



ANNUAL REPORT

2018



Opportunity starts here

EXECUTIVE MANAGEMENT REPORT

To our member-owners of **Downeast Credit Union**:

2018 has been a year of change, growth and opportunity for Downeast Credit Union. Throughout 2018, we sharpened our focus on enhancing the wealth of our members and the communities we serve, and worked towards providing opportunity through accessible banking products that enhance financial wellness.

Throughout our eight locations, we have connected with community members through social media, member referrals, and expanded community involvement. We have been particularly focused on underserved families living paycheck-to-paycheck. This group is the main reason credit unions exist. Downeast Credit Union has prioritized creating opportunity for the underbanked and underserved in our communities. During our monthly companywide meetings throughout the past year, we shared our many 'WOW Moment' stories on how we have made a significant difference in our members' lives. Sharing these heart-felt stories inspires us as an organization and drives us as individuals to create opportunity for you, our member-owners.

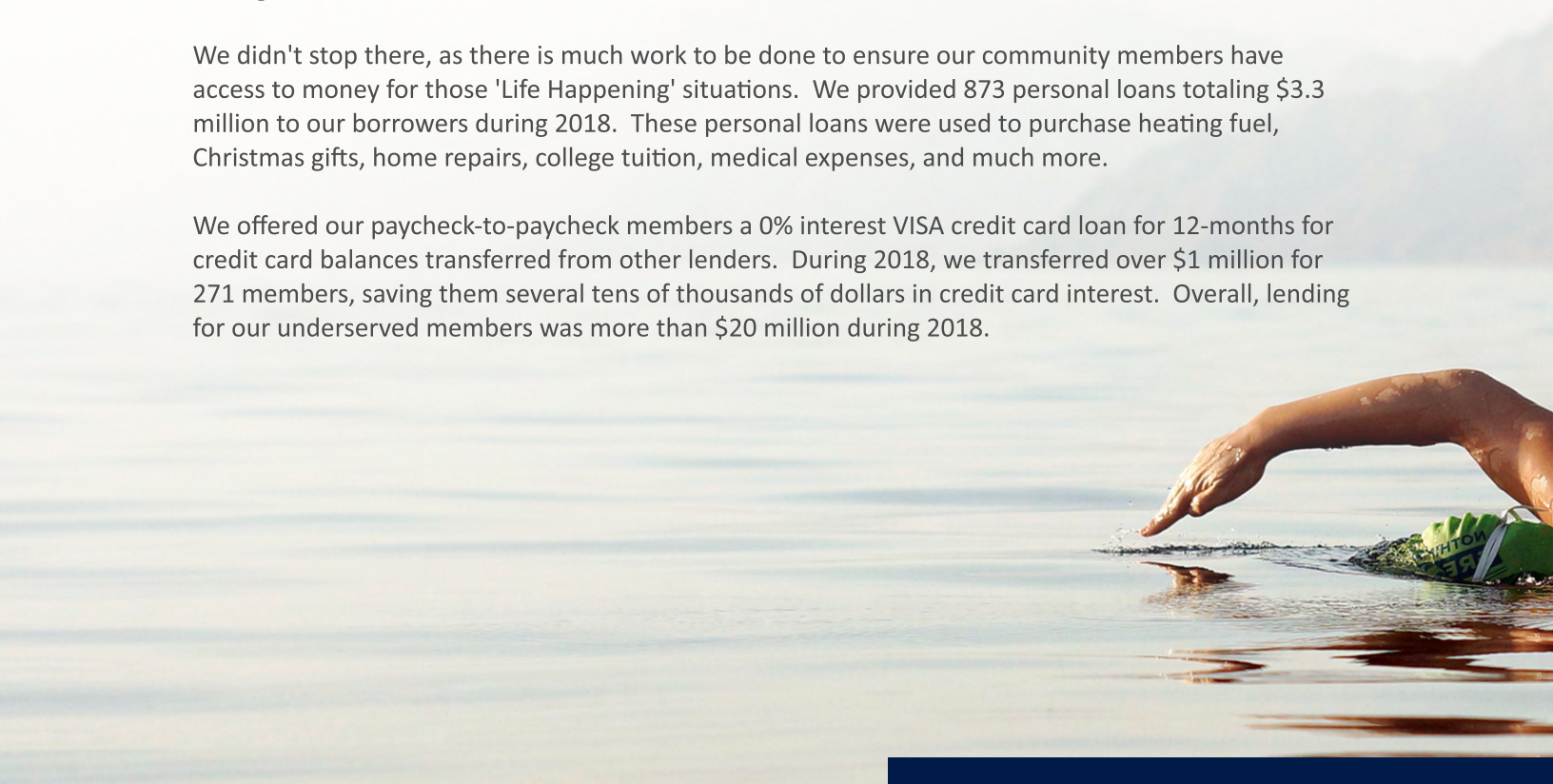
OPPORTUNITY STARTS HERE

During 2018, we worked hard to support our members to purchase reliable and safe vehicles for their necessary travels. Too many times, our members told us they assumed financing a vehicle was not possible because of their credit, or that the dealership made the ultimate decision on the auto to be purchased. As an organization, we recognize that many credit concerns are a result of 'Life Happening' such as becoming sick, losing a job, divorce, injury, or the downsizing of a job. At Downeast, we offer programs to help members rebuild credit. Our friendly team members are skilled in developing individualized plans to help you succeed in the financial journey of life.

Through our community outreach efforts, we financed 410 vehicles in aggregate of \$9.2 million for our members, a 25% increase over 2017. Our passionate Loan Officers carefully listen to the needs of our members and walk the extra mile in the car buying experience to assist in locating the ideal low-mileage or new vehicle to finance.

We didn't stop there, as there is much work to be done to ensure our community members have access to money for those 'Life Happening' situations. We provided 873 personal loans totaling \$3.3 million to our borrowers during 2018. These personal loans were used to purchase heating fuel, Christmas gifts, home repairs, college tuition, medical expenses, and much more.

