

**Together,
let's do great things.**

It's why we're here



2023 Annual Report



**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 (2007) LTD



COASTAL COMMUNITY
PRIVATE WEALTH GROUP™

Coastal Community Credit Union acknowledges that we are located on the Lands of the Coast Salish, Nuu-chah-nulth and Kwakwaka'wakw ancestors and families, whose historical relationships with the Land continue to this day. We are grateful to have the opportunity to live, learn, work and play in their traditional and unceded territories.

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

2. References to insurance in this Annual Report refer to the property and casualty insurance services provided through Coastal Community Insurance Services (2007) Ltd. (CCIS). CCIS is a subsidiary of 1200089 B.C. Ltd., a company jointly owned by Coastal Community Credit Union and Beem Credit Union, which in turn fully owns Coastal Community Insurance Services (2007) Ltd. and Interior Savings Insurance Services.

3. Mutual funds and other securities are offered through Aviso Wealth. Online brokerage services are offered through Qtrade Direct Investing. Aviso Wealth, Qtrade Direct Investing, and Qtrade Guided Portfolios are divisions of Aviso Financial Inc. Coastal Community Private Wealth Group is a division of Coastal Community Financial Management Inc., which is a subsidiary of Coastal Community Credit Union. Coastal Community Financial Management Inc. is a licensed life insurance agency offering financial planning, life insurance and investments.

4. All insurance products are subject to the limitations, terms and conditions in the applicable policy or insurance contract in force at the time of purchase or enrolment and applicable legislation. The products sold through Coastal Community Financial Management Inc. are not guaranteed or insured by a deposit insurer.

5. Trust and estate services provided through Concentra Trust, a wholly-owned subsidiary of Concentra Bank.



BOARD CHAIR REPORT

As a member-owned co-operative, Coastal Community works to provide service excellence while upholding our values — being accountable, responsive, innovative, and socially responsible in everything we do.

Coastal Community's deep co-operative roots mean we act on these values to help our members, clients, employees and communities improve their financial health, which was as important as ever as 2023 served up its share of challenges. You'll read in this report that we had another very strong year in 2023. That achievement is not limited to a solid financial performance; it's also about making a positive impact in the lives of our members, clients, and communities.

Our first priority is anticipating your needs and responding to your financial concerns. From offering more financial health tools, to renovating our locations, to guiding new investors, to expanding our product offering—we work hard to support our members and clients in their financial journey.

In 2023 we were proud to distribute \$1.6 million in one-time special community funding, focusing on Islander's needs in the areas of health care, housing, mental health, financial education and food security, top-of-mind issues for Islanders. And according to our 2023 Community Giving Survey results, three-quarters of members surveyed approved of our one-time special community giving plan. Thank you for your trust in us!

We have only just begun to see the positive impact these funds will have across the Islands. We anticipate Island communities will see many benefits over the next few years as some projects will have shovels in the ground in 2025. We are grateful to be able to give

back so generously—we were able to allocate the funds due to an exceptionally strong year in 2022.

In 2023 we developed a Social Purpose statement and Environmental, Social, and Governance (ESG) strategy that formalizes our commitment to creating positive and sustainable impact in our island communities.



“It is our members and clients’ trust in us that ultimately allows us to do great things in our communities.”

This strategy confirms our responsibility as a corporate citizen, embraces a holistic approach to success beyond traditional business models, and builds on our cooperative values. While we will continue to develop our ESG road map into 2024, we made good progress last year, including the formation of an employee-led Reconciliation and Cultural Intelligence Working Group.

Like all credit unions, we are a member-owned organization where every member can have their say through the democratic process. Last year, in addition to our annual directors election, members were invited to vote on three special resolutions relating to changes to our Credit Union Rules. Members voted on proposed amendments to our Rules based on a comprehensive review conducted by the Board—Special Resolution #03-2023, which passed. In addition, members were presented with two alternate special resolutions on tenure limits for directors: one proposed by a member group and one proposed by the Board. As a result of the vote, the member-proposed (Special Resolution #02-2023) regarding director tenure limits was passed.

As of the 2024 Annual General Meeting, we will have had five out of ten board members leave the board due to term limits, and will have only one board member with more than eight years of experience on the board.

The Board respectfully acknowledges the results of the vote and is taking appropriate action including establishing a new short-term ad hoc committee called the Governance Working Committee, which is developing a robust director onboarding process to ensure the orderly transfer of knowledge to new directors. However, the new Board tenure limit is a significant concern going forward regarding the risks of lack of appropriate board continuity, skill set and experience. Members can expect further work on this by the Board to occur in the future.

While Coastal Community is on very solid footing both financially and competitively, the pace of change and challenges that we—and all financial institutions—are facing is ever-increasing and significant. Looking forward, it will be important for us to grow and achieve greater scale so that we can invest in our people, products and technology to better respond to the growing pressures and opportunities that the future is expected to bring. Along with senior management input, your Board considers these external factors on a regular basis as we oversee our annual and multi-year strategies that will enable Coastal Community to remain innovative, strong and competitive in this evolving environment, and to continue to provide exceptional services and advice to bolster your financial health.

As members who have been elected by our membership to represent them, all of your Directors are proud to be the stewards of your finances; we are committed to the highest standards of Corporate Governance and remain accountable to you for our actions, decisions and behaviour. We exercise prudence in all that we do and always act in the best interests of the Credit Union, our members, clients, employees and communities, while maintaining a careful balance between economic and social goals.

