

# Annual Report

2018



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 Values

Accountability | Co-operation | Excellence  
Innovation | Integrity | Responsiveness  
Social Responsibility

# 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.



COASTAL COMMUNITY  
CREDIT UNION



COASTAL COMMUNITY  
INSURANCE SERVICES



COASTAL COMMUNITY  
FINANCIAL MANAGEMENT INC

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.  
References to "wealth management," "financial planning" and "investments" in this Annual Report refer to the financial planning and investment services provided through Coastal Community Private Wealth Group, a division of Coastal Community Financial Management Inc.



## BOARD CHAIR REPORT

**By keeping the needs of our members, clients, and communities at the forefront of everything we do, Coastal Community was able to do Great Things this past year. First I'd like to thank you, our members and clients, for the privilege of serving you. We take to heart the fact that when you succeed, we succeed. In knowing this, we're continually inspired to do more, reach further, and evolve in step with our changing world and your changing needs and preferences, as we work to improve your financial health.**

In 2018, our focus remained on strengthening our service delivery. One of the most significant ways we achieved this was by opening our 24th full-service location, which you will find in Victoria's Eagle Creek Village. Our Qualicum Beach insurance office, right next to the branch, was also extensively renovated to accommodate our Oceanside wealth advisory team. The strategy for both our new, and newly modernized, locations is to create spaces that support our integrated service approach. Bundling the services and expertise of all our business lines helps us easily match your needs with the right team, advice, and solutions.

Enhanced service delivery also means collaborating with providers who understand the needs of our members and clients. A fitting example of this is our partnership with our new credit card provider, which now gives us the ability to offer even more payment solutions. Collaboration also means seeking opportunities to co-create and knowledge-share with like-minded organizations, which we continued to do throughout 2018. There are many benefits to working together beyond our credit union to achieve common goals and objectives.

Improving people's financial health takes leadership to act on needs and an openness to keep learning to give the right advice. It also takes a sincere desire to help. I'm so pleased to see our employees bringing these very skills and attributes to work with them each day. They go a long way in helping to ensure our members and clients are well prepared for life's financial complexities.

Our employees do so much for those they serve and for each other. It's inspiring to see their spirited energy extend towards building healthier communities as well. I'm sure you've come across many of our employees volunteering at various community initiatives including our signature event, Sunset Cinema. In 2018 alone, our employees donated over 7,600 hours in time and expertise to causes they're passionate about. A heartfelt thank you to our incredible team for all that you do!

Thank you also to my fellow Directors for your continued hard work. I have full confidence in our member-elected Board and in their ability to deliver on our strategic priorities. Their extensive knowledge in a range of topics including corporate governance,

information technology, and risk management helps ensure our credit union remains well positioned for the future. This is further strengthened by the Board's commitment to continuous learning—exemplified by the many courses and skills training they participated in throughout 2018. The year's accomplishments within our Member and Client, Community, and Employee Experiences, as well as our financials, are in part the result of the Board's skilled stewardship.

All of us at Coastal Community are very proud of what was achieved over the course of the year. Looking ahead, it will be important for us to remain responsive and agile in order to better adapt to the evolving financial landscape, as well as your changing needs and preferences. At hand we have our committed employee team, our skilled and nimble leadership from all parts of the organization, as well as the ongoing delivery of initiatives and enhancements focused on giving you the best possible financial experience. In other words, we have in place the necessary elements for success in helping to improve your financial health.

Evelyn Clark  
Chair, Board of Directors,  
Coastal Community Credit Union



## MESSAGE FROM THE PRESIDENT AND CEO

**At any given moment, you can find us working hard to improve the financial health of over a hundred thousand Islanders like yourselves. We deeply value these relationships and recognize that each one is a statement of trust. Your trust in us is what allows us to make meaningful differences in the lives of those we serve and in our communities. On behalf of all of us at Coastal Community, thank you for giving us the opportunity to do Great Things.**

Coastal Community's Annual Report is our chance to outline the year's accomplishments. One that immediately comes to mind is the opening of our newest location in Victoria's Eagle Creek Village. It's an innovative space, well suited to the vibrant community that surrounds it. The combined banking branch, insurance agency, and wealth management office has been carefully designed to help us deliver on our focus of improving financial health. We recognize that the simple acts of listening and discussing are what will help us better understand your needs, goals, and concerns, so that we can help with the best advice for you. That's why our newest location is made for having meaningful conversations with our members and clients. We take our service approach a step further by uniting the expertise of all our business lines under one roof. That way, when a need is identified, we're able to meet it.

