



Senior Relationship Manager, Wanda Martin, outside our Creedmoor branch



BANK BETTER TO LIVE BETTER™

2021 Member & Community Impact Report

Dear members,

Reflecting on the past year, we thank you for putting your trust in Coastal to do the right thing to help our members and our community through the COVID-19 pandemic. We also thank our employees for the incredible effort they put into making 2020 a success for each other, and for our members.

Early in the pandemic, our leadership recognized the need to do something, and do it fast. They helped plan and implement a strategy to ensure that, first and foremost, our employees could continue to safely do their jobs and continue serving. In just three short weeks, we transitioned nearly 80% of our workforce to remote work, and then took steps to make sure those who couldn't be remote could be isolated or spread out, and remain safe.

We closed branch lobbies for almost a full year, but didn't miss a beat on providing a high level of member service. Member satisfaction improved by 5 points during the pandemic. And, members quickly embraced our digital solutions – in fact, we now do more mobile check deposits than branch check deposits.

Unsure of how long the pandemic would last, or what the financial fallout would be on our members, we shifted our focus to providing member relief. In record time, we rolled out emergency relief loans, several fee waivers, a Skip-a-Pay program, and a phone appointment scheduler. We even found a solution for our small business members in need of Paycheck Protection Program loans.

We took care of our community, too. In 2020, the Coastal Credit Union Foundation made more than one million dollars in grants to local nonprofits that were working to help people who were experiencing the various effects of COVID-19.

Then, right in the middle of the pandemic, our nation was rocked with renewed calls for social and racial justice. Coastal stepped up, taking a public stance and reaffirming our commitment to both. Internally, we re-focused our efforts toward diversity, inclusion and belonging (DIB). We hosted listening sessions, launched an employee-led DIB committee, created a new senior management role dedicated to company culture and impact, and saw 100% of our employees complete diversity training.

It was an extraordinary time that brought extraordinary challenges. Fortunately, thankfully, we have an extraordinary team that was ready to meet those challenges. Most of all, our values and cooperative principles not only stood up to the test, they had a chance to shine. The lesson we took away is, never stop doing the right thing.

Our senior team and our board could not be more proud of our Coastal family and their perseverance, strength and courage in getting us through 2020.

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 2020 financial results
- Our mission, vision, values and the principles that guide us
- How we helped during COVID-19
- How we put our members first
- What makes Coastal a great place to work
- A breakdown of our \$31.6 million Member Giveback
- Our 2020 community impact
- Our foundation's annual report

As our nation and communities continue to adapt to life after the pandemic, Coastal pledges to continue to do right, to do what's necessary, and to ensure that we remain a place where members know they can bank better, with the hope of living better. We may have seen a lot in the past year, but we've never lost sight of what's important... you.

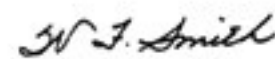
Sincerely,



Joan A. Nelson, Board Chair



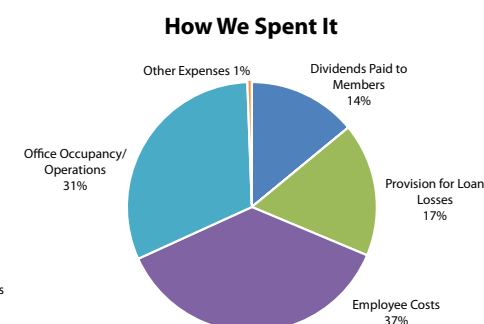
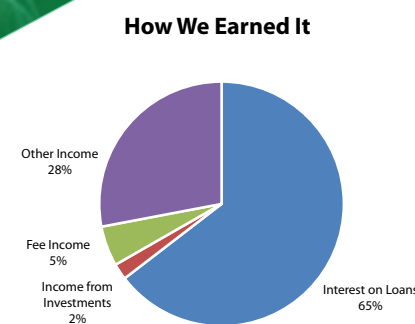
Chuck Purvis, President & CEO



