

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

PRINCE KUHIO FEDERAL CREDIT UNION

Point of Contact:	DEBRA NELSON-KELII	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1422	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	273,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	20187
Date Funded (first funding):	September 24, 2010	City:	HONOLULU
Date Repaid ¹ :	N/A	State:	Hawaii

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

There was a small increase in loans from September thru December 2010. The net increase was \$63,946.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

The major type of loan increased was in personal unsecured loans to members.

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Increase securities purchased (ABS, MBS, etc.).

Empty response box for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

The credit union invested most of the funds in certificates of deposit at other financial institutions.

Empty response box for 'Make other investments.' containing the text: 'The credit union invested most of the funds in certificates of deposit at other financial institutions.'

Increase reserves for non-performing assets.

Empty response box for 'Increase reserves for non-performing assets.'

Reduce borrowings.

Empty response box for 'Reduce borrowings.'

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Increase charge-offs.

Empty response box for 'Increase charge-offs.'

Purchase another financial institution or purchase assets from another financial institution.

Empty response box for 'Purchase another financial institution or purchase assets from another financial institution.'

Held as non-leveraged increase to total capital.

The primary reason for applying for the CDCI funds was to increase the total capital to improve the capital ratio of the credit union.

Empty response box for 'Held as non-leveraged increase to total capital.'

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Because of our growth in shares (savings deposits) early in 2010, our capital ratio decreased for 9.01% as of December 31, 2009 down to 7.44% as of August 31, 2010. As we progressed through the year 2010, our operational expenses, coupled with extra special assessments charged by our regulator, National Credit Union Administration (NCUA), exceeded our income giving us a negative net income for 2010 of \$31,990. This negative net income contributed to the decrease in our capital ratio, where without the CDCI funds our capital ratio would have been 7.10%. Although this ratio is sufficient enough to be considered "well capitalized", NCUA could put other restrictions on the credit union that could reduce financial servicing to the membership. However, with the CDCI funds, our capital ratio of 10.15% as of December 31, 2010 allowed the credit union to maintain our current products and services to its members.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

A large, empty rectangular box with a black border, intended for the respondent to provide their answer to the question above.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions undertaken with the capital infusion of CPP/CDCI funds.