

ANNUAL REPORT 2014



COASTAL COMMUNITY
CREDIT UNION

TOGETHER, LET'S DO GREAT THINGS



Our VISION

We will be the leaders in building relationships that improve financial health, enrich people's lives and build healthier communities.

Our PURPOSE

Member and Client Experience

We will be the leaders in building strong relationships by being more helpful and caring, and improving financial health.

Community Experience

We will be the leaders in making a visible and meaningful difference in building healthier communities. Our communities are our home.

Employee Experience

We will be the leaders in creating an environment where we say great things, do great things, and where we want to stay.

Our VALUES

Accountability Co-operation Excellence
Innovation Integrity Responsiveness Social Responsibility

Our 2014 Annual Report

HIGHLIGHTS

- Both Coastal Community Credit Union's Board Chair and CEO provide insight into 2014's focuses, and share a message of thanks for the continued trust of our members and clients. [Learn more on pages 2 and 3](#)
- To better respond to changing needs, Coastal Community* opened its brand new member and client contact centre (known as the Relationship Centre) with extended hours of service. [Learn more on page 4](#)
- Among several other initiatives, two significant innovations were launched for the benefit of those we serve: Our QuoteCast online insurance** quoting system and Deposit Anywhere™. [Learn more on page 4](#)
- According to survey feedback, members and clients within our Insurance, Wealth Management† and Credit Union business lines remain very satisfied with our service. [Learn more on page 5](#)
- The first full year of our Building Healthier Communities Fund was completed. Through the Fund, over \$110,000 was granted to move 22 community initiatives into action. [Learn more about this and our other efforts on page 6](#)
- Among others, our employee initiatives from 2014 focused on leveraging innovative thinking, developing skilled leadership, as well as advancing product knowledge and service delivery. [Learn more on page 7](#)
- Coastal Community, along with its two subsidiaries, delivered another year of solid financial performance against a backdrop of persistent low interest rates and modest external economic growth. [Learn more on page 8](#)

*References to "Coastal Community" in this Annual Report mean "Coastal Community Credit Union"

**References to "insurance" in this Annual Report refer to the insurance services provided through Coastal Community Insurance Services (2007) Ltd., which is a wholly owned subsidiary of Coastal Community Credit Union

†References to "wealth management," "financial planning" and "investments" in this Annual Report refer to the financial planning and investment services provided through Coastal Community Financial Management Inc., which is a wholly owned subsidiary of Coastal Community Credit Union

BOARD CHAIR REPORT

Delivering on our responsibilities is a concerted effort. It requires a team of employee leaders who are committed to living by the Coastal Community difference. It involves the ongoing trust and advocacy of our members and clients. It means operating in an effective, efficient and innovative manner for the benefit of all we serve. When these things are in place—as they continued to be in 2014—Coastal Community’s solid footing is ensured for the long term.

To our members and clients—thank you for your ongoing trust and confidence in Coastal Community, as we worked through a year that brought both change and opportunity to our companies. During 2014, we endeavored to improve your financial health even more through initiatives designed with your best interests in mind. The innovative things we’re doing now will play an important role in the ongoing progression of your Coastal Community, including our exciting Victoria expansion planned for 2015.

I’m very grateful for our employees and the strong focus they keep on helping our members and clients confidently move forward in both their lives and finances with the right products and tailored advice. It’s been inspiring to see employees’ “all hands on deck” approach to the year’s opportunities and challenges as well as their ongoing community efforts. On behalf of the Board, *thank you* to our team for all that you do.

Knowing that you care about the places in which you live, work and play inspires us to make visible and meaningful differences in our local communities. One example, and a huge community success for us in 2014, was our summertime Sunset Cinema series. I’m so pleased that we were able to bring thousands of families together in several Island communities to enjoy a free outdoor movie. Funds raised through Sunset Cinema’s concession stand also provided us the opportunity to offer our Young Entrepreneur Program



in schools in Parksville and Qualicum, as well as expand the program further in other Island communities.

Coastal Community is the largest financial services organization based on Vancouver Island and the Gulf Islands—a position we’ve maintained since 2005. A company is only as strong as the team behind it, and I’m very pleased to report that we have a solid team behind ours, consisting of over 600 employees as well as our Board of Directors. I commend our Board for their commitment to strong and effective governance practices. Making this our primary responsibility has served us well in ensuring we’re successfully complying with legislative and regulatory requirements, carrying out our full fiduciary responsibilities, and maintaining the effective operation of *your* Coastal Community.

