



MAKING DREAMS COME TRUE

Management Message

Aloha Pacific Federal Credit Union (APFCU) was established in 1936 and has grown to become the third largest credit union in Hawaii. Excellent member service will continue to be our heralded mission as we guide our credit union into the future.

In 2010, we saw a tremendous amount of growth and technological advances that were all aimed to provide our members with greater convenience and accessibility. Throughout it all, we were able to maintain exceptionally low fees and competitive rates as we continue to build lasting relationships with our members.

FINANCIAL ACHIEVEMENTS:

35,836 Members – Members are our foundation, and we strive to build lasting relationships with each and every member by providing excellent service and a path to financial security. This year, we welcomed 3,221 new members and will strive to guide them toward a safe and secure future.

20,501 Checking Accounts – This may be the single most important account in everyone's financial plan and it can be the most expensive. With our offering of free checking accounts and many other free services, we saved each checking account member an estimated \$156 per year in service fees.

\$655 Million in Shares – Our goal is to offer our members competitive dividend rates and reward them for their loyalty. Even in the face of historically low rates, we maintained an average 1.42% dividend payout, which is well above the bank average of less than 1.00%.

\$323 Million in Loans – The dream of a better life for ourselves and our families sometimes requires borrowing money. This year, we helped finance 1,019 car loans, 285 mortgage loans, 223 home equity loans and hundreds of personal loans. Our members saved more than \$150,000 with our loan discounts.

OTHER HIGHLIGHTS:

New Partnerships – We recently welcomed 1,120 members to our ohana through a partnership with the \$1.1

million Word of Life Federal Credit Union. By combining our membership, we improved services while realizing future cost savings and new growth opportunities for everyone.

New Locations – We added three new branches and ATMs in Kapolei, Kailua and West Cheyenne, Las Vegas, Nevada. Not only did this increase member convenience, it also opened new opportunities for Hawaii members to save and invest in Nevada.

New Investments – Together with CUSO of Hawaii, we purchased the landmark Kaimuki Office Building for \$20.8 million. This purchase addresses our need for office space while providing a stable source of revenue for our CUSO that will help fund new member benefits.

New Products – With the launch of mobile and text message banking, we provided convenience and added new ways for our members to keep in touch with their money. The 24/7 account access gives members who sign up for these free services greater convenience when managing their finances and helps them avoid incurring fees associated with overdrafts or insufficient funds.

Preferred Employer – For the second year in a row, we were honored to be named one of the **Best Places to Work in Hawaii** in the medium-sized company category. Our positive attitude is reflected in everything we do.

While many in the financial world struggle through the effects of the economic crisis, we are proud to report that our Credit Union is strong and financially sound. We are committed to being the primary financial institution of choice for all of your money matters. As we approach our 75th year of service, we expect our team's dedication to exceptional service, great rates and low fees will not only meet but exceed your expectations.



Gary Iwai
Board Chair



Wallace Y. Watanabe
President/CEO





Aloha Pacific Federal Credit Union (APFCU) is the third largest credit union in Hawaii with more than \$725 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 Select Employee Groups (SEG).



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 and CUSO of Hawaii Inc. are wholly owned subsidiaries of APFCU and were established in 2000. Through their various units, 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 988 Fort Street Mall and 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.

2010-2011 COMMITTEE LISTING

AD HOC ATM

Ann Gima, Chair
Ben Dimond, Vice-Chair
Allan Fujimoto

EXECUTIVE BENEFITS

Darwin Hamamoto, Chair
Allan Fujimoto, Vice-Chair
Karen Shishido

ASSET LIABILITY COMMITTEE (ALCO)

Gary Iwai, Chair
Darwin Hamamoto, Vice-Chair
Allan Fujimoto
Stanley Inamasu
Wallace Y. Watanabe
Rita Ornellas
Rand Yamasaki
G. Keoni Ahlo
James R. Haid Jr.
Ross T. Inouye

HUMAN RESOURCES

Karen Shishido, Chair
Stanley Inamasu
Allan Fujimoto
Howard Okamoto

NOMINATIONS/ELECTIONS

Jimmy Shiramizu, Chair
Stanley Inamasu, Vice-Chair
Nelson Koyanagi
Dale Hishinuma

