

2010 Annual Meeting Agenda

1. Ascertainment of Quorum (15 members)
2. (p. 3,4) Reading and approval (or correction) of minutes of 2009 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. Election of officers:
 - a. Nominating Committee Report
7. Other business
8. Adjournment
9. Door prizes

Report of the Supervisory Committee

Maui County Federal Credit Union's Supervisory Committee is responsible for ensuring that credit union policies and procedures adequately protect the shareholders' interests; for providing reasonable assurance that regulations, policies and procedures that govern the institution are properly followed; and for providing an annual report on the credit union's financial condition and results of operations.

The Annual Comprehensive audit of our Credit Union conducted by FSG Pacific LLC was completed on January 27, 2010. The audit covered the period from October 1, 2008 through September 30, 2009. The federal examiners of the National Credit Union Administration (NCUA) also audited the Credit Union. These examinations of Maui County Federal Credit Union's financial statements and practices, have revealed the Credit Union to be in excellent condition, both financially and administratively.

Overall, our Credit Union continues to be financially sound and growing at a steady pace despite the downturn in the economy. Direction by Management and Board of Directors, have ensured that our Credit Union's financial condition is never in jeopardy. By vigilantly controlling expenses and investing in safe and secured investments, the Credit Union has isolated itself from much of the sub-prime and credit crunch debacle occurring in the economy and closing many other less financially fit financial institutions.

Please remember that your monies are now insured up to \$250,000 by NCUA, further ensuring that your money is safe with our Credit Union. We understand that as guardians of your money, the Supervisory Committee must remain ever vigilant and will continue to work towards safeguarding your assets as well as your trust.

Management, Board of Directors and staff deserve 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,

Robert S. Kawahara
Supervisory Committee Chairperson

Patrick Ing • Lyle Kobashigawa • Garret Goo • Ty Yoshimi

Financial Reports

STATEMENT OF INCOME

OPERATING INCOME	2009	2008	Variance	% Var.
Loan Income	\$10,848,012.81	\$9,926,912.21	\$921,100.60	9.28%
Investment Income	\$1,201,008.18	\$1,333,484.66	(\$132,476.48)	-9.93%
Other Operating Income	\$1,373,307.44	\$1,132,901.78	\$240,405.66	21.22%
Total Operating Income	\$13,422,328.43	\$12,393,298.65	\$1,029,029.78	8.30%
OPERATING EXPENSE				
Compensation	\$1,242,413.13	\$1,082,044.27	\$160,368.86	14.82%
Employee Benefits	\$318,696.19	\$267,425.36	\$51,270.83	19.17%
Travel & Conference	\$70,537.99	\$75,610.63	(\$5,072.64)	-6.71%
Dues	\$34,045.50	\$32,156.50	\$1,889.00	5.87%
Occupancy Expense	\$138,405.82	\$112,396.26	\$26,009.56	23.14%
Office Operating Expense	\$241,273.99	\$282,225.66	(\$40,951.67)	-14.51%
Advertising & Promotion	\$89,791.89	\$73,489.80	\$16,302.09	22.18%
Loan Servicing	\$660,352.73	\$594,142.03	\$66,210.70	11.14%
Professional & Outside Services	\$1,101,496.38	\$957,700.95	\$143,795.43	15.01%
Provision for Loan Losses	\$1,655,161.51	\$361,821.68	\$1,293,339.83	357.45%
Member Insurance	\$23,726.10	\$168,437.50	(\$144,711.40)	-85.91%
NCUA Operating Fees	\$52,837.04	\$40,285.75	\$12,551.29	31.16%
Misc. Operating Expenses	\$148,837.23	\$168,578.38	(\$19,741.15)	-7.46%
Total Operating Expenses	\$5,777,575.50	\$4,216,314.77	\$1,561,260.73	37.02%
Interest on Notes Payable	\$18,493.20	\$6,746.88	\$11,746.32	174.10%
Total Expenses	\$5,796,068.70	\$4,223,061.65	\$1,573,007.05	37.25%
Net Operating Income	\$7,626,259.73	\$8,170,237.00	(\$543,977.27)	-6.66%
Gain on Sale of Assets	\$12.00	\$0.00	\$12.00	—
Net Income before Dividends	\$7,626,271.73	\$8,170,237.00	(\$543,965.27)	-6.66%
Dividends - Shares	\$4,883,431.70	\$5,365,321.29	(\$481,889.59)	-8.98%
NET INCOME	\$3,798,100.47	\$2,804,915.71	\$993,184.76	35.41%