The job of a Credit Union Director continues to become more complex and multi-faceted. I’m pleased to say that our Directors bring with them a wide range of essential skills, expertise and experience—along with a commitment to continue learning and improving on their competencies. These strengths are very important for the role they play, in particular in making decisions that are balanced across different stakeholder groups, and for the ongoing long-term strength of our organization. I thank each of our Directors for their valued contributions and tireless dedication throughout the year.

You can learn more about your member-elected Board from their bios, found on our Board of Directors page at cccu.ca. Also on our website are the full 2014 Financials and corresponding reports—all of which will give you comprehensive insight into how Coastal Community performed in 2014. We’re committed to increasing communication and disclosure to members and clients, and our website will always have our latest corporate information.

Looking ahead, the banking, insurance and wealth management environment will continue to change at rapid speed. Driving this change are ever-evolving customer expectations along with a greater emphasis on convenience, ease and immediacy. We will continue our work on meeting these expectations and look forward to seeing where this will take *your* Coastal Community in 2015 and beyond.



Susanne Jakobsen
Chair, Board of Directors,
Coastal Community Credit Union

MESSAGE FROM THE PRESIDENT AND CEO

Your ongoing confidence in us, along with the dedicated work of our employees and Board, have resulted in a strong 2014 for Coastal Community’s family of companies. Our team worked hard to live by our core values for the benefit of all those we serve across our region and through our business lines. Over the course of the year, our efforts have culminated in some significant accomplishments founded in our key focus areas. I invite you to learn more through this year’s Annual Report...

On behalf of all employees, I’d like to begin by thanking our members and clients for the opportunity to serve you. In the midst of a year that saw a variety of changes and opportunities, all of us at Coastal Community worked hard to provide more helpful and caring service and advice. Thank you for the continued support you showed us throughout 2014.

Credit unions, like all financial institutions, are operating in a complex, fast-moving world. Our reality continues to include financial margin compression, increased regulatory requirements, heightened competition and ever-changing consumer needs. Throughout this, we continue to offer—and evolve—our extensive range of banking, investment and insurance products and services for your benefit. But the reality is that in today’s financial world, this is now simply expected. The key things that set us apart from the rest is our focus on personalized, integrated financial services—across our credit union, insurance and wealth management divisions—and our 100% local, Island focus.

Each day, we work hard to ensure that our difference translates into a more caring and personalized member and client experience. This may take the form of tailoring our expertise to meet the unique needs of a seasonal worker in Ucluelet—which will be different than that of a senior in Parksville, or a student living in Victoria, or a young family in Courtenay. It also involves our ear-to-the-ground understanding of what’s required for Island businesses to grow and prosper, and transforming that into appropriate financial solutions. It’s knowing that what we do truly does go back into building healthier Island communities: employing on-Island experts and advisors to help families, individuals and businesses become more financially healthy.

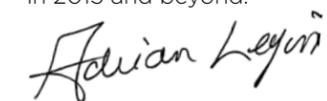
We’re extremely encouraged to see that our approach is resonating with you, as seen once again through your overall strong satisfaction scores from our 2014 member and client surveys. Your ongoing vote of confidence in us also has everything to do with our fantastic employee team. Whether they’re directing their thoughtfulness, care and attention to improving the financial health of our members and clients, or creating an innovative work environment, or making a difference in our communities, our employees’ efforts have contributed to the year’s

accomplishments. To our exceptional employees, who definitely are our greatest strength, I want to thank you for your leadership and dedication in the face of the year’s opportunities and challenges.

At Coastal Community, we’re very mindful that when, where and how our members and clients want to be served is changing. We understand that you’re after simplified banking conveniences that can help make your life easier. We are listening and responding. A great example is Deposit Anywhere™, a remote cheque capturing app we launched in the summer of 2014. Another example is Coastal Community’s Relationship Centre, which opened for business in the spring. Our new member and client contact centre performs very much like any of our other branches or insurance offices. Whether you call toll-free or use the Relationship Centre’s web chat application, our new contact centre with extended hours of service is proving itself well in helping us lessen the distance between you and our experts—from any place that’s convenient for you.

The analogy of building blocks is a perfect one to use when speaking of the improvements we’re making within our Member and Client, Community and Employee Experiences. The services and enhancements we launched in 2014 are the springboard that allows us to continue to do *Great Things* well into the future. Work will be underway in 2015 to expand our services in the Victoria region through a brand new location in the Western Communities and a modernized space on Fort Street—which would not be possible had it not been for the building blocks that came before it.

