



ANNUAL REPORT



The smarter way to bank





People Helping People.

As an organization founded for the benefit of its members, we remain committed to providing you with the smarter way to bank through better products, better rates, and the friendly, neighborhood service you've come to expect.



As I near the close of my second year as CEO of Coastal1 Credit Union, I'm pleased to report that 2022 was another successful year for the Credit Union. Coastal1 remains strong, well-capitalized and profitable with excess liquidity and assets of more than \$3.1 billion.

Active membership increased by 6.5% to 83,600 households at year-end and assets increased by \$292 million on deposit growth of \$66 million and loan growth of \$336 million. Our loan portfolio continued to perform well and demonstrated high asset quality, with total and 60+ day loan delinquency of 0.38% and 0.15% of total loans respectively, placing Coastal1 among the top performers in our peer group and nationally. Charge-offs, net of recoveries, represented only 0.04% of our total loan portfolio for 2022, and our expectation is that ongoing due diligence and oversight will continue to minimize this key business risk.

In keeping with recent years, 2022 was a year of significant change - for our economy, the Credit Union, and our members, as we witnessed the retreat of COVID, a dramatic increase in inflation, significant increases in deposit and loan rates, and the end of the mortgage refi boom. At the same time, Coastal1 surpassed the \$3 billion mark in assets and began construction of its first Massachusetts branch office in North Attleboro. We continued to invest in technology to enhance member service and launched mobile banking apps Zelle® and Card Manager to provide convenient person-to-person money transfer, and self-service debit card control. We also upgraded our Contact Center with improved call answering features

and will be adding chat and email shortly.

As we transition into 2023 and somewhat unsettled economic times, it's worth noting the important role credit unions play in the banking system. Credit unions are very different from banks in that we were created by and exist for the benefit of our members – our account holders. In addition to being insured and backed by the full faith and credit of the U.S. government, credit unions are among the most well-capitalized financial institutions, maintaining equity reserves and investments that prioritize safety and soundness for their members. Importantly, no federally insured credit union depositor has ever lost a dollar of their insured deposits. At Coastal1, our member base is comprised of individuals and businesses from the communities we serve. We have no exposure to the technology sector or cryptocurrency and are owned by our members.

With strong earnings and prudent financial management, Coastal1 Credit Union is well positioned to weather the current economic turbulence and any unforeseen challenges that may lay ahead. We will continue to actively manage the growth and financial performance of the Credit Union and look to remain a strong supporter of the communities we serve.

For the past 95 years you've relied on us to meet your needs with competitive rates and quality products, convenience and access, and caring, professional service. I look forward to continuing these practices for years to come.

Thank you for your membership.

- Brian Azar, *President & Chief Executive Officer*

COMMUNITY GIVING

\$552k

to local non-profit and charitable organizations



\$10k



to Ronald McDonald House of Charities of New England

\$10k



to the Joe Andruzzi Foundation

\$32k



in annual scholarships

\$10k



Pawtucket Arts Festival

\$30k



to the food pantries in RI

\$20k



to the Pawtucket Central Falls Development Corp



When we first opened our doors back in 1928, we were established on the principle of *people helping people*. The enduring strength of this philosophy is demonstrated by your Credit Union's continued growth to more than \$3 billion in assets and more than 120,000 members, and it's a philosophy I'm particularly proud to support and be a part of.

As a community-based credit union we look to give back to the towns and cities we serve. Contributing time and management experience as well as financial support, we continue to focus our efforts on partnerships that provide food and shelter for those in need, education and financial literacy, and the positive development of children, youth, and teens.

With so many worthwhile causes, we make every effort to support as many organizations as possible, understanding that donations of any amount are important and always welcome. In 2022, the Credit Union contributed \$552,000 to more than 335 local non-profit and charitable organizations, including \$45,000 in employee and matching contributions to the United Way. Coastal1 employees also contributed nearly 300 volunteer hours to 17 organizations.

Some of the larger donations in support of our four primary giving pillars – food, shelter, education, and youth development, include \$30,000 to the

RI Community Food Bank and local food pantries, \$20,000 to Pawtucket Central Falls Development Corp to provide affordable housing and neighborhood revitalization, \$20,000 to The Learning Community Charter School, \$17,000 to the Pawtucket YMCA, \$10,000 each to Local Initiatives Support Corporation RI in support of local community development, the Joe Andruzzi Foundation to assist families fighting cancer, Ronald McDonald House of Charities, and the Pawtucket Arts Festival, and \$32,000 in scholarships for high school seniors attending college.

