

2013 OFFICERS

BOARD OF DIRECTORS

Louis Vecchi Chairperson of the Board
 Johnny Chatman Vice Chairman
 Fred Crum Financial Officer
 Ralph DeJesu Membership Officer
 Vic Remorini Board Member

LOAN OFFICERS

Larry Wigley Senior Loan Officer

SUPERVISORY COMMITTEE

Vic Remorini, Chairman
 Jim McSorley
 Charles Williams

SECURITY OFFICER

Larry A. Wigley

MEMBERSHIP OFFICER

Ralph Dejesu

STAFF

Larry Wigley C.E.O.
 Wendy Ledezma Member Service
 Teresa Lozano Member Service
 Lori Hubbard Member Service
 Julie Gaspar Loan Officer
 Nancy Lytle Member Service
 Lisa Sharman C.O.O.

NOMINATING COMMITTEE REPORT

NOMINATING COMMITTEE

Bill Sharkey Chairperson
 Ann Randall
 Dan Glaze

BOARD OF DIRECTORS

Terms Remaining

Vic Remorini 2 years
 Louis Vecchi 1 Years
 Ralph DeJesu 1 Years
 Fred Crum 3 Years
 Johnny Chatman 3 Years

STATEMENT OF FINANCIAL CONDITION

	2012	2013
ASSETS		
Loans	8,023,105	7,760,631
Visa Loans	1,916,385	1,787,661
Loans to Members	9,939,490	9,548,292
Loan Loss Allowance	<283,266>	<224,919>
Cash In Bank	635,889	305,641
Cash On Hand	148,265	240,739
Cash in Bank/On Hand	784,154	546,379
Wescorp Accounts	656,198	559,422
Share Deposit-Certs	77,272,140	82,539,060
Co-Op	20,000	20,000
Investments	77,948,338	83,118,482
Prepaid/Deferred Exp.	48,215	91,208
Land	175,574	175,574
Buildings	607,823	585,525
Furniture/Equipment	83,762	71,942
Accrued Investment Income	84,209	71,237
All Other Assets	21,764	24,326
NCUSIF Deposit	752,986	844,165
Retirement Plan	1	28,286
Deferred Comp	1,566,616	1,726,262
All Other Assets	3,340,950	3,618,525
TOTAL ASSETS	91,729,666	96,606,760
LIABILITIES		
Accounts Payable	9,698	7,307
Deferred Comp Yield	295,125	454,771
Deferred Comp Premium	<47,520>	<51,980>
401-K Employee Plan	2,190	1,150
Payroll Taxes	5	7
Ach. Suspense	4,910	16,435
Accounts Payable	264,408	427,689
TOTAL LIABILITIES	264,408	427,689
EQUITY		
Shares	74,556,104	77,851,505
Share Draft	2,330,354	2,487,897
IRA Shares	5,712,611	7,783,908
Member Shares	82,599,069	87,123,311
Regular Reserves	1,125,460	1,125,460
Reserve for Contingency	7,680,729	7,870,300
Undivided Earnings	60,000	60,000
Member Capital	8,866,189	9,055,760
Total Equity	91,465,258	96,179,070
Total Liabilities & Equity	91,729,666	96,606,760

FINANCIAL AND STATISTICAL INFORMATION

STATEMENT OF INCOME - 2013

INCOME	
Int-Loans	\$ 412,087
Int-VISA Loans	148,497
Income from Loans	560,584
Investment Income	1,825,153
Membership Fees	164
Other Fees/Charges	115,033
Miscellaneous Income	19,525
Fees/Charges/Misc.	134,722
Total Income	2,520,459
EXPENSE	
Employee Salaries	416,307
Employee Benefits	399,322
Travel/Conference	661
Association Dues	16,471
Office Occupancy	94,069
Office Operations	51,856
Education/Promotion	139,035
Loan Service Expense	157,409
Professional/Outside	114,996
Operations Expenses	1,390,125
Loan Loss Provision	1,033
Borrowers Insurance	67,533
Operating Fee	20,740
Cash Over/Short	44
Interest/Borr Money	154
Annual Meeting Expense	3,050
Miscellaneous Expense	45,665
Other Expenses	137,187
Total Expense	1,528,345
Net Before Dividends	992,114
DIVIDENDS	
Dividends	802,646
Total Dividends	802,648
Net After Dividends	189,468
Total Non-OP INC/EXP	0
Net Income	189,468