We offered our paycheck-to-paycheck members a 0% interest VISA credit card loan for 12-months for credit card balances transferred from other lenders. During 2018, we transferred over \$1 million for 271 members, saving them several tens of thousands of dollars in credit card interest. Overall, lending for our underserved members was more than \$20 million during 2018.



MILESTONES

Downeast Credit Union reached several key milestones during 2018.

- For the first time, we reached more than \$200 million in managed assets.
- We were selected as one of the Best Places to Work in Maine for the 2nd consecutive year.
- Members earned above-market dividends on their savings, earning more than \$1.4 million.
- Our Team Members contributed a significant amount of their talent and treasure to local community events; truly enjoying their contributions.

And I would be remised not to mention the 2018 retirement of long-time President/CEO, David Tozier. After 23 years with Downeast, it was bittersweet to say goodbye to this visionary who truly left his mark on the Maine credit union movement. Thank you, David, for your leadership, mentorship, and for instilling a compassionate culture at DECU of people helping people. We wish him the best in retirement.

GOING PLACES

We look forward to expanding opportunities for our members and the community in the years to come. Our future is bright and we are honored to be a key partner in achieving our members' aspirations and goals, and helping the Downeast community to live life to the fullest.

In closing, if you know of a friend or family member who could use a strong financial advocate, please refer them to Downeast Credit Union. If they aren't a member, they should be.

Mason R. Pottle,
Chairman of the Board

Joseph A. Moses, MBA | CCUE
President/CEO

*We are in this together - when you
succeed, we succeed*



Statement of Financial Condition - Unaudited

ASSETS	2018	2017	2016
Loans to Members, Net	\$ 172,027,511	\$ 150,649,879	\$ 138,372,816
Cash	10,089,725	8,031,474	8,676,874
Investments	962,343	734,843	810,343
Premises and Equipment	8,392,034	7,539,856	7,306,667
Other Assets	10,924,172	10,138,827	9,504,908
TOTAL ASSETS	\$ 202,395,784	\$ 177,094,878	\$ 164,671,607
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 1,642,405	\$ 1,636,558	\$ 1,244,328
Due to Other Financial Institutions	6,000,000	-	3,000,000
TOTAL LIABILITIES	7,642,405	1,636,558	4,244,328
EQUITY			
Member Accounts	\$ 178,838,216	\$ 161,144,691	147,764,604
Regular Reserve, Undivided Earnings	15,915,163	14,313,629	12,662,675
TOTAL EQUITY	\$ 194,753,379	\$ 175,458,320	\$ 160,427,279
TOTAL LIABILITIES AND EQUITY	\$ 202,395,784	\$ 177,094,878	\$ 164,671,607

