



# 2022 ANNUAL REPORT

## BOARD CHAIRMAN + PRESIDENT'S REPORT



Gordon K.F. Sam  
Chairman



Daniel Terada  
President/CEO

For many, 2022 was a welcomed breath of fresh air as business, travel and life in general attempted to return to normal. Yet, while many events returned to normal, other challenges continued in the way of inflation, economy, and employment. Pearl Hawaii faced these same challenges in 2022, however, your credit union has continued to forge ahead towards building trust, nurturing dreams and inspiring hope. Your trust in us has resulted in continued financial strength; we maintained our total assets at \$453 million dollars, achieved growth in loans and membership and realized a net income of over \$1.6 million dollars.

2022 brought our Credit Union a new credit card vendor with programs offering greater value, support and options. The Credit Union also launched a new online communication service called Glia, providing expanded assistance and support through online chat sessions on our website, online banking, mobile apps and online applications. Through Glia, the Credit Union may also elevate a chat session to a phone or video session. Considerable technology and security efforts also took place with upgrades, enhancements and improvements in many systems at the Credit Union to ensure safe, accurate and faster communication and processes.

Realizing that our core system was incapable of supporting newer technology, the Credit Union completed a yearlong project in selecting a new core processor system to manage all deposit and loan account functions. Through this effort, we are happy to report that the Corelation's Keystone solution was selected as our next core processor. A significant part of our efforts in the upcoming year and a half will be dedicated to make for a successful transition and we will keep our membership abreast of our progress as information becomes readily available.

In 2023 and beyond, you can expect to see significant changes at Pearl Hawaii that will enhance your experience with the credit union. We have partnered and continue to evaluate opportunities with technology vendors commonly known as Fintech, who utilize data analytics, Artificial Intelligence (AI) and other emerging technologies, to promote efficiency, security, accuracy and value in your financial journey.

Lastly, be on the lookout for an upcoming announcement on a new Honolulu branch location. We're extremely excited about this opportunity and hope you will be too! As always, we appreciate your continued support and trust in Pearl Hawaii Federal Credit Union.

From our 'Ohana to you, Mahalo,

A handwritten signature in black ink, appearing to read "Gordon K.F. Sam".

Gordon K.F. Sam  
Chairman of the Board

A handwritten signature in black ink, appearing to read "Daniel Terada".

Daniel Terada  
President/CEO



## 2022 SUPERVISORY COMMITTEE REPORT

Aaron Lee  
Chairman of the  
Supervisory Committee

The Supervisory Committee is appointed by the Board of Directors of the Pearl Hawaii Federal Credit Union's membership to independently evaluate the safety and soundness of its financial operations and activities. The Committee ensures that management implements sound internal controls and maintains policies, procedures, processes and practices that adhere to the laws and regulations that govern credit unions.

A main responsibility of the Committee is to ensure that the Credit Union's financial records and reports are accurate. To fulfill this requirement, the Committee conducted and reviewed various audits in 2022. In addition, the Committee engaged the firm of Kwock and Company, CPA's, to perform the annual audit on the Credit Union as of December 31, 2022. Their report verifies the accuracy of the Credit Union's financial statements and concludes that the Credit Union's policies and internal controls are sound. Finally, Brian Hirano (the Credit Union's Internal Audit Director) in conjunction with and under the supervision of the Supervisory Committee substantially completed the audits in the 2022 Internal Audit Plan.

In the opinion of the Committee, the Credit Union has operated in a fiscally sound and responsible manner in accordance with applicable federal and state regulations in all material respects. Of note, the Credit Union has taken the initiative to grow in its electronic, mobile and online services and has displayed utmost sensitivity toward the protection and safeguard of data and information.

On behalf of the Supervisory Committee, we would like to thank the Board of Directors, management and staff for helping to ensure that membership assets are protected and that the Credit Union continues to be a premier Hawaii financial institution.

A handwritten signature in dark ink that reads "Aaron Lee". The signature is fluid and cursive, written in a professional style.

