



we share.

2015 ANNUAL REPORT

Dear Fellow Members,

We are proud to celebrate another prosperous year for Coastal and for our members. Because of our success in 2014, we were able to continue giving back to our members and our community. A record number of members qualified for special VIP dividends and shared in a \$2.1 million payout. This brought our four-year program total to more than \$7 million.

In addition, we also provided tangible value to members in the form of better rates and lower fees than our local competitors, resulting in a positive impact for our membership of more than \$17 million. The inside pages of this report take a deeper look into the ways we give back to our members, as well as the impact we make in the Triangle community.

2014 was a busy and productive year. In January, we debuted a new branch, located in front of Crabtree Valley Mall in Raleigh. The Crabtree location not only provides an added level of convenience for our members - including 7am to 7pm, seven day a week teller service - it also sits in a very visible, high traffic location, and goes a long way toward boosting public awareness of our branches and our brand.

Throughout the first half of the year, employees spent countless hours preparing for and implementing a number of important system upgrades. At the end of May, we replaced our core processing system, teller system, loan application

and account opening platform, telephone banking and several back office systems, including those that support reporting, documentation, member relationship management, collections and risk management.

While you may have experienced a few inconveniences as we fine-tuned our new systems, you were patient and understanding. For that we thank you. Members are now enjoying a number of benefits thanks to the change, including: faster, more efficient teller transactions; improved online and mobile banking response times; faster, easier loan applications and account opening; and telephone banking with voice recognition and service in Spanish.

Of course, as a member-owned cooperative, we also strive for superior and sustainable results. We are pleased to announce that we achieved healthy earnings for a fifth consecutive year, and continued to operate from a position of strength. The following illustrates the financial condition of Coastal, as of year-end 2014:

- We achieved net income of \$17.7 million.
- Net worth-to-assets ratio remained strong at 10.23%.
- Outstanding loan balances grew to more than \$2 billion.
- Members' deposits grew to over \$1.9 billion.

We accomplished these results through strong loan growth; careful expense management; a focus on providing products that meet member needs and offer good value; and a commitment to constantly evaluating and improving services.

Looking to the remainder of 2015, we will introduce higher yielding deposit products to help our members save; we will adopt new payment technology solutions to help keep your data safe; and will convert to a brand-new digital banking platform to greatly improve your online and mobile experience.

As always, we will continue our ongoing commitment to maintain our financial stability and well-being for both our members and credit union.

Respectfully,

Joan A. Nelson, Chairperson

Chuck Purvis, President & CEO

William F. Smith, Secretary /Treasurer

Member Giveback

For the past four years, Coastal has returned more than \$7.1 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 multiple loan or deposit relationships by issuing rebates on loan interest, or bonus dividends on their deposits.

In addition to our VIP Dividend, the tangible value that Coastal provides to members in the form of better rates and lower fees than our local competition has saved our members more than \$17 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 9,049 loans valued at \$169 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 \$120,000 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	1% Average Lower Rate Savings: \$2,412,256
Origination Fee on Purchase & Refinanced Mortgages	.25% Savings Versus Competition Savings: \$604,310
VIP Dividend	Savings: \$2,100,000
Go Green Checking Rate vs. Average Interest Checking	1.09% Savings Versus Competition Savings: \$5,803,707
Money Market Rate vs. Average Money Market	.20% Savings Versus Competition Savings: \$952,365
Overdraft Forgiveness Program	\$34.99 Savings Versus Competition Savings: \$2,547,069
Daymark Realty Member Savings	Savings: \$126,263
Bounce Guard/Non Sufficient Funds Fee	\$6 Savings Versus Competition Savings: \$1,297,870
Overdraft Transfer Fee	\$9.50 Savings Versus Competition Savings: \$1,234,091
Total Savings: \$17,077,931	

7 COOPERATIVE PRINCIPLES

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

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

Community Impact Report



Financial Education

Coastal employees conducted more than **120** financial education sessions for schools, nonprofit organizations and select employee groups.



Grants and Donations

Our foundation made **\$35,000** in grants to Triangle-area organizations that focus on: helping the financially vulnerable, increasing financial literacy, and alleviating food insecurity. Additionally, Coastal provided **\$88,000** in support to non-profit organizations throughout our community.



