



Banking the Central Coast Way

2025 Annual Report



CoastHills[®]
CREDIT UNION



CHAIRMAN'S AND PRESIDENT'S REPORT

In 2025, CoastHills was positioned for sustainable growth, guided by three strategic pillars: Company Culture, Member Service and Financial Strength.

Company Culture

Our employees are the heart of our organization. We remain committed to investing in their development, recognizing their contributions, and empowering them to grow personally and professionally.

Member Service

Our priority to provide exceptional member service remains unwavering. As a trusted financial partner, every decision is made with our members' best in mind.

Financial Strength

A disciplined focus on financial strength ensures we can deliver on our promises to members, employees, and the communities we serve — today and into the future.

Alignment with these pillars guided the Board of Directors' decision to appoint James Ledford as CoastHills' President/CEO, effective August 1, 2025. With more than ten years of experience at CoastHills, including one year as interim CEO, and more than 20 years in the financial services industry, James brings proven leadership and deep institutional knowledge to this role.

Throughout the year, we continued investing in the member experience with enhancements across several branch locations. Our Nipomo branch, one of the only brick-and-mortar financial institutions serving that community, was relocated to a new shopping center — reflecting our longstanding commitment to being accessible and present in Nipomo. Our Five Cities branches, previously located less than a mile apart, were consolidated into one location. This change allows us to continue serving members effectively while strengthening the organization's long-term financial stability. In September, our Vandenberg Village branch and Village Wealth Management office began an extensive remodel designed to further enhance the member experience.

Recognizing that members value a seamless experience at every touchpoint, we also enhanced our digital banking platforms, including upgrading our chat feature that allows members to have secure conversations directly from their personal devices. Additionally, our 24/7 Call Center was transformed into a Contact Center, better defining the expansive services our representatives can provide, from everyday transactions to complex service requests, loan inquiries, and applications.

In January, we launched Kudos from CoastHills, a member loyalty program designed to reward referrals and deeper relationships. This program reflects our appreciation for the confidence members place in us as their financial partner.

As fraud and scams continue to evolve at a rapid pace, we introduced Fraud Insights, a monthly email editorial and video series designed to educate members on the risks and red flags of current and common scams — with tips to protect your identity and money. To further protect our business members, an industry at high-risk for check and ACH fraud, we launched Positive Pay, an advanced fraud prevention and validation service.

Meeting our members where they are remains a top priority — and we were able to support their financial needs by providing consumer loans to more than 12,000 members totaling over \$320 million dollars. Additionally, we helped 248 members with a new first mortgage or with a second mortgage, allowing them to access valuable equity in their home. In our second year offering CashPlease® Loans — a safe and secure alternative to payday lending, we helped 511 members avoid hefty fees or high-rate credit cards when they needed to access funds in emergency cash situations.

Servicing and supporting the local business community is equally important, and we had the opportunity to fund more than \$43 million in new commercial loans and lines of credit to Central Coast businesses.

CoastHills is more than a banking provider — we are a true community partner. In 2025, we contributed more than \$480,000 in sponsorships, grants, donations and volunteer time to 189 local organizations. We're also proud to be one of the only certified Community Development Financial Institutions (CDFI) on the Central Coast, a designation that allows us to provide additional critical support to low-to-moderate income households in our community.

On behalf of our volunteer Board of Directors and Supervisory Committee, and our more than 300 employees, thank you for your membership and continued trust in CoastHills. We look forward to serving you for many years to come.

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Chairman, Board of Directors

JAMES LEDFORD

President/CEO

TREASURER'S REPORT

The 2025 financial statements accompanying this annual report reflect the period of January 1, 2025 through December 31, 2025. Your Credit Union finished the year with positive net income of more than \$5.1 million. We ended at \$1.77 billion in total assets, a decrease of \$37.3 million or 2.1 percent compared to December 31, 2024.

Our regulatory net worth ratio, a key measure of financial security, ended the year at 7.99 percent, which indicates that we are well capitalized as we move into 2026.

Our 2025 financial statements were audited by an independent accounting firm and a summary of those audited statements is contained within this report. The results of our examination by our federal regulator, the National Credit Union Administration (NCUA) indicated that we are operating as a safe and sound Credit Union. As a federally insured Credit Union, our member deposits are still insured up to \$250,000 per member by the NCUA.

Our balance sheet remains strong through careful management of both assets and liabilities. Our deposit product offerings include: competitive certificate rates, interest-bearing checking and savings accounts.

We remain focused on diversified lending, comprised of home mortgages, credit cards, auto loans, and business loans. We can attribute our across-the-board lending strength to efficient systems, underwriting expertise, competitive rates, and the willingness to find lending solutions.

