

Together we thrive.
2014 ANNUAL REPORT





Our Mission

To build a lifetime relationship by providing quality products and enriching each member's financial life through exceptional service and be stewards of our environment and community for all generations.



Our island, our community, our credit union.

At Coast360 we strive to build a lifetime relationship with our members. This means our efforts to enrich our members' lives go beyond a financial aspect. Driven by the 'people helping people' philosophy, a value in which credit unions were founded, we are committed to investing in our community to create an island that our members and future generations can be proud of.



WEDNESDAY, March 25, 2015
8:30 am - 10:30 pm
Sheraton Laguna Guam Resort

PROGRAM

8:30 am Meeting called to order
9:00 am Meeting recessed
Registration & voting begins
6:00 pm Registration & voting closed
7:00 pm Meeting reconvenes
7:15 pm Start of dinner
Meeting recessed
9:00 pm Election Results

AGENDA

I. Call to Order
II. Approval of Minutes
III. Chairman's Report
IV. Treasurer's Report
V. Supervisory Committee Report
VI. Unfinished Business
VII. New Business
VIII. Election
IX. Adjournment

MINUTES of 51st Annual Membership Meeting | March 26, 2014 | Coast360 Federal Credit Union, Maite

CALL TO ORDER

The Annual Membership meeting was held at the Coast360 Federal Credit Union, in Maite, Guam. Chairman of the Board, Paul D. Leon Guerrero, presided and called the meeting to order at 8:31 a.m.

Secretary of the Board of Directors, Matthew Quinata, confirmed there was a quorum. The following Board of Directors introduced themselves: Matthew P. Quinata, Secretary; Paul D. Leon Guerrero, Chairman; Pedro R. Martinez, Vice Chairman; Vicente M. Concepcion, Treasurer; Johnny Taitano, Member; Angelita Mendiola, Member; and Ignacio Santos, Member.

Also present were the Executive Management, Staff and Members of Coast360 Federal Credit Union.

APPROVAL OF MINUTES

Ignacio Santos moved to approve last year's minutes of the 50th Annual Membership Meeting of April 17, 2013, subject to correction. Pedro Martinez seconded the motion.

Matthew Quinata amended the motion to remove in the minutes 'approved by'. Ignacio Santos seconded it.

On the amendment and the main motion, there was no objection, motion carried.

AGENDA

Johnny Taitano moved to amend the agenda to move up Election, Item VIII. Ignacio Santos seconded the motion. There was no objection, motion carried.

ELECTION

Chairperson of the Nominating Committee, Angelita Mendiola, announced the 2014 Nominating Committee has accepted and certified the eligibility and qualification of the following three (3) candidates for the Board of Directors. In the order of placement on the ballot they are:

(1) Pedro S. N. Guerrero; (2) Pedro R. "Peter Roy" Martinez (incumbent); (3) Paul Duenas Leon Guerrero (incumbent).

The 2014 Election will begin at 9:00 a.m. and will conclude at 6:00 p.m. Voting will take place at the three Member Center locations in Maite, Tamuning, and Harmon.

Johnny Taitano moved to accept the candidates for the 2014 Board of Directors. Ignacio Santos seconded the motion. There was no objection, motion carried.

Chairperson Angelita Mendiola also acknowledged the members of the 2014 Nominating Committee: Mayor Carol Tayama, Joaquin Reyes, Joseph Pereda, Matthew Quinata, and herself.

RECESS

Chairman Paul Leon Guerrero called for a motion to recess and to proceed with the 2014 Election of the Board of Directors of Coast360 Federal Credit Union.

Vicente Concepcion moved to recess the meeting, proceed with the election, and reconvene at the Sheraton Laguna Guam Resort, Tamuning, Guam, at 7:00 p.m. Ignacio Santos seconded the motion. There was no objection, motion carried. The meeting recessed at 8:38 a.m.

RECONVENE

The Annual Membership meeting reconvened at the Sheraton Laguna Guam Resort, at Tamuning, Guam at 8:10 p.m. Chairman Paul Leon Guerrero presided.

All members of the Board, Supervisory Committee, and Executive Management were acknowledged.

At this time, the Chairman Paul Leon Guerrero relinquished the Chair to Vice Chairman Pedro Martinez.

Vice Chairman Pedro Martinez called on the Chairman to present the report.

CHAIRMAN'S REPORT

Chairman Paul Leon Guerrero presented the report as noted in the 2013 Annual Report of Coast360 Federal Credit Union.

Vice Chairman Pedro Martinez called for a motion to accept.

Mallet Santos moved to accept the report. Mayor John Cruz seconded the motion. There was no objection, motion carried.

Vice Chairman Pedro Martinez relinquished the Chair back to Chairman Paul Leon Guerrero.

TREASURER'S REPORT

Treasurer Vicente M. Concepcion presented the report as noted in the 2013 Annual Report of Coast360 Federal Credit Union.

Joe Bamba moved to accept the report. Gloria Molo seconded the motion. Without objections, motion carried.

SUPERVISORY COMMITTEE REPORT

Vice Chairman of the Supervisory Committee Juan Perez presented the Supervisory Committee report as noted in the 2013 Annual Report of Coast360 Federal Credit Union.

Maria Taitano moved to accept the report. John Ray Taitano seconded the motion. There was no objection, motion carried.

