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Aloha Pacific Federal Credit Union (APFCU) is the third largest credit union in Hawaii with over \$415 million in assets. Chartered in 1936 as the Honolulu City & County Employees Federal Credit Union (HCCEFCU), the credit union changed its name on July 1, 2007. It continues to serve its original charter of employees, retirees and families of the City & County of Honolulu, but has expanded to include other Select Employer Groups (SEG).

## KALABASH FINANCIAL

KALABASH Financial (KBF) is a division of APFCU offering financial planning, investment and insurance advice to credit union members. Established in 2003, the KBF office is located at 832 South Hotel Street (Main Branch) on the second floor.



CUSO of Hawaii LLC is a wholly owned subsidiary of APFCU established in 2000. Through their various subsidiaries, they offer residential mortgage loans, commercial real estate loans, realty services and technology solutions to credit unions and their members in the State of Hawaii. Located at 2200 Kamehameha Highway in the City Credit Union Center, CUSO of Hawaii originates, processes and services APFCU's mortgage and commercial loan portfolio and provides discounted realty services.

Founded by industrious city employees in 1936 as the Honolulu City & County Employees Federal Credit Union, it recently changed its name to the Aloha Pacific Federal Credit Union. However, the mission of the founding members remains the same: to help fellow members that were not being served by other financial institutions in Hawaii.

Over the years, we've grown to become the third largest credit union in Hawaii with a diverse membership base. We not only serve the employees and families of the City and County of Honolulu but now accept members from other business partners, such as the Hawaii Government Employees Association (HGEA), Moanalua Gardens Foundation, Best Buy, Waikele Elementary School, and Bishop Museum.

The decision to expand our field of membership was driven by our members' need for more branches and ATM locations. To offset these costs without increasing fees, we had to broaden our appeal to other potential members and focused on increasing total volume.

### **2007 Achievements**

Your management and board remain committed to making the credit union the best financial institution in Hawaii. We are pleased to report the following highlights:

**25,425 Members** - We enjoyed new membership growth this year, primarily through our Select Employee Group (SEG) and Dealer Center initiatives.

**14,352 Checking Accounts** - We continue to focus on being your primary financial institution by continuing to offer Hawaii's best checking account based on fees, rates and service.

# Management Message (continued)

## 2007 Achievements

**\$355.9 Million Shares** - Member deposits declined this past year as rate competition continued, but we continue to offer some of the best deposit rates in Hawaii with no special conditions or requirements.

**\$215.9 Million Loans** - Growth in this area is attributed to a substantial increase in vehicle loan volume from our Dealer Center and mortgage and commercial loans from our Credit Union Service Organization (CUSO).

**Name Change** - After more than 70 years, we officially changed our name and logo to Aloha Pacific Federal Credit Union on July 1, 2007.

**Fort Street Branch** - We opened our latest, flagship branch in Downtown Honolulu (across Macy's) on December 10, 2007, bringing our total number of branches to four.

**KALABASH ATM<sup>SM</sup> Locations** - We continue to be the largest credit union-owned ATM network in Hawaii by adding three new ATM locations this year - Fort Street branch, Honolulu Zoo and University of Hawaii at Manoa, Campus Center. Members enjoy FREE access at over 43 KALABASH machines, plus over 25,000 additional Co-Op ATMs across the U.S.

**Other initiatives** - We expanded our field of membership to include over 231 SEGs, established 17 new dealer relationships, upgraded our back office computer systems to support new imaging technology and added realty discounts to help you save money when buying or selling a home.

## Building Lasting Relationships

At the core of our belief is our commitment to the members and our founding Select Employee Group, the City and County of Honolulu. This year we sponsored the Employee and Manager of the Year Awards; Mayor's Energy Conservation Program; City Employee's National Arts Exhibit, Department Christmas Tree Exhibits at Honolulu and Kapolei Hale; City Blood Drives; City Employee Christmas Party; and other departmental events.

