Dear members,

We hope that this message finds you healthy and safe. We know that 2020 is off to a tumultuous start, but we’re committed to helping you through it, just as we have with each of the challenging times that we’ve faced together in the past.

We’re fortunate to be coming off another good year, and are well-positioned to see our members through whatever lies ahead. The numbers on the next page speak for themselves, so instead of discussing financial results here, we wanted to use this opportunity to focus on the human factors that make what we do as a credit union so important.

We exist to help our members bank better, so you can live better, and we believe these examples from the past year demonstrate that commitment to you, and to our community. In 2019:

- We returned more than $35 million to our members, including our largest-ever Loyalty Bonus dividend of $3.7 million. On average, that’s an extra $130 per member simply from choosing Coastal for your banking needs.
- Two-thirds of our employees participated in our Financial Well-Being pilot program, which we plan to begin rolling out to members later this year to help guide them through their financial journey.
- We opened a new branch in Hope Valley Commons in Durham, replacing our Southpoint Crossing location. We also began construction in Brier Creek, and secured properties to build future branches in Knightdale, Chapel Hill and Fuquay-Varina.
- We partnered with our good friends and fellow cooperative, Weaver Street Market, to provide teller and ATM services at their new downtown Raleigh store.
- We rolled out debit card fraud text alerts, helping members to have more control when it comes to fighting fraud.
- We helped a record number of members purchase or refinance homes, closing 2,448 mortgages totaling $600 million.
- We provided emergency relief to members affected by Hurricane Dorian and by the federal government shutdown.
- The Coastal Credit Union Foundation made more than $530,000 in grants to area nonprofits, and Coastal provided an additional $200,000 in charitable donations.
- The foundation provided $100,000 to Habitat for Humanity in both Durham and Wake counties, to build a house in each place.
- Our community efforts earned us a Corporate Philanthropy Award from the Triangle Business Journal, and a Partner in Philanthropy award from the Carolinas Credit Union Foundation. We also earned recognition for being a great place to work, and for the great work our employees do.

The story of Coastal’s impact on the lives of members, employees and the community can’t be contained in one page. Please review our full Member & Community Impact Report to read more about:

- Our 2019 community impact
- Our foundation’s annual report
- A recap of our Power of Sharing event

While everything is being done at a distance right now, we remain available to you for whatever you may need, and look forward to the time we can all see each other again.

Sincerely,

Joan A. Nelson, Board Chair
Chuck Purvis, President & CEO
William F. Smith, Secretary/Treasurer
Financial Statistics  
Distribution of Your 2019 Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>275,823</td>
</tr>
<tr>
<td>2017</td>
<td>309,126</td>
</tr>
<tr>
<td>2018</td>
<td>330,600</td>
</tr>
<tr>
<td>2019</td>
<td>365,273</td>
</tr>
</tbody>
</table>

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**Statement of Condition**

**Assets**
- Loans to Members: $2,880,097
- Allowance for Loan Losses: -$28,221
- Cash & Investments: $389,628
- Other Assets: $145,537
- **Total Assets**: $3,387,041

**Liabilities and Equity**
- Member Share Accounts: $2,967,222
- Other Liabilities: $54,546
- Equity: $365,273
- **Total Liabilities and Equity**: $3,387,041

**Statement of Income and Expense**

**Income**
- Interest on Loans: $133,271
- Income from Investments: $8,490
- Fee Income: $11,817
- Other Income: $43,812
- **Total Operating Income**: $197,390

**Expenses**
- Dividends Paid to Members: $30,107
- Interest Expense on Borrowings: $1,001
- Provision for Loan Losses: $14,804
- Employee Costs: $61,147
- Office Occupancy/Operations: $54,099
- Other Expenses: $1,545
- **Total Operating Expenses**: $162,703
- **Net Income**: $34,687

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**Coastal’s Board of Directors:**
Coastal Credit Union is the financial home to more than 270,000 members from 1,700 select employee groups. Coastal operates 23 branches in the central North Carolina market and serves members in all 50 states through a network of 5,000 shared branches, mobile banking, featuring mobile check deposit, and a robust offering of services at COASTAL24.com.
Our Mission

Bank Better to Live Better

Our Vision

Most Loved and Respected Financial Partner

Our Values

Be Heroic
Be a hero to everyone you serve. Listen to their story. Own their problems. Provide the right solutions with empathy, honesty and without judgment.