UNFINISHED BUSINESS/NEW BUSINESS

No unfinished business or new business for discussion.

At this time, Chairman Johnny Taitano called upon Mrs. Angelita Mendiola, Chairperson of the Nominating Committee, to present the election results.

ELECTION RESULTS

Angelita Mendiola stated the Nominating Committee, which consists of Carol Tayama, Matthew Quinata, Joaquin Reyes, and herself was appointed by the Board of Directors.

Angelita Mendiola thanked the executive management team and staff for an outstanding job on overseeing the election process. She also thanked the Supervisory Committee

members, Melissa Matanane, Chairperson; Juan Perez, Vice Chair; Laura Cruz, Secretary; and Committee Members Frances Flores and Stephen Guerrero, who worked closely with the Nominating Committee and Executive Management team and staff to maintain and oversee the integrity of the election process and the counting of ballots.

She thanked the Members for exercising their democratic right to vote and participate in the election of the Board of Directors. She also thanked the candidates for their interest and willingness to contribute to the success of Coast360 Federal Credit Union.

Angelita Mendiola announced the Election Results according to the total number of votes garnered starting from the highest to the lowest

- (1) Pedro R. "Peter Roy" Martinez – 1,044
- (2) Paul Duenas Leon Guerrero – 937
- (3) Pedro S. N. Guerrero – 649

Angelita Mendiola declared the top two (2) winners for the 2014 Election of the Board of Directors are Pedro R. "Peter Roy" Martinez and Paul Duenas Leon Guerrero.

Chairman Paul Leon Guerrero called for a motion to approve the 2014 Election Results.

Dr. John Ray Taitano moved to approve the election results of the 2014 Board of Directors. John Ray Taitano seconded the motion. There was no objection, motion carried.

ADJOURNMENT

Chairman Paul Leon Guerrero called for a motion to adjourn.

Bob Cruz moved to adjourn the meeting. Juan Perez seconded the motion. There was no objection, motion carried. The meeting adjourned at 9:00 p.m.

RECORDED BY



Doris C. Garrido

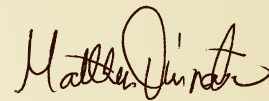
Executive Assistant to the Board

SUBMITTED BY



Paul D. Leon Guerrero

Chairman of the Board



Matthew P. Quinata

Secretary of the Board

MESSAGE FROM THE
Chairman



Fellow Members:

Throughout the years Coast360 Federal Credit Union has made significant strides in improving the infrastructure of the credit union to better serve your needs now and in the future while remaining financially well capitalized. Our continued financial growth will allow us to continue providing the best service and most competitive rates on island.

Last year alone, 160 members and their families were able to achieve their dream of home ownership with the assistance of our mortgage team, who make the process easy even for first-time home buyers. Our various mortgage programs continue to grow as people realize the amount of savings that occurs when you use your credit union. With the help of our lending team, our great rates and new online loan application in place, 279 vehicles were financed under Coast360; and 3,821 new loans have been booked to assist members with their financial needs to include consolidation, living expenses, or simply establishing credit for the first time. Our focus is product delivery—whatever the need may be, we are here to help make the process easy and convenient. The goal in mind is to have you spend more time with your other daily activities rather than waiting in line.

In addition to our ongoing effort for enhanced products and services and added value to your membership, we are working on revamping the new features and benefits of our credit card program for 2015. We're very excited to have more members enjoy the great benefits of using our credit cards with low rates and little to no fees.

Your Board of Directors are excited to have such a strong team of management and staff to provide the best member experience you expect from your credit union. We look forward to another great financial year.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul D. Leon Guerrero". The signature is stylized and includes a long horizontal flourish at the end.

Paul D. Leon Guerrero
Chairman

Board of Directors



Pedro R. Martinez
Vice Chairman



Matthew P. Quinata
Treasurer



Vicente M. Concepcion
Secretary



Angelita P. Mendiola
Member



Johnny P. Taitano
Member



Ignacio C. Santos
Member

Executive Officers



Monica L. Pido
Chief Operations Officer



Anacleto P. Gatuz
Chief Credit Officer



Jason S. Rios
Chief Financial Officer



Jessica A.I. Atalig
Chief Risk Officer

MESSAGE FROM THE
**Chief Executive
Officer**

Hafa Adai Members,

Welcome to Coast360 Federal Credit Union's 52nd Annual Membership Meeting. It is the one time during the year that our members voice the essence of their ownership in the Credit Union by participating in the election of our Board of Directors. Thank you for taking part in this very important tradition of our organization.

"Member Needs" continues to be the driving force of YOUR credit union and we are honored to have developed a fundamental lifetime partnership in your financial well-being. Our mission statement was conceptualized with your best interests at heart, rooted with four major key promises — quality products, exceptional service, community involvement and environmental stewardship. Your membership is very important to the attainment of our success, along with our commitment to give back to the community we serve and taking part in protecting the environment we and our families live in, all of which are embedded in our strategic plan.

Financial condition, regulatory compliance and risk management practices continue to be our primary focus to ensure stability in the safety and soundness of our members' assets. We take pride in our accomplishments throughout the 53 years we have been in existence. Constant to our progress is growth evidenced by increase in membership, diversified products, enhanced services and expanded locations.

