

2009 Annual Meeting Agenda

1. Ascertainment of Quorum (15 members)
2. (p. 3,4) Reading and approval (or correction) of minutes of 2008 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 16, 2009. The audit covered the period from October 1, 2007 through September 30, 2008. 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	2008	2007	\$S DIFF	%+/-
Loan Income	\$9,926,912	\$7,692,037	\$2,234,876	29.05%
Investment Income	\$1,333,485	\$1,611,684	(278,199)	-17.26%
Other Operating Income	\$1,132,902	\$1,318,032	(185,130)	-14.05%
Total Operating Income	\$12,393,299	\$10,621,753	\$1,771,546	16.68%
OPERATING EXPENSE				
Compensation	\$1,082,044	\$916,936	\$165,108	18.01%
Employee Benefits	\$267,425	\$264,120	\$3,305	1.25%
Travel & Conference	\$75,610	\$67,552	\$8,058	11.93%
Dues	\$32,157	\$27,314	\$4,843	17.73%
Occupancy Expense	\$112,396	\$142,496	(30,100)	-21.12%
Office Operating Expense	\$282,226	\$264,202	\$18,024	6.82%
Advertising & Promotion	\$73,490	\$70,067	\$3,423	4.88%
Loan Servicing	\$594,142	\$816,047	(221,905)	-27.19%
Professional & Outside Services	\$957,701	\$714,841	\$242,860	33.97%
Provision for Loan Losses	\$361,822	\$113,190	\$248,632	219.66%
Member Insurance	\$168,438	\$159,429	\$9,009	5.65%
NCUA Operating Fees	\$40,286	\$31,892	\$8,394	26.32%
Misc. Operating Expenses	\$168,578	\$114,513	\$54,065	47.21%
Total Operating Expenses	\$4,213,315	\$3,702,600	\$513,715	13.87%
Interest on Notes Payable	\$6,747	\$12,585	(5,838)	-46.39%
Total Expenses	\$4,220,062	\$3,715,185	\$504,877	13.59%
Net Operating Income				
Income	\$8,173,237	\$6,906,568	\$1,266,669	18.34%
Rental Income	\$0	\$0	\$0	0.00%
Gain on Sale of Assets	\$0	\$5,000	(5,000)	0.00%
Net Income before Dividends	\$8,173,237	\$6,911,568	\$1,261,669	18.25%
Dividends - Shares	\$5,365,321	\$3,988,841	\$1,376,480	34.51%
NET INCOME	\$2,807,916	\$2,922,726	(114,810)	-3.93%

STATEMENT OF CONDITION				
ASSETS	2008	2007	\$DIFF	%+/-
Net Loans	\$186,164,879	\$143,102,760	\$43,062,119	30.09%
Receivables	\$7,773	\$7,093	\$680	9.58%
Cash	\$2,098,014	\$1,835,379	\$262,635	14.31%
Investments	\$29,130,743	\$31,537,303	(2,406,560)	-7.63%
Fixed Assets	\$2,308,296	\$2,388,639	(80,343)	-3.36%
Other Assets	\$2,229,375	\$1,806,714	\$422,661	23.39%
Total Assets	\$221,939,079	\$180,677,888	\$41,261,191	22.84%
LIABILITIES				
Payables	\$340,165	\$135,095	\$205,070	151.80%
Other Liabilities	\$33,599	\$37,486	(3,887)	-10.37%
Notes Payable	\$6,000,000	\$0.00	\$6,000,000	0.00%
Total Liabilities	\$6,373,764	\$172,581	\$6,201,183	3,593.20%
MEMBER EQUITY				
Shares & Certificates	\$188,326,012	\$156,070,920	\$32,255,092	20.67%
Reserves & Undivided Earnings	\$27,239,304	\$24,434,388	\$2,804,916	11.48%
Total Member Equity	\$215,565,315	\$180,505,308	\$35,060,007	19.42%
Total Liabilities & Equity	\$221,939,079	\$180,677,888	\$41,261,191	22.84%