PLANNING & EDUCATION

Stanley Inamasu, Chair
Allan Fujimoto, Vice-Chair

POLICY

Ben Dimond, Chair
Karen Shishido, Vice-Chair
Allan Fujimoto
Diane Murata
Strather Ing

ANNUAL MEETING

Stanley Inamasu, Chair
Allan Fujimoto, Vice-Chair
Howard Okamoto
Dale Hishinuma
Daniel Tully
Takao Fujimoto

SCHOLARSHIP

Ann Gima, Chair
Ben Dimond, Vice-Chair
Anthony Akamine
Jerilyn Kim
Cathy Maki
Barbara Young
Jean Moku
Andy Murakami

BUDGET

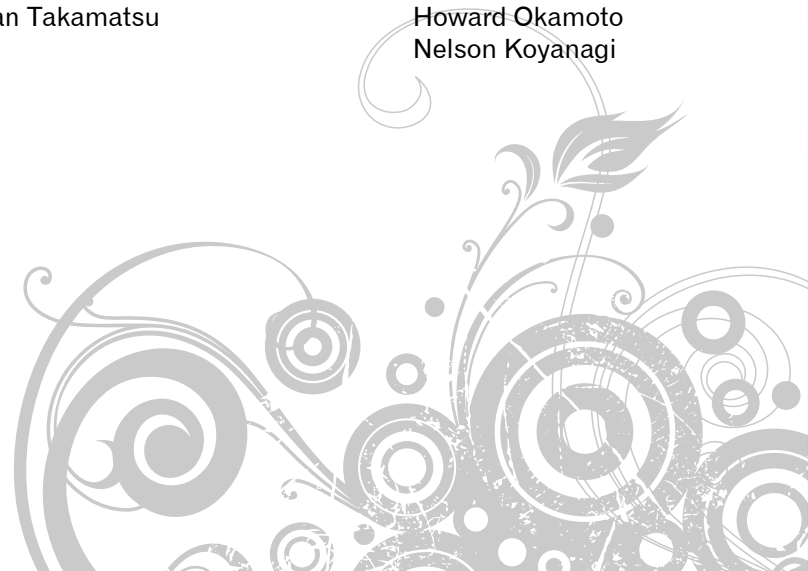
Allan Fujimoto, Chair
Stanley Inamasu, Vice-Chair
Karen Shishido
Ben Dimond
Ann Sakurao
Wallace Y. Watanabe
Rita Ornellas
Rand Yamasaki
G. Keoni Ahlo
James R. Haid Jr.

SUPERVISORY

Ted Takahashi, Chair
Ann Sakurao, Vice-Chair
Diane Murata, Secretary
Howard Okamoto
Nelson Koyanagi

BUILDING ADVISORY

Ann Gima, Chair
Darwin Hamamoto, Vice-Chair
Karen Shishido
Dan Takamatsu



LOOKING BACK ON 2010

2010 Annual Meeting Minutes

The 72nd Annual Meeting of the members of Aloha Pacific Federal Credit Union was held on Tuesday, March 16, 2010 at McCoy Pavilion in Ala Moana Beach Park, Honolulu, Hawaii.

5:00 pm - Director and Annual Meeting Committee Chair Darwin Hamamoto welcomed the members. He announced that all members are eligible to receive a gift and a lucky number ticket upon registration. He encouraged members to visit the stations set up by our business partners (Farmers Insurance Group, AAA Hawaii and our own CUSO of Hawaii, Kalabash Financial and Business Development department). Hamamoto then invited Board Chair Gary Iwai to call the meeting to order.

The meeting was called to order by Chair Iwai at 5:10 p.m. Iwai called on Board Secretary/Treasurer Stanley Inamasu to declare a quorum. A quorum was declared with 391 members registered.

Chair Iwai recognized the following individuals who have served the Credit Union: 1) First Vice-Chair Karen Shishido, Second Vice-Chair Allan Fujimoto, Secretary/Treasurer Stanley Inamasu, Directors Darwin Hamamoto, Joseph Magaldi and Ann Gima; 2) Supervisory Committee members Ted Takahashi, Ann Sakurao, Diane Murata, Howard Okamoto and Ben Dimond; 3) Annual Meeting Chair Stanley Inamasu; 4) Annual Meeting and Nominations & Elections Committee volunteers; and 5) all other Committee volunteers.

