

Member Center Locations

Maite Main Office

450 Route 8
Maite, GU 96910

Harmon

Army Drive
Guam Business Center, Suite 105
Harmon, GU 96912

Tamuning

Paul's Plaza
541 S. Marine Corps Drive, Suite 105
Tamuning, GU 96913

ATM Locations

Circle K Stores

- Agat
- Anigua
- Barrigada
- Dededo
- Fountain Plaza
- Malojloj
- Sinajana

Other Locations

- Guam International Airport
- Guam Memorial Hospital
- Agana Shopping Center
- Guam Community College
- GPO
- Micronesia Mall Food Court
- Shell Chalan Pago
- UOG Student Center
- UR Market
- Shared Branching Network*
- The Plaza Market Place
- King's Restaurant Harmon
- Hafa Adai Market Yigo

Our Services

CU Web Branch

- Log on to coast360fcu.com
- Click on the CU web branch icon
- Enter your member account number & PIN
- Click away and perform the banking services you wish to complete

CU byPhone

- Call 671.477.1148
- Access to account 24/7
- Balance Inquiries
- History Inquiries
- Withdrawals
- Transfers
- Checking Information
- Loan Information

CU iPay

- Log on to coast360fcu.com
- Checking account is required
- Pay bills with a click of a button
- Pay all your bills on a single screen
- Schedule future and recurring payments
- Download payment history
- Review recent transactions
- Payment guarantee
- Low monthly fee

Together we thrive

2010 ANNUAL REPORT

*Special thanks to 2011 nominating committee:
Ignacio Santos, Carla Lorenzo and Vicente Concepcion*



Printed on
recycled paper.

Coming together is a beginning; keeping together is progress; working together is success.

- Henry Ford

Together we thrive.

Our island, our community, our Credit Union.

We are proud of our island home, proud to support our community and our people. We carry on our commitment to be actively involved, to invest in our youth and to give back to those who help us make a difference. Together, we can accomplish great things and help create a better tomorrow.

TOGETHER WE THRIVE



Wednesday, April 27, 2011
8:30 AM - 10 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

AGENDA

- I.** Call to order
- II.** Approval of minutes
- III.** Chairman's report
- IV.** Treasurer's report
- V.** Supervisory committee report
- VI.** Unfinished business/new business
- VII.** Election
- VIII.** Adjournment

MINUTES Of 47th Annual Membership Meeting • Sheraton Laguna Guam Resort • April 7, 2010

ATTENDANCE, QUORUM, CALL TO ORDER
The meeting was held at the Coast360 Federal Credit Union, Maite Guam, and after determining a quorum; Chairman of the Board, George A. Santos called the meeting to order at 8:32 a.m.

Chairman George A. Santos noted this is a significant day because it is the first meeting of Coast360 Federal Credit Union, which has evolved from the Government of Guam Employees Federal Credit Union.

Secretary of the Board of Directors, Paul Leon Guerrero, confirmed there was a quorum.

Chairman George A. Santos introduced the Board of Directors, and they are Pedro R. Martinez, Matthew P. Quinata, Paul D. Leon Guerrero, John Perez Taitano, Ignacio (Ike) C. Santos, and Linda Paulino Reyes.

He also thanked Board Member, Linda Paulino Reyes for her dedication as a Board member, and for her great contribution to this organization the last three years. He stated this is her last official duty.

APPROVAL OF MINUTES
It was moved and seconded to approve the minutes of the Annual Membership Meeting of April 22, 2009, subject to correction. Without objections, motion carried.

AGENDA
It was moved and seconded to amend the agenda to move up Election, Item VII. Without objections, motion carried.

ELECTION
Chairman of the Nominating Committee, Matthew Quinata

announced that there are three (3) vacancies on the Board of Directors of Coast360 Federal Credit Union.

The Nominating Committee has accepted and certified eligibility and qualifications of five (5) individuals for the Board of Directors:

- (1) George A. Santos (incumbent), (2) John Perez Taitano (incumbent), (3) Vicente M. Concepcion, (4) Jose (Joey) S. Calvo, and (5) Carla E. Lorenzo.

