

3465 Waiālae Avenue, Suite 400 • Honolulu, Hawaii 96816
www.alohapacific.com

2020 Annual Report

Management's Message

Aloha Pacific Federal Credit Union performed well in 2020 while addressing the challenge of COVID-19. We completed the year with the largest total assets and member share levels in our history. Success was also measured by how we cared for members, employees, and our community. While many were forced to lock down, we kept our doors open as an essential business. We are proud to share the story of 2020 and its message of resilience.

Financial Strength – Assets grew to over \$1.1 billion, making Aloha Pacific the third one billion dollar credit union in Hawaii. Net income grew to \$6.2 million. Our net worth ratio was a healthy 9.63%, well above regulatory requirements. Our loan loss reserves were strengthened as we prepared for the economy to slow. Our solid financial performance and stability demonstrate our commitment to keeping your shares safe.

Commitment to Members – We launched the Aloha Rewards Checking product suite in 2020. Designed with loyal members in mind, Aloha Rewards lets members choose the rewards that suit them best which has proven to be highly popular and successful.

Our membership grew to 62,892. We welcomed the members and employees of McCabe, Hamilton & Renny FCU. Their branch became one of our most productive, offering the full complement of services enjoyed by all who belong to Aloha Pacific FCU.

The coronavirus pandemic changed our focus. Branches were outfitted with plexiglass shields and thermal scanners. Social distancing protocols were established.

We held our first virtual Annual Meeting and will hold our second in 2021 along with online voting for Directors.

We helped those hard hit by the pandemic deferring loan payments for almost 700 members. We waived fees for thousands of members. We distributed \$20,000 in Hawaii Restaurant Gift Cards to 100 members in need.

Despite the pandemic we continued to support members seeking higher education by awarding \$30,000 in scholarships to promising students from our Masami Oishi Memorial Scholarship fund.

Commitment to Community

We are especially proud of our community outreach during 2020.

- Aloha Pacific FCU distributed \$31 million to 2,000 small businesses through the City and County of Honolulu's Small Business Relief and Recovery Fund program.
- We showed our appreciation to first responders handing out \$10,000 in restaurant gift cards.
- We helped to raise \$10,500 for the memorial fund of fallen Honolulu police officers Tiffany Enriquez and Kaulike Kalama to honor their bravery and support their families.
- We raised over \$14,000 for Hawaii's only Children's Miracle Network hospital, Kapiolani Medical Center for Women & Children.

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- We donated \$7,600 to the Hawaii FoodBank and supported the food drive for the Kauai Independent Food Bank.

Commitment to our Past

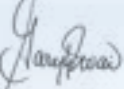
Our credit union has been built by leaders who have come before us. In 2020, we mourned the passing of Wallace Watanabe, the second president of our credit union. Wallace faithfully served us and the movement for over 40 years. The expansion we enjoy today was planted by Wallace whose vision extended beyond our island shores. A beloved member of our ohana, Wallace left an indelible legacy which we will always cherish.

Commitment to our Future

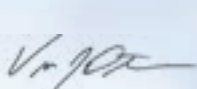
2021 is shaping up to be every bit as challenging as 2020, but with the promise of a new normal. Businesses are reopening. Tourists are returning, and people are getting vaccinated.

During our 83-year history, our credit union has weathered the Great Depression, the Great Recession, a world war, and now a pandemic. We have been tested. We remain resilient. We are confident in the future and will continue to serve you in 2021 and beyond, for when you have Aloha, anything is possible.

Mahalo & Aloha,



Gary Iwai
Board Chair



Vince J. Otsuka
President and CEO

83rd Annual Meeting Notice

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

When: Tuesday, March 16, 2021, at 5 p.m.

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

Balloting for Board of Directors: February 24 through 4 p.m. 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 (a CU Ballot number)
- 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. March 16. Please note that it could take 7 to 10 days to receive and then return the ballot to CU Ballot, so please make your request as soon as possible.

You will need your account number and the last four digits of your Social Security Number to vote in any of the three ways listed above.

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

2020 Annual Meeting Minutes

The 82nd Annual Meeting of the members of Aloha Pacific Federal Credit Union was held via teleconference and in person on Tuesday March 17, 2020 at 832 South Hotel Street, Honolulu, Hawaii.

Board of Directors Chair Gary Iwai called the meeting to order at 5 p.m. and requested the Board Secretary to declare a quorum. Stanley Inamasu, 1st Vice Chair, in place of Darwin Hamamoto, Board Secretary, declared a quorum with 25 Aloha Pacific members registered.