At Coastal Community, we will continue to build on our momentum in order to anticipate and respond to your changing needs. I join Susanne in saying that we look forward to where this will take *your* Coastal Community in 2015 and beyond.



Adrian Legin
President and CEO,
Coastal Community Credit Union





In 2014 we continued to focus on improving your financial health even more through our competitive range of products and services within all our business lines, knitted together for you through our proven integrated service approach. We do these things with the underlying intention of helping you do *Great Things* within your finances and your life. We deeply appreciate your ongoing vote of confidence in our efforts.

Coastal Community's new **Relationship Centre**—a key milestone from 2014—is our response to meeting the evolving needs of our members and clients. Our Nanaimo-based member and client contact centre truly acts like an extension of our 21 branches and 15 insurance offices. This is thanks to the Relationship Centre's team and their extensive front-line service experience at Coastal Community.

Relationship Centre quick facts:

- Located in Nanaimo, BC, with operating hours of 8 am to 8 pm, Monday to Friday, as well as Saturdays from 8:30 am to 4 pm.
- The Relationship Centre's experts can be reached by calling the Centre toll-free at 1.888.741.1010 or through our innovative web chat application, found on cccu.ca.
- A variety of services and expertise can be accessed through the Relationship Centre including those pertaining to Coastal Community loans, lines-of-credit, mortgages, investment products, new memberships, account changes, insurance products (including Home, Travel and Marine), and MasterCard™ credit cards.
- A team within the Relationship Centre also supports our Interactive Teller Machine network and are the live tellers you're connected to when you use our ITMs.



"The Relationship Centre provides personalized solutions and service to our members and clients on their terms and timelines. Through a variety of channels, we allow all of our members and clients to connect with us the way they need to. We're an extension of the amazing locations we support before, during and after regular hours."

Tracie St. Luke, Relationship Centre Manager (left), pictured with Blaire Bourcier, Lending Representative

Some of our other key initiatives from 2014 included:

QuoteCast online insurance quoting system

Available through cccu.ca, members and clients can now access comparative residential insurance quotes (Home, Condo and Tenants) from several leading insurance providers through one simple, no-obligation submission.

Deposit Anywhere™ remote cheque capturing app

Through their mobile devices' photo-taking functionalities, members are now able to deposit cheques 24/7 from virtually anywhere thanks to Coastal Community's enhanced Mobile Banking app.

Branch service delivery changes

Based on our regular reviews of services in all our locations and regions, we introduced several changes in 2014, including the closure of three branches. The service adjustments we delivered help ensure we're using our resources in the most effective and efficient way possible, for the benefit of our overall membership. With any change, our employee teams work extremely hard to help members through the transition. This includes ensuring they know of all the ways they can do their common banking transactions with Coastal Community (including 24/7 online, mobile and telephone banking, Deposit Anywhere™, the Relationship Centre with extended hours of service and through a special Canada Post delivery arrangement for those members in Alert Bay, Sointula and Cortes Island).

As part of our review, we also identified significant growth opportunities in Tofino. In 2014 we secured a new, modern space for our Tofino branch and began preparing for its early 2015 relocation. We also made significant progress with our expansion plans in Victoria, where we already serve a large number of personal and commercial banking customers, and where we have a very well-established insurance client base. Our work in 2014 included sourcing ideal sites for a brand new location in Victoria's Western Communities and deciding on the full renovation of our downtown Fort Street location.

Coastal Community's annual member and client surveys continue to be a valuable and effective way for us to learn how we're doing in meeting your expectations. **Thank you** for taking the time to share your feedback and for providing us with insight into what service, convenience and satisfaction mean to you.

