



Gary Iwai
Board Chair



Vince J. Otsuka
President and CEO

Management Message

In 2015, member loans grew through improved pricing and we committed ourselves to better serve our existing membership. We improved our mobile platform and began work to upgrade our branches. Our key accomplishments in 2015 and plans for the coming year are outlined below.

2015 Accomplishments:

Financial Strength – We continue to be profitable, adding \$3.9 million to our capital, which prepares us for new risk-based capital requirements and member growth. However, historically low interest rates continue to pressure our bottom line and limit our ability to raise member dividends.

Membership & Assets – Total membership was 43,004 with 25,228 checking accounts (which was adjusted due to required changes in how we handle inactive accounts). Loans totaled \$318.6 million and assets rose slightly to \$753.8 million.

Member Benefits – We made significant improvements in our loan promotions and now offer an excellent Home Equity Line of Credit rate! Mobile services were expanded to include mobile check deposit, fingerprint ID and Purchase Rewards. FinanceWorks for internet banking and online 1099 statements were also introduced. We continued our Family Day movie screenings, Member Appreciation Day at the 50th State Fair, Masami Oishi Scholarship Awards, youth programs and financial planning seminars.

Community Activities – We raised \$21,510 in support of the Kapiolani Children's Miracle Network; marched in the Honolulu City Lights and Kaimuki Christmas parades; and supported City employees through our departmental visits and donations to their activities. We promoted financial literacy through the Get REAL Financial Reality Fair program, in association with Matanuska Valley Federal Credit Union, at Farrington, McKinley and Waipahu high schools.

2016 & Beyond:

Upgraded Facilities – A big focus in 2016 will be the new Las Vegas and Waimalu branches. Both branches will be moved to better locations, and feature new technology that will allow members the choice of interactive teller machines or face-to-face service. Our newsletter or website will be providing details and pictures.

Improving Member Service – We will focus on improving personal service by using various feedback tools and additional staff training. Satisfaction ratings will be used to measure our performance and help determine other improvements.

More Mobile & Card Services – We expect to offer members additional online financial management tools, new card rewards, EMV-chip card security, mobile card controls, online account opening, automated loan approvals, mobile wallet and other payment technologies.




Brand Enhancement – We will be refreshing our brand with new commercials and a website designed to attract new members and improve our long-term efficiency.

These initiatives, designed to improve our credit union, will require additional investments in the coming year. However, we are committed to keeping your fees low and providing the best overall package of benefits.

Because we are always looking for ways to improve our credit union, we welcome your feedback and ideas. Let us know how we can help you.

Thank you for all the support you have given us throughout the years. We will continue to do our best to earn your confidence in the years ahead.


 Gary Iwai
 Board Chair


 Vince J. Otsuka
 President and CEO



Who we are



Aloha Pacific Federal Credit Union (APFCU) is the third largest credit union in Hawaii, with over \$750 million in assets. Chartered in 1936 as the Honolulu City & County Employees Federal Credit Union, 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. NMLS #377314.

CUSO of Hawaii Services LLC is a wholly owned company of APFCU and was established in 2000. It offers residential and commercial mortgage loan servicing to 28 credit unions. NMLS #325608.

Aloha Pacific Premier Realty, a division of CUSO of Hawaii Properties LLC, was established in 2006. It is a full-service real estate company providing personalized realty services to both residential and commercial clients. RB-19315.

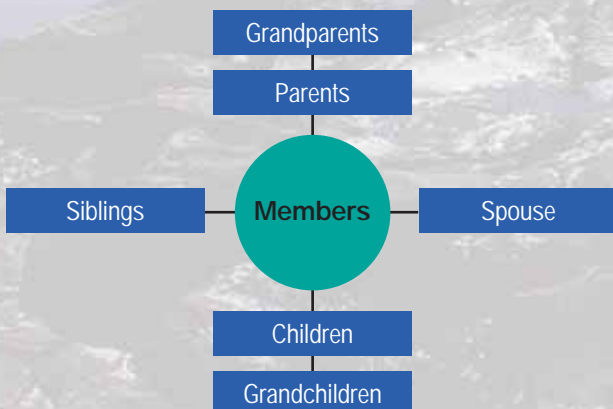
Kalabash Financial, a division of APFCU, offers financial planning, investment and insurance advice to credit union members. Established in 2003, it is located at 832 South Hotel Street (Main branch).