Chair Iwai asked for a motion to approve the minutes of the 2019 Annual Meeting. Lisa Fung made the motion and Debra Yuen seconded. The 2019 Annual Meeting minutes were approved as presented.

Chair Iwai highlighted some of Aloha Pacific FCU's 2019 achievements:

- Assets jumped almost 12% to \$968.3 million
- Total loans surged by \$60.4 million to \$595.3 million
- Shares increased over 8% to \$815.2 million
- The credit union remained profitable, earning over \$3.4 million
- Opened our first permanent Maui branch in the Pu'unene Shopping Center
- Launched our new Aloha Rewards Checking and Money Market Accounts
- Enhanced our mobile banking platform and added functionalities for debit and credit reward points
- Improvements were made to our network and security by upgrading to Windows 10, adding multiple off-site back-up sites on the mainland, and forming an Information Security Department
- Largest merger to date with Hawaii Pacific Federal Credit Union was completed
- Raised \$10,627 for Kapiolani Children's Miracle Network
- Participated in financial reality fairs at McKinley and Farrington high schools

Chair Iwai encouraged the membership to volunteer for committees and programs. This would allow them to learn about the credit union and provide community service.

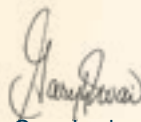
Chair Iwai asked if there was any Unfinished Business. There was no Unfinished Business.

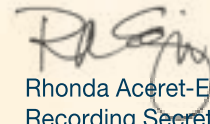
Chair Iwai went over the election results. There were five qualified candidates to fill the four open Board seats. After all the votes have been tallied, these are the four candidates who received the most votes:

- Gary Iwai
- Stanley Inamasu
- Allan Fujimoto
- Robert Morita

There being no further business, Chair Iwai declared the Annual Meeting adjourned at 5:10 p.m.

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 2020 that perpetuate your enduring mission of building lasting relationships.

Our community is grateful for your commitment to education, through financial reality fairs to educate our youth about real-world finances and the Masami Oishi Memorial Scholarships, and your steadfast support of Honolulu City Lights and charitable programs such as Kapi'olani Children's Miracle Network and the Salvation Army Angel Tree program.

During the especially challenging year of 2020, Aloha Pacific Federal Credit Union exemplified the Spirit of Aloha by also helping to raise funds for the families of fallen Honolulu Police

Department officers Tiffany Enriquez and Kaulike Kalama, participating in the collaborative effort to distribute grants to small businesses affected by the COVID-19 pandemic through the City and County of Honolulu Small Business Relief and Recovery Fund, and supporting Hawai'i Foodbank when so many in our community needed food assistance.

On behalf of the people of the City and County of Honolulu, I extend best wishes to Aloha Pacific Federal Credit Union for continued success and heartfelt appreciation for your generous contributions to our community.



Rick Blangiardi
Mayor, City and County of Honolulu

Treasurer's Report

The financial position of Aloha Pacific Federal Credit Union remains solid despite the challenges of the global pandemic. The coronavirus changed the economy and the finances of members who now spend less, save more, and limit borrowing. These behaviors have reshaped the credit union financially and in many ways have made us stronger.

In 2020, assets grew by over 17% to exceed \$1.1 billion powered by members saving during these uncertain times. Member shares rose over 22% to just under \$999 million while loans to members ended the year relatively unchanged at \$595 million. Equity rose to \$116 million resulting in a regulatory net worth ratio of 9.63% well beyond that required to be considered well-capitalized by the NCUA, the agency which insures member shares.

Net income rose to \$6.2 million while we increased our allowance for loan losses to 1.24% of loans adding a layer of protection that may be needed until the economy recovers. We paid out \$3.2 million in dividends on member shares, an increase over the previous year.

The financial success of 2020 did not happen by itself. It took dedicated employees, faithful volunteers, and loyal members all committed to Aloha Pacific Federal Credit Union and the movement it represents. We came together and we are grateful to everyone who is a part of our ohana.



Darwin Hamamoto
Secretary/Treasurer

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 statements include 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.



