



COASTAL CREDIT UNION



Holly Springs Branch Ribbon Cutting



we share.

2019 Member & Community Impact Report

Dear members,

We're pleased to report back to you on another amazing year for Coastal. In 2018, we returned more value to our members than ever before. We also invested more in our employees and gave more back to our community. Those investments have yielded great rewards, as the momentum that Coastal has built over the past several years continued throughout 2018.

Last year, we reached three important milestones. First, our assets topped \$3 billion for the first time ever. Also, we now serve more than 250,000 members. Finally, we now employ more than 500 people. All of these numbers put us in a unique class among credit unions, and we continue to be a leader in our industry.

While growth is important, we're proud to share with you a number of other highlights from 2018:

- We made idAlly identity theft recovery services available for free to all members. In the event a member experiences ID theft, we'll assign a certified recovery specialist to do the work of restoring your identity. This complementary service would collectively cost members more than \$2 million to purchase on their own. Check out the Member Giveback center pages for even more benefits like this.
- The Coastal Credit Union Foundation made its one-millionth dollar in community grants
- This included making Dave Ramsey's financial education program available to every high school in Wake County
- Our 2nd Annual Coastal Family Day drew more than 3,700 members and guests
- "Project Share" saw departments collaborate to save members more than \$1.2 million
- We made a number of online and mobile banking enhancements, and completed a record number of corporate projects
- We reduced fraud losses by 17%
- Our 23rd branch opened in Holly Springs,

and we began plans to build our new Hope Valley and Brier Creek locations

- We began upgrading our teller machines to enable you to choose whether you want a teller or an ATM transaction
- We continued to earn awards for being a best place to work locally, in NC and within credit unions

On the financial side, Coastal's ongoing solid business practices shined through in our 2018 key metrics. Our net worth to assets ratio increased to 11.02% while member equity reached \$330 million. Return on assets was 1.01%. Our loan to share ratio was 102.2%.

Overall, the credit union continued to enjoy strong growth in several key areas. We saw \$463 million in loan growth (on and off balance sheet) from \$1.1 billion in originations, and \$202 million in deposit growth. We also saw membership increase by 15,000 or 6.2% over 2017. The resulted in Coastal earning \$31.8 million in net income, with total assets increasing to \$3.16 billion.

While on the topic of numbers, Coastal currently ranks as the fourth largest lender in our market in mortgage and home equity loans, third in auto lending, and eighth in deposits. Additionally, member satisfaction reached world-class scores, while employee engagement maintained our all-time highs.

It's important to share in our success and give back to our members. Over the past eight years, Coastal has returned more than \$17.5 million to our members in the form of special dividends. Loyalty Bonus is paid to members as a reward for keeping their loan and deposit relationships with Coastal, with longer membership relationships earning even greater dividends. This year, that totaled \$3.3 million, and was shared among 63,000

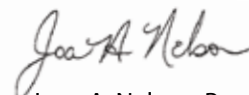
members, both of which are record amounts.

There's so much more of the story to tell. Please review the following pages to read about:

- Our 2018 financial results
- Why we exist: our Mission, Vision and Values, and the Cooperative Principles that guide us
- Putting members first
- Employee accomplishments and awards
- How we gave back \$32.4 million in value to members
- Our 2018 community impact
- Grants that our foundation made in 2018
- A recap of our Power of Sharing event

Thank you for making 2018 another wonderful year for your credit union.


Sincerely,



Joan A. Nelson, Board Chair



Chuck Purvis, President & CEO



William F. Smith, Secretary/Treasurer

Financial Statistics Distribution of Your 2018 Dollars

Statement of Condition

2018
(in thousands)

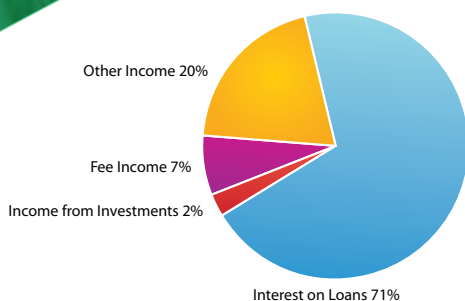
Assets	
Loans to Members	\$2,751,442
Allowance for Loan Losses	-\$22,470
Cash & Investments	\$296,052
Other Assets	\$136,478
Total Assets	\$3,161,502

Liabilities and Equity	
Member Share Accounts	\$2,691,996
Other Liabilities	\$138,906
Equity	\$330,600
Total Liabilities and Equity	\$3,161,502

