PRESIDENT’S MESSAGE

As the dust began to settle in 2021 and we slowly adjusted to the new norms, we are reminded the value of teamwork and giving back to our community. Although, we have low fees compared to other financial institutions, we further reduced our fees by no longer charging a non-sufficient fund fee for transactions <$5 and we implemented early payroll deposit with direct deposit.

In response to our Members’ demand, we enhanced our Real Estate and Home Equity Line of Credit offerings including, second homes and investment properties of up to 1 to 4 units which led to funding $19.8M in loans. Our partnership with CarScouts continued to grow as we help several Members get their dream cars without having to visit a dealership.

We continued to enhance our digital access by introducing a new text messaging platform for Members to conveniently contact us. And we started a financial education vlog to open up conversations on various financial topics.

Also, despite the pandemic, we continued our commitment to assisting and promoting prosperity to the Nikkei and Mabuhay communities with donations of food, clothing, blankets, and toiletries to the homeless students at our local colleges such as California State University of Dominguez Hills, Harbor City Community College, and El Camino College.

We appreciate your positive feedback from our surveys awarding us a 95% satisfaction on branch and lending services as well as a 4-star rating on several online review platforms. In addition, we continued to receive a 5-star rating from Bauer Financial, an independent bank research firm.

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.
Salamat and Mabuhay,

Jon Hernandez
President & CEO

CHAIRMAN’S MESSAGE

Nikkei and Mabuhay Credit Union are committed to helping our Members achieve their financial goals and dreams. We’re focused on providing excellent member service and increasing our value to you.

Our Management and Staff continue to keep our Members’ best interests at the forefront, which resulted in a 95% approval rating in the 2021 Member Survey. With your support, our financial position remains strong.

I want to thank the Management and Staff’s dedication, our Volunteers’ commitment, and our Members’ understanding through the pandemic.

Sincerely,
Gary Nakata, Board Chair

TREASURER’S REPORT

Nikkei Credit Union posted a net income of $349,047 while keeping our operation expense ratio at 2.33%, return on assets of 0.42%, and maintained our strong capital ratio of 11.44% as of December 31, 2021. Our strong capital will allow us to continue offering innovative financial products and services. We remain optimistic for 2022.

Nikkei’s Board of Directors, Committee Members, Mabuhay Advisory Council and Management are dedicated to 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.

Sincerely,
Glenn Matsushima, Board of Directors 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. In 2021, the Committee commissioned several audits and evaluations of Nikkei’s operations; completed the joint exam by the California Department of Financial Protection & Innovation and the National Credit Union Administration effective for period ending September 30, 2021. Richards and Associates CPA, an audit 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, 2021. The firm’s opinion indicates that Nikkei’s financial statements were fairly stated in all material respects.

We welcome any questions, concerns or other feedback Members may have.

Sincerely,
Karen Yoshimura, Supervisory Committee Chair
### MANAGEMENT & STAFF

**President/CEO**  Jon Hernandez  
**Vice President**   Jay Lee  
**Administrative & HR Manager**  Michiyo Tateley  
**EFT & Accounting Coordinator**  Monica Seng  
**EFT & Cards Processor**  Krystina Kuba  

**NIKKEI BRANCH STAFF**  
- **Branch Coordinator**  Tess Nambu  
- **Loan Sales Representative**  Kaori Suzuki  
- **Financial Service Representative**  Kaualani Peters  
- **Financial Service Representative**  Tiffany Manalang  
- **Financial Service Representative**  Song Kadoi  

**MABUHAY BRANCH STAFF**  
- **Branch Coordinator**  Fred Docdocil  
- **Loan Sales Representative**  Jamie Valenzuela  
- **Loan Service Representative**  Phoebe Tan  
- **Financial Service Representative**  Jennifer Andal  
- **Financial Service Representative**  Justine Alcantara  

### BOARD OF DIRECTORS

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

### SUPERVISORY COMMITTEE

**Chair**  Karen Yoshimura-Oto  
**Member**  James Kawashima  
**Member**  Kenneth Matsuno  
**Member**  Masahide Nakagawa  

### MABUHAY ADVISORY COUNCIL

**Evelyn Machan Andamo**  
**Darnell Bagsik**  
**Jesus “Alex” Cainglet**  
**Katherine Chicas**  
**Lemuel Guiyab**  
**Dr. Henrick Macalintal**  
**Monica Monserrat**  
**Elito Macapagal Santarina**  
**Cynthia Carolyn Tan**  

