

#### Main Branch

560 Halekauwila Street  
Mon. to Fri. - 7:30am to 5:00pm  
State Paydays - 7:00am to 5:00pm

#### Ali'i Branch

1099 Alakea Street, Suite 100  
Mon. to Fri. - 7:30am to 5:00pm  
State Paydays - 7:00am to 5:00pm

#### Kaimuki Branch

3221 Waiialae Avenue, Suite 16-B6  
Mon. to Fri. - 8:00am to 5:00pm  
Saturday - 9:00am to 1:00pm

#### Kaneohe Branch

Kaneohe Bay Shopping Center  
46-047 Kamehameha Highway, #7  
Mon. to Fri. - 9:00am to 6:00pm  
Saturday - 9:00am to 1:00pm

#### Kapolei Branch

Kapolei Shopping Center  
91-590 Farrington Highway, Suite 140  
Mon. to Fri. - 9:00am to 6:00pm  
Saturday - 9:00am to 1:00pm

#### Mililani Mauka Branch

95-1095 Ainamakua Drive, #9  
Mon. to Fri. - 9:30am to 6:30pm  
Saturday - 9:00am to 1:00pm

#### Pearlridge Branch

Westridge Shopping Center  
98-150 Kaonohi Street, #C101  
Mon. to Fri. - 9:00am to 6:00pm  
Saturday - 9:00am to 5:00pm

#### Kahului Branch

Triangle Square  
425 Koloa Street, #101B  
Mon. to Fri. - 8:30am to 4:30pm  
Saturday - 9:00am to 1:00pm

#### Member Service Call Center

Oahu: (808) 587-2700  
Toll Free: 1 (888) 586-1056  
Mon. to Fri. - 7:30am to 7:00pm  
Saturday - 9:00am to 5:00pm

[www.HawaiiStateFCU.com](http://www.HawaiiStateFCU.com)

[f /HawaiiStateFCU](https://www.facebook.com/HawaiiStateFCU)



# HAWAII STATE

FEDERAL CREDIT UNION

*always right by you*



Annual Report 2015

## DRAW YOUR DREAMS



Federally insured by NCUA



Dreams begin with  
ideas that **CONNECT** us,

## Annual Report 2015

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drawing us **TOGETHER** to  
do more than we  
can alone.





## Message from Governor David Ige



On behalf of the people of Hawai'i, I send my *aloha* to the Hawai'i State Federal Credit Union (HSFCU) employees, member-owners and guests attending its annual meeting.

As a non-profit financial cooperative, owned and operated by its more than 90,000 members, the Hawai'i State FCU and its 270 employees have provided professional financial services in Honolulu for the past 79 years. With branches located on O'ahu and Maui, the credit union works tirelessly to provide

members with a full range of services including high interest savings and checking accounts, mortgage and consumer loans, and credit and debit cards.

The Hawai'i State FCU also supports its member-owners by staying true to its philosophy of being "always right by you," offering excellent customer service delivered with the spirit of *aloha*.

I am confident that the Hawai'i State FCU will continue to help its member-owners thrive and maximize their opportunities to research and sustain their own fiscal health by providing financial services that are trustworthy, dependable and secure.

Mahalo for your dedication and I wish you continued success in all your future endeavors.

Aloha,

David Ige  
Governor, State of Hawai'i



## Message from Mayor Kirk Caldwell



I am pleased to send my warmest aloha to the members of the Hawaii State Federal Credit Union.

Mahalo to the Board of Directors, management, and staff for their dedication and commitment to providing members with services needed to reach their financial goals. Congratulations on publishing this annual report that describes the operations and financial performance and chronicles the Credit Union's activities over the past year.

The Hawaii State Federal Credit Union maintains its standing as one of Hawaii's largest credit unions by expanding and improving its services to members and making banking more secure and accessible.

On behalf of the people of the City and County of Honolulu, I extend deep appreciation for its contributions to our local economy and best wishes for continued success.

Aloha,

Kirk Caldwell  
Mayor, City and County of Honolulu





## Chairman's Message to Members

Aloha Fellow Members,

On behalf of the Board of Directors, I am pleased to report to our members, that 2015 was a year of record growth for Hawaii State Federal Credit Union.