To our Directors: thank you for the expertise, commitment, and diverse perspectives you bring to the table. You have worked tirelessly through challenging economic times to ensure Coastal Community remains strong, stable, and socially responsible into the future.

Thank you to our incredible employee team for their hard work, dedication and expertise. Whether you visit one of our locations, call us, or use our online solutions, you can expect the same caring, helpful, advice-based service from our hardworking team, whether directly or behind the scenes. Our employees have always been our greatest strength as they help you pursue your financial goals and dreams.

“Finally, I'd like to thank our members and clients. It is deeply rewarding to have your trust in our advice, services and expertise so we can get you on the best path forward.”

In an ever-changing world, it's an honour to help you improve your financial health. Together, we can do great things.



Dominique Roelants
Chair, Board of Directors,
Coastal Community Credit Union



MESSAGE FROM THE PRESIDENT AND CEO

Looking back at 2023, I know that many of you had a lot to deal with. High inflation, elevated interest rates, cost of housing, geopolitical tensions – these challenges added pressure to already strained budgets. Coastal Community was here for you and our communities because we are a strong, financially stable, and secure organization. I'm pleased to say we had another very successful year in 2023, primarily driven by your confidence and commitment to doing business with us. Here's how our solid financial footing helped us help you in 2023.

We have long acted on our belief that knowledge is power, and in 2023 we launched a new self-serve interactive digital financial health tool called myFinHealth. You get free personalized content and tools, so sign up for this great new tool if you haven't already! We also offered webinars, monthly emails, website articles and the Each One, Teach One financial skills education program.

Last year we continued to deliver new services, products and capabilities across our business lines, as demonstrated by the following.

IN ADDITION TO LAUNCHING MYFINHEALTH, WE:

- implemented Qtrade Guided Portfolios^{®3} provided by our trusted partner Qtrade³ – digital investing with experts monitoring your plan, and an Investment Advisor to help you meet your retirement goals.
- offered a 'credit builder' loan to help young adults build or repair their credit scores.
- launched the CardWise app to monitor credit card spending and introduced the World Elite Mastercard with travel insurance options and more ways to earn rewards.
- introduced CMHC Multi-Unit Mortgage Loan Insurance to support affordable accessible housing.
- expanded our personal insurance offering with pet insurance and personal cyber insurance, giving you peace of mind.
- completed renovations at our Tofino, Ucluelet and Chemainus locations.
- installed electric vehicle charging stations at three more locations to support sustainability.



“When we asked for your feedback on causes to support, you told us that affordable housing was a top concern, along with food security and poverty. Your input helped guide how we gave back.”

We were thrilled to be able to give over \$2 million in 2023 to community organizations and initiatives across the Islands, impacting economic development, financial health, healthcare and housing, and more areas. That amount included \$1.6 million in one-time special community funding, allocated from our exceptionally strong year in 2022. You'll read in this report how your input helped guide the organizations we funded.

While I'm proud of our accomplishments last year across all business lines, we were successful in areas other than financials, such as improving financial health, helping community, and supporting our employees. When it comes down to it, it's really the trust you have in us that allows us to be leaders in building relationships that improve financial health, enrich people's lives and build healthier communities.

As always, I want to thank our caring and dedicated employees for the work they do each and every day. Whether they're helping you buy a home, open a business, or protect your loved ones, they bring our values to life. I'm honoured to work with a team that puts you and your financial well-being first.

Our employees continue to go the extra mile for you and our Island communities, and I'm proud of the award-winning high-trust workplace we're continuing to build for them. We are proud to have been re-certified as a Great Place to Work® by the Great Place to Work Institute for the fifth year in a row. This incredible recognition is a testament to our efforts in fostering a positive and supportive work environment where every employee feels valued and empowered.

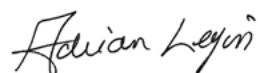
Looking outward to our external environment and ahead to the future, your Credit Union will need to address significant matters, including growing competitive pressures, increased regulation, and the need to update and invest in technology to create more access for our members and adapt to your changing needs at each life stage.

With direction from our Board of Directors, management will continue to explore, evaluate and present our strategic options for the future, as we do on an ongoing basis as part of our annual and

strategic planning activities. This will include the consideration of mergers and partnerships, both of which have been part of Coastal Community's history, that would allow us to combine and grow expertise and capabilities, along with greater financial scale, that will be required for success in the future. We will always keep at the forefront what has made us successful in the past: our commitment to what's important to our members, clients, and communities.

Improving your financial health is our guiding light in a complex world. To ensure you're prepared for the future, we'll continue to be a learning organization that never forgets to put people's needs first. Whether we're addressing Environmental, Social and Governance concerns, providing you with access to Qtrade Direct Investing³, Canada's best online broker (as ranked by The Globe and Mail, Surviscor and MoneySense) where you can put your own investing strategies to work, offering a "credit builder" loan product to help young adults build/repair their credit scores or implementing new digital banking technology, everything we do is in support of Islanders like you.

As a cooperative organization, we prioritize YOU. We stay on track by really listening to what's important to you and what you need through formal surveys, appointments with our experts, informal chats and everything in between. Thank you for your support and your feedback. It's a privilege to serve you, your family, and your communities.



Adrian Legin
President and CEO,
Coastal Community Credit Union

**For you
and for your
financial health.**

It's why we're here





OUR MEMBER AND CLIENT EXPERIENCE

2023 was another challenging year for individuals, businesses, and community groups, and you – our members – have had a lot to deal with. Based on our unwavering commitment to help improve financial health, we continued to focus on our goal of anticipating and meeting your financial needs when and where you want. What that meant for you was personalized advice and enhanced services and products, along with continued support for Island communities.

