

Board of Directors



Hugh Rafferty
Chairman



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1st Vice Chairman



Bill Anders
2nd Vice Chairman



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Treasurer



Shirleen Sladek
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Bruce Coggin
Director



Pete Reed
Director



Dave Richardson
Director



Roger Welt
Director

Supervisory Committee



Darrell Gabel
Chairman



Pete Moeller
Member



Kris Andrews
Member



Larry Gooch
Member



David "DT" Thompson
Member

Condensed Financial Statements

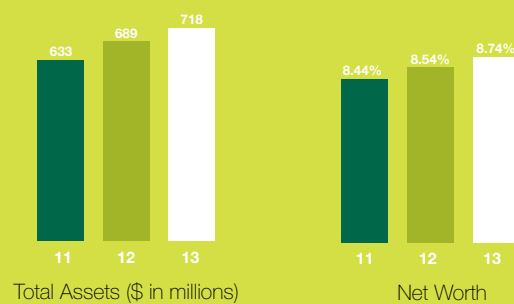
(Audited)

Assets	2012	2013
Loans to Members, Net	\$ 548,976,105	\$ 644,780,287
Cash & Cash Equivalents	70,969,939	17,745,058
Investments	32,114,734	27,206,927
Property & Equipment, Net	14,042,375	14,250,647
Accrued Interest Receivable	1,824,555	2,034,250
Share Insurance Deposits	5,785,114	6,032,776
Other Assets	15,229,066	5,659,045
Total Assets	\$ 688,941,888	\$ 717,708,990

Liabilities & Members' Equity	2012	2013
Accounts Payable & Other Liabilities	36,460,283	45,537,906
Members' Shares and Savings	593,654,045	609,451,213
Retained Earnings & Reserve	58,827,560	62,719,871
Total Liabilities & Equity	\$ 688,941,888	\$ 717,708,990

Income	2012	2013
Interest on Loans to Members	25,351,058	26,738,458
Investment Income	1,102,319	934,581
Other Income	10,994,441	12,347,705
Total Income	37,447,818	40,020,744

Expenses	2012	2013
Dividends on Members' Shares & Savings	3,029,159	2,938,942
Salaries & Benefits	12,923,845	14,260,530
Operations	10,621,206	11,332,255
Occupancy	1,938,388	2,015,320
Interest on Borrowed Funds	533,958	765,388
Loss on Disposition of Assets	235,028	100,000
Share Insurance Assessments	390,000	401,037
Provision for Loan Losses	2,245,001	2,987,977
Total Expenses	31,916,585	34,801,449
Net Income	\$ 5,531,233	\$ 5,219,295



Financial statements as of December 31, 2013



2013 Annual Report

Building possibilities
for tomorrow.

CoastHills
Another great day.

Chairman's and President's REPORT

“No one makes it easier or more affordable for our members to purchase the home of their dreams than CoastHills.”



Hugh Rafferty
Chairman,
Board of Directors



Jeff York
President/CEO

Serving you Today. Building for Tomorrow.

Our vision is very straightforward: “We make a difference in our neighbors’ lives.” We are proud to report that in 2013, our vision led us to another prosperous year, and will serve as the catalyst to building strength and momentum toward 2014 and beyond.

Through an efficient approval process, extremely competitive rates and strong relationships with our auto dealer partners, we strengthened our position as the market leader in auto lending. CoastHills is the #1 provider of vehicle loans in all of Santa Barbara and San Luis Obispo Counties.

Driven by innovative mortgage solutions, we saw astounding growth in the number of members who have their first and second mortgage loans with us. As the local housing market continues to improve, we are able to save members thousands of dollars in refinancing and in new home purchases with our no closing cost options. No one makes it easier or more affordable for our members to purchase the home of their dreams than CoastHills.

We also saw our credit card portfolio grow by more than 50 percent, adding thousands of new Platinum Rewards Visa credit card holders. Members took advantage of our industry leading interest rates, our ultra-low balance transfer rate, and our no annual fee feature. We even gave away 1 million Visa rewards points to one lucky member who became eligible for the bonus just by swiping her card. She plans to use the bonus points for the family trip of her dreams to Hawaii.

