



HICKAM
FEDERAL
CREDIT
UNION



HICKAM
FEDERAL
CREDIT
UNION

We can make it better, together

Board of Directors



Carol J. Ebia
Chair



Adrian Yunson
Vice Chair



Abigail K. Nishida
Chief Financial Officer



Sharon K. Miyazawa
Secretary



Tina Mendes
Director



Harry Okamoto Jr.
Director



Cheryl Suzuki
Director

www.hickamfcu.org

P. O. Box 30025
Honolulu, Hawaii 96820

(808) 423-1391 (Oahu)
Toll-free (800) 432-4328
(Continental U. S. & Neighbor Islands)

BRANCHES

Hickam Branch
Joint Base Pearl Harbor-Hickam

Kahala Mall Kiosk Branch
Kahala Mall

Kaneohe Branch
Windward Mall

Kapolei Branch
Kapolei Marketplace

Mililani Branch
Town Center of Mililani

Pearlridge Branch
Pearlridge Center Mauka

Pearl City Branch
1260 Kuala Street



2021
ANNUAL REPORT

"See the Light"

Insured by NCUA Equal Housing Lender



Chair's Message

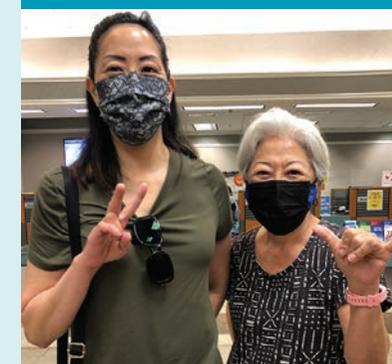
The year 2021 proved to be challenging indeed. Despite the lingering pandemic and unstable economy, Hickam Federal Credit Union accomplished many things to better serve our members. In February, we launched our contactless, rewards Credit and Debit cards; soon after, we introduced our First Time Borrower Program that helped our members without any credit history obtain their first credit card, auto or personal loan. Then in September, we rolled out our robust Online/Mobile Banking platform with enhanced security features, a credit score monitoring widget, a personal financial management tool, and many convenient transactional services. By year's end, we granted loan extensions and deferments totaling \$8.5 million to help 361 members overcome their financial difficulties caused by the pandemic. Our solid performance and position also allowed us to continue giving back to our community including awarding \$1,000 Scholarships to three well-deserving student members in our Second Annual College Scholarship Program and over \$15,000 to various charities.

We were very fortunate to work with Stephanie Hung, a young, talented environmental "artist", in unveiling our new contactless cards. She not only illustrated the beautiful, eco-themed images for our cards but also created our spectacular "See the Light" ocean mural at our Pearl City Branch. Just out of high school, Stephanie is wise beyond her years. Committed to protecting Hawaii's oceans and beautiful coastlines from pollution, she is passionate about using her paintings as an inspirational voice for awareness. Furthermore, she is driven by the belief that through collaboration individual artists from her non-profit "Artists Save Waves" and organizations like Hickam FCU can come together and strive towards preserving our precious environment. Proudly, Hickam FCU was able to contribute \$5,000 towards Stephanie's endeavor of keeping Hawaii's shorelines pristine for generations to come.

I'm honored to say that we remain among Hawaii's top credit unions with Total Assets of over \$709.2 million. I'm equally proud that we were recognized in the 2021 Forbes prestigious list of America's Best-In-State Credit Unions, ranking second out of five in Hawaii.

I am encouraged by our strength and continuous growth as we remain focused on making it better for you, our members. On behalf of the Board of Directors, our management and staff, thank you for your membership and unwavering support and loyalty. "We can make it better, together!"

Mahalo Nui Loa,
Carol J. Ebia
Carol J. Ebia
Chair





President's Message

I'm proud of what Hickam Federal Credit Union achieved during 2021 including its milestone 85th anniversary of its founding in October. Our team of hard working and dedicated employees persevered through another challenging year of the virus as we remained focused on our strategic plans of improving operational efficiencies, enhancing our products and services, and ensuring the safety and soundness of the credit union.

We started off the year by completing the conversion and consolidation of our Mastercard® Credit and Debit card products under one card processor. This initiative allowed us to redesign, restructure, and rename our card portfolio. We revamped our card benefits with the addition of the World Mastercard, increased the reward points, added a flexible rewards redemption platform, and rebranded the portfolio "Cards with a Cause" featuring illustrations by inspirational young artist/activist, Stephanie Hung, who collaborated with us on this ambitious project. She also finished by painting her "See the Light" mural for our Main Branch, that raises awareness about protecting Hawaii's ocean and coastline from pollution.

Then in June, after over 25 years, Hickam Federal Credit Union adopted its new brand statement, "We can make it better, together." This statement is all encompassing. We are making it better for first time borrowers. We will be making it better for members struggling with their finances, as we had our first two employees certified as financial counselors. Finally, we have applied for federal certification that will designate Hickam FCU as a community development financial institution, or CDFI. This designation will help us serve the underserved communities, comprised of low- to moderate income households.

We enhanced many of our online and mobile banking services to include more transactional features and a better user experience such as mobile optimizing the online banking experience so that the user interface is easily viewable on a notebook or smartphone. We also converted our eStatements and online mortgage application platform to also be mobile responsive. Finally, we converted our Chat feature to better serve members who prefer to chat than call.

I'm proud of our employees who helped us gain recognitions as one of the "Best Places to Work" two years in a row and as one of Forbes Best-in-State Credit Unions in Hawaii. And we supported many non-profit organizations which included participating in an Earth Day beach cleanup. Thank you for your incredible support as Hickam FCU strives to make it better for you, our members, and the community you belong to.

