



we share.

2016 ANNUAL REPORT

Greetings Members,

First and foremost, it's thanks to YOU that we can share in the celebration of another successful year. As you continue to take advantage of the products and services that most benefit you, the strength of our cooperative grows, allowing us to give back to you, and to our community. This is definitely worth celebrating!

What better way to celebrate than to share in our success through our member giveback program, which returned more than \$16 million to members last year. As a member-owned cooperative, this is just one example illustrating our desire to do what's best for you, while maintaining a superior and sustainable business portfolio. For the sixth consecutive year, we are proud to announce we have done just that. The following illustrates the financial condition of Coastal, as of year-end 2015:

- We earned net income of \$15.6 million
- Our members' equity increased to \$251 million and we maintained a net worth ratio of 10.12% of assets
- We grew loans by a net of \$168 million and grew deposits by a net of \$186 million

2015 also saw growth of our presence in the Triangle market as we relocated to a larger branch at the White Oak shopping center in Garner in March. The new location features upgraded PTM technology, with two drive-up lanes strategically placed

alongside the building. Additionally, this branch offers a wide range of services on Saturdays from 9AM to 1PM allowing us to better serve member growth in the Garner community, as well.

Keeping up with the advancement of technology, in 2015 we began replacing outdated Personal Teller Machines to newer versions in many of our branches, with more replacements to come in 2016 as well. This allows for our members to enjoy faster service while continuing to enjoy the best teller hours in the Triangle, 7AM to 7PM, seven days a week.

Protecting your data is of the utmost importance to us and as such, 2015 also saw the implementation of chip-enhanced debit cards, as well as the mobile payment service, Apple Pay®. Both were launched in the third quarter and were well-received by our membership.

As we began the fourth quarter of 2015, we saw the conversion of our online and mobile banking platforms into one all-encompassing seamless Digital Banking system. Coastal's Digital Banking platform is robust offering enhanced security, near real-time alerts, and the ability for members to customize their experience.

Finally, thanks to our employees and our members we received two wonderful accolades in 2015. Our employees voted us one of the "Best Credit Unions to Work For" in the annual Credit Union Journal survey. Additionally, ending the year on

a positive note, our members rated us highly for our customer service in a survey of over 700,000 bank customers and credit union members by the consumer-focused magazine, Consumer Reports.

As we move forward in 2016, to better serve our members in Orange County, Coastal is opening a new full-service branch in the Chapel Hill / Carrboro community. Additionally, we will continue to roll out chip-enhanced debit cards to all members as well as begin the process of converting all Visa credit cards to the new technology as well.

Once again, we thank you, our members for your active and supportive membership of this cooperative. We stay committed to ensuring our financial health and stability benefiting both our members and the credit union.

Sincerest regards,

Joan A. Nelson, Chairperson

Chuck Purvis, President & CEO

William F. Smith, Secretary /Treasurer



We Share

Community Impact Report

Contributions & Foundation Grants

Our foundation made \$166,000 in grants to Triangle-area organizations that focus on: helping the financially vulnerable, increasing financial literacy, and alleviating food insecurity. Additionally, Coastal provided \$96,000 in support to non-profit organizations throughout our community.

Financial Education

Coastal employees gave 106 financial education sessions to schools, nonprofit organizations and select employee groups, reaching more than 3,100 attendees.

Free Seminars

Coastal Wealth Management conducted 27 educational seminars, attracting more than 500 attendees. Similarly, our Daymark Realty regularly held first time homebuyer seminars.

Shred Events

We partnered with the Better Business Bureau of Eastern NC for two Secure Your ID Day events, shredding several tons of personal documents and collecting countless recyclable electronics.

American Underground

In 2015 Coastal became a founding partner for the American Underground, the largest start-up hub for tech companies in the Southeast! The relationship between Coastal and AU is a natural fit. This is an opportunity to recognize both organizations shared interest in fostering the success of companies developed within this unique and unconventional community as well as local and regional economic development through entrepreneurship and innovation. AU is home to over 220 companies and over 900 entrepreneurs.

Heart Walk

In September, 103 employees, friends and family members participated in the Triangle Heart Walk, raising \$6,500 to support the local chapter of the American Heart Association.

United Way

Our employees have generously pledged more than \$109,000 through our annual workplace giving campaign.



Member Giveback

For the past five years, Coastal has returned more than \$9.4 million to our members in the form of special dividends. Dividends were paid to VIP members – those who have their primary checking relationship with Coastal – and rewarded them for having loan or deposit relationships by issuing rebates on loan interest, or bonus dividends on their deposits.

Combined with our VIP Dividend, the value that Coastal provides to members in the form of better rates and lower fees than our competition has a positive impact of more than \$16 million annually.

The credit union also has a Member Assistance Program (MAP) in place to help members who are struggling with their loan obligations. Since 2009, the MAP program has helped members restructure 9,700 loans valued at \$188 million, reducing their monthly payments for a period of time to help them get back on their feet.

