



ALOHA PACIFIC FEDERAL CREDIT UNION

Management Message

Established in 1936, Aloha Pacific Federal Credit Union (APFCU) is the third largest credit union in Hawaii serving the employees, families and members of the City and County of Honolulu, Hawaii Government Employees Association, Moanalua Gardens Foundation, Foodland, Big City Diner, Waikale Elementary School, Lowes and hundreds of other Select Employee Groups (SEG). As a multi-occupational credit union, we welcome new members and business partners alike.



Our mission is to be the primary financial institution for our members by offering superior service, great rates and low fees. This is done through conservative underwriting and sound financial management implemented by an exceptional team of financial professionals with a goal of "Building Lasting Relationships" with our members.

In 2006, we were asked to provide members additional branch and ATM locations without sacrificing service quality or pricing. To do this, our strategy is to achieve economies of scales through member retention, new member acquisition and other mergers.

2008 Achievements

Your management and board are working diligently to implement this strategy. We are pleased to report unprecedented growth and the following highlights of 2008:

Inter-Island Federal Credit Union (IIFCU) Merger - We recently merged IIFCU's 2,395 members, \$6.9 million in loans and \$8.4 million in shares with our credit union. This is our first merger and it is proceeding smoothly. With the addition of the Kalihi Branch, we now have six branch locations and 45 KALABASH ATMs.

29,849 Members - Increased membership growth was due to Business Development efforts and the IIFCU merger. The number of eligible SEGs now exceeds 300.

16,291 Checking Accounts - Due to increased cross sales efforts, new products and the IIFCU merger we saw significant growth while maintaining our great rates, fees and service.

\$429.04 Million Shares - Balances reached an all-time high due to several share promotions and the IIFCU merger, reversing a two-year trend.

\$258.71 Million Loans - We continue to see steady growth primarily due to our Dealer Center's auto loans, CUSO's commercial loans and the IIFCU merger.

Hawaii Kai Branch - On August 25, 2008, we opened our latest community-style branch in Koko Marina Center and are pleased with the member and community response.

New Products - In support of our strategic plan, we launched several new products and services: KalaPoints, a free reward program for all VISA credit and check cards; Go Green New Auto Loan discount for fuel efficient vehicles; KalaRewards Checking, offering higher rates; and business accounts.

Best of the Best 2008 - Voted *The Honolulu Advertiser's* first place winner as the best bank or credit union, it was the first time a credit union ever won the top honors for Oahu.

(continued page 2)



2009 & Beyond

While the recent economic crisis has crippled some of our largest institutions – Wachovia, Washington Mutual, Lehman Brothers, Bear Stearns, AIG and others – credit unions stand as a beacon of hope. We are proud to report that APFCU has not taken any government bailout money and has no intention to do so.

By increasing the “Depth and Diversity” of our credit union, we create a more secure future. We will continue to focus on expanding our membership while maintaining our existing relationships, following prudent lending guidelines and employing sound management practices.

Safety, good service and great rates are our hallmarks. We look toward the future and see only opportunity and great benefits for our members.



Gary Iwai
Board Chair



Wallace Y. Watanabe
President/CEO

Table of Contents

Management Message.....	1 - 2
2008 Committee Listing.....	2
2008 Annual Meeting Minutes.....	3 - 4
Supervisory Committee Report.....	4
Treasurer Report.....	4
Balance Sheet.....	5
Income Statement.....	5
Board of Directors.....	6
CUSO of Hawaii.....	6
Executive Management.....	7
Branch Locations & Hours.....	7
Annual Meeting.....	8

2008 Committee Listing

ASSET LIABILITY COMMITTEE (ALCO)

Gary Iwai, Chair

Allan Fujimoto

Ann Gima

Stanley Inamasu

Joseph Magaldi, Jr.