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 \$5 in your savings account.

- Employees of the City & County of Honolulu, State of Hawaii;
- City & County employees who are retired or on leave of absence;
- Immediate family members of a City & County employee or existing credit union member;
- Aloha Pacific FCU employees;
- SEGs (Select Employee Groups) as approved by the Board of Directors (over 1,800 groups including HGEA, Hawaii Pacific Health, Waipahu Community Association, COSTCO Hawaii Kai, AOA Harbor Court and many others);
- And members of their immediate families or household; and organizations of such persons.



2015 Annual Meeting Minutes

The 77th Annual Meeting of the members of Aloha Pacific Federal Credit Union was held on Tuesday, March 17, 2015, at McCoy Pavilion, Honolulu, Hawaii.

Master of Ceremonies 1st Vice Chair Stanley Inamasu welcomed the members and reminded everyone to register to receive their meal and door prize tickets and their meeting gift. He also encouraged the members to visit the informational booths set up by Costco Hawaii, Kupuna Care Hawaii, Partners in Development Foundation, Poncho Solar, Kalabash Financial, CUSO of Hawaii Properties and the Aloha Pacific Mortgage and Consumer Lending Departments.

Board of Directors Chair Gary Iwai called the meeting to order at 5:02 p.m. and requested the Board Secretary, Darwin Hamamoto, to declare a quorum. A quorum was declared with 390 members registered.

Chair Iwai then welcomed City Council Chair Ernest Martin, who has been a member since June 1988. Chair Martin expressed his thanks to Aloha Pacific Federal Credit Union for helping City and County Employees with their financial needs. He recalled that he received his first loan from Aloha Pacific FCU and was always grateful for the trust that was placed in him.

Chair Iwai stated that the Board of Directors is responsible for representing the interests of all members by establishing the strategic direction for management. He recognized the following volunteers for their dedicated service throughout the year. APFCU Board of Directors: 1st Vice Chair Stanley Inamasu, 2nd Vice Chair Allan Fujimoto, Secretary Darwin Hamamoto, and Directors Daniel Keppel, Robert Morita and Samuel Moku. He also introduced the Supervisory Committee members, who are tasked with the responsibility of ensuring that the credit union's financial condition is accurately represented in our financial statements and in full compliance with NCUA regulations: Chair Ann Sakurao, Vice Chair Ted Takahashi, Secretary Diane Murata, committee members Howard Okamoto and Ben Dimond.

Chair Iwai expressed his appreciation for the many volunteers who receive no special benefits or compensation and stated that as Chairman of the Board of Directors, he is proud to serve with these honorable members. He then thanked the staff, led by the Marketing Department, who generously gave their time and expertise to plan this meeting.

Chair Iwai announced that the minutes of the 2014 Annual Meeting were included in the current Annual Report, which was mailed to each household, posted on our website and available at the Registration Desk. Also included in the Annual Report were the Treasurer's and Supervisory Committee Reports. Howard Okamoto made a motion to approve the minutes and reports as circulated. Darwin Hamamoto seconded the motion and it was passed by the membership.

Chair Iwai described the challenges and highlights of 2014:

- While 2014 was a slow growth year, it was also positive with good earnings.
- Management successfully implemented a major core system upgrade with little impact to member services. Given the history of such massive projects, Iwai stated that this was a

major accomplishment and thanked the dedicated staff for their efforts.

