

Annual Report | 2022

# BANKING THE CENTRAL COAST WAY



**CoastHills**  
CREDIT UNION  
Banking the Central Coast Way

## CHAIRMAN'S AND PRESIDENT'S REPORT

**In 2022, we continued our pursuit of becoming the most meaningful financial institution on the Central Coast.** To us, that means providing the tools our members need to thrive financially, while supporting the organizations that make our community so special. We remain committed to making it easy to do business with us, both online and in our branches, and made enhancing the in-person experience in our branches a top priority.

In January, we opened our 12<sup>th</sup> branch, located at 1360 E. Grand Ave in Arroyo Grande. Our newest location features drive-up member service, Relationship Specialists to help you with all of your banking and lending needs, and it is also one of five branches with member service hours every Saturday.

After thoughtfully considering our members' feedback on their branch experiences, we fully remodeled four other branches to improve in-person member service. These renovations included adding teller lines to replace the tubes and screens previously used for member service at our Oak Park and San Luis Obispo branches. We also removed the Interactive Teller Machines (ITMs) at our Betteravia branch, while adding drive-up member service to that location.

In 2022, we assisted our members by financing a record 11,790 auto loans for a total of \$424.3 million. This was accomplished both from our network of local auto dealer partners, as well as our branch and internal lending staff. We helped 276 families secure home equity loan products, for an average of \$113,000 each, to help them with home improvement projects, consolidating high-interest debt, school tuition, or the vacation of a lifetime.



We know small and medium-sized businesses are the lifeline of the Central Coast, and we showed our commitment to the business community by providing more than \$70 million in loans to local businesses in 2022. At the end of year, we launched several high-dividend certificates of deposits at varying terms, so our member-owners could earn guaranteed returns safely and securely on terms that best fit their financial goals.

We continue to be certified as one of the only Community Development Financial Institutions on the Central Coast, a designation allowing us to provide additional critical support to low-to-moderate income households in our community.

At CoastHills, we never lose sight of what really matters, the people of the Central Coast. That's why, in 2022, we donated more than \$315,000 to nearly 200 organizations all across our community.

Providing meaningful products and exceptional service is what *Banking the Central Coast Way* is all about, but it's only possible because of our member-owners. We are grateful for the trust you have placed in us. We value your membership at CoastHills, and we look forward to serving you for many years to come.

### KRIS ANDREWS

Chairman, Board of Directors

### PAUL COOK

President/CEO



## TREASURER'S REPORT

The 2022 financial statements accompanying this annual report reflect the period of January 1, 2022 through December 31, 2022. Your Credit Union finished the year with a positive net income of more than \$6.8 million. We ended at \$1.83 billion in assets, an annual increase of more than \$224.2 million, or 14 percent.

Our regulatory net worth ratio, a key measure of financial security, was at 7.82 percent, which indicates that we are well capitalized as we move into 2023.

Our 2022 financial statements were audited by an independent accounting firm and were accepted as proposed with no adjustments. The results of our examinations by our federal regulator, the National Credit Union Administration (NCUA), and the State of California's Department of Financial Protection and Innovation (DFPI), 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 loan growth was achieved through 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

Our growth in assets was achieved through outstanding deposit product options, including our competitive certificate rates, and our interest-bearing checking account options that are second to none in our industry. We also showed significant growth in business member deposits, due in part to our ability to offer interest-bearing checking accounts to our Central Coast business members as well.

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 difference in our neighbors' lives. Our continued growth in lending and in deposits speaks to our commitment to serving the outstanding communities along the Central Coast.

I wish to thank all of the CoastHills Credit Union employees and volunteers for their outstanding achievements in 2022, and for the excellent service we continue to provide our more than 77,000 members.

### HOMERO CONTRERAS

Treasurer, Board of Directors

## CONDENSED FINANCIAL STATEMENTS

### ASSETS

	2022	2021
	(in thousands)	
Loans to Members Net	\$ 1,367,497	\$ 1,039,671
Cash & Cash Equivalents	49,503	181,571
Investments	305,247	291,784
Property & Equipment Net	44,129	41,397
Accrued Interest Receivable	4,932	4,013
Share Insurance Deposits	13,446	12,401
Other Assets	43,953	33,638
Total Assets	\$ 1,828,707	\$ 1,604,475

### LIABILITIES & MEMBERS' EQUITY

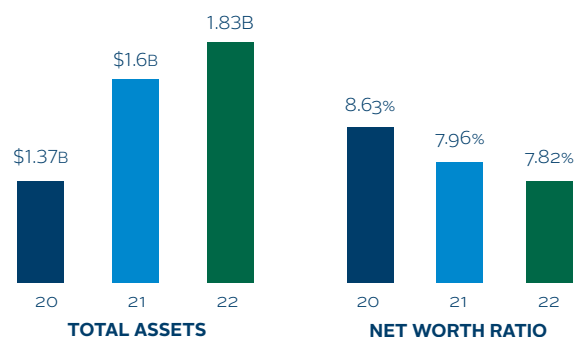
Accounts Payable & Other Liabilities	\$ 232,193	\$ 57,288
Members' Shares and Savings	1,468,727	1,420,313
Retained Earnings	127,787	126,874
Total Liabilities & Equity	\$ 1,828,707	\$ 1,604,475

### INCOME

Interest on Loans to Members	\$ 55,297	\$ 50,275
Investment Income	5,085	2,652
Other Income	17,342	16,730
Total Income	\$ 77,724	\$ 69,657

### EXPENSES

Dividends on Members' Shares & Savings	6,232	6,402
Salaries & Benefits	33,336	30,381
Operations	18,690	16,872
Occupancy	4,517	3,865
Interest on Borrowed Funds	2,650	1,361
Provision for Loan Losses	5,459	1,336
Total Expenses	\$ 70,884	\$ 60,217
Net Income	\$ 6,840	\$ 9,440



Financial statements as of December 31, 2022



## BOARD OF DIRECTORS



**KRIS ANDREWS**  
Chairman



**JEREMY MORENO**  
Vice Chairman



**BEEJAY JONES**  
Secretary



**HOMERO CONTRERAS**  
Treasurer



**BILL ANDERS**  
Director



**R. BRUCE COGGIN**  
Director



**EARL MURRAY**  
Director



**HUGH RAFFERTY**  
Director



**CHUCK SCHEITHAUER**  
Director

## SUPERVISORY COMMITTEE



**PAUL KLOCK**  
Chairman



**ALLISON SMITH**  
Secretary



**SERGEI SANDERS**  
Member



**COLLEEN SCOTT**  
Member



**CHUCK WINKLES**  
Member



**DARRELL GABEL**  
Lifetime Supervisory  
Emeritus



**PETE MOELLER**  
Lifetime Supervisory  
Emeritus

## SUPERVISORY COMMITTEE CHAIRMAN'S REPORT

The Supervisory Committee normally consists of five 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, 2022. 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 77,000 members that make up CoastHills Credit Union.

**PAUL KLOCK**  
Chairman, Supervisory Committee