



**Community First**<sup>SM</sup>  
FEDERAL CREDIT UNION

# 2025

*Annual Report*





## **Our Mission**

*Community First is committed to promoting community development and improving the social and economic conditions of the underserved residents and entities of Guam.*

*Our mission is to provide relevant and competitively priced financial products and services to our members, while actively supporting initiatives that target and uplift the underserved constituents of our community.*

*We strive to deliver these offerings with superior service levels, maintaining a standard of excellence, integrity, and professionalism.*

## **Our Vision**

*"We strive to be the primary financial services provider to all we serve and to continually strengthen our reputation as a contributing citizen of our community."*



# 2025

## *Annual Report*

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**Community First**<sup>SM</sup>  
FEDERAL CREDIT UNION



**Perry C. Taitano**  
Chairman of the Board

## ***Board of Directors***



**Andrew S. Quenga**  
Board Vice Chairman



**Karvin L. Flynn**  
Board Treasurer



**Mildred R. Camacho**  
Board Secretary



**Rolfe Bañes**  
Board Director



**Elizabeth D. Cena**  
Board Director



**Felice A. Meeks**  
Board Director

## Message from the Chairman & President



**Perry C. Taitano**  
Chairman of the Board



**Gerard A. Cruz**  
President and CEO

### *Hafa Adai our fellow members*

Years from now, Community First FCU leaders will point to 2025 as a turning point, the year we made critical pivots that strengthen our sustainability and resiliency in an increasingly volatile environment.

Recognizing that vulnerabilities can emerge from multiple sources simultaneously, we invested in technologies that enhance early detection of key risks and added layers of protection to strengthen our systems and safeguard members from natural and human made events alike.

In 2025, we made our most comprehensive implementation steps yet on our ambitious Paper Reduction Initiative. Starting with electronic signature pads at our teller line and expanding these capabilities across our platform, we are digitizing and securely storing all operational documentation. Phase 2, scheduled for implementation in Q2 2026, will focus on our loan department, our most document-intensive area, with the goal of further reducing paper usage and automating storage and indexing. These changes will drive meaningful savings -- from printing and supplies to storage and personnel. Our adoption of artificial intelligence in key processes will further improve efficiency. We will continue this transition thoughtfully, preserving the values that define your Credit Union.

As we adopt new technologies and system processes, we remain focused on what it supports: **Better Service**. We are, and will remain, a people-driven organization, committed to being your partner in financial success. This is a responsibility we take seriously and the reason we strive every day to deliver an excellent experience for you and your family. Our team once again did an outstanding job. Through their creativity and focus on solutions, we kept our promise of value and remained true to our long-standing tradition of service to our members. We are continually inspired by the stories you share about your experiences with our staff, and above all, we are grateful for your continued confidence and trust.

On behalf of the Board of Directors, management, and staff of your Credit Union, we wish you a prosperous year.



**Your financial neighbors.**





# 2025 Treasurer's Report



**Karvin L. Flynn**  
Board Treasurer

I am pleased to present the Treasurer's Report for Community First Guam Federal Credit Union for the year ended December 31, 2025.

The past year reflected prudent financial management and strategic balance. Despite a challenging economic environment characterized by elevated interest rates and shifting lending conditions, your Credit Union demonstrated resilience, maintained financial stability, and remained steadfast in its commitment to serving members.

## **Financial Performance and Position**

Community First Guam FCU remains financially sound and well-capitalized, supported by strong member relationships and disciplined balance sheet management.

As of December 31, 2025, total assets were approximately \$232 million, reflecting a modest decrease from the prior year as management intentionally repositioned the balance sheet to reduce risk and enhance liquidity.

