

2023 Annual Report



HFD FCU

Hawaii's only firefighter credit union

HFDFCU.org



*Standing: Paul Kato, Bryan L. Soares, Darrell D. Kong
Seated: Kevin J. Lyons, Guy Katayama*

Report of the Board of Directors

As we enter the 87th year of operation for the Honolulu Fire Department Federal Credit Union, we're reminded that our credit union is also entering its 87th year of continuous service to Hawaii's firefighters.

So very few of Hawaii's own credit unions can say they continue to operate for and by the constituency they were founded to serve.

That type of longevity and continuity says a lot about the people behind our credit union – It says a lot about our volunteers, our staff, our management, and of course our members.

Not only was 2023 a very successful year for our credit union, we now know that we served more of our members than ever before.

It brings great satisfaction to this Board of Directors that our credit union was able to do this — and while maintaining a solid financial position.

As we look forward to 2024, we are reminded that what our credit union does matters. It matters individually to our members and it matters collectively for those we serve.

We aim for things that matter as well. Which means we don't aim to become the largest credit union; We aim to

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Scenic photo on cover and interior:

Sunrise over Haleakala, Island of Maui

always to serve our members—our firefighter ohana—meaningfully, earnestly, and fairly in all that we do.

And we look forward to 2024 and many more years in continuing this service to our members.

Mahalo to our dedicated members. Mahalo for being members of Hawaii's only firefighter credit union.

Mahalo!

Guy N. Katayama
Board Chairman

Paul Kato
Treasurer

Darrell D. Kong
Director

Kevin J. Lyons
Board Vice Chairman

Bryan L. Soares
Secretary

Report of HFDFCU CEO



We look back at 2023 as a successful year for Honolulu Fire Department Federal Credit Union.

In 2023, our credit union achieved its highest level of assets under management at \$XX million and its highest level of funds lent to members at \$XX million.

Both achieved while maintaining our credit union's strong capital position and also while ensuring continued financial safety and soundness.

These best-ever levels were only possible with the commitment of our credit union's staff.

I extend my personal appreciation to our staff for their hard work, dedication, and passion in serving more members than ever and for making our credit union's success possible.

Guiding us through this success is our credit union's cadre of volunteers—all retired and active firefighters serving as Supervisory Committee members and serving as members of our Board of Directors. Each volunteer commits their personal time to serve our credit union without any compensation. I extend my appreciation for them as well!

Most importantly, I extend my heartfelt appreciation for our credit union members.

Our members are our credit union's individual shareholders—it is through each member's trust and loyalty that our credit union exists at all. Throughout our work every day, we make sure to not forget that without our members, there would be no credit union!

As rates increased and general consumer costs increased in 2023, those increases put financial pressure on many of our members.

When members' needs change, our credit union will always adapt to what's needed. In 2023, our credit union lent more and to more members than ever before. We took on more assets than we ever have, and we offered more high-yield certificates than we ever have.

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In addition, our credit union was ready with assistance programs for those affected by the Maui wildfires and additional programs for others worried about potential government shutdowns.

While both scenarios did not affect the vast majority of our credit union’s members, we were ready — and continue to be ready — to be available to meet our members’ needs.

With everything our credit union undertook in 2023 and the successes we achieved with it, I look to our future with enthusiasm and unwavering optimism.

Our credit union is committed to always evolving and adapting to meet our members’ ever-changing needs all while building and maintaining a strong financial institution — so that we can continue to support the growth and needs of our firefighter ohana.

I thank you again for your continued support and trust in our Honolulu Fire Department Federal Credit Union.

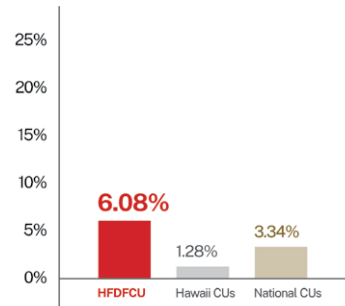
Mahalo for being members!
Guy E. Usui
CEO

HFDFCU and Industry Figures

Comparing year-end growth figures for HFDFCU compared to the average figures for all Hawaii credit unions and the average figures for all credit unions nationwide.

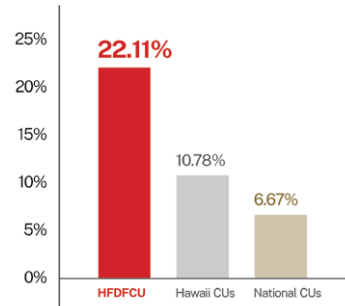
MEMBER GROWTH IN 2023

YEAR-OVER-YEAR



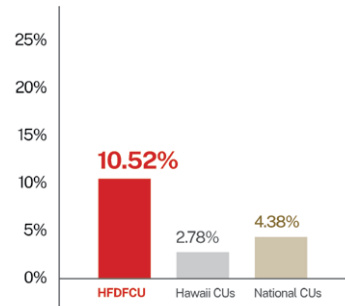
LOAN GROWTH IN 2023

YEAR-OVER-YEAR



ASSET GROWTH IN 2023

YEAR-OVER-YEAR



*Five Customer Experience Trends... in 2022,' Forbes.com, 02-08-2022.