- We held account rates and fees stable in spite of the low interest rate environment.
- The lower interest rates also allowed us to lower our consumer loan rates, which many members took advantage of.
- We will continue to expand opportunities for members who have less-than-perfect credit ratings through risk-based pricing programs.

Looking Forward:

- One of our major strategic goals is to offer members special rebates and bonus rewards; to realize this, we set a net worth ratio goal of 12% and are making good progress.
- We have not forgotten about the promised branch and service upgrades, which Vince will discuss.
- Your Board of Directors continues to make safety and satisfaction our top priority, continuing our mission of "Building lasting relationships through excellence."
- Our vision has always been to be your "primary source for financial advice and solutions."

On behalf of the Board of Directors and the Supervisory Committee, Chair Iwai thanked everyone for their membership and continued support of Aloha Pacific FCU and vowed that the Board has and will continue to do its best in representing members' interests. Chair Iwai then introduced Vince Otsuka, President and CEO, to share a few words about these plans.

President Otsuka acknowledged that we could not have achieved the success we have without the team effort of our loyal membership and the dedication and hard work of the many volunteers, management and staff who serve diligently. He introduced the executive management team that keeps our credit union financially sound and stable and provides members the best solutions for their financial needs:

- **Norman Goo** – VP of Lending & Collections
- **Thomas Santos** – VP of Sales & Marketing
- **Kristopher Kono** – VP of Risk Management
- **Scott Nishimura** – VP of Commercial Lending
- **Michael Camat** – VP of Information Technology

Otsuka then went on to review highlights of the past year:

- The biggest challenge was the core conversion on September 1, 2014; we were fortunate to have only a few minor glitches, and overall member impact was minimal.
- It was a good year for earnings and costs remained under control.

(continued on pg. 5)



Kirk Caldwell
Mayor, City &
County of Honolulu

Message from Mayor Kirk Caldwell

I am pleased to congratulate the Aloha Pacific Federal Credit Union (APFCU) officers and board of directors on another successful year.

Helpful personal service is one of the main benefits of APFCU membership, and credit union staff are providing the assistance needed for members to make appropriate and affordable financial decisions from the range of choices offered. This excellent level of service stems from Aloha Pacific's mission of "building lasting relationships" with its members.

In addition, the credit union expresses its commitment to education and support of charitable programs and projects through the Masami Oishi Memorial Scholarship and Get REAL Financial Reality Fairs, and participating in the Kapiolani Children's Miracle Network and Salvation Army's Angel Tree.

On behalf of the people of the City and County of Honolulu, I extend deep appreciation to the Aloha Pacific Federal Credit Union for providing valuable services to members and contributing to our community and local economy.

Kirk Caldwell
Mayor, City and County of Honolulu

Treasurer's Report

The financial position and operating results of Aloha Pacific Federal Credit Union (APFCU) and its subsidiaries were consolidated for the year ended December 31, 2015, and are presented in this annual report. Be assured that APFCU officials and management place the highest priority on the safety of our members' funds and the soundness of our operations, constantly ensuring that comprehensive risk-management oversight is exercised.

In 2015, consolidated assets increased \$8.4 million or 1.1%, to \$753.8 million. Member and business deposits increased \$8.1 million or 1.2%, to \$664.5 million. Loans outstanding increased \$31.2 million or 10.8%, to \$318.6 million due to increased marketing and more competitive pricing. The credit union's net worth of \$82.4 million, or 10.93% of total assets, continues to be deemed well-capitalized by our federal regulator, the National Credit Union Administration (NCUA).

Total net income in 2015 was a healthy \$3.94 million, as we grew our loan portfolio while trying to contain operational costs. APFCU has had very minimal loan and investment losses in the past several years, due to the integrity and creditworthiness of our member borrowers and counterparties.

APFCU paid out \$1.45 million in share dividends in 2015, keeping our deposit rates favorably competitive with Hawaii's largest credit unions and banks. With over 43,000 member-owners, APFCU continues to attract new accountholders and select employee groups every day. We pledge to minimize fees to member-owners while continually gaining efficiencies in our operations and offering more value and service delivery touch-points.

