

# 2023

## Annual Report

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# **Agenda**

**Call to Order**

**Welcome**

**Invocation**

**Pledge of Allegiance**

**Introductions**

**Meeting Minutes**

**Reports**

**Old Business**

**Election Results**

# Chairman's Report

Our membership can, again, be proud of their credit union and how it is being managed. 2023 was another robust year for us. At year's end, we had Net Income of some \$6 million, Assets at \$954 million, Expense-to-Income ratio of 61%, and a strong Net Worth of 9.35%; all excellent numbers.

A couple of points about the above figures. Our Federal Regulator, the National Credit Union Administration and our external auditor, Doeren Mayhew scrutinize our financials with a fine-tooth comb and have made laudatory comments about the financial direction in which we are heading. Significant was our Expense-to-Income ratio at a percentage far below industry average with a target being 70% or below. Our Net Worth, likewise, was a very healthy 9.35% with our target of 8% or above to be considered well capitalized. We can all sleep well knowing our credit union is in such a strong capital position to weather future turbulent economic conditions, should they arise. Praise goes to our amazing employees and professional management team for making all this happen.

Concerning our Assets. We are still on a steady march to reach the lofty goal of \$1 Billion in financial assets. This is the plateau by which credit unions are considered large, healthy, and growing within the industry. It is a mark of prestige, if you will. It is a plateau for which every credit union strives. In 2023 we grew our assets some \$18MM while growing our Net Worth as well! We expect more of the same in 2024. But, the balancing act will be tempering that growth so as to still maintain a healthy Net Worth over 8%. As I mentioned, ours ended the year over 9%! We will continue to ensure that our growth is steady, controlled, and manageable. Still, our eye is on the \$1 Billion mark.

Concerning our Net Income, please understand that this is necessary in order to grow the organization, to add to our reserves as a contingency from any future setbacks, to invest in new products, services, and technologies, and to keep your credit union "on the cutting edge." We have always prided ourselves on offering quality, state-of-the-art products, by some amazing, knowledgeable, and friendly employees. You should always look at growth as a good thing, for if an organization is not growing, it is dying. Your organization is in the middle of a growth spurt.

# Chairman's Report Continued

Finally, I would like to mention our Information Technology Department and the incredible work they do. If you are like me, you take great pleasure in using our electronic banking systems. It is wonderful to be able to deposit checks, move money, pay bills, and view check account balances from the comfort of one's home. This is a very expensive undertaking and requires talented, knowledgeable, and dedicated employees to keep our systems operating and secure. And, we have some of the best! I am very, very proud of them.

I would like to thank the Board of Directors, the Supervisory Committee, Executive Management, and staff for the tremendous team effort in making 2023 one of the most resourceful and meaningful years in Marine Federal's history. I am sure you do as well.

It is my honor to serve the membership. We welcome comments and concerns you may want to share with us at any time, now or during the year.

Very Respectfully,



**C. M. (Chuck) Collins, III CCUE, CCD, MBA**  
**LtCol (Ret) USMC**  
**Chairman of the Board**

# Community Involvement

As a Credit Union member, you belong to a financial cooperative where a philosophy of “people helping people” sets us apart from other financial institutions. In 2023, your Credit Union helped support many charitable events, and local and school activities in all the communities we serve. Here are a few examples of how Marine FCU and its employees helped in 2023:

- Employees donated, via payroll deduction, \$5,142.62 to United Way and also donated to the Children Eating Healthy on Weekends (CHEW) program and Stuff the Bus.
- Scholarships totaling \$10,000 were awarded to 10 members graduating from high school to help defray the cost of their first year in college. Since 1982, over \$586,000 has been awarded in Marine FCU scholarships.
- \$84,950 was donated to the Marine Corps Scholarship Foundation.
- \$62,000 was raised from our annual charity golf tournament. The proceeds went to Hope for The Warriors® and United Way. Over \$1.4 million has been distributed from our annual charity golf tournament since 1995.
- In addition, Marine FCU supported on-base activities, school events, community youth activities, charitable fund-raisers, and more adding up to \$195,550.

Your Credit Union believes in giving back to the communities in which we serve, people helping people.

