



Dream Pursue Inspire
Encourage

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infoLINE



Financial Fuel for the Road Ahead

October 2011

Chairman's Report



If there is one thing we have learned in the world of finance, it is that we are all connected.

This past year has been challenging for HFCU, yet successful. Loan demand is down. Deposits are up. The end result is we find ourselves in the unusual position of having excess liquidity.

To address loan demand, Honda Federal Credit Union is now an authorized small business lender. With insightful leadership from our management team and Honda support, we will soon be introducing "HondaPower Financing" for motorcycle dealerships.

Not only will this create lending opportunities for HFCU, it will help position us as a trusted advisor for motorcycle dealerships, strengthen the relationship with Honda and dealers selling Honda products, and enhance the profitability and efficiency of those businesses.

Additionally, last fall HFCU introduced the very popular 15-year Advantage mortgage product. In August we broadened the program with the introduction of 30-year Advantage mortgage loans. To help create interest and remain competitive in a tough market, our 15-year Advantage mortgage rates recently have been at or below 3.5%.

Our Marketing Department has been working vigorously to introduce new mobile banking options. The new feature will allow easy access to HFCU from your mobile device through a

mobile web browser, an iPhone/iPad application, an Android application, a Blackberry application, or through texting (SMS). Rollout will be in October 2011.

In January we added the Perks Point Mall to our Rewards Points offerings. When members purchase items on their HFCU Gold Card through the Perks Point Mall (located on the HFCU website), they earn 3-5 additional points for every dollar they spend. Participating merchants range from Best Buy to Walmart and a host of others.

We will also be adding a new feature to eZ Deposit. From your home scanner you will be able to scan checks for deposit through internet banking. This will add new member convenience and provide a great alternative to visiting a credit union office to make a deposit, using an ATM or mailing in a check.

To assist with Honda's training efforts during reduced production, HFCU provided Balance Workshops in Ohio, Alabama and Indiana. To assist members with improved service, in April we initiated 24/7 phone support for VISA card trouble shooting. In addition, general toll free phone service was implemented in May for Japan, Germany, Mexico, and the United Kingdom.

And HFCU continues to grow. Assets increased by \$18.5M last year to \$555,292,583. Membership grew to 56,407.

Nationally, mortgage defaults are an ongoing concern. As the financial industry continues to
(Cont. on page 2)

IN THE DRIVER'S SEAT

By the time you read this, we will have held our 45th Annual Meeting.

Many of you are longtime members who are familiar with our history. On the other hand, there are, no doubt, many of our over 56,000 members who are unfamiliar with our roots.

In 1966 a group of seven American Honda Motor Company employees in Gardena, California (they weren't know as Associates back then) got together and applied to the "Bureau of Federal Credit Unions" (it's now known as the National Credit Union Administration) to charter the "American Honda Employees Federal Credit Union." On August 18, 1966, the charter was officially approved and your credit union came into existence.

In the mid-80's, Honda began its expansion in the United States. As you can well imagine, that move also had its impact on your credit union. By the end of August 1986, twenty years after being granted a charter, your credit union had assets of \$16.2 million and 7,700 members.

Fast-forward 25 more years to the end of this fiscal year. The assets now stand at \$555.3 million and the membership count is 56,400.

I'm pretty certain our 'founding members' had no idea that someday their credit union would reach the size it is. Nor could they envision the breadth of services and geographical reach. What they put into place, however, was an organization that continues to create value for its membership. We owe them a debt of gratitude. Thank you to the original charterers of your credit union:

- | | |
|-----------------------|-------------------|
| Gerald N. Decker | Yoshio Yoshizu |
| Margaret J. Williams | Connie J. Rice |
| Clifford G. Schmillen | Moritada Watanabe |
| Jack K. Kitagawa | |

Jim Updike, CEO



Chairman's Report

(cont. from cover)

work through the mortgage crisis, first mortgage delinquency rates nationwide are at 5.82%, while bank card defaults are at 5.64%, and auto default rates are at 1.27%. With that said, through sound management and the strength of our sponsor company, our current mortgage default rate is a mere 0.28%. Our overall default rate for the year just ended was 0.52%.

