

The New  
Normal  
Begins

# 2022

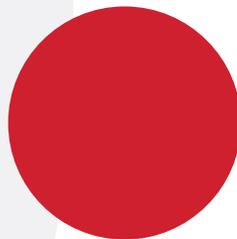
ANNUAL REPORT

**HONDA**  
Federal Credit Union



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## MESSAGE FROM THE CEO

Fact: The pandemic has changed how we operate. From remote workstyles to increased digital banking adoption, HFCU members and staff adapted to a new way of banking. We have remote staff serving our members, a scenario that was not considered practical a few years ago. There are less in-person meetings and more virtual meetings - such as this annual meeting.

We are printing less and creating and distributing more information digitally. While the new normal may look different, there is one thing about HFCU that hasn't changed and won't change. We are a financial cooperative, member-owned, non-profit institution. This means Honda Federal Credit Union is owned by its members, unlike banks and other companies, which are owned by shareholders. Credit Unions are a true cooperative as it is one member and one vote. Simply put, our focus is people, not profit.

As a cooperative, your Board of Directors are true volunteers. As a Federal Credit Union, they cannot be compensated in any way. They provide their expertise and time for nothing more than to make sure our members are getting the best products and services. Do banks offer the same types of financial products and services as Credit Unions? Sure, but credit unions are intended to be a safe place for people to borrow and save at reasonable rates. We can provide those rates because we don't need to return profits to shareholders; there are none. Thus, we can offer higher APYs on Savings accounts and CDs and lower APR's on loans. Our mission is simple - it is to improve the financial well-being of our members.

While the new normal may look a little different, and the way you interact with your accounts and our staff may feel different, rest-assured HFCU's mission to make your experience with HFCU an exceptional experience will remain.....



**STEVE BRANDON**  
**CEO**  
Honda FCU



**HONDA**  
Federal Credit Union

# ONE TEAM HONDA

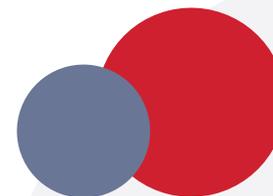
“One Team Honda” speaks well to the fact that HFCU is a member of the Honda Family, working together with the Honda Companies to better serve Honda Associates and their families.

Just as Honda uses “One Team Honda” to bring new energy and ideas that will make Honda stronger, HFCU uses this theme to build a stronger culture and lifestyle throughout our organization.

By working together as One Team Honda, our associates are energized to bond with our members and work with them to assist them in realizing their dreams.

At HFCU, we live our brand every day by continuously creating an organization that is Rationally Easy and Emotionally Easy to use and by treating our Members like Family.

Together, we are One Team Honda. The essence of Honda that guides our business for today and tomorrow. Building stronger relationships with our members and the Honda Family.



As a member of the Honda Family, we share the same Core Values as the rest of the organization:

DREAMS

JOY

CHALLENGING SPIRIT

PASSION

RESPECT





**HONDA**  
Federal Credit Union

# POSITIONING STORY

**We will always take great pride in our unique relationship with the Honda Family.**

While we are an independent company, our Membership is made up of skilled, dedicated Honda Associates from plants around the country and their family members.

The name Honda has become synonymous for quality, reliability and innovation. For more than 50 years, we've worked to live up to the name we are privileged to share.

It is our goal to create not only the highest quality financial products and services, but the most practical and productive. We want everything we offer to be something Members value and need. We want to be that single source Members know they can always count on. In an era of change for change's sake, we strive to shake up the status quo with advances that aren't simply what's new, but what's next.

We are committed to being the finest financial institution Honda Associates and their families can partner with. We want every person eligible to join our credit union to come to one simple conclusion:

***Together,  
we're better.***



# PURPOSE & DIRECTION

## MISSION STATEMENT

We are a financial cooperative proudly serving the Honda Family through all life stages.

## VISION STATEMENT

Honda Federal Credit Union will be the trusted partner and preferred financial institution for the Honda Family worldwide.

## BRAND STATEMENT

We strive to make every Member experience an exceptional one, to make access easy, solutions simple and to instill in each Member a sense of belonging, a sense of family.