It was moved and seconded to accept the five candidates. Without objections, motion carried.

RECESS
Matthew Quinata moved to recess, conduct the election at 9:00 a.m. at all three branches, and reconvene this meeting at 7:00 p.m. at the Sheraton Laguna Guam Resort. Linda Reyes seconded it. Without objections, motion carried. The meeting was recessed at 8:48 a.m.

RECONVENE
The meeting reconvened at 7:10 p.m. at the Sheraton Laguna Guam Resort. Chairman George Santos stated the next item on the agenda would be Reports starting with the Chairman's Report.

He acknowledged the presence of one of our dignitaries, Archbishop Anthony Apuron, and one of our Founders of the credit union, Mr. Joseph Aguon.

He also introduced the Board of Directors, and they are Pedro R. Martinez, Matthew P. Quinata, Paul D. Leon Guerrero, John Perez Taitano, Ignacio (Ike) C. Santos, and Linda Paulino Reyes.

CHAIRMAN'S REPORT
Chairman of the Board George Santos presented the report:

"Fellow members, 2009 has been one of the most difficult economic years on record for our nation and our island. We have witnessed the demise of corporations that were household names, a rise in unemployment to above 10% and overwhelming volatility in the global markets. People are looking for safe havens to place their money and their trust. Perhaps that is why credit unions nationally have seen phenomenal growth in 2009. It is nice to know in a world of chaos, there is a steady and vigilant movement that prudently has managed to navigate these difficult times.

At Coast360, we are proud to be part of the vibrant movement. We were not reckless with our loan underwriting standards and we constantly have ensured that the institution has plenty of cash in reserve to help weather these uncertain times. We grew assets by \$31,535,134 or 14.56%, deposits by \$29,219,194 or 17.01%, and loans by \$24,884,012 or 16.34%, in 2009.

These prudent decisions have created a safe and sound position for Coast360 Federal Credit Union. And, in spite of economic turmoil, we continued to deliver exceptional products and services to the membership in 2009.

While other institutions face uncertain times, we move forward and thrive – together – breaking ground in 2009 on our new Maite headquarters and launching a new name and logo. The fact that we all need each other, we rely on each other and that as family, friends, and neighbors, we work, love, laugh and play together. We also endure disasters, hardships, pain, and grief together. And when we work with each other, for each other, and look after and care for one another we make our community stronger and better. Togetherness and unity binds us...people helping people.

On behalf of the Board of Directors and staff of Coast 360, I want to thank you for your membership and continued support of this fine organization. Rest assured that we will continue to follow prudent business practices that have enabled us to remain strong."

It was moved and seconded to approve the report. Without objections, motion was carried.

TREASURER'S REPORT
Secretary of the Board, Paul Leon Guerrero presented the report on behalf of the Treasurer Matthew Quinata. He highlighted the following: "As you all know, this year was a challenging year for the financial services industry in general and the real estate marketplace.

Our total asset as of December 31, 2009, is \$248.2 million. This represents a net growth in assets of \$31.5 million or 14.5%. Share deposits grew by \$29.2 million for a total net increase of 17.01% during the year. Additionally, we made loans to members in the amount of \$80.0 million. In keeping with our long-standing tradition of serving as a trusted source for financial services gross income for the 12-month period as reported by the independent accounting firm, totaled \$18.2 million and was distributed as follow: \$3.9 million or 21.57% in dividends to our members; \$4.3 million or 23.54% in reserves on retained earnings, and \$10.0 million or 54.90% in operating expenses.

He explained that if you look at our income statement report, it is a huge number of \$3.6 million, almost close to \$3.7 million. However, when you compare that to the previous year in 2008, this was as a result of NCUA making some significant changes because of all the financial challenges in the mainland, we had to actually take into our reserves and charged for some of these things by NCUA. The following year NCUA returned that fees and expense that was charged thus, our net income of \$3.7 million. Otherwise our net income would have been \$2.5 million, and the previous year would have been \$1.5 million.