Welcome Diversity
Respect everyone who walks in the door regardless of age, sex, race, income level, religion, politics, or identity. Diversity of thought and experience make every idea better. Seek it out. Cherish the opportunity to learn and incorporate new ideas.

Be Accountable
Set goals and own them. Work every day to improve the quality and consistency of what you do. Know that integrity, keeping your word, delivering more than what is expected is critical. Don't let anyone or any request fall through the cracks.

Be Bold
Be innovative. Be resourceful. Pursue unique ideas that set us apart from the banks and make members' lives better. Do what others said couldn't be done.

Share Generously
Always remember that our members and employees are our owners and share back to them our time, talents, and profits. Let's share to make our communities stronger. We exist to make our employees, members and communities better.
Cooperative Principles

As a not-for-profit financial cooperative, Coastal adheres to these seven principles:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members’ Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation Among Cooperatives
7. Concern for Community
We Listen

Hearing from our members is important to us. We use your input to constantly improve our services, including these 2019 projects:

- Hope Valley (Durham) Branch
- Small dollar loan pilot program
- Weaver Street teller machine
- Mobile check deposit improvements
- High Yield IRA Savings

We're always here. In 2019, we handled:

- **495,387** Phone Calls
- **49,726** Online Banking Secure Messages
- **13,326** Survey Responses (1,297 survey follow ups)

2019 Member Assistance Program

The credit union has a Member Assistance Program (MAP) in place to help members who are struggling with their loan obligations. We help members restructure loans and reduce their monthly payments for a period of time to help them get back on their feet.

- 678 loans restructured
- $17.2 Million in balances
- Helped 148 members affected by government shutdown
- 840+ counseled through Financial Well Being pilot program
- 2,730 member interactions through GreenPath financial wellness
Inside Coastal

Being a best place to work is just as important to our success as having loyal members, supporting our community, and enjoying strong financial results. We believe that taking care of our employees is the first step in corporate responsibility, and if we take good care of them, they will take great care of our members, and business success will come naturally.

We’re one of the best credit unions to work for because we have great credit union employees. They’re more than just happy employees… they believe in our mission, and show up to work every day for the same reason, to help our members live better lives.

Highlights from 2019

- Implemented four weeks of paid parental leave for eligible employees
- Developed an internal Career Fair to help employees develop in their career track, and find opportunities to grow within the organization
- Completed an extensive compensation study to ensure market salaries for all roles
- Committed to strengthening our core value of Welcoming Diversity and fostering inclusion and belonging. Conducted an all-employee survey, and deep dive focus groups to help shape how training, policies and practices are aligned with our values.

Employee Spotlights

Chip Bailey, Digital Banking Business Analyst Sr.
Earned the Hugh Watson Award from Southeast CUNA Management School, for exceptional contributions and outstanding leadership throughout the 3-year class.

Reca Callis, HR Manager
Recognized that even with a living wage, employees may occasionally experience unforeseen hardships, so she created the Coastal Cares food pantry to allow for quick, anonymous help with nutrition needs.

Candace Roberts, Deposit Operations Relationship Mgr.
Elected president of the Northeast Chapter of Credit Unions of the Carolinas Credit Union League, after leading the efforts to revive the dormant chapter.