## **Financial Highlights**

Key financial metrics underscore the Credit Union's strength and long-term stability:

- **Capital Ratio:** 12.2% (2024: 11.4%), well above the 7% "well-capitalized" benchmark.
- **Net Worth Growth:** Increased 7.2%, driven by total comprehensive income of approximately \$1.05 million.
- **Total Assets:** \$232 million, a 3.4% decrease reflecting strategic balance sheet optimization by a reduction in borrowings.
- **Loan Portfolio (Net):** \$191.6 million, a 2.5% decrease due to reduced borrowing demand in a higher interest rate environment.
- **Delinquency Ratio:** 1.16% (2024: 0.643%), reflecting broader economic pressures.
- **Net Income:** \$859,288, a 17.4% decrease from 2024 primarily due to margin compression and higher funding costs.

Member shares increased to \$190 million, an approximate 10% increase, reflecting continued trust and confidence. Net worth grew to \$15.6 million, supported by positive earnings and comprehensive income.

Collectively, these results demonstrate that the Credit Union remains well capitalized, resilient, liquid, and financially stable despite ongoing economic headwinds.

## **Balance Sheet Strength and Liquidity**

Strengthening the balance sheet and reducing financial risk were key priorities in 2025. A significant achievement was the reduction of borrowed funds from \$51 million to \$25 million, substantially lowering financial leverage, improving the overall risk profile, and reducing exposure to rising interest costs.

Liquidity remained strong, with cash and cash equivalents totaling \$19.4 million, positioning the Credit Union to effectively meet member needs and respond to changing economic conditions.

### ***Lending and Member Services***

Loans to members totaled approximately \$191.6 million (net) at year-end. The modest decline reflects broader market conditions, including higher borrowing costs and more selective demand. Despite these challenges, the Credit Union continued to provide competitive lending solutions across mortgage, consumer, and commercial products, reinforcing its mission to support the financial well-being of its members and community.

### ***Earnings and Operating Environment***

The elevated interest rate environment continued to impact financial performance in 2025. Higher dividend rates and increased funding costs resulted in compression of net interest margins. Net income totaled \$859,288, a decrease of 17.4% from 2024, driven primarily by:

- Increased dividend expense
- Higher cost of funds
- Continued provision for credit losses

Net interest income declined by approximately 10%; however, growth in non-interest income helped partially offset this impact. Through disciplined expense management and operational efficiency, the Credit Union maintained positive earnings and continued to build capital.

Management remained focused on balancing competitive loan and deposit pricing while preserving financial stability, a disciplined approach that allowed continued support for members.

### ***Asset Quality and Risk Management***

Asset quality remains stable, although delinquency levels increased modestly in line with broader economic trends.

Management continues to actively monitor credit performance and maintain an appropriate allowance for credit losses. Strong underwriting standards, proactive collection efforts, and ongoing portfolio monitoring remain central to the Credit Union's risk management framework.

### ***Looking Ahead to 2026***

The outlook reflects cautious optimism with both opportunities and risks.

Guam's economy is expected to continue strengthening, supported by increased U.S. military investment and infrastructure development, including projects related to Marine Corps Base Camp Blaz; a continued recovery in tourism, particularly from regional markets; and ongoing federal and local government spending. However, challenges remain, including labor constraints, rising costs, and dependence on external economic conditions.

The U.S. economy is expected to grow at approximately 2% in 2026, reflecting moderate expansion. Key risks include persistent inflation pressures (3% to 4%); interest rates likely to remain elevated in the near term; inflation moderation but still above long-term targets; and potential softening in consumer credit performance.

Globally, economic growth is expected to remain moderate but uneven, influenced by continued geopolitical instability, particularly in energy markets; ongoing trade tensions and tariffs; and slower growth in major economies. These factors may indirectly impact Guam through tourism, supply chains, and cost pressures.

While economic uncertainty persists, particularly related to interest rates, global conditions, and the local Guam economy, the Credit Union is well-positioned to navigate these challenges.

As we move forward, the Credit Union remains focused on strengthening its financial foundation while enhancing member value. Key strategic priorities include:

- Strengthening and sustaining capital levels;
- Responsible and prudent loan growth;
- Active management of credit risk and delinquency;
- Investment in technology and digital banking capabilities; and
- Maintaining strong liquidity and operational efficiency.