Building family ties is also important. We continued our tradition of Family Day with special opening week screenings of *Spiderman III*, *Harry Potter* and *National Treasure* drawing record crowds. In addition, we offered a variety of other events including International Credit Union Week and Kapiolani Children's Miracle Network donation drives.

Learning is the foundation of any future and we continued our Masami Oishi Scholarship program. This year we donated a total of \$15,000 to 10 outstanding student-members selected by a board appointed, member committee.

To support our other Select Employee Groups, we supported the HGEA Stewards Conventions; conducted special lobby days for vendors like Sprint, AAA and Costco; and had loan offers ready at our approved dealers during special sales events. In return, our members were treated to special offers and discounts.

We would like to recognize three board members that served during this past year, but who will not be seeking re-election for personal reasons. David Takiguchi (since 2005), Howard Okamoto (since 2006) and Darwin Hamamoto (1984-2005, 2006-2008) served the credit union faithfully, and we will miss their continued presence on the board.

During the year, two individuals volunteered to help fill two board vacancies. We would like to thank Joseph Magaldi, Jr. and Stanley Inamasu for volunteering their time and expertise. Both will be seeking re-election in 2008 at the annual meeting.





## 2007 Annual Meeting Minutes

The 69th Annual Meeting of the members of the Honolulu City & County Employees Federal Credit Union was held on Tuesday, March 20, 2007 at the McCoy Pavilion at the Ala Moana Beach Park.

Annual Meeting & Elections Committee Chair and Board of Director Darwin Hamamoto welcomed members. Hamamoto thanked the members for attending the meeting and for all their support. Hamamoto then introduced Chair Jimmy Shiramizu.

The meeting was called to order by Chair Jimmy Shiramizu at 5:05 p.m. Shiramizu called Director Allan Fujimoto to declare a quorum. A quorum was declared with 215 members registered.

Chair Shiramizu recognized the following persons: 1) present directors Gary Iwai, Karen Shishido, Allan Fujimoto, Darwin Hamamoto, Howard Okamoto, David Takiguchi; Supervisory Committee members Ted Takahashi, Ann Sakurao, Diane Murata, Stanley Inamasu; 4) Annual Meeting Chair Darwin Hamamoto; 5) Annual Meeting Committee volunteers; and 6) all other Committee volunteers.

Shiramizu mentioned that the directors volunteer their time and are very productive. The Board takes their responsibility seriously, and sets the plans and policies of the credit union. Shiramizu thanked all volunteers for their time and hard work in 2006.

A motion was made to accept the minutes of the 2006 Annual Meeting, which was held on March 21, 2006. The Treasurer's Report was moved and seconded to accept as stated, subject to audit. The Supervisory Committee's Report was also moved and seconded to accept as stated.

## 2007 Annual Meeting Minutes (continued)

Shiramizu mentioned that HCCEFCU is one of the best credit unions with excellent products and services, numerous ATMs, and two branches (Waialeale and Waimalu), with a Downtown branch opening this year. Shiramizu encouraged all members to bring their eligible family and friends to join the credit union.

Shiramizu mentioned that there was no voting done this year. There were four positions open and only three applicants. Therefore, as Chair, Shiramizu declared the three applicants Jimmy Shiramizu, Karen Shishido and David Takiguchi to serve two year terms on the Board of Directors for the credit union.

Shiramizu then mentioned that according to the credit union Bylaws and regulations, the board will appoint someone on an interim basis to fill the vacant position.

Shiramizu then introduced President/CEO Wallace Watanabe. Watanabe recognized the Executive Team: CIO Keoni Ahlo, COO Licie Fok, CLO Nick Delos Santos, CFO Gary Nakata and CDO Rita Ornellas. Watanabe also recognized the CUSO of Hawaii, Inc. Executive Team: President Vince Otsuka, Vice-President – Loan Servicing Virgil dela Cruz and Vice-President – Commercial Lending Scott Nishimura.

Shiramizu introduced special guest Mayor Mufi Hannemann who said a few words to the members.

Watanabe then recognized this year's service award recipients, as well as the employee of the year.

