



# COASTAL CURRENTS

April 2005

## Dear Members,

**T**hroughout 2004, the U.S. economy continued to stabilize. In the process, our members' financial needs and the needs of the communities we serve expanded.

It's in the spirit of the "People Helping People" philosophy that Coastal Federal Credit Union continues to thrive.

As a member-owned, not-for-profit financial cooperative organization, we continue to promote a growing partnership with our members. We're proud to provide valuable financial products and services, guidance to first-time home buyers and assistance to underserved small businesses. We continue to open more convenient branches, and in the process, we're providing the financial

education that will ultimately enable more people to reach financial independence.

In the future, look for Coastal to remain one of the nation's most innovative credit unions. Please continue to embrace our brand of efficient, secure, private and personalized financial assistance.

Thanks to an exceptional group of volunteers, management and staff whose teamwork and dedication make our accomplishments possible. We'd also like to thank an integral part of the Coastal team – the Supervisory Committee – comprised of Elbert Avery, chairman; and Sean Trout and Leah Chauncey, committee members.

Respectfully,

Richard S. Bloom, Chairman

William F. Smith, Secretary/Treasurer

Larry T. Wilson, President/C.E.O

Coastal Takes an Active Role in Supporting Our Communities

### Making a Positive Impact



Making a positive impact means taking an active role in supporting our communities. In 2004, Coastal continued to reach out to help organizations focused on promoting education, health and human services, arts and culture, and community development. We achieved this through charitable donations, member-supported fund-raisers and the volunteer efforts of our employees. Our commitment to give back was maximized by our employees, who made a company-record \$50,000 contribution to the United Way.

Coastal's Growing Partnership with Our Members

## 2004 Annual Report

**C**oastal Federal Credit Union is now the financial home to nearly 140,000 members and more than 1,000 select employee groups. Our assets total

\$1.48 billion, and our products and services rival those of other top financial institutions. In 2004, our assets grew by 14.5% at year-end.

As a Coastal member, you save with lower fees and financial institution costs each year. In 2004, Coastal provided loans to members at the lowest possible rates of interest, with our lending portfolio increasing by 18.0%, totaling over \$1.1 billion. Our free loan protection plan accounted for \$600,000 being returned to borrowers. We paid more than competitive savings dividends on deposits. In 2004, Coastal paid out more than \$20.3 million in dividends to savers. In addition, our free

life insurance on savings accounts resulted in member accounts being credited with \$100,000 in claims.

In an effort to provide convenient service to members, our newest branches feature a full-service staff, fast transactions, a unique blend of high technology solutions and an increased level of personal safety to our employees and visitors.

### Community Leaders in Financial Education and Identity Theft Awareness

In 2004, Coastal members were provided with key opportunities to learn more about retirement, tax savings, trusts, insurance, long-term care, college funding, personal investing and more.