2013 Year End Statistics

Loans Made for the Year 2013	198	\$2,793,138			
Loans Made for the Year 2012	117	\$1,110,925			
	+81	+\$1,682,213			
Total Outstanding Loans for 2013	780	\$9,548,295			
Total Outstanding Loans for 2012	772	\$9,939,490			
	+8	-\$391,198			
Total Share Holdings for 2013	4802	\$87,123,310			
Total Share Holdings for 2012	4735	\$82,599,069			
	+67	-\$4,524,241			
Gross earnings for 2013		\$2,520,459			
Gross earnings for 2012		\$2,752,723			
		-\$232,264			
Total Operating Expense for 2013		\$1,528,345			
Total Operating Expense for 2012		\$1,460,336			
		+\$68,009			
Net Earnings Before Dividends for 2013		\$1,292,387			
Net Earnings Before Dividends for 2012		\$992,114			
		-\$300,273			
Total Dividends Paid for 2013		\$802,646			
Total Dividends Paid for 2012		\$783,680			
		+\$18,699			
Net Gain After Expenses and Dividends 2013		\$189,468			
Net Gain After Expenses and Dividends 2012		\$508,707			
		-\$319,239			
Total Delinquency 12/31/2013	4	\$14,017			
Total Delinquency 12/31/2012	1	\$10,194			
	+3	+\$3,823			
Loans Charged Off 2013	8	\$59,937			
Loans Charged Off 2012	9	\$29,130			
	-1	-\$30,807			
Total Assets on 12/31/2013		\$96,606,760			
Total Assets on 12/31/2012		\$92,729,666			
		+\$3,877,094			
Expense Ratio to Gross Income					
	2013	2012	2011	2010	2009
	60.64%	53.05%	50.97%	50.76%	79.29%
Expense Budget for 2013					\$1,464,156
Actual Expense for 2013					\$1,528,344
Over Budget 4.20%					\$64,188
Distribution of Income and Benefits to Members					
Dividends		\$802,646			31.85%
Operating expense		\$1,528,345			60.63%
Net retained earnings		\$189,468			7.52%
		\$2,520,459			100.0%

REPORT OF THE PRESIDENT

The Books are again closed for another year. Again the year 2013 proved to be a challenge and a productive year for the Credit Union. Your Credit Union continued its long standing policy to return the majority of net earnings to the members in the form of dividends on shares. The Credit Union posted four quarterly dividends. Dividends posted were 1.0%, 1.0%, 1.0% and .75 % respectively. For the First, Second and Third quarter of 2013 the credit union posted dividends to all IRA'S of 1.25% (APY 1.256). For the Fourth Quarter we posted a dividend of 1.00% we continued our long standing policy to pay dividends on share draft accounts of .25%.

The Credit Unions net worth ratio for year-end was 9.17% which is a decrease of 50 basis points from 2012, well above the standard set by NCUA for a well-capitalized Credit Union. The decrease was mainly due to the increase in share and IRA deposits

If you look at the distribution of income statistics you will note that 31.85% of total income was returned to the members in the form of dividends. This was an increase of 3.38% from 2012.

Again the Credit Union had two examinations from an outside auditor and the National Credit Union Administration. Both exams showed the safety and soundness in the credit unions operations with no exceptions being noted.

I wish to thank the Board, Committees, and the Staff for their contributions to a successful year, and thank you members for your continued patronage and support.

Respectfully,
Larry A. Wigley
President, CEO

LOAN OFFICERS SUPERVISION REPORT

During 2013 the loan officers approved a total of 198 loans for \$2,793,138.

This is 81 loans and \$1,682,213 more than what was approved in 2012. Since the RE market having been in a slump since 2006 and is improving slightly the Credit Union opened up Real Estate lending to its members once again. We have contracted with CU Lending to do the underwriting of Real Estate loans. Come in and check with our staff for details.

We have never engaged in "sub-prime lending" or loans based on inflated home values. As a result we have not losses due to foreclosures. As a matter of fact 52.61% or \$5,033,303 of our loan portfolio is secured by real estate, with no delinquencies in that category. This is a solid block of loans. We are proud of our prudent lending policies.

Recently the credit union has made some major adjustments to the rates and terms of its lending policy. Check with your credit union first for all of the current loans rates.

I wish to thank our members for their continued loyalty and the loan officers and all of the staff for their efficient handling of our members financial needs.

Respectfully submitted,
Vic Remorini
Loan Officer Supervisor

FINANCIAL OFFICER'S REPORT

Again we close the books on another successful year for our credit union. Our economy continues to improve slowly despite the Fed's persistent tinkering with their artificially low interest rate policy. How it will play out in the years to come, is any ones guess. But I want you to know that our credit union continues to grow and prosper in this environment. We continue to operate as a solid and credit worthy institution as documented by all of our audits this past year, and those of prior years as well.

I want to draw your attention to our revised lending policy. It is working for the betterment of our credit union. While we strive to reduce risk we also try to find ways to further our services to more and more of our membership. Please stop by, call, or visit us on line to see what we have in place. And remember your credit union first for all of your lending needs.