As the Hawaii economy improves, so does Hawaii State Federal Credit Union (HSFCU). It is the goal of the Board to strive to continuously offer more convenience and services in order to provide value to our members.

Here are some highlights of the past year:

- HSFCU grew to more than \$1.4 billion in assets making us one of Hawaii's largest financial institutions. HSFCU is financially strong with more than \$158 million in capital. While maintaining some of the lowest fees and best rates in Hawaii, we generated \$7.5 million in income in 2015.
- HSFCU membership grew to where we now offer financial solutions to more than 90,000 members across the state.
- HSFCU was awarded the "Hawaii's Best Credit Union" by the Honolulu Star Advertiser's reader poll. We were also the most "liked" Hawaii credit union on Facebook, and were named one of the Best Places to Work by Hawaii Business Magazine.
- HSFCU continues to help our members and support the communities we serve. We've awarded \$30,000 to students pursuing higher education in the Lowell Kalapa Scholarship Program, gave \$20,000 in grants to public school teachers through the Investing in Education Program, and have continued our support as a major sponsor of the Friends of the Library of Hawaii.
- In this new era of cyber security concerns, we are proactively protecting members against fraud. HSFCU was the first financial institution in Hawaii to add EMV Chip technology to all credit and debit cards. Constant vigilance and personal relationships with our members as well as our online and mobile app technologies provide members with peace of mind protection against fraud.

The Board thanks you for your continued support of the credit union. We have never been more excited about our prospects for the future and remain steadfast on our path to provide our members with improved and updated financial services.

Russel H. Yamashita  
Chairman





## Board of Directors



Russel Yamashita  
*Chairman*



Kaulana Park  
*Vice Chairman*



Grant Tanimoto  
*Treasurer*



Terrence Aratani  
*Secretary*



Rochelle Lee  
Gregson  
*Director*



William "Bill" Milks  
*Director*



Ryan Morita  
*Director*

## Executive Management



Andrew Rosen  
*President & CEO*



Rachael Sasaki  
*Exec. Vice President  
Administrative  
Services*



Craig Warren  
*Exec. Vice President  
Sales & Sales  
Support*



Edmund Pang  
*Sr. Vice President  
Chief Financial  
Officer*



Joel Kumabe  
*Sr. Vice President  
Chief Information  
Officer*



Elliot Hatico  
*Sr. Vice President  
Sales & Branch  
Operations*



Victor Brock  
*Vice President  
Consumer &  
Mortgage Lending*



Nathan Chang  
*Vice President  
Credit Admin. &  
Business Lending*



Cindy Ching  
*Vice President  
Support Services*



Patricia Hao  
*Vice President  
Human Resources*



Janice Nakamoto  
*Vice President  
Information Systems*



Jon Nakamoto  
*Vice President  
Internal Audit*

## Supervisory Committee Report

The Supervisory Committee is pleased to report that Hawaii State Federal Credit Union continued to operate in accordance with sound financial principles and within applicable laws and regulations in 2015.

Federal regulations require supervisory committees to ensure the board of directors and management of credit unions meet required financial reporting objectives, and establish practices and procedures sufficient to safeguard members' assets.

To fulfill our responsibilities, we contracted with a certified public accounting firm to perform an independent audit of the credit union's financial statements as of December 31, 2015; directed an internal audit program to evaluate and improve the credit union's effectiveness of risk management, controls, and governance processes; worked with the National Credit Union Administration's (NCUA) examiners; monitored the activities of the Board of Directors and management; investigated member complaints; participated in educational programs; verified closed memberships; and conducted special investigations or studies as we considered necessary.

We would like to express our gratitude to the credit union's Board of Directors and management for their support in helping us to serve you in 2015.