**Service Awards** – For more than 10 years – Philis Eshima. For more than 15 years – Fe Francisco, Shelly Hare, Theresa Meyer, Yvette Stietzel. For more than 20 years – Sandra Takara. For more than 25 years – Corinne Hamada.

**2006 Employee of the Year** – Melinda Cuson was selected as this year's recipient.

**Unfinished Business** – none

**New Business** – none

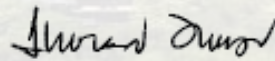
As there was no further business, the meeting was adjourned at 5:20 p.m.

Respectfully Submitted,



**Jimmy Shiramizu**

Chair



**Theresa Meyer**

Recording Secretary

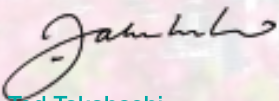


# Supervisory Committee Report

According to the National Credit Union Association Rules and Regulations, the Supervisory Committee is responsible for ensuring that an annual financial audit is conducted, verification of member accounts is performed at least once every two years, and an annual report is prepared and presented to the members at the annual meeting.

To meet these responsibilities, Kwock & Company CPAs conducted the annual financial audit in accordance with generally accepted auditing standards and found that except for the effects of reporting members' share accounts as equity, the consolidated financial statements fairly present, in all material respects, the financial conditions of the Aloha Pacific Federal Credit Union in accordance with generally accepted accounting principles. The financial statements include our credit union service organization CUSO of Hawaii LLC (a for-profit organization).

Your Supervisory Committee concludes that your Credit Union has accommodated the recommendations made by Kwock & Company CPAs and continues to maintain its sound financial condition and that the elected officials, management and staff of the Credit Union have performed in a diligent and creditable manner.



**Ted Takahashi**

Supervisory Committee Chair

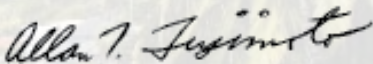
The financial results for Aloha Pacific Federal Credit Union (APFCU) and its subsidiaries were consolidated for year ended December 31, 2007, and are presented below.

Consolidated assets decreased \$2.5 million or 0.6% from \$417.9 million to \$415.3 million. This was partly due to decreased deposits in 2007, and mostly due to decreased investments offset by strong growth in loans. Consolidated net income amounted to \$1.9 million, based on the strength of our loan and investment portfolios.

APFCU continues to experience good financial results, and our capital to total assets ratio remains strong at 13.4%, above our peer group average. APFCU remains committed to maintaining its financial strength and stability, and strives to meet the current and future needs of our membership.

We are grateful to the employees that worked very hard to service the needs of our membership and to those who volunteered for various committees.

Mahalo to all members for their continued support of the Credit Union.



**Allan Fujimoto**

Secretary/Treasurer

## Consolidated Balance Sheet

<b>ASSETS AS OF:</b>	<b>12/31/2007</b>	<b>12/31/2006</b>
Loans to Members/Non-Members	215,942,675	182,464,463
Allowance for Loan Losses	(936,750)	(799,810)
Cash	19,140,031	20,619,645
Investments	154,676,234	192,310,221
Property & Equipment	10,503,226	10,864,266
Other Assets	15,991,406	12,414,660
<b>TOTAL ASSETS</b>	<b>415,316,821</b>	<b>417,873,445</b>
<i>Liabilities:</i>		
Accounts Payable	2,843,954	1,741,932
Other Liabilities	801,704	593,576
<b>TOTAL LIABILITIES</b>	<b>3,645,658</b>	<b>2,335,508</b>
<i>Equity:</i>		
Total Share Deposits	355,925,717	362,746,694
Regular Reserves	22,250,451	21,189,181
Undivided Earnings (net)	1,848,927	3,011,751
Appropriated Undiv. Earn	31,646,068	28,590,311
Total Equity	411,671,163	415,537,937
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>415,316,821</b>	<b>417,873,445</b>