PROVIDING INNOVATION, EXPERTISE AND ADVICE TO MEET YOUR NEEDS

To continue to improve your experience with us, our priority is to improve your financial health by anticipating your needs and responding to your financial concerns. Here are some of the enhancements we introduced last year to help you manage your financial life:

- Launched **myFinHealth**, a free digital interactive tool with personalized content
- Launched the **CardWise app** to monitor spending and introduced the **World Elite Mastercard** with travel insurance options and more ways to earn rewards
- Offered a **'credit builder' loan** to help young adults build or repair their credit scores
- Fully implemented **Qtrade Guided Portfolios**^{®3} provided by our trusted partner Qtrade³, opened 1,170 new accounts and ended with a total of \$25.9 million in member assets on this leading platform designed specifically for emerging investors to get started building their financial health
- Offered two new insurance products you can purchase direct from our website: **protecting your four-legged family member**, and **safeguarding you from online cyber risks**
- Introduced **CMHC Multi-Unit Mortgage Loan Insurance**. This program prioritizes affordability, climate compatibility and accessibility, and brings much needed purpose-built rentals to the Islands

- Made it easier for you to book appointments for insurance services right from our website
- Made our **Change of Signers** process simpler and more convenient for business members
- **Completed renovations** at our Tofino, Ucluelet and Chemainus locations, and developed the plan for transforming our downtown Courtenay location over the next year

PROVIDING SUPPORT TO IMPROVE THE FINANCIAL HEALTH OF OUR MEMBERS, CLIENTS, AND COMMUNITIES

Staying true to our co-operative values, we're here to help our members, clients, and communities across the Islands to not just meet challenges but thrive. We do that by providing personalized advice, products and services across all our business lines. Here are some examples of how we made a meaningful difference last year:

- Hosting nine **virtual member education events** to improve financial health, reaching over 2,500 members with topics like "First Home Savings Account" and "Navigating the Retirement Roadmap"
- Distributing **\$1.6 million** in one-time special funding to benefit community initiatives and causes across the Islands—these funds were allocated from Coastal Community's exceptionally strong year in 2022
- Building on our **EV charging station plans** that started with our Port Alberni location by adding new charging stations at our Parksville, Qualicum Beach

and Chemainus locations in 2023—our Courtenay location will be next

- Establishing a **social purpose** for Coastal Community to help inform business decisions and community support

“The last three years have been pretty tough for a lot of gyms. We had a lot of support from our members, which is great, and Coastal Community Credit Union has been there to support us the whole time. I think we’re stronger than ever now.”

Jordy Denney, Co-owner,
CJ Martial Arts & Fitness

KEEPING YOU INFORMED AND ENGAGED

We’re committed to keeping channels of communication open with you. Here are some of the ways we kept you updated last year:

- We continued to provide monthly **financial education-based emails**
- We continued to provide **timely, relevant and easy-to-find information** on how to improve your financial health on our website
- We continued to provide **educational articles** from our experts on topics like “Business succession—is an estate freeze right for you?”
- We provided **comprehensive information on corporate and governance items**, such as the Annual Report, financial statements, the Corporate Governance Report, the Management Discussion & Analysis Report, the directors election, the results of the two special resolutions on Board of Director term limits, and on the special resolution to update our Rules
- We held an electronic **Annual General Meeting** to update you on the accomplishments of your Credit Union and our impact on community

KEEPING YOUR MONEY AND YOUR INFORMATION SAFE

Coastal Community uses a multi-layered approach to ensure the security of your data and information. Some of the things we do include:

- Multi-factor authentication, which requires users to provide two or more forms of identification to access their accounts

- Regular and automated security updates to keep our software and systems up to date to protect against known vulnerabilities
- Regular employee training on how to identify and prevent security threats—this includes phishing scams, social engineering, and other types of attacks
- Security monitoring of our systems and networks for any signs of suspicious activity or potential fraud or security breaches, allowing us to take immediate action if a threat is detected

Below is some of the positive feedback we received through Coastal Community’s 2023 Member and Client Experience surveys that we are especially grateful to receive—and that we are committed to improving further.

COASTAL COMMUNITY MEMBER SURVEY

Overall experiences:

95% of respondents who visited a **branch** rated their overall experience as Excellent, Very Good, or Good

91% of respondents who phoned the **Relationship Centre** rated their overall experience as Excellent, Very Good, or Good

93% of respondents gave Excellent, Very Good, or Good ratings for our **online banking platform**

92% of respondents gave Excellent, Very Good, or Good ratings for our **mobile banking app**

91% of respondents rated us as Excellent, Very Good, or Good in terms of **treating members fairly**

COASTAL COMMUNITY INSURANCE SERVICES CLIENT SURVEY

90% of respondents thought the **value of their policies** for the premiums they paid was Excellent, Very Good, or Good

97% of respondents indicated their **overall experience** when buying insurance was Excellent, Very Good, or Good

COASTAL COMMUNITY PRIVATE WEALTH CLIENT SURVEY

93% of respondents feel they **receive the right amount of support** from their Private Wealth Advisor

99% of respondents indicated their Private Wealth Advisor demonstrates **strong investing expertise and competence**