Key highlights from our 2014 Member Satisfaction Survey:

Percentage of members rating us 4 or 5 on 5-point scale

Members remain highly satisfied with our service	
Satisfaction with overall service from Coastal Community Credit Union	85%
Satisfaction with overall service at your branch	86%
Overall ease of accessing accounts	90%
Employees are helpful	92%
Members continue to trust Coastal Community	
They are a good corporate citizen that operates fairly and ethically	89%
Coastal Community is a financial institution I can really trust	86%

In our 2014 Member Satisfaction Survey, we also saw a significant increase in the use of Coastal Community for business banking (by those who responded that they own a business). Looking into the reasons why our business members find Coastal Community better than other financial institutions, their comments suggest that it has to do with our service and our community involvement. Here are some of their verbatim comments:



We also continued to survey our Insurance and Wealth Management clients. Here are some key findings from our 2014 surveys:

- **Client satisfaction with our insurance services remains very high:** 85% of respondents are satisfied with the overall service and 90% of insurance claimants said they were satisfied with how their claim was handled.
- **Client satisfaction with our wealth management service also stands very strong:** 89% of respondents are satisfied with the overall quality of service they receive from their Coastal Community Financial Consultant, while 86% are satisfied with the overall quality of advice they receive from their Coastal Community Financial Consultant.

Your strong vote of confidence in us would be enviable to any service or retail organization, and is not something we take for granted. We promise to build on our momentum and look forward to continuing to meet your financial needs with personalized attention and service that's as unique as you are.

We continue to build
HEALTHIER COMMUNITIES

For decades, Coastal Community has been giving back to the Island communities we call home. In 2014 we continued to build on this legacy while also working to ensure that our efforts were in alignment with what's important to our members, clients and employees. Thanks to your support, as well as the spirited work of our employees, we continued to build healthier communities throughout 2014.

What's important to you is important to us, which is why we strive to support causes that resonate with our members, clients and employees. In 2014 a key community accomplishment was completing the first full year of our **Building Healthier Communities Fund**, a program developed to provide seed money for initiatives that assist a broad range of people through long-term effects, including local social enterprises. An employee team, representing a variety of backgrounds and geographic locations, volunteer their time to help make funding recommendations for this program. Through the Fund's work in 2014, \$110,650 was granted to move 22 community initiatives into action, put forward from organizations like the Synergy Sustainability Institute, Nanaimo Carshare Cooperative, Cowichan Food Marketplace and Discovery Passage Sealife Society.

Here are some of the other ways we continued to make visible and meaningful differences in our communities in 2014:

- **Sunset Cinema series** - Thousands of Island families in five communities were able to enjoy a free movie by the light of the stars. The \$7,800 raised through concession stand sales also helped expand our Young Entrepreneur Program to even more Island classrooms. A fun addition to the 2014 series was our colourful ATM-on-wheels, *VanGo* (see photo, right).
- **Coastal Community Scholarships** - 19 students received support for their educational endeavours, including 8 students who shared \$17,000 through our popular Scholarship Program.
- **Support for Social Enterprises** - In 2014 this took the form of helping elevate and strengthen local co-operatives as well as progressing with our role in the Island's *seCatalyst* event in support of Island social enterprises. We also helped make impactful differences in our communities by partnering with Enterprising Non-Profits.
- **Yes Camp Sponsorships** - 12 Island youth received the coveted opportunity to attend this week-long retreat focused on leadership development.

- **Young Entrepreneur Program** - Almost 1,000 students in classrooms from Campbell River to Cowichan were given real world business experience thanks to this innovative program where students develop a product, prepare a business plan and activate their business at a Young Entrepreneur Show.
- **Support for the Red Shirt Foundation** - A profound example of aligning with a cause close to employees' hearts was our support for the Red Shirt Foundation, created in the wake of a deadly incident of workplace violence at a Nanaimo mill. Feeling the tragedy's impact both directly and indirectly, our employees immediately rallied together and helped raise some of the \$7,590 that Coastal Community was able to donate to help the Foundation in its early development.

Whenever reporting on our community involvement endeavours, we're mindful to always thank our members and clients, as our efforts have everything to do with your support and encouragement. It's an honour that you continue to see Coastal Community as a *good corporate citizen that operates fairly and ethically*, and one that's *supportive of the community through donations and sponsorships and makes visible and meaningful differences in the communities they serve* (based on our 2014 Member Satisfaction survey results). Thank you for this, and we look forward to continuing to build healthier island communities together.



Jannis Fredheim from the Qualicum branch with our new ATM-on-wheels. In July of 2014, an internal naming contest for our newest vehicle was held on our Intranet's newsfeed, with Jannis' submission—*VanGo*—being selected as the winning name.

Our employees are our
GREATEST STRENGTH

We're very aware that our greatest strength at Coastal Community is our people. We continued with our focus on developing our employees' strengths even more through initiatives aimed at growing their leadership, leveraging their ability to think and act innovatively, and by strengthening our progressive work environment. We do this knowing full well that employees can truly shine—and deliver an exceptional Member, Client and Community Experience—when they're supported, inspired and engaged.