Aaron Lee  
Chairman of the Supervisory Committee

# 2022 STATEMENT OF FINANCIAL CONDITION

## ASSETS

Loans to Members, Less Allowance for Loan Losses	\$	242,773,189
Cash & Cash Equivalents		1,372,413
Investments		186,633,310
Prepaid & Deferred Expenses		596,092
Property & Equipment, Net		8,369,386
Accrued Interest on Loans		480,499
Accrued Interest on Investments		382,864
NCUA Insurance Fund		4,158,328
Other Assets		8,745,361
		<hr/>
Total Assets	\$	453,511,442
		<hr/> <hr/>

## LIABILITIES, SHARES, AND EQUITY

### Liabilities:

Accounts Payable	\$	836,933
Other Accrued Expenses		1,337,251
Accrued Dividends Pay		8,758
Unprocessed Items		(140,036)
Deferred Income		1,119,783
		<hr/>
Total Liabilities	\$	3,162,689
		<hr/> <hr/>

### Shares:

Savings	\$	202,300,011
Jumbo Savings		86,978,487
Certificates		62,775,963
IRA		20,751,592
Checking		38,185,855
Kasasa Checking		5,207,384
Kasasa Saver		2,645,723
Holiday Savings		24,120
		<hr/>
Total Shares	\$	418,869,135
		<hr/> <hr/>

### Equity:

Regular Reserves	\$	3,147,179
Undivided Earnings		36,085,171
Appropriated Undivided Earnings		5,389,330
Unrealized Loss on Investments		(13,142,062)
Net Income		----
		<hr/>
Total Equity		31,479,618
		<hr/> <hr/>

Total Liabilities, Shares, and Equity	\$	453,511,442
		<hr/> <hr/>

## 2022 INCOME STATEMENT

### INCOME

#### Interest Income:

Interest on Loans	\$	8,848,282
Income from Investments		3,330,974
Fees & Charges		1,550,447
Misc. Operational Income		1,507,425

Total Interest Income	\$	15,237,128
-----------------------	----	------------

#### Less:

Dividend Expense	\$	837,672
Provision for Loan Losses		1,235,042

Gross Margin	\$	13,164,414
--------------	----	------------

#### Less:

#### Operating Expenses:

Compensation	\$	4,380,492
Employee Benefits		1,818,569
Travel & Conference		56,254
Business Training		7,923
Association Fees		83,422
Office Occupancy		885,003
Office Operations		2,674,259
Education & Promotion		315,622
Loan Servicing		450,047
Professional & Outside Services		271,907
NCUA Operating fees		74,552
Cash Short/Over		47
Misc. Operating Expense		484,990

Total Operating Expenses	\$	11,503,087
--------------------------	----	------------

Net Operating Income	\$	1,661,327
----------------------	----	-----------

#### Non Operating Income (Loss)

Gain (Loss) on Investments	\$	—
Gain (Loss) of Disp. of Assets		(169)

Total Non-Operating Gain (Loss)	\$	(169)
---------------------------------	----	-------

Net Income	\$	1,661,158
------------	----	-----------

# LOCATIONS



Waipio - Main Office  
94-449 Ukee Street  
Waipahu, HI 96797



Ewa Branch  
91-1401 Fort Weaver Road #A102  
Ewa Town Center - Ewa Beach, HI 96706



Waianae Branch  
85-866 Farrington Highway  
Waianae, HI 96792



Honolulu Branch  
1580 Makaloa Street, Suite 100  
Kapiolani Business Plaza, Honolulu, HI 96814



Airport Branch  
550 Paiea Street #128  
Airport Trade Center - Honolulu, HI 96819



Shipyard Branch  
585 Port Royal Street  
Pearl Harbor Naval Shipyard - Honolulu, HI 96818

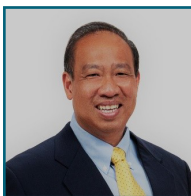
# BOARD OF DIRECTORS



Gordon K.F. Sam  
Chairman



Jonathan Lee  
Vice Chairman



Arnold Wong  
Treasurer



Ryan Tsuji  
Secretary



Clifford Chang  
Director



Glenn Dang  
Director



Gary Mock  
Director

# EXECUTIVE STAFF



Daniel Terada  
President /CEO



John Furtado  
Senior  
Vice President



Tony Mau  
Vice President  
Loans



William Downing  
Vice President of  
Operations



94-449 Ukee Street, Waipahu, Hawaii 96797 | [pearlhawaii.com](http://pearlhawaii.com) | 73-PHFCU (737-4328)

Federally insured by NCUA



MAHALO