William F. Smith, Secretary/Treasurer

**BANK
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BETTER™**

Financial Statistics
Distribution of Your 2020 Dollars



(\$ in thousands)

	2017	2018	2019	2020
Members' Equity	\$ 309,126	\$ 330,600	\$ 365,273	\$ 384,228
Assets	\$ 2,912,446	\$ 3,161,035	\$ 3,387,042	\$ 3,954,836
Deposits	\$ 2,489,594	\$ 2,691,996	\$ 2,967,222	\$ 3,518,896
Loans (gross)	\$ 3,976,747	\$ 4,440,723	\$ 4,819,723	\$ 4,711,834
Members	242,047	257,090	270,377	277,399

Statement of Condition

2020
(in thousands)

Assets	
Loans to Members	2,732,482
Allowance for Loan Losses	-\$44,955
Cash & Investments	\$1,113,628
Other Assets	\$153,681
Total Assets	\$3,954,836
Liabilities and Equity	
Member Share Accounts	\$3,518,896
Other Liabilities	\$51,711
Equity	\$384,229
Total Liabilities and Equity	\$3,954,836

Statement of Income and Expense

Income	
Interest on Loans	\$130,085
Income from Investments	\$4,315
Fee Income	\$10,674
Other Income	\$56,381
Total Operating Income	\$201,455
Expenses	
Dividends Paid to Members	\$25,545
Interest Expense on Borrowings	—
Provision for Loan Losses	\$31,472
Employee Costs	\$67,166
Office Occupancy/Operations	\$56,839
Other Expenses	\$1,060
Total Operating Expenses	\$182,082
Net Income	\$19,373

Coastal's Board of Directors:

Coastal Credit Union is the financial home to more than 278,000 members from 1,800 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.



Joan A. Nelson
Chairwoman
26 years of service



Deron J. Rossi
Vice Chair
25 years of service



William F. Smith
Secretary/Treasurer
51 years of service



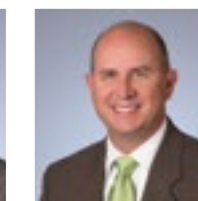
Dave L. Manning
16 years of service



Beverly D. Baskin
13 years of service



Jason Mudd
11 years of service



Jeff Dooley
10 years of service

Our Mission

Bank Better to Live Better

Our Vision

Most Loved and Respected Financial Partner

Our Values

Be Heroic

To be heroic is to exhibit courage, cultivate outstanding achievements, and possess noble qualities. Being a hero to each member you serve, listening to their story, owning their problems, making their dreams come true.

Welcome Diversity

To welcome diversity is to understand and accept differences in individuals, not only in sex, race, religion, or disability, but also differences in ideas, perception, and opinions.

Be Accountable

To be accountable is to make, keep and manage promises and expectations. It's setting goals and owning them. Working every day to improve the experience for those around you. Not letting members fall through the cracks.

Be Bold

To be bold is a willingness to take calculated risks and act innovatively; to have confidence and courage to pursue unique ideas that set us apart from the banks and make members' lives better.

Share Generously

To share generously means to give in a way that shows a readiness to contribute more than is necessary or expected for the good of the team and organization.

OUR VALUES



Cooperative Principles

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

- | | | | | | |
|---|------------------------------------|---|--|---|----------------------------------|
|  | 1. Voluntary and Open Membership |  | 4. Autonomy and Independence |  | 7. Concern for Community |
|  | 2. Democratic Member Control |  | 5. Education, Training and Information |  | 8. Diversity, Equity & Inclusion |
|  | 3. Members' Economic Participation |  | 6. Cooperation Among Cooperatives | | |

EMPLOYEES



It started with taking care of our employees. They are the bedrock of Coastal.

We Paid our Employees

We made sure that our employees were able to put their focus on helping members, without being worried about their own financial situation.

This included:

Providing guaranteed pay, without having to use PTO, to any employee quarantined or unable to work.

Our minimum wage of \$15 an hour, helping to make sure that every employee was able to cover their cost of living.

We gave employees a reimbursement with every paycheck to cover the costs of working remotely.