Coastal Community has over 600 Island-based employees within our Credit Union, Insurance and Wealth Management business lines, as well as our administrative and support departments. Inspired by our employees and what they bring to work each day, in 2014 we continued to deliver initiatives that could further develop the exceptional talent we have across our organization.

Here some of our employee initiatives from 2014:

- **Leveraging innovative thinking** - Knowing that employees' innovative contributions play an important role in helping us provide better services to members and clients, as well as grow as a company, a program was developed to help them generate, collaborate on, and implement their gainful innovations.
- **Developing skilled leadership** - Everything we do at Coastal Community relies on our employees' ability to exercise their leadership. Launched in 2014, our new *Leading Edge* program involves action learning, mentoring and coaching in order to increase self leadership. Our goal is to have all employees interested in developing their leadership participate in this ongoing program.
- **Advancing product knowledge & service delivery** - Employees continued to have a variety of opportunities to broaden their knowledge base through in-person and web-based training programs, interactive workshops and during daily team meetings. In total, employees participated in 3,855 product and service, and regulatory courses in 2014.

The educational and professional development opportunities we provide our employees are key to setting our service delivery apart from the rest. Our efforts are validated when we receive member remarks such as the following:

"She has treated us with respect and was candid when discussing the options we had and which of your products would be right for us. I feel that the organization that takes care of your banking needs MUST be trustworthy and honest, and that is exactly how I felt when Cindi was helping us..."

Employees also continued to donate their time, leadership and expertise towards building healthier communities. Almost 4,000 volunteer hours were recorded by employees over the course of 2014, with many of their community success stories being shared on our Intranet's new social media-type newsfeed.

It's important to us that employees have the opportunity to lend their voice and input toward what matters to them at Coastal Community. Our communication channels include regular pulse check surveys, interactive team meetings and our online discussion groups. A key feedback mechanism continues to be our annual employee engagement survey, facilitated through national research organization Aon Hewitt. Although Coastal Community was again just shy of placing on Aon Hewitt's Top 50 Best Employers List, employee engagement scores increased from 2013's findings. This was encouraging to see given the organizational change we were working through during the survey period. A number of key categories we've been focusing our efforts on as a result of previous employee feedback also saw favourable increases, including career opportunities and recognition.

With sincere appreciation we thank our employees for their unwavering focus in helping clients and members improve their financial health, their dedication to community betterment, and their contributions towards creating our happy and inspiring work environment. These qualities are essential to delivering a great experience for you and our Island communities.



Coastal Community delivered another year of solid financial performance in 2014 against a backdrop of persistent low interest rates and modest economic growth. As the largest financial institution based on Vancouver Island and the Gulf Islands, Coastal Community's focus on remaining relevant and effective has contributed to our financial strength. This, in turn, has enabled us to continue to provide superior service to members and clients, and leverage future growth opportunities.

Globally, economic growth in 2014 was 3.3%, which was the same as the previous year's, and is expected to improve moderately to 3.5% in 2015. The International Monetary Fund expects that lower oil prices due to supply shifts will provide a boost to global growth, but this is projected to be more than offset by investment weakness with diminished expectations about growth in many advanced and emerging market economies. In the Euro region and Japan, growth is expected to remain weak and stagflation and lower inflation are still concerns. In the United States, Canada's largest trading partner, 2014 growth of 2.4% is projected to be surpassed in 2015 to a forecast 3.6% with accommodative monetary policy and improving fundamentals.

The Bank of Canada left rates unchanged throughout 2014 with inflation remaining close to its 2% target. Canada saw real GDP growth of 2% in 2014, which is expected to average 2.1% in 2015. In the latter six months of 2014, oil prices plummeted to five year lows. The negative impact to Canada due to these lower oil prices is expected to be gradually mitigated by a stronger U.S. economy, a weaker Canadian dollar, and monetary policy actions.

BC saw increased economic growth of roughly 2.5% in 2014, compared to 2.0% in 2013. This trend is expected to continue with anticipated growth of 2.7% in 2015. The BC housing market saw a surprisingly strong performance in 2014, and this momentum is expected to continue in the coming year. Vancouver Island saw a 10% increase in single-family homes sold compared to 2013, while the average sale price was up 5% from the previous year, reflecting renewed consumer confidence in the housing sector.

