

2023

annual report



MEMBERSHIP *matters*

HONDA
Federal Credit Union



TABLE OF CONTENTS

- 03 Message From CEO
- 04 One Team Honda
- 05 Positioning Story
- 06 Purpose and Direction
- 08 Chairman's Report
- 10 Treasurer's Report
- 11 Supervisory Committee Report
- 12 Independent Auditor's Report
- 13 Financials
- 15 Supervisory Committee, Executive Management & Management Team
- 16 Board Of Directors
- 19 Branch Locations & ATM Finder

MESSAGE FROM THE CEO

In past messages, I have addressed the importance of technology in the lives of our members. This year is no different. Technology continues to be our focus because enhancing our members experience is our priority. That means, not only do we want to provide you with products and services that make your experience easier and faster but also with the tools to make your access safe. Every year we implement new technology to do just that.

We are extremely mindful of our members' needs and wants and always value your feedback. You spoke, we listened. You asked about fast and convenient money movement options and we are here to announce that soon, Honda FCU will be offering a fast and easy Person-to-Person payment service to our members. The service will be offered within Digital Banking/Mobile app for easy one-stop banking. Whether it's to cover lunch with a fellow associate or payment for dinner with friends and family, sending money has never been easier through Honda FCU.

HFCU will continue to provide the kind of service that we are known for and you expect. Innovation and efficiency will remain at the forefront of our member experience, so that you have the latest conveniences at your fingertips. In the incredible words of Mr. Honda, "Nothing should ever remain fixed or in one place. What used to happen in a hundred years happens now in only a year. Things change so incredibly fast." - Sochiro Honda

The only constant is change, but one thing that will never change is HFCU's commitment to providing an exceptional member experience.

Thank you for making Honda Federal Credit Union your credit union of choice.



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

PASSION

**CHALLENGING
SPIRIT**

RESPECT



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

Our former CEO Jim Updike used to quote the proverb: "May you live in interesting times." That wish came true in 2022.

In spite of tremendous challenges, including all out support for Honda's payroll changes, we closed the year on a positive note.

The business year saw assets up at \$1.12B. Loans increased from \$899 million to \$953 million, a \$54 million increase.

At year end, cash stood at \$50 million, up \$12 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 \$583 million in mortgage loans, up \$29 million from this time last year. An incredible accomplishment in a challenging year.

We served 182 members with new home loans during the year, totaling \$41 million. We completed 18 Honda Associate relocations by financing \$5.4 million in relocation loans.

We refinanced almost \$10 million in home loans for 49 members, which will save them over \$2 million in interest over the life of their loans. FY22 saw fewer home loan refinances as interest rates increased throughout the year.

We served 814 members with mortgage products during the year, funding \$99 million in loans.

We provided nearly 5,000 members with financing to purchase or refinance vehicle loans, totaling over \$120 million.

At the end of the business year, we had \$253 million in vehicle loans, up \$4 million from last year.

At the end of the year we had \$50 million in Visa loans, up \$2 million from last year. We had \$51 million in other lending products, up another \$3 million from last year.

Overall, HFCU lending was up an impressive 6.5% from the previous year, in spite of the twists and turns the year held.

Our loan to share ratio stands at 99.9% up 5% from where we were at this time

last year. This is compared to an industry average of about 83%. To put this in perspective, for every dollar deposited at HFCU, 99.9% is put back to work serving members.

While we are increasing loans to members, our default rate is extremely low. At year end, our loan loss rate was a mere 0.16%. Incredibly, this was 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 nearly 200,000 transactions; welcomed 5,493 new members; and processed over 19,000 loan applications, funding over 16,000 new loans, for a total of nearly \$113 million.

Additionally, 346,000 ATM withdrawals were performed last year, withdrawing \$71 million. ATM deposits totaled \$25 million during the same period.

Our contact center received nearly 211,000 calls last year, and completed 80,000 transactions.

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 “Should We.” Discussions are ongoing on the best ways to improve the HFCU experience.

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.

One of our major challenges during the year was supporting Honda’s payroll changes. To assist, we processed over 16,400 payroll and bridge loans, for a total of over \$34 million. This continues to be a challenge for our dedicated staff.