STATEMENT OF CONDITION

ASSETS	2009	2008	Variance	% Var.
Net Loans	\$187,015,585.93	\$186,164,878.99	\$850,706.94	0.46%
Receivables	\$8,933.66	\$7,772.66	\$1,161.00	14.94%
Cash	\$2,406,480.47	\$2,098,014.34	\$308,466.13	14.70%
Investments	\$49,312,260.46	\$28,169,068.88	\$21,143,191.58	75.06%
Fixed Assets	\$2,364,584.15	\$2,308,295.58	\$56,288.57	2.44%
Other Assets	\$3,742,864.96	\$1,174,090.52	\$2,568,774.44	218.79%
Total Assets	\$244,850,709.63	\$219,922,120.97	\$24,928,588.66	11.34%
LIABILITIES				
Payables	\$381,823.35	\$340,165.20	\$41,658.15	12.25%
Other Liabilities	\$35,967.39	\$492,418.02	(\$456,450.63)	-92.70%
Notes Payable	\$0.00	\$6,000,000	(\$6,000,000.00)	—
Total Liabilities	\$417,790.74	\$6,832,583.22	(\$6,414,792.48)	-93.89%
MEMBER EQUITY				
Shares & Certificates	\$215,871,292.47	\$188,326,011.80	\$27,545,280.67	14.63%
Reserves & Undivided Earnings	\$28,561,626.42	\$24,763,525.95	\$3,798,100.47	15.34%
Total Member Equity	\$244,432,918.89	\$213,089,537.75	\$31,343,381.14	14.71%
Total Liabilities & Equity	\$244,850,709.63	\$219,922,120.97	\$24,928,588.66	11.34%

**2008 financial statements have been restated. In 2008, the corporate credit union system (CCUS) faced unprecedented strains on its liquidity and capital due to credit market disruptions and economic climate. Natural person credit unions, like Maui County FCU, were required to "bailout" the CCUS resulting in a partial write-off of our NCUA deposit and being assessed an additional premium. The write-off and additional premium affected all federal credit unions and in no way reflects the performance or actions of Maui County FCU. Maui County FCU continues to be safe and sound.*



MAUI COUNTY
FEDERAL CREDIT UNION

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BOARD OF DIRECTORS

Donald Terada, Chairman

Edwin Okubo, Vice Chairman

Wesley Wong, Jr., Secretary/Treasurer

Frederico P. Asuncion • Tom Hiranaga

Karen Oura • Clifford Zane

MANAGEMENT

Gary Fukuroku, President/CEO

Myron Sakamoto, Chief Operations Officer

Cathy Nakamura, Chief Financial Officer

Ray Pascua, Chief Lending Officer

Regan Ohira, Loan Manager

Robyn Yamashita, Director of Branch Operations

Myra Sakai, Branch Manager – MMP

Jersom Buenafe, Operations Manager

Desiree Toda, Operations Manager

Barbara (Bobbie) Pagay, Marketing Specialist

MISSION STATEMENT

Caring For Our Members Needs



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annual report
2009



MAUI COUNTY
FEDERAL CREDIT UNION

2009 Annual Meeting Minutes

CALL TO ORDER: The 2009 Annual Meeting of the Maui County Employees FCU was called to order by Chairman Donald Terada at 6:00 p.m. on Saturday, March 7, 2009 at the Wailuku Community Center. The Chairman called on Ms. Frances Nelson to say the prayer. The meeting was recessed at 6:15 p.m. for a luau dinner.

