



**2021  
ANNUAL  
REPORT**

The road is less traveled  
but the destination remains the same

**HONDA**  
Federal Credit Union

# HONDA

Federal Credit Union

## TABLE OF CONTENTS

- 02 Message From CEO
- 03 One Team Honda
- 05 Purpose and Direction
- 06 Positioning Story
- 09 Chairman's Report
- 11 Treasurer's Report
- 12 Supervisory Committee Report
- 13 Independent Auditor's Report
- 14 Financials
- 17 Board Of Directors
- 20 Supervisory Committee, Executive Management & Management Team
- 21 ATM & Branch Locations



# MESSAGE FROM THE CEO

Last year was the start of the pandemic and we worked to quantify the impact that it would have on the Credit Union, its members and the world in general. Notably, what we have learned from the past year is that many challenges and obstacles can be overcome with a team effort. That team effort is evident within the Credit Union, the Honda Family and across the globe.

In 2008, during the financial crisis, my predecessor Jim Updike noted, "Our world has changed," at the time, little did we know that his words would ring true once again. Our world is changing and accelerating in ways we did not anticipate. In our new environment, the utilization of digital services will continue to be of dominant importance. However, as we continue along the path of "high tech," we must also remember "high touch" which has been the foundation of success for the Credit Union. This means as we're about to embark on the implementation of our high touch products, "Tap n' Go" for debit and "The Pays" for credit, we cannot lose sight of what it means to work in a "high tech, high touch" environment.

As we look to the road ahead, our relationship with Honda has never been stronger. This is evident with our involvement in the 2022 payroll change and the opportunity to support Honda associates with products such as our Payroll Savings and Payroll Loan solution. We sadly lost Jim Updike in May 2021. Our past, current and continued success is due to his vision of the Credit Union's primary goal to help its members and the Honda Family. We will continue to honor Jim by always remembering to provide the best member experience as we travel down the road ahead.



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

## 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

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

# PURPOSE AND 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.

# 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.***

**HONDA**  
Federal Credit Union



**Honda FCU is born  
on August 18th.**

**19  
66**

The original name of the credit union is "American Honda Employees Federal Credit Union" and it's located within the Honda facility in Gardena, California.

**Honda of America  
Manufacturing opens in Ohio.**

**19  
79**

Honda introduces the Prelude and the "We make it simple" advertising campaign.

The Credit Union opens  
the Marysville Plant  
Branch in Ohio.

19  
85

With assets totaling \$10 million with a membership size of 4,500 members, the Credit Union is renamed to Honda Federal Credit Union.

New CEO Jim  
Udike joins  
Honda FCU.

19  
86

Honda Research of America opens Los Angeles Center and becomes Honda R&D North America.

The Anna Branch  
opens in Ohio.

19  
88

Honda FCU introduces "Audrey", our telephone teller, and offers credit cards, ATM access and checking accounts.

The East Liberty  
Branch opens in Ohio.

19  
90

The first export of U.S.-made products goes to Japan (Accord Coupe and Goldwing).



## CHAIRMAN'S REPORT

Our world is changing. We started the year assuming that in the middle of a worldwide pandemic, we would struggle. It turned out to be one of the best years in the history of Honda Federal Credit Union.

The business year just ended was extremely successful for HFCU, in spite of unprecedented challenges. Assets increased from \$1.03 billion to \$1.09 billion, up 6% from last year. Loans increased from \$745 million to \$832 million, an \$87 million increase.

Cash stood at \$46 million, down \$132 million from this time last year. Our goal is to keep a minimum amount in cash, putting your money back to work for our valued members. We will continue to keep cash at a minimum.

Lending continues to be at the heart of what we do. At the close of the business year we had \$499 million in mortgage loans, up \$79 million from this time last year.

We served 287 members with new home loans during the year, totaling \$51 million. Additionally, we refinanced just over \$138 million in home loans for 734 members, which will save them over \$14 million in interest over the life of their loans. And we completed 71 mortgage modifications, saving members \$177,500 in closing costs. Overall, we served 1,034 members with mortgage products during the year, funding \$192 million in loans.

