



[www.hickamfcu.org](http://www.hickamfcu.org)

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#### 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



## 2023 ANNUAL REPORT

# Heart of Hickam

#### Board of Directors



**Carol J. Ebia**  
Chair



**Abigail K. Nishida**  
Vice Chair



**Francis Miyazawa**  
Treasurer and Secretary



**Tina Mendes**  
Director



**Harry Okamoto Jr.**  
Director



**Cheryl Suzuki**  
Director



**Adrian Yunson**  
Director



#### Chair's Message

2023 proved to be another demanding year for both the credit union and our members. While the excessive inflation experienced in 2022 subsided, high prices persisted. Coupled with near-constant rate increases by the Federal Reserve, these factors created significant headwinds for everyone. Despite these challenges, our resilient team persevered, propelling Hickam Federal Credit Union forward to create an even better credit union for our members and communities.

Throughout the past year, our dedicated team worked diligently on several projects aimed at enhancing our member services. Initiatives included implementing a modern phone system, a new and improved website chat system, and introducing an all-new online account opening and loan application interface. Simultaneously, we laid the groundwork for additional enhancements slated for implementation throughout 2024.

Demonstrating our unwavering commitment to supporting our communities, Hickam FCU invested in Hawaii's future with a \$10,000 donation to the Hawaii HomeOwnership Center, offered in partnership with the Federal Home Loan Bank of Des Moines. In response to the tragic Maui wildfires, we collected \$7,300 in aid for the Hawai'i Foodbank and Maui Food Bank, and donated \$1,000 to the Hawai'i Credit Union League's Valley Isle Chapter Fund. At the same time, together with Co-op Financial Solutions, we were also able to raise an outstanding \$5,740 for Kapiolani Medical Center.

These contributions were in addition to the direct aid we provided to the community. For example, for the 16th consecutive year, we continued to assist our kupuna, disabled, and financially challenged families by participating in the IRS's Volunteer Income Tax Assistance program. We also offered Keiki and Kupuna IDs at two different community events.

2023 also saw the installation and activation of our photovoltaic system, which helped us to create a more financially and environmentally sustainable credit union for our members and community, lowering our monthly energy costs and reducing our carbon footprint.

Beyond all our other accomplishments last year, Hickam FCU continued to rank among the best employers in the state, making its fourth consecutive appearance in Hawaii Business Magazine's "Best Places to Work in Hawai'i" list.

I'm proud of all that we accomplished last year. Despite the challenges faced, our team's resilience and commitment to innovation and our community leave us poised for a promising future. On behalf of the Board of Directors, management, and staff, I thank you

Mahalo Nui Loa,

*Carol J. Ebia*  
Carol J. Ebia  
Chair







President’s Message

Navigating the intricate landscape of 2023 proved to be a formidable challenge. Emerging from the shadows of the COVID-19 pandemic, our resilience faced additional tests with heightened geopolitical tensions and persistent economic challenges.

While 2022 presented its own set of challenges, 2023 unfolded as an even more demanding chapter in the history of our credit union and the broader economy, straining budgets in households and businesses across the nation. However, thanks to the collective efforts of our outstanding team, Hickam Federal Credit Union weathered the storms and continued to demonstrate our unwavering dedication to our members and the future of our credit union.

Our accomplishments in 2023 demonstrated our commitment to our members and progress despite the headwinds we faced. Throughout 2023, we continued to make significant investments, including an all-new online account opening and loan application system, a new future-ready phone system, and additional investments in our people - we now have 14 Certified Credit Union Financial Counselors in our ranks!

A standout accomplishment of 2023 was the installation of our new photovoltaic system at our Pearl City Branch. This 287-panel system will generate an average of 185-megawatt hours of electricity per year, helping to offset our carbon emissions and reducing our electricity expenses by thousands of dollars per month. The system is an investment, not only in the future of the credit union but in Hawaii’s net-zero goals, too.

In addition to all our accomplishments, Hickam FCU managed to increase our community engagement in 2023, participating in two Keiki ID events and surpassing virtually all of our giving goals for the year. Moreover, we were named one of Hawaii Business Magazine’s “Best Places to Work in Hawai’i” for the fourth consecutive year.

Of course, none of these remarkable accomplishments would be possible without the support of our outstanding staff and incredible members. On behalf of Our Board of Directors, management, and staff, I thank you for your continued support. We can make it better, together.