YOUR INSIGHTS ARE IMPORTANT TO US

We value your feedback as it helps us understand how we're doing and what's important to you, and take action based on your insights. A valuable way for us to obtain measurable, objective and comprehensive feedback from members and clients is through research surveys of our members and clients, which we have been conducting for decades. Since 2018, Coastal Community Credit Union has partnered with survey provider Sentis Market Research to measure and evaluate our member and client experience across our business lines. Our performance is compared to Sentis' 2023 Credit Union Norms and 2023 Benchmarks, where available, and our own past metrics. Here's what our Sentis surveys revealed last year:

2023 Credit Union Retail Year End Report

- Member loyalty is holding stable
- We're seeing improvements across several channels
 - Branches have strengthened their performance
 - Our Relationship Centre improved on key transactions
 - Online banking satisfaction ratings have slightly improved and are in line with the credit union norm
- Ratings on the business fundamentals (for example, "Looking out for your best interests" and "Providing advice that improves financial health") are in line or slightly higher than 2022

We also learned that Millennials could use the most support with their finances, so we will continue to provide financial education through multiple channels to help.

2023 Insurance Year End Report

- Client loyalty is holding stable
- The ratings for client experiences with us continue to strengthen
- Business fundamentals have reached record highs, including looking out for clients' best interests

We also learned that clients would like information about the process for making an insurance claim, so we will continue to provide content on this process.

2023 Wealth Year End Report


- Ratings on feeling good about investing with us remain stable
- We're seeing improvements on providing support to clients
- Some of the top phrases used to describe our wealth team are "knowledgeable", "competent" and "professional"

We also learned that respondents were most interested in learning more about living in retirement, so we will provide more financial education through multiple channels and continue to raise awareness of our myFinHealth financial health tool.

Helping our people do their best for you.

It's why we're here





EMPLOYEE EXPERIENCE

Our amazing employees are the heart of our organization, working together to improve your financial health. Throughout 2023, we enhanced our award-winning culture by ensuring our hardworking Coastal Community team had opportunities to deepen skill sets, grow as leaders, and support their holistic health.

INVESTING IN LEARNING AND GROWTH OPPORTUNITIES

- **590** employees completed our annual mandatory courses on topics like anti-money laundering, cyber security, and privacy
- **118** employees completed Coastal Connections programs, our company's relationship building, advice-based service training
- **65** employees attended the Coastal Young Leaders Network Conference, "Leadership Culture: The Evolution of You – Navigating a Path to Success."
- **48** managers participated in our new Management Training Program
- **19** employees participated in the 13th cohort of Leading Edge, our leadership development program offered to all employees. **244** employees have completed this program to date
- **18** Account Representatives completed our 15-day Lending Excellence program

YOUNG LEADERS NETWORK

Our young leaders continued to develop their potential and support emerging leaders in expanding their network and developing their skills through hosting career fairs, running the Read to Lead book club and having 65 employees attend the Young Leaders Network Conference in the Comox Valley. One young leader was awarded the opportunity to attend the CCUA/World Credit Union Conference in Vancouver.



VIU MANAGEMENT TRAINING PROGRAM

Coastal Community partnered with Vancouver Island University's Faculty of Management to deliver customized training to our management employees. The VIU Management Training Program is a seven-module, 14-day program. This training equips managers with the soft skills and competencies required to successfully lead and manage people.

ASKING, LISTENING, AND INVOLVING

Last spring, a group of volunteer employees from across our organization formed the Reconciliation and Cultural Intelligence Working Group, a subgroup of the Diversity, Equity, Inclusion and Belonging (DEIB) Committee. The working group's focus is moving our Indigenous relations work forward. Ongoing work includes sharing educational resources and building relationships with local Indigenous communities. The working group also worked with Adam Lewis of We Wai Kai Nation, a local artist and Coastal Community

member, to design this alternate Indigenous logo to help commemorate Indigenous days of remembrance.

- In 2023 our Human Resources team, in collaboration with the DEIB Committee and our Information Technology team, introduced the option of adding individual pronouns to email signatures. It's part of our commitment to ensure our employees feel safe to be their authentic selves at work.
- We also had the highest number of employees ever participate in the independently conducted Great Place to Work® survey. Check out the spotlight to learn more about our ongoing efforts to build an engaging, healthy, and inclusive workplace.



BUILDING AN ENGAGING, FUN, AND HEALTHY WORKPLACE

- To help ensure a high trust working environment, Coastal Community supports employee-led committees like the Wellness and Culture Committees, while ensuring our employees and their families have access to the extensive resources of our Employee & Family Assistance Program.
- In 2023, 77 new employees attended Coastal Compass Capstone, our one-day, in-person fun and informational onboarding program.

SHARING OUR WEALTH OF EXPERTISE

- Our experts hosted nine educational webinars to help over 2,500 participants—Coastal Community members and clients and the public at large—improve their financial knowledge last year.
- Employees across our business lines continued to showcase their financial expertise as guest columnists with the Business Examiner.

SPOTLIGHT

Celebrating our five years as Great Place to Work® Certified™!