QUORUM: Chairman Terada reconvened the meeting at 7:15 p.m. With approximately 600 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 2008 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 PRESIDENT AND BOARD OF DIRECTORS: Upon motion duly made and seconded, it was unanimously voted:

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

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.

Chairman Hiranaga introduced the following:

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

Supervisory Committee: Robert Kawahara, Chairman, Garrett Goo, Ty Yoshimi. Patrick Ing and Lyle Kobashigawa were not present.

MCFCU staff:

Cathy Nakamura, Myron Sakamoto, Lois Akiona, Barbara Pagay, Frances Nelson, Myra Sakai, Ray Pascua, Regan Ohira, Kyle Iwaishi, Mylene Loque, Lisa Keene, Juliet Cortez, Alia Mae Arcangel, Desiree Echalas-Toda, Renee Saribay, Jersom Buenafe, Arlynn Char, Robyn Yamashita, Carrie Tam Sing, Shaina Ibanez, Arlene Reglos, Arlynn Char, Erin Nago, Diane Falces, Cheylee Souza, Philip Morillo, Flyuza Kazbekova, Kimberly Llanes, Tiare Maldonado and Anna Kutsunai.

ELECTION OF OFFICERS: Chairman Terada called upon Director Edwin T. Okubo to present the Nominating Committee Report.

The election is for three seats on the Board of Directors. Three seats for a two year term.

Mr. Okubo submitted the following candidates listed on the Nominating Committee Report for election to the Board of Directors:

Karen Oura • Donald Terada • Clifford Zane

Chairman Terada 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 Terada 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 7:30 p.m.

Respectfully submitted,

Donald Terada, Chairman,
Wesley Wong, Jr., Secretary/Treasurer

Report of the Chairman and Board of Directors

A tumultous 2009 changed the landscape of the nation's economy, and Hawaii was no different. Locally, Maui was also hit hard by the tough economic times. Unemployment on Maui was at an all time high and subsequently, many of our members were adversely affected.

Most evident of this, was the increase in delinquencies as well as the amount of loan charge-offs in 2009 compared to 2008. In 2008, \$192,199, in loans were charged off as compared to \$914,799 in 2009. In addition to the charge-offs, bankruptcy filings were once again on the rise. MCFCU has made a concerted effort to help those members' affected by the downturn in the economy. A letter to each individual member who had a loan was sent out to communicate that we are here to help. Loan modifications, refinancing and deferred payments were just some of the options presented to help.

In spite of it all, MCFCU continued to have positive results financially. We ended the year with close to \$250 million in assets, which was an increase of 11% over 2008. Membership continued to rise with a net increase of 4% over 2008. At year end, total membership was at 13,810 members.

At the end of 2009, net worth was at 11.66%. The 11.66% represents all of the earnings made since 1937, and shows our members and others that your credit union is well capitalized and represents a safe and sound financial insitution.

It was a busy 2009 and 2010 should be no different as we prepare for the opening of our very first branch office in the Maui Market Place in early April. The Board and Staff have been diligently putting together the final touches, and are excited to have the opportunity to be able to service you in another location! The Maui Market Place location offers added convenience for those that live and work in Kahului, and other areas close by. As you may have noticed, the Wailuku office can be very busy at times, and parking and lines at the tellers have been

issues. Hopefully, the new office will help to alleviate some of this congestion and also increase business.

In preparation of the new branch, MCFCU engaged in many initiatives to increase efficiencies. Imaging of loan documents and the use of signature pads are just some of the programs that were done.

On the services side, there are many new services being offered, especially in the self service area. Services such as A2A transfers, MyMoney, and MobileMoney will take us towards the technology that the GenYs and others enjoy!

There is a saying that, "When you're green, you grow, when you're ripe, you rot". You can be assured that MCFCU is still growing and will always be GREEN!

Respectfully submitted,

Board of Directors

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

