

#### Main Branch

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

#### Ali'i Branch

Downtown, Ali'i Place  
1099 Alakea Street, Suite 100  
Mon. to Fri.: 7:30am to 5:00pm  
State Paydays: 7:00am to 5:00pm

#### Hawaii Kai Branch

Hawaii Kai Towne Center  
6700 Kalaniana'ole Highway #110  
Mon. to Fri.: 9:00am to 6:00pm  
Saturday: 9:00am to 1:00pm

#### Kaimuki Branch

Kaimuki Shopping Center  
3221 Waialae 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 6:00pm  
Saturday: 9:00am to 5:00pm

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

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



# 80 years together



**HAWAII STATE**  
FEDERAL CREDIT UNION

Annual Report 2017



Federally insured by NCUA



*80 years of history*

## Annual Report 2017

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# 80 years of service

## Message from Governor David Ige



On behalf of the State of Hawai'i, I extend my warmest aloha to the employees and member-owners of Hawai'i State Federal Credit Union (FCU). As a non-profit financial cooperative, owned and operated by over 100,000 members, the Hawai'i State FCU and its employees have provided professional financial services in Honolulu since 1936.

With branches on O'ahu and Maui, the credit union has offered several generations of public workers and their families with a full range of services including savings and checking accounts, mortgage and consumer loans, and credit and debit cards. The Hawai'i State FCU also supports its member-owners through its financial educational program, scholarships, Investing in Education grants, and various community activities. In addition, profits go directly back to its members in the form of lower fees and better rates, maximizing opportunities to help them reach their financial goals.

I am confident that the Hawai'i State FCU, through their "always right by you" attitude, will manage its assets in the best interests of its member-owners and continue to help them by providing services that are trustworthy, dependable, and secure.

Aloha,

A handwritten signature in black ink that reads "David Y. Ige".

David Y. Ige  
Governor, State of Hawai'i



## Message from Mayor Kirk Caldwell



I am pleased to congratulate the Hawai'i State Federal Credit Union (FCU) officers, Board of Directors and staff on publishing this annual report describing the operations and performance over the past year.

Since being chartered in 1936, the Hawai'i State FCU has grown to become one of the largest and most trusted credit unions in the state by offering a full range of services and membership benefits. The credit union has helped generations of residents achieve their financial goals.

It is impressive that the Hawai'i State FCU achieved 17 consecutive quarters of loan growth and saw an increase in membership beyond 100,000 in 2017. These achievements reflect its commitment to offering an attractive range of financial services to its members. Our community also appreciates its valuable support of the Friends of the Library of Hawai'i and other worthy programs.

On behalf of the people of the City and County of Honolulu, I thank Hawai'i State FCU for its contributions to our local economy and extend best wishes for continued success.

Aloha,

A handwritten signature in black ink that reads "Kirk Caldwell".

Kirk Caldwell  
Mayor, City and County of Honolulu



## President's Message to Members

Aloha Fellow Members,

What an amazing 2017! We celebrated our 80th anniversary with a campaign centered around our members. From young families buying their first home to small-business owners focused on growing their company to retirees who ensure the next generation is saving for the future, these are the members whose financial dreams we've helped make a reality.

And what a great feeling to see them succeed. As we shared their stories, we watched our extended family grow. We closed out the year 100,000 members strong, and counting!

Our dramatic growth is truly a testament to the strength of the credit union cooperative model and the value we provide to our member owners. Our members see how our profits directly benefit them in the form of better rates and lower fees, as well as many free member events and financial tools.

We had a sell-out crowd of 1,000 members and their families at our 80th anniversary event at Paradise Cove Luau and our popular Family Event Series drew record attendance at our Member Movie Days.


At Hawaii State FCU, we are committed to helping Hawaii families make smarter financial decisions by offering many free educational resources. Our newly redeveloped website is evidence of that and is chockful of free calculators, interactive tutorials, blog content and more to equip members with the knowledge they need to better manage their money.

Please be sure to check out our website and take advantage of these free features:

- **Free Financial Education Seminars:** From topics such as Fraud Protection and Retirement Preparation, visit the Events Calendar to sign up and attend a seminar near you.
- **Financial Solutions Tool:** Map out your financial path to a goal from buying a home to funding your child's education.
- **eLearning Modules:** Get the knowledge you need with 25 highly interactive e-learning modules covering a wide range of topics such as Credit Scores and Reports, Considering Home Ownership and Estate Planning.
- **Financial Calculators:** Take the guesswork out of how much a loan payment will be or how much your accounts can earn in interest with endless options of online calculators.
- **Wallet Wisdom Blog:** Find tips on saving money for a vacation, improving your credit score and much more. Be sure to bookmark our blog!