He was happy to report that in spite of all these subprime meltdowns of financial institutions in the mainland, it did not have much impact on the Coast360 Federal Credit Union. However, we were affected in the market as far as where we move our money and the vested return. He also reported the strength of the credit union has increased because we have doubled the required capitalization by

NCUA. A well-capitalized credit union is considered to have a net worth-to-asset ratio of greater than 7.00%. At December 31, 2009, our retained earnings totaled \$39.8 million, which represents a net worth-to-asset ratio of 15.80%, more than capital category threshold of 7.00%.

For more than 45 years, through great economic times and bad, Coast360 has managed your credit union in a manner consistent with the very highest financial standards. Coast360's Board and management team are dedicated to continuing this tradition of delivering exceptional experiences, the best products and service solutions, and professional experts to help every member improve their financial well-being, especially during these tough economic times."

It was moved and seconded to approve the report. Without objections, motion was carried.

SUPERVISORY COMMITTEE REPORT
George Pereda read the report of the Supervisory Committee:

"The Supervisory Committee is appointed by the Board of Directors to provide the important role of oversight of the credit union's operations. The committee is responsible for ensuring that an independent annual audit is performed along with a verification of member accounts. This year the committee once again engaged the services of the accounting firm of Kwok and Company, CPAs to perform the annual financial audit for Coast360. We are pleased to report that the auditor's opinion stated that the financial statement of the credit union presented fairly, in all material respects, the financial condition of the credit union and the results of its operations are in conformity with generally accepted accounting principles (GAAP). The committee also performed its audits and found no discrepancies. It is our opinion that your credit union continues to be run in a safe and sound manner. The Supervisory Committee would like to take this opportunity to thank the membership for its outstanding support of the credit union. Likewise, we commend the credit union's volunteer Board of Directors for its diligence and guidance and especially acknowledge the staff or its continuing innovation and creativity in providing services that benefit the members. The Supervisory Committee shall continue to perform its oversight responsibilities in the best interest of the credit union members."

It was moved and seconded to approve the report. Without objections, motion was carried.

UNFINISHED BUSINESS/NEW BUSINESS
There was no item for discussion.

At this time, the Chairman of the Nominating Committee, Mr. Matthew Quinata was called to present the election results.

ELECTION RESULTS
Matthew Quinata thanked the members for voting and taking part of electing your Board of Directors. He thanked the Nominating Committee, Supervisory Committee, all the Volunteers, staff and management of Coast360 for their support and hard work in conducting a successful election.

Matthew Quinata announced the election results are based on the placement on the ballots: #1: George A. Santos - 824; #2: Carla E. Lorenzo - 878; #3: John Perez Taitano - 991; #4 Vicente M. Concepcion - 831; #5 Jose (Joey) S. Calvo - 821.


He declared the top three winners of 2010 Election for the Board of Directors are John Perez Taitano, Carla E. Lorenzo, and Vicente M. Concepcion.

It was moved and seconded to approve the election results. Without objections, motion was carried.

ADJOURNMENT
There was no other discussion. It was moved and seconded to adjourn. Without objections, motion was carried. The meeting was adjourned at 9:15 p.m.

RECORDED BY

Doris C. Garrido
Executive Board Secretary


Paul D. Leon Guerrero
Secretary, Board of Directors

APPROVED BY

George A. Santos
Chairman, Board of Directors



A Message from the Chairman of the Board

Dear Members,

I am extremely pleased to report that 2010 was one of the finest years on record for the financial home you own.

Financially, member deposits grew by 4.16 % to \$209.3 million as members took advantage of the higher deposit rates and exceptional financial strength available with their credit union. Despite this robust growth, our reserve percentage, or "safety net," continued to remain exceptionally strong at 15.52%.

At Coast360, your deposits are federally insured for up to \$250,000 by the National Credit Union Administration (NCUA), a U.S. government agency. Initially raised from \$100,000 to \$250,000 in October of 2008, we are pleased to note this increased coverage was made permanent by the NCUA as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

On the loan side, mortgage rates remained low and produced brisk loan disbursements. Our consumer loan staff remained active in providing consultative lending support to members through our numerous loan promotional initiatives and ended 2010 having disbursed record loan volume. Overall in 2010, net loan growth was a solid 16.70% and our year-end loan balance totaled \$ 206.7 million.

