

Winds of Change

2015 ANNUAL REPORT

 UNIVERSITY OF HAWAII
FEDERAL CREDIT UNION
UHFCU.COM

Federally Insured by NCUA

CHAIRMAN & CEO'S MESSAGE



Edward Yuen
Chairman of the Board

Jeanine M. Morse
President/CEO

With a continued focus on safety, soundness and convenience, we are pleased to announce that 2015 was a groundbreaking year! Despite a continued low interest rate environment and economic uncertainty, your University of Hawai'i Federal Credit Union (UHFCU) exceeded 2015 expectations in loan growth, net worth, and net income – resulting in a banner year.

Member Voices

"I love the CU. I do not have much money; but you all make me feel like a million bucks."

In addition to financial strength and success, 2015 was also a year of evolution and change. In July, we successfully converted to a brand new, state-of-the-art core system. We replaced a more than 20-year-old legacy platform with Corelation Inc.'s Keystone, which offers a modern, member-centric solution. The conversion was a culmination of more than two years of research and planning, and the results reflect the diligence and immense effort of our staff. Originally scheduled for completion over three days, the conversion process went so smoothly that select services, such as Online Banking, Mobile Banking and Debit Cards, were available one day after the conversion.

And, we didn't stop there. We also moved to a new statement vendor, completely redesigned our statements, and began sending notices electronically to members with e.Statements. In addition, we converted to a new Debit and Credit Card processor and redesigned our cards while implementing state-of-the-art security with EMV chip technology.

These steps forward are examples of our dedication to fulfilling the needs of our member-owners while providing exceptional member service. This commitment earned us several accolades in 2015, including being voted "Best Bank" by the UH Manoa Community, winning a national award for the core conversion communication effort, and being recognized as one of Hawaii Business Magazine's Top 250 businesses. Most importantly, through feedback from our members, once again you gave us our highest ratings in member service with a Net Promoter Score (NPS) of 81.3% for the year!

We made some great improvements in 2015, but we're not done yet. In 2016, we already started working on several major initiatives to further enhance your banking experience, to include establishing our UHFCU Scholarship Program, a new Mobile Deposit service, the ability to quickly apply for loans via your mobile device, and more!

As we look back on our year of growth, we thank you and look forward to continuing our success in 2016. You are the cornerstone of our success and who we are, and we couldn't be more proud to serve you in the years to come.

Mahalo,

Edward Yuen
Chairman of the Board

Jeanine M. Morse
President and Chief Executive Officer

Member Voices

"UHFCU has really helped me start my own life by providing banking services throughout college and now helping me understand mortgage options."

UHFCU BOARD OF DIRECTORS



Edward Yuen
Chairperson



Sylvia Higashi
Vice Chairperson



Barbara Kawamoto
Treasurer



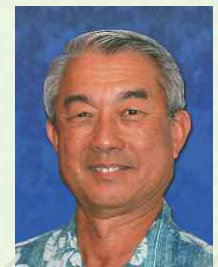
Jan Javinar
Secretary



Kenji Sumida



Clifford Togo



Michael Unebasami

STATEMENT OF FINANCIAL CONDITION

As of December 31, 2015 and 2014 (unaudited)

	12/31/15	12/31/14
ASSETS		
Cash & Equivalents	\$ 31,585,112	\$ 31,548,827
Investments	338,121,232	335,979,074
Loans	175,923,312	165,786,125
Less: Allowance for Loan Losses	(1,284,746)	(1,246,378)
Property & Equipment	16,201,844	15,761,300
Other Assets	9,865,439	7,842,905
TOTAL ASSETS	\$ 570,412,193	\$ 555,671,853
LIABILITIES, SHARES & EQUITY		
Accounts Payable & Other Liabilities	\$ 2,987,688	\$ 2,540,885
Members' Shares	504,347,023	492,806,605
Members' Equity	63,077,482	60,324,363
TOTAL LIABILITIES, SHARES & EQUITY	\$ 570,412,193	\$ 555,671,853