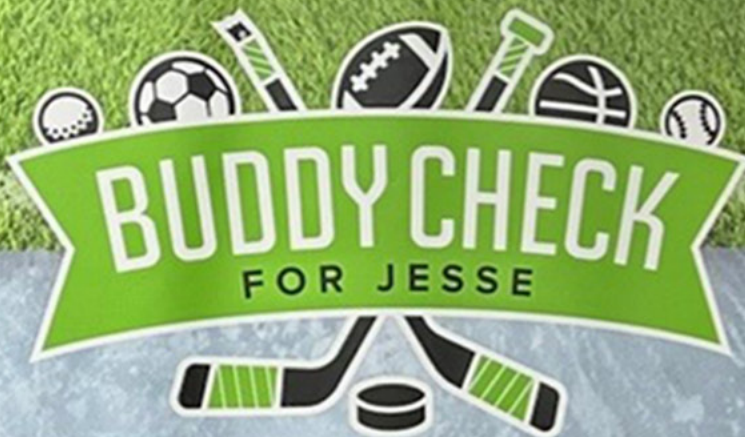
We're proud to say that Coastal Community was re-certified as a Great Place to Work® for the fifth consecutive year! It's an honour worth celebrating. The Great Place to Work® certification is based on a thorough independent analysis conducted by Great Place to Work Institute® Canada about employees' workplace experiences. Coastal Community's scores continued to increase in each of the five dimensions measured: credibility, respect, camaraderie, pride, and fairness.

These remarkable results in a challenging economic environment gave us necessary insights and feedback we need to continue to improve our employee culture. We know just how amazing our employees are. We want each and every one to feel a valued part of our team.



Putting our values into action.

It's why we're here



HELPING COACHES

Support Mental Health



SUPPORTING CHILDREN AND YOUTH

At Coastal Community, we know that our young people hold the key to our future. It's been a challenging few years for many families. Here are some of the ways we gave a helping hand to our Island youth:

- Giving **\$200,000** to the Children's Health Foundation through Sunset Cinema events, calendar sales, employee fundraising, and additional support from our one-time special community funding
- Awarding **\$275,000** in scholarships and bursaries for post-secondary education, reaching more young people than ever with support from the additional community funding
- Supporting **toy drives**, lunch programs, and a **Back to School** campaign to help vulnerable Island students

SHARING OUR EXPERTISE, TIME AND PASSION

Our Coastal Community team goes above and beyond in finding ways to give back to Island communities. Last year our employees volunteered thousands of hours, as well as their leadership and expertise, to causes close to their hearts.



186

Island-based community organizations supported through our Building Healthier Communities Fund and our Community Investment program

COMMUNITY HIGHLIGHTS

\$2+ million given to hundreds of community organizations, including **\$1.6 million** in special one-time community funding.
Here are some of the ways we gave back:

\$300,000+

in total funds given to Habitat for Humanity organizations across the Islands

\$275,000+

given in scholarships and bursaries to support post-secondary education

\$200,000

given to the Children's Health Foundation to transform the lives of children and youth living with physical and mental health challenges

\$216,000+

given in sponsorships to benefit communities across the Islands

2,000+

elementary school students in 85 classrooms participated in our Young Entrepreneurs program

\$20,000

given to the Canadian Red Cross BC Fires Appeal to help people impacted by wildfires in BC

\$10,000

given to the United Way Fall Campaign to assist people in need on Vancouver Island

Taking action on Environmental, Social and Governance principles.

It's why we're here





ENVIRONMENTAL, SOCIAL, GOVERNANCE HIGHLIGHTS

In today's world, considering environmental, social, and governance (ESG) factors is part of doing business. Expectations from members—both existing and prospective members—continue to evolve, as does the landscape of risk, technology, the economy, government requirements and societal needs. From using sustainable business practices to strengthening our local communities, Coastal Community has always embraced many ESG principles. They align with our Vision, Purpose and Values, and an important part of our work in 2023 was continuing to develop and formalize our social purpose and ESG strategy.

“As a co-operative, we know that ethical, sustainable, and socially conscious business practices help our communities and your Credit Union thrive.”

Adrian Legin, President & CEO

In anticipation of this initiative, a Coastal Community team enrolled in a BC-based Social Purpose Innovators program in 2022. The focus was to help us reevaluate and redefine who we are and why we're here—our core societal purpose. This kind of work helps inform our business decisions and the way we give back to the communities we serve, blending societal good with organizational long-term success. We completed the program in 2023 and embedded our learnings into our Social Purpose and ESG strategy that we expect to finalize in 2024. So stay tuned for more information on our new social purpose statement!

There are many ways we already contribute to ESG factors, as you'll read throughout this report. Our clearly defined social purpose will help guide our ESG strategy going forward. Grounded in our core values, this strategy is a dynamic blueprint that will evolve our commitment to sustainable business practices, ethical

conduct, and the continual pursuit of a better, more socially responsible future for all.

We always value hearing from you through all of our channels to better understand your perspectives on how we're doing. In our quarterly member surveys last year, 76% of respondents rated Coastal Community as “outstanding” or “very good” on being a socially and environmentally responsible organization. This compares very favourably against the BC industry benchmark of 55%*. If we add in “a bit better than most,” that score increases to 92%, up from 89% last year.

Thank you for all your feedback on these important questions. We'll continue to engage with you as we move forward on our ESG and social purpose journey.

Read on for some examples of our work last year in Environmental, Social, and Governance areas.

*Based on an annual market study conducted with retail customers of all types of financial institutions in BC in 2023 (sample size=978)

SPOTLIGHT ON ESG HIGHLIGHTS IN 2023

CHARGING UP THE 'E' IN ESG

As a community-based organization, our members and clients increasingly expect us to find ways to reduce our own and other's greenhouse gas emissions, also known as our carbon footprint. Reducing this footprint helps reduce long-term costs, increases efficiency for our organization, and helps the environment. Coastal Community has an Accredited Corporate Sustainability Professional on our senior management team, and last year we established a baseline environmental impact snapshot for Coastal Community. This baseline will help us track, measure, and report on our emissions over the upcoming years.