Something we keep a close eye on is our contact center. Many members use it as their access to HFCU. We average 17,000 calls a month. Over the last two years adjustments to the contact center have been made, including the addition of new staff.

The contact center is now fully staffed and the call abandon rate is improving. We were flooded with calls during the payroll change roll out, peaking at over 25,000 calls in November. As our CEO constantly reminds us: “Member Experience.”

As we continue to grow we recently opened new branch offices in Swepsonville and Burlington, NC. Not to be neglected, our

other branch offices are in the process of being upgraded.

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.

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, 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.



A handwritten signature in black ink, appearing to read 'CARL R. COE'. The signature is stylized and written in a cursive-like font.

CARL R. COE
CHAIRMAN
Board Of Directors



CHARLES HARMON
TREASURER
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.

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 2023 fiscal year would support that the credit union is being managed and operated in a financially safe and sound manner.



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, 2023 and 2022, 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 September 11, 2023 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
September 11, 2023

STATEMENTS OF FINANCIAL CONDITION

June 30, 2023 & 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 50,647,800	\$ 38,265,351
Investment debt securities Available-for-sale	91,171,306	107,222,700
Investment in equity securities	6,391,900	6,248,200
Loans to members, net of allowance for credit losses-loans	952,495,695	894,548,826
Premises & equipment	7,575,963	8,180,098
Operating lease right-of-use assets	1,514,450	-
Accrued interest receivable	2,595,238	2,015,349
Share insurance deposit	8,588,870	8,806,113
Foreclosed and repossessed assets	221,480	102,383
Prepaid expenses and other assets	3,680,940	17,887,303
TOTAL ASSETS	\$ 1,124,883,642	\$ 1,083,276,323
LIABILITIES & EQUITY		
Members' share and savings accounts	\$ 956,794,006	\$ 943,217,628
Notes payable	25,000,000	\$ 10,000,000
Operating lease liabilities	1,616,495	-
Accounts payable and other liabilities	49,785,630	40,735,173
TOTAL LIABILITIES	\$ 1,033,196,131	\$ 993,952,801
Commitments and contingent liabilities		
Members' equity, substantially restricted		
Unappropriated (undivided earnings)	105,564,073	101,325,814
Accumulated other comprehensive loss	(13,876,562)	(12,002,292)
TOTAL MEMBERS' EQUITY	91,687,511	89,323,522
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ 1,124,883,642	\$ 1,083,276,323

STATEMENTS OF INCOME

Full auditor notes are available upon request.

For the Years Ended June 30, 2023 & 2022

	2023	2022
INTEREST INCOME		
Loans	\$ 40,592,284	\$ 35,036,671
Investments	3,100,613	1,958,856
TOTAL INTEREST INCOME	43,692,897	36,995,527
INTEREST EXPENSE		
Members' share and savings accounts	7,056,669	3,639,511
Borrowed funds	1,594,943	17,007
TOTAL INTEREST EXPENSE	8,651,612	3,656,518
NET INTEREST INCOME	35,041,285	33,339,009
PROVISION FOR CREDIT LOSSES	1,266,000	1,982,000
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	33,775,285	31,357,009
NON-INTEREST INCOME		
Service charges and other income	13,405,934	12,638,033
Gain on sale of equity securities	-	6,515,281
Net loss of sales/redemptions of debt securities- available-for-sale	(106,205)	(253,318)
TOTAL NON-INTEREST INCOME	13,299,729	18,899,996
NON-INTEREST EXPENSE		
General and administrative expenses		
Compensation and benefits	23,042,366	20,989,045
Office operations	11,148,147	10,042,302
Outsourced services	4,325,490	3,784,325
Other expenses	4,320,752	4,351,692
TOTAL NON-INTEREST EXPENSES	42,836,755	39,167,364
NET INCOME	\$ 4,238,259	\$ 11,089,641

HONDA

Federal Credit Union

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
Nick Focarett, Chief Lending Officer
Mary Anawalt, VP Corporate Business
Alex Perez, Compliance Manager



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 until recently retiring as the National Sales Manager for the Powersports Business Unit in Alpharetta, GA. Steve has been a member of Honda Federal Credit Union for 38 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 and has provided key support for credit union IT & Cybersecurity initiatives and oversight. He is the Chief Information Security Officer at American Honda Motor Co. responsible for cybersecurity, IT governance and enterprise architecture across North America. Additionally, he is leading Honda's North America Cybersecurity transformation which is yielding industry leading security. He joined Honda 25 years ago and has led major business initiatives in Information Technology at AHM and business transformation 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 31 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 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.

