

Financial Fitness

The Prescription for your Financial Health * Second Quarter 2000

Manager's Report

As we enter the new millennium, I would like to take a moment to reflect upon the success of Healthcare Federal Credit Union. We have been serving the financial needs of individuals in the medical field for 38 years. Each year has brought new challenges that we have satisfied by continuous evaluation and design of our products and services, ensuring that they meet the needs of our members. We implemented many convenient and attractive new services during 1999:

Home Equity Loans: We began offering fixed home equity loans and home equity lines of credit in January. By the end of the year we had funded nearly \$700,000 in loan requests.

ATM Card/Networks: We expanded the networks and capabilities of our ATM/VISA Check Card so that members can use their HFCU ATM card for deposits, withdrawals, and transfers at ATMs around the world. In addition, our members have no-fee options at over 30 ATMs in Sonoma County in the CO-OP Network and at all Bank of the West ATMs.

Internet/Web Site: Our new Web site contains a wealth of helpful financial information on necessary credit union services such as personal, vehicle, and home-equity loans, dividend-earning savings and checking accounts, and ATM cards. We have also included information to help members purchase or sell a vehicle, and Web visitors can calculate the amounts they will need for retirement or for funding a child's college education in our Financial Planning section.

Internet Account Access: Our latest new service provides our members with access to their HFCU accounts via the Internet. Our members say it best - "I am very pleased with the website, I have web access to other bank accounts, but I must say HFCU is the best, its very easy to use and the overall format is excellent." - Martin Lieber.

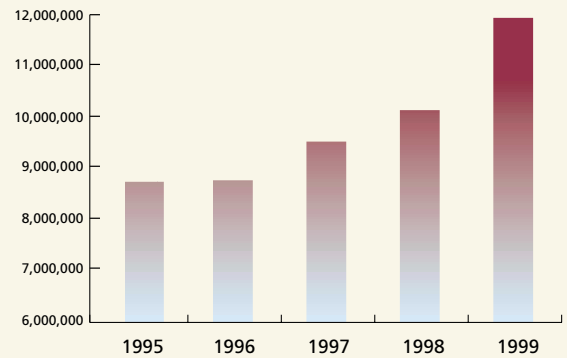
Our goal is to provide the highest level of personal service, competitive rates, a complete line of attractive financial services and products with the convenience of the latest in banking technology.



Manager/CEO
Todd Sheffield

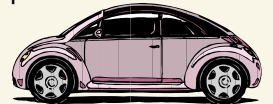
Healthcare Federal Credit Union

Five Year Growth - Assets



One Stop Car Shop

Are you looking to purchase a used car? We would like to invite you to attend our upcoming members only used auto sale. All vehicles feature 12,000 mile/12 month warranties and the prices have been predetermined so you will get the best deal without haggling. This is your opportunity to select the perfect used auto from 200 cars, trucks, vans and SUVs. The sale will be held rain or shine. Saturday, 9 a.m. - 3 p.m. Sonoma County Fairgrounds - Redwood Parking Lot



Get pre-approved today so you will know how much you can afford and what your payments will be before you go shopping! Give us a call 707-527-6216 or apply online www.hfcu.com

Safe, Secure: Direct Deposit

Why not have your tax refund checks automatically deposited into your credit union account? The IRS states that your refund would be deposited into your account up to 3 weeks earlier than if you were to receive a check. To sign up for direct deposit you will need the credit union Routing Number and your four digit member account number. Please make note of the credit union routing number: 321177560

HFCU Growing to Serve You Better

Offering Home Loans, Car Sales, and Tickets for Fun Adventures



Annual Meeting "Ice Cream Social"

If you think your credit union is just like a bank, here's your chance to meet the difference-

-plan on stopping in at the credit union's annual Ice Cream Social. Join us to mingle with other CU members and talk to the people who volunteer at your credit union. Your credit union Board of Directors helps set the interest rates, decide what services to offer and plan for your credit union's future. Mark your calendar for Thursday, April 27th from 2:30 to 4:00 p.m. in the Memorial Hospital Conference Rooms C & D.

Discount Admission Tickets



Six Flags Marine World & Paramounts Great America Tickets... Roar, Boomerang, Sea Lions and Sharks do it all and see it all at Six Flags Marine World! The best news is, you can do it all and save money too! Buy your admission tickets at the credit union and save. Save up to \$15.00 on adult admission. Stop by and pick-up your tickets today.

