



2018 ANNUAL REPORT

MISSION STATEMENT

Sea West Coast Guard FCU's mission is to provide value to member-owners by building lasting relationships, offering secure, convenient, and competitive financial services through a staff of responsive, ethical professionals.

Board of Directors

CDR Salvador Romo, Jr.
USCG (Ret.)
Chairman



Mr. Paul Cayere
Vice Chairman



CAPT Richard Consigli
USCG (Ret.)
Secretary



CDR E. E. Chambers
USCG (Ret.)
Treasurer



CAPT Jerry Doherty
USCG (Ret.)

Chairman's Report

I am pleased to report that Sea West Coast Guard Federal Credit Union had another positive year in 2018. The Credit Union surpassed \$363 million in assets and increased Sea West CG's net worth/asset ratio to 19.75%.

The net worth/asset ratio is the fundamental ratio used to measure a financial institution's strength. At 19.75% Sea West CG's ratio is well above the industry average of 11.46%. In 2018, the Credit Union realized net income of \$1.9 million.

Our financial strength continues to be a key component in enabling Sea West CG to provide exceptional benefits to our members. Sea West's regular savings rates remain significantly higher than most banks and credit unions. Additionally, our flexible 5-year Above-Market-Rate Certificate offers member-owners an insured investment with an industry low tax-deductible early withdrawal fee and a rate bump-up feature that provides an unparalleled hedge against rate increases. To date, hundreds of members have now safely invested over \$26 million in this product.

In 2018 Sea West also experienced positive loan growth. The Credit Union disbursed over \$30 million in loans to our member-owners. More than \$15 million was granted in mortgage loans enabling members to finance their homes, including several members who took advantage of our VA home loan program.

Maintaining the highest standards of security to protect our members' accounts and information is of vital importance to Sea West CG. In 2018 Sea West again made significant investments in technology and cybersecurity defenses. These investments included purchasing state of the art IT equipment and partnering with AT&T and Microsoft to make use of the most secure software and encryption technology.

Since 1959, Sea West Coast Guard Federal Credit Union has proudly served members of the United States Coast Guard, retirees and their families. In 2018 the Credit Union continued this long-standing commitment during the unprecedented government shutdown by providing 0% loans to active duty Coast Guard personnel who did not receive paychecks.

We hope you will pass on the benefits of membership at Sea West CG to your family members.

Sincerely,

CDR Salvador Romo, Jr.
USCG (Ret.)
Chairman

President/CEO Report

Sea West Coast Guard Federal Credit Union continues to be an exceptionally strong and stable credit union. At the end of 2018 the Credit Union earned its 114th consecutive Bauer Financial Performance 5-Star Award for "Exceptional Performance", a prestigious award for which very few financial institutions qualify.

During 2018 Sea West CG achieved record asset, loan and deposit levels. In the true spirit of a co-operative, "People Helping People", Sea West CG continues to offer low rate loans to member-owners with the funds deposited by other member-owners. We continue to pay higher than market yields on savings and certificates of deposit. Our expedited VA home loan product has helped numerous members purchase and refinance their homes. In addition, Sea West CG remains committed to keeping fees significantly lower than other financial institutions.

With Sea West's expanded Field of Membership, which includes honorably discharged veterans from all branches of the Armed Services, we are now offering membership to more military personnel than ever before. We are honored to serve those who serve and have served.

Sea West CG continues its long-standing commitment to maintaining a secure financial institution for our member-owners. In 2018 the Credit Union invested over \$1 million in our IT infrastructure system and networks to enable our member-owners 24/7 secure worldwide access to their accounts. This includes Coast Guard members deployed anywhere overseas where the internet is available.

Sea West's success attained in 2018 reflects our commitment to providing personal, convenient, competitive service to our member-owners. Staff worked diligently to provide quality service to our members and to meet their banking needs. All of us at Sea West CG appreciate the support of our member-owners and look forward to serving you in the years ahead.