We are grateful to the employees who worked extremely hard this past year to service the needs of our membership and to our volunteer officials for their tireless dedication and leadership.

A warm MAHALO to each of our valued member-owners for their patronage and unwavering support of Aloha Pacific Federal Credit Union.

Darwin Hamamoto
Secretary/Treasurer



2015 Annual Meeting Minutes (Continued)

- Interest on loans declined but it was less than budgeted as we transitioned to a new risk-based program.
- We launched our new mobile banking application, which makes home banking easier on all smart phones and pad devices.
- Last month we started a partnership with CO-OP to handle some of our call center overflows, minimizing the time members have to wait.
- We ended the year strong and in a great position for growth.

Looking Forward:

- Otsuka stated that as we move into 2015, we have outlined many projects and goals that are part of our long-term strategic plan.
- We are expanding our risk-based loan program to help those with less-than-perfect credit by offering competitively priced loans. We will be getting the word out through better marketing and communications.
- Investment in a new loan system will increase response times.
- We will be launching new credit card and Home Equity Line of Credit products that will offer members greater choices, so expect to see directed offers with special incentives personalized to meet your needs.
- We need to ensure that each member receives the best member experience by conducting regular surveys starting in the latter part of 2015 and tying the results to employee compensation.
- Mobile and Internet banking services will be improved to include mobile deposit, financial tools and e-rewards.
- For those who use our branches on the west side, the search for a larger Waimalu branch and a better location for the Kapolei branch continues.
- With the expiration of our Las Vegas branch lease in Summerlin, we will be moving the branch to a better location in Henderson, with an anticipated opening in early 2016. We will be testing a new modular design that will replace the old RTS system and will rely on automated in-line tellers and face-to-face teller pods.
- Lastly, we will reward our members beyond the regular rates and points programs by looking at a dividend program. To accomplish this, the Board has set certain capital, profitability and risk targets to ensure that we can afford these benefits.

Otsuka closed by thanking our members for their continued loyalty and stated that we are trying very hard to deliver on our promises. He also thanked the Board and the Supervisory Committee for their support.

Chair Iwai resumed the floor and asked if there was any unfinished business. There was no unfinished business.

Chair Iwai then addressed the New Business and Election Results.

Board Elections: Chair Iwai explained that because there were three candidates for three open director positions, there was no election by ballot and declared the candidates elected by general consent.

- **Darwin Hamamoto**
- **Daniel Keppel**
- **Samuel Moku**

On behalf of everyone, Chair Iwai congratulated the Board members and thanked them for their continued service.

He then stated that credit unions depend on involved members and we are looking for volunteers. It is a great way to meet people, learn new things and make a difference and if you could spare a few hours a year, please contact our Marketing Department for details.

Mayor Kirk Caldwell arrived and Chair Iwai welcomed the 14th Mayor of the City and County of Honolulu and asked him to say a few words. Mayor Caldwell started by saying that he has been a proud member of Aloha Pacific Federal Credit Union since it was still known as the Honolulu City and County Employees Federal Credit Union. On behalf of the people of the City and County of Honolulu, he extended his appreciation to Aloha Pacific Federal Credit Union for providing valuable financial services to the members and contributing to our community and the local economy. He congratulated the members, staff and Board of Directors for 76 successful years of helping people.

Chair Iwai thanked Mayor Caldwell for honoring us at today's meeting and supporting Aloha Pacific FCU.

Chair Iwai then asked the membership if there was any other new business. As there was no further business, Chair Iwai asked for adjournment and upon hearing no objection, the meeting was adjourned at 5:24 p.m.