# CHAIRMAN'S REPORT

**HONDA**  
Federal Credit Union

In spite of tremendous challenges, HFCU just finished an incredibly positive year.

The business year saw assets stable at \$1.08B. Loans increased from \$832 million to \$899 million, a \$67 million increase.

Cash stood at \$38 million, down \$8 million from this time last year. Our goal is to keep a minimum amount in cash, putting money back to work for our valued members.

At the close of the business year we had \$554 million in mortgage loans, up \$55 million from this time last year. An incredible accomplishment in a challenging year.

We served 243 members with new home loans during the year, totaling \$54 million.

We refinanced almost \$64 million in home loans for 366 members, which will save them over \$10 million in interest over the life of their loans.

We completed 32 mortgage rate modifications, saving members \$75,000 in closing costs.

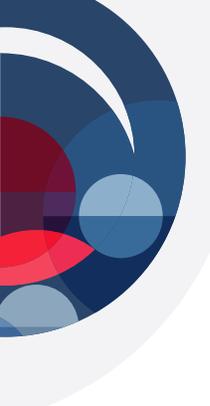
We served 1,078 members with mortgage products during the year, funding \$158 million in loans.

We provided 5,598 members with financing to purchase or refinance vehicle loans, totaling over \$130 million.

At the end of the business year, we had \$249 million in vehicle loans, even with last year. Those of you who work at Honda can appreciate this accomplishment. With component shortages, it has been extremely difficult for Honda to meet sales demand.

At the end of the year we had \$48 million in Visa loans, up \$5 million from last year. We had \$48 million in other lending products, up another \$5 million from last year. Overall, HFCU lending was up an impressive 7.5% from the previous year, in spite of the twists and turns the year held.

Our loan to share ratio stands at 97.8%, up an incredible 12% from where we were at this time last year. This is compared to an industry average of about 83%. Again, our mission is to put your money back to work. While we are increasing loans to members, our default rate is extremely low.



At year end, our loan loss rate was a mere 0.13%. Incredibly, this has been accomplished while significantly increasing the number of loans and the amount loaned out. This is compared to a loan default rate for the banking industry of over 2%.

During the year, our branches performed over 213,000 transactions; welcomed 4,746 new members; and processed over 25,000 loan applications, funding over 19,000 new loans, for a total of nearly \$135,000 million. Additionally, 324,000 ATM withdrawals were performed last year, withdrawing \$61.4 million. ATM deposits totaled \$27 million during the same period.

Our contact center received nearly 188,000 calls last year, and completed 86,000 transactions.

HFCU just issued over 28,000 new contactless credit cards. You may have received one in the mail. You'll now be able to utilize new terminals that many merchants have installed. We worked hard to provide members with these upgraded cards and add the ability for members to use the cards with their phone wallets, Fitbit and Garmin watches. Contactless transactions provide additional security as a token is transmitted rather than the actual card number.

And all of this was done while recovering from a worldwide pandemic. Kudos to our amazing staff and management team.

Each spring the board and management team get together for a strategic dialogue and to set direction for the coming year. We meet regularly to review activity and ensure goals are being met.

Our theme this year was a changing world. Discussions were ongoing on the best ways to improve our checking products. We are still debating.

An important function of the board of directors is to appoint a supervisory committee. The committee, and their capable chairman, serves as the company watchdog, hires auditors and fields concerns from members.

Your financial interests are something we consider and address daily. Our dedicated staff works to provide members with the best possible service and a superior banking experience.

One of our major challenges during the year was contact center staffing. You've no doubt read that companies are having trouble acquiring and retaining qualified staff. HFCU is no different. During February the situation became so dire that our call abandon rate peaked at 23%. In other words, for every 100 calls made to HFCU, 23 were not immediately answered and the caller hung up. We have a call back feature but we continuously monitor the abandon rate.

As many members use the contact center as their first choice to access us, we knew this had to be addressed. Adjustments were made, new staff was hired, salary ranges were evaluated, etc.

The contact center is now fully staffed and the call abandon rate is under 4%. As our CEO constantly reminds us: "Member Experience."