The HFCU board and management team places the sound management of your finances and providing superior member service as our most important mission. Because of this approach, we continue to help members finance their dreams, offer sound and safe banking options, while striving to provide "exceeds expectations" member service.

In response to assistance from our Contact Center staff, a member recently sent the following note: "Thank you for being a bright spot in a dark patch. You made such a positive difference!" Another member commented: "Once again I can't tell you how much you have truly helped my family. We are very grateful to you."

On behalf of the board of directors and the HFCU management team, thank you for your continued confidence as we chart a sound and connected financial future together.

Carl R. Coe, Chairman

pssst...
Refinance your vehicle loan with Honda FCU.

1/4%* OFF
YOUR CURRENT VEHICLE LOAN!

This offer ends October 31, 2011.
Now that the cat is out of the bag, apply today to take advantage of this money-saving vehicle refinancing offer.
1.800.634.6632 (1.800.63.Honda)
www.hondafcu.org

Honda Federal Credit Union
Part of the Family

The silver lining in today's economy is the low interest rates on consumer lending. One of the best kept secrets for saving money would be to refinance your vehicle loan. Honda FCU will give you a 1/4% off your current vehicle loan! Switching your vehicle loan to Honda FCU is easy, and

most of all FREE! Refinance now with:

- No processing fee
- No pre-payment penalties
- Convenient automatic payment and payroll deduction options
- Fast and easy approval

The sooner you refinance, the sooner you

can start lowering your monthly payment. Apply today to take advantage of this money-saving vehicle refinancing offer before October 31, 2011. Honda FCU can also help you with financing on any new or used auto, motorcycle, ATV, boat or RV at a great low rate and convenient terms.

* Current Honda FCU loans are not eligible for refinancing offer. Honda FCU will match a refinanced loan rate from another institution minus .25% or refinance at our regular vehicle loan rates, whichever is lower. A minimum loan refinancing rate, including .25% discount, is established for each vehicle loan type. Minimum auto loan amount is \$3,000. The floor rate for auto loans is 2.99%. The rate ranges for auto loans are from 2.99% to 15.04%. Confirmation of matching rate is required. For rates on motorcycles, ATVs, PWCs, boats or RVs, please contact a Member Service Representative at 1.800.634.6632 (1.800.63.Honda) or visit us on the Web at www.hondafcu.org. All loans are based upon credit qualification. Not all members will be eligible.



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Financial Fuel for the Road Ahead

Board of Directors

- Carl R. Coe, Chairman
- Allison Neumann, Vice Chairman
- Sheri Bullock, Treasurer
- John Petas, Secretary
- Paul Brumfield
- Steve Nicholson
- Kim Ryan
- Robert Taylor

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- Bill Blanford
- Jill Carlton
- James Janik
- John Kaufman

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- Steve Brandon, Chief Operating Officer

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- Mary Anawalt, Vice President Sales and Marketing
- Bill D'Camp, Information Technologies Manager
- Melissa Danner, Ohio Regional Branch Manager
- Michelle Martin, Vice President of Lending
- Joe Mattera, Member Services Manager
- Mary Morikawa, Compliance Officer
- Tracy Rud, Operations Manager
- Scott Shields, Lincoln Branch/Regional Manager



www.hondafcu.org • 1-800-63-Honda
(1-800-634-6632)



Introducing HFCU's eDocuments! Better Access. Better Financial Management.

Our internet banking is now a more comprehensive system, covering a wider range of access and allowing you, our members, to better manage your financial lives. Now you can view your:

- Account Monthly Statements
- Visa Statements
- Account Notices – NEW! These are important notifications regarding your

account (i.e., Share Certificate Maturity, Stop Payment, Transfer of Funds notification, etc.).

- Tax Notices (Coming in 2012) – NEW! These are important tax-related documents regarding your account.

You can view these documents all in one place and all with a simple click of a button. To enroll in

eDocuments, log in to Internet Banking, click on the eDocuments button, accept the terms and conditions and you are all set! It's FREE, convenient and easy to use.* If you currently have eStatements, please click on the new eDocuments button and accept the new terms and conditions to continue to receive all of your account documents electronically.†

*You must have Adobe Acrobat software installed on your computer to view the documents. †If you do not accept the new terms and conditions, you will begin to receive paper statements. You will also get charged a monthly bill-payment fee of \$6 if you currently use our bill-payment service.