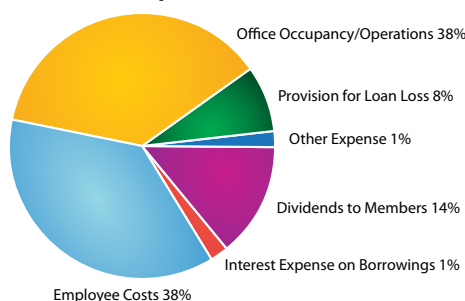
Statement of Income and Expense

Income	
Interest on Loans	\$118,432
Income from Investments	\$3,804
Fee Income	\$10,850
Other Income	\$33,862
Total Operating Income	\$166,948
Expenses	
Dividends Paid to Members	\$19,246
Interest Expense on Borrowings	\$1,778
Provision for Loan Losses	\$10,131
Employee Costs	\$51,594
Office Occupancy/Operations	\$50,874
Other Expenses	\$1,484
Total Operating Expenses	\$135,107
Net Income	\$31,841

How We Earned It



How We Spent It



(\$ in thousands)

	2015	2016	2017	2018
Members' Equity	\$ 251,498	\$ 275,823	\$ 309,126	\$ 330,600
Assets	\$ 2,607,049	\$ 2,823,466	\$ 2,912,446	\$ 3,161,502
Deposits	\$ 2,105,251	\$ 2,336,608	\$ 2,489,594	\$ 2,691,529
Loans (gross)	\$ 3,396,718	\$ 3,672,671	\$ 3,976,747	\$ 4,440,294
Members	212,260	230,216	242,047	257,090

Coastal's Board of Directors:

Coastal Credit Union is the financial home to more than 257,000 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 www.COASTAL24.com.



Joan A. Nelson
Chairwoman
24 years of service



Deron J. Rossi
Vice Chair
23 years of service



William F. Smith
Secretary/Treasurer
49 years of service



Dave L. Manning
14 years of service



Beverly D. Baskin
11 years of service



Jason Mudd
9 years of service



Jeff Dooley
8 years of service



Our Mission

Bank Better to Live Better

Our Vision

Most Loved and Respected Financial Partner

Our Values

Be Heroic

Be a hero to each member you serve. Listen to their story. Own their problems. Make their dreams come true.

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.

Be Accountable

Set goals and own them. Work every day to improve the experience for those around you. Don't let members fall through the cracks. Own their needs until we meet them.

Welcome Diversity

Respect everyone who walks in the door regardless of age, sex, race, income level, religion, politics, or identity. Provide the right solutions with empathy, honesty and without judgment.

Share Generously

Always remember that our members are our owners, and share back to them our time, talents, and profits. Let's share to make our communities stronger. Share it all. It's why we exist.

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



6. Cooperation Among Cooperatives



2. Democratic Member Control



5. Education, Training and Information



7. Concern for Community



3. Members' Economic Participation

We Listen



Hearing from our members is important to us. We use your input to constantly improve our services, including these 2018 projects:



Holly Springs Branch



CardNav App



Self-Service Travel Notices



Identity Theft Recovery Service



ATM Capability on Teller Machines



Online and Mobile Banking Improvements

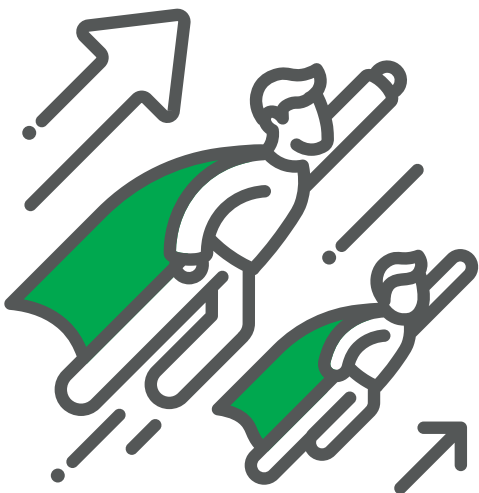
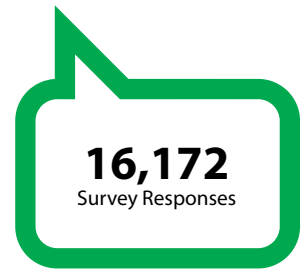


Construction-to-Permanent Mortgages



Making Coastal Family Day an Annual Event

We're always here. In 2018, we handled:



We help members restructure loans and reduce their monthly payments for a period of time to help them get back on their feet.