2014 was no exception to our forward progress. In October 2014, we launched our new website with added features, including online loan application with the capability to submit required supporting documents such as verification of employment and payroll stubs. The revamp of our website creates a more interactive platform providing our members additional financial tools and educational resources to conduct their transactions.

In November 2014, we opened our doors at the Dededo Mall, strategically relocating our Harmon Branch to a location with safer, multiple access points, ample parking, additional member service area, expanded teller stations, while the neighboring establishments add convenience for our members to conduct transactions with other businesses they may already frequent in the area. Our Dededo Mall Member Center also houses our disaster recovery program for the security of and uninterrupted access to your accounts in case of unforeseen circumstances that would otherwise cause our main system to fail.

We have conducted a comprehensive review of our ATM placement to reevaluate and identify ways to maximize the effectiveness and efficiency of our delivery points. As a result, we have strategically relocated several of our ATMs for better access by our members and simultaneously provide alternative options for the community, tourists and military personnel. Today, new ATM locations include Shell Stations in Hagatna, Dededo, Upper Tumon and Yigo. We also reinstated an ATM at the Ocean Vista Barrigada 76 Circle K station.

In keeping up with local, national and global changes, our annual strategic planning exercise maps out the short and long term direction of the Credit Union. Foremost to our strategy is member service. In a market saturated with extremely competitive rates for loan and deposit products, we can't rely simply on interest income margins. Rather, we focus in providing the exceptional service to generate volume and consequently, promote member loyalty and patronage. We view change as the only thing permanent because like it or not, it is inevitable. We manage change by developing a flexible strategy so that we are readily positioned to adapt as changes occur in member needs, demographics diversity, market conditions, regulatory environment and other internal/external factors which may render a shift in our approach.

Giving back to the community continues to be an integral part of our business model. In 2014 alone, we supported a number of civic organizations, particularly those that cater to the betterment of our community and the livelihood of our island people. To mention a few are, American Red Cross, Rigalu Foundation, War Survivors Memorial Foundation, Make-A-Wish Foundation, American Cancer Society, Guam Cancer Care, Relay for Life, Guam Chamber of Commerce, Guam Women's Club, GMHA Volunteers' Association, UOG Endowment Fund, Soroptomist International of Guam/Marianas, various local churches, public and private schools and Mayors' offices. Our contributions go beyond financial donations, but also to help convey their message and purpose. We also provide financial literacy presentations year round to various elementary and post secondary school students to educate them early on in life, the positive benefits of sound personal finance management.

We pledge to help protect our environment and for the first time in many years, Coast360 employee volunteers participated in the island-wide Coastal Clean-up in September 2014 to further our efforts in environmental preservation. We also do a tie-in of product promotions to reward members for going green. This year, we awarded members for enrolling in our E-statement service and donated \$2 for every enrollment to iRecycle Guam.

Since my appointment as CEO in June 2014, I have received nothing but absolute support from the entire Coast360 team. I wish to express sincere appreciation to the Board of Directors for the trust and opportunity to lead this fine institution. I am fortunate to be surrounded by an experienced team of management and staff and cannot say thank you enough for your continued hard work and dedication in servicing our members. Special thanks to the Supervisory Committee for volunteering your time to ensure we operate in a safe and sound manner. And most of all, to our valued members, thank you for entrusting us with your assets. Because of you, we continue to grow, remain progressive and successful throughout. Biba Coast360 Federal Credit Union!

Respectfully submitted,


Gener F. Deliquina
CEO



Treasurer's Report

Coast360 Federal Credit Union continues to remain financially sound, stable and safe. Coast360 has managed to sustain growth, generate positive returns, maintain a strong capital ratio and most of all, continue to meet our members' needs.

On behalf of my colleagues, I am pleased to report the audited financials of Coast360 Federal Credit Union on the conclusion of its 52nd year in operation. The year 2014 proved to be another successful year for our Credit Union. An audit of our financial performance indicated a favorable growth in assets by 8.42%, an increase of \$25,943,728 from prior year. This growth can be attributed to the increase in member share deposits of \$15,091,764 or 5.88% compared to 2013. Our net worth-to-assets ratio remains strong at 14.05%, well above NCUA's 7.0% threshold of a well-capitalized credit union. Your Credit Union remained profitable in 2014, closing out with a positive return-on-average asset ratio of 0.48%.

The competition for the lowest loan and highest share rates between financial institutions continues to put pressure in our net interest margins. The margins remained flat at 3.97% in 2014 compared to 3.90% in 2013. The Government's continuous commitment to paying tax refunds timely may have motivated loan refinancing, payoffs, faster investment prepayments and high liquidity. Despite the effects of increasing payoffs, our net loans grew by 10.25% or \$22,052,240 between 2013 and 2014. We will continue to monitor our margins closely and make necessary adjustments, including stabilizing operating expenses, revamping our loan and share products and maximizing investment returns, to ensure a plan is in place to counter margin pressures negatively affecting our viability.

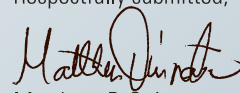
In December 2014, our delinquent loans-to-total loans ratio rose to 1.65% compared to 1.39% in 2013. We have implemented policies and procedures to

help curtail delinquencies primarily in its early stages by working out loans with our members whenever feasible. Recovery efforts for prior charged-off loans are also in effect to mitigate our losses and the need for providing loan loss reserves. The net charge off ratio decreased from 0.52% in 2013 to 0.48% in 2014.