Sincerely,

*Scott Kaulukukui*

Scott Kaulukukui  
President & CEO



Treasurer’s Report

As we reflect on the past year, we are deeply grateful for the trust and support you have bestowed upon Hickam Federal Credit Union. Throughout all the adversities of 2023, we continued our unwavering commitment to serving our members, strengthening our financial position, and providing to the communities we are proud to be a part of. This year, we were presented with both opportunities and challenges as we continued to navigate the ever-changing economic environment. Some of the obstacles include recovery from the pandemic, interest rate hikes, digital transformation, regulatory changes, cybersecurity, and both environmental and social sustainability. In spite of this, we were able to persevere, thanks to the loyalty of our members and the dedication of our team.

2024 will be another challenging year. With ongoing geopolitical tensions and disputes between major economies, we understand the potential for disruptions to international trade and supply chains and the effects they may have on the United States economy. The results of the elections will have varying impacts on all of us. There are other pressures triggered by high inflation that could cause future rate hikes or rates to remain high. However, we are committed and focused on profitability and achieving positive returns. We will continue to be well-capitalized and have a strong net worth, which will carry us through the various economic cycles.

Overall, the credit union ended 2023 with strong loan growth. We achieved a 15.8% growth in loans to our members, equivalent to \$42.1 million. The main driver behind our loan growth was Home Equity Lines of Credit (HELOCs) of \$41.3 million. This provided our members with a financial cushion and access to affordable credit – helping them navigate through tough times.

Our Total Assets remained flat over 2022, with a slight decrease of 0.5% or \$3.4 million. Our unrealized losses in the investment portfolio remained high due to interest rate changes and market volatility. These losses do not affect the credit union’s capital or net worth and will improve as the interest rate environment starts to decline.

On behalf of Hickam Federal Credit Union, I would like to thank you for your membership and continued support of our credit union. As we enter 2024, we are excited about the possibilities that lie ahead. Mahalo nui loa for being a part of our credit union ‘Ohana. Your trust inspires us every day, and we appreciate the opportunity to serve you.

Sincerely,

*Francis Miyazawa*

Francis Miyazawa  
Treasurer & Secretary

Statement of Financial Condition  
As of December 31, 2023 (unaudited)

ASSETS	2023
Loans to members, net	\$367,690,817
Cash and cash equivalents	\$3,966,538
Investments, net	\$258,059,188
Property and equipment, net	\$28,033,354
All other assets	\$15,277,897
TOTAL ASSETS	\$673,027,794

LIABILITIES AND MEMBERS’ EQUITY	
Members’ deposits	\$584,022,196
Notes payable	\$51,000,0000
Accounts payable	\$5,551,573
All other liabilities	\$4,808,934
Members’ Equity	\$27,645,091
TOTAL LIABILITIES AND MEMBERS’ EQUITY	\$673,027,794

Statement of Income  
For the year ending December 31, 2023 (unaudited)

	2023
Interest on loans	\$14,597,961
Income from investments	\$7,077,993
TOTAL INTEREST INCOME	\$21,675,954
Dividends paid on members’ shares	\$5,941,951
Interest on borrowed funds	\$945,236
TOTAL INTEREST EXPENSE	\$6,887,187
NET INTEREST INCOME	\$14,788,767
Provision for credit loss	\$1,400,845
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	\$13,387,922

Compensation	\$6,107,690
Employee benefits	\$2,083,658
Travel & conference	(\$32,131)
Office occupancy	\$1,940,875
Office operations	\$4,097,591
Education & promotion	\$292,095
Loan servicing expense	\$1,196,226
Professional & outside service	\$1,714,102
Member Insurance	\$0
NCUA Operating fees	\$112,947
Annual meeting	(\$48,700)
Other expenses	\$112,691
TOTAL OPERATING EXPENSE	\$17,577,044
TOTAL OTHER OPERATING INCOME	\$4,017,659
NET OPERATING INCOME	(\$171,463)
Other non-operating gain/(loss)	(\$2,963)
NET INCOME	(\$174,426)

Supervisory Committee



Curtis J. Popa  
Chair



Robert Davis  
Secretary



Cris Ildefonso  
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, 2023 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, 2022, and assisted the Committee in performing the required verification of members’ account balances. Most importantly, Kwock & Company reported that the 2022 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*

Curtis J. Popa  
Supervisory Committee Chair