## Consolidated Income Statement

<b>OPERATING INCOME</b>	<b>12/31/2007</b>	<b>12/31/2006</b>
Income on Loans (net)	11,936,243	10,836,099
Gross Investments/Other	10,625,488	10,729,062
<b>TOTAL OPERATING INCOME</b>	<b>22,561,731</b>	<b>21,565,161</b>
<i>Less:</i>		
<b>DIVIDENDS TO MEMBERS</b>	<b>7,987,312</b>	<b>7,631,142</b>
Operating Expenses		
Salaries & Benefits	5,624,904	5,047,628
Office Occupancy	1,232,073	812,654
Office Operations	2,978,054	2,737,905
Education & Promotions	417,592	378,445
Professional Services	784,880	524,374
Members' Insurance	245,117	220,387
Provision for Loan Losses	235,891	-
Other Miscellaneous	1,011,377	1,142,876
<b>TOTAL OPERATING EXPENSES:</b>	<b>12,529,888</b>	<b>10,864,269</b>
<i>Less:</i>		
Non-Operating Income (Loss)	(127,747)	(379,975)
<b>NET INCOME</b>	<b>1,916,784</b>	<b>2,689,775</b>

# 2007 Committee Listing

## **ASSET LIABILITY COMMITTEE (ALCO)**

### **Jimmy Shiramizu, Chair**

Allan Fujimoto  
Darwin Hamamoto  
Stanley Inamasu  
Gary Iwai  
Joseph Magaldi, Jr.  
Karen Shishido

## **Ad Hoc ATM**

### **Joe Magaldi, Jr., Chair**

Allan Fujimoto

## **Ad Hoc Nominations**

### **Karen Shishido, Chair**

Ray Antone  
Walter Lee

## **ANNUAL MEETING & ELECTION**

### **Karen Shishido, Chair**

Dale Hishinuma  
Margie Murakami  
Howard Okamoto  
Dan Tully  
Victor Yamashiroya

## **BUDGET**

### **Allan Fujimoto, Chair**

Stanley Inamasu  
Gary Iwai  
Jimmy Shiramizu  
Karen Shishido

## **BUILDING ADVISORY**

### **Darwin Hamamoto, Chair**

Keith Ishida  
Karen Shishido  
Dan Takamatsu  
Randy Wong

## **HUMAN RESOURCES**

### **Karen Shishido, Chair**

Allan Fujimoto  
Gary Iwai  
Howard Okamoto  
Jimmy Shiramizu

## **PLANNING & EDUCATION**

### **Gary Iwai, Chair**

Allan Fujimoto  
Diane Murata  
Jimmy Shiramizu



## **POLICY**

### **Stanley Inamasu, Chair**

Allan Fujimoto

Joe Magaldi, Jr.