Coastal Community remains steadfast in its strategy of building relationships with integrated solutions across banking, insurance and wealth management products and services. Coastal Community Credit Union, comprising personal, business and commercial banking, achieved growth in both member deposits (3.2%) and loans (3.3%) to end the year at over \$3.3 billion in aggregate balances. Net Financial Margin, which is the difference between the interest income earned on investments and loans and the interest expense paid

on member deposits and financing, increased to \$46.2 million (compared to \$44.9 million in 2013).

Our Wealth Management company, Coastal Community Financial Management Inc., which is a wholly owned subsidiary of Coastal Community Credit Union and manages total client assets exceeding \$467 million, enjoyed a record year with an increase in revenue of 25.6% compared to 2013. Coastal Community Insurance Services (2007) Ltd., a wholly owned subsidiary of Coastal Community Credit Union that offers a full range of insurance services, saw revenues decline by 2.2% over 2013, but still made a solid contribution to our bottom line.

Together, all of our business lines produced above-expected returns, resulting in Net Income of \$7.3 million, which represented a moderate decline from \$8.2 million recorded in 2013. When compared with the previous year, this Net Income primarily reflected a higher Financial Margin offset by higher Loan Impairment Expense and a lower Gain on Dispositions. Our performance in 2014 resulted in a solid 0.46% Return on Average Assets, a ratio that is commonly used in the credit union industry.

Total Comprehensive Income, which includes both Net Income and Other Comprehensive Income, decreased to \$7.1 million from \$8.8 million in 2013. Other Comprehensive Income includes unrealized gains and losses on available-for-sale investments and cash flow hedges.

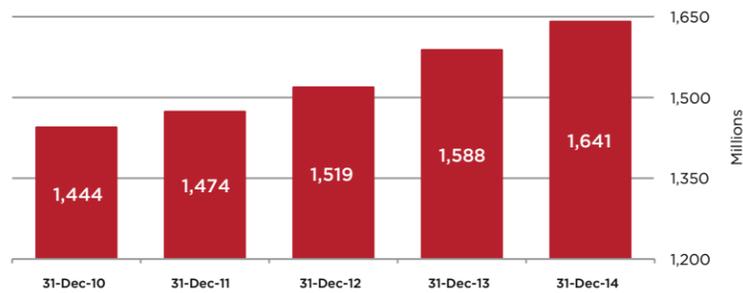
Finally, our annual performance resulted in a substantial increase of \$7.1 million in members' equity to end the year at \$105.8 million, representing growth of 7.1%. As a result, we ended the year with a strong and stable capital adequacy ratio of 13.86%, up from 13.02% in 2013.

Coastal Community Credit Union is the largest credit union based on Vancouver Island and the Gulf Islands, and is the 23rd largest in Canada when measured by asset size. Our continued focus on providing more helpful and caring service integrated across all our business lines contributed to our key financial achievements. Going forward, we will continue to build on our financial strength while continuing to serve our members and clients with a commitment to improving financial health, enriching people's lives and building healthier communities.