Employees were also eligible for financial relief with our Member Assistance Program.

We Protected our Employees

We created new ways to allow 80% of our employees to work remotely, ensuring members have uninterrupted access to their accounts.

We re-skilled many employees so they could focus directly on programs to help members during this crisis.

We distributed supplies, from face masks to toilet paper, to all employees to keep them safe.

MEMBERS



Our members are our owners. Their pain is our pain. Every day brought new ways we helped.

Member Assistance Program

Emergency Relief Loans – Our Emergency Relief Loans, offered a low rate without application fees. These loans were available to help our current members meet immediate needs.

Loan Modifications – We offered loan modifications, including Skip-A-Pay, letting members postpone eligible loan payments by three months with no late fees. Our Mortgage modifications included delayed payments for up to six months.

Waived Fees

Waived Late Fees – We waived late fees on Consumer Loans and Mortgages. We also suspended late fees, cash advance fees, and non-sufficient funds fees for credit cards.

NSF Fees – We lowered our non-sufficient funds fee for checking, savings, and money market accounts to one penny.

Waived Certificate Withdrawal Fees – Members were able to easily access their money if they need it without paying early withdrawal fees.

Waived ATM Fees – We did not charge a fee when a member used another financial institution's ATM, and continue to do so. Additionally, we have a network of over 50,000 surcharge-free ATMs across the United States, including all CashPoints® locations.



Expedited Card Replacement – We provided free expedited service for replacing any lost or damaged debit or credit cards.

Protecting Savings

We were able to provide savings rates that earned up to 10 times the national average*. (*Based on national Money Market account averages under \$50,000, as of 4/16/20 from Bank of America, Wells Fargo, PNC, Truist, and First Citizens.)

We lowered the transaction count to earn our highest yield on Go Green Checking by 60%. (was 30 transactions, now 12)

Savings are federally insured to at least \$250,000.

Uninterrupted Account Access

Our tellers remained available from 7am-7pm, 7 days a week including our drive-up ATM / Personal Teller Machines.

We improved the Mobile Check Deposit inside Coastal's Mobile App. Members can now deposit an unlimited number of checks per week up to \$50,000.

We added more ways to contact us right inside Digital Banking, including Chat and our Branch Appointment Scheduler.

Members were able to access our 24/7 call center at: 919-420-8000.

COMMUNITY



We share in a common bond. Our community gave us the strength to do what mattered most.

Giving Grants

In 2020, The Coastal Credit Union Foundation gave:

\$1,069,500 in grants to local nonprofits' COVID-19 efforts

This included:
\$100,000 to the NC Restaurant Relief Fund
\$100,000 to United Way Rapid Response Fund

Donations

We donated a supply of 1,000 N95 masks to WakeMed hospitals.

We donated 365 laptops to Wake Tech to help students take classes online.

We've distributed care packages and food to first responders, essential working employees, and the elderly — in Wake, Durham, and Orange County.

Small Businesses

We worked with small business members to help them during this time of need.

We assisted and counseled business partners and small businesses with COVID-19 resources, and SBA resources, including the Paycheck Protection Program.



Looking back at COVID-19

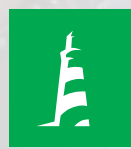
HERE'S HOW WE HELPED



2020 Member Giveback

Ways We Save Members Money	How much we saved members in 2020*
Loan Rates	
Refinancing Mortgages	\$1,811,360
Auto Refinance Savings Guarantee	\$79,600
Refinancing Auto Loans	\$1,024,600
Auto Loan Rates	\$4,177,690
Home Equity Lines of Credit	\$324,330
Credit Card Rates	\$624,880
Credit Card Balance Transfers	\$173,730
Deposit Dividends	
Go Green Checking Dividends	\$3,256,310
Savings Dividends	\$377,420
Money Market Dividends	\$3,206,590
Certificates Dividends	\$2,561,120
IRA High Yield Savings Dividends	\$327,500
Health Savings Accounts Dividends	\$88,930
Fees	
First-Time Homebuyer Origination Fee	\$193,180
Bounce Guard / NSF Fee	\$625,880
Overdraft Forgiveness Program	\$2,846,560
Overdraft Transfer Fee (eliminated 2017)	\$726,750
COVID-Related Card Fee Waivers	\$23,960
COVID-Related NSF & Late Fee Waivers	\$864,000
Discounts, Rewards & Incentives	
Loyalty Bonus Dividends	\$3,588,890
Daymark Realty Member Savings	\$442,910
Join Days	\$129,580
Credit & Debit Card Bonus Incentives	\$ 41,250
id Ally Identity Theft Recovery Services	\$2,493,820
Carolina Hurricanes Discounts	\$5,491
Total Member Giveback	\$31,584,200