Together, we are working for a successful and rewarding future. The essence of Honda guides every aspect of our business. As we move forward in a changing world, let me say it has been an honor and a privilege serving you. On behalf of the board of directors and the HFCU management team, thank you for your continued confidence and support.



**CARL R. COE**  
**CHAIRMAN**  
Board Of Directors

Honda Federal Credit Union's Board of Directors and the management team continue to focus on meeting our members' financial needs and supporting them by providing excellent products and outstanding customer service while ensuring the credit union is maintaining a strong financial position.



A handwritten signature in black ink, appearing to read "Charles Harmon".

**CHARLES HARMON**  
**TREASURER**  
Board Of Directors

## TREASURER'S REPORT

The management team and your Board continue to work to provide the best possible services while concentrating on the fundamentals: controlling operating expenses, managing risk effectively and managing capital in a disciplined manner, all while continuing to deal with changes in the regulatory environment, security issues and the economy. This requires a unique balance within the management of the credit union, which has served the team well to enable the credit union to continuously achieve our service levels and financial goals.

Honda Federal Credit Union will continue to strive to meet the ever-changing range of member needs for our field of membership across the country as we move ahead, as well as ensure all transactions are safe and secure.

Security of your financial transactions is paramount. At the same time, we will continue to support the Honda Companies with services to assist them with their business needs. We realize that maintaining a high level of member service and adding new services when possible is crucial to our continued success. Finally, and most importantly, we understand the importance of financial soundness as a means to ensure that continued success.

The management team, supported by the Board of Directors, continues to work diligently to ensure the organization is among the best in the industry. Honda Federal Credit Union continues to post positive financial earnings and contribute to our capital base to ensure financial soundness as indicated by the results included in this report.

# SUPERVISORY COMMITTEE'S REPORT

The Supervisory Committee is an essential part of the Credit Union's management. A supervisory committee is required by the Federal Credit Union Act and most state credit union laws. The Supervisory Committee's major responsibilities are to ensure that internal and annual audits are performed, any findings are resolved and appropriate changes are implemented in a timely manner. It is also responsible for overseeing periodic member account verifications at least once every two years, reviewing the performance of the officials and employees and making recommendations to the Board of Directors for improvement in the safety and soundness of the Credit Union.

In short, the Supervisory Committee is responsible for ensuring that practices and procedures are in place, which safeguard and protect the interest of the members and the assets and financial soundness of the Credit Union.

In order to carry out its responsibilities, the Supervisory Committee employs certified public accountants and other qualified persons to perform audits and account verifications.



*Stephen D. Rader*

**STEPHEN RADER**  
**CHAIRMAN**  
Supervisory Committee

**The Supervisory Committee is pleased to report that the results of audits performed and reviews of Honda Federal Credit Union's practices and procedures during the 2022 fiscal year would support that the credit union is being managed and operated in a financially safe and sound manner.**



**HONDA**  
Federal Credit Union

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
Honda Federal Credit Union

## Opinion

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial condition of Honda Federal Credit Union, as of June 30, 2022 and 2021, and the related statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended

(not presented herein); and in our report dated August 25, 2022, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