Coastal1 also provides consistent support to many other community organizations, large and small. Some of those sponsored include Hope Alzheimer's Center and the Alzheimer's Association, Rhode Island Foundation, Progreso Latino, RI Latino Arts, and the Hispanic Chamber of Commerce, several Community Action Programs, Salvation Army, Hasbro's Children's Hospital, and the San Miguel School. For the 10th consecutive year, the Credit Union also sponsored and participated in the Back to School Celebration RI drive, providing backpacks and school supplies to thousands of children in Pawtucket, Central Falls, and other communities in our marketplace.

In addition to company sponsored donations, employee contributions for "dress down day" privileges provided relief for organizations such as the Pawtucket Soup Kitchen, Hasbro Children's Miracle Network, the Autism Project, Special Olympics, and St. Mary's Home for Children.

I'm proud to say that at 95 years young, the Credit Union continues to make a positive impact on the lives of the members and the communities we serve. *People helping people* will continue to be our guiding principle and we appreciate your membership as we look to the future.

- Ronald W. LeClair, *Chairman of the Board*

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2022 FINANCIAL REVIEW

An annual audit by our accounting firm, Wolf & Company, P.C., is overseen by the Supervisory Committee. The audit of the financial results of 2022 is expected to be completed by May 2023. The statements presented here are unaudited.

Gregory G. Scown *Chair, Supervisory Committee*

Statement of Condition

At December 31, 2022 (Unaudited)

Assets

Cash and Due from Banks	\$14,760,471
Short-Term Investments and Investment Securities	306,289,955
Residential Real Estate Loans	1,356,115,188
Consumer, Second Mortgages and Equity Lines of Credit	1,180,999,326
Commercial Loans	210,986,504
Total Loans	2,748,101,018
Less: Allowance for Loan Losses	(11,060,648)
Loans, Net	2,737,040,370
Buildings and Equipment, Net	28,722,704
NCUA Deposit Insurance Fund	22,213,460
Accrued Interest and Other Assets	23,652,874
Total Assets	\$3,132,679,834

Liabilities and Surplus

Shares, Savings and Time Deposits	2,380,550,811
Accrued Expenses and Other Liabilities	445,459,695
Total Liabilities	2,826,010,506
Surplus	306,669,328
Total Liabilities and Surplus	\$3,132,679,834

Statement of Income

For the twelve months ended December 31, 2022 (Unaudited)

Interest Income

Interest Income on Loans	\$88,021,324
Income on Investments	5,078,874
Total Interest Income	\$93,100,198

Interest Expense

Dividend and Interest Expense	13,837,717
Other Interest	5,663,940
Total Interest Expense	\$19,501,657

Net Interest Income	73,598,541
Less: Provision for Loan Losses	(2,804,985)
Net Interest Income after Provision for Loan Losses	70,793,556
Other Income	12,406,678
Income Before Operating Expenses	83,200,234
Operating Expenses	51,611,641
Net Income Before Gains	31,588,593
Gains on Sales of Loans/Investments	133,551
Net Income	\$31,722,144

Respectfully Submitted, John B. Richer, Jr., *Treasurer*

PEOPLE
HELPING
PEOPLE

#coastal1inthecommunity





RHODE ISLAND

- Pawtucket**, 1200 Central Ave.
- Pawtucket**, 540 Broadway
- Pawtucket**, 571 Smithfield Ave.
- Cumberland**, 1855 Mendon Road
- Smithfield**, 379 Putnam Pike
- Providence**, 457 Angell St., Wayland Square
- N. Providence**, 1617 Mineral Spring Ave.
- E. Providence**, 660 Warren Ave.
- E. Providence**, 339 Newport Ave.
- Bristol**, 576 Metacom Ave, Belltower Square
- Cranston**, 40 Sockanosset Cross Road
- Cranston**, 96 Independence Way, off Plainfield Pike
- Warwick**, 405 Warwick Ave.
- Warwick**, 3319 Post Road
- E. Greenwich**, 5661 Post Road
- N. Kingstown**, 221 Tower Hill Road
- Wakefield**, 84 Old Tower Hill Road

MASSACHUSETTS

- N. Attleboro**, 99 Chestnut Street

ATM LOCATIONS


ATMs are available at all branch locations.

www.Coastal1.org

Coastal1 Credit Union is federally insured by the National Credit Union Administration, a U.S. Government Agency.

 Equal Housing Lender

Coastal1 Credit Union is an Affirmative Action / Equal Opportunity Employer.

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