



Aloha Pacific[®]
FEDERAL CREDIT UNION

2024 ANNUAL REPORT

alohapacific.com | 808-531-3711

MANAGEMENT MESSAGE

“There is a season ... and a time for every purpose ...” according to the song “Turn! Turn! Turn!” made famous by The Byrds back in the 1960s. The song continues that there is “a time to plant, a time to reap.” For Aloha Pacific Federal Credit Union, 2024 was a time to plant. Here are a few of the seeds that were sown in 2024.

The most exciting seed planted was the signing of an agreement with the University of Nevada Las Vegas to partner with their Financial Literacy and Wellness Institute. Your credit union will be a part of supporting UNLV’s financial literacy and wellness initiatives by providing financial services to students, faculty, and staff of the university. We are working with UNLV to open a branch on campus in 2025 in time to greet incoming freshmen during the fall. We are extremely excited about this opportunity to put financial literacy and wellness into action where there are so many young people who are just getting started in life, many of whom call Hawai’i home. We will be sharing more details with you as they become available.

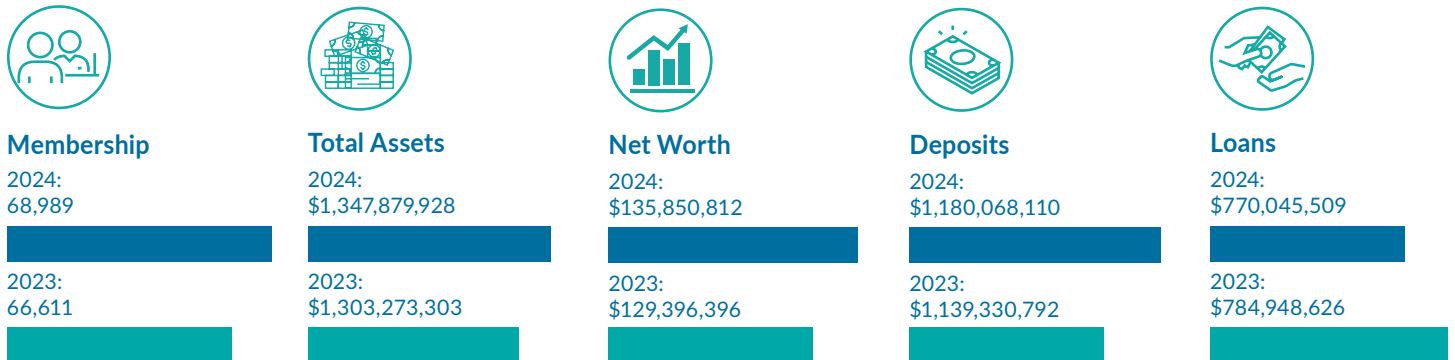
A big new beginning here in Hawai’i was the successful merger with O’ahu Federal Credit Union. Nestled in Pauoa Valley, O’ahu FCU asked us to have their 3,100 members added to the Aloha Pacific roster, bringing with them over \$52 million in assets. We were happy to welcome their members into our ohana in October along with half a dozen of their employees. Located between Makiki and Nu’uanu, and just a few blocks away from the Pali Highway, what is now our new Pauoa branch is ready to welcome all Aloha Pacific members with the same aloha spirit shared during this very successful merger.



Also, in October, we converted to a new credit card vendor. Upgrades included new designs, the tap-to-pay function and additional card controls, which let you turn your card off and on, block transactions and set spending limits and travel notifications. Credit card account holders can now download the new APFCU Card Control app, and connect through Credit Card Management, a new menu option in online banking. The new Digital Issuance feature will enable instant, secure and easy card activation, allowing members to shop online or add to their digital wallets within seconds, no more waiting for their card to arrive in the mail.



The financial condition of the credit union improved in 2024. Assets grew to \$1.35 billion and member shares increased to \$1.18 billion. Net income was \$2.3 million, representing an increase compared to 2023. Dividends paid to members grew to over \$15 million, topping 2023’s record payout. Record dividends could be paid because of the financial strength and stability of your credit union.



2024 was a year in which seeds were planted to bring about an even brighter future. Working with UNLV, expanding our reach through the Pauoa branch, and converting our credit card services to an industry-leading provider are signs of the growth that is to come. We are expanding our commitment to sharing financial literacy and wellness in the communities we serve with a big push at UNLV. 2024 brought us much to be proud of and we hope you share in that pride because everything we do, we do for you, our members. Thank you for being a member and supporting Aloha Pacific Federal Credit Union.

Mahalo & Aloha,


 Gary Iwai
 Board Chair


 Vince J. Otsuka
 President and CEO

2024 ANNUAL MEETING MINUTES

The 86th Annual Meeting of the members of Aloha Pacific Federal Credit Union was held via videoconference and in person on Tuesday, March 19, 2024.

Board Chair Gary Iwai called the meeting to order at 5:00 pm and requested the meeting moderator to declare a quorum. The moderator declared a quorum with a total of 222 Aloha Pacific members present online and in person.