Diversification of our assets provides for well-balanced risks inherent in our balance sheet. In 2014, our asset distribution consisted of 71% in loans, 13% in government-guaranteed investments, 6% in cash and cash equivalents, 8% in fixed assets and a small 2% in other assets. Loans, our largest earning asset, is managed through a sound concentration risk program that ensures our portfolio is adequately diversified to mitigate underlying risks such as interest rate, credit and liquidity. As of December 31, 2014, our loan portfolio is composed of 42% in signature unsecured, 32% in real-estate (with 28% in fixed and 72% in variable rate), 11% in business, 11% in auto, 2% in credit card and 2% in share secured and loan participation combined.

The strength of our organization lies in the loyalty of our members and 2014 proved to be no different as we rounded the year with an annualized membership growth rate of 3.6%. On behalf of the Board of Directors, volunteers, management and staff, I wish to thank all our members for their continued support. It is our mission to deliver to you the best financial products and services possible through sound management decisions in order to maintain your trust and patronage. We certainly look forward to continue serving you in 2015 and beyond.

Respectfully submitted,


Matthew P. Quinata
Treasurer



Supervisory Committee Report



Barbara S. Howard
Secretary



Arthur R. Mariano
Member



M. Francis Quinto Baba
Member

The Supervisory Committee consists of volunteers appointed by the Board of Directors and is responsible for safeguarding members' funds and data at all times. To fulfill its duties, the committee works closely with management and Board members to ensure reliable policies, procedures and internal controls are in effect to manage risks. Two of its major responsibilities include overseeing the annual independent audit and verifying members' accounts, pursuant to §1761d of the Federal Credit Union Act and §715.8 of the National Credit Union Association (NCUA) Rules and Regulations, respectively.

The Committee hired Stephen Y.H. Kwock, CPA, to conduct the annual audit for the year ended December 31, 2014 and I am pleased to report the audit has been successfully completed. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and present fairly the financial condition of Coast360 Federal Credit Union, except for the effects of reporting members' share accounts as equity. It has been the position and practice of the Credit Union to treat members' shares as equity, rather than liabilities, because members are essentially its owners and shareholders.

The Committee is also preparing to conduct the biannual verification of members' accounts later this year. The last verification of accounts was completed in October 1, 2013.

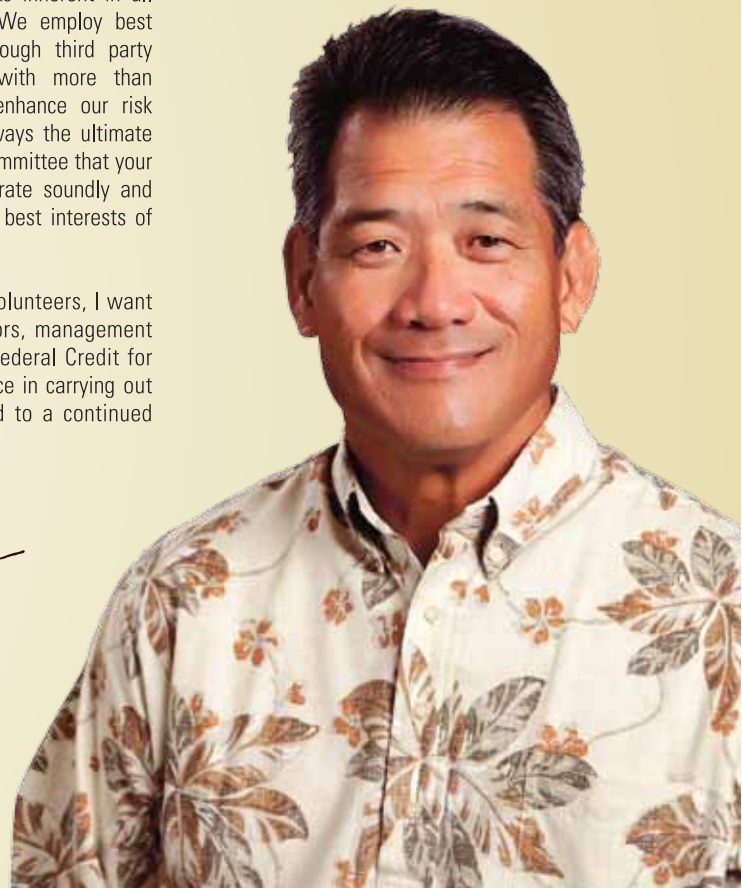
Other audits and testing the Committee oversees include the Bank Secrecy Act (BSA) & Office of

Foreign Assets Control (OFAC) programs, Automated Clearing House (ACH) process and Information Technology systems.

In the beginning of 2015, the National Credit Union Association (NCUA) has set the following three supervisory priorities: cyber security, interest rate risk and Bank Secrecy Act compliance. We remain committed to the success of these programs by managing proactively in identifying, measuring and monitoring risks inherent in all aspects of our operations. We employ best practices in the industry, through third party service providers equipped with more than adequate expertise to help enhance our risk mitigation programs. It is always the ultimate objective of the Supervisory Committee that your credit union continues to operate soundly and safely, paramount in mind the best interests of the membership as a whole.

