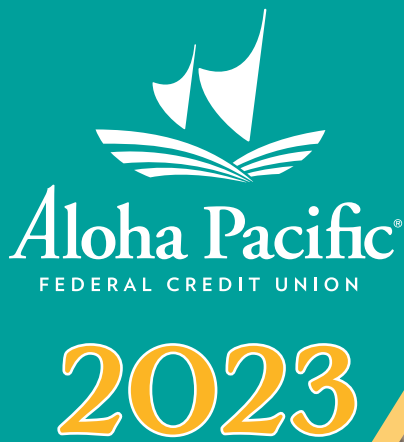




Management's Message

What a difference a year makes! After celebrating a return to normal life in 2022, we were greeted in 2023 with rapidly rising interest rates, the possibility of a recession, and devastating wildfires on Maui. Higher interest rates helped members earn more on certificates but made it difficult for those who needed a loan. Forecasts of recession worried people and businesses. And the tragedy of Lahaina caused many of us to look for ways to lend a helping hand. Through these triumphant and trying times, Aloha Pacific Federal Credit Union stepped up to the challenge of helping members by navigating yet another phase of the "new normal." What follows is just some of the journey that was 2023.

As always, we advanced our commitment to member service in 2023. One of the highlights was the renovation of the Waikale Branch. Waikale joined our family of branches with a new open floor plan that puts members and employees face to face rather than peering at each other through a video screen. Our ATMs also got a facelift. Although not as prominent as they were before debit cards and mobile payments, ATMs are still there when you need them. We also added a website feature that allows you to make appointments with our branches. Why wait in line when you can make an appointment online? Online appointments save you time and make it easier for you to get things done on your schedule.

The credit union remained on solid footing in 2023 with over \$1.3 billion in assets and over \$1.1 billion in member shares. Net income for the year was \$1.9 million and was not as big as in the previous years because the credit union paid out over \$9 million in dividends, the largest amount ever paid to members in a single year. These record dividend payments were made possible by the financial strength and stability of your credit union.

The Aloha Pacific Foundation came into its own during 2023. The year started with a \$10,000 gift to the Hawaii HomeOwnership Center to support its mission "to provide education, information, and support to create successful first-time homeowners in Hawaii." Home ownership is one of the biggest issues facing our state, a challenge which only grew bigger with the destruction of thousands of homes in Lahaina. The Aloha Pacific Foundation donated \$56,000 to the Hawaii Community Foundation Maui Strong Fund. Donations were collected from members, businesses, and your credit union to help Maui build back stronger and with greater resilience. Although still in its infancy, the Aloha Pacific Foundation is broadening its reach to the communities we serve.

(continued on pg. 2)



Management's Message *(Continued)*

The financial stability and resiliency that have been built over the years have kept Aloha Pacific safe and sound even during tough times. When stability and resiliency are combined with aloha, then anything is possible. We are recommitting ourselves to share the aloha spirit through all the ways you connect with the credit union each and every day. Please join us in celebrating Aloha Pacific Federal Credit Union with pride and with joy. Thank you for your support and for being a loyal member.

Mahalo & Aloha,



Gary Iwai
Board Chair



Vince J. Otsuka
President and CEO



Contact Us:

BY PHONE

Aloha Pacific FCU
Oahu: 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



86th Annual Meeting Notice

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

When: Tuesday, March 19, 2024, 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 date of birth and the **five** 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.
 - **Registration period is March 6-13.**
 - Register at <https://bit.ly/AnnMeet24> or by calling 808-531-3711.
 - No food or refreshments will be available.

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

2023 Annual Meeting Minutes

The 85th Annual Meeting of the members of Aloha Pacific Federal Credit Union was held via teleconference and in person at 3465 Waiālae Avenue, Honolulu, Hawaii on Wednesday, March 15, 2023.

Board Chair Gary Iwai called the meeting to order at 5:00 p.m. and requested the meeting moderator, Debra Yuen, to declare a quorum. Yuen declared a quorum with 163 Aloha Pacific members present at the meeting.

Through a recorded message, special guest speaker Mayor Rick Blangiardi highlighted the financial strength and stability of APFCU. He recognized APFCU's service to the communities and the continued support of Kapiolani Children's Miracle Network, Hawaii Foodbank, Salvation Army and the annual Honolulu City Lights Celebration. He shared his appreciation of the establishment of the Aloha Pacific Foundation, which reflects APFCU's commitment to the state of Hawaii.

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 2022 Annual Meeting minutes. Moderator Yuen verified a motion was made and seconded by members. There were no further questions. The 2022 Annual Meeting minutes were approved as presented. Iwai noted that the reports from Management, the Treasurer and Supervisory Committee are in the Annual Report.

Iwai highlighted APFCU's 2022 accomplishments:

- Assets were at \$1.2 billion.
- Share Balances were \$1.1 billion.
- Net Income was \$9.0 million.
- Established Aloha Pacific Foundation.
 - » \$10,000 donation made to the Hawaii Homeownership Center.
- Hosted financial reality fairs at McKinley and Farrington high schools.
- Participated in the annual Honolulu City Lights and Kaimuki Christmas parades.