Iwai stated that Aloha Pacific Federal Credit Union is one of the best credit unions in the State. He thanked members for their support throughout 2009 and asked for their continued support in 2010.

Chair Iwai directed members to the minutes of the 2009 Annual Meeting, which was printed in the 2010 Annual Report given out at the Registration Desk. A motion was made to accept the minutes of the March 17, 2009 Annual Meeting. The Treasurer's Report was moved and seconded to be accepted as stated, subject to audit. The Supervisory Committee's Report was also moved and seconded to be accepted as stated.

Iwai stated that Aloha Pacific Federal Credit Union had several outstanding accomplishments over the past year: 1) First Insurance FCU merger; 2) First Insurance branch opening in September 2009; 3) Kaimuki branch opening in December 2009; and 4) Kapolei branch opening in February 2010. He reported that the Credit Union received a number of industry awards, such as Hawaii Business Magazine's Best Places to Work and Top 250 Companies and Hawaii Psychological Association's Healthy Workplace. CUSO was awarded Third Place for Best Mortgage Company in Honolulu Advertiser's Best of the Best.

Chair Iwai introduced President and CEO Wallace Y. Watanabe. Watanabe presented the 2010 Executive Team: Executive Vice President Rita Ornellas, Vice President of IT Keoni Ahlo and Vice President of Market and Business

Relations James Haid Jr. He recognized CUSO of Hawaii, Inc.'s Executive Team: President Vince Otsuka, Vice-President – Loan Servicing Virgil dela Cruz and Vice-President – Commercial Lending Scott Nishimura.

Watanabe stated that the Credit Union continues to work on initiatives that make Aloha Pacific FCU the credit union of choice. He stated that our members are excited about the KalaRewards Checking program and that we now have nine branches with our Kailua Branch to open at the end of this year. Watanabe affirmed that the Credit Union continues to provide superior quality and competitive products and services and strives to provide our members with excellent customer service. He again thanked members for their loyalty and dedication and reinforced that Aloha Pacific FCU will continue to grow and prosper even in these uncertain economic times.

Watanabe introduced Mr. Rix Mauer II, Director of Budget and Fiscal Services of the City and County of Honolulu, who represented Mayor Mufi Hannemann who was out of town. Mr. Mauer thanked Watanabe, the Board of Directors and Aloha Pacific FCU for being loyal and committed partners with the employees of the City and County of Honolulu. He expressed the Mayor's appreciation and stated that Aloha Pacific FCU has continued its unwavering support by sponsoring programs that benefit the City workers and their families.

Watanabe asked that we recognized this year's service award recipients:

For 10 years of Service: Leonie Awakuni and Jamie Spencer

For 15 years of Service: Christine Ramones

For 30 Years of Service: Deanna Goo

Watanabe announced Karen Arakaki of the Resource Development Department as the recipient of the 2010 Employee of the Year Award.

Unfinished Business – None

New Business – Chair Iwai introduced the candidates for the Board of Directors. Roger Clemente, Allan Fujimoto, Stanley Inamasu and himself. Roger Clemente was not present. Then Chair Iwai announced the newly elected Directors — incumbents Fujimoto, Inamasu and Iwai.

As there was no further business, the meeting was adjourned at 6:00 pm and door prizes were then called.

Respectfully Submitted,


Gary Iwai
Chair


Susan Hiyoto
Recording Secretary

March 16, 2010

STRONG AND SOUND

Supervisory Committee Report

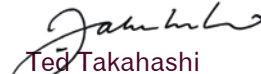
According to the National Credit Union Administration's (NCUA) Rules and Regulations, the Supervisory Committee is responsible for ensuring that an annual financial audit is conducted, verification of member accounts is performed at least once every two years, and an annual report is prepared and presented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

To meet these requirements, 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). The Supervisory Committee concludes that

your Credit Union has accommodated the recommendations by Kwock & Company CPAs and continues to maintain its sound financial condition.

Other Supervisory Committee responsibilities include attending Board of Directors and committee meetings, investigating member complaints, verifying closed accounts, and monitoring the overview and findings of the Federal Examiner, external financial audit and internal control program.