One of the ways we put sustainability principles into action was to install EV charging stations at several of our locations last year. According to the installers we work with, we were the first financial institution on Vancouver Island to do so.

Building on our EV charging station plans that started with our Port Alberni location in 2022, we added new charging stations at our Parksville, Qualicum Beach and Chemainus locations in 2023. Our road map includes one more charging station in 2025 at our Courtenay location.

By calculating electric usage vs gas equivalents, we are proud to say that over two months at our Parksville and Qualicum Beach locations, we saved a total of 870.53 kg in CO2 going into the environment, due to the EV charging stations

We also have a mandate to use as much recyclable or reusable material as possible in our construction, which in turn reduces our greenhouse gas emissions. Another way we reduce our carbon footprint is to partner with like-minded companies. As an example, here's the Environmental Benefits Statement for Coastal Community provided by our printing partner, Hemlock:

Environmental Benefits Statement

By using paper made with post-consumer recycled content, the following resources have been saved.

trees	water	energy	solid waste	greenhouse gases
188	57273.3	78.6	292.4	37249.0
fully grown	litres	million BTU	kilograms	kilograms

Environmental impact estimates were made using the Environmental Paper Network's Paper Calculator™ Version 4.0. For more information visit www.papercalculator.org.

GROWING HOUSING AFFORDABILITY THROUGH OUR SPECIAL ONE-TIME COMMUNITY FUNDING

As previously mentioned, in 2023, we allocated \$1.6 million in one-time special community funding due to our exceptional financial results in 2022. We shared these

funds based on input from various groups. Thank you to members who participated in our Community Giving survey where we asked what community issues were most important to you. Affordable housing was your top concern, and this was echoed by our employees and Board. Overall, we supported a wide range of organizations with the special funding, responding to priority areas identified by our members, Board of Directors, and employees, as well as community leaders. The areas specified in our Building Healthier Communities Fund program were determined based on the collective input we received.



“The recent donation made by CCCU is extremely timely as our organization is embarking on a large affordable housing project. The need for housing in Canada is at crisis levels and with the generous support of CCCU and their employees, together we will help to create some meaningful impact to help those in need of safe affordable housing.”

Jeff Krafta, Executive Director,
Habitat for Humanity, Mid-Vancouver Island

MODERNIZING COASTAL COMMUNITY'S RULES

Last year we completed a comprehensive review of Coastal Community's Rules to ensure they are modern, up to date with recent changes to laws and aligned with the latest common industry practices. Some of the proposed amendments in Special Resolution 03-2023 included updating the Rules to comply with recent legislative changes, providing for new provisions regarding holding meetings electronically, and clarifying the ways that members can vote in elections and on special resolutions. This resolution was passed by our members. Thank you to the members who exercised their member voice last year. All Rule changes have been implemented, including the new director tenure limits, which were in force starting with last year's Directors Election.

Giving back to our communities.

It's why we're here





SHARING OUR SUCCESS

SPOTLIGHT

SHARING OUR SUCCESS WITH \$1.6 MILLION IN ONE-TIME SPECIAL COMMUNITY FUNDING

It was through your trust and commitment to do business with us, and the work and dedication of our employees that we were in a position to distribute \$1.6 million in one-time special community funding in 2023. Using the funds to strengthen and sustain our communities aligns with our Vision, Purpose, and Values.

Your voice was an important part of the process. By sharing your ideas through the 2023 Community Giving survey, you helped us determine what community issues were most important to you. Here's what you told us:

74% of respondents approved of our plan to contribute these funds toward community initiatives and causes across the Islands in 2023. You told us affordable housing is the top area you would most like us to focus on. To help with this important cause, we awarded grants to four Island rent banks, three Vancouver Island Habitat for Humanity locations, the Co-op Housing Association, and Cortes Community Housing Society. Another area identified was homelessness and, in this area, we gave funds to Port Alberni Shelter Society, Kiwanis Club of Victoria, Nanaimo Unitarian Shelter, and Nanaimo Moose Lodge #1052. The other areas we focused on based on the information we gathered include support for mental health, food security, healthcare, truth and reconciliation and a continued effort in supporting financial education.

Using money from our special community funding, we increased our 2023 budget for community giving and supported 186 island-based organizations through our Building Healthier Communities and our Community Investment programs.

Guided by the focus areas identified [here are the organizations we supported in 2023](#).

[Visit our website](#) to learn more about our Sharing Our Success initiative.

**Sharing
our
Success**



COASTAL COMMUNITY
CREDIT UNION

OTHER WAYS WE HELPED OUR COMMUNITIES

To make the most impact with the \$1.6 million in additional funding, we created some new one-time programs, drawing on input from our members, community and our Coastal Community team—including all employees and directors. We launched:

- A bursary program to support students who are attending post-secondary education in 2023 or 2024 and are current members of Coastal Community
- Save the Day grants to help community organizations with immediate solutions to unplanned situations, where aligned with our focus areas
- Employee's Community Passion grants—our employees nominated organizations close to their hearts and entered a draw for the chance to award funds to their chosen groups

“I appreciate having the opportunity to complete the survey and CCCU taking the initiative to give back to local communities. The needs are overwhelming and if we do not support our youth the future is not rosy.”