President and CEO Vince Otsuka shared his appreciation of the Board of Directors and the employees for their hard work and dedication throughout 2022. Otsuka provided highlights of 2022:

- Loan portfolio grew by \$100 million.
- Expanded relationship with Farrington High School to include a student-run branch.
- Donated \$26,000 to the University of Hawaii Foundation to provide scholarships for the eSports program.

2023 Plans:

- Installation of a new Contact Center phone system.
- Main Branch renovation.
- Waikēle Branch renovations will be completed.
- Partnership with UNLV to assist students in Nevada and Hawaii.

As there was no unfinished business, Iwai announced the election results. Three Board seats were up for election. Three candidates applied and were approved by the Nominations and Elections Committee. No balloting was required. The three new Board members will serve 3-year terms:

- Geminiano "Toy" Arre Jr.
- Sheri Kajiware
- David Takiguchi

Iwai asked if there were any member questions. Yuen stated there were some members' questions which will be reviewed and answered by Management.

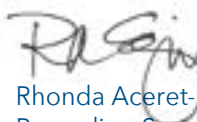
Darwin Hamamoto, who retired as an APFCU Board member, was recognized for his 47 years of service to APFCU as a Supervisory Committee member and Board member.

There being no further business, Chair Iwai declared the Annual Meeting adjourned at 5:30 pm.

Respectfully Submitted,



Gary Iwai
Board Chair



Rhonda Aceret-Espinosa
Recording Secretary



Aloha Pacific
FEDERAL CREDIT UNION

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 as they celebrate the many achievements of their organization over the past year. Congratulations on another year of excellent service to City and County of Honolulu employees and to the people of our islands, guided by their enduring mission of building lasting relationships.

Our community is grateful for their steadfast support of Honolulu City Lights, charitable programs including Hawai'i Foodbank, Kapi'olani Children's Miracle Network and the Salvation Army Angel Tree, and their commitment to education through financial reality fairs for our youth and generous sponsorship of the Board of Water Supply's Water Conservation Week Poster and Poetry Contest. Mahalo for exemplifying the spirit of aloha through the funds they raised, along with Aloha Pacific Foundation, for victims of the devastating Maui wildfires.

On behalf of the people of the City and County of Honolulu, I extend my heartfelt appreciation to the Aloha Pacific Federal Credit Union for their contributions to our community and local economy, and best wishes for continued success in 2024.

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, Aloha Pacific FCU engaged Moss Adams LLP to conduct an independent audit of Aloha Pacific Federal Credit Union's financial statements as of December 31, 2023 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 overseeing the Internal Audit function, attending Board of Directors and committee meetings, researching complaints, and monitoring corrective actions for any findings from Federal Examiners.

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.

Ann Sakurao
Supervisory Committee Chair

Treasurer's Report

2023 proved to be both beneficial and challenging for Aloha Pacific Federal Credit Union. On the one hand, your credit union achieved another milestone in 2023 by growing to over \$1.3 billion in assets. Since crossing the \$1 billion mark in 2020, your credit union has continued to grow to meet the expanding needs of members.

On the other hand, only \$1.9 million in net income was recorded in 2023, a sizable reduction compared to the \$8.9 million earned in 2022. The decrease was due in part to the record amount of dividends paid to members. Over \$9 million in dividends were paid in 2023 compared to just over \$2.6 million in 2022. The Federal Reserve's action of raising interest rates to slow inflation provided the opportunity to improve dividend rates for members. Unfortunately, other members found it difficult to make ends meet in 2023 as prices continued to rise. Some of these members fell behind with their loan payments making it necessary for the credit union to provide for over \$5.9 million in loan losses.

The financial strength of Aloha Pacific made it possible to absorb both higher loan losses and increased dividends while maintaining a regulatory net worth to assets ratio of 9.96%. This level of net worth classifies the credit union as well-capitalized according to the NCUA, the agency that insures member shares. This level of net worth is a sign of financial strength that is rooted in the loyalty of our members. Members saving and pooling their money together makes it possible for other members to get loans to buy a home, buy a car, or help someone through school. Our dedicated employees and volunteers are here to ensure that the credit union remains financially strong by managing your savings and loans with safety in mind.

Members save with us because they trust that the board, management, and employees of Aloha Pacific Federal Credit Union will do the right thing. We thank you for this trust and we will strive to earn your trust day in and day out.

Thank you for being a loyal member and allowing me to serve you.

