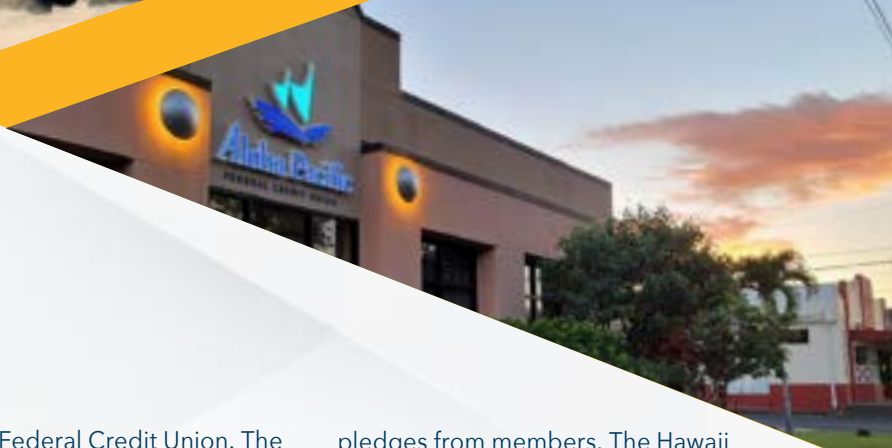


2022

ANNUAL REPORT



Management's Message

2022 is a year we should celebrate at Aloha Pacific Federal Credit Union. The transition from avoiding COVID-19 to living with it led to a more normal way of life. People traveled more freely, attended weddings and graduations, and enjoyed basic pleasures like going out to eat and shopping at the mall. 2022 marked the return to a new normal that we all were looking forward to ... a normal which we should celebrate and be thankful for. Let's look back at a year that had a number of milestones and accomplishments that were not related to the pandemic.

85 Years of Service. Aloha Pacific celebrated 85 years of service to members in 2022. Originally founded as the credit union for the employees of the City and County of Honolulu, APFCU is the third largest credit union in Hawaii offering a safe place to save with innovative services that make life easier and more convenient. With a full suite of loan products ranging from commercial and residential mortgage loans to personal loans and auto loans to loans for small businesses, Aloha Pacific celebrated 2022 with new services, such as Zelle, and by offering some of the best certificate rates in Hawaii.

People make it happen. An organization is only as good as its people and we have some of the best and the brightest. Significant strides were made to add expertise in the areas of technology and marketing to expand our digital engagement with members who dramatically shifted to online interaction early in the pandemic. We are also evolving into an organization that is fully committed to providing a more flexible work environment. We believe that a better work experience leads to improved outcomes which ultimately translate into enhanced member service.

Safe and Stable. The credit union managed over \$1.2 billion in assets during 2022 and safeguarded over \$1.1 billion in member shares. Net income was over \$8 million and net worth grew to 10.4% of assets in 2022, an example of the credit union's financial strength and stability. We also upgraded the credit union's information security program as part of our ongoing effort to protect and secure member information.

The Aloha Pacific Foundation. Work continued on developing the Aloha Pacific Foundation. Funding for the Foundation was secured in 2022 along with the first

pledges from members. The Hawaii HomeOwnership Center was chosen as the first organization to receive support from the Foundation. With its mission "to provide education, information, and support to create successful first-time homeowners in Hawaii," the Hawaii HomeOwnership Center is aligned with the credit union's desire to help people buy a home at a time when affordability has become more challenging. Our Foundation's gift to the Hawaii HomeOwnership Center is slated for early 2023.

The future. The credit union will continue its transformation in 2023 to be more digitally friendly while remembering our sense of place. As our home for 45 years, the Main Office will undergo a multi-year facelift. Likewise, our Waikale branch will be transformed during 2023 into our newest 21st century branch. Our online presence will also be enhanced through a digital renovation of our website. And finally, we are moving forward with further upgrades to our call center to make banking with us even better.

There are some things the credit union cannot control in 2023. Inflation and recession are being mentioned at

Management's Message *(Continued)*

the same time by economists and financial experts, making the view of 2023 a bit clouded. However, after navigating the pandemic for the past three years, we are confident that those who work and volunteer at the credit union are capable of addressing times that are, to say the least, challenging.

The financial stability and resiliency that have been built over the past year will keep the credit union safe and sound even during the toughest times. This safety and soundness allow our employees to serve you with confidence and aloha day in and day out. As your board and management team, we ask you to join us in celebrating the successes of 2022. We thank you for your ongoing support and look forward to being of service to you.

