

## Loyalty Bonus Dividend Disclosure Program

### Eligibility

The following requirements for a Loyalty Bonus dividend apply to general membership, living trust and business accounts. To be eligible for a payout you must:

1. be a member in good standing which means having at least \$0.00 in your primary share account; be a member of record on the declaration date of December 31, 2018 through the payout date of February 14, 2019; may not have had a share or loan charge off; may not have had a loan delinquent by 60 days or more between January 1, 2018 and January 28, 2019; and
2. not be an excluded account type, including:
  - Memberships with only an indirect auto loan and primary savings product, or
  - Business account addresses not in Coastal's 16 county primary footprint (Chatham, Durham, Edgecombe, Franklin, Granville, Halifax, Harnett, Johnson, Lee, Nash, Orange, Person, Vance, Wake, Warren, Wilson), or
  - Business accounts with a total relationship balance of under \$500,000 on December 31, 2018

General Membership and Living Trust accounts must qualify for a minimum payout to receive one. The minimum payout is \$5.00 while the maximum payout amount is \$300. General Memberships and Living Trusts are treated separately and it is possible to earn a dividend on both.

Business accounts must qualify for a payout to receive one. The minimum payout is \$200.00 while the maximum payout amount is \$300. Business accounts are treated separately from other account types.

Only primary members receive a **Loyalty Bonus** dividend. Not all General Membership and Living Trust types will receive a payout. Custodial Accounts are not eligible. Joint owners will not receive a separate payout.

### Calculation of the Dividend

First, the total amount of the **Loyalty Bonus** dividends available for distribution to members are based upon Coastal's overall performance for 2018. Individual shares of the total payout are then calculated as a function of two factors:

- Your aggregate relationship with Coastal, which consists of your:
  - Year-end average daily balance, which is calculated as the average of the monthly average deposit balances of all shares (non-Wealth Management) listed under a single Social Security Number or Tax ID Number (for living trusts and businesses) for the calendar year 2018, and
  - Loan balances as of December 31, 2018.
- The length of your membership factor tier with Coastal, in full years.

**Loyalty Bonus** dividend payouts are reportable on IRS form 1099-INT for 2019.

The credit union reserves the right to modify and cancel the program at any time and no member has a reasonable expectation that a **Loyalty Bonus** dividend will be paid in any year, or that the terms will remain the same from year to year.

All member deposits in Coastal Federal Credit Union are insured to \$250,000 (funds in IRA accounts are eligible for separate insurance protection up to \$250,000) by the National Credit Union Administration, an agency of the United States Government. Dividends are based on the credit union's earnings at the end of a dividend period and thus cannot be guaranteed.