

2007 Annual Meeting [AGENDA]

1. Ascertainment of Quorum (15 members)
2. (p. 3,4) Reading and approval (or correction) of minutes of 2006 Annual Meeting
3. (p. 2) Report of the Treasurer
4. (p. 5,6) Report of the Chairman and Board of Directors
5. (p. 1) Report of the Supervisory Committee
6. (p. 6) Announcement of dividends for 2006
7. Election of officers:
 - a. Nominating Committee Report
8. Other business
9. Adjournment
10. Door prizes

[REPORT] of the Supervisory Committee

The Annual Comprehensive audit of our Credit Union conducted by Financial Standards Group was completed on November 16, 2006. The audit covered the period from October 1, 2005 through September 20, 2006.

Overall, our credit union was found to be financially sound and experiencing steady growth which gives a reasonable assurance that our assets are adequately safe guarded against losses. The audit scope included testing the accuracy of the financial data with generally accepted accounting principals. The review of compliance and control was reported as adequate without any exceptions noted.

The Credit Union continues to increase its loan portfolio by offering loan promotions and securing interest in loan participation programs. As a result the Credit Union has been able to maintain above industry averages in loan growth over the past four years. The Credit Union has been able to effectively convert the incoming funds from share growth into higher yielding loans.

While the Credit Union loan volume increased, its delinquency ratio decreased for the twelve months ending September 30, 2006. The decrease in delinquency ratio was attributable to management establishing adequate controls over the lending process.

Recommendation is to have management continue their consistent collection efforts to thwart any future increase in loan delinquency.

Our Credit Union is considered to be well capitalized according to NCUA standards.

Management, Board of Directors and staff deserves to be highly commended for their excellent effort in continuing to provide meaningful and profitable services to the members of our Credit Union.

Respectfully submitted,

Clarence Fujitani, Supervisory Committee Chairman

Lyle Kobashigawa
Garrett Goo

June Ono
Tsuyo Kusuda

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[Financial Reports]

STATEMENT OF INCOME

OPERATING INCOME	2006	2005	\$\$ DIFF	%+/-
Loan Income	\$5,420,665	\$3,678,779	\$1,741,886	47.35%
Investment Income	\$1,755,361	\$2,184,457	-\$429,096	-19.64%
Other Operating Income	\$1,178,996	\$1,119,223	\$59,773	5.34%
Total Operating Income	\$8,355,022	\$6,982,459	\$1,372,563	19.66%
OPERATING EXPENSE				
Compensation	\$834,836	\$765,496	\$69,340	9.06%
Employee Benefits	\$241,387	\$221,827	\$19,560	8.82%
Travel & Conference	\$76,015	\$66,925	\$9,090	13.58%
Dues	\$29,960	\$27,024	\$2,936	10.86%
Occupancy Expense	\$138,163	\$119,017	\$19,146	16.09%
Office Operating Expense	\$228,958	\$252,529	-\$23,571	-9.33%
Advertising & Promotion	\$80,616	\$52,538	\$28,078	53.44%
Loan Servicing	\$770,341	\$677,888	\$92,453	13.64%
Professional & Outside Services	\$646,043	\$540,646	\$105,397	19.49%
Provision for Loan Losses	\$35,164	-\$88,386	\$123,550	-139.78%
Member Insurance	\$144,241	\$135,781	\$8,460	6.23%
NCUA Operating Fees	\$31,131	\$28,477	\$2,654	9.32%
Misc. Operating Expenses	\$87,946	\$34,777	\$53,169	152.89%
Total Operating Expenses	\$3,344,801	\$2,834,539	\$510,262	18.00%
Interest on Notes Payable	\$180,344	\$79,650	\$100,694	126.42%
Total Expenses	\$3,525,145	\$2,914,189	\$610,956	20.96%
Net Operating Income				
Rental Income	\$0	\$0	\$0	#DIV/0!
Gain on Sale of Assets	\$0	\$717	-\$717	-100.00%
Net Income before Dividends	\$4,829,877	\$4,068,987	\$760,890	18.70%
Dividends - Shares	\$2,705,743	\$2,133,056	\$572,687	26.85%
NET INCOME	\$2,124,134	\$1,935,931	\$188,203	9.72%

