



MANAGEMENT MESSAGE

As Aloha Pacific Federal Credit Union (APFCU) begins its 75th year of service, we celebrate a rich history of excellent member service. Although we are the third largest credit union in Hawaii, we lead the way in many areas. We were the first to offer our members shared branching, remote teller systems, mobile banking (the first using Palm devices), an out-of-state branch and much more.

In 2011, we faced continued economic weakness and additional special assessments from the National Credit Union Share Insurance Fund (NCUSIF) to cover industry losses. We took proactive measures to address these threats and are proud to announce a net income from operations of \$3.4 million. Other non-operating items increased our earnings to a record \$5.3 million. This money will be used to boost our reserves and protect member shares against future economic uncertainty.

FINANCIAL ACHIEVEMENTS:

38,327 Members – As a measurement of financial success, membership growth remains a key indicator of future growth. This year, we welcomed 2,491 new members and 214 new Select Employee Groups and will strive to guide them toward a secure financial future.

22,055 Checking Accounts – This is the single most important account in every adult's financial plan, but it can also be the most expensive. We reaffirmed our commitment to being a low-cost provider of this service and encourage movement toward electronic statement delivery.

\$631.3 Million in Shares – During the year, we reduced our members' business deposits to focus on personal services. We wanted to offer dividends on personal accounts that were much higher than Hawaii banks or U.S. bonds of similar maturity and equal to the top local credit unions.

\$375.4 Million in Loans – Helping qualified members access affordable credit is the primary mission of a credit union. Though the competition was fierce, we focused on increasing

loans and were able to provide more than \$52.0 million in new loans, mostly in first mortgages and home equity loans.

OTHER HIGHLIGHTS:

Las Vegas Branch – Our new location is exceeding our growth projections with over \$22.3 million in new loans to existing and new members.

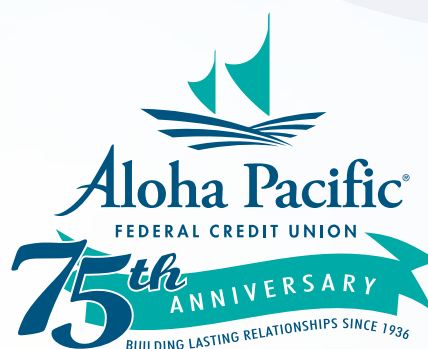
CUSO Integration – We combined the CUSO loan staff into the credit union to reduce the administrative expenses associated with new lending regulations. However, CUSO will continue to support smaller credit unions by servicing their mortgages.

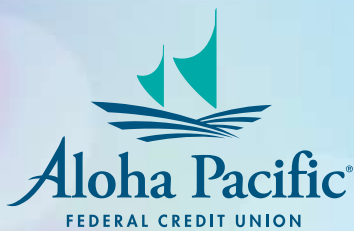
New Partnership – On June 1, 2011, we welcomed Media Hawaii Federal Credit Union's 1,356 members and \$15.3 million in assets into our credit union ohana.

Professional Recognition – In 2011, for the third year in a row, we were voted as one of the Best Places to Work and ranked as one of Hawaii's Top 250 Businesses.

Community Service – We supported and participated in a variety of community efforts, including the Kapiolani Children's Miracle Network program, Aloha United Way School Supply Drive, Aloha for Japan relief effort, Lanakila Meals on Wheels meal delivery for the elderly and other meaningful events.

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Aloha Pacific Federal Credit Union (APFCU) is the third largest credit union in Hawaii with more than \$714 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 (SEGs).

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 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.

Management Message - Continued from page 1

During these uncertain economic times, we are proud to report that our credit union improved its financial position without diminishing services or raising fees. We are committed to being your primary financial institution with exceptional service, great rates and low fees that exceed your expectations.

In 2012, please watch for our notice on the 75th Anniversary Celebration. There will be special promotions and events throughout the year. It will culminate with a special annual meeting in March 2013. Aloha!