*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, First Citizens and Truist. Additionally, we quantify the actual cash value of product incentives and discounts that Coastal offers to members.



For the past nine years, Coastal has returned more than \$25.1 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 \$31.6 million* annually. That's an average of nearly \$114 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 2020, we focused on providing members with relief from the financial effects of COVID-19. We waived nearly \$900,000 in fees, including NSF fees, mortgage and loan late fees, and credit card fees. We helped members with nearly 21,000 Skip-A-Pay requests, and provided more than 4,100 loan modifications.



We Listen



Hearing from our members is important to us. We use your input to constantly improve our services, including these 2020 projects:



Brier Creek branch



Enhanced online banking login security



Contactless debit & credit cards



COVID-19 Relief (see pages 6-7)



Fraud text and email alerts for debit cards

We're always here. In 2020, we handled:

504,591
Phone Calls

84,855
Online Banking
Secure Messages

8,411
Survey Responses



Helped members affected by COVID-19



5,887 loans restructured



\$228.8 million in balances



15,657 counseled through Financial Well-Being sessions



2,318 member interactions through GreenPath Financial Wellness

2020 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.

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 2020

- ★ Started an employee-run Diversity, Inclusion & Belonging Committee
- ★ 100% of employees completed diversity training
- ★ Created a new C-level role, Chief Culture & Impact Officer
- ★ Held 23 diversity listening sessions, with 188 attendees
- ★ Created a new remote work policy to guide us after the pandemic ends



Employee Spotlights



Cheryl Cloyd, Employee Relations Manager – took on the challenge of confidentially helping employees who were in some way affected by COVID-19.

Louis Guillama, VP of Real Estate Operations – appointed to serve on the National Association of REALTORS® Federal Technology Policy Committee.

Tajai Jones, Digital Platforms Business Analyst – his presentation about the importance of leveraging blockchain technology to enhance member service and security was selected to represent local credit unions in the NC/SC Protégé Competition.

Training Department – quickly adapted key classes from in-person to virtual, so we could continue to hire, and existing employees could continue to develop.



BANK BETTER
TO
LIVE BETTER

2020 Trophy Case

Business North Carolina
Best Employers in North Carolina



Carolinas Credit Union Foundation
Partners in Philanthropy



Carolinas Credit Union Foundation
Lifetime Achievement Bill Smith



Cary Living
Best Bank



Cary Magazine Maggy Awards
Best Financial Institution



Credit Union Journal
Best Credit Unions to Work For



Credit Union National Association Marketing Council
Diamond Award



CUSO Financial Services - **Silver Pacesetter Award**
Jonah Kaufman & Catherine Bryant



CUSO Financial Services
Bronze Pacesetter Award: Martin Gabel



Forbes
Best-in-State Credit Unions



Triangle Business Journal
Best Places to Work



Triangle Business Journal
C-Suite Awards: Tami Langton



Triangle Business Journal
Leaders in Diversity



Triangle Business Journal
Women in Business Awards: Tami Langton



Triangle's Healthiest Employers

2020 Community Impact

— COASTAL CREDIT UNION — FOUNDATION

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. Our top priorities for community focus are non-profit projects that work to:



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 2020, we have funded 66 Habitat loans totaling more than \$6 million.