Beyond that, Coastal is also committed to reinvesting in the communities that we serve. In the past year alone, we donated more than \$250,000 to non-profit organizations through a combination of corporate donations and grants from the Coastal Federal Credit Union Foundation.

Ways We Save	How Much We Saved Members Last Year
Savings by Refinancing Mortgages	Average rate reduction of 1.00% per loan Savings: \$1,220,865
Origination Fee on Purchase & Refinanced Mortgages	Compare Coastal's 0.75% fee to the typical 1.00% bank fee Savings: \$678,415
VIP Dividend	No one else locally gave back a patronage dividend Savings: \$2,291,100
Go Green Checking Rate vs. Average Interest Checking	Coastal's blended rate is 1.03% compared to .02% at local banks Savings: \$5,564,957
Money Market Rate vs. Average Competition	Coastal's blended rate is .37% compared to .05% at local banks Savings: \$1,809,945
Overdraft Forgiveness Program	Compare Coastal's one cent fee to the average \$35 at banks Savings: \$2,746,855
Daymark Realty Member Savings	Compare Daymark's 4.5% fee to the 6.0% local average Savings: \$117,722
Bounce Guard/Non Sufficient Funds Fee	Compare Coastal's \$31 & \$33 fees to the average \$35 at banks Savings: \$772,090
Overdraft Transfer Fee	Compare Coastal's \$3 fee to the average \$12.50 at banks Savings: \$1,049,573
Total Savings: \$16,251,522	

7 COOPERATIVE PRINCIPLES

As a not-for-profit financial cooperative, Coastal adheres to these 7 Cooperative Principles:

- 1
Voluntary and Open Membership
- 5
Education, Training and Information
- 2
Democratic Member Control
- 6
Cooperation among Cooperatives
- 3
Members' Economic Participation
- 7
Concern for Community
- 4
Autonomy and Independence

Distribution of Your 2015 Dollars

Statement of Condition 2015

(in thousands)

Assets	
Loans to Members	\$2,189,367
Allowance for Loan Losses	(\$17,804)
Cash & Investments	\$332,622
Other Assets	\$98,475
Total Assets	\$2,602,660

Liabilities and Equity	
Member Share Accounts	\$2,100,820
Other Liabilities	\$250,342
Equity	\$251,498
Total Liabilities and Equity	\$2,602,660

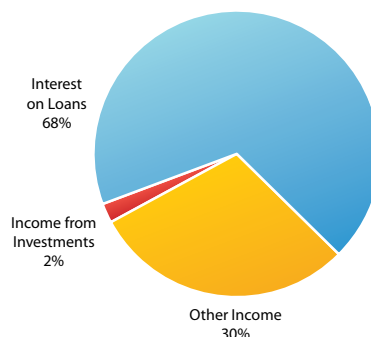
Statement of Income and Expense

Income	
Interest on Loans	\$82,514
Income from Investments	\$2,605
Other Income	\$35,643
Total Operating Income	\$120,762

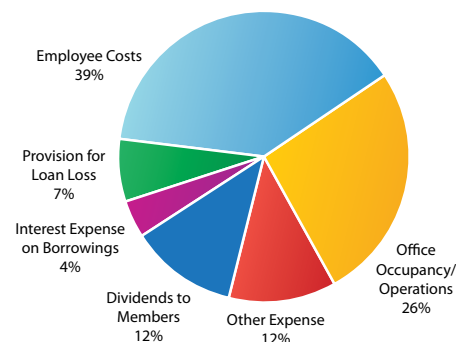
Expenses	
Dividends Paid to Members	\$12,683
Interest Expense on Borrowings	\$4,319
Provision for Loan Losses	\$7,373
Employee Costs	\$40,625
Office Occupancy/Operations	\$27,675
Other Expenses	\$12,507
Total Operating Expenses	\$105,182

Net Income	\$15,580
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How We Earned It



How We Spent It



(\$ in thousands)

	2012	2013	2014	2015
Members' Equity	\$ 209,500	\$ 222,641	\$ 242,456	\$ 251,498
Assets	\$2,168,486	\$2,232,954	\$2,423,054	\$2,602,660
Deposits	\$1,810,858	\$1,850,763	\$1,915,110	\$2,100,820
Loans (net)	\$1,320,429	\$1,624,445	\$2,004,132	\$2,171,563
Members	177,083	180,638	197,301	212,260

Coastal's Board of Directors:

Coastal Federal Credit Union is the financial home to more than 213,000 members from 1,400 select employee groups. Coastal operates 17 branches in the Triangle market and serves members in all 50 states through a network of 5,000 shared branches, mobile banking featuring mobile check deposit, and a robust offering of online services at www.COASTAL24.com.



Joan A. Nelson
Chairwoman
21 years of service



Richard S. Bloom
Vice Chair
43 years of service



William F. Smith
Secretary/Treasurer
46 years of service



Deron J. Rossi
20 years of service



Dave L. Manning
11 years of service



Beverly D. Baskin
8 years of service



Jason Mudd
6 years of service

