

2016 ANNUAL REPORT

# *Rising Above*



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

Each year, we make it our priority to provide exceptional member service and convenience in an ever-evolving industry. We're pleased to announce 2016 was another standout year for your University of Hawai'i Federal Credit Union. In addition to a year of market-leading financial strength and success, 2016 was also the inaugural year of our UHFCU Scholarship program as well as the launch of many other exciting upgrades to your banking experience.

In March, we introduced our mobile deposit service, CheckSnap, with outstanding success. It quickly became clear that members enjoyed depositing checks using their mobile phones, and we ended the year with over 7,400 transactions.

### *Member Voices*

***"Very quick and efficient in person and the online service is very easy to navigate through."***

We also implemented the Loan EZ App, which allows you to apply for loans using your mobile phone. For additional transactional security, we distributed new, EMV chip-enabled Credit and Debit cards. We also installed a new coin-counting machine at our McCully branch. This service is available FREE to all UHFCU members and allows you to quickly and easily deposit loose change directly into your account.

Perhaps our proudest achievement of 2016 was the introduction of the new UHFCU Scholarship Program, which provided a total of \$10,000 to five deserving students of the UH system. As the University's credit union, we're proud to support our community and invest in the future of our students, and we're continuing this tradition in 2017.

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 2016, including a 5-star rating from Bauer Financial and once again being recognized as one of Hawaii Business Magazine's Top 250 businesses. However, we are most proud of the member service our staff provides to you every day. In 2016, you once again gave us an outstanding rating for member service with a Net Promoter Score (NPS) of 80.8% for the year!

2016 saw great improvements and added features to your banking experience, and you should expect even more in 2017. This year, we're "graduating" to new and improved Online and Mobile Banking services as well as a fresh, state-of-the-art website. With these upgrades, you'll have even more banking capabilities available at your fingertips wherever you go!

We're thankful for your help in making 2016 a truly successful year and look forward to continuing our success in 2017. We're proud to be your credit union and continuing 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*

***"Just applied for a personal loan, was treated with respect and courtesy. Loan officer helpful and efficient, every time I call I am always helped immediately."***

## 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, 2016 and 2015 (unaudited)

	12/31/16	12/31/15
<b>ASSETS</b>		
Cash & Equivalents	\$ 25,938,599	\$ 31,585,112
Investments	379,289,935	338,121,232
Loans	177,760,777	175,923,312
Less: Allowance for Loan Losses	(1,770,022)	(1,284,746)
Property & Equipment	15,907,589	16,201,844
Other Assets	9,941,258	9,865,439
<b>TOTAL ASSETS</b>	<b>\$ 607,068,136</b>	<b>\$ 570,412,193</b>
<b>LIABILITIES, SHARES &amp; EQUITY</b>		
Accounts Payable & Other Liabilities	\$ 2,913,479	\$ 2,987,688
Members' Shares	539,787,437	504,347,023
Members' Equity	64,367,220	63,077,482
<b>TOTAL LIABILITIES, SHARES &amp; EQUITY</b>	<b>\$ 607,068,136</b>	<b>\$ 570,412,193</b>

## STATEMENT OF INCOME

For the years ending December 31, 2016 and 2015 (unaudited)

	12/31/16	12/31/15
Interest Income	\$ 13,997,689	\$ 13,737,974
Interest Expense	2,153,612	1,939,682
<b>NET INTEREST INCOME</b>	<b>11,844,077</b>	<b>11,798,292</b>
Less: Provision for Losses	(835,506)	(388,556)
<b>NET INTEREST INCOME AFTER PROVISION FOR LOSSES</b>	<b>11,008,571</b>	<b>11,409,736</b>
<b>OPERATING EXPENSES</b>	<b>8,135,940</b>	<b>7,987,886</b>
<b>OTHER INCOME</b>		
Other Operating Income	1,710,816	1,690,997
Other Non-Operating Income (Expense)	68,084	53,537
<b>NET INCOME</b>	<b>\$ 4,651,531</b>	<b>\$ 5,166,384</b>

## TREASURER'S REPORT



In 2016, UHFCU held true to our commitment to exceptional member service and prudent financial practices. We finished the year with net income of \$4.7 million and an impressive 0.79% Return on Assets, resulting in a strong year-end Net Worth Ratio of 11.42%.

Total assets increased by \$36.7 million to end the year at \$607 million. Total deposits increased by \$35.4 million while loan balances increased by over \$1.8 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 \$9.4 million or 19.6% in balances. Our Certificate rates have generally led the market, and it showed in our year-end results with growth of over \$12.8 million or 14.7%.

For the third year in a row, we're 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 2017.

Mahalo,

Barbara Kawamoto  
Treasurer

### Member Voices

**"I often recommend friend and family to check UHFCU as a place to deposit their money. I like the warm feeling, continue the friendly spirit!"**



## 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 2016, 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

### Build Your Nest Egg...



**4-year** NOW 1.25%<sup>APY\*</sup>  
**5-year** NOW 1.78%<sup>APY\*</sup>

In a year beginning with some uncertainty, we make it safe and easy to build your retirement nest egg with exceptional rates and federal insurance. Contact us today to get started and still make that 2016 contribution.\*\*

\*Annual Percentage Yield. \$500 minimum balance to open. IRAs have contribution limits set by the Federal Government. Rates as of 1/1/17. Dividends compounded and credited monthly. Fees or other conditions could reduce the earnings on the accounts. 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. \*\*Please consult your tax advisor.

## 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](http://www.uhfcu.com)

### PHONE NUMBER

(808) 983-5500

### EMAIL ADDRESS

[memberservices@uhfcu.com](mailto: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