On behalf of the committee volunteers, I want to thank the Board of Directors, management and employees of Coast360 Federal Credit for their cooperation and assistance in carrying out our duties. We look forward to a continued positive teamwork.

Stephen J. Guerrero
Chairman, Supervisory
Committee



Our Team

United We Thrive

LOANS / MORTGAGE

Jane Ray, Manager

- Amparo Guerrero • Darrick Bollinger • Isidro Inciong
- Jamielyn Riley • Lola Lou Flores • Noela Santos
- Ruth Lujan • Sarah Key • Tina Diaz • Irene Palomo
- Lisa Unpingco • Mary Anne Paet • Susana Lei Flores



CREDIT SERVICES SOLUTIONS

Eugene Perez, Manager

- Connie Barnes • Darlene Ann Blas • Elsie Quenga
- Fabrienne Atalig • Janice Ignacio • Margie Diaz
- Steven Pangelinan



CONTACT CENTER

Teri Mallari, Manager

- Charlene Manibusan • Georjiana Damian
- Johanna Duenas • Jun-Ross Valenzuela
- Laverne Flores • Remilee Montalbo
- Shaena Marie Quenga • Stacey Medler
- Stephanie Santos





RETAIL SERVICES - TAMUNING

Elizabeth Chaco, Manager

- Annalyn Untalan • Lolita Ochavillo • Amber Mariano
- Michelle Duenas • Christine Arriola
- Christine Marie Quintanilla • Erin Meno
- Jamie Pangelinan



RETAIL SERVICES - MAITE

Glen Castro, Manager

- Adam Mendiola • Annie Mesa • Brittany Quichocho
- Doris Renee Parr • Frances Ogo • Gwendalyn Camacho
- Jade Erica Baluran • Jaylene Pedro • Julie Blas
- Leticia Nauta • Lisha Nowell • Maria Aldridge
- Marian Paulino • Maricel Alba • Maylene Maria Blas
- Melvin Joya • Nadine Domingo • Natasha Quitugua
- Nina Pangelinan • Ofelia Meneses • Robert Dela Cruz
- Ronisha Toves • Rudy Cabrera



RETAIL SERVICES - DEDEDO

Pauline San Agustin, Manager

- Patricia Rizo • Christine Asombrado
- Dezerae Manibusan • Mel Durant • Naiomi Manalisay
- Narcisa Bustos • Johana Taimanglo

Our Team

United We Thrive

AUDIT/COMPLIANCE/ QUALITY CONTROL

Jessie Yanger, Manager

- Caren Weibling
- Carmen Laguana
- Claire Castro
- Danny White



ACCOUNTING & FACILITIES

Lou Tass, Manager

- Jet Ucol
- Elma Rosero
- Michael Mafnas
- Michelle Sarmiento
- William Cabrera
- Eric Umadhay
- Noel Cruz



LOAN SERVICING

Lou Crisostomo, Manager

- Jacqueline Duenas
- Lorena Gogo
- Michelle Tedtaotao
- Raina Ogo



ELECTRONIC SERVICES

Leonard Padua, Manager

- Michael Penaso
- Antoinette Quenga
- Arsenia Babauta
- Jessica Ann Madrazo
- Nikita Aquino
- Rogelio Aguirre, Jr.
- Selena Cruz

ADMINISTRATION

- Anita Mafnas
- Marian Charfauros
- Doris Garrido



MARKETING

Tia Borja, Manager

- Rowena Sta. Maria
- Stephanie Dezell



HUMAN RESOURCES

Joy Delfin, Manager

- Doris Martinez
- Rose Guerrero



MANAGEMENT INFORMATION SYSTEMS

Tim Baza, Supervisor

- Pedro Bay-asen, Jr.

Accomplishments

DEDEDO GRAND OPENING



On November 14, 2014, Coast360 opened its northernmost location at the Dededo Mall – closing Harmon’s location for good. With 4,210 square feet of space, the new member center is able to accommodate our growing membership base in the northern part of Guam.

The new location is equipped with 4 platforms, 7 teller stations with 1 merchant teller window, a larger seating area for waiting guests and members, and a corner for our popular coin machine. Ample parking is also available.



NEW ATM LOCATIONS

Easily access your funds at these 4 new Shell ATM locations near you:



- **Dededo**
- **Upper Tumon**
- **Hagatna**
- **Yigo**

Choose these or any of our other 27 locations around the island. Visit coast360fcu.com for full ATM location listing.

NEW WEBSITE

On October 2014, we had launched our new and freshly designed website with user-friendly features and a wealth of information for online visitors.

New features include:

- **Online Loan Application** for personal and auto loans
- **Member Switch Kit** which makes switching accounts easy!
- **Coast360 in the Community** displays our community involvement activities
- **Business Services** for information on business accounts, lending and more
- **Tools & Information** offers calculators, printable forms, security tips and more
- **Financial Resource Center** contains helpful information for your financial needs

Also, sign up for Coast Online, our FREE online banking service that allows you to view your account history, transfer funds, access our FREE money management tool (Coast ePlan) and so much more!