Charitable Giving

\$1,104,500 foundation grants
\$350,000 in corporate contributions



Community Events

Our community engagement team engaged in more than 3,667 events throughout the year. Engagements include COVID response volunteer service projects, select employer group events and educational seminars to help employees of each company empower themselves to improve their financial outlook. Community Engagement also activated on the Coastal Foundation dollars by assisting with distribution of over 75,000 meals.



Financial Education

Financial education sessions to schools, nonprofit organizations and affiliated employer groups:

731 financial education sessions
10,000 people helped



Free Seminars

29 Coastal Wealth Management seminars, attracting more than 1,700 attendees

30 Daymark Realty homebuyer seminars



Employee Contributions

\$95,400 United Way workplace giving campaign.

Employees also self-reported nearly 6,800 volunteer hours, and participated on more than 45 nonprofit and industry boards.



2020 Grant Recipients:

- | | |
|--|--|
| Activate Good, Inc. | NAMI Wake County |
| Alliance Medical Ministry | NC Restaurant Relief Fund |
| Area Congregation Ministry (Granville) | North Carolina Council on Economic Education |
| Boys & Girls Club - Central Carolina (Lee) | North East Wake Backpack Buddies |
| Boys & Girls Club - North Central NC (Halifax) | Overflowing Hands |
| Boys & Girls Club - Tar River Region (Rocky Mount) | Passage Home, Inc. |
| Boys & Girls Clubs, Inc. - Wake | PLM Families Together |
| CASA | SAFE of Harnett County (Harnett) |
| Christian Help Center - (Person) | Safe Space Inc. (Franklin) |
| Community Empowerment Fund | Salvation Army of Wake County |
| Dorothy Mae Hall Women's Center | Smithfield Rescue Mission (Johnson) |
| Durham Community Land Trustees | Southeast Raleigh Promise, Inc. |
| Durham Tech Community College Foundation | Spreading Seeds Inc. (Wilson) |
| Durham Rescue Mission | TABLE Ministries, Inc. |
| EmPOWERment, Inc | The Family Violence Prevention Center |
| Families Moving Forward | The Help Center NC (Vance) |
| Food Bank of Central & Eastern North Carolina | The Kramden Institute (Durham) |
| Green Chair Project | The REACH Center (Nash) |
| Healing Transitions International, Inc. | Triangle Family Services |
| Hispanic Liaison (Chatham) | United Way of the Greater Triangle Rapid Response Fund |
| Inter-Faith Food Shuttle | Urban Ministries of Durham, Inc. |
| Lighthouse Home (Edgecombe) | Wake County Communities in Schools |
| Marion Cheek Jackson Center | Wake Tech Comm. College Foundation |
| Meals on Wheels of Durham, Inc. | WakeMed Foundation |
| Meals on Wheels of Wake County | |



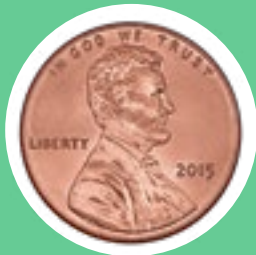
Promote Financial Well-Being



Increase Affordable Housing



Support Financial Education



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 \$339,000 last year that can be used to help our community.