Jimmy Shiramizu

Karen Shishido

Ad Hoc ATM

Joseph Magaldi, Jr., Chair

Ann Gima, Vice-Chair

Allan Fujimoto

Ad Hoc Nominations

Stanley Inamasu, Chair

Allan Fujimoto

Nelson Koyanagi

Kyle Sakamoto

ANNUAL MEETING & ELECTION

Stanley Inamasu, Chair

Allan Fujimoto

Dale Hishinuma

Margie Murakami

Howard Okamoto

Dan Tully

Victor Yamashiroya

BUDGET

Allan Fujimoto, Chair

Stanley Inamasu

Gary Iwai

Jimmy Shiramizu

Karen Shishido

BUILDING ADVISORY

Ann Gima, Chair

Joseph Magaldi, Jr., Vice-Chair

Keith Ishida

Karen Shishido

Jimmy Shiramizu

Dan Takamatsu

Randy Wong

HUMAN RESOURCES

Karen Shishido, Chair

Allan Fujimoto

Gary Iwai

Howard Okamoto

Jimmy Shiramizu

PLANNING & EDUCATION

Jimmy Shiramizu, Chair

Allan Fujimoto

Gary Iwai

POLICY

Stanley Inamasu, Chair

Allan Fujimoto

Joseph Magaldi, Jr.

Strather Ing

SCHOLARSHIP

Joseph Magaldi, Jr., Chair

Ann Gima, Vice-Chair

Anthony Akamine

Laverne Higa-Nance

Jerilyn Kim

Cathy Maki

Andy Murakami

Barbara Young

SUPERVISORY

Ted Takahashi, Chair

Ann Sakurao, Vice-Chair

Diane Murata, Secretary

Howard Okamoto

Ben Dimond

2008 Annual Meeting Minutes

The 70th Annual Meeting of the members of the Aloha Pacific Federal Credit Union was held on Tuesday, March 18, 2008 at the Disabled American Veterans Hall at Keehi Lagoon.

5:45 p.m. - Annual Meeting & Elections Committee Chair and Board of Director Karen Shishido welcomed members. Shishido apologized that there was a limit of 400 dinner tickets and asked that members with dinner tickets be allowed to sit at the tables. All members are eligible for the gift presented at the door and a lucky number ticket that was passed out upon registration. Shishido then called Chair Shiramizu to call the meeting to order.

The meeting was called to order by Chair Jimmy Shiramizu at 5:50 p.m. Shiramizu called Director Gary Iwai to declare a quorum. A quorum was declared with 324 members registered.

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

Shiramizu mentioned that the directors volunteer their time and are very productive. Shiramizu thanked all volunteers for their time and hard work in 2007.

Shiramizu recognized the six members running for election. Incumbents Allan Fujimoto, Stanley Inamasu, Gary Iwai and Joseph Magaldi. Also running for election were Richard Fujimoto and Ann Gima.

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.

Watanabe mentioned that the credit union did a lot of things in 2007. After more than 70 years, the credit union changed their name and logo to Aloha Pacific Federal Credit Union. Now more people think they can join the credit union. In the

past, people thought they had to be a City and County employee to join. The credit union opened our latest, flagship branch in Downtown Honolulu, bringing the total number of branches to four. The other branches are the Main branch, Waimalu and Waikēle. There were three new ATMs added this year: Fort Street branch, Honolulu Zoo and University of Hawaii at Manoa, Campus Center. Members enjoy free access at over 43 Kalabash ATM machines, plus over 25,000 additional Co-Op ATMs across the United States. The credit union also expanded our field of membership to include over 231 SEGs and established 17 new auto dealer relationships. Watanabe also mentioned the KalaRewards program that was unveiled in February that is a new product for members.

Shishido then introduced Damon Yonashiro for the invocation and Maunaloa for the doxology. Shishido then mentioned that the Board of Directors and Executives would be serving dinner. Shishido also invited members to visit with the vendors outside on the pavilion and thanked vendors for coming out.

6:00 p.m. – Dinner served

The meeting was called back to order at 7:00 p.m. by Chair Shiramizu.

A motion was made to accept the minutes of the 2007 Annual Meeting, which was held on March 20, 2007. 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.

Shiramizu welcomed all members and stated that Aloha Pacific FCU is one of the best credit union in the state. Shiramizu thanked all members for their support throughout the years. Shiramizu mentioned that this is a fast changing financial world and we must adapt to it. The credit union provides good and competitive products and services. The credit union is also improving their delivery system opening up new branches, giving members more convenience and accessibility. Shiramizu thanked management and staff for their continued support. Shiramizu also thanked all the members that have been loyal throughout the year.

(continued page 4)



Aloha Pacific Federal Credit Union (APFCU) is the third largest credit union in Hawaii with over \$491 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 Employee 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.



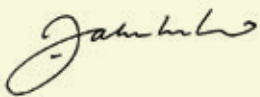
CUSO of Hawaii LLC and CUSO of Hawaii Inc are wholly owned subsidiaries of APFCU established in 2000. Through their various units, they offer residential mortgage loans, commercial real estate loans, realty services and technology solutions to credit unions and their members in the State of Hawaii. Located at 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.