*Richards & Associates, CPAs*

**RICHARDS & ASSOCIATES**  
Certified Public Accountants  
Yorba Linda, California  
August 25, 2022

# STATEMENTS OF FINANCIAL CONDITION

June 30, 2022 & 2021

ASSETS	2022	2021
Cash and cash equivalents	\$ 38,265,351	\$ 46,022,714
Investment debt securities Available-for-sale	107,202,700	168,900,753
Investment in equity securities	6,268,200	5,931,800
Loans to members, net of allowance for loan losses	894,548,826	832,317,410
Premises & equipment	8,180,098	8,934,210
Accrued interest receivable	2,015,349	2,059,870
Share insurance deposit	8,806,113	8,922,423
Foreclosed and repossessed assets	102,383	134,626
Prepaid expenses and other assets	17,887,303	15,743,024
<b>TOTAL ASSETS</b>	<b>\$ 1,083,276,323</b>	<b>\$ 1,088,966,830</b>
<b>LIABILITIES &amp; EQUITY</b>		
Members' share and savings accounts	\$ 943,217,628	\$ 958,173,412
Notes payable	10,000,000	\$
Accounts payable and other liabilities	40,735,173	40,899,269
<b>TOTAL LIABILITIES</b>	<b>\$ 993,952,801</b>	<b>\$ 999,072,681</b>
Commitments and contingent liabilities		
Members' equity, substantially restricted		
Appropriated (regular reserve)		8,322,208
Unappropriated (undivided earnings)	101,325,814	81,913,965
	101,325,814	90,236,173
Accumulated other comprehensive loss	(12,002,292)	(342,024)
<b>TOTAL MEMBERS' EQUITY</b>	<b>89,323,522</b>	<b>89,894,149</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$ 1,083,276,323</b>	<b>\$ 1,088,966,830</b>



# STATEMENTS OF INCOME



## For the Years Ended June 30, 2022 & 2021

	2022	2021
<b>INTEREST INCOME</b>		
Loans	\$ 35,036,671	\$ 34,093,745
Investments	1,958,856	1,838,804
<b>TOTAL INTEREST INCOME</b>	<b>36,995,527</b>	<b>35,932,549</b>
<b>INTEREST EXPENSE</b>		
Members' share and savings accounts	3,639,511	5,184,459
Borrowed funds	17,007	77
<b>TOTAL INTEREST EXPENSE</b>	<b>3,656,518</b>	<b>5,184,536</b>
<b>NET INTEREST INCOME</b>	<b>33,339,009</b>	<b>30,748,013</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>1,982,000</b>	<b>1,299,000</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>31,357,009</b>	<b>29,449,013</b>
<b>NON-INTEREST INCOME</b>		
Service charges and other income	12,638,033	11,962,350
Gain on sale of equity securities	6,515,281	-
Net loss of sales/redemptions of debt securities available-for-sale	(253,318)	(11,836)
<b>TOTAL NON-INTEREST INCOME</b>	<b>18,899,996</b>	<b>11,950,514</b>
<b>NON-INTEREST EXPENSE</b>		
General and administrative expenses		
Compensation and benefits	20,989,045	19,842,647
Office operations	10,042,302	10,685,534
Outsourced services	3,784,325	2,870,203
Other expenses	4,351,692	4,460,449
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>39,167,364</b>	<b>37,858,833</b>
<b>NET INCOME</b>	<b>\$ 11,089,641</b>	<b>\$ 3,540,694</b>

Full auditor notes are available upon request.

**Carl Coe** | Chairman



Carl is currently Chairman of the Board of HFCU. Actively involved with the credit union since inception of the first Ohio Branch, he has served on the Marysville Advisory Board, the Loan Review Committee and as Chairman of the Supervisory Committee. At Honda, Carl was manager of the Purchasing Warranty Department, and managed the department's multi-million dollar budget. He has served as Marysville City Council President, Vice President of Main Street Marysville, Chairman of Public Affairs, as a member of the Marysville Environmental Commission, the county Central Committee, and on the Charter Review Board. He has received the Kiwanis Layman's Award for "Outstanding Contributions to His Community."

**Steve Nicholson** | Secretary



Steve Nicholson worked for American Honda Motor Company, Inc. for 37 years. He served in a variety of management positions and recently retired as the National Sales Manager for the Power Sports and Products Business Unit in Alpharetta, GA. Steve has been a member of Honda Federal Credit Union for 37 years and has served on the HFCU Board of Directors since 2006 where he currently serves as Board Secretary. Mr. Nicholson graduated from the University of Georgia with a Bachelor of Science degree in Mathematics.

**Stephen Roberts**



Stephen Roberts has served on the board since March 2019. He is the Chief Information Security Officer at American Honda Motor Co. and is responsible for cyber-security and IT governance across North America. He joined Honda 22 years ago and has held various leadership positions in the Information Systems Division and at AHFC. Stephen received a Bachelor of Science in Electrical Engineering from Howard University, Master of Engineering (Electrical) from Cornell University, and a MBA from UCLA.