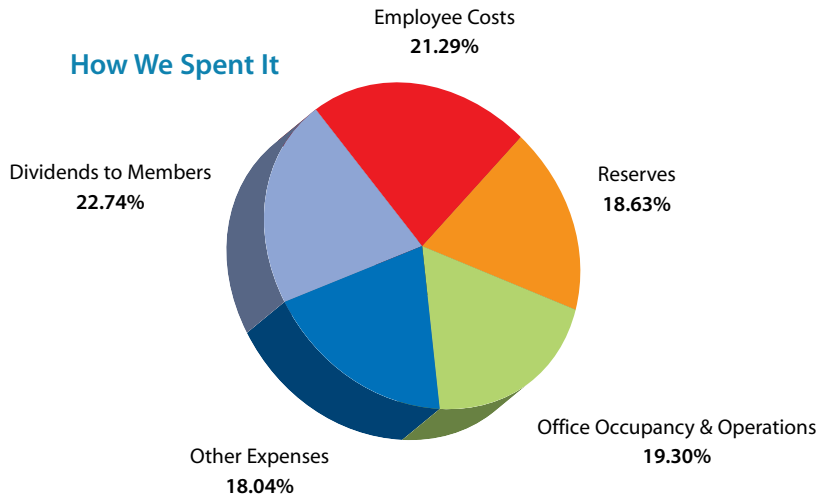
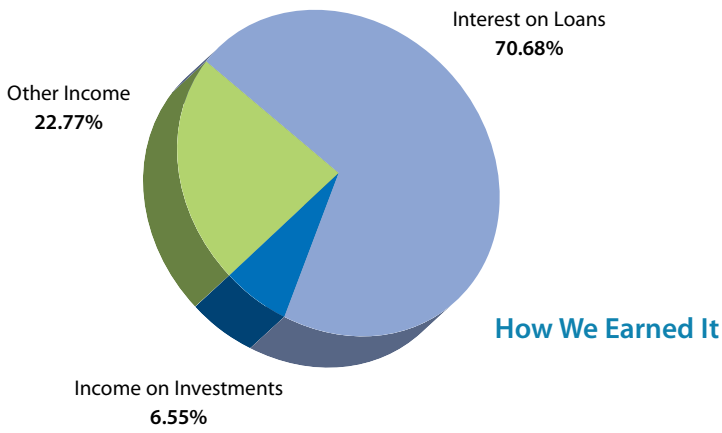
#### Six Convenient New Branch Locations Opened in 2004:

Durham/RTP:	5316 Page Rd., at the intersection of Slater & Page Roads
Raleigh:	1000 St. Albans Dr., across from the N. Raleigh Hilton
Garner:	5638 N.C. Hwy 42 W., Ashley Turner Plaza
Garner:	142 Shenstone Blvd., Oak Shopping Center
Clayton:	11741 U.S. Hwy 70 W., Clayton Corners Shopping Center
Sanford:	2563 Hawkins Ave., Northview Shopping Center

#### New Locations Opening in 2005:

- Olive Chapel, Apex, N.C.
- Southern Pines

# Distribution of Your 2004 Dollar



## Statement of Condition

	(in thousands)
<b>2004</b>	
Loans to Members (net)	\$ 1,104,431
Cash & Investments	306,251
Other Assets	73,095
<b>Total Assets</b>	<b>\$ 1,483,777</b>
Liabilities	\$ 123,008
Share Accounts	1,190,182
Members' Equity	170,587
<b>Total Liabilities and Members' Equity</b>	<b>\$ 1,483,777</b>

## Statement of Income and Expense

Interest on Loans	\$ 63,226
Income from Investments	5,860
Other Income	20,369
<b>Total Operating Income</b>	<b>\$ 89,455</b>
Employee Costs	\$ 19,041
Office Occupancy/Operations	17,263
Other Expenses	6,075
<b>Total Operating Expenses</b>	<b>\$ 42,379</b>
<b>Provision for Loan Losses</b>	<b>\$ 8,275</b>
<b>Interest Expense</b>	<b>\$ 1,797</b>
<b>Dividends Paid to Members</b>	<b>\$ 20,339</b>
<b>Net Income Transferred to Reserves &amp; Retained Earnings</b>	<b>\$ 16,665</b>

**Financial Highlights**

	2001	2002	2003	2004
<b>Net Worth</b> (-000's)	\$ 129,288	\$ 142,397	\$ 154,259	\$ 170,924
<b>Assets</b> (-000's)	\$ 1,028,264	\$ 1,152,793	\$ 1,295,383	\$ 1,483,777
<b>Deposits</b> (-000's)	\$ 885,804	\$ 1,002,060	\$ 1,105,462	\$ 1,190,182
<b>Loans</b> (-000's)	\$ 703,452	\$ 779,384	\$ 935,793	\$ 1,104,431
<b>Membership Growth:</b>				
<b>Members</b>	109,182	113,949	122,702	139,776



**Richard S. Bloom**  
Chairman



**Samuel L. Jordan**  
Vice-Chairman



**William F. Smith**  
Secretary/Treasurer



**Freddie E. Braswell**  
Director



**David G. Whitted**  
Director



**Joan A. Nelson**  
Director



**Deron J. Rossi**  
Director

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