Mahalo & Aloha,


Gary Iwai


Vince J. Otsuka



Contact Us:

BY PHONE

Aloha Pacific FCU
Oahu: 808-531-3711
Toll-free: 1-877-531-3711

BY MAIL

Aloha Pacific Federal Credit Union
3465 Waialae Avenue, Suite 400
Honolulu, HI 96816

BY INTERNET

Website: alohapacific.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



85th Annual Meeting Notice

This year's Annual Meeting will be an online and limited in-person hybrid event. Primary members of all ages are welcome to join online or attend the meeting.

When: Wednesday, March 15, 2023, at 5 p.m. Hawaii Standard Time

- ◆ **Online meeting link:** <https://cuballot.com/alohapacific-meeting>
To register online, you will need to fill in your account/member number and the last four digits of your Social Security Number.
- ◆ **In-person location:** APFCU's corporate offices at Kaimuki Plaza, 3465 Waialae Avenue, 4th floor. Space is limited to 25 primary members to allow for social distancing. Members must reserve their seats by registering at alohapacific.com/whats-new/#communityevents or calling 808-531-3711. **Registration period is March 1-7.** No food or refreshments will be available.

Visit alohapacific.com or call us at 808-531-3711 or 1-877-531-3711 for more information.

2022 Annual Meeting Minutes

The 84th Annual Meeting of the members of Aloha Pacific Federal Credit Union was held via teleconference on Tuesday, March 16, 2022.

Board 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 81 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 relief measures as the COVID 19 pandemic caused financial disruptions in the community. Mayor also thanked APFCU for its continued support of the annual Honolulu City Lights.

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	Jennifer Elflein

Chair Iwai asked for a motion to approve the 2021 Annual Meeting minutes. Moderator Yuen verified a motion was made and seconded by members. There were no further questions. The 2021 Annual Meeting minutes were approved as presented. Iwai noted the reports from Management, the Treasurer and Supervisory Committee are in the Annual Report.

Iwai highlighted APFCU's 2021 accomplishments:

- APFCU grew to \$1.25 billion in assets
- Net Income was \$8.7 million
- Merged with St. Francis Medical Center FCU
- In 2022 we will celebrate our 85th anniversary

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 2021. Otsuka provided highlights of 2021:

- Continued assisting members affected by the COVID-19 pandemic
- Booked \$160 million in mortgage loans
- Donations were made to various organizations such as:
 - ❖ Kapiolani Medical Center
 - ❖ Friends of Honolulu City Lights
 - ❖ Hawaii Foodbank
- Renovations and upgrades will be made to various departments and branches in the next 5 years
- Aloha Pacific Foundation was established to support youth, education and social issues

As there was no unfinished business, Iwai announced the election results. Five Board seats were up for election. The six candidates were Jennifer Elflein, Allan Fujimoto, Stanley Inamasu, Robert Morita, William Paik and Gary Iwai. Balloting was conducted online, by phone and paper ballots. Iwai announced and congratulated the following five candidates:

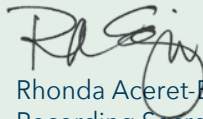
- Jennifer Elflein
- Robert Morita
- Stanley Inamasu
- Gary Iwai
- Allan Fujimoto

Iwai asked if there were any member questions. Yuen confirmed there were no members' questions at this time. Yuen said if members' questions came in later they 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 5:20 pm.

Respectfully Submitted,


Gary Iwai
Board Chair


Rhonda Aceret-Espinas
Recording Secretary



Message from Mayor Rick Blangiardi



I am pleased to congratulate the Aloha Pacific Federal Credit Union officers and board of directors on another year of excellent service to our City and County of Honolulu (City) employees and to the people of our islands.

The 2022 Annual Report provides Aloha Pacific members with information on the operation and performance of the credit union as well as the outlook for the future.

Aloha Pacific Federal Credit Union demonstrates its commitment to our community by supporting charitable programs and agencies such as the Salvation Army, Hawai'i Foodbank, and the Kapi'olani Medical Center for Women and the City deeply appreciates the credit union's generous support of the Honolulu Board of Water Supply Poster and Poetry Contest as well as Honolulu City Lights.

On behalf of the people of the City and County of Honolulu, I thank the credit union for its outstanding member services and extend best wishes for continued success.

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 a financial audit is conducted annually, a 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, we contracted with Moss Adams LLP to conduct an independent audit of Aloha Pacific Federal Credit Union's financial statements to confirm the consolidated financial statements are prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, the financial position of the Aloha Pacific Federal Credit Union and its Subsidiaries. The audited 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 complaints, monitoring any findings from Federal Examiners, and overseeing the Internal Audit function.

