

2017 ANNUAL REPORT

Path To Progress



UNIVERSITY OF HAWAII
FEDERAL CREDIT UNION
UHFCU.COM

Federally Insured by NCUA

CHAIRMAN'S MESSAGE



Edward Yuen
Chairman of the Board

I am pleased to announce that 2017 was another standout year for your University of Hawai'i Federal Credit Union. In addition to another year of financial success, 2017 was a year full of exciting change, growth, and upgrades to your banking experience.

In May, we successfully launched new, state-of-the-art Online and Mobile Banking services, while simultaneously launching a fresh, modern UHFCU.com website. Our members have given us great feedback about their favorite features, including new and improved CheckSnap Mobile Deposit, Online Bill Pay, and Mobile Loan Application services to name a few. With these upgrades, we are now able to utilize the latest technology to make your online banking experience better than ever!

Member Voices

"For decades, every employee with whom I have interacted professionally and personally reflect the CU mission with intelligence and empathy."

And, we didn't stop there. In August, we officially merged with Leahi FCU, welcoming over 500 members to our credit union family. With the new partnership, we opened a new branch at Leahi Hospital, conveniently located across the street from the Kapiolani Community College campus.

Although 2017 was marked by a number of outstanding achievements, the year came to a bittersweet end as we said goodbye to longtime President and CEO Jeanine Morse. Jeanine retired at year-end after nine years of service with UHFCU. With Jeanine at the helm, the credit union achieved unprecedented growth – blossoming into the State's fifth largest credit union. As she transitions to her well-deserved retirement, we would like to thank Jeanine for her leadership and guidance. All of us at UHFCU will miss her deeply.

Member Voices

"I am proud and happy to be a member of the CU. They are always courteous and willing to go out of their way to help."

In September, the Board of Directors was happy to announce the appointment of Travis Bow as President and CEO starting January 1, 2018. Travis has been with UHFCU for 17 years, most recently as the Vice President of Member Support, overseeing the IT department and the credit union branches. Throughout his career, Travis has been committed to providing exceptional member service, striving for operational efficiency, and embracing the credit union philosophy of "people helping people." With Travis' leadership, we are confident that UHFCU will continue to provide the member service that makes us special while bringing the credit union to even greater heights.

We are thankful for your help in making 2017 a truly successful year and look forward to continuing our success in 2018. We are proud to be your credit union and continuing to serve you in the years to come.

Mahalo,

Edward Yuen
Chairman of the Board

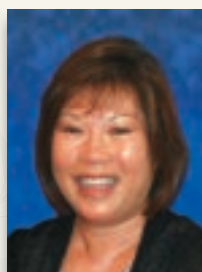
UHFCU BOARD OF DIRECTORS



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, 2017 and 2016 (unaudited)

	12/31/2017	12/31/2016
ASSETS		
Cash & Investments	\$ 31,427,143	\$ 25,938,599
Investments	370,413,411	379,289,935
Loans	193,700,893	177,760,777
Less Allowance for Loan Losses	(1,364,685)	(1,770,022)
Property & Equipment	15,536,024	15,907,589
Other Assets	11,266,153	9,941,258
TOTAL ASSETS	\$ 620,978,939	\$ 607,068,136
LIABILITIES, SHARES & EQUITY		
Accounts Payable & Other Liabilities	\$ 2,604,685	\$ 2,913,479
Members' Shares	548,481,944	539,787,437
Members' Equity	69,892,310	64,367,220
TOTAL LIABILITIES, SHARES & EQUITY	\$ 620,978,939	\$ 607,068,136

STATEMENT OF INCOME

For the years ending December 31, 2017 and 2016 (unaudited)

	12/31/2017	12/31/2016
Interest Income	\$ 14,540,166	\$ 13,997,689
Interest Expense	2,078,230	2,153,612
NET INTEREST INCOME	12,461,936	11,844,077
Less: Provision for Losses	(875,660)	(835,506)
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	11,586,276	11,008,571
OPERATING EXPENSES	7,911,221	8,135,940
OTHER INCOME		
Other Operating Income	1,872,988	1,710,816
Other Non-Operating Income (Expense)	(510,455)	68,084
NET INCOME	\$ 5,037,588	\$ 4,651,531

TREASURER'S REPORT



It's with great pleasure that I report another successful year for UHFCU. With the unwavering trust and support of over 29,000 members, the Credit Union continues to remain safe and sound while building upon on-going efforts to improve. We finished the year with net income of \$5.0 million and an impressive 0.82% Return on Assets, resulting in a strong year-end Net Worth Ratio of 12.0%.

Total assets increased by \$13.9 million to end the year at \$621 million. Total member shares increased by \$8.7 million while loan balances increased by over \$15.9 million. The continued low interest rate environment once again 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 \$14.3 million or 25.1% in balances. Our Certificate rates have generally led the market, and it showed in our year-end results with growth of over \$11.3 million or 11.4%.

All of this adds up to a Credit Union that remains stable, substantial, and well-capitalized, yet flexible enough to progress quickly and keep pace with advances in technology. Thank you for your continued support as we move forward to another exciting and prosperous year in 2018.

Mahalo,

Barbara Kawamoto,
Board Treasurer

Member Voices

"No snags, no snafus and no errors. We are in Portland; but it all has worked well for many years."

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 2017, 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



BUMP-UP CERTIFICATE
Give Your Rate a One-Time Boost!

21-month now 1.75% APY*

Enjoy the safety and security of knowing your deposits are **federally insured** and will not lose value. With the Bump-Up Certificate, lock in the current rate now. If interest rates go up, simply choose to "bump up" to a higher rate!

*Annual Percentage Yield (APY) accurate as of 2/20/2018. \$1,000 minimum balance. IRAs have contribution limits set by the Federal Government. Available for new money only. Bump-Up Certificate allows a one-time rate increase corresponding with the current advertised 2-year fixed-rate UHFCU certificate. The new rate will remain in effect until the certificate maturity date. Dividends compounded and credited monthly. Fees or other conditions could reduce the earnings on the account. A penalty may be imposed for withdrawals before maturity. May not be combined with other rates or offers. Offer, terms, and rate subject to change without notice.

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

Manoa Campus Center Branch:
Next to Cafeteria – 2nd level
Mon to Fri: 8:00am–4:00pm

Manoa 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

Leahi Hospital Branch:
3675 Kilauea Avenue
Mon–Fri: 9am to 4pm