Gary Iwai
Board Chair

Wallace Y. Watanabe
President/CEO

2011-2012 COMMITTEE LISTING

AD HOC ATM

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

ASSET LIABILITY COMMITTEE (ALCO)

Gary Iwai, Chair
Darwin Hamamoto, Vice-Chair
Allan Fujimoto
Stanley Inamasu
Ben Dimond
Ann Gima
Chris Diebling
Wallace Y. Watanabe
Thomas W. Santos
Rand Yamasaki
Ross T. Inouye
James R. Haid Jr.
G. Keoni Ahlo
Kristopher Kono

ANNUAL MEETING

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

BUDGET

Allan Fujimoto, Chair
Stanley Inamasu, Vice-Chair
Ben Dimond
Ann Sakurao

BUILDING ADVISORY

Darwin Hamamoto, Chair
Ann Gima, Vice-Chair
Ben Dimond
Dan Takamatsu

EXECUTIVE BENEFITS

Darwin Hamamoto, Chair
Allan Fujimoto, Vice-Chair

EXECUTIVE COMMITTEE

Gary Iwai, Chair
Stanley Inamasu, Vice-Chair
Ben Dimond
Allan Fujimoto
Darwin Hamamoto

HUMAN RESOURCES

Chris Diebling, Chair
Stanley Inamasu, Vice-Chair
Allan Fujimoto
Darwin Hamamoto
Howard Okamoto

NOMINATIONS/ELECTIONS

Stan Miyata, Chair
Ann Gima, Vice-Chair
Nelson Koyanagi
Lorene Fujimoto

PLANNING & EDUCATION

Stanley Inamasu, Chair
Allan Fujimoto, Vice-Chair

POLICY

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

SCHOLARSHIP

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

SUPERVISORY

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

2011 ANNUAL MEETING MINUTES

The 73rd Annual Meeting of the members of Aloha Pacific Federal Credit Union was held on Tuesday, March 15, 2011, at McCoy Pavilion in Ala Moana Regional Park, Honolulu, Hawaii.

5:00 p.m. - 2nd Vice Chair of the Board of Directors and Annual Meeting Committee Chair Stanley Inamasu welcomed the members. He announced that each member was eligible for the LED multipliers gift presented at the door as well as a lucky number ticket – for door prizes – that was passed out upon registration. He encouraged members to visit the stations set up by business partners Farmers Insurance Group and Ulupono the Paul Mitchell School of Honolulu; and CUSO of Hawaii, Kalabash Financial, and the credit union, all of whom were prepared to assist the members with their needs. Inamasu then invited Board of Directors Chair Gary Iwai to call the meeting to order.

The meeting was called to order by Chair Iwai at 5:05 p.m. Iwai called on the Elections Clerk, Nelson Koyanagi Jr., to declare a quorum. A quorum was declared with at least 300 members registered.

Chair Iwai stated that it takes many volunteers to run a credit union and recognized the following individuals who have dedicated themselves to its success: 1) First Vice Chair Karen Shishido, Second Vice Chair Stanley Inamasu, Secretary/Treasurer Allan Fujimoto, Directors Ann Gima, Darwin Hamamoto and Ben Dimond; 2) Supervisory Committee members Ted Takahashi, Ann Sakurao, Diane Murata, Howard Okamoto and Nelson Koyanagi; 3) CUSO of Hawaii Board of Directors, Chair Stanley Wachi, Vice Chair Daniel Tully, Secretary Ann Kobayashi, Directors Ann Gima, Darwin Hamamoto, David Takiguchi and Wallace Y. Watanabe; 4) Former Board Members Jimmy Shiramizu and Alan Kilbey; 5) Annual Meeting Chair Stanley Inamasu and the Annual Meeting Committee volunteers; and 6) all other Committee volunteers.

Chair Iwai stated that Aloha Pacific Federal Credit Union is one of the most innovative credit unions in the state and thanked the members for their support throughout 2010 and asked for their continued support in 2011.

Chair Iwai then directed the members to the minutes of the 2010 Annual Meeting, which were printed in the current Annual Report distributed to all members at the Registration Desk. A motion was made to accept the minutes of the 2010 Annual Meeting, held on March 16, 2010. The Treasurer's Report was moved and seconded to be accepted as submitted, subject to audit. The Supervisory Committee's Report was also moved and seconded to be accepted as submitted.

