



Dare to Dream



ANNUAL
REPORT 2018

Chairman & CEO's Message



Edward Yuen
Chairperson

From that first day in 1955, when University of Hawai'i colleagues dared to "dream big" and founded our credit union, a passion for giving back to the UH community has guided our mission and propelled us to become one of Hawai'i's strongest and most enduring credit unions today.

In 2018, that focus on people-helping-people, as well as an energetic and enthusiastic management and staff, have lifted our membership and organization to new heights. In 2018, we increased our assets by 2% (now standing at more than \$632 million), saw consumer loan totals climb 11%, and had a record number of members join the credit union. We also increased deposit rates across the board and dared to lower and eliminate fees at a time when most financial institutions are raising theirs.



Travis Bow
President & CEO

We are also proud of our investments in the community, whether it was positively influencing the educational lives of students with our Scholarship Program, providing financial relief for those impacted by flooding, renewing our partnership with the Hawaii HomeOwnership Center to offer down payment assistance for those in need, or the award-winning efforts by our staff to raise thousands of dollars for the Aloha United Way.

All of these changes and efforts make a real difference for real families in our local community as they strive to make the most of their money, and we feel they were the driving force when our members voted us a finalist for the 2018 Honolulu Star-Advertiser "Hawaii's Best" people's choice awards.

We hope you, as member-owners, are as proud as we are to be part of a financial cooperative focused on its members and building stronger local communities. You are why we are here, and we look forward to continuing to building member and community wealth with all of you in 2019 and beyond.

Mahalo,

Edward Yuen
Chairman of the Board

Travis Bow
President and Chief Executive Officer

Member Voices

"CU is the best financial institution I have ever dealt with."

"Staff is always friendly and courteous. It is nice to be greeted in a friendly atmosphere."

"Superior in every way to a traditional bank."

UHFCU Board of Directors



Edward Yuen
Chairperson



Sylvia Higashi
Vice Chairperson



Barbara Kawamoto
Treasurer



Michael Unebasami
Secretary



David Ching



Kenji Sumida



Clifford Togo

Treasurer's Report

The University of Hawai'i Federal Credit Union achieved significant growth in 2018 and now serves nearly 30,000 members. Among the highlights:

- Total assets grew by \$11 million, to \$632 million.
- Member deposits increased \$17 million, to \$566 million.
- Member loans grew by \$13 million, to \$207 million.

Our growth reflects our commitment to member service as well as our continuing efforts to offer rates that are among the most attractive in the local community.

That said, 2018 was not without its challenges. Loan losses were unusually high but largely confined to 2018. Despite the extraordinary occurrence, the credit union remains well-capitalized. Had we not needed to account for the loan losses, we would have had one of the best financial years in the history of the credit union. This gives us a lot to look forward to in 2019!

As a member-owner of UHFCU, you belong to a strong, viable financial institution. With our soundness and stability, we are well positioned in today's financial arena to meet your personal financial needs – now and in the future. I encourage you to take full advantage of your credit union membership and thank you for your continued support as we move forward to another successful year in 2019.

Mahalo,

Barbara Kawamoto, *Board Treasurer*

Statement of Financial Condition

As of December 31, 2018 and 2017 (unaudited)

	12/31/2018	12/31/2017
Assets		
Cash & Investments	\$ 34,009,153	\$ 31,427,143
Investments	371,638,240	370,413,411
Loans	206,734,096	193,700,893
Less Allowance for Loan Losses	(5,634,874)	(1,364,685)
Property & Equipment	15,120,041	15,536,025
Other Assets	10,309,378	11,266,153
Total Assets	\$ 632,176,035	\$ 620,978,939
Liabilities, Shares & Equity		
Accounts Payable & Other Liabilities	\$ 2,844,535	\$ 2,604,686
Members' Shares	565,575,802	548,481,944
Member's Equity	63,755,699	69,892,310
Total Liabilities, Shares & Equity	\$ 632,176,035	\$ 620,978,939

Statement of Income

For the years ending December 31, 2018 and 2017 (unaudited)

	12/31/2018	12/31/2017
Interest Income	\$ 15,879,917	\$ 14,540,166
Interest Expense	2,893,671	2,078,230
Net Interest Income	12,986,246	12,461,936
Less: Provision for Losses	(9,255,265)	(875,660)
Net Interest Income After Provision for Losses	3,730,981	11,586,276
Operating Expenses	8,631,258	7,911,221
Other Income		
Other Operating Income	2,306,520	1,872,988
Other Non-Operating Income (Expense)	(1,033,494)	(510,455)
Net Income	\$ (3,627,251)	\$ 5,037,588

Member Voices

"I joined in about 1980 and the CU has always been convenient and easy to get too. I like the lack of fees for services."

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.

Core Values



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.

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 2018, which has not completed as of this date. The Committee is being kept apprised by the auditors during their engagement 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,

Shareef Wang, *Committee Chairperson*
Marlene Mattos, Jodie Fujita, and Brandon Yoza

Contact

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- memberservices@uhfcu.com
- (808) 983-5500
- www.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

Leahi Hospital Branch
3675 Kilauea Avenue
Mon to Fri: 8:00am-4:00pm

Manoa Campus Center Branch
2nd Level - Next to Food Court
Mon to Fri: 8:00am-4:00pm

West Oahu Campus Branch
Campus Center - 1st Level
Next to Student Services Office
Mon to Fri: 8:00am-4:00pm