Ann Sakurao
Supervisory Committee Chair

Financial Statements

Consolidated Statements of Financial Condition (Unaudited)	Dec 31, 2020	Dec 31, 2019
ASSETS		
Cash & Equivalents	\$ 72,988,314	\$ 49,997,495
Investments	412,447,442	275,928,126
Loans	594,641,387	595,346,645
Allowance for Loan Losses	(7,672,288)	(5,954,111)
Net Loans	586,969,099	589,392,534
Property & Equipment	35,676,085	33,504,188
Other Assets	25,656,185	19,517,266
TOTAL ASSETS	\$ 1,133,737,125	\$ 968,339,609
LIABILITIES & EQUITY		
Accounts Payable & Other Liabilities	\$ 18,866,332	\$ 49,287,181
Member Shares	\$ 998,707,963	\$ 815,193,090
Equity		
Regular Reserves	22,528,698	22,528,698
Undivided Earnings	91,234,132	76,330,640
Appropriated Undiv. Earn	2,400,000	5,000,000
Total Equity	\$ 116,162,830	\$ 103,859,338
TOTAL LIABILITIES, SHARES & EQUITY	\$ 1,133,737,125	\$ 968,339,609

Consolidated Statements of Income (Unaudited)	Dec 31, 2020	Dec 31, 2019
Interest Income		
Interest on Loans	\$ 24,062,716	\$ 23,040,670
Income on Investments	6,560,499	6,252,759
Total Interest Income	\$ 30,623,215	\$ 29,293,429
Interest Expense		
Dividends to Members	\$ 3,161,887	\$ 2,573,446
Other Cost of Funds	453,920	150,434
Total Interest Expense	\$ 3,615,807	\$ 2,723,880
Net Interest Income	\$ 27,007,408	\$ 26,569,549
Provision for Loan Losses	3,260,671	2,059,088
Net Int Inc After Provision for Loan Losses	\$ 23,746,737	\$ 24,510,461
Non-Interest Income	\$ 11,308,208	\$ 9,692,318
Non-Interest Expense		
Salaries & Benefits	\$ 15,489,882	\$ 14,215,272
*Office Occupancy	3,994,763	3,986,749
**Office Operations	6,451,318	6,407,994
Education & Promotion	928,477	2,196,581
Professional Services	2,347,532	1,910,514
Insurance Fund & NCUA Operating Fees	263,824	234,074
Loan Servicing	880,207	1,085,704
Other (Annual Meeting, Travel, Dues, etc.)	640,458	618,798
Total Non-Interest Expense	\$ 30,996,461	\$ 30,655,686
Total Income from Operations	\$ 4,058,484	\$ 3,547,093
Non-Operating Gain / (Loss)	2,117,693	(98,471)
NET INCOME	\$ 6,176,177	\$ 3,448,622

*Rent, maintenance, building depreciation, utilities & taxes

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

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

HUMAN RESOURCES:

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

NOMINATIONS / ELECTIONS:

Stan Miyata - Chair
Robert S. Morita - Vice Chair
Lorene Fujimoto

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
3465 Waialae Avenue, Suite 400
Honolulu, HI 96816

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

Aloha Pacific Federal Credit Union - Board of Directors



Gary Iwai
Chair
Director Since 1997



Stanley Inamasu
1st Vice Chair
Director Since 2007



Allan Fujimoto
2nd Vice Chair
Director Since 2002



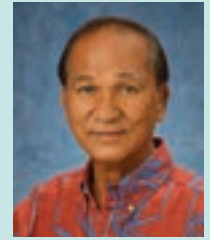
Darwin Hamamoto
Secretary
Director Since 1982



Robert S. Morita
Director
Director Since 2013



Samuel Moku
Director
Director Since 2013

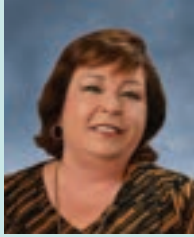


Geminiano 'Toy'
Arre Jr.
Director
Director Since 2015

Aloha Pacific Federal Credit Union - Executive Management



Vince J. Otsuka
President and CEO



Barbara J.L. Carvalho
Senior Vice President
Chief Operating
Officer



Norman Goo
Senior Vice President
Chief Lending
Officer



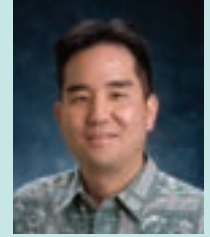
Mark Yamane
Senior Vice President
Chief Financial
Officer



Kristopher C. Kono
Vice President
Risk Management



Weni Amrich
Vice President
Controller



Scott Nishimura
Vice President
Commercial Lending

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



Darwin Hamamoto
Director
Director Since 2018



Robert S. Morita
Director
Director Since 2019



Samuel Moku
Director
Director Since 2020

Branch Locations in Hawaii and Las Vegas:

ALOHA PACIFIC FEDERAL CREDIT UNION

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 - 5 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

MCCABE BRANCH

McCabe, Hamilton & Renny
521 Ala Moana Boulevard,
Suite M-311
Honolulu, Hawaii 96814
Monday - Friday: 9 am - 4 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

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

WAIMALU

98-1277 Kaahumanu Street,
Suite 143
Aiea, Hawaii 96701
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