Respectfully Submitted,


Gary Iwai
Chair


Susan Hiyoto
Recording Secretary



Financial Statements

Financial Condition (Unaudited)	Dec 31, 2015	Dec 31, 2014
ASSETS		
Cash & Equivalents	\$ 48,777,054	\$ 44,305,558
Investments	345,703,488	372,342,937
Loans	318,616,880	287,373,421
Allowance for Loan Losses	(3,095,865)	(2,942,871)
Net Loans	315,521,015	284,430,550
Property & Equipment	32,710,446	33,636,646
Other Assets	11,105,665	10,715,846
TOTAL ASSETS	\$ 753,817,668	\$ 745,431,537
LIABILITIES & EQUITY		
Accounts Payable & Other Liabilities	\$ 7,685,756	\$ 10,305,929
Member Shares	\$ 664,477,610	\$ 656,333,670
Equity		
Regular Reserves	22,528,698	22,528,698
Undivided Earnings	52,275,604	49,113,240
Appropriated Undiv. Earn	6,850,000	7,150,000
Total Equity	\$ 81,654,302	\$ 78,791,938
TOTAL LIABILITIES, SHARES & EQUITY	\$ 753,817,668	\$ 745,431,537
Income (Unaudited)		
	Dec 31, 2015	Dec 31, 2014
Interest Income		
Interest on Loans	\$ 13,454,292	\$ 14,337,839
Income on Investments	5,995,848	6,011,560
Total Interest Income	\$ 19,450,140	\$ 20,349,399
Interest Expense		
Dividends to Members	\$ 1,453,726	\$ 1,672,852
Other Cost of Funds	-	340,785
Total Interest Expense	\$ 1,453,726	\$ 2,013,637
Net Interest Income	\$ 17,996,414	\$ 18,335,762
Provision for Loan Losses	378,885	(1,225,417)
Net Int Inc After Provision for Loan Losses	\$ 17,617,529	\$ 19,561,179
Non-Interest Income	\$ 8,527,138	\$ 7,687,464
Non-Interest Expense		
Salaries & Benefits	\$ 10,573,849	\$ 10,123,427
Office Occupancy	3,492,328	3,877,331
Office Operations	4,545,868	4,496,922
Education & Promotion	869,617	597,896
Professional Services	1,322,932	1,771,356
Insurance Fund & NCUA Operating Fees	136,295	11,705
Loan Servicing	744,274	628,295
Other (Annual Meeting, Travel, Dues, etc.)	523,610	441,515
Total Non-Interest Expense	\$ 22,208,773	\$ 21,948,447
Total Income from Operations	\$ 3,935,894	\$ 5,300,196
Non-Operating Gain / (Loss)	397	(343,634)
NET INCOME	\$ 3,936,291	\$ 4,956,562

Committees:

SUPERVISORY COMMITTEE:

Ann Sakurao - Chair
 Ted Takahashi - Vice Chair
 Diane Murata - Secretary
 Howard Okamoto
 Ben Dimond

ALCO STRATEGIC:

Darwin Hamamoto - Chair
 Stanley Inamasu - Vice Chair
 Allan Fujimoto
 Robert S. Morita
 Samuel Moku
 Vince J. Otsuka
 Kristopher C. Kono
 Randy Shinagawa

OPERATIONAL ALCO:

Vince J. Otsuka - Chair
 Darwin Hamamoto
 Norman Goo
 Kristopher C. Kono
 Thomas W. Santos
 Michael Camat
 Randy Shinagawa
 Scott Nishimura

HUMAN RESOURCES

Robert S. Morita - Chair
 Darwin Hamamoto - Vice Chair
 Allan Fujimoto
 Stanley Inamasu
 Howard Okamoto

NOMINATIONS / ELECTIONS

Stan Miyata - Chair
 Samuel Moku - Vice Chair
 Lorene Fujimoto

Contact Us:

BY PHONE

Oahu: 531-3711
 Neighbor Island & U.S. Mainland:
 877-531-3711 (toll free)

BY MAIL

Aloha Pacific Federal Credit Union
 832 South Hotel Street
 Honolulu, HI 96813

BY INTERNET

Website: 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 Pacific Federal Credit Union - Board of Directors