Learn more at coast360fcu.com

Consolidated Statements of Members' Equity

Years ended December 31, 2014 and 2013

	Appropriated Undivided Earnings	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income (Loss)
Balance at December 31, 2012	\$ 636,653	\$ 43,276,877	\$ 472,512	\$ 44,386,042	
Net income	—	1,465,103	—	1,465,103	\$ 1,465,103
Transfers, net	—	—	—	—	
Change in unrealized gain on investment in available-for-sale securities	—	—	(2,170,382)	(2,170,382)	(2,170,382)
Total comprehensive income	—	—	(2,170,382)	(2,170,382)	\$ (705,279)
Balance at December 31, 2013	\$ 636,653	\$ 44,741,980	\$ (1,697,870)	\$ 43,680,763	
Net income	—	1,526,634	—	1,526,634	\$ 1,526,634
Transfers, net	—	—	—	—	
Change in unrealized gain on investment in available-for-sale securities	—	—	1,000,401	1,000,401	1,000,401
Total comprehensive loss	—	—	1,000,401	1,000,401	\$ 2,527,035
Balance at December 31, 2014	\$ 636,653	\$ 46,268,614	\$ (697,469)	\$ 46,207,798	

Consolidated Statements of Income

Years ended December 31, 2014 and 2013

	2014	2013
Interest income:		
Loans to members	\$ 13,680,930	\$ 14,079,666
Investments:	826,090	615,295
Total interest income	<u>14,507,020</u>	<u>14,694,961</u>
Interest expense:		
Members' share dividends	1,689,076	2,768,749
Borrowed funds	<u>74,137</u>	<u>92,634</u>
Total interest expense	<u>1,763,213</u>	<u>2,861,383</u>
Net interest income	12,743,807	11,833,578
Provision for loan losses	<u>1,147,548</u>	<u>889,013</u>
Net interest income after provision for loan losses	<u>11,596,259</u>	<u>10,944,565</u>
Non-interest income:		
Gain on investments	116,436	381,045
Gain (loss) on disposal of fixed assets	3,882	(154)
Other net gain	449,409	205,322
Gain on sale of loans	131,618	321,038
Interchange income	61,268	60,627
Fees and charges	2,312,416	2,309,982
Other	<u>48,649</u>	<u>46,699</u>
Total non-interest income	<u>3,123,678</u>	<u>3,324,559</u>
Non-interest expense:		
Compensation	4,853,737	4,526,824
Employee benefits	891,414	870,105
Travel and conference	74,442	93,331
Office occupancy	1,679,732	1,423,324
Office operations	4,191,342	4,087,565
Educational and promotional	378,120	544,982
Loan servicing	397,657	528,995
Professional and outside services	342,627	322,435
NCUSIF Stabilization	—	158,262
Operating fees	56,826	67,398
Other	<u>327,406</u>	<u>180,800</u>
Total non-interest expense	<u>13,193,303</u>	<u>12,804,021</u>
Net income	<u>\$ 1,526,634</u>	<u>\$ 1,465,103</u>
Components of comprehensive income (loss):		
Unrealized holding gain (loss) on investments classified as available-for-sale	<u>1,000,401</u>	<u>(2,170,382)</u>
Comprehensive income (loss)	<u>\$ 2,527,035</u>	<u>\$ (705,279)</u>

FINANCIALLY RESPONSIBLE

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Net income	\$ 1,526,634	\$ 1,465,103
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,367,237	1,270,009
(Gain) loss on disposal of property and equipment	(3,882)	154
Gain on sale of investments	(116,436)	(381,045)
Provision for loan losses	1,147,548	889,013
Provision for unrealized losses on foreclosed assets	43,027	
Changes in assets and liabilities:		
Increase in other receivables	(25,161)	(208,002)
(Increase) decrease in prepaid and deferred expenses	3,183	(25,044)
Decrease in accrued interest on loans	57,935	10,298
Increase in accrued interest on investments	(11,458)	(7,493)
(Increase) decrease in loans held for sale	(221,073)	1,325,621
Increase in other assets	(318,133)	(276,836)
Increase (decrease) in accounts payable & other liabilities	292,019	(24,596)
Increase (decrease) in dividends payable	(1,093,259)	303,804
Decrease in accrued expenses	(159,545)	(164,000)
Net cash provided by operating activities	<u>2,488,636</u>	<u>4,176,986</u>
Cash flows from investing activities:		
Proceeds from sales of investment securities	6,280,755	6,432,800
Proceeds from maturities on investment securities	5,087,481	6,357,260
Purchases of investment securities	(16,344,724)	(27,297,319)
Net (increase) decrease in FHLB Seattle Capital Stock	(164,400)	29,100
Net increase in NCUSIF deposit	(140,054)	(33,683)
Net increase in loan originations, net of principal collected on loans to members	(23,199,788)	(13,348,195)
Proceeds on sale of property and equipment	4,303	—
Purchases of property and equipment	(1,121,615)	(464,174)
Net cash used in investing activities	<u>(29,598,042)</u>	<u>(28,324,211)</u>
Cash flows from financing activities:		
Proceeds from borrowed funds	24,920,000	—
Repayment of borrowed funds	(15,634,286)	(714,285)
Net increase in regular shares, share drafts, money market and IRA's	13,282,301	16,417,584
Net increase (decrease) in share certificates	1,809,463	(5,365,884)
Net cash provided by financing activities	<u>24,377,478</u>	<u>10,337,415</u>
Net decrease in cash and cash equivalents	(2,731,928)	(13,809,810)
Cash and cash equivalents at beginning of year	23,340,161	37,149,971
Cash and cash equivalents at end of year	<u>\$ 20,608,233</u>	<u>\$ 23,340,161</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Dividends	\$ 2,782,335	\$ 2,464,945
Interest	\$ 74,137	\$ 92,634