### ***Year-End Summary***

2025 was a year of discipline and strategic progress:

- Strengthened balance sheet.
- Improved liquidity position.
- Reduced financial leverage and risk.
- Continued capital growth.
- Maintained strong member confidence.

### ***Conclusion***

In summary, although earnings declined and credit trends softened, the Credit Union strengthened its financial position, improved liquidity, and continued to build capital.

Community First Guam FCU remains financially sound, resilient, and forward-looking, committed to serving its members and community with integrity and care.

On behalf of the Board of Directors, I extend our sincere appreciation to our members for their continued trust and support, and to management and staff for their dedication and hard work.

### ***Respectfully submitted,***

Karvin L. Flynn  
Board Treasurer





# Message from the Supervisory Committee

**Justin B. Castro, CFE, CGFM, CICA**  
Supervisory Committee Chairperson



## ***Buenas yan Hafa Adai Members,***

On behalf of the Supervisory Committee, it is my privilege to provide this annual update on our continued efforts to safeguard the interests of our members and uphold the integrity, transparency, and financial soundness of Community First Guam Federal Credit Union.

The Supervisory Committee remains committed to fulfilling its responsibilities under the Federal Credit Union Act and the regulations established by the National Credit Union Administration (NCUA). Our primary focus is to ensure that the credit union maintains strong internal controls, sound governance practices, regulatory compliance, and the protection of member assets.

Throughout 2025 and into 2026, the Supervisory Committee conducted regular meetings with the Internal Audit team to review audit findings, monitor corrective actions, evaluate internal control systems, and strengthen overall risk management processes. These meetings play a critical role in ensuring accountability and maintaining the operational integrity of the credit union.

In addition, we continued our partnership with Kwock and Company, an independent certified public accounting firm, to perform the annual external audit of the credit union's financial statements. Their independent review provides an additional layer of assurance regarding the accuracy of our financial reporting and the effectiveness of our financial controls. While final reports may still be in progress at the time of this publication, the Supervisory Committee remains confident in the credit union's strong financial stewardship and compliance posture.

We would also like to extend our sincere appreciation to our fellow Supervisory Committee volunteers for their dedication, professionalism, and unwavering service throughout the year. Their commitment helps ensure that the credit union continues to operate in the best interest of its membership.

We also recognize and thank the management team, staff, and employees of Community First for their hard work, professionalism, and continued commitment to serving our members with excellence. Their efforts are essential to maintaining the trust and confidence our members place in the credit union.

Lastly, we express our gratitude to the Board of Directors for their leadership, collaboration, and shared commitment to the long-term success of Community First Guam Federal Credit Union.

As we move forward, the Supervisory Committee remains dedicated to promoting strong governance, financial stability, and the continued growth of our credit union for the benefit of all members.

Thank you for your continued trust and confidence in us.

## ***2025 Supervisory Committee***



***Chuthapa (Nee)  
Lapwararaks***



***Glenda Santos***



***Marie M. Taisipic***



***Severino Urbano***

# Our Team



**Gerard A. Cruz**  
President & CEO



**Michael Finona**  
SVP/Chief Credit Risk Officer



**C. Mae Tuncap**  
SVP/Chief Operational Risk Officer



**Steven Velasquez**  
SVP/Chief Financial Officer



**Peter Palomo**  
SVP/Chief Information Systems  
& Facilities Officer



**Carla Lorenzo**  
SVP/Chief Operations Officer

## Senior Management Team

*At Community First, we believe that personal and convenient services can go a long way. For over 60 years, we've built lasting relationships, listened to your stories, and grown with you.*

*Our employees are the heartbeat of our company. As your financial neighbors, we strive to provide the best service and financial solutions to all our members. Experience the Community First difference today.*