*Always Right By You* is at the heart of all we do – because for us, we want to be there for you every step of the way, just like family.



Aloha,  
  
Andrew Rosen  
Hawaii State Federal Credit Union - President & CEO

## Message from the Board of Directors

Aloha Fellow Members,

As my two-year term as chairman of the Board of Directors comes to an end, it is with much pride that I can say Hawaii State FCU is truly Hawaii's best credit union.

I see first-hand the unwavering commitment by my fellow Board members and management to provide members with the best products and services that bring them the most convenience and value. As a member myself, I enjoy the *Always Right By You* attitude and friendly service from employees.

We hope many of you realize that Hawaii State FCU is constantly innovating. We've added new mobile app features to ensure members have secure access to their money or the account help they need anytime, anywhere. We also have the latest fraud and identity theft securities and the backing of the NCUA for all your deposits. We understand that personalized banking solutions with ID theft protections are key to member satisfaction and earning your trust.

As Hawaii State FCU continues to do well financially, we know that our profits belong to you, our member-owners, and we put them back to work for you in the form of better rates and lower fees. We make it a priority to take care of the communities we live, work and play in.

Here are some of the highlights of 2017:

- We've grown in asset size to more than \$1.5 billion and serve more than 100,000 members.
- We continue to be Hawaii's largest credit union lender, financing \$855 million in loans for members, a 17.5 percent increase from 2016.
- We've made a commitment to bring financial education and literacy to the community, and employees, through seminars, in-person advice and online tools.
- We've awarded more than \$570,000 in scholarships to students over the past 20-plus years and \$196,000 in grants to teachers through our Investing in Education program, and will increase funding for both programs in 2018.
- We continue to support our community through our ongoing major sponsorship of the Friends of the Library of Hawaii and American Heart Association.
- We've maintained our distinction as a Hawaii Business magazine "Best Places to Work" employer for the fourth consecutive year.

It has been a pleasure to serve as the Board chairman for the last two years. This has truly been an opportunity to share in the legacy of Hawaii State FCU and help lay the foundation for our continued success. I am confident for what's in store for our credit union, and may the coming years bring good fortune and prosperity to us all.



Aloha,  
  
Grant Tanimoto  
Board of Directors - Chairman





*80 years of making memories*





## Board of Directors



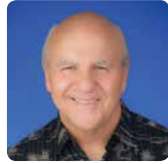
Grant Tanimoto  
*Chairman*



Ryan Morita  
*Vice Chairman*



Terrence Aratani  
*Treasurer/Secretary*



Rick Blangiardi  
*Director*



Rochelle Lee Gregson  
*Director*



Marion Higa  
*Director*



Kaulana Park  
*Director*

## Executive Management



Andrew Rosen  
*President & CEO*



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



Rachael Sasaki  
*Exec. Vice President  
Administrative Services*

Carol Higa	Senior Vice President, Business Banking & Credit Administration
Cindy M. Ching	Senior Vice President, Support Services
Edmund Pang	Senior Vice President & Chief Financial Officer
Elliot J. Hatico	Senior Vice President, Retail Banking
Joel K. Kumabe	Senior Vice President & Chief Information Officer
Mary Beth Wong	Senior Vice President & General Counsel
Patricia Hao	Senior Vice President, Human Resources
Victor Brock	Senior Vice President, Consumer & Mortgage Lending
Aaron Vallely	Vice President, Sr. Dpt. Manager Sales & Branch Administration
Allison M.C. Maertens	Vice President, Marketing
David Kimura	Vice President, Investment Services
Derrick Arimoto	Vice President, Commercial Lending
Diane Higa	Vice President, Enterprise Program Management
Elizabeth Weatherford	Vice President, Sr. Dpt. Manager Card Operations
Eric Ebesu	Vice President, Treasury
Gina Carvalho	Vice President, Human Resources
Gail Evers	Vice President, Product Development & Analytics Department
James R. Haid, Jr.	Vice President, Corporate Development
Jennifer L. Sims, CUDE	Vice President, Learning & Development
Jon Nakamoto	Vice President, Internal Audit
Leilani B. Sumajit	Vice President, Senior Branch Manager
Loren Nakaoka	Vice President, Senior Branch Manager
Roland Ogoshi	Vice President, Senior Branch Manager
Sheryl Higa	Vice President, Business Systems
Tani Fujimori-Dower	Vice President & Controller of Finance
Vim Balantac	Vice President, Mortgage Loan Origination Manager

## Supervisory Committee Report

The Supervisory Committee is pleased to report that Hawaii State Federal Credit Union (Credit Union) continued to operate in accordance with sound financial principles and applicable laws and regulations in 2017.