	HFCU	General	
Six Flags Marine World			
Adult or over 48" tall	\$19.00	\$34.00	
Less than 48" tall (3 and under are free)	\$15.00	\$17.00	
Paramounts Great America	Age	HFCU	General
Santa Clara, CA	7+	\$25.50	\$36.99
	3 - 6	\$17.50	\$19.99

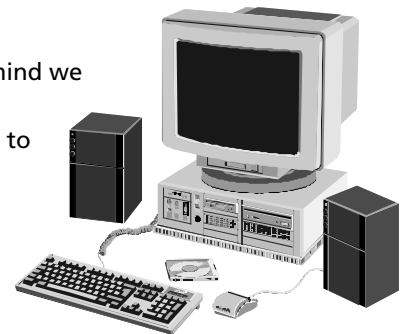
HFCU Gets a New Computer System

We are always looking for ways to provide you with improved member service. With this in mind we will be installing a new computer system on April 10, 2000. First, there will be a marked improvement in our 24-hour telephone service, STATLine. For example, you will no longer have to memorize codes! The new computer promises to offer many new and improved transactions; including more options for transfers via STATLine. The computer will guide you through each transaction making the system easier than ever to access your accounts.

Later, we are looking to improve our ATM network by providing "real-time" balances.

There will be NO changes in your account numbers and for the most part you will not notice any changes to your accounts.

This new system will give your credit union the advantage of adding additional services well into the future.



Supervisory Committee Report

The Board of Directors appoints the Supervisory Committee to objectively audit the financial records, review the operations and monitor the performance of your Credit Union.

To insure the utmost accuracy in meeting these requirements, we engaged the highly regarded CPA firm of O'Rourke Sacher & Moulton Accountancy Corporation whose specialty is credit union audits. They performed a comprehensive audit of Healthcare Federal Credit Union's accounting records in accordance with the National Credit Union Administration rules and regulations.

The NCUA also conducted its annual review of your Credit Union's operations. Both reports indicate that your Credit Union is operating on a sound financial basis with a high degree of efficiency and is in full compliance with credit union rules and regulations. Accounting reports are prepared promptly and accurately, internal controls are adequate, and the plans, policies and procedures established by the Board of Directors are being followed.

It is the opinion of this Supervisory Committee, and that of our auditors and federal examiners, that your Credit Union is a financially sound and well-managed financial institution.

Shirley Hoskins

Supervisory Committee Chair

HFCU Growing to Serve You Better

Financial Reports for the Year End 1999

Treasurer's Report

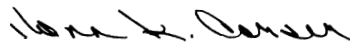
We are pleased to announce that Healthcare Federal Credit Union has experienced another banner year. As of December 31, 1999 your credit union had reached nearly \$12 million in assets.

In January 1999, the Board of Directors and Management met to discuss the credit union's goals and objectives for 1999. At that meeting it was agreed that HFCU would make a substantial investment in new technology, including improving ATM Networks and providing a variety of new services via the Internet. Be assured that we remain committed to providing an unequalled level of personal service even as we utilize new technologies to better serve our members.

I am pleased to report that Healthcare Federal Credit Union has maintained the highest degree of fiscal and financial soundness. The credit union continues to receive an "Outstanding" rating from the National Credit Union Administration (NCUA), our Federal regulatory agency. The NCUA remains one of the strongest financial insurance funds and insures accounts up to \$100,000.

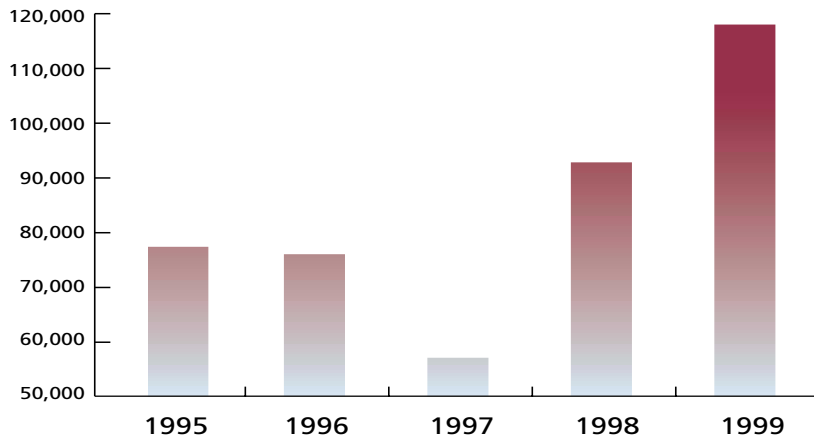
I would like to express my thanks to the members, staff and volunteer officials of Healthcare Federal Credit Union for another excellent year.