Beyond the strong financial results, 2010 was hallmarked by a major event. At the latter part of last year Coast360 moved to its last new home at 450 Route 8 in Maite.

This new 'green' building is the result of a carefully thought-out vision that was years in the making. When we started planning the construction of our new full-service member center and administrative offices, we felt it was important to take a leadership role in responsible and sustainable development on Guam, as well as in our industry. As the credit union continues to grow and expand services, it's important we do so in ways that put the needs of our community first. This was a commitment our board of directors felt was important to help preserve the natural beauty and resources of our island for future generations. The acquisition of this new three-story, 49,000-square-foot headquarters met three key strategic objectives: It offered our members immediate access to a conveniently located full-service branch, added capacity to ease current operational constraints and afforded the credit union extra space it can systematically and cost-effectively grow into overtime.

As we look to the future from operational-space and information technology perspectives, your volunteer Board of Directors also took action to analyze our existing governance processes. A strategic planning session was conducted to specifically review current trends in the credit union industry and determine if adjustments to current processes would be prudent for an organization of our size as we move forward.

Ultimately, the success of your credit union over the past year could not have been possible without the continued loyal support of our member/owners. We thank you for your confidence and commitment to your financial institution.

As we enter 2011, your board, management and hard working employees pledge to continue to diligently work toward our vision and make a positive difference in the lives of our members and the communities we serve.

Thank you for your enthusiastic support of the financial home you own.

John P. Taitano
Chairman

2010 - 2011 Board of Directors



Ignacio C. Santos
Vice Chairman



Carla Lorenzo
Secretary



Matthew P. Quinata
Treasurer



Paul D. Leon Guerrero
Member



Pedro R. Martinez
Member



Vicente M. Concepcion
Member

Working for the
future.



Message from the CEO

Dear Members,

Here at Coast360, we truly believe in the motto, "Together we thrive" It represents our dedication to you and our commitment to create a better world. We live these words on a daily basis – exploring new opportunities to enrich our members' lives; embracing a sense of unity and community in everything we do; and taking actions now that will ultimately shape the future.

Not too long ago, we realized we had a need to build a new member center – one which would accommodate our growing numbers, allow ample space for additional services and conveniences, and to foster an environment that is warm and welcoming.

We opened the Maite Member Center in October, one of the most significant milestones we achieved this past year. Since then, thousands of Coast360 members walked through the doors into a building that is so much more than concrete and steel. The new Maite Member Center stands as a testament to our core values. Beneath the beautiful exterior, lies our overall commitment to our members, to the protection of our island's resources, and to prepare for future generations by constructing an environmentally conscious LEED Certified building – the first of its kind on Guam.

With open arms, we've welcomed 3,533 new members to our credit union community last year, offering an opportunity for each of them, and their families, to become part of something that is so much of what Coast360 exemplifies – to make members' lives better.

**“We do this everyday.
And we do this together.”**

Effecting significant change towards progress remains constant in what we say and what we do. We take action that positively affects the world in which we live, mindful of the responsibilities we have for our community and for our future. As we continue to grow, we will be steadfast and committed and will continually provide the means that will achieve the very best quality of life for you, your family and this island we call home – Because, "Together We Thrive."

John Arroyo
CEO



Matthew P. Quinata
Treasurer

Treasurer's Report

Coast360 Federal Credit Union continues to remain financially sound, stable and safe despite the economic downturn during the last few years. Through it all, Coast360 has managed to sustain growth, generate positive returns, maintain a strong capital ratio and most of all, continue to meet our members' needs.

The credit union provided a safe haven to 3,533 new members in addition to its already existing 44,482 members, as total shares grew \$8.4 million or 4.2% between 2009 and 2010. Much of the increase in deposits was in our share certificates as members sought short-term, higher earning accounts. As a result of share growth, the total assets grew by \$24.9 million or 10.0% in 2010, which funded net loan growth of \$29.7 million bringing our loan portfolio up to \$206.8 million.