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, 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).

Your Supervisory Committee concludes that your Credit Union has accommodated the recommendations made by Kwok & 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

Treasurer Report

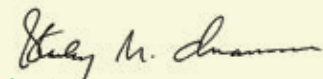
The financial results for Aloha Pacific Federal Credit Union (APFCU) and its subsidiaries were consolidated for year ended December 31, 2008, and are presented below.

Consolidated assets increased \$75.8 million or 18.26% from \$415.3 million to \$491.1 million. This was due to strong growth in loans and shares in 2008 and increased investments. Consolidated net income amounted to \$1.7 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 11.71%. 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.



Stanley Inamasu
Secretary/Treasurer

(2008 Annual Meeting Minutes continued from page 3)

Watanabe then recognized this year's service award recipients.

Service Awards – For more than 10 years – Jennifer Lee, Leilani Minei, Fred Schulz, Licie Uchino. For more than 15 years – Andrea Cruz, Nicholas Delos Santos, Joy Rafael.

Shiramizu then presented a 35 years service award to President/CEO Wallace Watanabe.

Watanabe recognized this year's Employee of the Year.

2007 Employee of the Year – Shanese Kaneshiro was selected as this year's recipient.

Unfinished Business – none

New Business – Member Mae Chang came up to say a few words. She mentioned that she was a member for over 40 years. Member shared her disappointment in not being able to attend the Annual Meeting dinner. She was on a trip and when she returned the dinner tickets for the evening were sold out. She was not happy that she could not be accommodated and did not understand why there was a limit of only 400 tickets sold with a membership base of over 25,000 members. With 25,000 plus members, a venue should have been chosen to accommodate more members. Mae Chang mentioned that in reviewing the Financial Statements, she found some interesting facts. Assets decreased 2.5 million, Office Occupancy increased 50%, Professional Services increased 50%, Total Operating Expenses increased approximately 17%, Net Income decreased 30%. She mentioned she will continue to look at the negative trends in the future. Chang thanked the members for listening.

Shiramizu thanked Mae Chang for her comments and for speaking from her heart. Shiramizu mentioned, that unfortunately, when the event was planned, the committee chose the place. However, other credit unions do have limits on the Annual Meeting Dinners as well. Shiramizu mentioned that Mae Chang's comments will be taken into consideration when planning future events.

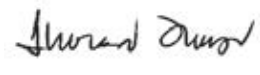
As there was no further business, the meeting was adjourned at 7:35 p.m.

Shishido then thanked the Marketing Department for all their hard work and assistance in planning the event. Shishido then called the lucky numbers.

Respectfully Submitted,



Jimmy Shiramizu
Chair



Theresa Meyer
Recording Secretary

Consolidated Balance Sheet

ASSETS AS OF:	12/31/2008	12/31/2007 *	12/31/2006
Loans to Members/Non-Members	260,326,428	215,942,675	182,464,463
Allowance for Loan Losses	(1,621,236)	(936,750)	(799,810)
Cash	24,321,479	19,140,031	20,619,645
Investments	177,027,187	154,676,234	192,310,221
Property & Equipment	19,255,381	10,503,226	10,864,266
Other Assets	11,811,634	15,963,249	12,414,660
TOTAL ASSETS	491,120,873	415,288,664	417,873,445
<i>Liabilities:</i>			
Accounts Payable	3,320,005	2,970,386	1,741,932
Other Liabilities	1,206,381	801,704	593,576
TOTAL LIABILITIES	4,526,386	3,772,090	2,335,508
<i>Equity:</i>			
Total Share Deposits	429,043,334	355,925,717	362,746,694
Regular Reserves	22,528,698	22,250,451	21,189,181
Undivided Earnings (net)	5,909,987	1,848,927	3,011,751
Appropriated Undiv. Earn	29,112,468	31,491,479	28,590,311
TOTAL EQUITY	486,594,487	411,516,574	415,537,937
TOTAL LIABILITIES & EQUITY	491,120,873	415,288,664	417,873,445