We are pleased to report that the Board of Directors and management have met required financial reporting objectives and have 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

The financial position of Aloha Pacific Federal Credit Union improved in 2022. Net income of \$8 million added to net worth, raising the net worth to assets ratio to 10.4%, a sizable increase over the 9.5% recorded in 2021. A net worth ratio of 10.4% classifies the credit union as well-capitalized according to the NCUA, the agency that insures member shares, and is a sign of financial health and stability. Assets remained steady at \$1.23 billion.

Members shifted gears in 2022 from building savings to borrowing. Loans grew by \$95 million to \$730 million, an increase of 15% compared to 2021. Member shares held steady at \$1.12 billion while dividends paid to members grew to over \$2.5 million.

The financial success of the credit union is based on the loyalty of members. Saving with the credit union creates a pool of funds that can be used to make loans to members who need to borrow. Our dedicated employees and volunteers ensure that these savings are kept safe and that lending is prudent.

Members save with us because they trust that the board, management, and employees of Aloha Pacific Federal Credit Union will do what is in the best interest of all members when deciding how to lend and invest the funds they have entrusted to us. We believe that your trust must be earned each and every day. Thank you for believing in the credit union and being a loyal member.

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	Dec 31, 2022 (Unaudited)	Dec 31, 2021
ASSETS		
Cash & Equivalents	\$ 57,847,405	\$ 70,465,167
Investments	384,482,383	493,039,765
Loans	732,517,626	633,486,259
Allowance for Loan Losses	(2,301,175)	(6,051,295)
Net Loans	730,216,451	627,434,964
Property & Equipment	33,525,583	34,362,028
Other Assets	23,986,752	20,533,528
TOTAL ASSETS	\$ 1,230,058,574	\$ 1,245,835,452
LIABILITIES & EQUITY		
Accounts Payable & Other Liabilities	\$ 41,764,750	\$ 15,345,716
Member Shares	\$ 1,116,882,739	\$ 1,116,739,005
Unrealized Investment Gains (Losses)	(56,776,117)	(5,334,896)
Equity		
Regular Reserves	22,528,698	22,528,698
Undivided Earnings	103,258,504	94,156,929
Appropriated Undiv. Earn	2,400,000	2,400,000
Total Equity	\$ 128,187,202	\$ 119,085,627
TOTAL LIABILITIES, SHARES & EQUITY	\$ 1,230,058,574	\$ 1,245,835,452
Consolidated Statements of Income		
	Dec 31, 2022	Dec 31, 2021
Interest Income		
Interest on Loans	\$ 26,505,220	\$ 23,472,080
Income on Investments	7,528,402	6,547,639
Total Interest Income	\$ 34,033,622	\$ 30,019,719
Interest Expense		
Dividends to Members	\$ 2,640,618	\$ 2,326,818
Other Cost of Funds	364,596	8
Total Interest Expense	\$ 3,005,214	\$ 2,326,826
Net Interest Income	\$ 31,028,408	\$ 27,692,893
Provision for Loan Losses	(1,822,007)	(941,920)
Net Int Inc After Provision for Loan Losses	\$ 32,850,415	\$ 28,634,813
Non-Interest Income	\$ 10,621,203	\$ 9,836,152
Non-Interest Expense		
Salaries & Benefits	\$ 16,811,231	\$ 15,318,554
*Office Occupancy	3,954,667	3,770,418
**Office Operations	7,934,421	6,987,016
Education & Promotion	1,614,837	1,227,298
Professional Services	1,458,463	1,066,033
Insurance Fund & NCUA Operating Fees	198,226	226,416
Loan Servicing	981,811	738,788
Other (Annual Meeting, Travel, Dues, etc.)	473,335	406,074
Total Non-Interest Expense	\$ 33,426,991	\$ 29,740,597
Total Income from Operations	\$ 10,044,627	\$ 8,730,368
Non-Operating Gain / (Loss)	(1,074,104)	25,805
NET INCOME	\$ 8,970,523	\$ 8,756,173

*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
Jennifer Elflein

HUMAN RESOURCES:

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

NOMINATIONS / ELECTIONS:

Stan Miyata - Chair
Allan Fujimoto - 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 2007



Ann Gima
Secretary
Director Since 2009



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

KEKAHA

8254 Kekaha Road
Kekaha, Hawaii 96752
Monday - Friday: 9 am - 5 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

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 - Friday: 9 am - 5 pm
Saturday: 9 am - 2 pm

WAIKELE

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

WAIMALU

98-1277 Kaahumanu Street,
Suite 143
Aiea, Hawaii 96701
Monday - Friday: 9 am - 5 pm
Saturday: 9 am - 2 pm

KAIMUKI

3625 Harding Avenue
Honolulu, Hawaii 96816
Monday - Friday: 9 am - 5 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

KAPOLEI

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

#ilovemycreditunion