STATEMENT OF CONDITION

ASSETS	2006	2005	\$\$DIFF	%+/-
Net Loans	\$108,424,307	\$87,452,835	\$20,971,472	23.98%
Receivables	\$11,237	\$10,966	\$271	2.47%
Cash	\$1,854,240	\$958,362	\$895,878	93.48%
Investments	\$42,652,113	\$58,484,166	-\$15,832,053	-27.07%
Fixed Assets	\$2,462,499	\$2,442,467	\$20,032	0.82%
Other Assets	\$1,712,316	\$1,661,622	\$50,694	3.05%
Total Assets	\$157,116,712	\$151,010,418	\$6,106,294	4.04%
LIABILITIES				
Payables	\$615,242	\$109,311	\$505,931	462.84%
Other Liabilities	\$229,831	\$287,007	-\$57,176	-19.92%
Notes Payable	\$4,364,149	\$5,000,000	-\$635,851	---
Total Liabilities	\$5,209,222	\$5,396,318	-\$187,096	-3.47%
MEMBER EQUITY				
Shares & Certificates	\$130,395,827	\$126,226,574	\$4,169,253	3.30%
Reserves & Undivided Earnings	\$21,511,663	\$19,387,526	\$2,124,137	10.96%
Total Member Equity	\$151,907,490	\$145,614,100	\$6,293,390	4.32%
Total Liabilities & Equity				
	\$157,116,712	\$151,010,418	\$6,106,294	4.04%

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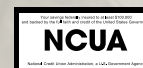
Maui County Employees Federal Credit Union

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STAFF

Gary Fukuroku, Manager/CEO
Layne Oishi, Loan Manager
Myron Sakamoto, Operations Manager
Cathy Nakamura, Accounting Supervisor
Ray Pascua, Assistant Loan Manager
Barbara Pagay, Marketing Specialist
Lois Akiona, Loan Officer II
Frances Nelson, Loan Officer II
Lisa Keene, Loan Officer I
Myra Sakai, Loan Officer I
Carrie Tam Sing, Loan Officer I
Kyle Iwaishi, Collections Officer
Anna Belle Kutsunai, Loan Processor/Clerk
Mylene Sumibcay, Loan Processor/Clerk
Robyn Yamashita, Senior MSR
Juliet Cortez, MSR II
Desiree Toda, MSR II
Alia-Mae Arcangel MSR I
Jersom Buenafe, MSR I
Renee Saribay, MSR I
Tiana Septimo, MSR I

MISSION STATEMENT
Caring For Our Members Needs



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SERVING OUR MEMBERS FOR 70 YEARS



**MAUI COUNTY
EMPLOYEES
FEDERAL
CREDIT UNION**

We're
YOURS

CALL TO ORDER: The 2006 Annual Meeting of the Maui County Employees FCU was called to order by Chairman Tom Hiranaga at 6:00 p.m. on Saturday, March 11, 2006 at the Wailuku Community Center. The Chairman called on Mr. Ray Pascua to say the prayer. The meeting was recessed at 6:10 p.m. for a luau dinner.

QUORUM: Chairman Hiranaga reconvened the meeting at 7:15 p.m. With 551 members in attendance, it was ruled that a quorum was present.

MINUTES: Upon motion duly made and seconded, it was **unanimously voted:**

TO APPROVE the minutes of the 2005 Annual Meeting as printed on Pages 3 and 4 of the Annual Meeting brochure and circulated.

REPORT OF THE TREASURER: Upon motion duly made and seconded, **it was unanimously voted:**

TO ACCEPT the Treasurer's Report as printed on Page 2 of the Annual Meeting brochure and circulated.

REPORT OF THE CHAIRMAN AND BOARD OF DIRECTORS: Upon motion duly made and seconded, **it was unanimously voted:**

TO ACCEPT the Report of the Chairman and Board of Directors as printed on Pages 5 and 6 of the Annual Meeting brochure and circulated.

Chairman Hiranaga introduced the following:
Board of Directors: Vice Chairman Edwin Okubo, Secretary/ Treasurer Donald Terada, Wesley Wong, Jr., Clifford Zane, Karen Oura and himself.

Supervisory Committee: Clarence Fujitani, Chairman was unable to attend, Garrett Goo, Lyle Kobashigawa, Itsuyo Kusuda and June Ono.

Chairman Hiranaga called on Manager/CEO Gary Fukuroku to introduce the **staff:**

Cathy Nakamura, Myron Sakamoto, Lois Akiona, Myra Sakai, Ray Pascua, Kyle Iwaishi, Mylene Sumibcay, Juliet Cortez, Desiree Echalas, Krystal Calibuso, Shari Shim, Carrie Tam Sing and Anna Kustunai.

REPORT OF THE SUPERVISORY COMMITTEE: Upon motion duly made and seconded, **it was unanimously voted:**

TO ACCEPT the Report of the Supervisory Committee as printed on Page 1 of the Annual Meeting brochure and circulated.

2005 DIVIDENDS: The Chairman referred to the Report of the Chairman and Board of Directors on Page 6 of the Annual Meeting brochure and pointed out 2005 dividends for Regular Share accounts.

ELECTION OF OFFICERS: Chairman Hiranaga called upon Director Karen Oura to present the Nominating Committee Report.