Chair Iwai stated that Aloha Pacific Federal Credit Union had several outstanding accomplishments for the members over the past year in spite of a very challenging economy:

Three New Branches

APFCU opened three new branches and ATMs: in Kapolei, across from the park on Kamokila Boulevard; in Kailua, near Safeway, on Hamakua Drive; and the West Cheyenne Branch in Las Vegas, Nevada.

The Las Vegas branch is a long-term strategic move designed to increase loans and diversify risk. APFCU can now offer members a mortgage for a rental, vacation or retirement property in Las Vegas.

New Realty Investment

Late in 2010, CUSO and the credit union purchased the landmark Kaimuki Plaza building from Central Pacific Bank. While this may seem unusual, it is one of the premiere office properties in the area. APFCU intends to occupy a portion and eventually sell portions of the building to existing tenants and recoup the majority of the investment.

This would generate realty income and higher-yielding business loans, which could benefit members. CUSO would be able to produce more non-member paid fee income, which could help keep APFCU member fees among the lowest in the industry.

The inspiration for this project was the success of the Weyerhaeuser building in 2009.

New Products & Partnerships

Appealing to more tech-savvy members, APFCU introduced free mobile and text banking. This is aimed at retaining and attracting younger adult members who are increasingly more mobile. These tools should help them manage their money and avoid unnecessary fees while positioning APFCU to meet their future borrowing needs.

In conjunction with Hawaii Energy, a non-profit organization, APFCU launched the 0% Solar Loan, which covers the cost of equipment and installation for a solar water heater. This no-interest loan has a term of up to 4 years, with no closing or pre-payment fees.

APFCU also welcomed more than 1,100 Word of Life Federal Credit Union members through a mutually beneficial partnership. Anyone who attends Word of Life Christian Center can now join APFCU.

Recently, Media Hawaii Federal Credit Union members overwhelmingly approved a proposal to join with APFCU. This will add 1,300 new members to the ohana.

Chair Iwai introduced President and CEO Wallace Y. Watanabe, who presented the 2011 Aloha Pacific FCU Executive Management Team: Rand Yamasaki, Vice President and Controller; Rita Ornellas, Vice President of Branch Administration; Keoni Ahlo, Vice President of Information Technology; James Haid Jr., Vice President of Marketing and Business Relations.

The CUSO of Hawaii Executive Management Team also was introduced: Vince Otsuka, President; Virgil dela Cruz, Vice President of Loan Servicing; and Scott Nishimura, Vice President of Commercial Lending.

Watanabe stated that the economic crisis continued to push many Mainland credit unions into bankruptcy. To cover the losses and replenish the share insurance fund, the NCUA assessed

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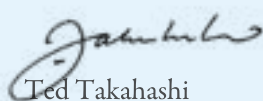
SUPERVISORY COMMITTEE REPORT

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



TREASURER'S REPORT

The financial results of Aloha Pacific Federal Credit Union (APFCU) and its subsidiaries were consolidated for the year ended December 31, 2011, 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 2011, consolidated assets decreased \$10.9 million or 1% from \$724.9 million to \$714.0 million. Member and business deposits dropped \$24.4 million or 4 % from \$655.7 million to \$631.3 million. Loans outstanding increased \$52.0 million or 16% from \$323.4 million to \$375.4 million as many members took advantage of historically low mortgage loan rates. The Credit Union's net worth (or capital) level of \$69.3 million or 8.96% of average assets continues to be deemed well-capitalized by our federal regulator, the National Credit Union Administration (NCUA).

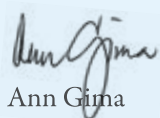
Net income from operations in 2011 was a healthy \$3.4 million after paying the National Share Insurance and Corporate Stabilization Fund assessment of \$1.6 million. The credit union industry nationwide has not been exempt from the mortgage and consumer loan defaults

in recent years that have cost the financial services industry billions of dollars. NCUA has indicated that credit unions may see comparable assessments to the entire industry for many more years. Rest assured that your APFCU has had minimal loan and investment losses in the past several years due to the integrity and creditworthiness of our member borrowers.