Gary Iwai
Chair
Director Since 1997



Stanley Inamasu
1st Vice Chair
Director Since 1997



Allan Fujimoto
2nd Vice Chair
Director Since 2002



Darwin Hamamoto
Secretary
Director Since 1982



Robert S. Morita
Director
Director Since 2013



Samuel Moku
Director
Director Since 2013



**Geminiano 'Toy'
Arre Jr.**
Director
Director Since 2015

Aloha Pacific Federal Credit Union - Executive Management



Vince J. Otsuka
President and CEO



Kristopher C. Kono
Vice President
Risk Management



Thomas W. Santos
Vice President
Sales & Marketing



Norman Goo
Vice President
Lending & Collections



Randy Shinagawa
Vice President
Controller



Scott Nishimura
Vice President
Commercial Lending



Michael Camat
Vice President
Information
Technology

CUSO of Hawaii - Board of Directors



Stanley Wachi
Chair
Director Since 2000



Daniel Tully
Vice Chair
Director Since 2001



Ann Gima
Secretary
Director Since 2010



David Takiguchi
Treasurer
Director Since 2005



Samuel Moku
Director
Director Since 2013



Robert S. Morita
Director
Director Since 2013



**Geminiano 'Toy'
Arre Jr.**
Director
Director Since 2015

Supervisory Committee

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, Kwok & 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 Kwok & 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.

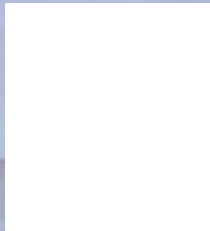
We are grateful to the Board of Directors, management, staff and volunteers for their dedication in serving our members. Their efforts ensure that our Credit Union will continue to perform in a diligent and creditable manner.

Ann Sakurao

Ann Sakurao
Supervisory Committee Chair



832 South Hotel Street • Honolulu Hawaii 96813
www.alohapacific.com



78th Annual Meeting Notice

When: Tuesday, March 8, 2016 at 5:00 pm
Member registration begins at 4:00 pm

Where: McCoy Pavilion, Ala Moana Park,
1201 Ala Moana Blvd., Honolulu, HI 96814

*No RSVP necessary. Gift, bento, refreshments and door prizes
for attending primary members (while supplies last).
Go to alohapacific.com or call us for more information.*



Branch Locations:

MAIN BRANCH

832 South Hotel Street
Honolulu, Hawaii 96813
Mon - Fri: 7:30 am - 5:00 pm

KAPOLEI BRANCH

1001 Kamokila Boulevard,
Suite 104
Kapolei, Hawaii 96707
Mon - Fri: 9:00 am - 6:00 pm
Sat: 9:00 am - 2:00 pm

FORT STREET BRANCH

988 Fort Street Mall
Honolulu, Hawaii 96813
Mon - Fri: 7:30 am - 5:00 pm

WAIKELE BRANCH

94-799 Lumiaina Street, Unit 2-A2
Waipahu, Hawaii 96797
Mon - Fri: 9:00 am - 6:00 pm
Sat: 9:00 am - 2:00 pm

KAILUA BRANCH

200 Hamakua Drive, Suite B6
Kailua, Hawaii 96734
Mon - Fri: 9:00 am - 6:00 pm
Sat: 9:00 am - 2:00 pm

WAIMALU BRANCH

98-1277 Kaahumanu Street,
Suite 132
Aiea, Hawaii 96701
Mon - Fri: 9:00 am - 6:00 pm
Sat: 9:00 am - 2:00 pm

KAIMUKI BRANCH

3625 Harding Avenue
Honolulu, Hawaii 96816
Mon - Fri: 9:00 am - 6:00 pm
Sat: 9:00 am - 2:00 pm

WEST CHEYENNE BRANCH

8660 West Cheyenne Avenue,
Suite 110
Las Vegas, NV 89129
Mon - Fri: 9:30 am - 5:30 pm