

ANNUAL MEETING AGENDA

March 9, 2023 at 5:30pm

1. Call to Order
2. Chairman's Announcements
3. Approval of 2022 Annual Meeting Minutes
4. Acceptance of Treasurer's Report for 2022
5. Acceptance of Board of Directors' Report for 2022
6. Acceptance of Supervisory Committee's Report for 2022
7. Recognition of Volunteers
8. Unfinished Business
9. Approval of Nominating Committee Nominations
10. Adjournment

MINUTES
MARCH 10, 2022 VIRTUAL ANNUAL MEETING
MAUI COUNTY FEDERAL CREDIT UNION

WELCOME BY PRESIDENT/CEO AND EXPLANATION OF “HOUSE RULES” FOR ANNUAL MEETING: At 5:30 p.m., President/CEO Gary Fukuroku introduced himself, welcomed the participants, explained the “house rules” that will be used to conduct the virtual annual meeting and introduced Chairman Edwin Okubo.

WELCOME BY CHAIRMAN: Chairman Edwin Okubo introduced himself and welcomed the members to the meeting.

CALL TO ORDER AND ASCERTAIN PRESENCE OF QUORUM: The virtual meeting was called to order by Chairman Okubo at 5:32 p.m. on Thursday, March 10, 2022. Chairman Okubo reported that approximately 25 members were participating in the virtual meeting and that a quorum was present for the meeting. He also informed the members that under our credit union’s by-laws, a minimum of 15 members is required to have a quorum for the annual meeting.

CHAIRMAN’S ANNOUNCEMENTS:

1. Chairman Okubo made the following announcements about this year’s virtual annual meeting:

The annual meeting is again being held virtually because of the presence of another variant of the COVID-19 virus and the emergency proclamations issued by Governor David Ige and/or Mayor Michael Victorino, which restricted the number of persons that are permitted for indoor group gatherings during the pandemic.

A written announcement that the 2022 annual meeting will be held virtually was included in the Maui County Federal Credit Union’s (MCFCU’s) October 2021 and January 2022 newsletters and website. The January 2022 newsletter and credit union website also explained how the members would be able to participate in the virtual annual meeting.

2. Chairman Okubo also reported that the COVID-19 pandemic drastically affected the economy in the United States and the State of Hawaii, and that it significantly impacted the credit union’s overall financial condition. He also reported the following:
 - The credit union’s net income increased from \$1,510,647 to \$1,934,285;
 - Even with the severely depressed economy, the credit union’s total assets increased from \$359,949,919 to \$412,328,320;
 - The credit union’s delinquent loans to total loans ratio decreased from 1.69% to 1.09% and the net charge-offs to average loan ratio decreased from 0.19% to 0.18%;
 - The credit union’s net worth to total assets ratio decreased from 15.29% to 13.82%, but is still considered “well capitalized” by the National Credit Union Administration

(NCUA) as our ratio is much higher than the NCUA's "adequately capitalized" ratio of 6%. This ratio is the primary measure of a credit union's financial strength.

- The credit union's membership had grown from 19,738 members to 19,854 members.

He also reported that until the COVID-19 pandemic is under control and the economy returns to pre-pandemic levels, MCFCU will continue to go through difficult times. However, he said that he was happy to report that our credit union had another successful year, thanks to the outstanding and hard work of our management team, staff and volunteers.

In addition, he reported that the MCFCU's new Wailuku branch and headquarters building at the Kehalani Village Center in Wailuku is currently under construction and scheduled for completion in August of this year. This project is expected to take care of our credit union's needs for the next 15 years. The two-story building will contain approximately 26,183 s. f. and the project will include 135 parking stalls. Occupancy of the new building is scheduled for September or October of this year.

RECOGNITION OF FORMER VOLUNTEER: Chairman Okubo acknowledged the service of Mr. Wesley Yoshioka who resigned from the Supervisory Committee on December 31, 2021. Mr. Yoshioka was a volunteer on the Supervisory Committee for seven years and served as its chair for the last 1 ½ years.

ITEMS FOR THE BUSINESS PORTION OF THE MEETING: Chairman Okubo stated that during the business portion of the meeting, the members will be asked to approve the Minutes of the March 11, 2021 annual meeting, accept the Treasurer's 2021 financial reports, accept the Chairman and Board of Directors' 2021 report and accept the Supervisory Committee's 2021 report.

APPROVAL OF MINUTES: Chairman Okubo requested a motion to approve the Minutes of the March 11, 2021 annual meeting. Upon motion duly made and seconded, it was unanimously voted to approve the Minutes of the March 11, 2021 annual meeting.

ACCEPTANCE OF THE TREASURER'S REPORTS: Chairman Okubo requested a motion to accept the Treasurer's financial reports for 2021. Upon motion duly made and seconded, it was unanimously voted to accept the Treasurer's financial reports for 2021.

ACCEPTANCE OF THE CHAIRMAN AND BOARD OF DIRECTORS' REPORT: Chairman Okubo requested a motion to accept the Chairman and Board of Directors' Report for 2021. Upon motion duly made and seconded, it was unanimously voted to accept the Chairman and Board of Directors' Report for 2021.