The fact that our Eagle Creek Village location is our third full-service location to open in Victoria in as many years is an amazing achievement. In fact, some of the design elements of these spaces are being brought to other locations to serve you better. More and more Islanders are choosing to do business with companies that share the same values and are responsive to their unique needs. We're honoured to fit the bill for so many.

What's important to you is important to us. One of the most effective ways we can understand your needs and priorities is through surveys. In 2018, we chose to implement new survey methodologies that are giving us deeper member and client insights than ever before. We live in some very unique regions, so we also consider other analytics like our islands' economic trends and statistics. Together, these give us the ability to offer more complete solutions to those we have the privilege of serving.

All of us at Coastal Community are in a position to make a lasting impact in the financial lives of our members and clients, and in the health of our communities. We hold this understanding in high regard because the implications are significant. It's also why we work hard to deepen relevant skills, especially leadership. This past year our employees were able to strengthen their leadership capabilities in a number of ways—whether it was participating in special training programs, collaborating on projects,

volunteering in their communities, or taking on roles with greater responsibilities. Leadership allows us to better anticipate needs, make the right decisions, and act with integrity and sincerity. When leadership is fostered, we all benefit.

A heartfelt thank you to our employees for continuing to make meaningful differences in people's lives, and for stepping up to new projects and initiatives with your innovative and helpful attitude. This truly is leadership in action. With such a committed and talented team at the helm, including our dedicated Board, we're well prepared for the future.

Going forward, you will see us delivering exciting new service enhancements within our banking, insurance, and wealth management business lines. These include new capabilities that come from an increasingly digital world. No matter what the enhancement, everything we do is in support of our vision, which remains the same—to build meaningful relationships with you so that we can make lasting differences that will lead to your improved financial health. Thank you for entrusting us to do so!

Adrian Legin  
President and CEO,  
Coastal Community Credit Union





# Our focus is building strong relationships.

“My wife and I recently remortgaged our home in Ucluelet, led by Cindi Levine and with the teams at both the Ucluelet and Tofino branch. I wanted to take the opportunity to pass along my sincere thanks to all involved for making this the most enjoyable banking experience I have had. The ease of communication and ability to conduct paperless and online confirmations and processes were excellent, and the flexibility and knowledge of the staff in both towns made it possible to complete all needed tasks with the least amount of disruption to our work schedules. I will be happy to recommend Coastal Community to friends and colleagues for their banking and other financial needs in the future.”

James Costello, Coastal Community member

## Improving our member and client experience

In 2018, we continued to help members and clients achieve their goals in ways that work for them by tapping into all our service networks and using the latest technologies. Here is what else we focused on in support of this goal:

## Growing and enhancing our service delivery

Last year we expanded our footprint in the Capital Regional District by opening our third location in as many years. Our full-service Eagle Creek Village location opened its doors in January, offering the latest in instant banking conveniences and extended hours of person-to-person banking through its Interactive Teller Machine. The innovative, intimate design makes it even easier for our caring team of experts from across our business lines to build a deeper relationship with you in order to provide helpful advice to meet your needs, challenges and dreams.



*Our newest full service location opened in January of 2018 in Victoria's Eagle Creek Village*

We also brought the spirit of innovation to the renovations we did at our Qualicum Beach location. This space was expanded and redesigned to welcome our Coastal Community Private Wealth Group (CCPWG) Oceanside team and a newly relocated Commercial Insurance Advisor. Now it's even more convenient to talk to our full line of experts to help improve your overall financial health, including investing your assets and protecting what matters most to you.



“On the Edge of Tomorrow” Photographed by Rachael Robinson

Enhanced service delivery means making things easier for you, which is why we implemented a new digital signing solution. It's now even more convenient to sign off on financial documents—from anywhere and without the hassle of paperwork!

## Giving you even more financial options

In 2018, we switched to a new credit card partner so that we may offer you a more comprehensive credit card suite, including a US Dollar option. This change also comes with a better online experience for members and the ability to apply for your card of choice online. As well, CCPWG initiated ways to deliver their services securely online to complement their face-to-face service. Clients can now access Q-Trade Investor, which offers award-winning online and mobile technology. CCPWG also launched a digitally assisted platform for advice through *myCoastal Retirement*. Whether you choose to use one of these new channels, speak to one of our in-branch Financial Advisors or meet with a Private Wealth Advisor, you'll be sure to get the advice you need when and where you need it.

## Strengthening collaboration

We're always looking for ways to improve our service delivery. Among our many collaborative efforts, Coastal Community opened ongoing insurance collaboration discussions with another like-minded credit union in 2018. This collaboration will allow both organizations to offer an improved experience for everyone as we strengthen our presence as the place to go for insurance products, expertise and advice in each of our unique regions.