C. Manu Kaiama  
*Supervisory Committee Chair*

## Supervisory Committee



C. Manu Kaiama  
*Chairman*



Michael Miranda  
*Secretary*



Susan Ee  
*Member*



Derrick Inouye  
*Member*



Joshua Strickler  
*Member*







## Financial Statements

### Statement of Financial Condition (Unaudited)

ASSETS	Dec. 31, 2015	Dec. 31, 2014
Loans Held for Sale	\$ 2,153,705	\$ -
Loans, Less Allowance for Loan Losses of \$3,974,479 in 2015 and \$4,989,644 in 2014	\$ 658,996,250	\$ 531,253,730
Cash and Cash Equivalents	\$ 169,844,489	\$ 167,553,295
<b>Investments</b>		
Available for Sale	\$ 526,429,368	\$ 603,890,207
Held to Maturity	383,471	712,960
Restricted	1,622,300	2,044,700
<b>Total Investments</b>	\$ 528,435,139	\$ 606,647,867
<b>Other</b>		
Accrued Income Receivable	3,256,450	3,137,052
Property and Equipment, Net Depreciation	17,916,781	19,005,893
National Credit Union Share Insurance Fund (NCUSIF)	11,915,009	11,605,327
Other Assets	13,936,001	12,701,426
<b>Total Other</b>	\$ 47,024,241	\$ 46,449,698
<b>TOTAL ASSETS</b>	\$ 1,406,453,824	\$ 1,351,904,590

LIABILITIES, SHARES AND EQUITY	Dec. 31, 2015	Dec. 31, 2014
Accounts Payable & Other Liabilities	\$ 14,905,842	\$ 11,436,685
Total Shares	\$ 1,235,064,990	\$ 1,190,000,431
<b>Equity</b>		
Regular Reserves	\$ 29,435,000	\$ 29,435,000
Other Reserves	25,500,000	25,500,000
Undivided Earnings	103,332,698	95,840,991
Accumulated Other Comprehensive Income	(1,784,706)	(308,517)
<b>Total Equity</b>	\$ 156,482,992	\$ 150,467,474
<b>TOTAL LIABILITIES, SHARES &amp; EQUITY</b>	\$ 1,406,453,824	\$ 1,351,904,590

Federally insured by NCUA

### Statement of Income (Unaudited)

	Dec. 31, 2015	Dec. 31, 2014
<b>Interest Income</b>		
Interest on Loans	\$ 29,058,984	\$ 24,668,627
Income from Investments	8,752,151	7,888,577
<b>Total Interest Income</b>	\$ 37,811,135	\$ 32,557,204
<b>Interest Expense</b>		
Dividends Paid to Members	\$ 2,613,225	\$ 3,093,793
Interest on Borrowed Funds	3	22
<b>Total Interest Expense</b>	\$ 2,613,228	\$ 3,093,815
<b>Net Interest Income</b>	\$ 35,197,907	\$ 29,463,389
<b>Non-Interest Income</b>	\$ 10,795,253	\$ 9,363,834
<b>Non-Interest Expense</b>		
Compensation and Employee Benefits	\$ 19,931,691	\$ 17,772,054
Office Operations	5,849,296	5,506,210
Professional and Outside Services	4,662,409	4,181,918
Office Occupancy	2,541,168	2,592,827
Loan Servicing	2,520,896	1,951,325
Promotions & Advertising	2,059,970	1,870,343
Training	373,049	380,403
NCUA Operating Fee	229,750	223,656
Annual Meeting	181,374	176,511
Association Dues	186,348	167,273
Other Operating Expenses	380,748	308,213
Provision for Loan Losses	547,785	(459,000)
<b>Total Non-Interest Expense</b>	\$ 39,464,484	\$ 34,671,733
<b>Income from Operations</b>	\$ 6,528,676	\$ 4,155,490
<b>Non-Operating Income (Loss)</b>		
Gain (Loss) on Investment	\$ 55,337	\$ 44,464
Gain (Loss) on Sale of OREO	46,109	(50,000)
Other	861,585	350,962
<b>Total Non-Operating Income (Loss)</b>	\$ 963,031	\$ 345,426
<b>NET INCOME</b>	\$ 7,491,707	\$ 4,500,916



**HAWAII STATE**  
FEDERAL CREDIT UNION

*always right by you*



Our dream  
will always be to  
help you realize yours.