ACCEPTANCE OF THE SUPERVISORY COMMITTEE'S REPORT: Chairman Okubo requested a motion to accept the Supervisory Committee's Report for 2021. Upon motion duly made and seconded, it was unanimously voted to accept the Supervisory Committee's Report for 2021.

UNFINISHED BUSINESS: Chairman Okubo reported that there was no unfinished business to act on.

RECOGNITION OF VOLUNTEERS: Chairman Okubo recognized the volunteers of the MCFCU by reading the names of the following volunteers:

The volunteers on the Board of Directors:

Vice Chairman Frederico Asuncion
Secretary/Treasurer Karen Oura
Director Richelle Lu
Director Robert Kawahara
Director Glenn Okimoto
Director Kirsten Szabo
and Chairman Edwin Okubo

The volunteers on the Supervisory Committee:

Chairman Nicklaus Tanaka
Committee Member Greg Takahashi
Committee Member Rhonda Loo
Committee Member Peter Hanano
and Committee Member Alia Garcia

and thanked the volunteers for their commitment and dedication to the credit union.

NEW BUSINESS: Chairman Okubo reported that there was one new business item to act on, which was the election of directors, and called on Director Glenn Okimoto, Chair of the Nominating Committee to present the Nominating Committee's report.

Mr. Okimoto reported that nominations were accepted until November 15, 2021, and that an insert in the annual report explained the nominating committee's nomination process. Mr. Okimoto then reported that the nominating committee was submitting the names of Frederico Asuncion, Robert Kawahara and Edwin Okubo to fill the three vacancies on the Board of Directors for a term of two years.

Chairman Okubo thanked Mr. Okimoto for the report and requested a motion to approve the Nominating Committee's report. Upon motion duly made and seconded, it was unanimously voted to approve the Nominating Committee's report.

Chairman Okubo announced that with the approval of the Nominating Committee's report by acclamation, Frederico Asuncion, Robert Kawahara and Edwin Okubo have been elected to serve on the Board of Directors for a term of two years.

QUESTIONS AND COMMENTS: Chairman Okubo asked if anyone had any questions or comments that they would like to present. None were offered.

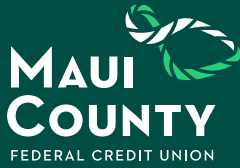
ADJOURNMENT OF MEETING: There being no other business for the meeting, Chairman Okubo adjourned the meeting at 5:43 p.m.

EDWIN OKUBO
Chairman

Date

KAREN OURA
Secretary/Treasurer

Date



2022

Annual Report



CEO MESSAGE TO MEMBERS

Dear Members,

As we returned to a sense of normalcy in 2022, it was wonderful to see your faces again. Like so many businesses we faced new challenges. Your continued patience through staffing shortages and growing our team members has been much appreciated. We saw increases to the cost of goods with rising inflation and a surge in interest rates, leading to the highest mortgage rates we have seen in decades.

To assist members during these uncertain financial times, we offered our adjustable-rate Home Equity Line of Credit borrowers the opportunity to fix their rates for the next two years at a rate lower than it would have adjusted to, saving members \$150,000 annually. In addition, we kept our Personal and Auto loan rates low even as other financial institutions raised their rates, and locked in mortgage rates for an extended period for member's purchasing homes so they wouldn't be priced out of the market because mortgage rates increased before they could close on their loans. Members could also take advantage of higher Share Certificate rates at various terms to maximize the earnings on their savings.

We're proud to continue supporting our community by providing over 250 volunteer hours to local nonprofits, including Feed My Sheep, Hale Mahaolu, Imua Family Services and Maui Food Bank. For the fifth consecutive year, through our partnership with The Salvation Army and the generosity of members, we provided school supplies to help kids in need return to school with tools to succeed and helped less fortunate keiki and kupuna experience the joy of opening gifts on Christmas.

Furthering our mission to care for our members needs by providing services that encourage financial well-being, we provided financial education to students in their classrooms at Baldwin, Hana, Maui, Molokai, King Kekaulike and Lahainaluna High Schools. An additional 700+ individuals improved and grew their financial knowledge by using our free online financial education platform and sponsored Zogo mobile app.

We are excited about what 2023 holds for you, Maui County Federal Credit Union and the community. With the move of our main office and Wailuku branch to Kehalani Village Center, there will be new opportunities to provide additional and improved services.

Thank you for choosing to bank locally.

Aloha,
Gary Fukuroku, CEO & President



Employees spent the Juneteenth holiday helping Imua Family Services at Imua Discovery Center.



Packing bags of non-perishable food for those in need with Maui Food Bank.



Employees helped prepare meals for the senior residents at Hale Mahaolu at Binhi At Ani.



Thanks to the generosity of our members, we collected hundreds of gifts for The Salvation Army Angel Tree program.