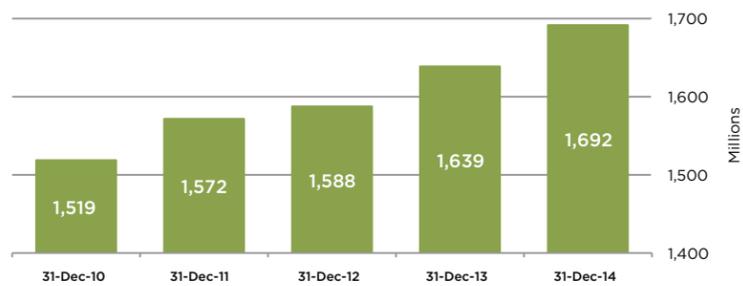
ASSETS



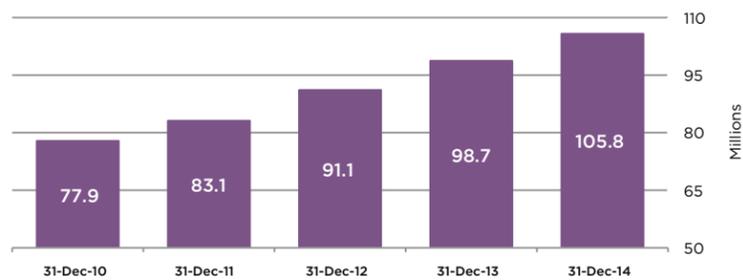
LOANS



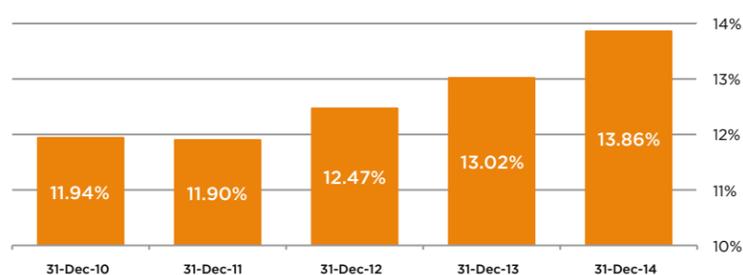
DEPOSITS



MEMBERS' EQUITY



CAPITAL RATIO



**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

The 2014 Annual Report, including the summarized consolidated financial statements, is the responsibility of the management of Coastal Community Credit Union (the Credit Union).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include, where appropriate, estimates based on the best judgment of management.

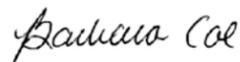
As part of its responsibilities, the Credit Union maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Credit Union's assets are appropriately accounted for and adequately safeguarded.

The Board of the Credit Union carries out its responsibilities with regard to the consolidated financial statements mainly through its Audit and Risk Committee (the Committee). The Committee reviews the annual consolidated financial statements and recommends them to the Board for approval. The Committee meets periodically with management, internal auditors and the external auditors. Following these meetings, the Committee meets privately with the auditors to ensure free and open discussion of any subject the Committee or the auditors wish to pursue. The Committee also recommends the engagement or reappointment of the external auditors, reviews the scope of the audit and approves the fees of the external auditors for audit and non-audit services.

These consolidated financial statements, audited by KPMG LLP, have been approved by the Board, on the recommendation of the Audit and Risk Committee.



Adrian Legin
President and
Chief Executive Officer



Barbara Coe, CPA, CGA
Chief Financial and
Risk Officer

**REPORT OF THE INDEPENDENT AUDITOR
ON THE SUMMARIZED CONSOLIDATED
FINANCIAL STATEMENTS**

To the Members of Coastal Community Credit Union

The accompanying summarized consolidated financial statements, which comprise the summarized consolidated statement of financial position as at December 31, 2014, and the summarized consolidated statements of comprehensive income and changes in members' equity for the year then ended, are derived from the audited consolidated financial statements of Coastal Community Credit Union for the year ended December 31, 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 18, 2015.

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Coastal Community Credit Union.

**Management's Responsibility for the
Summarized Consolidated Financial Statements**

Management is responsible for the preparation of the summarized consolidated financial statements on the basis described in note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summarized consolidated financial statements derived from the audited consolidated financial statements of Coastal Community Credit Union for the year ended December 31, 2014 are a fair summary of those consolidated financial statements, on the basis described in note 1.

Other Matter

The summarized consolidated financial statements of Coastal Community Credit Union as at and for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 19, 2014.



Chartered Accountants
March 18, 2015
Vancouver, British Columbia

COASTAL COMMUNITY CREDIT UNION

**Summarized Consolidated Statement of Financial Position
December 31, 2014, with comparative figures for 2013**

	2014 (\$'000)	2013 (\$'000)
Assets		
Cash and cash equivalents	\$ 11,821	\$ 13,599
Investments	139,482	133,047
Loans to members	1,640,955	1,588,422
Premises and equipment	17,010	17,688
Intangible assets	13,409	15,323
Income taxes receivable	193	-
Other assets	6,395	4,617
	\$ 1,829,265	\$ 1,772,696
Liabilities and Members' Equity		
Member deposits	\$ 1,691,623	\$ 1,638,788
Borrowings	13,010	15,153
Income taxes payable	-	355
Derivative financial instruments	702	339
Other liabilities	12,678	12,871
Deferred income tax liability	548	1,222
Members' shares	4,930	5,248
	1,723,491	1,673,976
Members' equity:		
Retained earnings	106,165	98,840
Accumulated other comprehensive loss	(391)	(120)
	105,774	98,720
	\$ 1,829,265	\$ 1,772,696

**Summarized Consolidated Statement of Comprehensive Income
Year ended December 31, 2014, with comparative figures for 2013**