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## **SCHOLARSHIP**

### **Joe Magaldi, Jr., Chair**

Anthony Akamine

Laverne Higa

Jerilyn Kim

Cathy Maki

Andy Murakami

Barbara Young

## **SUPERVISORY**

### **Ted Takahashi, Chair**

Ann Sakurao, Vice-Chair

Diane Murata, Secretary

Ben Dimond

Howard Okamoto

## Board of Directors



**Stanley Wachi**  
*Chair*  
Director Since 2000



**Daniel Tully**  
*Vice-Chair*  
Director Since 2001



**Ann Kobayashi**  
*Secretary*  
Director Since 2000



**Tracy Timothy Woo**  
*Treasurer*  
Director Since 2002



**Wallace Y. Watanabe**  
*Director*  
Director Since 2006



**David Takiguchi**  
*Director*  
Director Since 2005



**Allan Fujimoto**  
*Director*  
Director Since 2002

## Executive Management



**Vince J. Otsuka**  
*President*



**Vigil Dela Cruz**  
*Vice-President*  
*Loan Servicing*



**Scott Nishimura**  
*Vice-President*  
*Commercial Lending*

# APFCU Board of Directors



**Jimmy Shiramizu**  
*Chair*  
Director Since 1988



**Gary Iwai**  
*1st Vice-Chair*  
Director Since 1997



**Karen Shishido**  
*2nd Vice-Chair*  
Director Since 1995



**Allan Fujimoto**  
*Secretary & Treasurer*  
Director Since 2002



**Darwin Hamamoto**  
*Director*  
Director Since 2006



**Stanley Inamasu**  
*Director*  
Director Since 2007



**Joseph Magaldi, Jr.**  
*Director*  
Director Since 2007



**Howard Okamoto**  
*Director*  
Director Since 2006  
(Appointed Interim)



**David Takiguchi**  
*Director*  
Director Since 2005  
(Resigned 2007)

# Executive Management



**Wallace Y. Watanabe**  
*President/CEO*



**G. Keoni Ahlo**  
*Chief Information Officer*



**Nicholas Delos Santos**  
*Chief Lending Officer*



**Gary Nakata**  
*Chief Financial Officer*



**Rita Ornellas**  
*Chief Development Officer*



**Licie Uchino**  
*Chief Operations Officer*

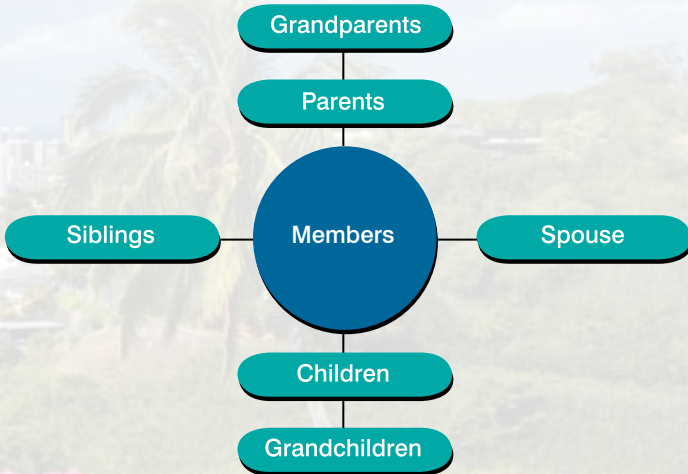


Aloha Pacific Federal Credit Union has proudly served our members since 1937.

Membership is open to:

- Employees of the City & County of Honolulu
- City & County employees who are retired or on leave of absence
- APFCU employees
- Members of the Hawaii Government Employees Association (HGEA)
- Other Select Employee Groups (SEG)

Immediate family/household members and organizations of such persons are also eligible for APFCU membership. \*Once a member, that person's immediate family is eligible to join.



*\*Immediate family includes stepchildren, stepparents, stepsiblings and adopted children*



# Product & Services

## DEPOSIT PRODUCTS

### Personal Accounts

- Personal Savings
- Holiday Savings
- Personal Checking
- KalaRewards Checking (New!)**
- Certificates  
(6 months, 1 year, 2 years)
- Individual Retirement Accounts  
(IRAs)
  - Coverdell Education Savings  
Rollover
  - Roth
  - Traditional
- Student Programs
  - Keiki Kala  
(children ages 0-12)
  - Go!  
(teen ages 13-17)
  - KalaVantage  
(college students ages 18-25)

### Business Accounts

- Business Savings
- Business Checking
- Certificates  
(6 months, 1 year, 2 years)

## CONVENIENT SERVICES

- American Express®
- Travelers Cheques (Single &  
Dual Signature)
- American Express® Gift  
Cheques
- Automated Coin Counter
- Check Imaging  
(View & print cleared  
checks online)
- Direct Deposit
- Electronic Statements  
(View & print monthly  
statements online)
- KALABASH<sup>SM</sup> (ATM Network)
- KalaCard (ATM card)
- KalaCheckCard  
(VISA® Debit Card)
- KalaTalk (Telephone Banking)
- KalaNet (Internet Account  
Access & Bill Payment)
- Notary
- Realty Services (Buy/Sell  
Real Estate at a Commission  
Discount)

*Real Estate Loans are provided through CUSO of Hawaii Services, LLC, a wholly owned subsidiary of Aloha Pacific FCU, Equal Housing Lender. Realty services are provided by CUSO of Hawaii Properties, LLC, a subsidiary of CUSO of Hawaii, LLC.*