At the end of the business year, we had \$249 million in vehicle loans, up \$8 million from this time last year. During the year, we provided 5,430 members with financing to purchase or refinance auto loans, totaling over \$123 million.

At the end of the year we had \$43 million in Visa loans, even from last year. And we had \$43 million in other lending products, down \$4 million from last year. Overall, HFCU lending was up an impressive 12% from the previous year, in spite of the twists and turns the year held.

Our loan to share ratio is at 87%, up 2% from where we were at this time last year. This is compared to an industry average of about 83%.

While we are increasing loans to members, our default rate is extremely low. At year end, our loan loss rate was a mere 0.10%. 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 about 2.30%.

During the year, our branches performed over 234,000 transactions; welcomed 3,800 new members; and processed over 15,000 loan applications, funding over 8,900 new loans, for a total of nearly \$133,000 million.

Additionally, 334,000 ATM withdrawals were performed last year, withdrawing \$65.2 million. ATM deposits total \$29 million during the same period.



Our contact center received nearly 222,000 calls last year, and completed 95,000 transactions.

HFCU issued over 33,000 new Contactless Debit Cards in June. We worked hard to provide members with these upgraded cards and add the ability for members to add the cards to their phone wallets, along with 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 in the middle of 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 "Next Gen Member Experience." Discussions were started on the

best ways to improve our checking products. The discussions are ongoing.

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.

"Our Changing World" is something we consider and address daily at HFCU. Our dedicated staff works to provide members with the best possible service and a superior banking experience.

Let me give an example. A few months ago I had some work done on my house. The contractor wanted cash. When he finished the job, I drove to the Marysville Community Branch to withdraw cash from the drive-thru ATM. The machine ate my card. I quickly called a member of the HFCU staff. Their response? Don't worry, we'll take care of everything for you! That is just one example of HFCU service.

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 for today, tomorrow and into the future.

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

## 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.

**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

# 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.

**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 2021 fiscal year would support that the credit union is being managed and operated in a financially safe and sound manner.**



A handwritten signature in black ink that reads "John L. Kaufman".

**JOHN KAUFMAN**  
**CHAIRMAN**  
Supervisory Committee



# INDEPENDENT AUDITOR'S REPORT

## To the Members

**Honda Federal Credit Union  
Torrance, California**

We have audited the financial statements of Honda Federal Credit Union, which comprise the statements of financial condition as of June 30, 2021 and 2020, and the related statements of income for the years then ended.

## Opinion

In our opinion, the information set forth in the accompanying statements of financial condition and statements of income is fairly stated, in all material respects, in relation to the complete financial reports from which it has been derived.

**MICHAEL E. RICHARDS, CPA**  
**RICHARDS & ASSOCIATES**  
Certified Public Accountants  
Yorba Linda, California  
September 22, 2021

# STATEMENTS OF FINANCIAL CONDITION

June 30, 2021 & 2020

ASSETS	2021	2020
Cash and cash equivalents	\$ 46,022,714	\$ 179,295,285
Investments	174,832,553	75,787,436
Loans receivable, net of allowance for loan losses	832,317,410	745,168,990
Premises & equipment	8,934,210	9,295,076
Accrued interest receivable	2,059,870	2,038,467
Share insurance deposit	8,922,423	7,318,292
Foreclosed and repossessed assets	134,626	77,978
Prepaid expenses and other assets	15,743,024	11,564,139
<b>TOTAL ASSETS</b>	<b>\$ 1,088,966,830</b>	<b>\$ 1,030,545,663</b>
<b>LIABILITIES &amp; EQUITY</b>		
Members' share and savings accounts	\$ 958,173,412	\$ 874,184,149
Accounts payable and other liabilities	40,899,269	68,225,429
<b>TOTAL LIABILITIES</b>	<b>\$ 999,072,681</b>	<b>\$ 942,409,578</b>
Commitments and contingent liabilities		
Members' equity, substantially restricted		
Appropriated (regular reserve)	8,322,208	8,322,208
Unappropriated (undivided earnings)	81,913,965	78,373,271
	90,236,173	86,695,479
Accumulated other comprehensive income	(342,024)	1,440,606
<b>TOTAL MEMBERS' EQUITY</b>	<b>89,894,149</b>	<b>88,136,085</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$ 1,088,966,830</b>	<b>\$ 1,030,545,663</b>