# Supervisory Committee

Your Supervisory Committee is pleased to welcome you to the 2024 Annual Meeting. Along with the Internal Audit Department, we continue to work on your behalf to ensure the safety and soundness of your Credit Union deposits.

The Committee is composed of member volunteers and plays several critical roles at the Credit Union. The Supervisory Committee oversees a professional Internal Audit Department, who performs assurance work over the course of the year. We also engage qualified external auditors and outside consultants to perform additional audits and assurance projects, to provide a level of assurance commensurate with the Credit Union's size and complexity.

One of the Committee's most important tasks is engaging and overseeing an annual financial statement audit. We hired Doeren Mayhew to perform this external audit for the year ending 2023. The Credit Union received an unmodified opinion (meaning the annual financial statements fairly presented) in all material aspects and the financial position of the Credit Union, and conformed to generally accepted accounting principles. This opinion was based on extensive testing of controls and transactions in accordance with generally accepted auditing standards. An unmodified opinion is also known as a clean opinion, and provides our members with comfort that the financial statements are free of material errors and omissions.

The Committee has direct authority and supervision of the Internal Audit Department, which is an independent and objective assurance and consulting function designed to add value to the Credit Union and improve operations. In line with professional standards, Internal Audit uses a systematic and disciplined approach to evaluate the effectiveness of risk management, internal control, and governance processes. The Committee meets with Internal Audit regularly and makes regular audit reports to the Board of Directors.

We believe, based on the cumulative results of assurance and consulting projects, that the Credit Union is well positioned and will remain competitive. The Supervisory Committee is an advocate for and representative of you, our members.

We are pleased to serve you and welcome all questions and comments that you may have. We greatly value your ownership of Marine Federal Credit Union.

Rose Whitehurst  
Chairman  
Supervisory Committee

# Loan Review Committee

2023 was another solid year for Marine Federal Credit Union. Loans grew by 5.50% to \$684,146,648. Interest rates increased 100 basis points in 2023 following the rapid increasing interest rate environment in 2022. Higher rates and continuing inflation softened loan demand compared to 2022.

The market is anticipating interest rate reductions in 2024 as inflation nears the 2.00% target. I am not convinced the reduction, if any, will be substantial, but it could stimulate loan demand. We have budgeted an aggressive growth goal this year.

Marine Federal Credit Union had one credit appeal request in 2023, and the committee was unable to grant the request. The vote was unanimous.

I am confident in Marine Federal Credit Union's continued success in 2024. We are off to a good start and are dedicated to providing our members competitive products, easier processes, and enhanced delivery systems. We will continue to make people a priority, do the right thing, be solution seekers, and live better together. Marine Federal Credit Union believes the best investment for us is in our membership and our employees that serve them.

With the support of your Board of Directors and the entire staff, your credit union is fully committed and working together to "secure and protect your financial success."

Chuck Uzzell  
Chief Credit Officer  
Loan Review Chairman  
Credit Appeals Chairman

# Treasurer's Report

The past year was another successful year for Marine Federal Credit Union. Our goal is to continue to provide extraordinary service to our membership while maintaining a healthy financial position. Our goal embodies our mission statement of “Working together to secure and protect your financial success.”

Marine FCU ended 2023 with assets at \$953.9 million; an increase of 1.9% from the previous year. Member shares equaled \$839.1 million on December 31, 2023; an increase of 0.1% from December 31, 2022. Loans-to-members grew 5.3% over the year to \$684.1 million.

Gross income was at \$65.4 million with operating expenses of \$51.6 million for the year. After paying \$7.7 million in dividends, the Credit Union realized a net income of \$5.9 million. A large part of the decrease in net income was due to an increase in the provision for loan losses to \$11.9 million, an increase of 66.5% from the previous year. The provision increased because net charge-offs continued to climb significantly in 2023. The net charge-off for 2023 was \$8.8 million; a 77.7% increase from the previous year.

The National Credit Union Administration has established a 7.0% ratio as the minimum capital level for “well-capitalized credit unions.” We are pleased to report that Marine FCU remains well capitalized with a net worth of 9.35% on December 31, 2023.

Marine FCU remains financially strong and will continue to offer competitive financial products and services for our members, such as our Simply Free Checking Account.