Faced with a \$455,753 corporate stabilization expense assessed by National Credit Union Association (NCUA), we still closed the year with a net income of \$3.3 million. The Board of Directors and senior management team work closely together to ensure we remain a well-capitalized credit union with a net worth to total assets ratio of 15.55 % as of December 31, 2010. This ratio, established by the NCUA, sets the regulatory standard for the minimum allowable capital level for "well-capitalized credit unions" at 700%. As a result of prudent practices and well-informed decisions, Coast360 continues to far exceed this requirement.

An examination by the NCUA and an external independent audit performed by Kwock and Co., CPA, reflected our credit union is well capitalized and operating with safe and sound practices. Your credit union holds the best interests of its members with utmost high regard, while remaining competitive. Recognizing the diverse needs of our members, our strategic and business plan for the future includes offering a wide variety of new and innovative products and services. We are confident that Coast360 Federal Credit Union will continue to grow and prosper in the coming years.



Renato T. Hallera
Chairman

Supervisory Committee

The Supervisory Committee is charged with the responsibility of overseeing the internal and external audits of your credit union, to ensure compliance with governing laws, policies and procedures established by the Board. To accomplish this, the Committee contracts with the CPA firm of Kwock and Company for our external audit services. This firm conducts a comprehensive annual financial audit. The annual audit of the credit union was completed, and no concerns were noted.

In 2010 internal audits were performed and the minor issues noted were resolved by management. Based on the audit results, the Committee is satisfied that adequate internal controls exist to protect member accounts and that the financial statements accurately reflect the positive performance and condition of the credit union.

The Committee appreciates your continued confidence in our oversight role. The support and cooperation of the Board of Directors, management, and employees has assisted us in the performance of our duties and is greatly appreciated.



Juan B. Perez
Vice Chairman



Frances M. Flores
Secretary



Artemio B. Ilagan
Member



Melissa J. Matanane
Member

Coast360 Federal Credit Union
Consolidated Statements Of
Members' Equity
DECEMBER 31, 2010 & 2009

	Appropriated Undivided Earnings	Undivided Earnings	Accumulated Other Comprehensive Loss	Total	Comprehensive Income
Balance at December 31, 2008	636,653	34,869,009	435,544	35,941,206	
Net income		3,697,564		3,697,564	3,697,564
Transfers, net					
Change in unrealized gain on investment in available-for-sale securities			253,786	253,786	253,786
Total comprehensive income					3,951,350
Balance at December 31, 2009	636,653	38,566,573	689,330	39,892,556	
Net income		3,165,545		3,165,545	3,165,545
Transfers, net					
Change in unrealized gain on investment in available-for-sale securities			150,025	150,025	150,025
Total comprehensive income					3,315,570
Balance at December 31, 2010	636,653	41,732,118	839,355	43,208,126	

Coast360 Federal Credit Union
Consolidated Statements Of
Income
DECEMBER 31, 2010 & 2009

	2010	2009
Interest income:		
Loans to members	14,441,239	12,651,989
Investments:		
Available-for-sale	988,914	1,405,922
Held-to-maturity and other	25,085	252,769
Total interest income	15,455,238	14,310,680
Interest expense:		
Member's share dividends	3,562,798	3,924,952
Borrowed funds	157,773	188,429
Total interest expense	3,720,571	4,113,381
Net interest income	11,734,667	10,197,299
Provision for loan losses	505,284	586,563
Net interest income after provision for loan losses	11,229,383	9,610,736
Non-interest income:		
Gain (loss) on investments	510,247	120,428
Loss on disposal of fixed assets	42,166	(2,061)
Other net gain	64,752	1,070,458
Gain on sale of loans	258,102	197,863
Fees and charges	2,145,346	1,964,320
Other	152,775	538,639
Total non-interest income	3,173,388	3,889,647
Non-interest expense:		
Compensations	3,788,648	3,437,663
Employee benefits	703,922	606,386
Travel and conference	137,207	116,101
Office occupancy	880,551	697,016
Office operations	3,344,962	2,955,062
Educational and promotional	635,106	594,810
Loan servicing	460,363	505,636
Professional and outside services	547,012	713,071
NCUSIF stabilization expense	455,753	
Operating fees	58,115	52,005
Other	225,587	125,069
Total non-interest expense	11,237,226	9,802,819
Net income (loss)	3,165,545	3,697,564