2019 Trophy Case

- African-American Credit Union Coalition Hall of Fame: Joan Nelson
- Business North Carolina - Best Employers in North Carolina
- Cary Magazine Maggy Awards - Best Financial Institution
- Credit Union Journal – Best Credit Unions to Work For
- Credit Union National Association Marketing Council - Diamond Awards: Coastal Family Day & Join Days
- CUSO Financial Services: Marketing Impact Award: Coastal Wealth Management
- CUSO Financial Services Silver Pacesetter Award: Martin Gabel
- CUSO Financial Services Bronze Pacesetter Award: Jonah Kaufman
- Durham Magazine - The Best of Durham
- Inc.com - Best Workplaces
- NC Sustainable Energy Assn. - Community Impact Award: Creighton Blackwell
- Raleigh Public Relations Society - Sir Walter Raleigh Awards for Excellence in Communication: Coffee with Chuck
- Triangle Business Journal - Best Places to Work
- Triangle Business Journal - Corporate Philanthropy Award
- Triangle Business Journal - C-Suite Awards: Willard Ross
- Triangle Business Journal - Healthiest Employers
## Ways we save members money

<table>
<thead>
<tr>
<th>Loan Rates</th>
<th>How much we saved members in 2019*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing Mortgages</td>
<td>$883,430</td>
</tr>
<tr>
<td>Auto Refinance Savings Guarantee</td>
<td>$123,330</td>
</tr>
<tr>
<td>Refinancing Auto Loans</td>
<td>$742,430</td>
</tr>
<tr>
<td>Auto Loans</td>
<td>$6,534,770</td>
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<tr>
<td>Home Equity Lines of Credit</td>
<td>$872,770</td>
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<tr>
<td>Credit Card Hurricane Relief Campaign</td>
<td>$106,000</td>
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</table>

## Deposit Dividends

<table>
<thead>
<tr>
<th>Deposit Dividends</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Go Green Dividends</td>
<td>$2,313,260</td>
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<tr>
<td>Money Market Dividends</td>
<td>$4,506,900</td>
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<tr>
<td>Certificate Dividends</td>
<td>$3,651,630</td>
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<tr>
<td>IRA High Yield Savings Dividends</td>
<td>$506,720</td>
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<tr>
<td>Health Savings Accounts Dividends</td>
<td>$181,580</td>
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</table>

## Fees

<table>
<thead>
<tr>
<th>Fees</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>First-Time Homebuyer Origination Fee</td>
<td>$194,010</td>
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<tr>
<td>Mortgage Underwriting Fee</td>
<td>$734,400</td>
</tr>
<tr>
<td>Bounce Guard/NSF Fee</td>
<td>$843,830</td>
</tr>
<tr>
<td>Overdraft Forgiveness Program</td>
<td>$3,618,850</td>
</tr>
<tr>
<td>Overdraft Transfer Fee (eliminated 2017)</td>
<td>$1,285,940</td>
</tr>
<tr>
<td>Non-Coastal ATM fee (eliminated 2019)</td>
<td>$175,000</td>
</tr>
<tr>
<td>Other Eliminated Fees</td>
<td>$293,960</td>
</tr>
</tbody>
</table>

## Incentives & Discounts

<table>
<thead>
<tr>
<th>Incentives &amp; Discounts</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty Bonus Dividends</td>
<td>$3,720,230</td>
</tr>
<tr>
<td>Daymark Realty Member Savings</td>
<td>$664,730</td>
</tr>
<tr>
<td>Join Days</td>
<td>$215,680</td>
</tr>
<tr>
<td>Credit &amp; debit card bonus incentives</td>
<td>$27,570</td>
</tr>
<tr>
<td>Youth Certificate Incentive</td>
<td>$4,880</td>
</tr>
<tr>
<td>Fast Lane at Coastal Credit Union Music Park</td>
<td>$41,710</td>
</tr>
<tr>
<td>Coastal Music Park Concessions Discount</td>
<td>$10,430</td>
</tr>
<tr>
<td>idAlly Identity Theft Recovery Services</td>
<td>$2,430,690</td>
</tr>
<tr>
<td>Carolina Hurricanes Discounts</td>
<td>$6,370</td>
</tr>
<tr>
<td>NCFC / NC Courage Discounts</td>
<td>$20,190</td>
</tr>
<tr>
<td>Coastal Family Day</td>
<td>$375,290</td>
</tr>
<tr>
<td>Coastal Midtown Park Food Truck Events</td>
<td>$21,500</td>
</tr>
<tr>
<td>Durham Bulls Sweepstakes</td>
<td>$1,600</td>
</tr>
</tbody>
</table>