Aloha Pacific paid out over \$4.7 million in share dividends in 2011, keeping your deposit rates extremely competitive amongst Hawaii's largest credit unions and banks. With membership topping 38,000, 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.



Ann Gina

Secretary/Treasurer

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

ASSETS	12/31/2011	12/31/2010
Loans to Members/Non-Members	\$ 375,397,974	\$ 323,364,454
Allowance for Loan Losses	(3,029,776)	(2,109,328)
Cash and Equivalents	42,883,542	34,669,717
Investments	238,397,092	308,469,507
Property & Equipment	43,584,566	45,363,500
Other Assets	16,778,370	15,114,522
TOTAL ASSETS	\$ 714,011,768	\$ 724,872,372
<i>Liabilities</i>		
Accounts Payable	\$ 6,427,546	\$ 6,034,953
Other Liabilities	7,041,285	1,705,547
TOTAL LIABILITIES	\$ 13,468,831	\$ 7,740,500
<i>Equity</i>		
Total Share Deposits	\$ 631,270,388	\$ 655,714,483
Regular Reserves	22,528,698	22,528,698
Undivided Earnings	16,165,351	10,069,042
Appropriated Undiv. Earn	30,578,500	28,819,649
TOTAL EQUITY	\$ 700,542,937	\$ 717,131,871
TOTAL LIABILITIES & EQUITY	\$ 714,011,768	\$ 724,872,372

OPERATING INCOME	2011	2010
Income on Loans (net of provision for loan losses)	\$ 18,893,478	\$ 19,006,456
Income on Investments (includes service fees)	15,410,903	15,210,844
TOTAL OPERATING INCOME	\$ 34,304,381	\$ 34,217,300
<i>Less:</i>		
DIVIDENDS TO MEMBERS	4,756,307	9,162,442
Other Cost of Funds	99,026	604,473
Operating Expenses		
Salaries & Benefits	\$ 11,675,781	\$ 10,509,172
Office Occupancy	3,968,786	2,690,832
Office Operations	4,825,251	4,356,601
Education & Promotions	934,899	847,170
Professional Services	1,484,954	1,045,649
Members' Insurance	1,686,878	1,755,023
Other Miscellaneous	1,462,067	1,673,881
TOTAL OPERATING EXPENSES	\$ 26,038,616	\$ 22,878,328
NET INCOME FROM CREDIT UNION OPERATIONS	\$ 3,410,432	\$ 1,572,057
<i>Plus:</i>		
NON-OPERATING ITEMS:		
Equity Acquired from Merger	\$ 1,754,176	\$ 31,481
National Share Insurance Fund Assessment	165,352	(77,960)
NET INCOME AFTER NON-OPERATING ITEMS	\$ 5,329,960	\$ 1,525,578





ALOHA PACIFIC FEDERAL CREDIT UNION

Board of Directors



Gary Iwai
Chair
Director Since 1997



Stanley Inamasu
1st Vice-Chair
Director Since 2007



Allan Fujimoto
2nd Vice-Chair
Director Since 2002



Ann Gima
Secretary/Treasurer
Director Since 2008



Chris Diebling
Director
Director Since 2011



Ben Dimond
Director
Director Since 2010



Darwin Hamamoto
Director
Director Since 1982

ALOHA PACIFIC FEDERAL CREDIT UNION

Executive Management



Wallace Y. Watanabe
President and CEO



Vince Otsuka
Senior Vice President
Lending & CUSO



Rand Yamasaki
Vice President &
Controller



G. Keoni Ahlo
Vice President
Information
Technology



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



Ross T. Inouye
Vice President
Consumer Lending



Thomas W. Santos
Vice President
Branch Administration

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



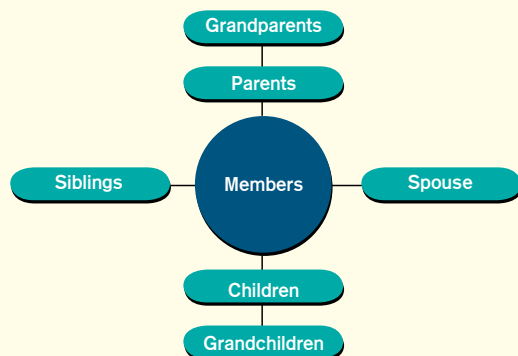
Wallace Y. Watanabe
Director
Director Since 2000

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 & 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 1,395 groups including HGEA, Waipahu Community Association, COSTCO Hawaii Kai, AOA 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 & County warrants. "Members of their immediate families" include parents, grandparents, siblings, spouse, children, grandchildren, stepchildren, stepparents, stepsiblings and adopted children.