Sincerely,

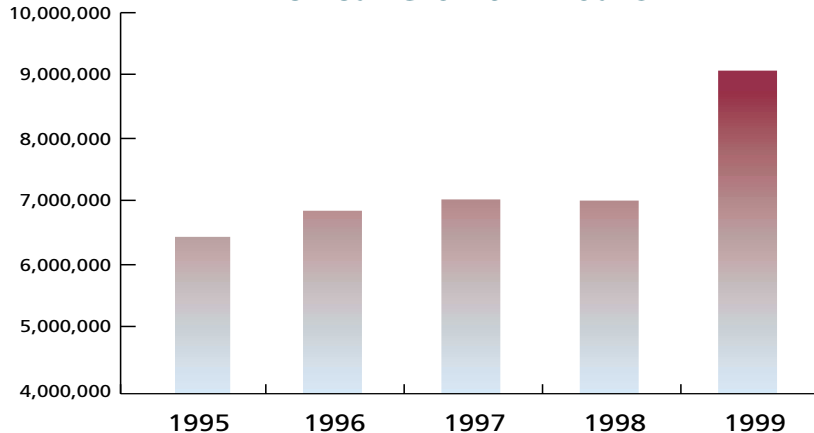


Ilona Corser
Board Treasurer

Net Income 1995 - 1999



Five Year Growth – Loans



Healthcare Federal Credit Union Financial Report

Balance Sheet as of 12/31/99

Assets

Loans to Members	\$ 9,321,467
Allowance for Loan Losses	<74,923>
Cash & Bank Balances	71,182
Investments	2,342,073
Furniture & Equipment	72,894
Other Assets	212,130
Total Assets	\$ 11,944,823

Liabilities & Equity

Liabilities	120,844
Regular Shares	2,496,745
Share Drafts	3,484,831
Retirement Accounts (IRAs)	691,281
Share Certificates	4,020,947
Total Shares	10,693,804
Member Equity	1,130,175
Total Liabilities, Shares, & Equity	\$ 11,944,823

Income Statement

Income

Income from Loans	\$ 690,417
Interest from Investments	153,239
Fees & Miscellaneous	49,772
Total Income	893,428

Expenses

Operations	306,681
Provision for Loan Losses	23,000
Depreciation	16,550
Total Operating Expenses	346,231
Dividends to Members	429,959
Net Income	\$ 117,238

Some of the 1999 success highlights were:

- Assets grew by over 15%, \$11.9 million.
- Loan balances grew by over 30% to \$9.3 million.
- Our Operating Expenses to Average Asset Ratio of 2.9% was substantially less than the credit union industry average of 3.75%.



Home Equity Loans

Spring into Action

Spring is here and it's time to get busy with your home improvement projects (or, take a much needed vacation)! We have four Home Equity loans to choose from to make your projects and plans a reality.

- Home Equity Line of Credit
- Home Equity Auto Combo
- Zero Equity Fixed
- 2nd Trust Deed
- Rates as low as 9.00%
- No Points and Low Fees
- Quick and Easy application process

The interest on home equity loans is typically tax deductible (check with your accountant for details). Give us a call or stop in so we can help you get the home equity loan that will best fit your needs.

Select Loan and Savings Rates

Loan Rates

New & Used Autos, Trucks, & Motorcycles

Amount	Term	Annual Percentage Rate		
		New	Used	Vintage
Minimum \$ 1,000	Repayment to 30 months	7.25%	7.65%	8.65%
	Repayment 31 to 42 months	7.25%	7.65%	8.65%
	Repayment 43 to 48 months	7.45%	7.90%	8.90%
	Repayment 49 to 60 months	7.65%	8.10%	9.10%
Maximum \$ 60,000	Repayment 61 to 72 months	8.00%	8.45%	9.45%

Rates advertised are subject to credit approval, your rate may vary depending on credit history. Rates are fixed unless otherwise noted. No pre-payment penalties.

Savings Rates

Share Accounts

Balance of \$100		Balance of \$1,000		Balance of \$2,000		Balance of \$10,000	
Rate	APY*	Rate	APY*	Rate	APY*	Rate	APY*
1.00%	1.00%	1.99%	2.00%	3.21%	3.25%	4.67%	4.75%

Checking Accounts A \$5 monthly fee is assessed on accounts with balances less than \$100

Balance of \$1,000	Rate 1.50%	APY*1.51%
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Money Market

Balance of \$1,000		Balance of \$2,500		Balance of \$25,000	
Rate	APY*	Rate	APY*	Rate	APY*
1.98%	2.00%	4.13%	4.21%	5.13%	5.25%

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Your savings are insured to \$100,000

NCUA

National Credit Union Administration
a U.S. Government Company



Holidays

Monday, Memorial Day
May 29, 2000

Tuesday, July 4, 2000
Independence Day

Please note: The content in this newsletter is for informational purposes only and intended for members of Healthcare Federal Credit Union. Please contact the credit union for a complete disclosure for all products and services.