Consolidated Statements of Financial Condition

December 31, 2014 and 2013

Assets	2014	2013
Loans to members, less allowance for loan losses	\$ 237,117,861	\$ 215,065,621
Loans held-for-sale	1,249,240	1,028,167
Cash and cash equivalents	20,608,233	23,340,161
Other receivables	1,846,779	1,821,618
Investments	42,482,907	36,225,182
Prepaid and deferred expenses	463,265	466,448
Property and equipment, net	25,639,824	25,885,867
Accrued interest on loans	790,105	848,040
Accrued interest on investments	90,741	79,283
Foreclosed assets	197,840	240,867
NCUSIF deposit	2,118,330	1,978,276
Other assets	1,340,447	1,022,314
Total assets	\$ 333,945,572	\$ 308,001,844

Liabilities and Equity

Liabilities:		
Borrowed funds	\$ 12,375,192	\$ 3,089,478
Accounts payable and other liabilities	1,999,128	1,707,109
Dividends payable	906,147	1,999,406
Accrued expenses	575,745	735,290
Total liabilities	15,856,212	7,531,283
Equity:		
Members' shares:		
Regular shares	130,223,940	114,065,095
Share draft	29,308,167	21,709,382
Individual retirement accounts (IRAs)	2,976,112	3,081,297
Money market	22,182,894	32,553,038
Share certificates	87,190,449	85,380,986
	271,881,562	256,789,798
Members' equity	46,207,798	43,680,763
Total equity	318,089,360	300,470,561
Total liabilities and equity	\$ 333,945,572	\$ 308,001,844

Progress

BY THE NUMBERS



\$333,945,572
total assets

 **115**
Employees

 **\$63 million**
booked loans

 **27** ATM
locations

 **714** Business
Members
& Non-Personal Accounts

 **58,899**
Members

 **3** CENTER LOCATIONS

 **279**
autos financed

 **160** Homes
Financed

 **1** bus stop donation

 **\$82,495**
charitable donations

Member TESTIMONIALS



"After banking with them for over four decades, I've come to rely on their friendly, fast and great services."

– Barbara D.

"I have built my creditworthiness with Coast360 and through the years have earned an excellent FICO score. I chose Coast360 because they took a chance and chose me." – Wilma D.

"I never experienced flooding the way it had happened to my home in 2011. I searched high and low for a loan. I chose Coast360 because it was the only credit institution that offered a low interest rate for home improvement. THANK YOU Coast360 for helping me mitigate floods and also making my family safe." – Gregory D.



"Everyone's beaming faces and Hafa Adai spirit is definitely what makes me proud to remain a member of Coast360!"

– Tito Frank C., Jr.

"I have so much faith with Coast360 that their Management and staff go above and beyond providing excellent customer service."

– Francis C.



"Aside from benefiting from services like the "no international debit card charges", the great customer support that I have received through the years was something I was unable to obtain from other banking institutions." – Maria C.

"I've been a member since high school. Started depositing allowance into a savings account ... I now have my own children opening savings accounts so that they may learn to save... It's not just computer monitors & staff when walking into a Coast360 location, its full of smiles and a pleasant atmosphere." – Raven S.



"I am a college student and it is a hassle to get from one place to another. Coast Online makes life a bit easier with its easy-to-use online services. Finally, I absolutely love using Coast360's coin machine." – Jaran A.



"When I inquired via the web, I not only received speedy response via e-mail but also received a call back the very same day to answer all my questions." – Mariqua A.

"...they always provide that great service by answering all questions, providing that fast service when busy, and still smiling!"

– Kristan L.G.

"The institution makes you feel safe and that we are family by calling us members not customers... and with its pleasant ambiance each location feels like home." – Paul C.

Coast360

IN THE COMMUNITY



TOYS FOR TOTS

In our 2014 Toys for Tots drive, Coast360 donated a total of 118 toys from all three member centers. Toys were donated by generous Coast360 staff and members to benefit the less fortunate children who may have otherwise celebrated the holidays without a gift on Christmas day.



COLLEGE ACCESS CHALLENGE PROGRAM OF GUAM (CACC)

Students between middle to high school ages received money management advice from Coast360 employees.



JUNIOR ACHIEVEMENT

Coast360 employees volunteered their time to teach high school students the importance of financial management in business. Students were able to experience the full spectrum of running a business.



RELAY FOR LIFE

Coast360 joins the American Cancer Society on May 24, 2014 to help raise funds to find the cure for cancer. Our fundraising efforts helped us raise a total of \$7,028 to support the cause.



BIG BROTHERS, BIG SISTERS BOWL FOR KIDS' SAKE

Coast360 employee volunteers bowled to help raise funds for the Big Brothers, Big Sisters of America and their continued efforts to providing mentoring support for youths in need.



INTERNATIONAL CREDIT UNION DAY

October 16, 2014 was proclaimed International Credit Union Day by Gov. Eddie Baza Calvo and Lt. Gov. Ray Tenorio. Coast360 and Community First attended the proclamation signing to support the credit union movement's history and promote its achievements.