We would like to express our deep gratitude to the Board of Directors, management and staff for the total dedication they have given to our Credit Union to ensure that it will continue to perform in a diligent and creditable manner.



Ted Takahashi
Supervisory Committee Chair



DOLLARS & SENSE

Treasurer's Report

The financial results for Aloha Pacific Federal Credit Union (APFCU) and its subsidiaries were consolidated for the year ended December 31, 2010, and are presented in this annual report. Despite the economic challenges both nationally and statewide, your Credit Union places the highest priority on the safety and soundness of its operations and ensures that comprehensive risk management oversight is exercised.

In 2010, consolidated assets increased \$63.3 million or 9.6% from \$661.5 million to \$724.8 million. Member and business deposits grew 10.1% to \$655.7 million. Loans outstanding increased modestly from \$320.5 million to \$323.3 million. The Credit Union's net worth (or capital) level of \$61.4 million continues to be deemed well-capitalized by our federal regulator, the National Credit Union Administration (NCUA).

Net income from operations in 2010 was \$3.16 million before the National Share Insurance Fund assessment of \$1.59 million. The credit union industry nationwide has not been exempt from the mortgage and consumer loan defaults in recent years that

have cost the financial services industry billions of dollars. NCUA has indicated that credit unions may see comparable assessments for the next ten years or more.

Aloha Pacific paid out in share dividends almost one-third of its 2010 income back to its member-owners, one of the highest percentages amongst Hawaii's largest credit unions. With membership topping 35,000, Aloha Pacific continues to attract new members and select employee groups every day. We pledge to minimize fees to members while continually gaining efficiencies in our operations and offering more value and service delivery touch points to our member-owners.

We are grateful to the employees who worked extremely hard to service the needs of our membership and to our volunteers for their relentless dedication and leadership.

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



Allan Fujimoto
Secretary/Treasurer

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

ASSETS	12/31/2010	12/31/2009	12/31/2008
Loans to Members/Non-Members	\$ 323,364,454	\$ 320,502,811	\$ 260,326,428
Allowance for Loan Losses	(2,109,328)	(2,153,586)	(1,621,236)
Cash	34,669,717	43,961,954	24,321,479
Investments	308,469,507	259,044,245	176,265,564
Property & Equipment	45,363,500	23,900,080	19,255,381
Other Assets	15,114,522	16,317,419	9,190,114
TOTAL ASSETS	\$ 724,872,372	\$ 661,572,923	\$ 487,737,730
<i>Liabilities</i>			
Accounts Payable	\$ 6,034,953	\$ 4,855,717	\$ 3,320,005
Other Liabilities	1,705,547	1,402,497	2,337,477
TOTAL LIABILITIES	\$ 7,740,500	\$ 6,258,214	\$ 5,657,482
<i>Equity</i>			
Total Share Deposits	\$ 655,714,483	\$ 595,445,037	\$ 429,043,334
Regular Reserves	22,528,698	22,528,698	22,528,698
Undivided Earnings (net)	8,543,462	2,856,028	5,909,987
Appropriated Undiv. Earn	30,345,227	34,484,946	24,598,228
TOTAL EQUITY	\$ 717,131,871	\$ 655,314,709	\$ 482,080,247
TOTAL LIABILITIES & EQUITY	\$ 724,872,372	\$ 661,572,923	\$ 487,737,730

