

Chair /President's Message

Central Coast Federal Credit Union has remained dedicated to serving the financial needs of our members and local community with its economic challenges yet again for 2010. As with other credit unions, we were not immune to the financial impact as a result of unemployment and depressed home sales as our community has been experiencing in these last few years. Central Coast Federal Credit Union recognizes the significant demand for aid in our community and we remain steadfast in our commitment to help members. We were able to provide 14 mortgage loan modifications for our members as well as our Skip-a-Pay program to help our members improve their cash flow status by deferring their December payment. Central Coast Federal Credit Union took the challenging and ever interesting times of 2010 and remained steady and stable in its net worth.

We are currently serving over 11,000 friends and neighbors in our ever-expanding community of member-owners and will continue to produce many new and exciting services and products for 2011 and beyond. Keeping our awareness of our history, involvement in our community and a commitment to employee satisfaction has all made a positive impact. Central Coast Federal Credit Union remained well capitalized at the end of 2010 at 8.92%, added over \$6.6 million in loans to its portfolio, grew membership by 10%, as well as keeping its operating expenses below that of last year's and budgeted projects. Our branches run with the dedication and professionalism of all our managers, staff employees, and the welcoming smiles of our members. In these times where other businesses are having to reduce staff, Central Coast Federal Credit Union is working in such a streamlined and cost efficient manner, that employee turnover is virtually at zero and we have not reduced any staff support. These accomplishments by our members and staff resulted in awards for 2010, to name a few, as: **Best Places to Work-Monterey County 2010; Business Excellence Award-Financial Services 2010; and Best of the Year 2010 from the Monterey Peninsula Chamber of Commerce.**

With the continuing unemployment and declining home values again in 2010, Central Coast Federal Credit Union made the necessary steps to set aside a total of \$1.8 million in loan loss reserves as well as having a foreclosure on a 1st Deed of Trust for a member and two losses on 2nd Deeds of Trust due to bankruptcies. As a result, the Credit Union posted a net loss of \$1.3 million to end the 2010 year, however, our capital ratio remains "well capitalized" at 8.92%. Deposits grew by 11% and our total assets increased by over 8% putting Central Coast Federal Credit Union over the \$100 Million mark for 2010. Keep in mind, that unlike banks, credit unions did not receive any additional monies from bailout packages from the Federal government. Due to the guidance of the Board of Directors, building up our capital for the intention of stepping in during possible turbulent times proved just that in 2010. Our efforts will continue in 2011 as we will be approached with new opportunities and challenges, yet we will remain diligent in steering the Credit Union through these ever changing times.

Giving back to our community is still at the core of our existence. In 2011 our staff will continue to work in our community to build a better place and living our mission "coming together to build a prosperous future through superior financial products and service to meet the growing needs of our community." Time, dollars and dedication are a winning combination at Central Coast Federal Credit Union and we truly thank you for all your support and generosity.

It is with sincere thanks to Central Coast's volunteer Board of Directors and Supervisory Committee that we are where we are today. Their gracious donations of time and expert guidance ensure that the long history of financial responsibility, exemplary ethics and shared core values with the organization are preserved. We would also like to acknowledge the extraordinary contributions of the Management Team and our dedicated, hard working and committed employees who continue to provide the highest quality care, focus and phenomenal member service to our increasing membership. Finally, to our loyal and supportive members, for your continual support to Central Coast Federal Credit Union- rich in history, a solid presence in the community, and a financial and formidable force for years to come.

- *Juanita Casiano- Ferrante, Chair*
- *Leinette Limtiaco, President CEO*

Vice President's Message

Given the economic challenges and increasing government involvement that continue to face the financial services sector, it is imperative for CCFCU to maintain a focus on the same fundamentally sound financial decisions that have made us the Safe Place for more than 60 years. We are committed to delivering well designed financial products combined with service excellence that add value to the lives of our members.

It is from the investment of time, energy, and resources that our board, staff, and members contribute to the community that has truly made a positive impact on the people of Monterey County. As one of the few remaining locally owned financial institutions, it is incumbent upon us to maintain a strong connection with our community and give back to the people who have given us so much over the years. For us, "Community Minded" is not just a slogan, it is a promise. - *Bruce K. Adams, Vice President*

Loan Manager's Message

Like many credit unions, Central Coast FCU experienced a decrease in the total loan portfolio, but we remain committed to be there for all our member's and community's lending needs. Regulatory challenges were overcome with positive strategic planning and preparedness.

New vehicle loans remained slow as the credit union had a difficult time competing with manufacturer's rates and rebates. Used autos lead the way with a growing activity in motor cycle loans. The unsecured loans offer our members a strategy to pay down the higher interest rate credit cards, with a competitive rate. With the low mortgage rates and more affordable housing environment, we are able see a positive sign for growth in that area.