## BOARD OF DIRECTORS

**Allison Neumann** | Vice Chairperson



Allison has worked at several Honda companies over the last 29 years and is currently an American Honda Motor Co associate. As part of the Finance Division, Allison heads up the international trade and customs area focusing on importing and exporting operations, Free Trade Agreement analysis, and regulatory compliance for general trade matters. Allison has been an HFCU member since the early 1990's and has been on the Board of Directors since December 2001, serving as Nominating Committee Chair and Vice Chair. She is involved in the Annual CUES training and has attended the Annual Government Affairs Conference.

**Stacie Carper**



Stacie started her career in Human Resources in the United States Navy serving 4 years on active duty prior to joining Honda of America Manufacturing in 1995. Throughout her tenure at HAM, she has served in a number of roles within a number of Plants and Divisions allowing her to gain a broad company perspective. These roles include Accounting and Finance, Talent Management, Motorcycle Manufacturing Production Services, Associate Involvement Plant Leader at East Liberty Auto Plant and currently Team Manager for Division Human Resources. She has been a member of the credit union since joining HAM.

**Charles Harmon** | Treasurer



Charles A. Harmon, prior to his retirement, worked for American Honda Motor Co., Inc. for 37 years. His Administration Division responsibilities included oversight of AHM's Corporate Procurement, Corporate Services, and supply chain Procurement Inclusion & Diversity functions. Mr. Harmon has been on the HFCU Board of Directors since 2014 where he currently serves in the capacity as Treasurer. During his tenure at AHM, Charles served on and chaired a number of boards supporting procurement and diversity & inclusion initiatives most recently as Board Chairman of the Southern California Minority Business Development Council.

Mr. Harmon continues to serve on the California State University Fullerton Philanthropic Foundation Board in addition to supporting CSUF's undergraduate student mentoring programs through their Executive In Residence (EIR) program. Mr. Harmon attended California State University Fullerton and holds a Bachelor of Science in Business Management.

## Paul Brumfield



Paul has served on the Board for over seventeen years and prior to that he served on the Supervisory Committee. During Paul's seventeen-years at Honda, he worked in Manufacturing and held various roles in Purchasing. Today he is Senior Vice President at TS Tech Americas in Reynoldsburg, Ohio; Honda is one of the firm's largest customers. His role is one of oversight and support of the Corporate Commercial Relations Division. Paul graduated from Wright State University with a Bachelor of Science in Accounting.

## Fred Payne



Fred Payne, recognized as one of Indiana's 250 Most Influential Leaders by the Indianapolis Business Journal, is president/CEO of the United Way of Central Indiana. Fred previously served as Commissioner of the Indiana Dept of Workforce Development after being appointed by Gov Eric Holcomb in 2017. In 2020, the covid pandemic thrust him into the spotlight as Indiana's highest-ranking labor official. Alongside Holcomb, he appeared in dozens of weekly press conferences streamed by TV stations across the state and led Indiana's response to the extreme unemployment brought on by the pandemic, which saw the state's unemployment rate quickly rise to the highest level, 16.9%, in recent history. Under Fred's tenure, the state unemployment rate moved down to a historic low of 2.2%. Fred previously held a variety of leadership roles at Honda's Indiana Auto Plant for 9 yrs, including Chief Administrator, General Counsel, Business Div Mgr, a member of the Company Operating Committee and represented IAP across North America on the Retirement & 401k and Inclusions Committees. Fred serves on the Honda Federal Credit Union Board, as well as the Indy Eleven Soccer Foundation.

## Bruce Garfield



Our next director is Bruce Garfield. Bruce began his career with Honda 25 years ago at HNA Law Dept., where he worked on Trademarks, Logos and Corporate matters. In 2002, Bruce transferred to AHM Auto Operations Product Planning department, then New Business Development, Alternative Fuels, Advertising and Corporate Marketing managing AHM's brand licensing for the Auto Division as well as AHM's brand guidelines and logo compliance. His last position was in the newly formed Merchandise Licensing & Brand Dept., formerly under Honda Patents & Technologies, now part of AHM. Bruce received a Bachelor of Science in Business Administration, Marketing and Finance from Pepperdine University and legal education at Southwestern University School of Law.

