



August 30, 2016

To All Employees:

It is with deep regret to inform you that effective December 30, 2016, end of business day, HFS will permanently close its Kealahou office. The operations of this office along with its employees will be combined with the Kona Coast office.

This was a very difficult decision to make after serving the Kealahou community for more than 28 years. Much thought and analysis was completed and we determined that it was in the best interest of the overall membership to close the office.

I'd like to thank our Kealahou Team for their hard work and dedication through the years. They have dealt admirably in what has been a steadily shrinking marketplace. Changes in demographics and an increasingly isolated location have caused a sharp decline in member traffic. Taken together, it's become impossible to thrive at that location. Simply put, the time has come to consolidate our Kona operations into our Kona Coast office.

We realize the impact this will have on members who utilize this office; however, our Kona Coast office is relatively close in proximity and majority of transactions can be completed electronically. Educational materials and sessions to inform members on how to utilize electronic services will be provided in the near future. Notification of the office closing will be sent to our members in October.

Please rest assured HFS remains financially sound and stable with a solid net worth. We constantly strive to provide our members with the best products and services while making wise use of their resources.

The FAQs may be used as a guide to help answer some of the questions members may have. Thanks to all of you for helping both members and employees affected by this closure transition to the Kona Coast office.

If you have any questions, please feel free to contact me.

Thank you,

A handwritten signature in black ink, appearing to read 'Nathan N. Abe', with a long horizontal flourish extending to the right.

Nathan N. Abe
President/CEO

FAQs

When will the office close?

The Kealahou office will be open through the last business day of December, closing at 5:00 pm on Friday, December 30, 2016.

Why are we closing the office?

This was a very difficult decision to make after serving the Kealahou community for more than 28 years. Over the years this office has faced many challenges that have been difficult to overcome. Our executive team decided to move forward with the closure of this office to consolidate operations with the Kona Coast office.

Is HFS FCU in financial trouble?

No. HFS is a very healthy and strong credit union. Our financials reflect the strength and stability of our credit union. With over 48,000 members island wide, assets of over \$500 million, and close to \$50 million in reserves, HFS is one of the strongest financial institutions on the Big Island.

Where can I go for account access?

- Any of the six locations in Kona, Hilo, Honoka'a, Kea'au, Prince Kuhio Plaza, and Waimea Center
- Mobile Banking with Mobile Deposit
- Any Bank of Hawaii ATM
- 24/7 Online Banking access

What will happen to the Kealahou office employees?

The employees at the Kealahou office will remain employed at HFS, but will be relocated to the Kona Coast office.

What if I have questions about my account?

Any HFS employee at one of our six locations will be able to service your financial needs. You may also email us at hfs_operations@hfsfcu.org or call (808) 930-1400.