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 | Robert Morita |
| Director | Geminiano "Toy" Arre Jr. |
| Director | David Takiguchi |
| Director | Sheri Kajiwara |

Chair Iwai asked for a motion to approve the 2023 Annual Meeting minutes. The moderator verified a motion was made and seconded by members.

Chair Iwai asked for members to vote on the motion to approve the minutes. The 2023 Annual Meeting minutes were approved as presented.

Iwai highlighted the accomplishments and financial condition for 2023:

- Assets grew to \$1.3 billion
- Net income was \$1.9 million
- Net worth remained strong at 9.96%
- The Aloha Pacific Foundation and members raised \$56,000 in donations for the Maui Strong Fund
- The Waikele branch was renovated
- The Main branch elevator was replaced

President and CEO Vince Otsuka shared his appreciation of the Board of Directors and of Aloha Pacific FCU's employees for their continued support and efforts throughout 2023. Otsuka noted although 2023 was a challenging year we were able to offer competitive rates to our members during the high interest rate environment. Management has taken steps to ensure the continued strength of the credit union. We delayed projects and reduced expenses to ensure the credit union remained financially strong.

As there was no unfinished business, Chair Iwai announced the election results. Two Board seats were up for election and there was a total of three candidates. Balloting was conducted online, by phone and paper ballots. Iwai announced and congratulated the following two candidates:

- Allan Fujimoto
- Gary Iwai

In-person and on-line members in attendance were provided with an opportunity to ask questions. There were questions related to net income, charge-offs, borrowings and unrealized losses. All the members' questions were satisfactorily answered by management during the meeting. Management informed the members that all questions and answers would be posted at a later date.

There were no further questions.

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

INVESTING IN OUR COMMUNITY IN 2024



\$126,271

donations and
sponsorships for service
organizations



1,624

volunteer service
hours

- UH Foundation Esports Scholarship
- Friends of Honolulu City Lights
- Kapiolani Children's Miracle Network
- Hawaii Homeownership Center
- Operation Homefront Hawaii National Guard
- Board of Water Supply Conservation Calendar
- Farrington High School
- McKinley High School
- Nanakuli High School
- Waipahu High School
- UNLV Hawaii Scholarships
- Blood Bank of Hawaii
- Ronald McDonald House

FINANCIAL STATEMENT

SUPERVISORY COMMITTEE

Summary Statement of Condition As of December 31

| | 2024 | 2023 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Cash & cash equivalents | \$ 108,169,909 | \$ 95,870,392 |
| Investments | 409,460,329 | 367,045,474 |
| Loans | 770,045,509 | 784,948,626 |
| Allowance for credit losses | (3,697,879) | (4,324,694) |
| Loan less allowance for credit losses | 766,347,630 | 780,623,932 |
| Fixed assets (net) | 35,443,480 | 33,886,410 |
| Other Assets | 28,458,580 | 25,847,095 |
| TOTAL ASSETS | \$ 1,347,879,928 | \$ 1,303,273,303 |
| LIABILITIES & MEMBER EQUITY | | |
| Member shares and deposits | \$ 1,180,068,110 | \$ 1,139,330,792 |
| Accounts payable and other liabilities | 74,297,809 | 81,906,811 |
| Unrealized investment gains (losses) | (42,336,803) | (47,360,696) |
| Net worth | 135,850,812 | 129,396,396 |
| Member equity | 93,514,009 | 82,035,700 |
| LIABILITIES AND MEMBER EQUITY | \$ 1,347,879,928 | \$ 1,303,273,303 |

Summary Statement of Income For the year ended December 31

| | | |
|--|---------------------|---------------------|
| Interest on loans | \$ 33,781,650 | \$ 32,584,734 |
| Income on investments | 10,417,482 | 8,541,759 |
| Total Interest Income | 44,199,132 | 41,126,493 |
| Member dividends | 15,056,338 | 9,051,844 |
| Interest expense | 2,953,534 | 2,004,200 |
| Dividend and interest expense | 18,009,872 | 11,056,044 |
| Net interest income | 26,189,260 | 30,070,449 |
| Provision for loan losses | (3,545,637) | (5,936,454) |
| Net interest income after provision for loan losses | 22,643,623 | 24,133,995 |
| Non-interest income | 10,175,720 | 10,563,690 |
| Compensation and benefits | 15,928,119 | 15,340,533 |
| Office occupancy | 4,219,301 | 3,997,763 |
| Office operations | 8,660,918 | 9,032,484 |
| Educational and promotional | 731,755 | 1,181,212 |
| Loan servicing | 666,067 | 1,261,078 |
| Professional services | 1,090,018 | 1,335,216 |
| NCUA expenses | 240,166 | 204,338 |
| Other operating expenses | 297,539 | 426,530 |
| Non-interest expense | 31,833,883 | 32,779,154 |
| Net income from operations | 985,460 | 1,918,531 |
| Non-operating income (loss) | 1,310,066 | 407 |
| NET INCOME | \$ 2,295,526 | \$ 1,918,938 |

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, 2024 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 Hawai'i Services LLC, and CUSO of Hawai'i 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

Ann Sakurao
Supervisory Committee Chair

TREASURER'S REPORT

The financial condition of Aloha Pacific Federal Credit Union improved in 2024. Assets grew to \$1.35 billion. Member shares grew to \$1.18 billion while notes payable decreased to \$55 million. Net worth grew to \$135.9 million, improving the net worth ratio to 10.08%. Your credit union continues to be classified as well-capitalized according to the NCUA, the agency which insures member shares. Last year a member expressed concern about the impact of rising interest rates on the value of investment securities held by the credit union. These values improved in 2024 and we can assure you that at no point did the value of investment securities affect the net worth of your credit union.