**Tamuning Service Center | Operations**



**Hagåtña Service Center | Operations**



**Dededo Service Center | Operations**

# Student Run Credit Union



Student-Run Credit Union | Mangilao



# Community First FEDERAL CREDIT UNION



Call Center | Operations



# Community First FEDERAL CREDIT UNION



Human Resources & Marketing



**Lending | Mortgage, Business, and Consumer**



**Loan Servicing Group**



**Compliance**



*Internal Audit*



*Credit Counseling*



*Information Technology*



*Accounting/ Finance*





**Community First**<sup>SM</sup>  
FEDERAL CREDIT UNION

***Financial Statements***

December 31, 2025 and 2024



# Statement of Financial Condition

Years ended December 31, 2025 and 2024



<b>Assets</b>	<b>2025</b>	<b>2024</b>
Cash and cash equivalents (note 3)	\$ 19,434,175	\$ 20,789,032
Investments (note 4)		
Available-for-sale, at fair value (amortized cost of \$3,500,000 and \$5,500,000 and allowance for credit losses of \$0 and \$0 at December 31, 2025 and 2024, respectively)	3,421,850	5,226,817
Other investments	1,199,407	2,339,315
Loans to members (note 6)	191,468,302	196,938,035
Accrued interest on loans	970,807	791,329
Allowance for credit losses	(800,082)	(1,070,628)
Loans to members at amortized cost, net of allowance	191,639,027	196,658,736
Loans held for sale	263,000	—
Accrued interest on investments	30,544	108,105
Other receivables	857,768	69,260
Property and equipment, net (note 8)	12,235,050	12,504,953
Prepaid and deferred expenses	387,394	366,818
NCUSIF deposit	1,123,883	1,045,129
Mortgage servicing rights (note 5)	630,725	648,348
Other assets	797,973	338,846
Total assets	<u>\$ 232,020,796</u>	<u>\$ 240,095,359</u>
<b>Liabilities and Equity</b>		
Liabilities:		
Members' shares (note 10)	\$ 189,992,039	\$ 173,067,117
Accounts payable and other liabilities	1,005,687	1,044,407
Borrowed funds (note 11)	25,000,000	51,000,000
Accrued expenses	396,491	411,577
Total liabilities	<u>216,394,217</u>	<u>225,523,101</u>
Commitments and contingencies (notes 12 and 13)		
Members' equity, substantially restricted	<u>15,626,579</u>	<u>14,572,258</u>
Total liabilities and equity	<u>\$ 232,020,796</u>	<u>\$ 240,095,359</u>

See accompanying notes to financial statements.



# Statements of Income and Comprehensive Income

Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Interest income:		
Loans to members	\$ 12,659,224	\$ 12,301,665
Investments		
Available-for-sale	63,149	93,201
Held-to-maturity and other	<u>923,253</u>	<u>1,026,263</u>
Total interest income	13,645,626	13,421,129
Interest expense:		
Members' share dividends (note 10)	3,152,499	1,597,869
Borrowed funds	<u>1,456,672</u>	<u>1,781,175</u>
Total interest expense	<u>4,609,171</u>	<u>3,379,044</u>
Net interest income	9,036,455	10,042,085
Provision for loan losses (note 6)	<u>685,084</u>	<u>285,286</u>
Net interest income after provision for loan losses	<u>8,351,371</u>	<u>9,756,799</u>
Non-interest income:		
Gain on sale of property and equipment	122	2,713
Gain on sale of loans	—	52,808
Loss on sale of OREO	—	(1,294)
Other net loss	—	(937)
Mortgage servicing rights income	4,497	38,270
Fees and charges	1,361,078	1,138,727
Other	<u>1,825,807</u>	<u>144,879</u>
Total non-interest income	<u>3,191,504</u>	<u>1,375,166</u>
Non-interest expense:		
Compensation	4,336,073	3,810,312
Employee benefits (note 12)	1,550,457	1,586,907
Travel and conference	185,279	241,588
Association dues	18,748	39,388
Office occupancy (note 13)	1,005,848	1,053,725
Office operations	1,950,237	1,856,396
Educational and promotional	148,308	130,051
Loan servicing	921,191	635,555
Professional and outside services	362,404	298,847
Operating fees	44,540	41,335
Annual meeting	6,765	6,079
Other	<u>153,737</u>	<u>391,211</u>
Total non-interest expense	<u>10,683,587</u>	<u>10,091,394</u>
Net income	<u>\$ 859,288</u>	<u>\$ 1,040,571</u>
Components of comprehensive income		
Unrealized holding gain on available-for-sale securities arising during the period	<u>195,033</u>	<u>160,397</u>
Comprehensive income	<u>\$ 1,054,321</u>	<u>\$ 1,200,968</u>