CONSOLIDATED STATEMENT OF INCOME

OPERATING INCOME	2010	2009	2008
Income on Loans (net of provision for loan losses)	\$ 19,006,456	\$ 17,366,559	\$ 13,882,387
Income on Investments (includes service fees)	15,210,844	13,419,031	10,860,878
TOTAL OPERATING INCOME	\$ 34,217,300	\$ 30,785,590	\$ 24,743,265
<i>Less:</i>			
DIVIDENDS TO MEMBERS	9,162,442	9,548,072	8,609,381
Other Cost of Funds	604,473	1,034,687	334,258
<i>Operating Expenses</i>			
Salaries & Benefits	\$ 10,509,172	\$ 9,732,732	\$ 6,684,714
Office Occupancy	2,690,832	2,175,282	1,414,816
Office Operations	4,356,601	3,880,500	3,314,169
Education & Promotions	847,170	746,440	678,363
Professional Services	1,045,649	1,121,455	731,457
Members' Insurance	1,755,023	230,956	296,557
Other Miscellaneous	1,673,881	1,313,419	1,101,956
TOTAL OPERATING EXPENSES	\$ 22,878,328	\$ 19,200,784	\$ 14,222,032
NET INCOME FROM CREDIT UNION OPERATIONS	\$ 1,572,057	\$ 1,002,047	\$ 1,577,594
<i>Less:</i>			
NON-OPERATING ITEMS:			
Wescorp Capital Writeoff	\$ -	\$ -	\$ (761,623)
Other Non-Operating Income (Loss)	(46,479)	370,204	112,993
National Share Insurance Fund Assessment	-	3,021,056	(3,752,616) A
NET INCOME AFTER NON-OPERATING ITEMS	\$ 1,525,578	\$ 4,393,307	\$ (2,823,652)

Note A: National Credit Union Share Insurance Fund assessment in 2008 was reversed in 2009 per the federal regulator's instructions. The assessment of \$1,593,785 in 2010 is included in Members' Insurance expense above.



ALOHA PACIFIC FEDERAL CREDIT UNION

Board of Directors



Gary Iwai
Chair
Director Since 1997



Karen Shishido
1st Vice-Chair
Director Since 1995



Stanley Inamasu
2nd Vice-Chair
Director Since 2007



Allan Fujimoto
Secretary/Treasurer
Director Since 2002



Ann Gima
Director
Director Since 2008



Darwin Hamamoto
Director
Director Since 2009



Ben Dimond
Director
Director Since 2010

CUSO OF HAWAII

Board of Directors



Stanley Wachi
Chair
Director Since 2000



Daniel Tully
Vice-Chair
Director Since 2001



Ann Kobayashi
Secretary
Director Since 2000



Ann Gima
Director
Director Since 2010



Darwin Hamamoto
Director
Director Since 2010



David Takiguchi
Director
Director Since 2005



Wallace Y. Watanabe
Director
Director Since 2000

Executive Management



Vince J. Otsuka
President



Virgil Dela Cruz
Vice-President
Loan Servicing



Scott Nishimura
Vice-President
Commercial Lending

ALOHA PACIFIC FEDERAL CREDIT UNION

Executive Management



Wallace Y. Watanabe
President and CEO



Rita Ornellas
Vice President
Branch
Administration



Rand Yamasaki
Vice President and
Controller



G. Keoni Ahlo
Vice President
Information Technology



James R. Haid Jr.
Vice President
Marketing and
Business Relations

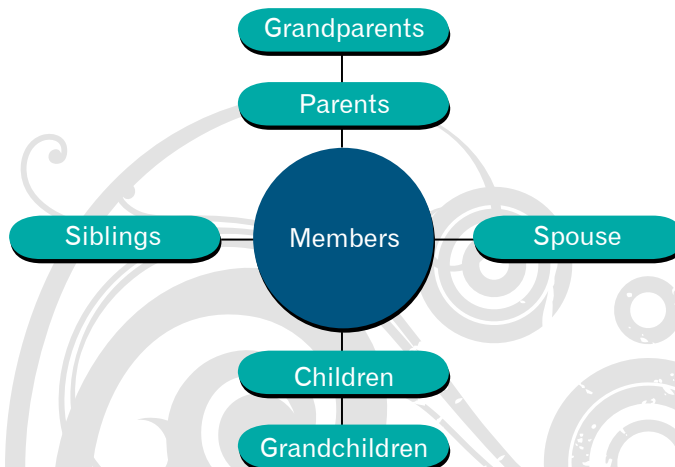


WHO WE SERVE

There are no fees to join. Once a member, always a member. Even if you change jobs or retire, you can continue to enjoy our benefits.

To join, you must belong to one of the groups (or common bonds) listed below and maintain \$100 in your savings account.