Coast360 Federal Credit Union
Consolidated Statements Of
Cash Flows
DECEMBER 31, 2010 & 2009

	2010	2009
Cash flows from operating activities:		
Net income (loss)	3,165,545	3,697,564
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	878,062	778,832
Loss on disposal of property and equipment	(42,166)	2,061
Gain on sale of investments	(510,247)	(120,427)
Provision for loan losses	505,284	586,563
Changes in assets and liabilities:		
(Increase) decrease in other receivables	(1,901,997)	(55,116)
(Increase) decrease in prepaid and deferred expenses	69,159	(185,821)
Increase in accrued interest on loans	(55,030)	(93,083)
(Increase) decrease in accrued interest on investments	58,870	119,254
(Increase) decrease in loans held for sale	186,480	29,240
(Increase) decrease in other assets	(55,737)	(455,670)
Increase in accounts payable and other liabilities	236,073	181,409
Increase in dividends payable	159,344	(383,374)
Increase (decrease) in accrued expenses	375,161	(433,145)
Net cash provided by operating activities	3,068,801	3,668,287
Cash flows from investing activities:		
Proceeds from sales of investment securities	10,212,728	9,823,939
Proceeds from maturities on investment securities	9,335,928	6,832,764
Purchases of investment securities	(6,107,349)	(23,358,953)
Net (increase) decrease in shares in a credit union		9,000,000
Net increase in FHLB Seattle Capital Stock	(35,500)	(63,100)
Net (increase) decrease in NCUSIF deposit	(101,143)	(1,313,802)
Net increase in loan originations, net of principal collected on loans to members	(30,083,159)	(25,470,575)
Proceeds on sale of property and equipment	2,000,000	468
Purchases of property and equipment	(15,779,805)	(5,612,598)
Net cash used in investing activities	(30,558,300)	(30,161,857)
Cash flows from financing activities:		
Proceeds from borrowings	13,368,635	(1,000,000)
Repayment of borrowings	(1,000,000)	19,443,261
Net increase in regular shares, share drafts, money market and IRAs	4,190,546	
Net increase in share certificates	4,168,468	9,775,933
Net cash provided by financing activities	20,727,649	28,219,194
Net increase in cash and cash equivalents	(6,761,850)	1,725,624
Cash and cash equivalents at beginning of year	13,709,901	11,984,277
Cash and cash equivalents at end of year	6,948,051	13,709,901
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Dividends	3,403,454	4,308,326
Interest	157,773	188,429

Coast360 Federal Credit Union
Consolidated Statements Of
Financial Condition
DECEMBER 31, 2010 & 2009

Assets	2010	2009
Loans to members, less allowance for loan losses	206,718,742	177,140,867
Loans held for sale	1,612,040	1,798,520
Cash and cash equivalents	6,948,051	13,709,901
Other receivables	1,970,625	68,103
Investments	23,795,052	36,540,587
Prepaid and deferred expenses	294,761	363,920
Property and equipment, net	28,479,909	15,536,000
Accrued interest on loans	769,334	714,304
Accrued interest on investments	93,332	152,202
NCUSIF deposit	1,776,490	1,675,347
Other assets	527,345	471,608
Total Assets	272,985,681	248,171,359
Liabilities and Equities	2010	2009
Liabilities		
Borrowed funds	16,368,635	4,000,000
Accounts payable and other liabilities	1,620,799	1,384,201
Dividends payable	1,398,116	1,238,772
Accrued expenses	1,020,378	645,217
Total Liabilities	20,407,928	7,268,190
Commitments and contingencies		
Equity:		
Member's shares:		
Regular shares	74,534,159	72,414,444
Share draft	11,883,236	10,415,910
Individual retirement accounts (IRAs)	1,928,281	1,610,715
Money market	40,375,731	40,089,792
Share certificates	80,648,220	76,479,752
	209,369,627	201,010,613
Member's equity	43,208,126	39,892,556
Total equity	252,577,753	240,903,169
Total liabilities and equity	272,985,681	248,171,359