# Statement of Changes in Members' Equity

Years ended December 31, 2025 and 2024



## COMMUNITY FIRST GUAM FEDERAL CREDIT UNION

Statements of Changes in Members' Equity

Years ended December 31, 2025 and 2024

	Regular reserves	Appropriated undivided earnings	Undivided earnings	Accumulated other comprehensive income (loss)	Total	Comprehensive income
Balance at December 31, 2023	\$ 444,638	\$ —	\$ 13,360,232	\$ (433,580)	\$ 13,371,290	
Net income			1,040,571		1,040,571	\$ 1,040,571
Transfers, net	(444,638)		444,638		—	
Change in unrealized loss on investment in available-for-sale securities				160,397	160,397	<u>160,397</u>
Total comprehensive income						<u>\$ 1,200,968</u>
Balance at December 31, 2024	\$ —	\$ —	\$ 14,845,441	\$ (273,183)	\$ 14,572,258	
Net income			859,288		859,288	\$ 859,288
Transfers, net			—		—	
Change in unrealized gain on investment in available-for-sale securities				195,033	195,033	<u>195,033</u>
Total comprehensive income						<u>\$ 1,054,321</u>
Balance at December 31, 2025	\$ —	\$ —	\$ 15,704,729	\$ (78,150)	\$ 15,626,579	

See accompanying notes to financial statements.



