



## MISSION STATEMENT

Create exceptional experiences for the Nikkei community through quality financial products, personalized service, and innovation.

## OUR VISION

Nikkei Credit Union will be the obvious choice for financial services in the Nikkei community.

## OUR CORE VALUES

- One Team. One Goal.
- Empower Yourself through Knowledge
- Treat Everyone with Respect, Sincerity, and Compassion
- Inspire Trust, Be Ethical: Do the Right Thing
- Safeguard Member's Privacy & Financial Interests
- Be Passionate About Delivering Exceptional Experiences
- Strive for Excellence—Embrace Change
- Kodomo No Tame Ni—For the Sake of the Children

**Corporate Office**  
18425 S. Western Avenue  
Gardena, CA 90248

**Phone:** 310.324.1544  
**Fax:** 310.324.1659

**Online Banking**  
[www.nikkeicu.org](http://www.nikkeicu.org)

**Nikkei-By-Phone**  
866.4.NIKKEI, option 7

**Email**  
[memberservice@nikkeicu.org](mailto:memberservice@nikkeicu.org)



**NIKKEI**  
credit union



**2018 ANNUAL REPORT**



PRESIDENT’S MESSAGE

The new year is only a few months old and already we have plenty of exciting news to report! Nikkei continues to improve its financial condition, as demonstrated by our key financial ratios, enabling us to be more involved in our Nikkei community.

In 2018 we supported and participated in several Japanese-American community events. In fact, we’re happy to announce we expanded our Nikkei family to include eight more Select Employer Groups. Please visit the Out & About section of our website to get a glimpse of how our employees serve our communities. We introduced CardNav for debit and credit card controls and fraud prevention. And stop by our Gardena Branch to check out our corporate building’s maintenance updates and fresh new paint.

We’re excited about our plans for 2019. On the technology front, we’re preparing to upgrade our ATMs to Windows 10 and we’re looking to soon offer Text Communication for added member convenience. We’re also enhancing our service culture to help re-acquaint you with our complete product lineup. Our mortgage loan products are expanding with the addition of 10/1 ARM & 10/1 ARM Interest-Only Home Equity Line of Credit (HELOC).

Also, we are looking to adopt CECL (current and expected credit loss) methodology to meet the future funding requirements of Allowance for Loan Losses per the Generally Accepted Accounting Principles.

And finally, we are pleased to announce the opening of our new branch—the Mabuhay Credit Union Branch—later this month at 146 Carson Street, Carson, CA. We look forward to serving you at this branch.

I look forward to seeing you at our future Membership Appreciation event later this year. Please check our website for details. On behalf of the Board of Directors, Committee Members, Management and Staff, thank you for your continued support and for allowing us to serve your financial service needs.

Arigato gozaimasu.  
Jon Hernandez, President & CEO

MANAGEMENT & STAFF

President/CEO	Jon Hernandez
VP of Operations	Conrad Tan
VP of Data Risk & Management	Jay Lee
Business Development & Loan Coordinator	Taku Hanada
Administrative & HR Coordinator	Michiyo Tateley
EFT & Accounting Coordinator	Monica Seng
Mabuhay Branch Coordinator	Fred Docdocil
Lead Member Service Representative	Jamie Valenzuela
Loan Sales Representative	Kaori Suzuki
Loan Service Representative	Jenifer Sierra
Member Service Representative	Kumiko Rogers
Member Service Representative	Jennifer Andal
Member Service Representative	Cathy Siplat

CHAIRMAN’S MESSAGE

I’m pleased to report that Nikkei Credit Union continued to earn a positive return on assets in 2018 and improved our ratings with state and federal examiners.

We remain dedicated and focused on providing you with excellent member service, and with products and services that are beneficial to you and your family.

I want to thank the Board of Directors and Committee Members for their dedication, leadership and vision. On behalf of the Nikkei Volunteers, Management and Staff, we thank you for your continued support, and we appreciate your business.

Gary Nakata, Board Chair

TREASURER’S REPORT

Nikkei Credit Union posted net income of \$338,783 while keeping our operation expense ratio at 2.54%, return on assets of 0.49% and maintained our strong capital ratio of 12.90% as of December 31, 2018. Our strong capital will allow us to continue offering innovative financial products and services. We remain optimistic for 2019.