	2014 (\$'000)	2013 (\$'000)
Interest income	\$ 65,891	\$ 64,735
Interest expense	19,728	19,815
Net interest income	46,163	44,920
Loan impairment expense	2,426	1,378
Other income	29,055	28,492
Operating expenses	64,485	64,302
Net operating income	8,307	7,732
Gain on dispositions	-	2,095
Income before income taxes	8,307	9,827
Provision for income taxes	982	1,647
Net income for the year	7,325	8,180
Other comprehensive (loss) income, net of tax	(271)	645
Total comprehensive income	\$ 7,054	\$ 8,825

COASTAL COMMUNITY CREDIT UNION

Summarized Consolidated Statement of Changes in Members' Equity
Year ended **December 31, 2014**, with comparative figures for 2013

(\$'000)	Available for sale investments	Cash flow hedges	Total accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at December 31, 2012	\$ 31	\$ (796)	\$ (765)	\$ 90,672	\$ 89,907
Net income	-	-	-	8,180	8,180
Distributions to members	-	-	-	(12)	(12)
Other comprehensive income (loss)	(12)	657	645	-	645
Balance at December 31, 2013	19	(139)	(120)	98,840	98,720
Net income	-	-	-	7,325	7,325
Other comprehensive loss	(15)	(256)	(271)	-	(271)
Balance at December 31, 2014	\$ 4	\$ (395)	\$ (391)	\$ 106,165	\$ 105,774

Note 1 - Basis of presentation:

These summarized consolidated financial statements have been prepared in accordance with section 128(4) of the Financial Institutions Act and are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended December 31, 2014. Those audited consolidated financial statements were approved by the Credit Union's Board of Directors on March 18, 2015 and can be obtained at any of our branches.

Approved on behalf of the Board:



Susanne Jakobsen
Chair, Board of Directors



Lynne Fraser
Chair, Audit and Risk Committee

In addition to this 2014 Annual Report, the following 2014 annual reporting documents are available to members and clients at our locations or online at **cccu.ca**:

- Complete audited Consolidated Financial Statements
- Corporate Governance Report
- Management Discussion and Analysis

About

COASTAL COMMUNITY CREDIT UNION

Coastal Community Credit Union is the largest financial services organization based on Vancouver Island and the Gulf Islands—a position held since 2005. It is also the 23rd largest credit union in Canada when measured by asset size. Coastal Community* has more than 20 branches, 15 insurance locations and three business service centres. Past recipient of the Corporate Responsibility Award for the Vancouver Island region, Coastal Community was the first to bring cutting-edge Interactive Teller Machine technology to the Island. Our experts in banking, insurance** and wealth management† offer caring and helpful service integrated across our business lines to meet the financial and protection needs of those we serve.

Here's how we're improving financial health, enriching people's lives & building healthier communities:

- All of our operations and employees are based on Vancouver Island and the Gulf Islands, with all decisions made locally
- The first to bring Interactive Teller Machines (ITMs) to Vancouver Island. Our ITMs provide extended hours of live teller service including early mornings and evenings
- Staffed by our very own experts, Coastal Community also operates an Island-based member and client contact centre (1.888.741.1010) with extended operating hours
- We offer innovative time-saving solutions to our members and clients such as Deposit Anywhere™, our web chat application and our online insurance quoting system
- To help build healthier Island communities, in 2014 we gave over half a million in donation dollars, while thousands of hours in time, leadership and expertise were donated by our employees
- Depositors are 100% protected, with protection provided by the Credit Union Deposit Insurance Corporation of British Columbia. Plus, members have access to thousands of surcharge-free ATMs throughout Canada through the Exchange Network, as well as easy and convenient account access through their mobile devices and online at ccu.ca
- We are an award-winning organization, having been recognized for our workplace environment, innovations and marketing initiatives, and for our employee engagement



*References to "Coastal Community" mean "Coastal Community Credit Union"

**References to "insurance" refer to the insurance services provided through Coastal Community Insurance Services (2007) Ltd., which is a wholly owned subsidiary of Coastal Community Credit Union

†References to "wealth management" refer to the financial planning and investment services provided through Coastal Community Financial Management Inc., which is a wholly owned subsidiary of Coastal Community Credit Union

HEAD OFFICE

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GENERAL INQUIRIES

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For an online version of this
2014 Annual Report, please visit cccu.ca

Credits for cover photos (from top):

Sandy Hamption, Charlotte Philp,
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Carlie Crause, Rachel Robinson,
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COASTAL COMMUNITY
CREDIT UNION

TOGETHER, LET'S DO GREAT THINGS