Allan Fujimoto
Treasurer

Financial Statements

Summary Statement of Condition	2023	2022
As of December 31		
ASSETS		
Cash and cash equivalents	\$ 95,870,392	\$ 57,847,405
Investments	367,045,474	384,482,383
Loans	784,948,626	732,517,626
Allowance for credit losses	(4,324,694)	(2,301,175)
Loans less allowance for credit losses	780,623,932	730,216,451
Fixed assets	33,886,410	33,525,583
Other assets	25,847,095	23,986,752
TOTAL ASSETS	\$ 1,303,273,303	\$ 1,230,058,574
LIABILITIES AND MEMBER EQUITY		
Member shares and deposits	\$ 1,139,330,792	\$ 1,116,882,739
Accounts payable and other liabilities	\$ 81,906,811	\$ 41,764,750
Unrealized investment gains (losses)	(47,360,696)	(56,776,117)
Net worth	129,396,396	128,187,202
Member equity	\$ 82,035,700	\$ 71,411,085
TOTAL LIABILITIES AND MEMBER EQUITY	\$ 1,303,273,303	\$ 1,230,058,574
Summary Statement of Income	2023	2022
For the year ended December 31		
Interest on loans	\$ 32,584,734	\$ 26,505,220
Income on investments	8,541,759	7,528,402
Interest income	\$ 41,126,493	\$ 34,033,622
Member dividends	\$ 9,051,844	\$ 2,640,618
Interest expense	2,004,200	364,596
Dividend and interest expense	\$ 11,056,044	\$ 3,005,214
Net interest income	\$ 30,070,449	\$ 31,028,408
Provision for loan losses	(5,936,454)	1,822,007
Net int inc after provision for loan losses	\$ 24,133,995	\$ 32,850,415
Non-interest income	\$ 10,563,690	\$ 10,621,203
Compensation and benefits	\$ 15,340,533	\$ 16,811,231
Office occupancy	3,997,763	3,954,667
Office operations	9,032,484	7,934,421
Education and promotional	1,181,212	1,614,837
Loan servicing	1,261,078	981,811
Professional services	1,335,216	1,458,463
NCUA expenses	204,338	198,226
Other operating expenses	426,530	473,335
Non-interest expense	\$ 32,779,154	\$ 33,426,991
Net income from operations	1,918,531	10,044,627
Non-operating income (Loss)	407	(1,074,104)
NET INCOME	\$ 1,918,938	\$ 8,970,523



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
Allan Fujimoto
Stanley Inamasu

STRATEGIC PLANNING:

Stanley Inamasu - Chair
Allan Fujimoto
Geminiano "Toy" Arre Jr.

HUMAN RESOURCES:

Robert S. Morita - Chair
Allan Fujimoto
Stanley Inamasu
Howard Okamoto
David Takiguchi

NOMINATIONS / ELECTIONS:

Stan Miyata - Chair
Geminiano "Toy" Arre Jr. - Vice Chair
Sheri Kajiware
Lorene Fujimoto

CEO & Board of Directors



Vince J. Otsuka
President and CEO



Gary Iwai
Chair
Director Since 1997



Stanley Inamasu
Vice Chair
Director Since 2007



Allan Fujimoto
Treasurer
Director Since 2002



Robert S. Morita
Secretary
Director Since 2013



Geminiano 'Toy' Arre Jr.
Director
Director Since 2015



Sheri Kajiwarra
Director
Director Since 2023



David Takiguchi
Director
Director Since 2023



Stanley Wachi
Chair
Director Since 2000



Stanley Inamasu
Vice Chair
Director Since 2021



Ann Gima
Secretary
Director Since 2010



Cary Murakami
Treasurer
Director Since 2023



Geminiano 'Toy' Arre Jr.
Director
Director Since 2021

CUSO of Hawaii - Board of Directors

Branch Locations in Hawai'i and Las Vegas:

MAIN

832 South Hotel Street
Honolulu, Hawai'i 96813
Monday - Thursday:
8 a.m. - 4 p.m.
Friday: 8 a.m. - 5 p.m.
Saturday: 9 a.m. - 2 p.m.

FORT STREET

988 Fort Street Mall
Honolulu, Hawai'i 96813
Monday - Friday: 8 a.m. - 4 p.m.

Beginning March 1, branch will be closed Tuesdays and Thursdays

KAHULUI

Pu'unene Shopping Center
70 Ho'okele Street, Suite 1210
Kahului, Hawai'i 96732
Monday - Friday: 9 a.m. - 5 p.m.
Saturday: 9 a.m. - 1 p.m.

KAILUA

200 Hamakua Drive,
Suite B6
Kailua, Hawai'i 96734
Monday - Friday: 9 a.m. - 5 p.m.
Saturday: 9 a.m. - 2 p.m.

KAIMUKI

3625 Harding Avenue
Honolulu, Hawai'i 96816
Monday - Friday: 9 a.m. - 5 p.m.
Saturday: 9 a.m. - 2 p.m.

KAPOLEI

1001 Kamokila Boulevard,
Suite 104
Kapolei, Hawai'i 96707
Monday - Friday: 9 a.m. - 5 p.m.
Saturday: 9 a.m. - 2 p.m.

KEKAHA

8254 Kekaha Road
Kekaha, Hawai'i 96752
Monday - Friday: 9 a.m. - 5 p.m.

WAIKELE

94-799 Lumiaina Street, Unit 2-A2
Waipahu, Hawai'i 96797
Monday - Friday: 9 a.m. - 5 p.m.
Saturday: 9 a.m. - 2 p.m.

WAIMALU

98-1277 Ka'ahumanu Street,
Suite 143
Aiea, Hawai'i 96701
Monday - Friday: 9 a.m. - 5 p.m.
Saturday: 9 a.m. - 2 p.m.

HENDERSON

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



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