The year end statistics I like to point out are as follows.

Total assets increased again this year by \$3,877,094.00.

We ended the year with \$96,606,760.00 in assets.

Outstanding loans equaled \$9,548,295.00.

Gross earnings equaled \$2,520,459.00.

Dividends totaled \$802,646.00, an increase of \$18,966.00.

I would like to thank the staff for their diligence this year, as well as the Board of Directors and the Supervisory Committee for their continuing support. And thank you, for your continued support to which we all work to support.

Respectfully Submitted,
Fred Crum
Financial Officer

CHAIRPERSON'S REPORT

The year of 2013 was another challenging year for all financial institutions including the credit union as you can see by reading the financial and statistical information section of your annual meeting report.

Dividend rates posted

First quarter was 1.0% on all regular shares and 1.25 % for IRA's. Second quarter was 1.0% on all regular shares and 1.25% for IRA's. Third quarter was 1.0 on all regular shares and 1.25% for IRA's. Fourth quarter was .75 on all regular shares and 1.00% for IRA's.

The Credit Union is continuing its long standing policy to pay high dividends on regular shares and IRA'S and remember these rates are on pass book accounts. Members of Shell Western States Federal Credit Union have financial safety.

The Credit Union offers all different types of loans from Automobiles , Boats, Motorcycles, Signature and Visa loans. The Credit Union also offers free checking (no monthly service fee) and we will even buy your first order of checks. Please check with the credit union staff for details. The credit union has just redone its loan policies and rates. Check with the credit Union staff for details.

I would like to personally thank the Board of Directors:

Johnny Chatman-Vice-Chair, Fred Crum-Financial Officer, Vic Remorini-Loan Officer Supervisor and Ralph DeJesu-Membership Officer for another year of financial accomplishments.

Also I would like to acknowledge the Supervisory Committee: Vic Remorini-Chair, Jim McSorley and Charles Williams for there work during the year 2013. Also Supervisory Committee Alternate Jon Marangoni for his support.

In recognition to the staff for another prosperous year for the Credit Union I would like to thank Larry Wigley-CEO, Lisa Sharman- COO /Bookkeeper, Wendy Ledezma-Member Services, Julie Gaspar Loan Officer, Nancy Lytle-Part Time Teller/Member Services, Lori Hubbard Teller/Member Services and Teresa Lozano Member Services.

Respectfully Submitted,
Louis Vecchi
Chairperson

SUPERVISORY COMMITTEE REPORT

The committee conducted monthly business during 2013, primarily to send verifications to new and closed accounts we also analyzed and verified dormant accounts, which by law had to be closed and proceeds to be surrendered to the State of California. We also examined various other documents for accuracy.

The annual audit was again performed by Robin Rivers, CPA, with Financial Standards Group Inc. and covered one year of operations from 4/1/12 through 3/31/2013. No major exceptions were noted.

The CPA audit puts emphasis on financial data and accepted accounting principles. The audit also examines compliance with state and federal regulations.

The NCUA conducted and "in-house" examination during 2013 and monitored our operation by quarterly calls reports, which gives them additional data of our operations. The NCUA supervision is mainly concerned with safety and soundness and adherence to Rules and Regulations, as well as the proper maintenance of capital (Net Worth)

A credit union our size is considered well capitalized at 7% equity. At the end of 2013 our equity was 9.17%. Our business plan for 2014 calls for attaining a 9.0% to 10.0% equity, or better. Total assets increased by \$3,877,094 or 4.18%.

For the year 2013, SWSFCU was again awarded a 5 star "superior" rating from Bauer Financial Reports, Inc. the highest rating possible, for the nineteenth consecutive year.

This rating certainly attests to our Credit Union's strengths and prudent performance.

Respectfully Submitted,
Vic Remorini, Chairperson
Jim McSorley
Charles Williams
Jon Marangoni (alternate)

SHELL WESTERN STATES Federal Credit Union

1700 Pacheco Blvd., P.O. Box 456
Martinez, California 94553
Telephone (925) 228-4545

SSN Number 313-3600



SERVING THE COMMUNITIES OF MARTINEZ &
PACHECO AND THE EMPLOYEES OF SHELL OIL,
SHELL CHEMICAL, WESTERN FARMS
GOLDEN GATE PETROLEUM
CRITERION CATALYST CO.
DIAMOND SERVICES CO.
MCJUNKIN CORP.
WESTCO CORP.
TELFER OIL CO.
SS TOOLS
HENKEL

68th
2014
Annual Meeting
Report

MEMBER

California Credit Union League
CUNA International, Inc.