The Board, Executive Management, and staff realize that without the support of our members, the success of your credit union is not possible.

Thank you for your support and for being a member of Marine FCU.

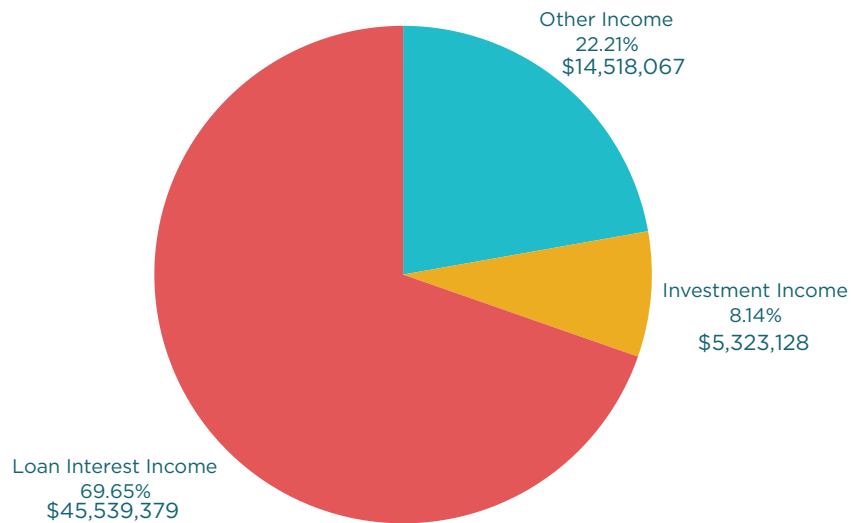
Terry Shepard  
Treasurer



# Annual Report 2023

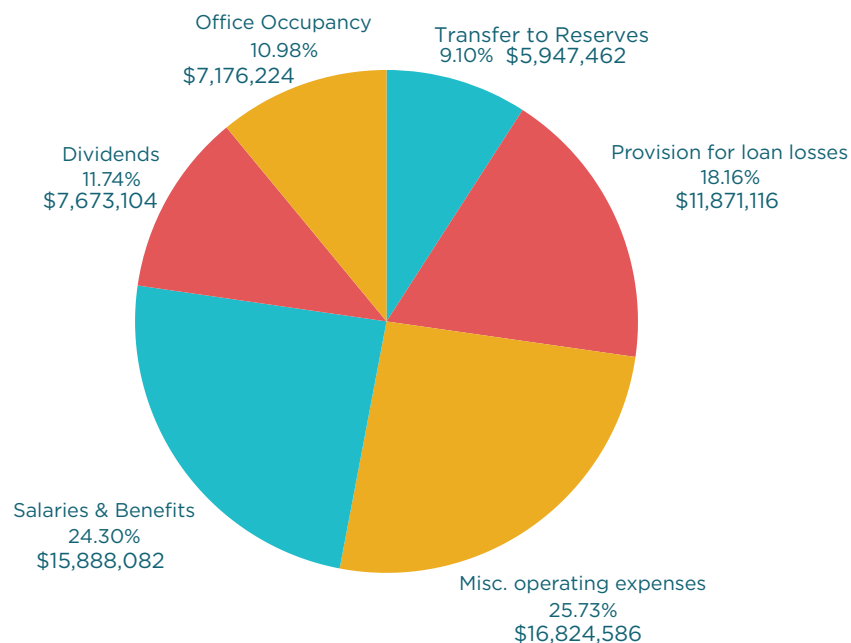
## Sources of Income 2023

**Total: \$65,380,574**



## Distribution of Gross Income 2023

**Total: \$65,380,574**



# Annual Report 2023

## Financial Profile

Years ended December 31

	2023	2022	Change
Members	81,892	81,193	0.86%
Assets	\$953,857,061	\$936,352,982	1.87%
Member Shares	\$839,058,051	\$837,869,486	0.14%
Loans	\$684,146,648	\$649,606,036	5.32%
Reserves	\$94,342,018	\$83,972,826	12.35%
Total Income	\$65,380,574	\$53,407,580	22.42%
Operating Expenses	\$51,598,054	\$42,523,361	21.34%
Dividends	\$7,673,104	\$2,639,793	190.67%
Loan to Share Ratio	81.54%	77.53%	5.17%

