



2023

Annual Report



BOARD OF DIRECTORS REPORT

The Board of Directors is pleased to share that Maui County Federal Credit Union's balance sheet is well capitalized and maintains stable earnings. The organization has taken advantage of its capacity to grow its loan portfolio despite the interest rate hikes we saw in 2023 and is working hard to maintain a strong capital profile. Well-managed interest rate risk and ample liquidity continue to place no restriction on the types or duration of loans the credit union can originate. The Credit Union's liquidity profile remains healthy with no funding concerns. The investment portfolio has a stable duration with stable cash flows over the next 12 months.

On March 28, 2023, the Credit Union opened its new main office and Wailuku branch in Kehalani Village Center. The 29,000 square foot location offers enough space for future growth and creates efficiencies for employee collaboration and serving our valued members. With 130 parking stalls there is ample parking for both members and employees. In addition, services were expanded with a two ATM drive through and over 600 safe deposit boxes.

Alongside the community, the Credit Union faced challenges in the aftermath of

the wildfires of August 8, 2023. Many credit union members, including employees, lost everything. The Credit Union responded by assisting members with the deferral of loans, waiving of fees, and collecting and distributing donations.

Although the Lahaina branch survived the fire, business there cannot resume due to lack of electricity and water, and smoke damage. A temporary location at the Fairway Shops in Kaanapali was secured and it is anticipated that the Lahaina branch will be inoperable for several years. Another location to better serve member needs is being sought. In the meantime, the credit union will continue doing its best to serve the West Maui community.

This year brings the conversion of the Credit Union's core data processing system in March, then changing the debit card processor in September. These changes are made with the goal of providing members with improved, more modern services and internal efficiencies.

Your membership is valued and much appreciated.

Thank you,
Robert Kawahara, Board Chair

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 2023.

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 September 30, 2023, 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 2023.

Respectfully submitted,
Alia Garcia, Supervisory Committee Chair

CEO MESSAGE TO MEMBERS

Dear Members,

As we embark on Maui County Federal Credit Union's 87th year of serving the Maui community, I am honored to share our annual report, reflecting on the significant milestones and challenges we encountered throughout the past year. It is with great pride that I announce the successful completion of our new main office and Wailuku branch, a testament to the tremendous growth in our membership over the recent decades and our dedication to serving our community.

Alongside our members we spent over 300 hours volunteering in our community and helping non-profit organizations including Feed My Sheep, J. Walter Cameron Center, Maui Food Bank, Maui Rapid Response and The Salvation Army. In addition, we deepened the impact of our financial literacy partnerships in our local high schools by providing nearly 2,000 hours of financial education to students in their classrooms at Hana, Maui, Molokai, King Kekaulike and Lahainaluna High Schools.

Amidst the achievements, we also faced adversity, notably in responding to the devastating Maui wildfires. Our team demonstrated exceptional resilience and solidarity, providing essential support and resources to those affected. Although many of our friends, family, and team members were directly impacted, I am grateful to our employees for their unwavering commitment to our mission and members during these challenging times.

We are in the process of changing our core data processing system, the most complex project a financial institution can undertake. In May 2023, we began careful planning and laying the groundwork for a successful transition and I assure you that our team has been diligently working to minimize confusion and unforeseen circumstances for as seamless a transition as possible. Starting in March 2024, we will be offering members new and improved digital banking services and employees will be taking advantage of internal efficiencies made possible with the core system upgrade.

Looking forward, as we find our rhythm with the new core data processing system, we remain steadfast in our commitment to serving you, our valued members, with the highest level of service and care. Together, we will continue to navigate the ever-changing landscape and make a positive impact on Maui.

Thank you for your continued trust and support.

Aloha,
Gary Fukuroku, CEO & President



Employees gathered for the blessing of the new main office and Wailuku branch.



Collecting and distributing donations in the days immediately following the wildfires.



Spent Veterans Day volunteering at the Lahaina Gateway Distribution Hub.



Volunteering with Maui Rapid Response to assemble PPE kits for Lahaina fire survivors.

FINANCIAL REPORTS

STATEMENT OF INCOME

Operating Income	Dec. 31, 2023	Dec. 31, 2022	Variance %
Loan Income	\$8,456,828	\$6,923,228	22.11%
Investment Income	\$4,709,352	\$4,165,034	13.07%
Other Operating Income	\$1,701,642	\$1,867,970	-8.90%
Total Income	\$14,864,822	\$12,956,233	14.73%
Operating Expense			
Compensation	\$3,339,595	\$3,066,876	8.89%
Employee Benefits	\$1,094,224	\$1,109,312	-1.36%
Travel & Conference	\$57,447	\$73,729	-22.08%
Dues	\$60,963	\$59,602	2.28%
Occupancy Expense	\$1,102,274	\$717,458	53.64%
Office Operating Expense	\$1,038,357	\$830,281	25.06%
Education & Marketing	\$270,855	\$225,825	19.94%
Loan Servicing	\$688,537	\$393,990	74.76%
Outside Services	\$3,252,795	\$2,515,707	29.30%
Provision for Loan Losses	\$376,294	\$368,901	2.00%
Examination Fees	\$68,623	\$64,949	5.66%
Misc. Operating Expenses	\$173,153	\$120,438	43.77%
Total Operating Expenses	\$11,523,117	\$9,547,069	20.70%
Net Operating Income	\$3,341,705	\$3,409,164	-1.98%
Gain/(Loss) on Sale of Assets	-\$3	\$2,121,859	-100.00%
Non-operating Income	\$405,173	\$403,584	0.39%
Net Income before Dividends	\$3,746,875	\$5,934,607	-36.86%
Dividends - Shares	\$2,248,2027	\$600,878	274.15%
Net Income	\$1,498,669	\$5,333,729	-71.90%

STATEMENT OF CONDITION

Assets	Dec. 31, 2023	Dec. 31, 2022	Variance %
Net Loans	\$191,222,898	\$168,289,172	13.63%
Receivables	\$323,498	\$10,398	3011.29%
Cash	\$4,726,976	\$10,038,463	-52.91%
Investments	\$198,804,494	\$183,118,617	8.57%
Fixed Assets	\$28,582,000	\$26,924,566	6.16%
Other Assets	\$21,515,203	\$25,513,161	-15.67%
Total Assets	\$445,175,068	\$413,894,376	7.56%
Liabilities			
Payables	\$170,864	-\$128,621	-232.84%
Other Liabilities	\$1,628,839	\$1,758,668	-7.38%
Total Liabilities	\$1,799,703	\$1,630,046	10.41%
Member Equity			
Shares & Certificates	\$383,521,930	\$353,180,480	8.59%
Reserves & Undivided	\$61,146,456	\$62,307,073	-1.86%
Other Comprehensive Income	-\$1,293,020	-\$3,223,223	-59.88%
Total Member Equity	\$443,375,366	\$412,264,330	7.55%
Total Liabilities & Equity	\$445,175,068	\$413,894,376	7.56%
Number of Members	20,423	19,833	2.97%