2,278 Loans Restructured (valued at \$52.7 Million in balances)



1,473 Loans / \$33.6M Balances Related to Hurricanes Florence & Michael



200+ Counseled Through Financial Well-Being Pilot Program



3,100 Member Interactions Through GreenPath Financial Wellness, Helping Members Manage \$1.4M in Other Consumer Debt

2018 Member Assistance Program



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 2018 ★ ★ ★

Increased our company minimum wage to \$15/ hour

Implemented Coastal Cares, an employees-helping-employees hardship assistance program

Continued to offer a highly competitive benefits package

Launched StandOut, an online platform designed to boost employee engagement and performance by focusing on using their strengths to drive success in their roles

Implemented You Earned It, a way for managers and coworkers to recognize employees for a job well done



Employee Spotlights



Priscilla Awkard, VP Teller Center

Elected President of the Southern Regional Chapter of the African American Credit Union Coalition

Arlene Babwah, VP Risk Management

Appointed to Consumer Financial Protection Bureau's Credit Union Advisory Council

Phil Kadzielawski, Product Development Specialist

Elected president of the Tarheel Chapter of the Carolinas Credit Union League



2018 Trophy Case

Business North Carolina:
Best Employers in North Carolina



Cary Magazine Maggy Awards: Best Financial Institution



Cary Magazine – Movers and Shakers: Creighton Blackwell



Credit Union Journal – Best Credit Unions to Work For



Credit Union National Association:
Emerging Leader: Phil Kadzielawski



CUSO Financial Services:
Marketing Impact Award: Coastal Wealth Management



CUSO Financial Services:
Bronze Pacesetter Award: Jonah Kaufman



CU Times Trailblazers – Volunteer of the Year: Joan Nelson



Inc.com – Best Workplaces



National Credit Union Foundation – Herb Wegner Award for
Outstanding Individual Achievement: Chuck Purvis



State of North Carolina:
Order of the Long Leaf Pine: Richard Bloom & Bill Smith



Triangle Business Journal – Best Places to Work



Triangle Business Journal – CEOs of the Year: Chuck Purvis



Triangle Business Journal – Healthiest Employers

2018 Member Giveback



For the past eight years, Coastal has returned more than \$17.5 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 \$32.4 million* annually. That's an average of more than \$125 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 2018, we began providing 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.

One of the highlights of 2018 was our second 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 NCFC soccer game.



MEMBERS

Ways we save members money	How much we saved members in 2018*
Loan Rates	
Refinancing Mortgages	\$ 1,029,970
Auto Refinance Savings Guarantee	\$ 104,760
Refinancing Auto Loans	\$ 1,612,840
Auto Loans	\$ 5,433,670
Home Equity Lines of Credit	\$ 845,260
Mortgages	\$ 957,820
Credit Card Balance Transfers	\$ 681,230
Credit Card Hurricane Relief Campaign	\$ 198,000
Deposit Dividends	
Go Green Dividends	\$ 2,091,730
Money Market Dividends	\$ 2,786,200
Certificate Dividends	\$ 2,248,880
HSA Dividends	\$ 170,720
Fees	
Origination Fees on Mortgages	\$ 1,137,170
Mortgage Underwriting Fee	\$ 385,800
Bounce Guard/NSF Fee	\$ 847,070
Overdraft Forgiveness Program	\$ 3,401,110
Overdraft Transfer Fee	\$ 1,410,800
Other Eliminated Fees	\$ 279,430
Incentives	
Loyalty Bonus Dividends	\$ 3,394,860
Daymark Realty Member Savings	\$ 505,380
Join Days	\$ 107,530
Credit & debit card bonus incentives	\$ 81,470
Fast Lane at Coastal Credit Union Music Park	\$ 44,340
idAlly Identity Theft Recovery Services	\$ 2,277,170
Carolina Hurricanes discounts	\$ 12,240
NCFC / Courage Discounts	\$ 8,785
Coastal Family Day	\$ 335,990
International Credit Union Day Food Truck Rodeo	\$ 14,050
Total Member Giveback	\$ 32,404,275

* 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.

2018 Community Impact



Charitable Giving

\$240,000 foundation grants

\$175,000 in corporate contributions



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 2018, we have funded 50 Habitat loans totaling \$4.3 million.



Financial Education

293 financial education sessions to schools, nonprofit organizations and affiliated employer groups

7,200 people helped



Employee Contributions

\$99,000 United Way workplace giving campaign.