Capitalizing on our status as a preferred small business lender, we continued to build prominence as one of the premier business lenders in both Santa Barbara and San Luis Obispo Counties, ranking #1 for SBA loans for local financial institutions. The relationships we are building with the local business communities speak to the core of what a credit union can be: People helping people. We listen, and we offer solutions that allow them to spend their time on what they do best - growing their business.

Our commitment to the communities we serve reached yet another all-time high. We raised funds for hundreds of Central Coast nonprofit organizations through our Community Foundation, including a record \$90,000 for Santa Maria’s Mission Hope Cancer Center during our signature event “Rancho Vino.” We provided nearly every high school in our field of membership with \$1,000 scholarships for seniors continuing their education. Finally, our staff and volunteers donated more than 5,200 hours of their time in the community.

We also made great strides in upgrading our delivery channels in 2013. The number of members who look to online banking for managing their finances continues to grow exponentially. Our new online banking platform, “AnyTime Online,” launched in November of 2013 and provides all of the tools our members need to do their banking on their terms, and on their schedule. This includes an upgraded option for mobile banking, and for remote deposit capture, which allows you to make deposits by sending us a picture of your check.

We are certain that online banking and mobile banking are a huge part of tomorrow, but we also are committed to improving upon the branch network that best serves the communities that make up the central coast. And when we say “Central Coast” we are referring to Ventura County all the way north through Santa Cruz County. We envision your Credit Union serving members along that entire expanded footprint, and are making this pursuit a priority in 2014. It is an aggressive proposition, and we are confident that it will add efficiency to us as a financial institution, and add convenience to you, our members. Frankly, we can make the entire central coast a better place with better banking. That, truly, will make a difference in our neighbors’ lives.

On behalf of our dedicated staff and volunteers, it is an honor and a privilege to provide leadership for your Credit Union.

“Our vision will serve as the catalyst to building strength and momentum toward 2014 and beyond.”

Treasurer's REPORT

The 2013 financial statements accompanying this annual report reflect the period of January 1, 2013 through December 31, 2013. Your Credit Union finished the year with a positive net income of more than \$5.2 million. We had \$718 million in assets, which indicates an annual asset increase of \$29 million.

We also saw an increase in loans of \$95.8 million, which is well above our peers and represents our strong commitment to lending money throughout our field of membership. Our net worth ratio, a key measure of financial security, was at 8.74 percent, which indicates that we are well capitalized as we move into 2014.

The 2013 audit results from CliftonLarsonAllen LLP, Certified Public Accountants and the examination by the National Credit Union Administration, our Federal regulator, found no material weaknesses in the manner in which we operate your Credit Union. We continue to receive feedback from our auditing entities that our financial practices and controls are among the best in our industry.

Our significant loan growth was achieved through diversified lending, including 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. The entire staff has done an outstanding job of guiding CoastHills through a year of tremendous growth and prosperity. As a shareholder and member-owner of CoastHills, you can feel confident and secure about your Credit Union's future viability and ability to make a difference in our neighbors' lives.

Arthur “Chuck” Scheithauer, **Treasurer/Board of Directors**

Supervisory Committee REPORT

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

The committee has two primary responsibilities:

- 1) Ensure that management's financial reporting objectives have been met.
- 2) Ensure management practices and procedures safeguard members' assets.

Several actions were taken in 2013 to meet these responsibilities. The committee employed CliftonLarsonAllen, LLP, Certified Public Accountants, to perform an audit covering the period of 1/1/13 through 12/31/13. They reviewed the structure of the Credit Union's internal controls and verified the accuracy of the Credit Union's records. To remain abreast of Credit Union activities, all committee members attended monthly board meetings, our annual strategic planning session, seminars, and conducted monthly meetings with the CEO and other senior leadership officers.

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

Darrell Gabel, **Supervisory Committee Chairman**

“The entire staff has done an outstanding job of guiding CoastHills through a year of tremendous growth and prosperity.”