## Total Member Giveback

| Total Member Giveback                         | $35,115,600                          |

*Member Giveback is estimated by comparing the average interest and dividend rates of Coastal’s loan and deposit product portfolios versus average local bank rates for similar products from external sources like bankrate.com and S&P Global. We also compared Coastal’s fees to the advertised fees of Bank of America, Wells Fargo, PNC, BB&T, First Citizens and SunTrust. Additionally, we quantify the actual cash value of product incentives that Coastal offers to members.
For the past nine years, Coastal has returned more than $21.2 million to our members in the form of special dividends, which we call our Loyalty Bonus. It is paid to eligible members as a reward for keeping their loan and deposit relationships with Coastal. Longer memberships earn even greater Loyalty Bonus dividends.

Combined with our Loyalty Bonus dividends, the value that Coastal provides to members in the form of better loan and deposit rates, and lower fees than our competition produces a cumulative positive impact of more than $35.1 million annually. That’s an average of nearly $130 extra in members’ wallets, simply because they chose Coastal over other options. Of course, the more you use Coastal, the more you can potentially save.

Beyond rates and fees, Coastal is also committed to providing our members with unique perks and special incentives. In 2019, we continued to provide every member with idAlly ID theft recovery services, at no cost. Members also enjoyed discount tickets to the Carolina Hurricanes, North Carolina FC, and the league-champions NC Courage, as well as discounts on concessions as the Coastal Credit Union Music Park, and on merchandise at the Durham Bulls.

One of the highlights of 2019 was our third annual Coastal Family Day, held at the WakeMed Soccer Park. More than 3,700 members attended and enjoyed food, games, music, rides and prizes, as well as free admission into the Courage soccer game.
## 2019 Community Impact

### Habitat for Humanity

Since 2016, Coastal has partnered with Habitat for Humanity of Wake County to fund new, low-cost mortgage loans for Habitat families. Through the end of 2019, we have funded 62 Habitat loans totaling $6 million. In 2019, our Foundation made two $100,000 grants to build Habitat homes in Durham and Wake counties.

### Charitable Giving

- $531,000 foundation grants
- $200,000 in corporate contributions

### Financial Education

- 350 financial education sessions to schools, nonprofit organizations, and affiliated employer groups
- 7,500 people helped

### Free Seminars

- 29 Coastal Wealth Management seminars, attracting nearly 400 attendees
- 9 Daymark Realty homebuyer seminars

### Community Events

Our community engagement team participated in more than 4,100 events throughout the year. Events included volunteer service projects, community events and educational seminars. We also made regular visits to our business partners to help employees of each company empower themselves to improve their financial outlook.

### Employee Contributions

- $102,000 United Way workplace giving campaign.
- Employees also self-reported more than 5,500 volunteer hours, and participated on more than 40 nonprofit and industry boards.

### Shred Events

We partnered with the Better Business Bureau of Eastern NC for two Secure Your ID Day events, shredding 24 tons of personal documents and collecting 8,100 lbs. of recyclable electronics.