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 a certified public accounting firm to perform an independent audit of the Credit Union's financial statements as of December 31, 2017; directed an internal audit program to evaluate and improve the Credit Union's effectiveness of risk management, controls, and governance processes; monitored the activities of the Board of Directors and management; investigated member complaints; verified membership accounts; worked with the National Credit Union Administration's (NCUA) examiners; 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 2017.

Stanley Sawai  
Supervisory Committee - Chairman

## Supervisory Committee



Stanley Sawai  
*Chairman*



Susan Ee  
*Secretary*



Judy Dang  
*Member*



Gordon Fukumoto  
*Member*



Joshua Strickler  
*Member*

## Financial Statements

### Statement of Financial Condition (Unaudited)

ASSETS	Dec. 31, 2017	Dec. 31, 2016
Loans Held for Sale	\$ 1,717,109	\$ 3,395,635
Loans, Less Allowance for Loan Losses of \$5,652,295 in 2017 and \$3,152,128 in 2016	\$ 849,850,541	\$ 725,072,026
Cash and Cash Equivalents	\$ 181,601,929	\$ 198,524,749
Investments		
Available for Sale	\$ 444,494,888	\$ 493,958,055
Held to Maturity	32,425	159,183
Restricted	1,773,500	1,687,800
Total Investments	\$ 446,300,813	\$ 495,805,038
Other		
Accrued Income Receivable	3,948,796	3,108,239
Property and Equipment, Net Depreciation	22,896,895	22,819,210
National Credit Union Share Insurance Fund (NCUSIF)	13,125,225	12,412,436
Other Assets	17,300,411	16,773,386
Total Other	\$ 57,271,327	\$ 55,113,271
<b>TOTAL ASSETS</b>	<b>\$ 1,536,741,719</b>	<b>\$ 1,477,910,719</b>

LIABILITIES, SHARES AND EQUITY	Dec. 31, 2017	Dec. 31, 2016
Accounts Payable & Other Liabilities	\$ 21,792,833	\$ 19,865,133
Total Shares	\$ 1,347,852,436	\$ 1,293,094,151
Equity		
Regular Reserves	\$ 29,435,000	\$ 29,435,000
Other Reserves	25,500,000	25,500,000
Undivided Earnings	114,649,950	109,929,092
Accumulated Other Comprehensive Income	(2,488,500)	87,343
Total Equity	\$ 167,096,450	\$ 164,951,435
<b>TOTAL LIABILITIES, SHARES &amp; EQUITY</b>	<b>\$ 1,536,741,719</b>	<b>\$ 1,477,910,719</b>

Federally insured by NCUA

### Statement of Income (Unaudited)

	Dec. 31, 2017	Dec. 31, 2016
Interest Income		
Interest on Loans	\$ 38,287,999	\$ 33,237,082
Income from Investments	9,747,264	8,638,462
Total Interest Income	\$ 48,035,263	\$ 41,875,544
Interest Expense		
Dividends Paid to Members	\$ 2,676,126	\$ 2,331,683
Interest on Borrowed Funds	8	29
Total Interest Expense	\$ 2,676,134	\$ 2,331,712
Net Interest Income	\$ 45,359,129	\$ 39,543,832
Non-Interest Income	\$ 14,193,800	\$ 13,625,428
Non-Interest Expense		
Compensation and Employee Benefits	\$ 26,080,043	\$ 22,744,674
Office Operations	6,928,045	6,469,588
Professional and Outside Services	5,686,605	5,904,098
Office Occupancy	3,165,156	2,737,862
Promotions & Advertising	2,909,706	2,380,117
Loan Servicing	2,828,733	2,466,659
Training	572,468	454,312
NCUA Operating Fee	315,145	239,019
Association Dues	208,468	194,070
Annual Meeting	24,495	114,837
Member Insurance	644	–
Other Operating Expenses	493,845	410,253
Provision for Loan Losses	5,804,810	2,759,270
Total Non-Interest Expense	\$ 55,018,163	\$ 46,874,759
Income from Operations	\$ 4,534,766	\$ 6,294,501
Non-Operating Income (Loss)		
Gain (Loss) on Investment	\$ 38,716	\$ 51,914
Other	147,376	249,979
Total Non-Operating Income (Loss)	\$ 186,092	\$ 301,893
<b>NET INCOME</b>	<b>\$ 4,720,858</b>	<b>\$ 6,596,394</b>



*We look forward to the  
next 80 years with you*



**HAWAII  
STATE**

FEDERAL CREDIT UNION

*always right by you*