Sincerely,

 Scott Kaulukukui
 President & CEO



Chief Financial Officer's Report

2021 was a roller coaster year of ups and downs, twist and turns for the economy, markets, and consumers. The stock market climbed to record highs with periodic wild swings. Record home, car, food, retail, and gas prices. Snarls at ports, supply chain disruptions and labor woes resulted in a shortage of goods, empty shelves, and worried consumers.

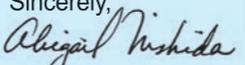
Despite the thrilling ride of economic unpredictability, Hickam Federal Credit Union remained steadfast with its plans and growth. Total Assets grew by 5.34% or \$35.9 million over the previous year to \$709.2 million. This growth was attributed to Total Deposits increasing \$39 million to \$643.8 million, mainly in savings as consumers were saving more because they were spending less on discretionary items such as dining, shopping, entertainment, and travel.

Short-term interest rates remained at historic lows. As a result, the credit union experienced a 5.9% increase in loans booked in 2021 over 2020, resulting in a total of 2,896 loans booked for \$86.8 million and bringing our Total Loans to \$297.5 million. Despite the challenging economy, Hickam FCU was able to help members finance 725 auto loans for \$15.8 million, 1,543 personal loans for \$17.8 million, 71 fixed rate mortgages for \$19.5 million, and 210 home equity lines of credit for \$31.6 million and 347 other lines of credit for \$2.1 million.

We remained committed to helping 361 members who were facing financial difficulties by extending the Member Accommodation Plan through 2021 with loan extensions and deferments totaling \$8.5 million. We rolled out the First Time Borrower Program and provided a total of \$557,993 to 56 members who did not have a credit history and would not normally qualify for a loan. And we concluded the Hickam CARES Personal Loan by helping an additional 60 members in January 2021 with a total of \$713,578.

The credit union emerged from 2021 in a financially strong and well-capitalized position with Members' Equity at \$59.6 million, Net Income totaling \$1.7 million and our Net Worth Ratio at 8.9%. Remaining well-capitalized allows the credit union to have the reserves to withstand unexpected expenses and economic uncertainty while giving us the ability to invest in improvements.

On behalf of the Hickam Federal Credit Union, I would like to thank you for allowing us to serve you and your family with caring, integrity and commitment. Through your support and cooperation, we can make it better, together.

Sincerely,

 Abigail Nishida
 Chief Financial Officer

Statement of Financial Condition

As of December 31, 2021 (unaudited)

ASSETS	2021
Loans	
net of allowance for loan losses	\$295,917,922
Cash and cash equivalents	3,241,563
Investments	370,442,129
Property and equipment, net	30,128,369
All other assets	9,462,378
TOTAL ASSETS	\$709,192,361

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES	
Members' deposits	\$643,840,804
Notes payable	0
Accounts payable	4,162,282
All other liabilities	1,579,188
TOTAL LIABILITIES	\$649,582,274

MEMBERS' EQUITY	59,610,087
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$709,192,361

Statement of Income

For the year ending December 31, 2021 (unaudited)

	2021
Interest on loans	\$12,136,479
Income from investments	5,240,066
TOTAL INTEREST INCOME	17,376,545
Dividends paid on members' shares	2,223,393
Interest on borrowed funds	0
TOTAL INTEREST EXPENSE	2,223,393
NET INTEREST INCOME	15,153,152
Provision for loan losses	528,879

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	14,624,273
--	-------------------

Compensation	5,887,724
Employee benefits	1,965,631
Travel & conference	36,084
Office occupancy	1,772,872
Office operations	3,852,051
Education & promotion	550,700
Loan servicing expense	1,178,390
Professional & outside service	1,673,665
Member insurance	0
NCUA Operating fees	140,529
Annual meeting	84,019
Other expenses	108,331

TOTAL OPERATING EXPENSE	17,249,996
TOTAL OTHER OPERATING INCOME	4,088,639
NET OPERATING INCOME	1,462,916
Other non-operating gain/(loss)	261,280
NET INCOME	\$1,724,196

Supervisory Committee



Curtis J. Popa
Chair



Robert Davis
Secretary



Frederick E. Mark
Member



Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors and is tasked with the responsibility of ensuring that financial reporting requirements are met and that the practices and procedures established by the Board and Management are sufficient to safeguard members' assets.

To assist the Committee in carrying out these responsibilities, Kwock & Company CPAs was engaged to perform an independent financial audit of the credit union. In addition to fulfilling a regulatory requirement, the annual audit helps to ensure that policies and procedures are established and followed, and that the credit union is operating in accordance with current laws, regulations and bylaws as adopted by the Board. Also assisting the Committee is an internal auditor who performs audits and periodic reviews of credit union operations under the direction of the Committee.

While the financial audit for calendar year ending December 31, 2021 is underway, I am pleased to report that Kwock & Company concluded its review of the Hickam Federal Credit Union financial statements for calendar year ending December 31, 2020, and assisted the Committee in performing the required verification of members' account balances. Most importantly, Kwock & Company reported that the 2020 financial statements present fairly, in all material respects, the financial position of the credit union and that the results of its operations and cash flows are in accordance with generally accepted accounting principles.

I would like to extend my deepest appreciation to the members of Hickam Federal Credit Union for their continued loyalty and support. And, on behalf of the Supervisory Committee, I would like to thank the credit union's Board of Directors, Management, and staff for their commitment of ensuring that the financial position of Hickam Federal Credit Union remains fiscally safe and sound into the future.

Respectfully,

 Curtis J. Popa
 Supervisory Committee Chair