*\* Securities and advisory services are offered through Financial Network Investment Corporation, a registered broker/dealer and member, SIPC. Financial Network is not an affiliate of Aloha Pacific Federal Credit Union.*

*INVESTMENTS NOT NCUA/NCUSIF INSURED • NOT A DEPOSIT • NO CREDIT UNION GUARANTEE • MAY LOSE VALUE • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY*

## CONVENIENT SERVICES (continued)

Safe Deposit Boxes  
832 South Hotel Street  
2200 Kamehameha Highway  
(City Credit Union Center)  
Pioneer Plaza  
**(New - Coming Soon)**  
Shared Branching  
Wire Transfer

## CONSUMER LOANS

Home Improvement  
IRA  
Overdraft Protection  
Personal  
Personal Line of Credit  
Savings Secured  
Tuition  
New & Used Auto Loans  
Visa® Classic Credit Card  
Visa® Gold Credit Card  
(Pre-approved for College  
Students)

## REAL ESTATE LOANS

Conventional/Jumbo Fixed  
Rate Mortgage  
Conventional/ARM  
Mortgage  
First-time Homebuyer

## REAL ESTATE LOANS (continued)

First-time Homebuyer Program  
Home Equity Loan  
Home Equity Line of Credit  
Interest Only Mortgage Program  
Investment Property Loan  
Reverse Mortgage  
Second Mortgage

## BUSINESS LOANS

Commercial Real Estate  
Lines of Credit  
Commercial Real Estate

## KALABASH Financial<sup>SM</sup>

### Financial Planning

Estate  
Education  
Retirement

### Investments\*

Annuities  
Business Retirement Plans  
Mutual Funds  
Stocks & Bonds

### Insurance\*

Life  
Long-Term Care

# Branch Locations & Hours

## BRANCH LOCATIONS:

### MAIN BRANCH

832 South Hotel Street

Honolulu, HI 96813

Monday to Friday

7:30 a.m. - 5:00 p.m.

### FORT STREET BRANCH

988 Fort Street Mall

Honolulu, HI 96813

Monday to Friday

7:30 a.m. - 5:00 p.m.

### WAIKELE BRANCH

(Waialele Shopping Plaza,  
near Party City)

94-799 Lumiana Street, Unit 2-A2

Waipahu, HI 96797

Monday to Friday

9:30 a.m. - 6:30 p.m.

Saturday & Select Holidays

9:30 a.m. - 2:30 p.m.

### WAIMALU BRANCH

(Waimalu Shopping Plaza,  
near Office Depot)

98-1277 Kaahumanu Street, Suite 17

Aiea, HI 96701

Monday to Friday

9:30 a.m. - 6:30 p.m.

Saturday & Select Holidays

9:30 a.m. - 2:30 p.m.

### KAILUA BRANCH

Coming Soon

### KOKO MARINA BRANCH

Coming Soon

### KAIMUKI BRANCH

Coming Soon

# Annual Meeting & Contact Info

## ANNUAL MEETING:

The 70th Annual Meeting of APFCU members will be held on Tuesday, March 18, 2008 at Disabled American Veterans Hall. RSVP required by March 7, 2008 with payment of \$5 per member and \$15 per joint member/guest. Visit our website or call us for more information.

## CONTACT US

### BY PHONE

Oahu: 531-3711

Neighbor Island & U.S.:

877-531-3711 (Toll Free)

### BY MAIL

Aloha Pacific Federal Credit Union

832 South Hotel Street

Honolulu, HI 96813

### BY INTERNET

Website: [www.kalanet.com](http://www.kalanet.com)

e-mail: [support@kalanet.com](mailto:support@kalanet.com)

## DIRECTORS:

To contact our board members and committee members, please mail correspondence to:

Aloha Pacific Federal Credit Union

Attn: <Board Member's Name>

832 South Hotel Street

Honolulu, HI 96813