## Listening to you

As always, your feedback helps us better understand what's important to you. In 2018, we revamped our member and client surveys to help us better understand how we're doing in meeting your needs. We now have a new and improved baseline to help us track our progress in meeting your needs in future years. Whether you share your thoughts with us in person, at our locations, through our Relationship Centre, online, or through our surveys, we appreciate you taking the time to let us know how we're doing.



# Together, let's do great things.

At Coastal Community, we believe that listening to you is the foundation of helping you improve your financial health. Today's environment is changing faster than ever, and your insights on what's important to you are invaluable in helping us know how to meet your challenges and your goals. Whether you're building relationships with our team of experts or responding to one of our member and client surveys, we want to thank you for letting us know what's important to you. Here are a few of the comments\* we've received from you over the last year:

**"Friendly and offered helpful money-saving suggestions"**

**"Listened to what I needed and came up with an affordable and excellent policy"**

**"Very easy company to do business with! More than satisfied!"**

**"Professional, kind and compassionate people"**

**"I like the personal attention to each and every client."**

**"Make you feel very comfortable when doing any banking business and done very professionally."**

\*Verbatim comments from Coastal Community's 2018 Voice of Member and Voice of Client Survey Year End Results.

## SPOTLIGHT

Our employees are the face and heart of Coastal Community, and are the catalyst for helping us do Great Things throughout the year. We'll introduce you to a few members of our team within the pages of this year's Annual Report.

**Ian MacCaskell** is the Assistant Manager of Retail Services at our Goldstream Village location. According to Ian, the key to understanding what's important to you is to listen to your needs, goals, challenges, and dreams.

*"When members come to me, I ask questions to understand their whole financial picture so I can give sound financial advice tailor-made for them. The integrated design of our location allows me to introduce them to experts from our insurance and wealth management teams as well, so they know their financial needs are covered."*



"Killer View" Photographed by Annalise Botto



# We strive to have a meaningful community impact.

Like for many of you, our island communities are our home, which is why we're inspired to build strong and vibrant communities by keeping our community efforts local. With your support, our contributions continue to impact the social and economic well-being of the places we serve. Each year, we invest upwards of half a million dollars into our local communities to keep them strong and vibrant. Here are some highlights of what we accomplished in 2018.

## Building healthier communities

Since we've implemented our Building Healthier Communities Fund program, we've focused on providing seed money to help community betterment initiatives so they can get off the ground. In 2018, some of those projects included a tool library, a roof for the "Hub" community centre, and a grant to assess the amount of damaging micro-plastics on remote island beaches. Over \$64,000 in funding was awarded in 2018 alone through our Building Healthier Communities Fund, one of our community granting programs.

## Fostering financial literacy

Financial literacy is a vital life skill at any age, so our caring employees are always ready to provide expert advice to help you meet your goals and dreams. We also have employee volunteers who offer free community-based financial literacy workshops through Each One, Teach One. This program is a perfect fit with our vision of helping people improve their financial health by enabling them to better understand and manage their personal finances.

## Supporting Island youth

In 2018, we gave \$30,000 to support scholarship, leadership and financial education pursuits. These initiatives included our grade twelve scholarship program and several post-secondary scholarships, as well as sending ten Island youth to the YES Camp youth leadership retreat. Two of our eight talented scholarship recipients received additional funds to implement community betterment initiatives, including developing training materials for an empowerment camp for teen girls, and enriching a community park in the North Island. Knowing that it's important for children to receive the opportunity to learn financial management skills, we also continued with our Young Entrepreneur Program in 40 Island classrooms.

## Activating local economic development

We continued our partnership with the Vancouver Island Economic Alliance as a sponsor of their Annual Summit as well as financially supporting the State of the Island Economic Report. At the local level, Coastal Community promoted a strong, diversified economy through sponsorships of chambers of commerce events and business awards. We share a focus on improving financial health and promoting economic development with South Island Prosperity Partnership (SIPP) so we sponsored SIPP's Prosperity Index. This tool helps business leaders measure key economic indicators to identify areas of strength across the South Island.