# STATEMENTS OF INCOME

For the Years Ended June 30, 2021 & 2020

	2021	2020
<b>INTEREST INCOME</b>		
Loans	\$ 34,093,745	\$ 34,278,452
Investments	1,826,968	2,219,309
<b>TOTAL INTEREST INCOME</b>	<b>35,920,713</b>	<b>36,497,761</b>
<b>INTEREST EXPENSE</b>		
Members' share and savings accounts	5,184,459	7,817,164
Borrowed funds	77	904
<b>TOTAL INTEREST EXPENSE</b>	<b>5,184,536</b>	<b>7,818,068</b>
<b>NET INTEREST INCOME</b>	<b>30,736,177</b>	<b>28,679,693</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>1,299,000</b>	<b>1,545,000</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>29,437,177</b>	<b>27,134,693</b>
<b>NON-INTEREST INCOME</b>		
Service charges and other income	11,962,350	11,867,444
Gain on sale of investments	-	70,726
<b>TOTAL NON-INTEREST INCOME</b>	<b>11,962,350</b>	<b>11,938,170</b>
<b>NON-INTEREST EXPENSE</b>		
General and administrative expenses		
Compensation and benefits	19,842,647	16,796,583
Office operations	10,685,534	10,977,976
Outsourced services	2,870,203	3,087,670
Other expenses	4,460,449	4,533,792
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>37,858,833</b>	<b>35,396,021</b>
<b>NET INCOME</b>	<b>\$ 3,540,694</b>	<b>\$ 3,676,842</b>

Full auditor notes are available upon request.

# HONDA

## Federal Credit Union



**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 has worked for American Honda Motor Company, Inc. for 37 years. He has served in a variety of management positions and is currently the National Sales Manager for the Powersports Business Unit in Torrance, CA. Steve has been a member of Honda Federal Credit Union for 31 years and has been 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 recent retirement last September, 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 fifteen years and prior to that he served on the Supervisory Committee. During Paul's sixteen-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 was appointed by the Governor to be Commissioner of the Indiana Department of Workforce Development in 2017 after 9 years at Honda Manufacturing of Indiana, LLC. He served in a variety of leadership roles at HMIN including Chief Administrator, responsible for the Business Division, General Counsel and represented HMIN across North America on the Retirement & 401 (k) Committee and Inclusion Committee. He has served on the Honda Federal Credit Union Board of Directors as well as the Boards for the IndyEleven Foundation and Indianapolis Urban League. Fred is a graduate of the Indiana University Maurer School of Law and Grambling State University. He and his wife, Kelly, reside in Indianapolis.



**Bruce Garfield**

Our next director is Bruce Garfield. Bruce began his career with Honda 24 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

John Kaufman, Chairman

Jill Carlton

James Janik

Fred Lucci

Stephen Rader

## EXECUTIVE MANAGEMENT

Steve Brandon, Chief Executive Officer

## MANAGEMENT TEAM

Ken Fischbach, Chief Financial Officer

Jeanne Ozenne, Chief Technology Officer

Brock Kasnick, Chief Experience Officer

Joe Mattera, Chief Retail Officer

Dave Cottone, Chief Lending Officer

Mary Anawalt, VP Corporate Business

Alex Perez, Compliance Manager



## 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

#### Swapsonville

3721 S.R. 119  
HPE - Associate Cafeteria

### SOUTH CAROLINA

#### Timmons ville

HSC - Associate Entrance  
HSC - Northeast Corner Cafeteria

## BRANCH OFFICE

### 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



***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)