COMING SOON...

Honda FCU goes Mobile!

We know so many things deserve your attention. So, Honda Federal Credit Union has gone mobile to make your financial access faster! With mobile banking, you can:

- View balances
- View transactions
- Transfer money between accounts
- Locate surcharge-free ATM's and shared branches

All with a touch of your mobile phone! We are very excited to offer Mobile Banking to you and hope you enjoy using the service and the freedom it will provide!





Stock Up for the Holidays with a Holiday Savings Club Account!

This year you don't need to put your holiday purchases on a high rate credit card or take out a loan that you'll spend the next year paying back. Instead, open a **Holiday Savings Club Account** with Honda Federal Credit Union today to pay for this year's wish list. By saving a set amount weekly, biweekly or monthly, you'll be able to afford everything on your wish list this year, and without paying any interest! In fact, you'll earn interest at 1% above our current regular savings rate.

For more details, stop by or call Honda FCU at 1-800-634-6632 today to talk with one of our friendly Member Service Representatives!

*Initial deposit of \$5.00 is required to open a Holiday Savings Club Account. Save all year long. Money will be transferred to regular savings account on November 1 of each year the Holiday Savings Club Account is open. Any withdrawal from the Holiday Savings Club account prior to November 1 will result in the balance being transferred to your Regular Savings Account, and a penalty of all dividends paid from November of the previous year will be assessed. If the Holiday Savings Club account is closed or if a withdrawal is made during the month of December, a penalty of dividends paid from November of the same year will be assessed. A dividend rate of 1% above the HFCU regular savings rate and APY is paid on that portion of your average daily balance that is \$2,500 or less. The regular savings rate is paid on that portion of your average daily balance that is greater than \$2,500.

Special Savings for Honda Members on Books, Music, Cell Phone Plans and More!

Honda members can now save on everything from books, music and gifts to cell phone plans, home security, and more! Honda Federal Credit Union now offers year round savings to its members on a variety of products and services. You'll find great savings on books and music from Barnes & Noble, flowers and unique gifts from ProFlowers and RedEnvelope, as well as Sprint cell phone plans, ADT home security, home warranties, roadside assistance and more.



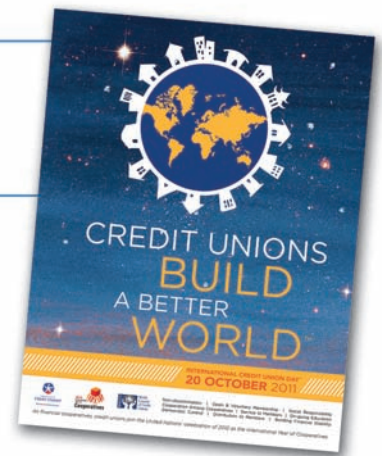
You'll find great savings including:

- An Extra 5% off all purchases from Barnes & Noble, plus Free shipping on orders of \$25 or more
- 10% off flowers and gifts from ProFlowers
- 10% off unique and personalized gifts from RedEnvelope
- 18% off select Sprint and Nextel cell phone service plans
- \$100 gift card for new ADT home security customers

Check out these seasonal discount offers and start saving today! Visit our homepage at www.hondafcu.org and click on our Member Discount icon on the right hand side of the page and see all of our member discounts in one convenient place!

International Credit Union Day

For 55 years, Credit Unions across the world have set aside the third Thursday in October to celebrate **International Credit Union Day**. Each year, it gives us an opportunity to remember our proud history as we promote understanding and support for the Credit Union difference. This year's International Credit Union Day theme is "Credit Unions Build a Better World" and highlights the important economic and social contributions credit unions make to their communities worldwide. Thank you for being part of your Credit Union. Please do not hesitate to tell us how we are doing, and how we can provide even better service



in the future! Please join us on October 20th as we celebrate International Credit Union Day. There will be special goodies (for a limited time) so stop by your local branch on October 20th!



Pursue Inspire Encourage Dream

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