We continue to support the local businesses in our communities with our dividend-bearing business checking accounts, and also have 240 business loans for a total of \$198.7 million in outstanding balances, and 13 commercial loans with outstanding balances of \$39.2 million, to non-member businesses in participation with other credit unions.

As a shareholder and member-owner of CoastHills Credit Union, you can feel confident and secure about your Credit Union's future viability and ability to make a positive difference in our neighbors' lives.

I wish to thank all of the CoastHills Credit Union employees and volunteers for their outstanding achievements in 2025, and for the excellent service we continue to provide our more than 83,000 members.

BEEJAY JONES
Treasurer, Board of Directors

CONDENSED FINANCIAL STATEMENTS

ASSETS	2025		2024	
	<i>(in thousands)</i>			
Loans to Members Net	\$	1,250,223	\$	1,244,487
Cash & Cash Equivalents		197,779		207,637
Investments		195,812		233,379
Property & Equipment Net		56,248		44,307
Accrued Interest Receivable		5,148		5,052
Share Insurance Deposits		13,975		13,947
Other Assets		53,399		61,110
Total Assets	\$	1,772,584	\$	1,809,919

LIABILITIES & MEMBERS' EQUITY

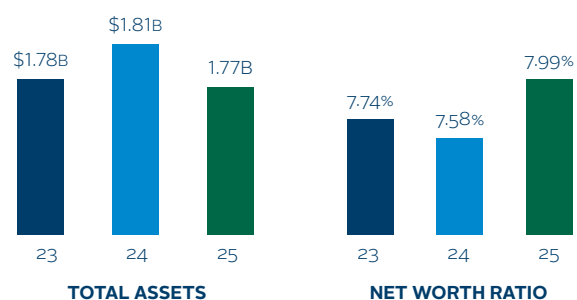
Other Liabilities	\$	162,250	\$	224,949
Members' Shares and Savings		1,470,826		1,452,486
Members' Equity		139,508		132,484
Total Liabilities & Equity	\$	1,772,584	\$	1,809,919

INCOME

Interest on Loans to Members	\$	76,376	\$	70,356
Investment Income		10,105		12,306
Other Income		22,850		20,087
Total Income	\$	109,331	\$	102,749

EXPENSES

Dividends on Members' Shares & Savings		22,288		25,042
Salaries & Benefits		32,311		31,706
Operations		23,001		20,570
Occupancy		4,582		5,207
Interest on Borrowed Funds		6,296		7,991
Provision for Loan Losses		15,727		11,842
Total Expenses	\$	104,205	\$	102,358
Net Income	\$	5,126	\$	391



Financial statements as of December 31, 2025

2025 BOARD OF DIRECTORS



**HOMERO
CONTRERAS**
Chair



**JEREMY
MORENO**
Vice Chair



**EARL
MURRAY**
Secretary



**BEEJAY
JONES**
Treasurer



**KRIS
ANDREWS**
Director



**MARCUS
BALDACCHINO**
Director



**LOUIS
CAMASSA**
Director



**BRIANNE
JORY**
Director



**JEANNE
PIPER**
Director

2025 SUPERVISORY COMMITTEE

JOHN RICHARDS, Chair

DAVIS BEST, Member

MICHAEL DUNN, Member

EDGAR GASCON, Member

DAVID YBARRA, Member

SUPERVISORY COMMITTEE'S REPORT

The Supervisory Committee consists of Credit Union members who volunteer their time to help make your Credit Union a safe and viable place for you to manage your financial affairs.

We focus on these two primary responsibilities:

- 1) To ensure that management meets its financial reporting objectives.
- 2) To ensure that management and the board's practices and procedures comply with state and national regulations, thereby safeguarding your assets.

In order to meet these responsibilities, your Supervisory Committee engaged an independent audit firm that performed an audit covering the period of January 1 and December 31, 2025. This included a review structure of your Credit Union's internal controls and verified the accuracy of your Credit Union's records.

The committee also employed an audit firm to cover quarterly compliance audits and to provide outsourced internal audit functions.

As a way of staying abreast of Credit Union activities, the Supervisory Committee members attend monthly board meetings, and participate in your Credit Union's annual strategic planning session.

We attend education seminars, annual financial training, and conduct monthly meetings with the CEO and other senior executive officers.

On behalf of the Supervisory Committee, I am pleased to report to you that all audits confirm the safety and soundness of your Credit Union's financial position.

Thank you for the honor and privilege of serving the more than 83,000 members that make up CoastHills Credit Union.

COASTHILLS SUPERVISORY COMMITTEE