The election is for four seats on the Board of Directors. Four seats for a two year term. Mrs. Oura submitted the following candidates listed on the Nominating Committee Report for election to the Board of Directors:

Frederico P. Asuncion • Edwin Okubo • Tom Hiranaga
Wesley Wong, Jr.

Mrs. Oura called for a motion to accept the nominating committee report. Upon motion duly made and seconded, **it was unanimously voted:**

TO ACCEPT the nominating committee report.

Chairman Hiranaga called for a motion to elect the candidates to the Board of Directors. Upon motion duly made and seconded, **it was unanimously voted:**

TO ELECT the nominating committee's candidates to the Board of Directors.

DOOR PRIZES: Door prizes, including merchandise, gift certificates and airfare/ vacation coupons were awarded to members whose names were drawn by lottery. The door prizes were made possible by our Credit Union and some generous vendors.

ADJOURNMENT: There being no further business, the meeting was adjourned at 8:30 p.m.

Respectfully submitted,

Tom Hiranaga, Chairman,
Donald Terada, Secretary/Treasurer

HIGHLIGHTS OF 2006

Congratulations to the 11,404 loyal members of our Maui County Employees Federal Credit Union for another very successful year. We are happy to declare that our credit union remains as one of the best capitalized and well-managed financial institutions in the State of Hawaii.

The Board of Directors approved \$536,007 to be distributed as loan interest rebates and savers bonus dividends. Low delinquent loans, low operating costs, and expanded loan programs especially home mortgages and auto loans have made these distributions possible.

Financial services successfully introduced in 2006 were:

- 1) ATMs at the Lahaina Civic Center and at the Wailuku Maui County Building.
- 2) Visa Platinum Credit Card.
- 3) First-time homebuyer mortgage program.

Gary Fukuroku, Manager/CEO, was recognized as the 2006 Valley Isle Chapter Professional of the Year and also, Board Member Clifford Zane was awarded the Valley Isle Volunteer of the Year. Congratulations to both Gary and Clifford for jobs well done.

For the fifth year, scholarship grants of \$1,000 each were awarded to ten student members, seeking higher education.

TREND OF BUSINESS

Our Credit Union experienced continued growth in most areas of our operations especially in loans as shown below:

	2006	2005	\$\$ +/-	% +/-
TOTAL ASSETS	\$157,116,712	\$151,010,418	\$6,106,294	4.04%
TOTAL SHARES	\$130,395,828	\$126,226,574	\$4,169,254	3.30%
TOTAL LOANS	\$108,502,693	\$87,526,357	\$20,976,336	23.97%
TOTAL INVESTMENTS	\$42,652,113	\$59,623,326	-\$16,971,213	-28.46%
TOTAL EARNINGS	\$8,355,022	\$6,982,459	\$1,372,563	19.66%
TOTAL NET INCOME	\$2,124,135	\$1,935,931	\$188,204	9.72%
TOTAL RESERVES	\$21,511,662	\$19,387,527	\$2,124,135	10.96%
MEMBERS	11,404	10,677	727	6.81%

DELINQUENCIES

Delinquent loans verses total loans increased slightly, ending the year at .21% as compared with .12% in 2005. However, this increase is still far less than the acceptable 1.00% delinquency. Since the Bankruptcy Reform Act was enacted effective October 17, 2005, we have not had any Chapter 7/13 bankruptcy loss.

DIVIDENDS

2006	REGULAR SHARES		SHARE DRAFT	
	Rate	APY	Rate	APY
January	1.50%	1.51%	0.50%	0.51%
February	1.50%	1.51%	0.50%	0.51%
March	1.50%	1.51%	0.50%	0.51%
April	1.50%	1.51%	0.50%	0.51%
May	1.50%	1.51%	0.50%	0.51%
June	1.50%	1.51%	0.50%	0.51%
July	1.50%	1.51%	0.50%	0.51%
August	1.50%	1.51%	0.50%	0.51%
September	1.50%	1.51%	0.50%	0.51%
October	1.50%	1.51%	0.50%	0.51%
November	1.60%	1.62%	0.50%	0.51%
December	1.60%	1.62%	0.50%	0.51%

Dividend rates paid to our members continue to be much higher than most credit unions and financial institutions throughout the State of Hawaii.

OUTLOOK

We are still working on an improved telephone system, and hope to add more ATMs to better serve our members.

The Chairman and Board of Directors thank the Management and Staff, and the Supervisory Committee for their loyalty and dedication toward a successful year.

Respectfully submitted,

Board of Directors
Tom Hiranaga, Chairman
Edwin Okubo, Vice Chairman
Donald Terada, Secretary/Treasurer
Frederico Asuncion, Director
Karen Oura, Director
Wesley Wong, Jr., Director
Clifford Zane, Director