Anonymous respondent quote from the 2023 Community Giving Survey



**To remain a strong,
growing and
socially responsible
organization.**

It's why we're here





OUR CORPORATE PERFORMANCE

The complex economic landscape of 2023 was dominated by persistent inflation, high interest rates, and geopolitical tensions. Many of you dealt with financial stress, and as a strong, stable and secure organization, we were there to help. Your Credit Union had another very successful year, and that strengthened our ability to serve you when and where you needed us.

Your trust and commitment to doing business with us, along with the work and dedication of our employees, were major factors in last year's success. Similar to 2022, the external environment also played a part, as the Bank of Canada continued to raise interest rates to combat inflation. While this made things challenging for consumers, the higher rates benefited members' equity as well as the Credit Union's financial margin and return on average assets. Making the most of a tough economic situation, we focused on helping you with your financial goals and challenges and giving back significantly to our Island communities. We remain the largest financial services organization based on Vancouver Island and the Gulf Islands and we are committed to putting people first. Thank you for the privilege of serving you.

HOW WE DID				
\$3.3 BILLION in On-Book Credit Union Assets	0.74% RETURN on Average On-book Assets	\$1 BILLION in Wealth Assets Under Management	\$246.7 MILLION in Members' Equity	\$19.1 MILLION in Net Income

2023 was another unusual year, marked by high interest rates. Coastal Community Credit Union ended the year with almost 3.3 billion in on-book credit union assets. We also hold \$1.0 billion in assets under management through our partner, Aviso Wealth.

We're pleased to report that together with Aviso Wealth³ we managed a larger asset portfolio despite a year of turbulent financial markets. This strong financial position demonstrates the deep trust our clients and members have in our advice and expertise.

A trusted financial partner to over 7,000 members and clients, we continue to be a leader in Canada, providing

a fully integrated holistic approach that includes investment management through our partner Aviso Wealth³, life and health insurance⁴ through Coastal Community Private Wealth Group, and personal trust and estate services⁵.

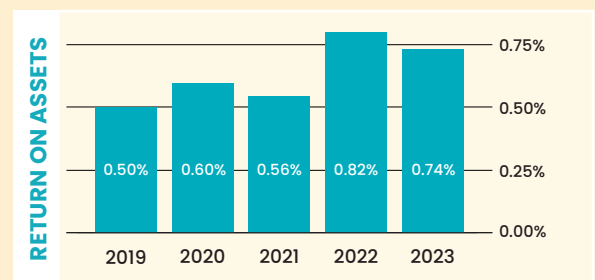
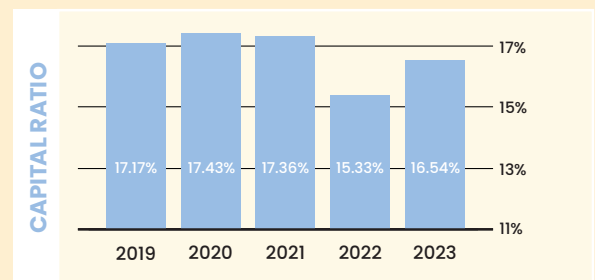
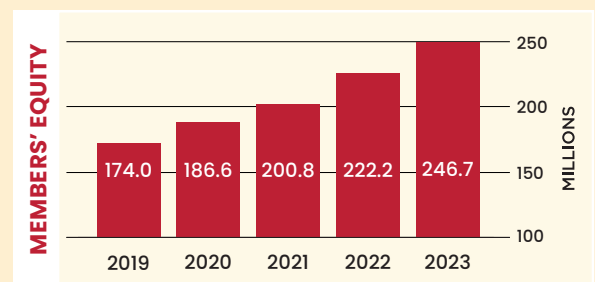
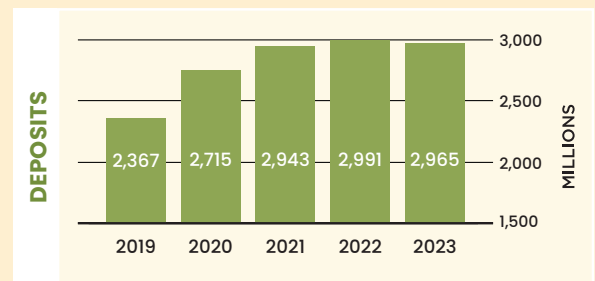
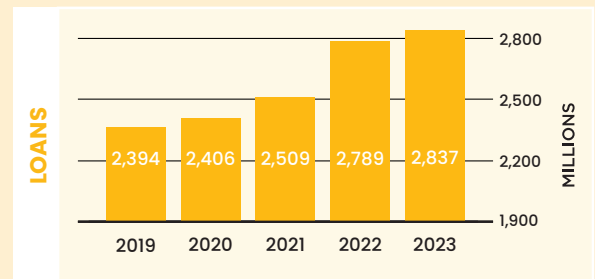
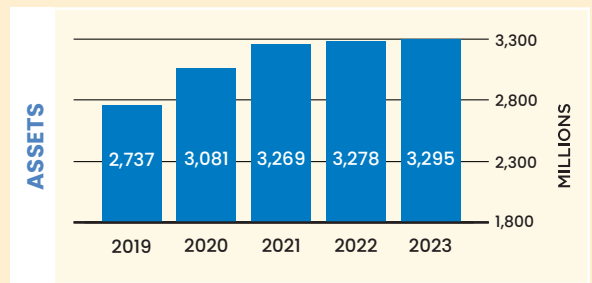
For Coastal Community Insurance Services (2007) Ltd. (CCIS), 2023 was a year focused on expanding digital resources and more personalized outreach. This allowed us to help people protect their financial health during a year of extreme weather events. Our goal is to deliver services and products that offer more options how, where and when clients want them.