STATEMENT OF INCOME

For the years ending December 31, 2015 and 2014 (unaudited)

	12/31/15	12/31/14
Interest Income	\$ 13,737,974	\$ 14,119,998
Interest Expense	1,939,682	1,916,559
NET INTEREST INCOME	11,798,292	12,203,439
Less: Provision for Losses	(388,556)	(349,029)
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	11,409,736	11,854,410
OPERATING EXPENSES	7,987,886	8,251,114
OTHER INCOME		
Other Operating Income	1,690,997	1,707,285
Other Non-Operating Income (Expense)	53,537	15,657
NET INCOME	\$ 5,166,384	\$ 5,326,238

TREASURER'S REPORT



In 2015, UHFCU held true to our commitment to exceptional member service and prudent financial practices. We finished the year with net income of \$5.2 million and an impressive 0.92%

Return on Assets, resulting in a strong year-end Net Worth Ratio of 11.3%.

Total assets increased by \$14.7 million to end the year at \$570 million. Total deposits increased by \$11.5 million while loan balances increased by over \$10 million. Last year's continued low interest rate environment gave members the opportunity to take advantage of our lending products at exceptionally low rates. Mortgage lending once again led our portfolio growth, increasing by \$5.4 million or 13% in balances. Our Certificate rates have generally led the market, and it showed in our year-end results with growth of over \$7 million.

For the second year in a row, we are pleased to report that our supervisory regulator, the National Credit Union Administration (NCUA), examined your Credit Union and issued us the highest possible rating for overall financial health based on our strong financial performance and risk management practices as well as our safe and sound operations.

As Treasurer of UHFCU, I have the privilege of reporting on another successful year. However, the entire leadership team recognizes that you – our members – are the true reason for our success. Thank you for your continued support as we move forward to another exciting and prosperous year in 2016.

Mahalo,

Barbara Kawamoto
Treasurer

Member Voices

"I submitted an online application late on Thursday night and by Saturday at noon I had the funds in my checking account with direct deposit set up. Awesome job."

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is a group of volunteer members who serve a vital role in serving UHFCU's members. The Committee is responsible for making sure that the Credit Union's financial records are in order and internal controls are in place to protect the assets of the Credit Union and its members. During the year, the Committee retained Richards & Associates, CPAs to conduct the annual financial statement audit of your Credit Union.

Richards & Associates is currently performing the audit for 2015, and has not completed its audit as of this date. The Committee is being kept apprised by the auditors during this audit and expects an unqualified (clean) auditor's opinion on the financial statements for the year then ended.

The Internal Auditor reviewed the membership records, accounts and other areas as directed by the Committee to ensure that adequate internal controls are established and maintained to safeguard the Credit Union's assets. Internal Audit did not report any significant weakness in internal controls or other areas covered during its internal audits.

As your Credit Union continues to grow, we look forward to another successful year and would like to express our appreciation to the dedicated employees, management, volunteers and Board of Directors of your Credit Union.

Sincerely,

David Ching, *Committee Chairperson*
Marlene Mattos and Shareef Wang

VISION STATEMENT

To be Hawai'i's most secure, progressive, and sought after financial institution with employees and volunteers who understand and anticipate our members' needs; building lifelong relationships, one member at a time.

MISSION STATEMENT

To care for our members' needs with efficiency, integrity and respect. Deliver innovative and relevant products and services that provide value in a manner that encourages financial well-being for our members while maintaining the safety and soundness of our Credit Union.

CORE VALUES

We will incorporate these values into everything we do, every day.

Trust: Earn the confidence, faith, and loyalty of everyone, every day.

Teamwork: We do not work for each other, we work with each other.

Integrity: Always strive to do the right thing, no matter the consequences. Choosing right over wrong, ethics over convenience, and truth over popularity-these are the choices that measure your life.

Attitude: Is a little thing that makes a big difference. A positive attitude causes a chain reaction of positive thoughts, events, and outcomes.

Commitment: Dedication, faithfulness, trust, and loyalty.