# Statements of Cash Flows

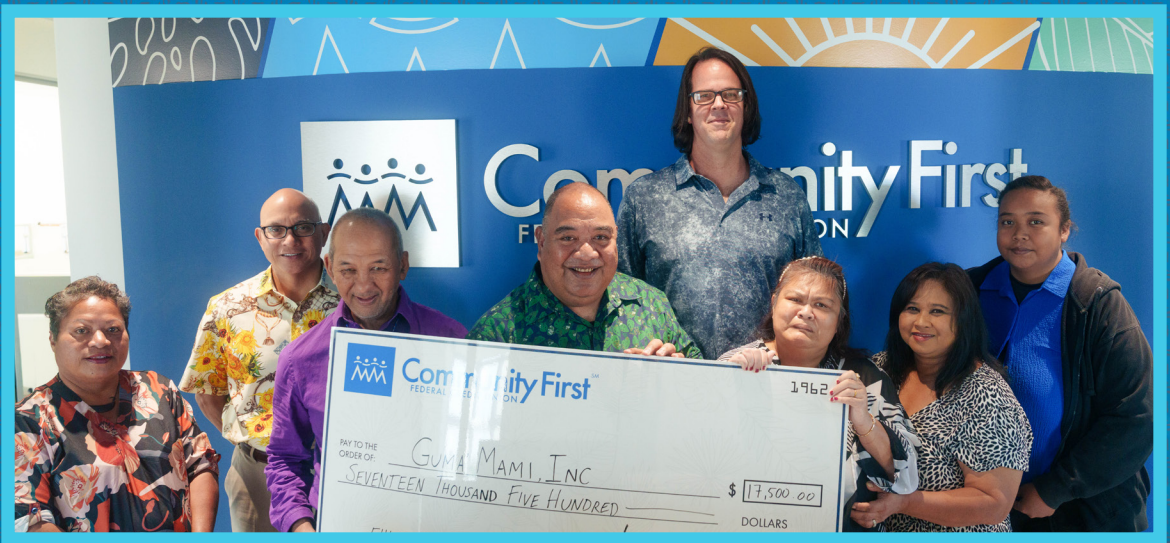
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net income	\$ 859,288	\$ 1,040,571
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	584,360	475,088
Provision for loan losses	693,971	299,436
Loss on sale of foreclosed assets	—	1,294
Gain on disposal of property and equipment	(122)	(2,713)
Changes in assets and liabilities:		
(Increase) decrease in other receivables	(788,508)	117,060
(Increase) decrease in loans held-for-sale	(263,000)	278,550
(Increase) decrease in prepaid and deferred expenses	(20,576)	226,553
Increase in accrued interest on loans and investments	(101,917)	(38,155)
Decrease in mortgage servicing rights	17,623	65,017
(Increase) decrease in other assets	(459,127)	93,177
Decrease in accounts payable & other liabilities	(38,720)	(191,027)
Decrease in dividends payable	—	(837,488)
Decrease in accrued expenses	(15,086)	(100,654)
Net cash provided by operating activities	<u>468,186</u>	<u>1,426,709</u>
Cash flows from investing activities:		
Proceeds from maturities on investment securities	2,000,000	—
Increase in investment in central liquidity facility	(22,592)	(38,078)
(Increase) decrease in FHLB Des Moines Capital Stock	1,162,500	(857,500)
(Increase) decrease in NCUSIF deposit	(78,754)	41,745
(Increase) decrease in loan originations, net of principal collected on loans to members	4,505,216	(10,377,077)
Proceeds from sale of foreclosed assets	—	477,475
Proceeds from sale of property and equipment	5,505	2,713
Purchases of property and equipment	(319,840)	(882,228)
Net cash provided by (used in) investing activities	<u>7,252,035</u>	<u>(11,632,950)</u>
Cash flows from financing activities:		
Proceeds from borrowed funds	—	31,000,000
Repayment of borrowed funds	(26,000,000)	(12,500,000)
Net increase (decrease) in regular shares, share drafts, and IRA's	8,467,109	(16,518,190)
Net increase in share and IRA certificates	8,457,813	10,398,512
Net cash provided by (used in) financing activities	<u>(9,075,078)</u>	<u>12,380,322</u>
Net increase (decrease) in cash and cash equivalents	(1,354,857)	2,174,081
Cash and cash equivalents at beginning of year	<u>20,789,032</u>	<u>18,614,951</u>
Cash and cash equivalents at end of year	<u>\$ 19,434,175</u>	<u>\$ 20,789,032</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Dividends	<u>\$ 3,152,499</u>	<u>\$ 2,435,357</u>
Interest	<u>\$ 1,456,672</u>	<u>\$ 1,781,175</u>
Supplemental noncash investing activities –		
Real estate acquired in settlement of loans	<u>\$ —</u>	<u>\$ 478,769</u>
Right-of-use assets acquired in exchange for lease liability	<u>\$ 60,602</u>	<u>\$ —</u>

# In the Community













***Your financial neighbors.***



## **Contact Us**

***Mailing Address:***

231 Route 4, Hagåtña,  
Guam 96910

Call Center (671) 472-8210  
Fax Number (671) 477- 5522

***E-mail:***

[emailus@cfirstguam.com](mailto:emailus@cfirstguam.com)

***Website:***

[www.cfirstguam.com](http://www.cfirstguam.com)

## **Member Service Centers**

***Hagåtña Headquarters***

231 Route 4

***Dededo***

Micronesia Mall, Suite 115,  
1088 W. Marine Corps Dr.,

***Tamuning***

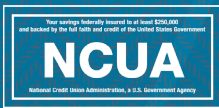
305 Chalan San Antonio

***Mangilao***

353 Route 10, Unit 3



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