## Sources of Income 2022

Total	\$65,380,574	\$53,407,580
Loan Interest Income	\$45,539,379	\$33,835,917
Investment Income	\$5,323,128	\$2,944,772
Other Income	\$14,518,067	\$16,626,891

## Distribution of Gross Income 2022

Total	\$65,380,574	\$53,407,580
Salaries & Benefits	\$15,888,082	\$14,463,881
Dividends	\$7,673,104	\$2,639,793
Office Occupancy & Operations	\$7,176,224	\$7,075,874
Misc. Operating Expenses	\$16,824,586	\$14,077,901
Provision For Loan Losses	\$11,871,116	\$7,130,000
Transfer to Reserves	\$5,947,462	\$8,020,131

## Statement of Financial Condition 2022

Years ended December 31

### Assets

Loans to Members	\$684,146,648	\$649,606,036
Investments	\$197,028,555	\$203,722,107
Cash	\$9,800,879	\$12,242,086
Fixed Assets	\$13,845,420	\$15,278,741
Accrued Income on Loans/Investments National	\$3,684,197	\$2,873,687
Credit Union Share Insurance Fund	\$7,637,301	\$7,594,287
Prepaid and Other Assets	\$37,714,061	\$45,036,037
Total Assets	\$953,857,061	\$936,352,982

# Annual Report 2023

## Liabilities and Members' Equity

	2023	2022
Dividends Payable	\$839,018	\$421,678
Accounts Payable and Accrued Expenses	\$32,985,294	\$22,723,849
Members' Share Accounts	\$447,655,421	\$500,710,859
Members' Share Draft Accounts	\$171,737,157	\$180,243,424
Members' Share Certificate Accounts	\$195,749,234	\$132,511,645
Members' IRA Accounts	\$23,916,238	\$24,403,559
Regular Reserves	\$0	\$0
Reserve for Contingencies	\$80,974,697	\$75,337,969
Total Liabilities and Members' Equity	\$953,857,061	\$936,352,982

## Statement of Income 2023

Years ended December 31

### Income

Interest on Loans	\$45,539,379	\$33,835,917
Investments	\$5,323,128	\$2,944,772
Other Income	\$14,518,067	\$16,626,891
Total Income	\$65,380,574	\$53,407,580

### Operating Expenses

Salaries and Employee Benefits	\$15,888,082	\$14,463,881
Office Operation	\$4,953,678	\$4,867,958
Office Occupancy	\$2,222,546	\$2,207,916
Professional and Outside Services	\$5,531,640	\$5,377,612
Provision for Loan Losses	\$11,871,116	\$7,130,000
Loan Service	\$9,290,820	\$7,052,860
Education and Promotional	\$757,103	\$767,794
Members' Insurance	\$0	\$0
Other Operating Expenses	\$1,083,070	\$655,341
Total Operating Expenses	\$51,598,054	\$42,523,361
Net Income Before Dividends	\$13,782,520	\$10,884,219
Dividends to Members	\$7,673,104	\$2,639,793
Net Operating Income	\$6,109,416	\$8,244,426
Non-Operating Gains/(Losses)	(\$161,954)	(\$224,295)
Net Income Transferred To Reserves	\$5,947,462	\$8,020,131

# Leadership

## **Board Of Directors**

C.M. (Chuck) Collins, Chairman

Ike Johnson, Vice Chairman

Terry Shepard, Secretary/Treasurer

Lois Dupuis, Director

Mike Dunn, Director

Ken Reddic, Director

Ray Applewhite, Director

Grover Lewis, III, Associate Director

Alex Wood, Associate Director

John Eller, Director Emeritus

## **Supervisory Committee**

Rose Whitehurst, Chairperson

Raymond Applewhite, Vice Chairman

Joe Yannessa, Member

Dr. Gina Francis, Member

Grover Lewis, III, Member

## **Executive Management Staff**

Jeff Clark, President/CEO

Todd Sammons, Chief Financial Officer

Ryan Lycans, Chief Operations Officer

Joe Lombardi, Chief Information Officer

Tabitha Ernst-Chadwick, Chief Risk & Compliance Officer

Chuck Uzzell, Chief Credit Officer