CHAMORRO MONTH

Members and CU visitors were welcomed with local treats and entertainment by Pa'a Taotao Tano' in celebration of Chamorro Month.



ECO TOUR FOR SOUTHERN HIGH SCHOOL

Students from Southern High School attended an Eco Tour of our Maite Headquarters where they learned the building's smart and eco-friendly features that earned us our Gold certification from the Leaders in Energy and Efficient Design (LEED) in 2010.



MONEY MANAGEMENT ADVICE AT TIYAN HIGH SCHOOL

Coast360 visits students at Tiyan High School to teach them about the importance of handling their money responsibly and spending smart. Students also learn the importance of maintaining a good credit score and the benefits of saving for their future.



COASTAL CLEAN UP

On September 20, 2014, Coast360 employee volunteers and their families helped clean the Asan Beach Park and its shoreline as part of our effort to promote a cleaner environment.

CHRISTMAS Lights

Route 8 was bright and cheery last year with our display of lights for the entire community to enjoy.



CHARITABLE DONATIONS & SPONSORSHIPS

Guam Crime Stoppers ▪ Guam Young Professionals ▪ Guam Fishermen's Cooperative Association ▪ Guam Women's Club ▪ Pay-Less Markets Community Foundation ▪ Office of the Mayor of MTM ▪ Guam Memorial Hospital's Volunteer Association ▪ San Vicente Catholic School ▪ Rainbows for All Children – Guam ▪ Fitness Solutions, Inc. ▪ PBS Guam ▪ Catholic Social Services ▪ Guam Chamber of Commerce ▪ American Cancer Society ▪ University of Guam Endowment Foundation ▪ Guam Junior Golf League ▪ Soroptimist International of the Marianas ▪ Micronesia Youth Services Network ▪ The Hagatna Cathedral Basilica ▪ Agat Municipal Planning Council ▪ Talofoto Mayor's Office ▪ The Archdiocese of Hagatna ▪ Guam Girls Scouts ▪ Redemptoris Mater Seminary ▪ Immaculate Heart of Mary Catholic Church ▪ Foundation to Support Guard & Reserves ▪ The Salvation Army ▪ Hafa Adai Chapter Warrant Officers Association ▪ AGA Guam Chapter ▪ Guam Hotel & Restaurant Association ▪ The Micronesia Chef's Association ▪ Sinajana Mayor's Office ▪ Guam Women's Chamber of Commerce ▪ Rigalu Foundation ▪ Our Lady of Peace and Safe Journey Catholic Church ▪ Filipino Community of Guam ▪ American Red Cross ▪ Guam War Survivors Memorial Foundation ▪ Guam Islander Softball Foundation ▪ Guam Humanities Council ▪ Make-A-Wish Guam ▪ Our Lady of Mount Carmel Catholic School ▪ Notre Dame High School ▪ Oceanview Middle School ▪ Okkodo High School ▪ Pa'a Taotao Tano ▪ Parents Empowering Parents ▪ San Vicente Ferrer Church ▪ Sinajana Mayor's Office ▪ St. Francis School ▪ St. Jude Children's Research ▪ Tatuha Inc. ▪ The Archdiocese of Agana ▪ The Salvation Army ▪ University of Guam ▪ University of Guam Endowment Foundation ▪ Women Veterans of America ▪ Youth for Youth

Notes



Products & Services

DEPOSITS

Share Savings
Money Market Shares
Christmas Club
Value Checking Share Draft
Term Shares
Business Share Savings
Business Value Checking Share Draft
Business Money Market Shares
Business Term Shares

LENDING

Personal (Unsecured)
New/Used Auto
Shared Secured
Mortgage
Home Equity
Construction
Business Loans

CREDIT CARDS

Visa Classic
Visa Gold
Visa Shared Secured

ELECTRONIC SERVICES

Coast Online (Online Banking)
Coast ePay (Bill Pay)
Coast ePlan (Money Management)
Coast by Phone (Telephone Banking)

OTHER SERVICES

Notary Public
Shared Branching*
Coin Kiosk
Merchant Services
Night Depository
Safe Deposit Boxes
Drive-up Teller
Remote Teller Service

Visit our website to learn more!

Member Center Locations

Maite Member Center

450 Route 8
Maite, GU 96910

Dededo Member Center

Dededo Mall
130 West Marine Corps Drive
Dededo, GU 96929

Tamuning Member Center

541. S. Marine Corps Drive, Suite 105
Tamuning, GU 96913

ATM Locations

All Member Centers

Maite, Dededo & Tamuning

76 Circle K Locations

Agat Anigua
Barrigada Ocean Vista, Barrigada
Dededo Malojloj
Sinajana

Agana Shopping Center

Hagatna

Micronesia Mall (Food Court)

Dededo

Guam Premiere Outlet (Food Court)

Tamuning

University of Guam

(UOG) Student Center, Mangilao

Guam International Airport Authority (GIAA)

Tamuning

Circle K (Fountain Plaza)

Tumon

Shell Station

Chalan Pago Dededo
Hagatna Upper Tumon
Yigo

Hafa Adai Market

Yigo

Plaza/Market Place

Tumon

Day Buy Day Market

Yona

*Visit co-opsharedbranch.org to learn more about accessing your funds at over 5,000 network locations.

coast360fcu.com



Federally insured by NCUA.



Federally insured by NCUA and an Equal Housing Lender.