## Giving back to the community

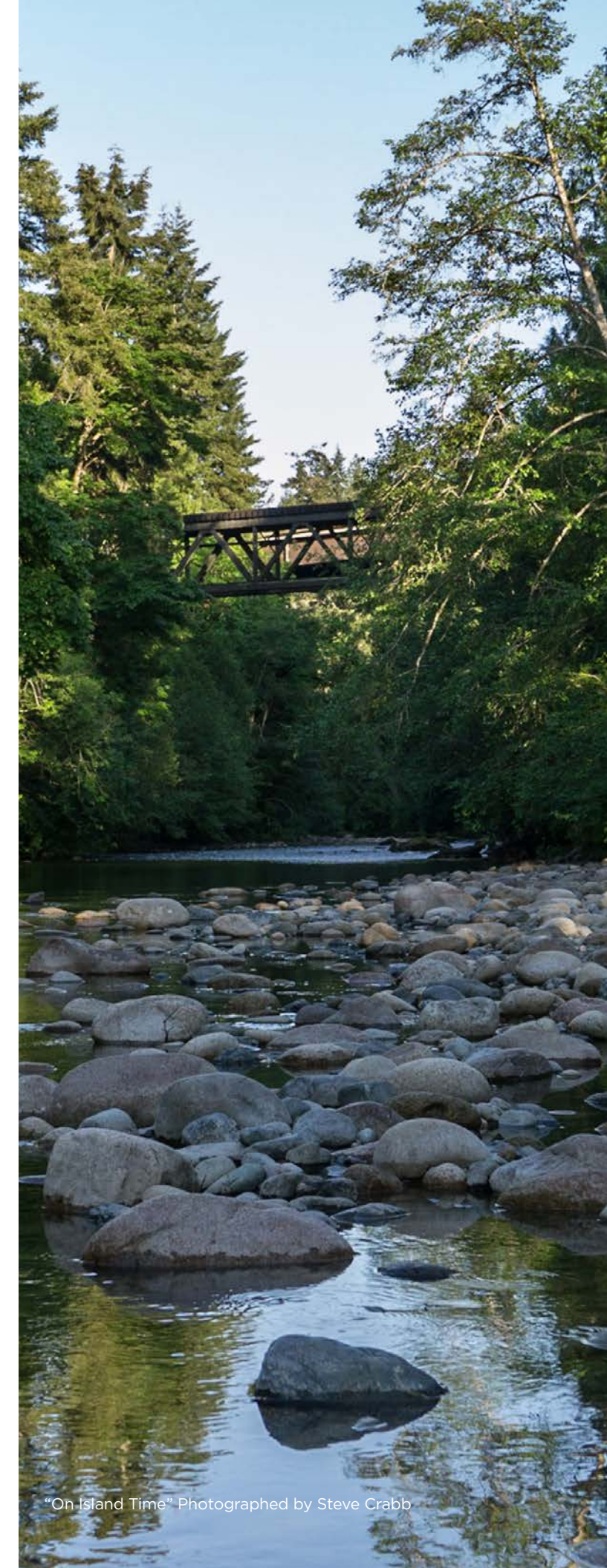
Our team of employees goes above and beyond in finding ways to give back to our communities. Last year they gave a record 7,623 volunteer hours to 378 organizations close to their hearts. From supporting the Heart and Stroke Foundation during Heart Month to raising money for vulnerable children through the *Stock the Lockers* drive to offering Member Education financial seminars across the islands, our employees make a meaningful difference in the communities we serve.

## Having fun in the community!

This was the eighth year of our hugely popular Sunset Cinema series, Coastal Community's free outdoor movie event, which was hosted in six island communities and attended by thousands of families. Over \$10,000 was raised through Sunset Cinema's concession stand, which benefitted our Young Entrepreneurs program.

### KEY HIGHLIGHTS

<p>Over <b>\$500,000</b> given to over 500 community organizations including:</p>	
<p>Over <b>\$10,000</b> raised to benefit our Young Entrepreneurs program in the eighth year of our Sunset Cinema series.</p>	<p><b>\$180,000</b> given in corporate sponsorships to benefit communities throughout Vancouver Island and the Gulf Islands.</p>
<p><b>\$64,347</b> in funding awarded to eight community betterment initiatives through our Building Healthier Communities Fund.</p>	<p><b>1,200</b> elementary school students in <b>40</b> Island classrooms learned important business, financial, and money management skills by building their own enterprise.</p>
<p>Over <b>7,600</b> volunteer hours given to over <b>375</b> organizations.</p>	<p><b>\$30,000</b> given to support scholarship and leadership programs.</p>



"On Island Time" Photographed by Steve Crabb



# Creating a culture of leadership and innovation.

Engaging in a culture of leadership, embracing technology, and equipping employees with the right skills and abilities have a powerful impact. It leads to inspired employees who seek out and act on opportunities to do Great Things for our members, clients, communities—and each other.

## Our difference is our people!

By building a diverse team, we strengthen the expertise and life experiences our employees draw on to give you personalized advice and solutions that truly improve your financial health. In a time where five generations are working side by side, we are confident our employees understand and can relate to the life milestones experienced by our members and clients. We also know that to support you, we need to ensure our employees are likewise supported in their physical, emotional, financial, and mental well-being. Through our progressive work environment and a variety of initiatives, we're proud to actively assist our employees in achieving their work/life goals.