## SUPERVISORY COMMITTEE

Stephen Rader, Chairman  
James Janik  
Fred Lucci  
Brett Bastin  
Gary Higgins

## EXECUTIVE MANAGEMENT

Steve Brandon, Chief Executive Officer

## MANAGEMENT TEAM

Ken Fischbach, Chief Financial Officer  
Jeanne Ozenne, Chief Technology Officer  
Dave Cottone, Chief Experience Officer  
Joe Mattera, Chief Retail Officer  
Nick Focarett, Chief Lending Officer  
Mary Anawalt, VP Corporate Business  
Alex Perez, Compliance Manager





## BRANCH OFFICES

**LINCOLN, AL**  
(Two Locations: Main and Line 2)  
1-800-634-6632  
FAX: 205-355-5820

**TORRANCE, CA**  
1-800-634-6632  
FAX: 310-781-6615

**GREENSBURG, IN**  
1-800-634-6632  
FAX: 812-222-6500

**ANNA, OH**  
1-800-634-6632  
FAX: 937-498-5618

**EAST LIBERTY, OH**  
1-800-634-6632  
FAX: 937-644-6768

**MARYSVILLE, OH**  
1-800-634-6632  
FAX: 937-642-5184

**MARYSVILLE COMMUNITY, OH**  
1-800-634-6632  
FAX: 937-642-0064

**RUSSELLS POINT, OH**  
1-800-634-6632  
FAX: 937-843-4624

**TIMMONSVILLE, SC**  
1-800-634-6632  
FAX: 843-346-6100

## ATM LOCATIONS

### ALABAMA

#### Lincoln

HMA - Northwest side of the office  
HMA - Line 2 at Associate Entrance  
HMA - Line 2 Upstairs at Associate Entrance  
HMA - Welcome Center

### CALIFORNIA

#### Torrance

AHM - Torrance Building  
100 Vending Core  
AHM - Torrance Branch Office

### INDIANA

#### Greensburg

HFCU Lobby and Drive-Up  
HMIN - 2755 N. Michigan Ave. Cafeteria

### OHIO

#### Anna

AEP - Anna South Entrance  
AEP - Anna West Entrance

#### Bellefontaine

200 E. Sandusky Ave. (Village Pantry)  
1138 N. Main St. (Village Pantry)

#### Celina

7059 Staeger Rd.  
(CAPT - Not available to the public)  
East Liberty  
ELP - East Liberty Cafeteria  
ELP - East Liberty Plant Entrance

#### Kenton

350 S. Main St. (Village Pantry)

### Marysville

HFCU - 17655 Echo Drive  
(Lobby and Drive Thru)  
HFCU - 19775 S.R. 739  
(Lobby and Drive Thru)  
HAM - 23800 Honda Parkway  
(North Cafeteria)  
HAM - East Entrance  
HAM - South Entrance  
HAM - West Cafeteria Entrance  
HAM - Motorcycle South Entrance  
303 E. Fifth St. (Downtown Marysville - Village Pantry)  
1301 W. Fifth St. (Village Pantry)  
24025 Honda Parkway  
(Honda Heritage Hall)

### Raymond

21001 S.R. 739  
HRA - Cafeteria Entrance

### Russells Point

HTM - Associate Entrance  
209 S.R. 708 (Indian Lake Plaza)

### St. Marys

1115 Celina Rd.  
(Pump and Pack Shell Station)

### NORTH CAROLINA

#### Swepsonville

3721 S.R. 119  
HPE - Associate Cafeteria

### SOUTH CAROLINA

#### Timmonsville

HSC - Associate Entrance  
HSC - Northeast Corner Cafeteria



*Together, we're better.*

# HONDA

Federal Credit Union

19701 Hamilton Avenue, Suite 130

Torrance, CA 90502-1352

1-800-634-6632 [hondafcu.org](http://hondafcu.org)



*Together, we're better.*