Our overall loan portfolio — comprising business, personal, and commercial lending products — grew by \$48.6 million. Our deposits decreased by \$25.5 million as members accessed the funds they had built up over the pandemic to help manage their finances amid high inflation. Term deposits grew by 17% as members were able to take advantage of higher rates.

Due to the higher interest rates, several of our financial markers increased or remained extremely strong last year. Return on Average On-book Assets — a common marker of financial performance in the credit union industry — was an excellent 0.74%. Net income ended the year at \$19.1 million, while our financial margin increased to \$87.0 million. Members' equity, or what we like to call Coastal Community's savings account, grew by \$24.5 million to end the year at \$246.7 million. This increase led to a very strong capital adequacy ratio of 16.5%.

ENHANCING SERVICES WHILE BUILDING RESERVES

When we experience a year of strong financial performance like we did in 2023, Coastal Community retains the profits in our business so we can remain strong and stable into the future. Having a robust balance sheet ensures we have the capacity for member service enhancements and capital expansion or other growth opportunities for years to come. We're also able to build up strong reserves to help protect your Credit Union from economic downturns. This allows us to continue to deliver on our core Vision: helping you improve your financial health and building healthier communities. Thank you to our members, clients and communities for allowing us to serve you for over 75 years.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

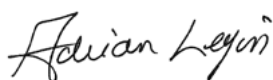
The consolidated financial statements and the accompanying notes are the responsibility of the management of Coastal Community Credit Union (the Credit Union).

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.

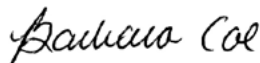
As part of its responsibilities, the Credit Union maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that 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 Finance 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 Finance Committee.



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



Barbara Coe, CPA, CGA
Chief Financial Officer

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Coastal Community Credit Union

Opinion

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

- the summary consolidated statement of financial position as at December 31, 2023
- the summary consolidated statement of comprehensive income for the year then ended
- the summary consolidated statement of changes in members' equity 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, 2023.

In our opinion, the accompanying summary 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 summary consolidated financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by IFRS Accounting Standards. Reading the summary 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 summary 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 Summary Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary 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
Vancouver, Canada
March 20, 2024

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023, with comparative figures for 2022

	2023 (\$'000)	2022 (\$'000)
Assets		
Cash and cash equivalents	\$ 131,934	\$ 143,637
Investments	255,263	276,280
Investment in joint venture	29,181	29,437
Loans to members	2,837,122	2,788,532
Premises and equipment	24,194	23,330
Intangible assets	1,461	1,510
Derivative financial instruments	3,271	5,088
Deferred income tax assets	3,297	2,884
Income taxes receivable	-	109
Other assets	8,898	7,535
	\$ 3,294,621	\$ 3,278,342
Liabilities and Members' Equity		
Member deposits	\$ 2,965,186	\$ 2,990,657
Borrowings	43,358	26,839
Other liabilities	35,281	34,909
Income taxes payable	1,721	1,350
Members' shares	2,354	2,413
	3,047,900	3,056,168
Members' equity		
Retained earnings	246,029	226,924
Accumulated other comprehensive gain (loss)	692	(4,750)
	246,721	222,174
	\$ 3,294,621	\$ 3,278,342

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2023, with comparative figures for 2022

	2023 (\$'000)	2022 (\$'000)
Interest income	\$ 137,313	\$ 105,216
Interest expense	50,312	23,767
Net interest income	87,001	81,449
Loan impairment expense	761	2,347
Other income	19,390	20,777
Operating expenses	81,432	73,130
Income before income taxes	24,198	26,749
Provision for income taxes	5,093	4,268
Net income	19,105	22,481
Other comprehensive gain (loss), net of tax	5,442	(1,070)
Comprehensive income	\$ 24,547	\$ 21,411

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2023, with comparative figures for 2022

(\$'000)	Investments held at FVOCI	Cash flow hedges	Accumulated other comprehensive gain (loss)	Retained earnings	Contributed surplus	Total
Balance at December 31, 2021	\$ (1,856)	\$ (1,824)	\$ (3,680)	\$ 201,870	\$ 2,573	\$ 200,763
Net income	-	-	-	22,481	-	22,481
Other comprehensive gain (loss)	(3,209)	2,139	(1,070)	-	-	(1,070)
Balance at December 31, 2022	(5,065)	315	(4,750)	224,351	2,573	222,174
Net income	-	-	-	19,105	-	19,105
Other comprehensive gain	3,548	1,894	5,442	-	-	5,442
Balance at December 31, 2023	\$ (1,517)	\$ 2,209	\$ 692	\$ 243,456	\$ 2,573	\$ 246,721

NOTE 1 – BASIS OF PRESENTATION:

These summary 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, 2023. Those audited consolidated financial statements were approved by the Credit Union's Board of Directors on March 20, 2024 and can be obtained at any of our branches.

Approved on behalf of the Board:



Dominique Roelants
Chair, Board of Directors



Debra Oakman
Chair, Audit and Finance Committee

In addition to this 2023 Annual Report, the following 2023 annual reporting documents are available to members and clients at cccu.ca:

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



COASTAL COMMUNITY
CREDIT UNION

HEAD OFFICE

220-59 Wharf Street
Nanaimo, BC V9R 2X3

cccu.ca

GENERAL INQUIRIES

1.888.741.1010
service@cccu.ca