Net income improved to \$2.3 million during 2024, a step up from the \$1.9 million earned in 2023. The increase in net income was the result of the merger with Oahu FCU. Interest income continued to grow even as dividend expenses increased to record levels. Your credit union paid out over \$15 million in dividends to members, topping last year's record of just over \$9 million. With the Federal Reserve taking steps to decrease interest rates, it is likely that dividend payments have peaked.

Last year we reported that provisions for credit losses grew to over \$5.9 million in 2023. We are happy to report that provisions for credit losses decreased to \$3.5 million in 2024. We continue to work with members who have fallen behind in their payments and are doing more to ensure that members who are applying for loans today are better prepared to manage their payments.

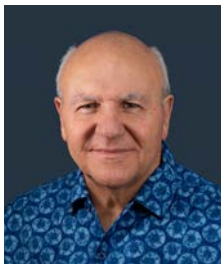
The prospects for the credit union in 2025 are encouraging. Interest income is growing. Interest expenses are projected to decrease. Loan losses are declining. And the credit union is growing. The trust and loyalty of our members have made it possible for the board, management, and employees to find ways to improve the financial condition of your credit union. We appreciate your loyalty and never take your trust for granted.

Thank you for placing your faith in Aloha Pacific Federal Credit Union.



Allan Fujimoto
Treasurer

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 you celebrate the performance and many achievements of your organization over the past year.

Congratulations on another year of excellent service to our City and County of Honolulu employees and to the people of our islands, guided by your enduring mission of building lasting relationships.

Our community is grateful for your 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 your 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.

On behalf of the people of the City and County of Honolulu, I extend heartfelt appreciation to the credit union for your contributions to our community and local economy, and best wishes for continued success in 2025.



Rick Blangiardi
Mayor, City & County of Honolulu

ALOHA PACIFIC FEDERAL CREDIT UNION CEO & Board of Directors



Vince J. Otsuka
President and
CEO



Gary Iwai
Board Chair



Stanley Inamasu
Vice Chair



Allan Fujimoto
Treasurer



Robert S. Morita
Secretary



Geminiano 'Toy' Arre Jr.
Director



Sheri Kajiwara
Director



David Takiguchi
Director

CUSO OF HAWAII Board of Directors

Stanley Wachi
Chairman

Stanley Inamasu
Vice Chairman

Ann Gima
Secretary

Cary Murakami
Treasurer

Geminiano 'Toy' Arre, Jr.
Director

ALOHA PACIFIC FOUNDATION Board of Directors

Robert Morita
Chairman

Vivien Salvador
Vice Chairman/
Treasurer

Sheri Kajiwara
Secretary

Jennifer Elflein
Director

Vince J. Otsuka
Director

BRANCH LOCATIONS IN HAWAII AND LAS VEGAS:

O'AHU MAIN

832 South Hotel Street
Honolulu, Hawaii 96813

FORT STREET

988 Fort Street Mall
Honolulu, Hawaii 96813

KAILUA

200 Hamakua Drive, Suite B6
Kailua, Hawaii 96734

KAIMUKI

3625 Harding Avenue
Honolulu, Hawaii 96816

KAPOLEI

1001 Kamokila Boulevard,
Suite 104
Kapolei, Hawaii 96707

PAUOA

2219 Pauoa Road
Honolulu, HI 96813

WAIKELE

94-799 Lumiaina Street, Unit 2-A2
Waipahu, Hawaii 96797

WAIMALU

98-1277 Ka'ahumanu Street,
Suite 143
'Aiea, Hawaii 96701

MAUI KAHULUI

Pu'unene Shopping Center
70 Ho'okele Street, Suite 1210
Kahului, Hawaii 96732

KAUAI KEKAHA

8254 Kekaha Road
Kekaha, Hawaii 96752

NEVADA HENDERSON

9555 S. Eastern Avenue, Suite 150
Las Vegas, Nevada 89123



CONTACT US:

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By Email:
support@alohapacific.com

DIRECTORS

To contact our board members and committee members, please mail correspondence to:

Aloha Pacific Federal Credit Union
Attn: Ann Sakurao,
Supervisory Committee Chair
3465 Waiialae Avenue,
Suite 400
Honolulu, HI 96816

87th ANNUAL MEETING MARCH 11

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 11, 2025, at 5 p.m. Hawaii Standard Time

Joining online: <https://cuballot.com/alohapacific-meeting>

Attending in-person: Registration will begin March 3 at alohapacific.com

Details: alohapacific.com, 808-531-3711 or 1-877-531-3711 toll free