

October 18, 2022

Re: FHLBank System at 100: Focusing on the Future

Dear Director Thompson,

Thank you for the opportunity to provide my comments on the FHLBank System at 100 years. My name is Dayna Matsumoto, and I am currently Group SVP and Controller at Central Pacific Bank, a \$7B asset community bank in the State of Hawaii, where I have worked for the last 16 years. The State of Hawaii banking space consists only of Hawaii based community banks and credit unions, there is no national large bank presence. My institution, Central Pacific Bank was founded 68 years ago by Japanese American veteran heroes who came home from fighting in WWII, and were driven to solve the problem of a lack of banking services available to the many lower income individuals and small businesses. They started Central Pacific Bank to serve the large under-served population that existed in Hawaii. Today our mission remains the same, we strive ourselves on providing residential mortgage loans to help make the hardworking local people's dream of home ownership a reality. That reality is extremely tough, I can speak for it myself as someone locally born and raised who has had to work extremely hard to be able to purchase a home in Honolulu, where the median home sales price is currently \$1.1 million dollars. And I consider myself lucky, many others in the community either have to live in a multi-generational home, work multiple jobs or live far outside of the city and endure very long commutes. The need for more affordable housing in Hawaii is greater than ever.

Central Pacific Bank's mission is also to support small businesses in Hawaii. This comes from our founding and continues to be a key focus area for us today. There are over 135,000 small businesses in Hawaii, which represents over 95% of all businesses here. Central Pacific Bank supports our small businesses by providing necessary financing, tools and guidance, enabling them to get their businesses off the ground and expand when the time comes. Small businesses are the backbone of our local economy and can only continue to grow and function with the help of community banks like us. I have personally witnessed one of our small business clients, a local doctor, who invited me to the grand opening of his expanded new office location, where he expressed sincere gratitude to Central Pacific Bank for supporting him and enabling him to grow his business over the years. At that

moment I really realized the impact that we are making on our community and the critical role that banking and the broader system plays in our state economy.

Supporting my bank's success, continued growth and viability is our membership in the Federal Home Loan Bank of Des Moines. The FHLB has supported us to provide the necessary liquidity which enables us to finance residential mortgage, small business and other loans, and consistently meet the needs of our community through various market environments and challenges. While our funding comes generally from a large, stable core deposit base, there have been times in history and even today, where the supplemental liquidity provided by the FHLB has helped fill our funding needs for current and potential liquidity contingency situations. During the Great Financial Crisis in 2009-2010, our institution was hit hard and near the brink of failure. During this time, I was in charge of managing liquidity for the bank and the FHLB stood by us, even as our capital deteriorated and our deposits were challenged. While of course more restrictions were put in place during this time, our available FHLB borrowing lines were not taken away. Such action would have most likely driven our regulators to shut down our bank, which would have been devastating to our community. Again, there is no national, mega bank presence in Hawaii, our state's liquidity sources are limited, and the FHLB plays a critical role in supporting our financial institutions and the broader community here.

Finally, the FHLB's Affordable Housing Program is successful in helping to address the affordable housing crisis in Hawaii. Central Pacific Bank has worked with local non-profits to apply and successfully be awarded 3 grants which total over \$1.7 million dollars from the FHLB. Two of those grants were for a senior affordable housing rental complex on Maui, which is now completed and housing 60+ seniors who otherwise may not be able to find housing that they can reasonably afford. The 3rd grant was for an 84-unit complex of affordable live/work space for low income artists in Honolulu. The complex also has space for non-profit partners, community events, and a cultural center to promote Native Hawaiian traditions. None of which would have been made possible without the grants provided by the FHLB.

To conclude the FHLB plays a vital role in the successful functioning of the Hawaii economic community. Central Pacific Bank has a long 68-year history of supporting our local Hawaii community and I plan to continue to help drive that

mission forward and beyond for many years to come. The FHLB is a key partner of ours and critical to the future of our institution and the State of Hawaii. Thank you for your time.

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