Loyalty: Dependable, reliable, and dedicated. Can always be counted on.

HOW TO CONTACT US

Mailing Address:

P.O. Box 22070
Honolulu, HI 96823-2070

Website Address:

www.uhfcu.com

PHONE NUMBER

(808) 983-5500

EMAIL ADDRESS

memberservices@uhfcu.com

BRANCHES

McCully Branch:

2019 South King Street
Honolulu HI 96826
Mon to Thurs: 8:30AM – 5:00PM
Fri: 8:30AM – 6:00PM
Sat: 9:00AM – 1:00PM

Mānoa Campus Center Branch:

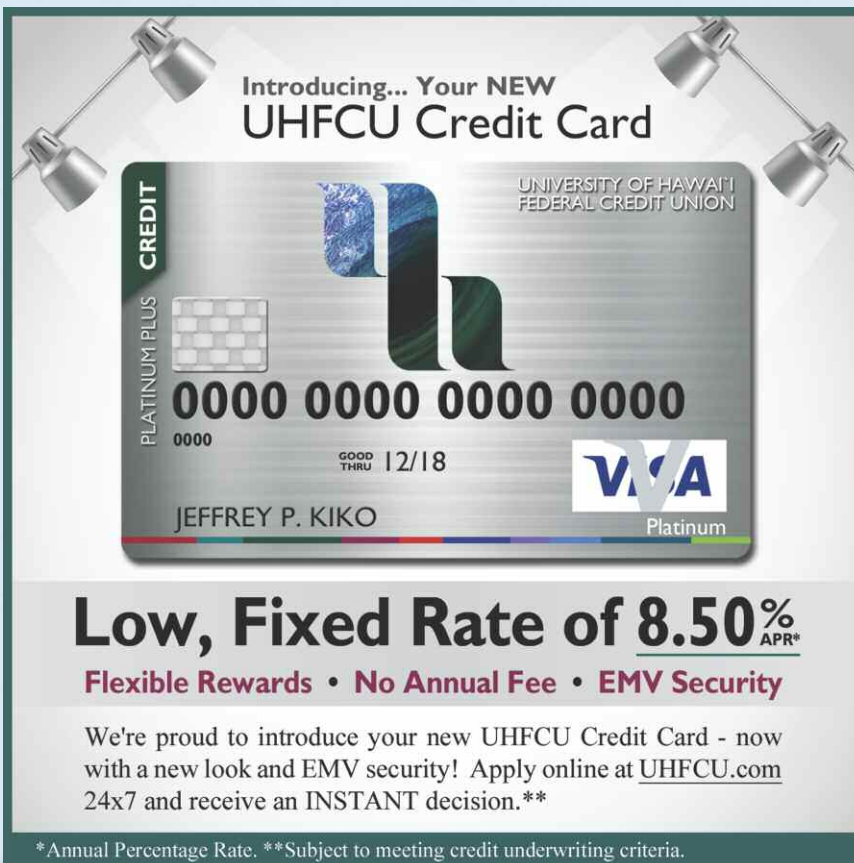
Next to Cafeteria – 2nd level
Mon to Fri: 8:00AM – 4:00PM

Mānoa Campus Branch:

Across from the Thrift Shop
Mon to Fri: 8:30AM – 1:00PM

West Oahu Campus Branch:

Central Plaza next to the Bookstore
Mon to Fri: 8:00AM – 4:00PM



Introducing... Your NEW
UHFCU Credit Card

UNIVERSITY OF HAWAII
FEDERAL CREDIT UNION

CREDIT
PLATINUM PLUS

0000 0000 0000 0000

GOOD THRU 12/18

JEFFREY P. KIKO

VISA Platinum

Low, Fixed Rate of 8.50%^{APR*}

Flexible Rewards • No Annual Fee • EMV Security

We're proud to introduce your new UHFCU Credit Card - now with a new look and EMV security! Apply online at UHFCU.com 24x7 and receive an INSTANT decision.**

*Annual Percentage Rate. **Subject to meeting credit underwriting criteria.