Habitat for Humanity

In February, we dedicated the home that employees help build and members helped support through our Share the Love Campaign. We raised **\$100,000** to fund the project through various efforts in 2013.



International Credit Union Day

We celebrated our 'We Share' spirit by hosting seven community service projects that enabled employees, members and volunteers to serve local non-profit organizations.



Collect. Create. Feed.

Coastal employees participated in the United Way of the Greater Triangle's "Collect. Create. Feed." group project and food drive. Teams collected healthy, non-perishable foods and then constructed a sculpture using that food. The United Way estimated that our piggy contained enough food for **2,513** meals, and won the "Most Creative" and "People's Choice" awards!

United Way

Employees have generously pledged more than **\$98,700** through our annual workplace giving campaign.

Free Seminars

Wealth Management conducted **75** educational seminars, attracting nearly **1,000** attendees. Daymark Realty held **25** first time homebuyer seminars.

Heart Walk

In September, **153** employees, friends and family members participated in the Triangle Heart Walk, raising **\$14,000** to support the local chapter of the American Heart Association.

Shred Events

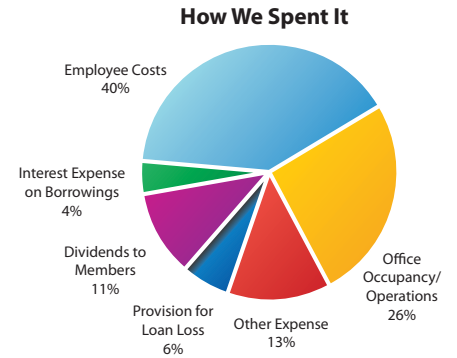
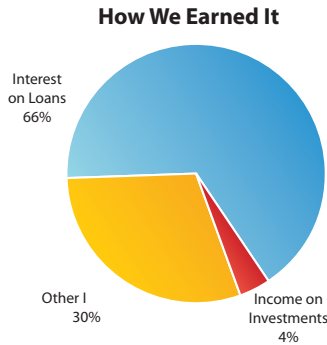
We partnered with the Better Business Bureau of Eastern NC for two Secure Your ID Day events, shredding several tons of personal documents and collecting numerous recyclable electronics.



we share.

Distribution of Your 2014 Dollars

Statement of Condition		2014
		(in thousands)
Assets		
Loans to Members		\$2,021,372
Allowance for Loan Losses		(17,240)
Cash & Investments		321,072
Other Assets		97,850
Total Assets		\$2,423,054
Liabilities and Members' Equity		
Liabilities		\$265,488
Member Share Accounts		1,915,110
Members' Equity		242,456
Total Liabilities and Members' Equity		\$2,423,054
Statement of Income and Expense		
Income		
Interest on Loans		\$75,867
Income from Investments		4,302
Other Income		35,030
Total Operating Income		\$115,199
Expenses		
Dividends Paid to Members		\$10,948
Interest Expense on Borrowings		3,713
Provision for Loan Losses		6,203
Employee Costs		38,903
Office Occupancy/Operations		25,582
Other Expenses		12,145
Total Operating Expenses		\$97,494
Net Income		\$17,705



(in thousands)

	2011	2012	2013	2014
Net Worth	\$ 181,980	\$ 211,980	\$ 230,129	\$ 247,834
Assets	\$2,014,016	\$2,168,486	\$2,232,954	\$2,423,054
Deposits	\$1,666,602	\$1,810,858	\$1,850,763	\$1,915,110
Loans (net)	\$1,125,329	\$1,320,429	\$1,624,445	\$2,004,132
Members	191,988	177,083	180,638	197,301

Coastal's Board of Directors:

Coastal Federal Credit Union is the financial home to nearly 200,000 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
20 years of service



Richard S. Bloom
Vice Chair
42 years of service



William F. Smith
Secretary/Treasurer
45 years of service



Freddie E. Braswell
48 years of service



Deron J. Rossi
19 years of service



Dave L. Manning
10 years of service



Beverly D. Baskin
7 years of service