* Revised and restated as of 2/13/2008

Consolidated Income Statement

OPERATING INCOME	12/31/2008	12/31/2007 *	12/31/2006
Income on Loans (net)	13,882,387	11,936,243	10,836,099
Gross Investments/Other	10,860,878	10,625,488	10,729,062
TOTAL OPERATING INCOME	24,743,265	22,561,731	21,565,161
<i>Less:</i>			
DIVIDENDS TO MEMBERS	8,609,381	7,987,312	7,631,142
Other Cost of Funds	334,258	282,442	273,785
Operating Expenses			
Salaries & Benefits	6,684,714	5,779,493	5,047,628
Office Occupancy	1,414,816	1,232,073	812,654
Office Operations	3,314,169	2,978,054	2,737,905
Education & Promotions	678,363	417,592	378,445
Professional Services	731,457	784,880	524,374
Members' Insurance	296,557	245,117	220,387
Other Miscellaneous	1,101,955	964,826	869,091
TOTAL OPERATING EXPENSES	14,222,031	12,402,035	10,590,484
<i>Less:</i>			
Non-Operating Income (Loss)	112,993	(127,747)	(379,975)
NET INCOME	1,690,588	1,762,195	2,689,775

* Revised and restated as of 2/13/2008

Aloha Pacific Federal Credit Union

Board of Directors



Gary Iwai
Chair
Director Since 1997



Karen Shishido
1st Vice-Chair
Director Since 1995



Allan Fujimoto
2nd Vice-Chair
Director Since 2002



Stanley Inamasu
Secretary &
Treasurer
Director Since 2007



Ann Gima
Director
Director Since 2008



Joseph Magaldi, Jr.
Director
Director Since 2007



Jimmy Shiramizu
Director
Director Since 1988

CUA of Hawaii

Board of Directors



Stanley Wachi
Chair
Director Since 2000



Daniel Tully
Vice-Chair
Director Since 2001



Ann Kobayashi
Secretary
Director Since 2000



Stanley Inamasu
Treasurer
Director Since 2008



Allan Fujimoto
Director
Director Since 2002



David Takiguchi
Director
Director Since 2005



Wallace Y. Watanabe
Director
Director Since 2006

Executive Management



Vince J. Otsuka
President



Vigil Dela Cruz
Vice-President
Loan Servicing



Scott Nishimura
Vice-President
Commercial Lending

Aloha Pacific Federal Credit Union

Executive Management



Wallace Y. Watanabe
President/CEO



Rita Ornellas
Executive
Vice-President



G. Keoni Ahlo
Chief Information
Officer



Gary Nakata
Chief Financial
Officer



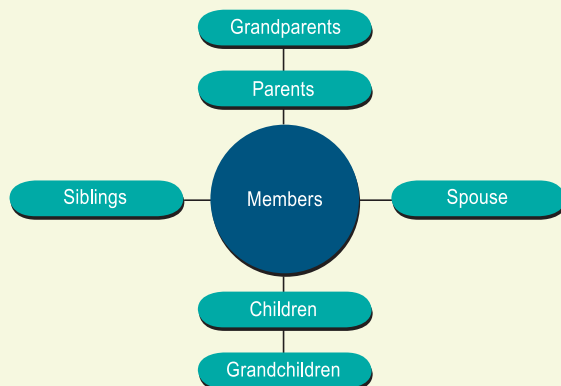
Licie Uchino
Chief Operations
Officer

Who We Serve

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

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.

HAWAII KAI BRANCH

(KOKO MARINA CENTER,
NEXT TO PRICE BUSTER)

7192 Kalanianaʻole Highway, Suite A144

Honolulu, HI 96825

Monday to Friday

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

Saturday & Select Holidays

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

KALIHI BRANCH

(FORMERLY IIFCU BRANCH)

2200 Kamehameha Highway, Suite 206

Honolulu, Hawaii 96819

Monday to Thursday

8:30 a.m. - 3:30 p.m.

Friday 8:30 a.m. - 5:00 p.m.

WAIMALU BRANCH

(WAIMALU SHOPPING PLAZA,
NEAR OFFICE DEPOT)

98-1277 Kaahumanu Street, Suite 132

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.

WAIKELE BRANCH

(WAIKELE SHOPPING CENTER,
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.

Annual Report 2008

71st Annual Meeting

The 71st Annual Meeting of APFCU members will be held on Tuesday, March 17, 2009 in McCoy Pavilion at Ala Moana Beach Park. Visit our website or call us for more information.

CONTACT US

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e-mail: support@kalanet.com

DIRECTORS:

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and committee members, please
mail correspondence to:

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Honolulu, HI 96813