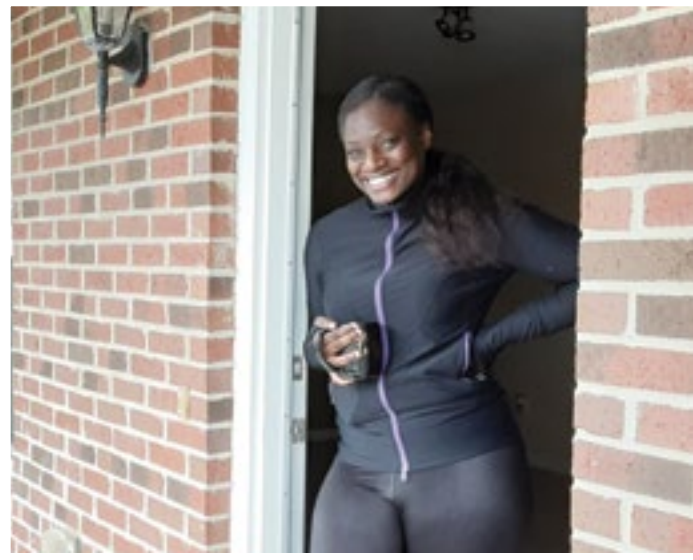
The Power of Sharing

Due to COVID-19, we were unable to host our Power of Sharing event in 2020. However, we still want to showcase the amazing work being done by the nonprofits in our community. We asked our 2020 foundation grant recipients to share some examples of the impact that our grant made. These are their stories.

Triangle Family Services

“Barbara is a licensed massage therapist whose work came to a stand-still after North Carolina initiated a mandatory stay-at-home order – closing non-essential businesses for the foreseeable future. As a single mother of two daughters, Barbara immediately began searching for new ways to support her family when the massage spa where she worked closed.

Thankfully, she was referred to Triangle Family Services through Wake County’s intake line for families experiencing financial hardship due to the COVID-19 pandemic. Within the first week of correspondence, we were able to place Barbara and her family in a hotel, before helping her get approved for a permanent apartment. With the help of organizations like Coastal, Triangle Family Services was able to support Barbara with rental payment assistance while she waited for unemployment assistance – relieving financial strain by helping to keep a roof over her and her family’s head.”



Boy & Girls Clubs of North Central NC

“Due to the inability to engage with our Club members in person, our focus was to stay connected in a safe manner. We also wanted to ensure that our families were aware that Boys & Girls Clubs was still in the business of supporting the needs of our kids. Our goal was to bring some sort of normalcy during a difficult and unprecedented time.

During the summer, our staff drove over 2500 miles and delivered over 650 Be Great Boxes and 7200 healthy meals/snacks. Our staff initiated 981 wellness calls to our Club members and created 44 videos on Boys & Girls Clubs core programming prior to the delivery of the Be Great Boxes for members to take part in.”



Durham Technical Community College

“The COVID-19 crisis placed a spotlight on the stark digital divide, as 42% of students requesting computer assistance since March of 2020 had no computer and relied entirely on their smartphones to complete their coursework and participate in online learning. Thanks in part to the grant from Coastal Credit Union Foundation, we were able to provide computers to 77% of the 371 students who requested laptops during the spring and summer sessions of 2021.”

Dorothy Mae Hall Women’s Center

“During 2020, our funding sources declined due to the pandemic. If not for the funding we received from Coastal, there may be a possibility that our doors would have closed. Our success story is that we continued to provide services to the vulnerable population during the COVID-19 pandemic. Our daily operations did not waiver, and we instead enhanced our services. This year our Employment Services expanded due to more families being in need. We were able to give out 9,500 diapers, and assisted 75 families with gas cards to help them maintain employment.

80% of the women who used our business center became employed, obtained better employment, or enrolled in vocational training courses. We also had youth do virtual learning at the Center. They expressed that getting out of their house and coming to a safe and quiet environment was so needed and reduced their stress levels. 90% of those youth reported improvements in school. We also began weekly English as a Second Language classes, which is a very needed program in Eastern Wake. The retention of individuals within the classes is currently at 90%. The Center has also been a site where individuals can get PPE for adults and children. In 2020 we distributed over 300 PPE to the vulnerable population.”



Safe Space

“Imagine for a moment what it means to be a victim of domestic violence with children hurt and abused, and simply wanting to be free and safe. Leaving all of your material possessions to enter an uncertain world in the quest for your life damaged by the traumatic experiences of domestic violence in the middle of the COVID-19 pandemic. The story of success is that the six women and children that we were able to assist with the Coastal Credit Union Foundation grant were able to come into the Safe Space shelter, gain financial empowerment training, get case management, and move into and maintain their own permanent housing free from the violent relationships that they came from. Safe Space goal is to help victims move from Beyond Fear to Freedom. That is our story of success through funding from this program.”





Building houses with Habitat for Humanity.

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