Statement of Income - Unaudited

Interest on Loans	\$ 9,388,512	\$ 8,396,567	\$ 6,939,917
Interest on Investments	22,816	19,966	15,244
Fee Income and Other Income	5,522,581	4,817,945	4,010,216
TOTAL REVENUE	\$ 14,933,909	\$ 13,234,478	\$ 10,965,377
Salaries and Benefits	\$ 6,681,748	\$ 5,380,542	\$ 4,270,593
Office Operation	1,517,616	1,440,515	1,256,605
Office Occupancy	566,804	578,704	594,181
Education and Promotions	234,308	290,890	167,708
Travel & Conferences	265,135	295,131	287,938
Professional and Outside Services	378,232	330,570	245,893
Loan Servicing	1,089,817	1,029,170	784,163
Provision for Loan Losses	1,028,002	1,052,047	795,412
Other Operating Expenses	161,393	95,705	92,504
TOTAL EXPENSES	\$ 11,923,057	\$ 10,493,274	\$ 8,494,995
Net Income before Interest & Dividends	\$ 3,010,853	\$ 2,741,204	\$ 2,470,382
Total Interest & Dividend Expense	1,409,319	1,090,256	1,039,408
NET INCOME	\$ 1,601,533	\$ 1,650,948	\$ 1,430,974

DECU Peer Comparison

	DECU		PEER \$100MM - \$500MM		DIFFERENCE
Earnings	\$ 1,601,534	0.84%	\$ 1,359,458	0.72%	\$ 242,076
Dividends	\$ 1,409,319	0.74%	\$ 877,025	0.46%	\$ 532,294
Loan to Share	\$ 173,419,418	96.97%	\$ 139,475,925	77.99%	\$ 33,943,493
Asset Growth	\$ 25,306,858	14.29%	\$ 7,136,924	4.03%	\$ 18,169,934
Loan Growth	\$ 21,350,021	14.04%	\$ 13,016,822		\$ 8,333,199
Deposit Growth	\$ 17,693,687	10.98%	\$ 5,849,552	3.63%	\$ 11,844,135
Membership Growth	822	4.06%	517	2.55%	306
Employee Turnover	9	10.00%	17	18.60%	(8)

* Figures based on unaudited estimates from NCUA.

**We can succeed together.
Connecting your dreams to
opportunities – with a smile.**





downeast

CREDIT UNION

Supporting Community Events & Causes

Addison Coty Memorial Scholarship
Belfast Harbor Fest
Belfast Senior Organization
Calais Fire Department
Calais Lioness Club
Calais Lions Club
Down East Border Riders
Down East Community Hospital
Habitat for Humanity
Healthy Acadia
Machias Bay Chamber of Commerce
Machias Chamber Summer Movie Series
Machias Community Christmas
MADRN (Make a Difference Right Now)
Maine Wild Blueberry Festival
North Woods 4H Club
Schoodic Shrine Club
Sexual Assault Support Services of Midcoast ME
Spednic Bowling League
St. Croix Valley Chamber
Unity Eagle Scout Gazebo Project
Unity Fire Department
Washington County Shrine Club
Wayfarer's Eastern Maine Chapter

Developing our Youth

Camp Roosevelt
Lake St. George State Park
Old Town Little League
Richmond Police Department - Bicycle Rodeo
Richmond Recreation Department
Topsham Youth Soccer League
Washington County Lion of Judah Football
Woodland Recreation Department

Education

Calais Elementary School
Calais Music Boosters
Financial Fitness Fair
Midcoast Maineiacs Robotics Team
Mount View High School
Woodland Elementary School Literacy

Ending Hunger

Calais Turkey A Thon
MECUL Ending Hunger Campaign
Richmond Food Pantry
Sebasticook Golf Tourney-Ending Hunger
UCU Ending Hunger on Campus
Veggies For All (Unity)

Supporting our Veterans

American Legion Post 171
Maine Veterans' Home - Augusta
Maine Veterans' Home - Machias
Washington Place, Calais
Gerry Owen House
Maine Bureau of Veterans' Services