MESSAGE FROM THE BOARD

Dear Members,

In 1998, Maui County Federal Credit Union (FCU) moved into its Wailuku office building on Wili Pa Loop, which was designed to accommodate 25 employees. Over the past 25 years, Maui County FCU has grown significantly and now has over 50 employees with 30 working out of the Wailuku branch and an additional nine employees working out of a leased office space.

During the same time, membership has increased from 7,300 members to nearly 20,000 members and total assets increased from approximately \$57 million to nearly \$414 million. The growth of Maui County FCU is the result of members like you who continue to utilize Maui County FCU's products and services and enable us to provide competitive dividend and loan rates.

Tremendous growth and the everchanging needs of members have necessitated building a new main office and Wailuku branch, more centrally located to the homes of our members. Located at 224 Kehalani Village Drive, our new Wailuku location will replace the Wili Pa Loop office and is slated to open by April 2023. This location will be able to better serve you by having our Consumer Loans team on-site, more parking available, drive-up ATMs and over 600 safe deposit boxes. To accommodate our future growth, there is also space for an in-house contact center and a drive-up teller.

We are grateful for your membership and look forward to serving you in the years to come.

Thank you,
Edwin Okubo, Board Chair



Kehalani double lane drive thru.



Kehalani branch entrance facing Foodland.

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is pleased to report that Maui County Federal Credit Union (FCU) continued to operate in accordance with sound financial principles and applicable laws and regulations in 2022.

Federal regulations require that supervisory committees ensure the board of directors and management of credit unions meet required financial reporting objectives and establish practices and procedures to safeguard members' assets. To fulfill our responsibilities, we contracted a certified public accounting firm to perform an independent audit of Maui County FCU's financial statements as of December 31, 2022, which may be viewed upon request; directed an internal audit program to evaluate and improve Maui County FCU's risk management, controls, and governance processes; monitored the activities of the Board of Directors and management; investigated member complaints; verified member accounts; interacted with the National Credit Union Administration's examiners; and conducted special investigations or studies as we considered necessary.

We would like to express our gratitude to Maui County FCU's Board of Directors and management for their support in helping us to serve you in 2022.

Respectfully submitted,
Alia Garcia, Supervisory Committee Chair

FINANCIAL REPORTS

STATEMENT OF INCOME

Operating Income	Dec. 31, 2022	Dec. 31, 2021	Variance %
Loan Income	\$6,923,228	\$6,547,766	5.73%
Investment Income	\$4,165,034	\$3,345,420	24.50%
Other Operating Income	\$1,867,970	\$1,797,627	3.91%
Total Income	\$12,956,233	\$11,690,813	10.82%
Operating Expense			
Compensation	\$3,066,876	\$3,168,641	-3.21%
Employee Benefits	\$1,109,312	\$1,116,280	-0.62%
Travel & Conference	\$73,729	\$46,248	59.42%
Dues	\$59,602	\$53,870	10.64%
Occupancy Expense	\$717,458	\$642,165	11.72%
Office Operating Expense	\$830,281	\$732,775	13.31%
Education & Marketing	\$225,825	\$220,829	2.26%
Loan Servicing	\$393,990	\$388,911	1.31%
Outside Services	\$2,515,707	\$2,263,968	11.12%
Provision for Loan Losses	\$368,901	\$400,024	-7.78%
Examination Fees	\$64,949	\$75,314	-13.76%
Misc. Operating Expenses	\$120,438	\$129,205	-6.79%
Total Expenses	\$9,547,069	\$9,238,230	3.34%
Net Operating Income	\$3,409,164	\$2,452,583	39.00%
Gain/(Loss) on Sale of Assets	\$2,121,859	\$9	23,576,113%
Non-operating Income	\$403,584	\$101,801	296.44%
Net Income before Dividends - Shares	\$5,934,607	\$2,554,393	132.33%
	\$600,878	\$620,108	-3.10%
Net Income	\$5,333,729	\$1,934,285	175.75%

STATEMENT OF CONDITION

Assets	Dec. 31, 2022	Dec. 31, 2021	Variance %
Net Loans	\$168,289,172	\$153,156,557	9.88%
Receivables	\$10,398	\$10,212	1.82%
Cash	\$10,038,463	\$14,909,796	-32.67%
Investments	\$183,118,617	\$200,649,296	-8.74%
Fixed Assets	\$26,924,566	\$19,957,219	34.91%
Other Assets	\$25,513,161	\$23,645,240	7.90%
Total Assets	\$413,894,376	\$412,328,320	0.38%
Liabilities			
Payables	-\$128,621	\$2,950,835	-104.36%
Other Liabilities	\$1,758,668	\$1,418,550	23.98%
Total Liabilities	\$1,630,046	\$4,369,385	-62.69%
Member Equity			
Shares & Certificates	\$353,180,480	\$353,674,256	-0.14%
Reserves & Undivided	\$62,307,073	\$56,973,344	9.36%
Other Comprehensive Income	-\$3,223,223	-\$2,688,665	19.88%
Total Member Equity	\$412,264,330	\$407,958,935	1.06%
Total Liabilities & Equity	\$413,894,376	\$412,328,320	0.38%