## Asking and listening

It's important to us that employees have the opportunity to lend their voice and provide input toward what matters to them. That's why we encourage and support two-way communication paths, from our open door policy to our annual employee engagement survey, as well as ongoing informal surveys. Employees are also able to make a positive impact on our organization by collaborating on internal committees that influence our culture and contribute to a healthy work environment.



## Supporting leadership development

A core focus for our organization is ensuring our employees from every level have the opportunity to develop their leadership potential. Coastal Community employees can take part in Leading Edge, our internal leadership development program. The *Coastal Young Leaders Network (CYLN)* is another effective way for our employees to develop their skill sets and grow their networks. The CYLN was proud to host its sixth annual Leadership Conference in 2018, with 70 employees attending. We also encourage community leadership, and are proud of our employees for donating a record-breaking 7,623 in volunteer hours to causes they are passionate about.

## Advancing product knowledge & service delivery

To keep up with your evolving financial needs and the changing industry environment, our team is constantly growing their expertise. In 2018, we offered many learning and development opportunities for our employees, including professional development through a variety of courses, training for new technologies, product and service delivery, and access to higher education, among many others. Continuous learning ensures that our employees are responsive to member and client needs, and have the right skills and expertise that lead to your improved financial health.

As one of Vancouver Island's leading employers, we never forget our employees are our greatest strength and the heart of our organization. We thank each and every one for their hard work in bringing our values to life for our members and clients.

## SPOTLIGHT

**Gail Harris** is a mortgage expert who has worked out of our Hammond Bay branch since 2009.

*"I like helping people—they are what bring me in every day. I have a lot of experience in helping our members understand the whys and how-tos of mortgages, whether it's to finance a home purchase, refinance equity in homes or open a PrimeLine account for future purchases and construction mortgages," she says.*

A proud Boomer, Gail feels one of her strengths is being able to relate to many of the life experiences our members go through, like supporting an ill or disabled family member. She's happy to share her knowledge with members and her co-workers—and learn new skills along the way!

## SPOTLIGHT

**Jennifer Orr** is an insurance representative in our Port McNeill office. A self-described "insurance nerd," this hard working Millennial joined our insurance team four years ago because she loves helping people make sure their assets and loved ones are protected.

*"When people see me, they can rest assured I will dig until I find them the coverage they need. I ask 'why' until I have all the information my clients need to make informed decisions," says Jennifer.*

An ICBC expert, she loves coming to work every day because our member-focused and advice-driven values align with hers. Jennifer also appreciates Coastal Community's support in helping her keep ahead of the curve, from ongoing education courses to leadership training at the annual *Coastal Young Leaders Network* Leadership Conference.

# We are a strong and growing organization.

Thanks to your trust in us, Coastal Community Credit Union once again maintained its position as the largest financial services organization based on Vancouver Island and the Gulf Islands. In fact, among the roughly 250 credit unions in Canada, your Coastal Community Credit Union has moved up from being the 24<sup>th</sup> largest credit union based on assets in 2017 to the 21<sup>st</sup> largest at the end of 2018! And based on number of members, Coastal Community is the third largest BC credit union! This past year was one of strong financial growth and service expansion—we ended with \$2.6 billion in Credit Union on-book assets and nearly \$3.3 billion in total assets under management. What drives our continued success? It's simple: we focus on building relationships with you that will lead to your improved financial health. Thank you for the trust you place in us to help you succeed in reaching your financial goals.

## The Year in Review\*

Looking back, although international trade tensions dominated the economic news last year, the global economy still expanded by 3.7%. It is expected to cool to 3.5% in 2019 as the US, Europe and China face financial and trade challenges. Canada saw its growth slow from 2017's 3.0% rate to a broad-based expansion of 1.8% in 2018, driven by investment and exports and benefitting from the new US-Mexico-Canada Agreement. Looking ahead, growth is expected to slow to 1.4% in 2019.

B.C.'s economy followed a similar path, forecast to slow from 2017's 3.8% to a moderate but still healthy 2.5% to 3.0% from 2018 to 2020. The new forecast was largely due to the Lower Mainland's deflating real estate boom, resulting in lower retail sales. The general

economic trend remains positive, driven by solid exports, manufacturing, the high-tech sector and government spending. To manage inflation, the Bank of Canada raised its key interest rate to 1.75% in 2018 and will continue to monitor the impact on debt-laden Canadians.