- Employees of the City and County of Honolulu, State of Hawaii;
- Immediate family members of a City & County Employee or existing credit union member (see chart below);
- Aloha Pacific FCU employees;
- City & County employees who are retired or on leave of absence;
- Members of their immediate families or household; and organizations of such persons;
- SEGS (Select Employee Groups) as approved by the Board of Directors (over 1,100 groups including HGEA, Waipahu Community Association, COSTCO Hawaii Kai, AAO Harbor Court and many others).



Definitions: "City & County employees" — all full-time or part-time employees, including elected officials and contracted and appointed employees paid salaries and wages by City and County warrants. "Members of their immediate families" include parents, grandparents, siblings, spouse, children, grandchildren, stepchildren, stepparents, stepsiblings and adopted children.

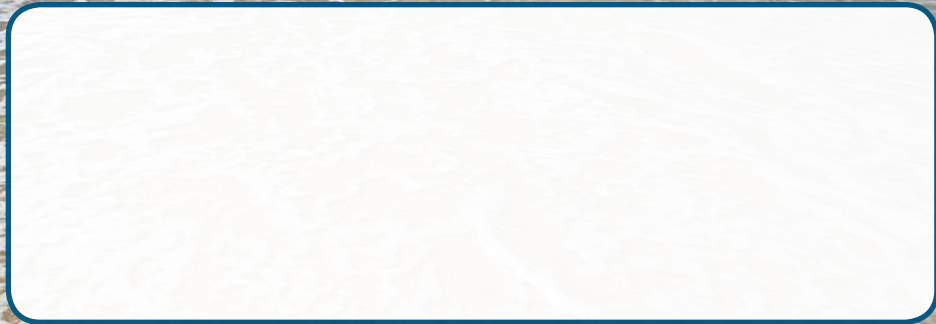


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ANNUAL REPORT 2010

Return Service Requested



73rd Annual Meeting

The 73rd Annual Meeting of APFCU members will be held on Tuesday, March 15, 2011 in McCoy Pavilion at Ala Moana Beach Park. 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.AlohaPacific.com
E-mail: 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

Aloha
From West Cheyenne Branch



(L-R) Charles Dennis - Loan Officer; Terrena Kaimimoku - Senior Branch Sales Associate; Tonyray Cruz - Branch Sales Associate; Dan Cloninger - Loan Officer

BRANCH LOCATIONS

MAIN BRANCH
832 South Hotel Street
Honolulu, HI 96813
Mon. - Fri.
7:30 a.m. - 5:00 p.m.

FORT STREET BRANCH
988 Fort Street Mall
Honolulu, HI 96813
Mon. - Fri.
7:30 a.m. - 5:00 p.m.

HAWAII KAI BRANCH
Koko Marina Center
7192 Kalaniana'ole Highway
Suite A144, Honolulu, HI 96825
Mon. - Fri. 9:30 a.m. - 6:30 p.m.
Sat. 9:30 a.m. - 2:30 p.m.

KAILUA BRANCH
200 Hamakua Drive, Suite B6
Kailua, HI 96734
Mon. - Fri. 9:30 a.m. - 6:30 p.m.
Sat. 9:30 a.m. - 2:30 p.m.

KAIMUKI BRANCH
3625 Harding Avenue
Honolulu, HI 96816
Mon. - Fri. 9:30 a.m. - 6:30 p.m.
Sat. 9:30 a.m. - 2:30 p.m.

KAPOLEI BRANCH
1001 Kamokila Boulevard
Suite 104, Kapolei, HI 96707
Mon. - Fri. 9:30 a.m. - 6:30 p.m.
Sat. 9:30 a.m. - 2:30 p.m.

WAIKELE BRANCH
Waikale Shopping Center
94-799 Lumiaina Street, Unit 2-A2
Waipahu, HI 96797
Mon. - Fri. 9:30 a.m. - 6:30 p.m.
Sat. 9:30 a.m. - 2:30 p.m.

WAIMALU BRANCH
Waimalu Shopping Plaza
98-1277 Kaahumanu Street
Suite 132, Aiea, HI 96701
Mon. - Fri. 9:30 a.m. - 6:30 p.m.
Sat. 9:30 a.m. - 2:30 p.m.

WEST CHEYENNE BRANCH
8660 West Cheyenne Avenue
Suite 110
Las Vegas, Nevada 89129
Mon. - Fri.
9:30 a.m. - 5:30 p.m.