### Durham Bulls

- $10,000 in grants to four organizations for the Durham Bulls Ballpark Project
Coastal is the official credit union of the NCFC and Courage soccer teams.
The mission of our foundation is to enrich the lives of our members and their communities by providing financial support to 501(c)(3) organizations, particularly in the 16-county market of central North Carolina. In 2019, the Coastal Credit Union Foundation provided more than $531,000 in grants to nonprofit organizations throughout our community and has made more than $1.6 million in grants over the past five years.
2019 Grant Recipients:

- Communities in Schools of Wake County
- Durham Partnership for Children
- Emily Krzyzewski Family Life Center
- Families Moving Forward
- Habitat for Humanity of Durham
- Habitat for Humanity of Wake County
- Housing for New Hope
- Marion Cheek Jackson Center
- Michael's Angels Girls Club
- NC Community Development Initiative
- NC Council on Economic Education
- PLM Families Together
- Ramsey Solutions (for Riverside High & Lowes Grove Middle)
- Saint Saviour Center
- Sanderson High School
- Springs Holistic Center
- StepUp Ministry
- StepUp Durham
- The Family Violence Prevention Center
- The Forge Initiative
- Urban Ministries of Durham

Each time members use their Coastal debit or credit card, Coastal donates a penny to the foundation. It may seem like a small amount, but all those pennies added up to more than $368,000 last year that can be used to help our community.
Our foundation’s year was highlighted by our third annual The Power of Sharing event. On May 23, more than 250 attendees joined the foundation and several of our business partners to showcase the work of twenty-five nonprofit organizations and award a combined $2 million in grants.

Power of Sharing Recipients:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC Foundation for Public School Children</td>
<td>AT&amp;T</td>
</tr>
<tr>
<td>MANRRS: Minorities in Agriculture, Natural Resources and Related Sciences</td>
<td>BASF</td>
</tr>
<tr>
<td>Pretty in Pink Foundation</td>
<td>Blue Cross Blue Shield of NC</td>
</tr>
<tr>
<td>Boys &amp; Girls Clubs of North Central NC</td>
<td>Duke Energy</td>
</tr>
<tr>
<td>United States Veterans Corps</td>
<td>Lenovo</td>
</tr>
</tbody>
</table>

A major part of the Power of Sharing Gala is the collaboration between local companies. AT&T, BASF, Blue Cross Blue Shield of NC, Fidelity Investments, Lenovo and the Coastal Credit Union Foundation brought resources together to make the lives of those who live and work in our communities better. $60,000 was donated by these organizations to create the following awards.

The Coastal Credit Union Foundation itself recognized four organizations, with Game Changer grants. Each award went to an organization for whom the grant would help them make a significantly larger impact. Recipients were:

<table>
<thead>
<tr>
<th>Game Changer Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durham Collaborative to End Family Homelessness</td>
</tr>
<tr>
<td>Michael’s Angels Girls Club</td>
</tr>
<tr>
<td>Raleigh Area Land Trust</td>
</tr>
<tr>
<td>Emily Krzyzewski Center</td>
</tr>
</tbody>
</table>

Two individual awards were given. Pam Kohl, executive director of Susan G. Komen North Carolina Triangle to the Coast, was honored with a Lifetime Achievement Award. The award was presented by Debra Morgan, who herself was then surprised with the Non-profit Appreciation Award recognizing her work in supporting various Triangle organizations.
Created by the Coastal Credit Union Foundation in 2016, The Power of Sharing brings different business partners together to demonstrate their commitment to bettering their communities through a collaborative funding forum. The goal was to recognize the tremendous impact that local non-profits are making throughout the community.

Partners included: AT&T, Blue Cross Blue Shield of North Carolina, BASF, Capitol Broadcasting, Creative Visions, Duke Energy, Fidelity Investments, IBM, Lenovo and UNC-TV. Former Raleigh TV Personality, Sharon Delaney McCloud served as emcee. Entertainment was provided by vocalist Kelontae Gavin, and Durham-based organization KidzNotes. The event took place at the Crabtree Valley Marriott in Raleigh.
Celebrating the Community Warrior Challenge at Coastal Credit Union Midtown Park.

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