### SUMMARY STATEMENT OF FINANCIAL CONDITION

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>12/31/21</th>
<th>12/31/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer Loans</strong></td>
<td>$9,783,751</td>
<td>$10,627,732</td>
</tr>
<tr>
<td><strong>Real Estate Loans</strong></td>
<td>$18,584,131</td>
<td>$14,556,241</td>
</tr>
<tr>
<td><strong>HELOC</strong></td>
<td>$17,750,493</td>
<td>$14,995,014</td>
</tr>
<tr>
<td><strong>Loan Participations</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LOANS</strong></td>
<td>$46,118,375</td>
<td>$40,178,987</td>
</tr>
<tr>
<td><strong>(Less Allowance for Loan Losses)</strong></td>
<td>$(47,364)</td>
<td>$(95,678)</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>$17,953,392</td>
<td>$7,356,862</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>$20,148,400</td>
<td>$30,150,695</td>
</tr>
<tr>
<td><strong>Unrealized Gain/(Loss)</strong></td>
<td>$38,288</td>
<td>$270,657</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td>$813,653</td>
<td>$931,861</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>$1,013,799</td>
<td>$792,104</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$86,038,543</strong></td>
<td><strong>$79,585,488</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES & EQUITY

<table>
<thead>
<tr>
<th></th>
<th>12/31/21</th>
<th>12/31/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$330,678</td>
<td>$214,953</td>
</tr>
<tr>
<td><strong>Member Deposits</strong></td>
<td>$75,822,270</td>
<td>$69,604,619</td>
</tr>
<tr>
<td><strong>Non-Member Deposits</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL DEPOSITS</strong></td>
<td>$75,822,270</td>
<td>$69,604,619</td>
</tr>
<tr>
<td><strong>Regular Reserves</strong></td>
<td>$1,349,581</td>
<td>$1,349,581</td>
</tr>
<tr>
<td><strong>Undivided Earnings</strong></td>
<td>$8,497,726</td>
<td>$8,145,678</td>
</tr>
<tr>
<td><strong>Unrealized Gain/(Loss)</strong></td>
<td>$38,288</td>
<td>$270,657</td>
</tr>
<tr>
<td><strong>TOTAL RESERVES</strong></td>
<td>$9,885,595</td>
<td>$9,765,916</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; EQUITY</strong></td>
<td><strong>$86,038,543</strong></td>
<td><strong>$79,585,488</strong></td>
</tr>
</tbody>
</table>

#### OPERATING INCOME

<table>
<thead>
<tr>
<th></th>
<th>12/31/21</th>
<th>12/31/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income from Loans</strong></td>
<td>$1,605,531</td>
<td>$1,473,659</td>
</tr>
<tr>
<td><strong>Income from Investments</strong></td>
<td>$487,077</td>
<td>$746,146</td>
</tr>
<tr>
<td><strong>Income from Fees</strong></td>
<td>$252,688</td>
<td>$180,735</td>
</tr>
<tr>
<td><strong>Income from Miscellaneous</strong></td>
<td>$55,971</td>
<td>$60,014</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING INCOME</strong></td>
<td><strong>$2,401,267</strong></td>
<td><strong>$2,460,554</strong></td>
</tr>
</tbody>
</table>

#### OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>12/31/21</th>
<th>12/31/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>$1,921,289</td>
<td>$1,972,429</td>
</tr>
<tr>
<td><strong>Dividend Expenses</strong></td>
<td>$171,087</td>
<td>$330,380</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>$2,092,376</strong></td>
<td><strong>$2,302,809</strong></td>
</tr>
<tr>
<td><strong>NON-OPERATING INCOME</strong></td>
<td>$40,156</td>
<td>$42,951</td>
</tr>
<tr>
<td><strong>TOTAL NET INCOME/(LOSS)</strong></td>
<td><strong>$349,047</strong></td>
<td><strong>$200,696</strong></td>
</tr>
</tbody>
</table>
“Advancing Prosperity for Nikkei and Mabuhay Communities”

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

Nikkei Branch / Corporate Office
18425 S. Western Avenue 2nd Floor
Gardena, CA 90248
866.4NIKKEI (866.464.5534)
Online Banking
nikkeicu.org
Email
info@nikkeicu.org

Mahbuhay Branch
146 Carson Street
Carson, CA 90745
888.MABUHAY (888.622.8429)
Online Banking
mabuhaycu.org
Email
info@mabuhaycu.org

Nikkei Credit Union
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Mabuhay Credit Union