Our employees also self-reported community involvement, totaling \$100,000 in donations and more than 3,100 volunteer hours. Additionally, Coastal employees participate on more than 40 nonprofit and industry boards.



Community Events

Our community engagement team participated in nearly 3,500 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.



Free Seminars

We hosted 43 Coastal Wealth Management seminars, attracting more than 700 attendees.

We hosted eight Daymark Realty homebuyer seminars



Shred Events

We partnered with the Better Business Bureau of Eastern NC for two Secure Your ID Day events, shredding 26 tons of personal documents and collecting 14,000 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 North Carolina Football Club.



Coastal Credit Union Music Park (above) and Coastal Credit Union Midtown Park at North Hills (below)





— 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. The Foundation's top priorities for community focus are nonprofit projects that work to support financial education, increase affordable housing, and promote financial well-being. In 2018, the Coastal Credit Union Foundation provided more than \$240,000 in grants to nonprofit organizations throughout our community and has made more than \$1 million in grants over the past four years.



**Support Financial
Education**



**Increase Affordable
Housing**



**Promote Financial
Well-Being**





2018 grant recipients:

Alliance Medical Ministry
Boys & Girls Club of Johnston County
CARE
Chatham CARES Community Pharmacy
Chatham Trades
Down East Partnership for Children
Dress for Success
EmPOWERment Inc
Family Promise
Food Bank of Central & Eastern NC
Gang Free Inc
Hobgood Academy
Kramden Institute
Learning Together
Made in Durham
Meals on Wheels
NC Council on Economic Education
PTA Thrift Shop
Ramsey Solutions
Roots and Wings
Safe Space Inc
Saint Saviour's Center
STEP
TABLE Ministries
The Community Empowerment Fund
Triangle South Literacy Works
Un-Rappin' the GIFT
Wilson County Partnership for Children
Working Landscapes



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 add up to more than \$300,000 a year that can be used to help our community.

The Power of Sharing

Our foundation's year was highlighted by our third annual The Power of Sharing Gala. On May 24, 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 \$1,000,000 in grants.

Additionally, each organization recognized with a Power of Sharing award received an IBM Impact Grant, allowing for their leadership to attend IBM's "Becoming a Leader of Change" training, valued at a combined \$32,000.

Power of Sharing Recipients:

Business Partner Awards

Recipient	Sponsor
Girl Scouts NC Coastal Pines	Blue Cross Blue Shield of NC
Feeding America	BASF
Marbles Kids Museum	Citrix
Communities in Schools Wake County	Duke Energy
American Red Cross Triangle	Lenovo

A major part of the Power of Sharing Gala is the collaboration between local companies. BASF, Blue Cross Blue Shield of NC, Citrix, 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 five organizations to create the following awards.

Collaborative Award for Projects That Inspire Education

PTA Thrift Shop	\$25,000
Down East Partnership	\$5,000

Collaborative Award for Projects That Help the Financially Vulnerable

Meals on Wheels	\$25,000
FCommunity Empowerment Fund	\$5,000



Joan Nelson
 Director, Quote to Cash Transformation



Hometown Heroes

The Coastal Credit Union Foundation itself recognized an organization from each of the 16 counties Coastal serves with a 'Hometown Hero Award' of \$5,000 each totaling \$80,000 in donations:

County	Organization
Chatham	Chatham Trades
Durham	Made in Durham
Edgecombe	Hobgood Academy, Inc.
Franklin	Safe Space Inc.
Granville	Un-Rappin' the GIFT
Halifax	CARE
Harnett	Triangle South Literacy Works
Johnston	Boys and Girls Club of Johnston County
Lee	Family Promise
Nash	STEP (Strategic Twin Counties Education Partnership)
Orange	EmPOWERment, Inc.
Person	Roots and Wings
Vance	Gang Free Inc.
Wake	Learning Together
Warren	Working Landscapes
Wilson	Wilson County Partnership for Children

Additionally, the United Way of the Greater Triangle and Leadership Triangle announced the "10 to Watch" initiative, created to develop diverse leadership and organizations who represent the future of the Triangle. The United Way committed to investing \$500,000 into the selected '10 to Watch' organizations, and Coastal made the initial grant of \$25,000 to help launch the program.



THE POWER OF Sharing



Coastal Credit Union Board Member, Bill Smith, and former Board Member, Dick Bloom, receiving the Order of the Long Leaf Pine.

COASTAL CREDIT UNION | BANKBETTER.ORG

EQUAL HOUSING LENDER • FEDERALLY INSURED BY NCUA