Source: Callahan & Associates

Report of the Treasurer

I'm proud to report that our credit union's financial position is strong.

We ended 2022 with total assets at a new record of \$83,865,973, which included member deposits of \$75.2 million and loans of \$51.1 million.

Our credit union's net worth to assets ratio is steady at 10.37%, which is a key indicator of a credit union's financial strength.

The federal regulator for credit unions, the National Credit Union Administration, considers a credit union "well capitalized" with a ratio above 7.00% — our credit union's capitalization is well above that.

The financial results of our credit union show very clearly that our credit union continues to perform well for members.

I thank our Board, management and staff, and especially our members for contributing to such a successful year.

Paul Kato
Board Treasurer



Report of the Supervisory Committee

The Supervisory Committee is appointed by the credit union's Board to review credit union operations and practices to ensure financial safety and soundness.

We met regularly in 2022 to review credit union operations and also engaged auditing firms Kwock & Company CPAs and CU Pacific Audit Solutions to perform independent audits of the credit union's financial statements and different areas of the credit union's operation.

The committee's reviews and independent audits confirm our credit union continues to operate in a safe and sound manner, preserving the integrity of members assets.

On behalf of the committee, I thank the Board of Directors, management, and staff for helping to make the committee's work troublefree. Thank you especially to our dedicated members for your membership.

Mark K. Kuwaye
Supervisory Committee Chairman

Statement of Financial Condition

As of December 31, 2023

ROUNDED TO WHOLE DOLLARS

LOANS AND CASH

Loans	62,438,373
Less Allowance for Loan Losses	(974,012)
Cash	4,900,054

INVESTMENTS

Federal Agency Securities	790,821
Corporate Centrals	63,646
Banks & S&Ls	22,997,000
Investment in Central Liquidity Facility	199,704
Total Investments	24,051,171

OTHER ASSETS

Land & Building (net)	1,077,770
Other Fixed Assets (net)	145,213
NCUSIF Capital Deposit	737,362
All Other Assets	312,097

Total Assets	\$92,688,028
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LIABILITIES & SAVINGS

Accounts Payable	99,271
Dividends Payable	2,096
Notes & Interest Payable	4,018,235
All Other Liabilities	1,187,440
Share Certificates	10,529,431
Share Draft Accounts	13,907,571
IRA/Retirement	1,966,569
Other Member Savings	52,306,849
Total Liabilities & Savings	84,017,461

EQUITY

Regular/Statutory Reserves	1,713,534
Undivided Earnings	6,957,033
Total Equity	8,670,567

Total Liabilities, Savings, and Equity	\$92,688,028
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Statement of Income

As of December 31, 2023
ROUNDED TO WHOLE DOLLARS

OPERATING INCOME

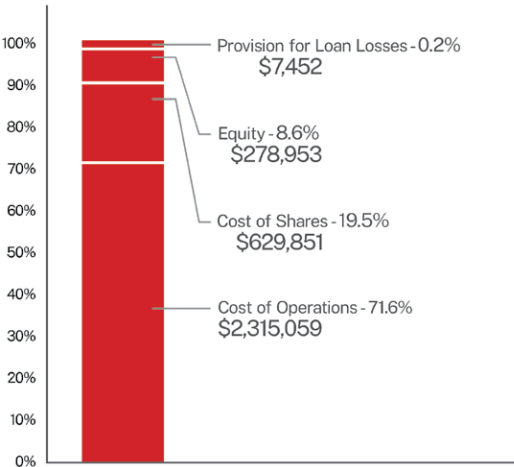
Interest on Loans (net)	2,744,276
Income from Investments	321,453
<u>Total Interest Income</u>	<u>3,065,728</u>
Total Dividend Expense	629,851
Interest on Borrowed Money	190,338
<u>Net Interest Income</u>	<u>2,245,539</u>
Provision for Loan Losses	(7,452)
Net Income	
After Provision for Losses	<u>2,238,087</u>

OPERATING EXPENSES

Employee Compensation	664,152
Employee Benefits	205,421
Travel & Conference	48,000
Association Dues	18,544
Office Occupancy	121,289
Office Operations	517,814
Advertising & Promotion	181,127
Loan Servicing Expenses	244,617
Professional & Outside Services	261,916
Member Insurance	0
Operating Fees (NCUA)	13,071
Miscellaneous Operating Expenses	37,060
<u>Total Operating Expenses</u>	<u>2,313,012</u>
Total Other Operating Income	355,925
Total Non-Operating Income/(Expense)	(2,048)
<u>Net Income</u>	<u>\$278,953</u>

