Salaries & Benefits	\$ 15,318,554	\$ 15,489,882
*Office Occupancy	3,770,418	3,994,763
**Office Operations	6,987,016	6,451,318
Education & Promotion	1,227,298	928,477
Professional Services	1,066,033	2,347,532
Insurance Fund & NCUA Operating Fees	226,416	263,824
Loan Servicing	738,788	880,207
Other (Annual Meeting, Travel, Dues, etc.)	406,074	640,458
Total Non-Interest Expense	\$ 29,740,597	\$ 30,996,461
Total Income from Operations	\$ 8,730,368	\$ 4,058,484
Non-Operating Gain / (Loss)	25,805	2,117,693
NET INCOME	\$ 8,756,173	\$ 6,176,177

*Rent, maintenance, building depreciation, utilities & taxes

**Software, hardware, furniture & equipment depreciation, card expenses, insurance & other miscellaneous



*Kahului branch celebrates
Credit Union Day*



Henderson branch staff

Committees:

SUPERVISORY:

Ann Sakurao - Chair
Howard Okamoto - Vice Chair
Diane Murata - Secretary
Ben Dimond
Jonathan Tamanaha

ALCO (Asset Liability Management Committee):

Mark Yamane - Chair
Vince J. Otsuka - Vice Chair
Barbara J.L. Carvalho
Kristopher C. Kono
Norman Goo
Scott Nishimura
Weni Amrich
Allan Fujimoto
Stanley Inamasu

STRATEGIC PLANNING:

Stanley Inamasu - Chair
Darwin Hamamoto
Allan Fujimoto
Jennifer Elflein

HUMAN RESOURCES:

Robert S. Morita - Chair
Darwin Hamamoto - Vice Chair
Allan Fujimoto
Stanley Inamasu
Howard Okamoto

NOMINATIONS / ELECTIONS:

Stan Miyata - Chair
Darwin Hamamoto - Vice Chair
Lorene Fujimoto

CEO & Board of Directors



Vince J. Otsuka
President and CEO



Gary Iwai
Chair
Director Since 1997



Stanley Inamasu
1st Vice Chair
Director Since 2007



Allan Fujimoto
2nd Vice Chair
Director Since 2002



Darwin Hamamoto
Secretary
Director Since 1982



Robert S. Morita
Director
Director Since 2013



Geminiano 'Toy' Arre Jr.
Director
Director Since 2015



Jennifer Elflin
Director
Director Since 2021

CUSO of Hawaii - Board of Directors



Stanley Wachi
Chair
Director Since 2000



David Takiguchi
Vice Chair
Director Since 2005



Ann Gima
Secretary
Director Since 2010



Sheri Kajiware
Treasurer
Director Since 2020



Robert S. Morita
Director
Director Since 2019



Stanley Inamasu
Director
Director Since 2021



Geminiano 'Toy' Arre Jr.
Director
Director Since 2021

Branch Locations in Hawaii and Las Vegas:

MAIN

832 South Hotel Street
Honolulu, Hawaii 96813
Monday - Thursday: 8 am - 4 pm
Friday: 8 am - 5 pm
Saturday: 9 am - 2 pm

FORT STREET

988 Fort Street Mall
Honolulu, Hawaii 96813
Monday - Friday: 8 am - 4 pm

KAHULUI

Pu'unene Shopping Center
70 Ho'okele Street, Suite 1210
Kahului, Hawaii 96732
Monday - Friday: 9 am - 5 pm
Saturday: 9 am - 1 pm

KAILUA

200 Hamakua Drive, Suite B6
Kailua, Hawaii 96734
Monday - Thursday: 9 am - 5 pm
Friday: 9 am - 6 pm
Saturday: 9 am - 2 pm

KAIMUKI

3625 Harding Avenue
Honolulu, Hawaii 96816
Monday - Thursday: 9 am - 5 pm
Friday: 9 am - 6 pm
Saturday: 9 am - 2 pm

KAPOLEI

1001 Kamokila Boulevard,
Suite 104
Kapolei, Hawaii 96707
Monday - Thursday: 9 am - 5 pm
Friday: 9 am - 6 pm
Saturday: 9 am - 2 pm

MCCABE BRANCH

McCabe, Hamilton & Renny
(Accessible to McCabe employees only)
521 Ala Moana Boulevard,
Suite M-311
Honolulu, Hawaii 96814
Tuesday, Thursday, Friday:
9 am - 4 pm

ST. FRANCIS MEDICAL CENTER BRANCH

2228 Liliha Street, Suite 209
Honolulu, Hawaii 96817
Monday, Wednesday, Friday:
9 am - 4:30 pm
(closed noon to 1 pm)

WAIKELE

94-799 Lumiaina Street, Unit 2-A2
Waipahu, Hawaii 96797
Monday - Thursday: 9 am - 5 pm
Friday: 9 am - 6 pm
Saturday: 9 am - 2 pm

HENDERSON

9555 S. Eastern Avenue, Suite 150
Las Vegas, Nevada 89123
Monday - Friday: 9 am - 5 pm
Saturday: 9:30 am - 2 pm

KEKAHA CREDIT UNION

A Division of Aloha Pacific
Federal Credit Union
8254 Kekaha Road
Kekaha, Hawaii 96752
Monday - Thursday: 9 am - 4 pm
Friday: 9 am - 6 pm

#ilovemycreditunion