2011 Annual Meeting Minutes

Continued from page 3

heavy fees on all credit union deposits. Although APFCU avoided risky investments and loans that got many credit unions into trouble, APFCU still had to pay to insure the solvency of the fund.

All of these accomplishments were achieved and challenges addressed in 2010 without increasing fees on member accounts.

Looking Forward

Looking toward 2011 and beyond, Watanabe declared that he sees signs of economic recovery; however, APFCU would not depend on any potential recovery for its success. He plans to introduce new niche products and value-added services that will help members and reaffirm APFCU's commitment to "Building Lasting Relationships" with the members by providing competitive rates, great services and low fees.

Watanabe proudly stated that the credit union received a number of prestigious industry awards in 2010 such as Hawaii Business magazine's Best Places to Work and Top 250 Companies awards, and the Hawaii Psychological Association's Healthy Workplace award.

He then asked that those in attendance recognize this year's service award recipient, Traci Masaki, for 20 years of dedicated service.

Harold Han, Security Manager, was announced as the 2011 Employee of the Year.

Unfinished Business – none

New Business – Chair Iwai introduced the candidates for the Board of Directors and thanked them for their candidacy and their desire to volunteer to serve their fellow members.

Kevin Asano
Ben Dimond
Ann Gima
Darwin Hamamoto
Daniel Keppel
Paul Mow
Stephen Tabussi

Chair Iwai then announced the newly elected Directors: Kevin Asano and incumbents Ben Dimond, Ann Gima and Darwin Hamamoto.

As there was no further business, the meeting was adjourned at 5:45 pm.

Gary Iwai, Chair
March 15, 2011

Respectfully
Submitted,

Susan Hiyoto,
Recording Secretary



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www.AlohaPacific.com

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Return Service Requested

74th Annual Meeting

The 74th Annual Meeting of APFCU members will be held on Tuesday, March 6, 2012, in McCoy Pavilion at Ala Moana Regional 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



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 Kalanianaʻole Highway
Suite A144, Honolulu, HI 96825
Mon. - Fri. 9:00 a.m. - 6:00 p.m.
Sat. 9:00 a.m. - 2:00 p.m.

KAILUA BRANCH

200 Hamakua Drive, Suite B6
Kailua, HI 96734
Mon. - Fri. 9:00 a.m. - 6:00 p.m.
Sat. 9:00 a.m. - 2:00 p.m.

KAIMUKI BRANCH

3625 Harding Avenue
Honolulu, HI 96816
Mon. - Fri. 9:00 a.m. - 6:00 p.m.
Sat. 9:00 a.m. - 2:00 p.m.

KALIHI BRANCH

2200 Kamehameha Highway
Suite 201
Honolulu, HI 96819
Mon. - Fri. 7:30 a.m. - 5:00 p.m.

KAPOLEI BRANCH

1001 Kamokila Boulevard
Suite 104, Kapolei, HI 96707
Mon. - Fri. 9:00 a.m. - 6:00 p.m.
Sat. 9:00 a.m. - 2:00 p.m.

WAIKELE BRANCH

Waikēle Shopping Center
94-799 Lumiaina Street, Unit 2-A2
Waipahu, HI 96797
Mon. - Fri. 9:00 a.m. - 6:00 p.m.
Sat. 9:00 a.m. - 2:00 p.m.

WAIMALU BRANCH

Waimalu Shopping Plaza
98-1277 Kaahumanu Street
Suite 132, Aiea, HI 96701
Mon. - Fri. 9:00 a.m. - 6:00 p.m.
Sat. 9:00 a.m. - 2:00 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.