Nikkei Board of Directors, Committee Members and Management are dedicated in investing our resources on improvements to our product offering while maintaining a high level of member service for you and your family. We appreciate your continued support and patronage.

Glenn Matsushima, Board Treasurer

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee provides an independent evaluation of Nikkei Credit Union’s operations and compliance with the applicable laws and regulations. Richards and Associates CPA, a firm specializing in credit unions, conducted an opinion audit of the credit union’s financial statements and operations for the audit period ending June 30, 2018. The firm’s opinion indicates that Nikkei’s financial statements were fairly stated in all material respects. In addition, we have engaged Collaborative Learning and Assurance Services Solutions Inc. to conduct our internal audits to help enhance our operational security, efficacy and efficiency. We welcome any questions, concerns or other feedback Members may have.

Karen Yoshimura, Supervisory Committee Chair

BOARD OF DIRECTORS

Chair	Gary Nakata
Vice Chair	Ryan Iwamoto
Treasurer	Glenn Matsushima
Secretary	Ryan Suzuki
Member	Alyssa Tanaka

SUPERVISORY COMMITTEE

Chair	Karen Yoshimura
Member	James Kawashima
Member	Ken Matsuno
Member	Masa Nakagawa

SUMMARY STATEMENT OF FINANCIAL CONDITION

ASSETS	12/31/18	12/31/17
Consumer Loans	\$ 7,449,646	\$ 6,428,072
Real Estate Loans	\$ 23,081,451	\$ 22,741,821
Loan Participations	\$ 1,212,929	\$ 1,376,661
Deferred Fees	\$ 48,328	\$ 63,026
Total Loans	\$ 31,744,026	\$ 30,546,554
Negative Shares	\$ -	\$ -
(Less Allowance for Loan Losses)	\$ (236,956)	\$ (258,498)
Cash	\$ 2,575,127	\$ 3,073,684
Investments	\$ 35,197,626	\$ 33,428,28
Unrealized Gain/(Loss)	\$ (350,015)	\$ (241,978)
Fixed Assets	\$ -	\$ -
Other Assets	\$ 1,878,649	\$ 1,690,587
<b>TOTAL ASSETS:</b>	<b>\$ 70,856,785</b>	<b>\$ 68,301,663</b>

LIABILITIES & EQUITY	12/31/18	12/31/17
Total Liabilities	\$ 248,162	\$ 368,649
Member Deposits	\$ 61,817,266	\$ 59,372,403
Non-Member Deposits	\$ -	\$ -
Total Deposits	\$ 61,817,266	\$ 59,372,403
Regular Reserves	\$ 1,349,581	\$ 1,349,581
Undivided Earnings	\$ 7,791,791	\$ 7,453,008
Unrealized Gain/(Loss)	\$ (350,015)	\$ (241,978)
Total Reserves	\$ 8,791,357	\$ 8,560,611
<b>TOTAL LIABILITIES &amp; EQUITY:</b>	<b>\$ 70,856,785</b>	<b>\$ 68,301,663</b>

OPERATING INCOME	12/31/18	12/31/17
Income from Loans	\$ 1,350,320	\$ 1,149,398
Income from Investments	\$ 706,553	\$ 592,506
Income from Fees	\$ 99,226	\$ 94,766
Income from Miscellaneous	\$ 92,834	\$ 54,021
<b>TOTAL OPERATING INCOME</b>	<b>\$ 2,248,933</b>	<b>\$ 1,890,691</b>

OPERATING EXPENSES	12/31/18	12/31/17
Operating Expenses	\$ 1,575,963	\$ 1,539,212
Dividend Expenses	\$ 292,977	\$ 229,078
Non-Operating Expenses	\$ 41,210	\$ (55,754)
<b>TOTAL OPERATING EXPENSES:</b>	<b>\$ 1,910,150</b>	<b>\$ 1,712,536</b>
<b>TOTAL NET INCOME/(LOSS):</b>	<b>\$ 338,783</b>	<b>\$ 178,155</b>