We continue to focus on service and finding resolutions to meet each individual's borrowing needs. Educating our members on the importance of credit worthiness and providing loan products to enhance the credit relationship reminds members that they do have a lending choice. CCFCU remains a prudent lender, but lending is a priority with each employee, from senior management to front line staff. - *Mary Nunez, Loan Manager*



2010 Annual Report

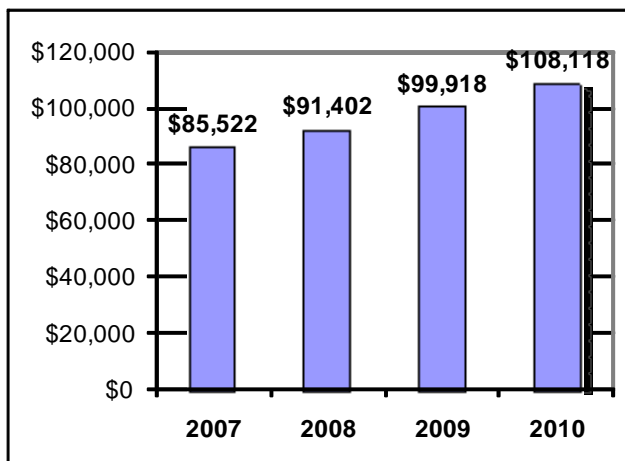


**Serving the People of
Monterey County Since 1949**

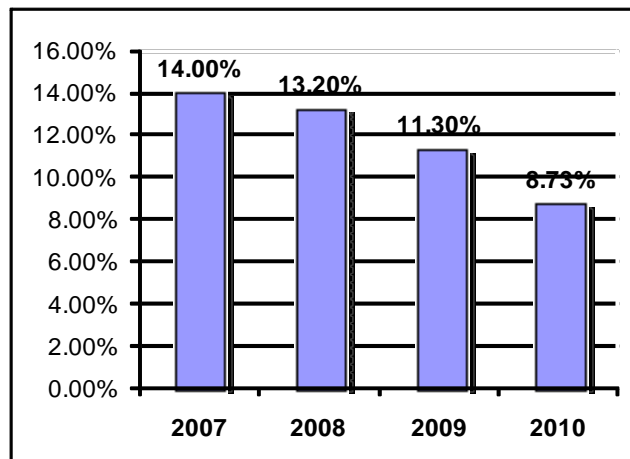
Community
Minded.
Just like you

Tel: (831) 393-3480
www.centcoastfcu.com
Email: info@centcoastfcu.com

Assets (000's omitted)



Reserves to Assets



Board of Directors

Juanita Casiano-Ferrante, *Chair*
 COL. John Turner (USA Ret.), *Vice Chair*
 Joan Johnson, *Secretary*
 Gary Bever
 LTC. Tom Hendricks (USA Ret.)
 Vince Ferrante
 Joe Gunter

Statement of Financial Condition December 31, 2010

	2009	2010
ASSETS		
Loans-Net	\$ 34,145,718	\$ 30,702,537
Cash	\$ 2,339,392	\$ 2,165,995
Investments	\$ 60,140,669	\$ 72,228,027
Fixed Assets- Net	\$ 974,746	\$ 944,486
Other assets	\$ 2,317,422	\$ 2,077,382
	<u>\$ 99,917,945</u>	<u>\$ 108,118,427</u>
LIABILITIES		
Accounts Payable	\$ 33,325	\$ 22,574
Accrued Dividends	\$ 16,339	\$ 7,809
Other Liabilities	\$ 60,252	\$ 210,283
EQUITY		
Shares	\$ 30,965,365	\$ 32,884,944
Money Market	\$ 11,390,526	\$ 20,503,175
IRA's	\$ 9,531,888	\$ 10,148,225
Term Certificates	\$ 27,928,323	\$ 25,579,972
Share Drafts	\$ 8,714,922	\$ 9,120,091
Undivided Earnings & Reserves	\$ 11,277,005	\$ 9,641,354
	<u>\$ 99,917,945</u>	<u>\$ 108,118,427</u>
OPERATING STATEMENT		
	2009	2010
GROSS INCOME		
Interest on Loans	\$ 2,516,663	\$ 2,206,457
Investment Income	\$ 1,964,109	\$ 1,969,472
Other Income	\$ 1,094,375	\$ 1,050,847
TOTAL GROSS INCOME	<u>\$ 5,575,147</u>	<u>\$ 5,226,776</u>
EXPENSES		
Operating Expenses	\$ 3,497,895	\$ 3,660,402
Provision for Loan Losses	\$ 1,472,120	\$ 1,828,568
NCUA Ins Fund	\$ 626,657	\$ 132,774
	<u>\$ 5,649,403</u>	<u>\$ 5,621,744</u>
Income (loss) from Operations	\$ (21,525)	\$ (394,968)
Gain (Loss) on Disposition of Assets & Investments	\$ 52,732	\$ 5,607
Restoration of NCUSIF	\$	\$ 121,601
Shareholder Dividends	<u>\$ 1,062,943</u>	<u>\$ 832,250</u>
TOTAL NET INCOME	<u>\$ (1,137,200)</u>	<u>\$ (1,343,212)</u>