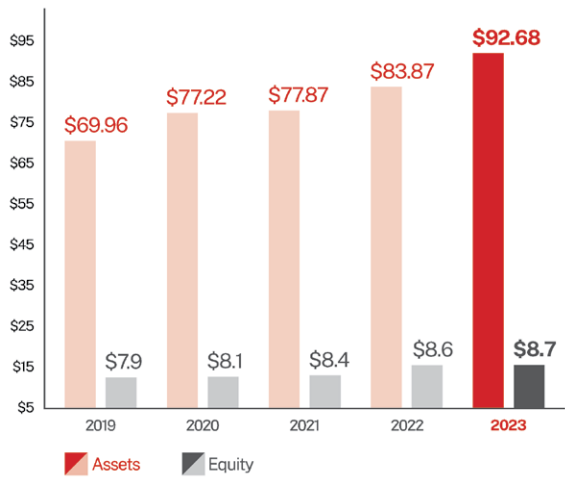
Distribution of Income

As of December 31, 2022
ROUNDED TO WHOLE DOLLARS



Asset and Equity Growth

As of December 31, 2023
IN MILLIONS



Minutes of the 85th Annual Meeting

March 12, 2022

Board Chairman Guy Katayama acknowledged the hard work of staff and management of the credit union. He also acknowledged the passing of Board member Alike Beck. Chairman Katayama also acknowledged new volunteers.

Call to Order: Board Chairman Guy Katayama called the meeting to order at 10:21, which took place by telephone conference call on Saturday, March 12, 2022. There being no objections, Chairman Katayama appointed the following for the meeting: Renee Shintani, Recording Secretary; Kevin Lyons, Parliamentarian; and Paul Kato as Sergeant at Arms.

Quorum: Chairman Katayama called upon credit union CEO Guy Usui to report the number of members present. With 18 members present, the minimum of 15 members required by HFDFCU By Laws for a quorum was met. There being no questions, those present agreed by consensus that a quorum was met.

Agenda: Chairman Katayama reviewed the meeting agenda, which was distributed to attendees beforehand by US Postal Mail. There being no questions, corrections, or objections, the agenda was approved.

Approval of Minutes: Chairman Katayama asked for all to review the minutes of the last annual meeting, printed in the Annual Report, which was also distributed to attendees beforehand by US Postal Mail. Asking for questions, corrections, or objections, then hearing none, the minutes were approved.

Officials' and Committee Reports: Chairman Katayama asked members to review the respective reports of Chairman, CEO, Treasurer, and Supervisory Committee printed in the Annual Report. Asking for questions, then hearing none, officials' reports and supervisory committee report, as printed, were approved.

Unfinished Business: Chairman Katayama asked attendees if there was any 'unfinished business' to discuss. Hearing no mentions, he continued to 'New Business.'

New Business: Chairman Katayama asked attendees if there was any 'new business' to discuss. Hearing no calls for 'new business,' he moved on and encouraged attendees to review the entire Annual Report as distributed.

In closing remarks Chairman Katayama thanked new volunteers and credit union staff in appreciation for their input on guiding the credit union on "where we're going today."

Adjournment: Chairman Katayama asked if there was additional discussion; then hearing none, he asked if there was a motion to adjourn. Paul Kato motioned to adjourn, seconded by Darrell Kong.

Chairman Katayama adjourned the meeting at 10:26 am.

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Board of Directors

Guy N. Katayama, Chairman
Kevin J. Lyons, Vice Chairman
Paul Kato, Treasurer
Bryan L. Soares, Secretary
Darrell D. Kong, Director

Supervisory Committee

Mark K. Kuwaye, Chairman
Michael Pangilinan, Member
Logan Tomokiyo, Member
Todd Yamamoto, Member
Daniel Yamashiro, Member

Management and Staff

Administration Team

Guy Usui, Chief Executive Officer
Doug Mashino, Marketing and Compliance
Jo Ann Nagatori, Branch & Member Experience Manager
Renee Shintani, Accountant

Financial Services Loan Team

'Shelly' Florentin, Financial Services Loan Officer
'K' Garcia, Junior Financial Services Loan Officer
Nick Sims, Financial Services Loan Officer

Member Service Team

Malia Madriaga, Senior Financial Services Representative
Char Demesillo, Financial Services Representative
Taylor Andrews-Wong, Financial Services Representative



**Honolulu Fire Department
Federal Credit Union**

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 Federally insured by NCUA