Vancouver Island's economy also cooled in 2018, but steady migration to our region helped drive growth above the provincial average in many areas. New arrivals of all ages helped boost employment, home sales and new construction, despite a tight labour market and the impact of the mortgage stress test. Home prices are expected to rise about 2 percent per year in 2019 and 2020, especially in smaller centres. Tourism remains strong. However, the very competitive labour scene is expected to limit the growth of Vancouver Island's economy next year.

## How We Did

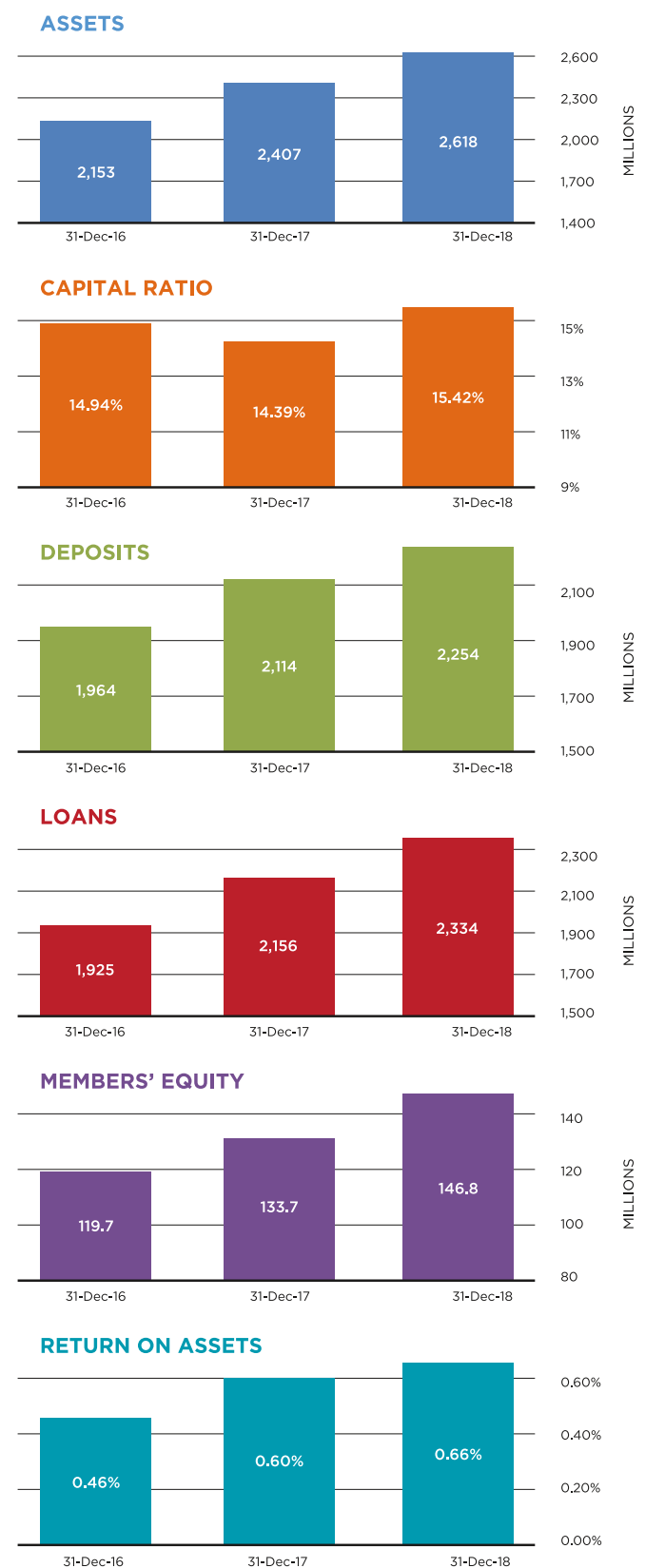
Building on 2017's record-breaking numbers, Coastal Community Credit Union had another strong year, achieving \$2.6 billion in on-book assets. The number increases to nearly \$3.3 billion in total assets under management when we add in off-book assets managed through our wealth management subsidiary, Coastal Community Financial Management Inc. (CCFMI). Our loan portfolio, comprising business, personal and commercial lending products, grew by a robust \$178 million, while our member deposits grew by a healthy \$140 million. 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 borrowings, increased by \$5.7 million to \$58.9 million.

We're pleased to say CCFMI and its division, Coastal Community Private Wealth Group (CCPWG), had many successes in 2018. CCFMI ended the year with \$658 million in assets under management. Their net sales of \$50.5 million placed them at #4 for growth among credit unions across the country. CCFMI is considered a leader in Canada for the way they provide a fully integrated holistic approach that includes investment management as well as trust and estate services.\*\* Coastal Community Insurance Services (2007) Ltd. provides Islanders with a full range of insurance products for both personal and business needs, and continues to add diversified income to our bottom line.

