

Credit Union Industry Stabilization



Earlier this year, the Board of the National Credit Union Administration (NCUA) acted to stabilize a part of the credit union system that is under stress due to dislocations in the mortgage market. These actions resulted in all federally insured credit unions being required to write-off a portion of the federally insured credit union's deposit in the National Credit Union Share Insurance Fund (NCUSIF), write-off their member capital accounts at the corporate credit union - Western Corporate FCU and assess a premium in order to maintain a robust and strong federal insurance fund for credit union members.

Hawaii First FCU's portion of these mandated actions is estimated at \$360,000, which was deducted from 2008 net income. It is important to understand that Hawaii First did not contribute to the conditions that led to these actions; however, all credit unions are working together to resolve these financial challenges without relying upon any government bailout program or tax payer monies. Further, your funds in a NCUSIF-insured credit union, like Hawaii First, remains backed by the full faith and credit of the United States Government, up to at least \$250,000.

While the NCUA's actions impacted our financial performance in 2008, rest assured that your credit union remains committed to being a safe and sound financial institution. As of December 31, 2008, Hawaii First had over \$35 million in assets and \$2.8 million in equity.

Although Hawaii First FCU's Board and management views this unfortunate event as outside of our control, these actions are expected to maintain, strengthen and stabilize the credit union industry to benefit credit union members in the long run. Should you have any questions, please do not hesitate to contact the President/CEO directly at (808) 885-7349.

Corporate Stabilization Program
NCUA Chairman Michael E. Fryzel