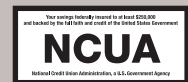
Maui County Federal Credit Union

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STAFF

- Gary Fukuroku, President/CEO
- Ray Pascua, Director of Lending
- Regan Ohira, Loan Manager
- Myron Sakamoto, Director of Operations
- Robyn Yamashita, Operations Manager
- Cathy Nakamura, Chief Financial Officer
- Bobbie Pagay, Marketing Specialist
- Lois Akiona, Loan Officer II
- Frances Nelson, Loan Officer II
- Lisa Keene, Loan Officer I
- Anna Belle Kutsunai, Loan Officer I
- Myra Sakai, Loan Officer I
- Carrie Tam Sing, Loan Officer I
- Kyle Iwaishi, Collections Officer
- Juliet Cortez, Loan Processor/Clerk
- Mylene Loque, Loan Processor/Clerk
- Erin Nago, Accountant/Clerk
- Jersom Buenafe, MSR III
- Desiree Toda, MSR III
- Renee Saribay, MSR III
- Alia-Mae Arcangel, MSR III
- Arlynn Char, MSR I
- Diane Falces, MSR I
- Shaina Ibanez, MSR I
- Flyuza Kuzbekova, MSR I
- Philip Morillo, MSR I
- Arlene Reglos, MSR I
- Cheylee Souza, MSR I

MISSION STATEMENT
 Caring For Our Members Needs



annual report

2008



MAUI COUNTY
 FEDERAL CREDIT UNION

2008 Annual Meeting Minutes

CALL TO ORDER: The 2008 Annual Meeting of the Maui County Employees FCU was called to order by Chairman Tom Hiranaga at 6:00 p.m. on Saturday, March 29, 2008 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 Hiranaga reconvened the meeting at 7:15 p.m. With approximately 665 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 2007 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.

Chairman Hiranaga introduced the following:

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

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

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

Cathy Nakamura, Myron Sakamoto, Lois Akiona, Barbara Pagay, Frances Nelson, Myra Sakai, Ray Pascua, Kyle Iwaishi, Mylene Sumibcay, Lisa Keene, Juliet Cortez, Alia Mae Arcangel, Desiree Echallas, Renee Saribay, Jersom Buenafe, Arlynn Char, Robyn Yamashita, Carrie Tam Sing, Shaina Ibanez, Arlene Reglos, Erin Nago, Diane Falces, Tiffany Gibo 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.

2007 DIVIDENDS: The President referred to the Report of the Chairman and Board of Directors on Page 6 of the Annual Meeting brochure and pointed out 2007 dividends for Regular Share accounts.

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

The election is for four seats on the Board of Directors. Four seats for a two year term.

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

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

Mr. Zane 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 7:30 p.m.

Respectfully submitted,

Tom Hiranaga, Chairman,
Donald Terada, Secretary/Treasurer

Report of the Chairman and Board of Directors

2008 was a year of change in the economy and the nation. History was made with the election of our new President and the economic downturn affected thousands nationwide and across the State of Hawaii.

Through it all, MCFCU, had another successful 2008, thanks to your continued support. As a member-owner, you'll be glad to know that MCFCU showed continued growth and ended the year at close to 220 million in assets with a 20% increase from 2007.

Your Credit Union continues to pay one of the highest dividends rates on ALL share accounts and provide loan rates that are also second to none. Example is in the regular share (savings) account where you were earning an Annual Percentage Yield of between 1.60% to 1.50% throughout 2008, when other credit unions were paying an average of 1.00% APY and banks were at 0.40%.

Safety and soundness are always a concern and MCFCU ended 2008 with a Net Worth of over 12%. The industry standard for financial institutions is 7%. That's 5% over what is considered well capitalized! The National Credit Union Administration (NCUA) announced that the insured shares increased to \$250,000 at least until 12/2009. What does this mean? That your Credit Union is financially sound and ready to serve you for many years to come!

Loans have continued to keep the credit union busy as it experienced a 30% increase over 2007. The real estate market, in particular, the Spencer Homes project, saw MCFCU's mortgage portfolio grow considerably, and the used auto market was also brisk.

Delinquencies have increased, as we have experienced a couple of real estate loans that have become delinquent. MCFCU will continue to try to work with our members to see how we can help those that are in need.

Branch expansion is still a top priority at MCFCU and although we have not secured a location in 2008, we feel confident that we will have a branch in 2009! The additional branch will only expand our services and add more convenience and hopefully continue to grow MCFCU.

By now, if you've called the Credit Union, you should have noticed that a "live" person is answering your calls most of the time!

You may have noticed by now that MCEFCU is now MCFCU (Maui County FCU). It's a new name to better reflect the field of membership. As a member, your immediate family members are also eligible to join so pass the word around! Spread the word that your Credit Union, chartered right here on Maui, provides financial services that benefit you and can benefit them! Share the good MCFCU word!

At MCFCU, your Board, Management and Staff strive to provide you with products and services that meets your needs. We welcome your suggestions.

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