

which allowed us to reduce other borrowings by \$44 million, helping us to better position our balance sheet.

To usher in the New Year, we launched a new image campaign that includes advertising featuring the families and friends of our employees throughout the state. With a new slogan, *A Friend of the Family*, we hope to further distinguish ourselves from other local financial institutions, by evoking a warm, friendly and welcoming feeling with our customers and with the community at large.

We will continue to work with our borrowers who have been negatively impacted by the sluggish economy and poor real estate market. Ensuring the adequacy of Loan Loss Reserves, Capital and Liquidity will continue to be our top priorities as we navigate through these difficult times.

True to our mission, we continue to strive to maintain our success as a respected company by focusing on the acquisition and retention of real estate loan and deposit customers, providing innovative products and services, delivering excellent customer experiences, attracting and retaining employees of the highest quality, and supporting the communities we serve.

Branch Locations

ISLAND OF OAHU

Chinatown

102A North King Street
Phone: 522-2042

Downtown

Finance Factors Center
1164 Bishop Street
Phone: 548-4940

Kahala

Kahala Mall Shopping Center
4211 Waialae Avenue
Phone: 733-7399

Kailua

Malama Building
602 Kailua Road, Suite 103
Phone: 266-2900

Kalihi

Kamehameha Shopping Center
1620 North School Street
Phone: 832-6500

Kapahulu

Market City Shopping Center
2927 Kapiolani Blvd.
Phone: 733-2425

Kapiolani

Pan Am Building
1600 Kapiolani Blvd., Suite 109
Phone: 973-3535

Liliha

1808 Liliha Street
Phone: 532-7190

Manoa

Finance Factors Manoa Center
2955 East Manoa Road, Suite A
Phone: 988-0240

Pearl City

Pearl City Shopping Center
850 Kamehameha Highway
Phone: 453-2100

ISLAND OF HAWAII

Hilo

427 Kilauea Avenue, Suite 10B
Phone: 935-6811

Keauhou-Kona

78-6831 Alii Drive, Suite H-1
Phone: 322-2747

ISLAND OF MAUI

Kahului

Kahului Office Center
140 Hooehana Street, Suite 111
Phone: 877-7663

ISLAND OF KAUAI

Lihue

4393 Kukui Grove St., Suite 101
Phone: 245-3305

GUAM LOAN CENTER

Tamuning

339 Chalan San Antonio, Ste. 100
Tamuning, Guam 96913
Phone: 1-671-649-5751



FINANCE FACTORS

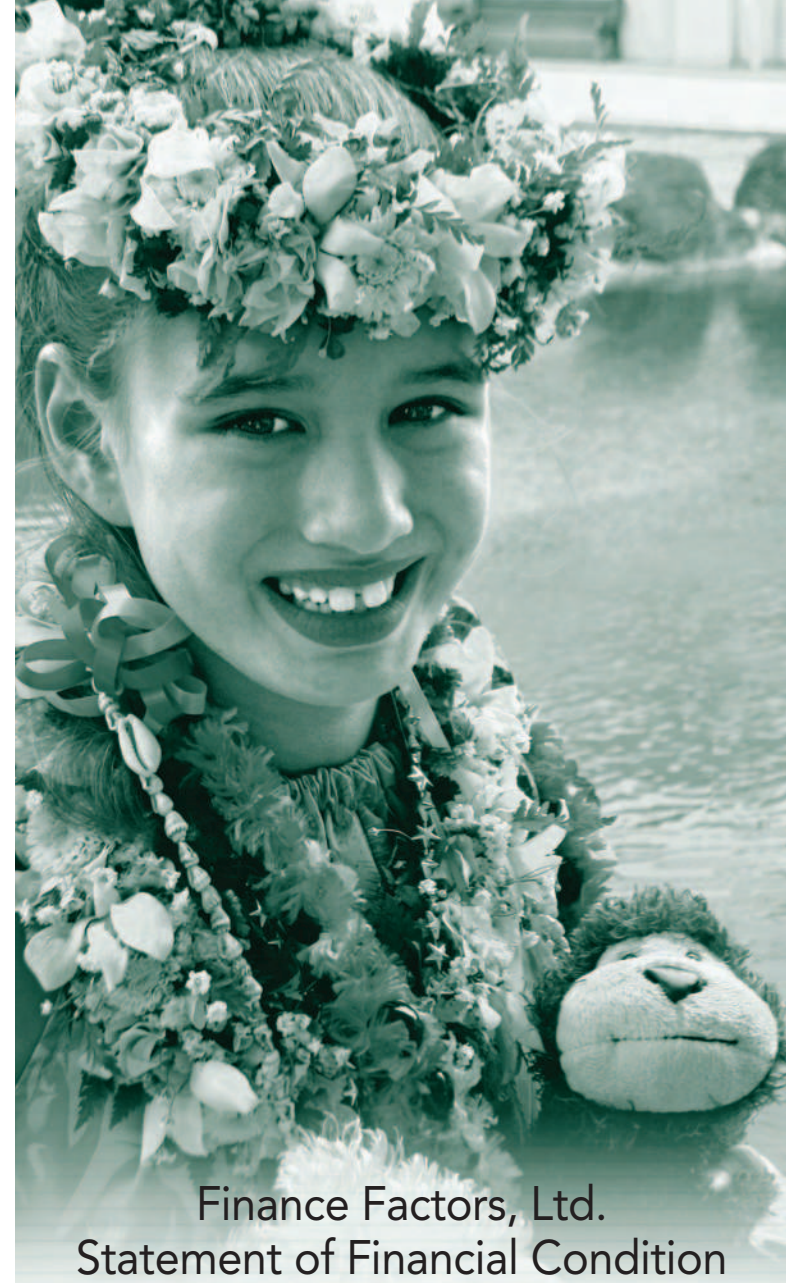
SAVINGS • CDs • MORTGAGES



Member FDIC

www.financefactors.com

MISC-14 (Rev. 03/10)



As of December 31, 2009



FINANCE FACTORS

SAVINGS • CDs • MORTGAGES



Message from the President

Steven J. Teruya
President & COO
Finance Factors, Ltd.

2009 proved to be a challenging year for Finance Factors, as it was for most companies in the financial services industry. Through diligent balance sheet management and expense control measures however, we were able to post some better than expected results.