Last year, our Return on Average Assets, a common marker of financial performance in the credit union industry, was the highest in 8 years at 0.66%. Members' equity, or what we like to call Coastal Community's savings account, grew by \$13.1 million to end the year at \$146.8 million. This increase led to an excellent capital adequacy ratio of 15.42%.

## How We Expanded Services

In a year of strong profits, we retain them in our business so we have the capacity when needed for member service enhancements, capital expansion or other growth opportunities. In 2018, Coastal Community Credit Union took advantage of our robust performance to enhance our products, services and locations to better serve you, from opening our third integrated branch in the Greater Victoria Region to renovating our Qualicum Beach branch to expanding our credit card offerings. It's been a busy year! Coastal Community is among the top 10% of credit unions based on asset size in Canada, and of course the largest one based on Vancouver Island and the Gulf Islands. We've been able to achieve a strong balance sheet and solid earnings year after year by remaining true to our focus: providing advice and expertise to help you improve your financial health.



\*SOURCES: World Economic Outlook Update, January 2019: [imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019](http://imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019)  
 Canada: GCP growth slows in Q4 2018: [focus-economics.com/countries/canada/news/gdp/gdp-growth-slows-in-q4-2018](http://focus-economics.com/countries/canada/news/gdp/gdp-growth-slows-in-q4-2018)  
 Conference Board Downgrades 2019 Growth Forecast: [conferenceboard.ca/e-Library/abstract.aspx?did=1001](http://conferenceboard.ca/e-Library/abstract.aspx?did=1001)  
 "B.C. Regional Economic Outlooks 2018-2020", Economic Analysis of British Columbia, V. 38, Issue 4, Central 1 Credit Union.  
 Vancouver Island Remains Strong in Face of Slowing B.C. Economy: [vancouverisland.ctvnews.ca/vancouver-island-remains-strong-in-face-of-slowing-b-c-economy-report-1.4184697](http://vancouverisland.ctvnews.ca/vancouver-island-remains-strong-in-face-of-slowing-b-c-economy-report-1.4184697)  
 \*\*Trust and Estate services provided through Concentra Trust, a wholly-owned subsidiary of Concentra Bank.



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

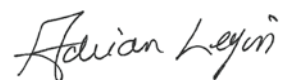
The 2018 Annual Report, including the summarized consolidated financial statements, is the responsibility of the management of Coastal Community Credit Union (the Credit Union).

These summarized 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.

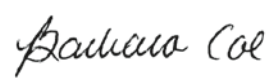
As part of its responsibilities, the Credit Union maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that 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 summarized consolidated financial statements, audited by KPMG LLP, have been approved by the Board, on the recommendation of the Audit and Risk Committee.



Adrian Legin, MBA, ICD.D  
President and  
Chief Executive Officer



Barbara Coe, CPA, CGA  
Chief Financial and  
Risk Officer

## REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

The summarized consolidated financial statements of Coastal Community Credit Union ("the Credit Union"), which comprise:

- the summarized consolidated statement of financial position as at December 31, 2018
- the summarized consolidated statement of income and retained earnings for the year then ended
- and related note

are derived from the audited consolidated financial statements of Coastal Community Credit Union as at and for the year ended December 31, 2018.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria disclosed in Note 1 in the summarized consolidated financial statements.

### Summarized Consolidated Financial Statements

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the Credit Union's audited consolidated financial statements and the auditors' report thereon.

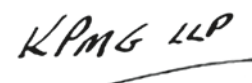
The summarized consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

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

Management is responsible for the preparation of the summarized consolidated financial statements in accordance with the criteria disclosed in Note 1 in the summarized consolidated financial statements.

### Auditors' Responsibility

Our responsibility is to express an opinion on whether the summarized consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, *Engagements to Report on Summary Financial Statements*.



Chartered Professional Accountants  
March 20, 2019  
Vancouver, Canada

## COASTAL COMMUNITY CREDIT UNION

### Summarized Consolidated Statement of Financial Position December 31, 2018, with comparative figures for 2017

	2018 (\$'000)	2017 (\$'000)
<b>Assets</b>		
Cash and cash equivalents	\$ 45,147	\$ 32,652
Investments	201,132	181,270
Loans to members	2,334,264	2,155,933
Premises and equipment	15,082	15,353
Intangible assets	9,387	9,453
Derivative financial instruments	1,572	2,850
Deferred income tax asset	1,210	714
Income taxes receivable	308	-
Other assets	9,832	9,108
	<b>\$ 2,617,934</b>	<b>\$ 2,407,333</b>
<b>Liabilities and Members' Equity</b>		
Member deposits	\$ 2,254,158	\$ 2,113,968
Borrowings	187,588	137,545
Other liabilities	25,509	17,133
Income taxes payable	-	843
Members' shares	3,925	4,182
	<b>2,471,180</b>	<b>2,273,671</b>
<b>Members' equity</b>		
Retained earnings	146,807	131,770
Accumulated other comprehensive income (loss)	(53)	1,892
	<b>146,754</b>	<b>133,662</b>
	<b>\$ 2,617,934</b>	<b>\$ 2,407,333</b>