Charles Harmon
Treasurer



Charles A. Harmon is currently Principal Owner of The Harmon Group LLC, a consulting firm combining cross-functional competencies in procurement and supply chain management. Prior to his retirement from American Honda Motor Co., Inc. in 2020, Mr. Harmon served as Senior Manager, Administration Division where his responsibilities included oversight of AHM's Corporate Procurement, Corporate Services, and Supply Chain Procurement Inclusion & Diversity functions.

Mr. Harmon has served as a HFCU Board Director since 2014, acting in his current capacity as Board Treasurer. During his career, Harmon has served on and chaired several boards supporting procurement, philanthropic and diversity & inclusion initiatives and additionally supporting California State University 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.

Stacie Carper



Stacie Carper is the Department Manager - Corporate Compliance & Ethics for the NA region at American Honda Motor Company. With over 28 years' experience in HR and the automotive industry, she is responsible for ensuring that the company adheres to the highest standards of ethical conduct. Serving as a Yeoman (HR/Legal Clerk) in the US Navy Nuclear Submarine fleet until 1994, her military experience instilled a strong sense of discipline and attention to detail. Entering Honda of America Manufacturing in 1995 in serving in a variety of manufacturing, HR and compliance related areas. Stacie joined Honda Federal Credit Union in 1995 and became a Board of Director in 2017.

Paul Brumfield



Paul has served on the Board for over eighteen years and prior to that he served on the Supervisory Committee. During Paul's 16-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.

Bruce Garfield



Bruce Garfield began his career with Honda in 1997 at HNA Law Dept., where he worked on Trademarks, Corporate and Brand Licensing matters. In 2002, Bruce transferred to AHM Auto Operations, Product Planning department. Then, Auto Operations New Business, Alternative Fuels, Advertising and Corporate Marketing Departments. Throughout, he managed AHM's Brand Guidelines, Licensing and Compliance for the Company. His last position in 2020 was in the newly formed Merchandise Licensing & Brand Department, formerly under Honda Patent & Technologies, now part of AHM. In 2021, Bruce founded the Garfield Agency, specializing in web3 and AI brand licensing and marketing. In addition to his board functions at HFCU, Bruce sits on the board of Earthshot.US, an environmental nonprofit company. Bruce received his Bachelor of Science in Business, Marketing and Finance at Pepperdine University and legal education at Southwestern University School of Law.

Fred Payne



Fred Payne 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. 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 was recognized as one of Indiana's 250 most influential leaders by the Indianapolis Business Journal in 2022, and serves on the Honda Federal Credit Union Board, Ascend Indiana Board, and the Indy Eleven Soccer Foundation.



HONDA
Federal Credit Union

BRANCH OFFICES

Anna Office

12500 Meranda Rd.
Anna, OH 45302

Marysville Office

19775 St. Rt. 739
Marysville, OH 43040

Burlington Office

2989 Tucker St.
Burlington, NC 27215

Russells Point Office

6964 St. Rt. 235 North
Russells Point, OH 43348

East Liberty Office

11000 St. Rt. 347
East Liberty, OH 43319

Swepsonville Office

3721 S. North Carolina Hwy 119
Swepsonville, NC 27258

Greensburg Office

2740 N. Michigan Ave.
Greensburg, IN 47240

Timmons ville Office

1111 Honda Way
Timmons ville, SC 29161

Lincoln Office

1800 Honda Dr.
Lincoln, AL 35096

Torrance Office

1919 Torrance Blvd.
Torrance, CA 90501

Marysville Community Office

17655 Echo Dr.
Marysville, OH 43040



**SCAN THE CODE TO FIND
AN ATM NEAR YOU!**



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

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Torrance, CA 90502-1352
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HONDA
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