As of December 31, 2009, total assets were \$653.1 million, an overall decrease of \$37.1 million from the prior year. This reduction in total assets was in line with our plans to maintain adequate capital and liquidity in an unpredictable credit market and a sluggish economy. We were able to improve credit risk by reducing our commercial loan concentration by \$90.3 million, while at the same time increasing our securities investment portfolio by \$26.6 million.

The company continues to remain well capitalized and within regulatory guidelines. At December 31, 2009, our Tier 1 capital leverage ratio and total risk-based capital ratio improved to 9.36% and 13.56% respectively.

We opened our Manoa and Chinatown branches early in 2009. The two new branches, along with our Liliha branch which opened in the fourth quarter of 2008, performed even better than expected and grew a combined \$39.8 million in deposits. Overall, interest-bearing deposits increased to \$501.6 million,

STATEMENT OF FINANCIAL CONDITION

Finance Factors, Limited located at 1164 Bishop Street, Honolulu HI 96813. At the close of business the 31st day of December, 2009.
(This report is in accordance with Sec. 412:3-108, Hawaii Revised Statutes.)

ASSETS

Cash and Balances due from Depository Institutions	\$ 20,987,000
Securities	136,307,000
Federal Funds Sold and Securities Purchased under Agreements to Resell	15,000
Loans and Lease Financing Receivables	
a. Loans and Leases, Held for Sale	1,326,000
b. Loans and Leases, Net of Unearned Income	424,050,000
c. Less: Allowance for Loan and Lease Losses	10,570,000
d. Loans and Leases, net of Unearned Income and Allowance (item b minus c)	413,480,000
Trading Assets	0
Premises and Fixed Assets (including Capitalized Leases)	41,488,000
Other Real Estate Owned	9,233,000
Investments in Unconsolidated Subsidiaries and Associated Companies	0
Customers' Liability to this Bank on Acceptance Outstanding	0
Intangible Assets	
a. Goodwill	0
b. Other Intangible Assets	62,000
Other Assets	30,197,000
TOTAL ASSETS	\$ 653,095,000

LIABILITIES

Deposits	502,213,000
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	0
Trading Liabilities	0
Other Borrowed Money (includes Mortgage Indebtedness and Obligations under Capitalized Leases)	83,603,000
Bank's Liability on Acceptances Executed and Outstanding	0
Subordinated Notes and Debentures	0
Other Liabilities	3,090,000
TOTAL LIABILITIES	\$ 588,906,000

Minority Interest in Consolidated Subsidiaries	0
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EQUITY CAPITAL

Perpetual Preferred Stock and Related Surplus	0
Common Stock	891,000
Surplus (Excludes All Surplus Related to Preferred Stock)	8,502,000
a. Retained Earnings	53,539,000
b. Accumulated Other Comprehensive Income	1,507,000
Other Equity Capital Components	(250,000)
TOTAL EQUITY CAPITAL	\$ 64,189,000
TOTAL LIABILITIES & EQUITY CAPITAL	\$ 653,095,000

STATE OF HAWAII
City and County of Honolulu } SS

I, Neal Kanda, Executive Vice President & Chief Financial Officer, of the above-named institution do solemnly swear that the foregoing statement is true to the best of my knowledge and belief.

(s) Neal Kanda, Executive Vice President & Chief Financial Officer