### Summarized Consolidated Statement of Comprehensive Income Year ended December 31, 2018, with comparative figures for 2017

	2018 (\$'000)	2017 (\$'000)
Interest income	\$ 82,793	\$ 71,325
Interest expense	23,920	18,101
Net interest income	58,873	53,224
Loan impairment expense (recovery)	(31)	1,867
Other income	31,853	31,772
Operating expenses	74,187	69,344
Income before income taxes	16,570	13,785
Provision for income taxes	2,997	2,777
Net income for the year	13,573	11,008
Other comprehensive income (loss), net of tax	(481)	2,980
Total comprehensive income	<b>\$ 13,092</b>	<b>\$ 13,988</b>



**COASTAL COMMUNITY CREDIT UNION**

**Summarized Consolidated Statement of Changes in Members' Equity**

Year ended **December 31, 2018**, with comparative figures for 2017

(\$'000)	Available for sale investments	Cash flow hedges	Total accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at December 31, 2016	\$ -	\$ (1,088)	\$ (1,088)	\$ 120,762	\$ 119,674
Net income	-	-	-	11,008	11,008
Other comprehensive income	1,464	1,516	2,980	-	2,980
Balance at December 31, 2017	1,464	428	1,892	131,770	133,662
Adjustment as at January 1, 2018					
IFRS 9 adoption	(1,464)	-	(1,464)	1,464	-
Net income	-	-	-	13,573	13,573
Other comprehensive loss	-	(481)	(481)	-	(481)
<b>Balance at December 31, 2018</b>	<b>\$ -</b>	<b>\$ (53)</b>	<b>\$ (53)</b>	<b>\$ 146,807</b>	<b>\$ 146,754</b>

**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, 2018. Those audited consolidated financial statements were approved by the Credit Union's Board of Directors on March 20, 2019 and can be obtained at any of our branches.

Approved on behalf of the Board:



Evelyn Clark  
Chair, Board of Directors



Lynne Fraser  
Chair, Audit and Risk Committee

In addition to this 2018 Annual Report, the following 2018 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

# Spotlight on Coastal Community's Relationship Centre

Based in Nanaimo with a satellite location in Courtenay, Coastal Community's Relationship Centre has been growing steadily from when it was established in 2014. Since then, the Centre has undergone a number of renovations to better accommodate the expanding team, with the most recent one happening in 2018. With call volumes growing consistently year over year, in 2018 the Relationship Centre assisted a record-breaking 102,261 callers. That's an average of over 350 calls per working day!

**The Relationship Centre fields a lot of questions, but one of the topics most often covered this year involves *Interac* e-Transfers.\* Here's some of the information our Relationship Centre frequently shared on the topic:**

- You can cancel your request to send money via an *Interac* e-Transfer anytime, as long as the recipient hasn't accepted it yet. Just click the 'Cancel' link beside the list of pending transfers.
- All *Interac* e-Transfer functions can be found on the 'Transfers' tab in online and mobile banking. This is where you'll set up and manage recipients (including their security questions—a good thing to confirm before you send funds via *Interac* e-Transfer), view what's pending, and see what you've sent in the past.
- You can now easily request money you are owed with the *Interac* e-Transfer Request Money feature. This feature allows you to request funds from contacts listed in your *Interac* e-Transfer recipient list. It's a great way to subtly remind someone that they owe you money.
- You can now also automatically credit your account with the *Interac* e-Transfer Autodeposit feature. This feature allows you to have money sent via *Interac* e-Transfer automatically deposited directly into your bank account, without having to answer a security question.

Connect with our banking and insurance experts at the Relationship Centre Monday to Friday from 8 am to 8 pm or on Saturdays from 8:30 am to 4:00 pm by phone (1.888.741.1010) or through [cccu.ca](http://cccu.ca)'s WebChat function.





For an online version of this  
2018 Annual Report or to find out  
more about CCCU and our products  
and services, please visit [cccu.ca](http://cccu.ca)

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Front and back cover photo:  
"Blowing Off Steam"  
Photographed by Daniel Hillert



COASTAL COMMUNITY  
CREDIT UNION

TOGETHER, LET'S DO GREAT THINGS