Sincerely,

Tom Doherty
President/CEO

Supervisory Committee Report

The Supervisory Committee oversees the work of internal and external auditors and is responsible for ensuring that member assets are adequately safeguarded, accurate records are maintained, and proper business practices are followed. Our efforts also ensure compliance with the rules and regulations of the National Credit Union Administration, an agency of the U.S. Government.

The Committee conducts an annual audit of the overall financial status of Sea West CG and verifies member accounts. To assist in this function, we engaged the services of Nearman, Maynard, Vallez, CPAs. We are pleased to report that their audit of the Credit Union's financial statements and member accounts found Sea West CG to be performing well.

As a Committee, we are pleased to report that the Credit Union remains fiscally sound and continues to operate in compliance with all credit union laws and regulations and generally accepted accounting principles.

We remain appreciative of our Sea West Coast Guard Federal Credit Union member-owners and we look forward to our continued success in the years to come.

Sincerely,

CDR Robert Cathey, USCG (Ret.)
Chairman

RADM Daniel J. Murphy, USCGR (Ret.)
Member

LCDR Robert Kelly, USCG (Ret.)
Member

CAPT Rob McCrimmon, USCG (Ret.)
Member

CDR Kevin W. Mohr, USCG (Ret.)
Member

Treasurer's Report

With an exceptionally strong Net Worth/Asset Ratio of over 19% Sea West CG is in excellent financial condition. Sea West CG continues to be a secure investment choice.

Remaining true to our credit union philosophy, Sea West CG utilizes deposits to offer low rate loans to our member-owners and due to our strong Capital/Asset Ratio, are able to pay very competitive yields on deposit accounts. Deposits not loaned out are placed in short term, secure investments. Sea West CG has not and will not place funds in risky investments.

Sea West CG has continually increased reserves over its history. In addition to enabling Sea West CG to offer very competitive savings and loan rates, our reserves act as a cushion to offset the effects of economic downturns. In 2018 Sea West CG again added to our reserves.

Your deposits at Sea West CG remain extraordinarily well protected and insured. The National Credit Union Administration (NCUA), an agency of the U.S. Government, insures each type of member savings account up to \$250,000. This means your funds are insured for up to \$250,000 on your individually owned accounts, your ownership share of all joint accounts, and your IRA accounts.

It certainly makes good sense for members to do all their banking at Sea West Coast Guard Federal Credit Union.

Sincerely,

CDR Emmerson E. Chambers
USCG (Ret.)
Treasurer

Vision Statement

We aspire to be the financial institution that our members go to first and utilize the most and we will continue to have a positive impact on our member's financial lives and in the military communities we serve.

Statement of Financial Condition As Of December 31st (in thousands)

Assets	2018	2017
Loans to Members	\$140,940	\$138,183
Participation Loans	-0-	-0-
Allowance For Loan Losses	(665)	(736)
Cash On Hand and Investments	218,886	215,591
Deposits in NCUSIF*	2,592	2,547
Fixed Assets	624	679
Other Assets	1,586	1,699
Total Assets	\$363,963	\$357,963
Liabilities & Equity		
Dividends Payable	\$ -0-	\$ -0-
Other Liabilities	1,664	1,819
Total Liabilities & Equity	\$ 1,664	\$ 1,819
Member Savings		
Term Savings Certificates	\$ 76,715	\$ 63,051
Primary Savings	146,136	156,572
Checking	41,457	40,098
IRA Savings	11,607	12,981
IRA Term Certificates	14,385	13,487
Holiday Club Savings	238	68
Total Member Savings	\$290,538	\$286,257
Reserves		
Required Reserves	\$ 3,941	\$ 3,941
Undivided Earnings	67,820	65,946
Total Liabilities & Member's Equity	\$363,963	\$357,963

*National Credit Union Share Insurance Fund, a U.S. Government Insured Fund.

Statement of Income and Expenses For the years ended December 31st (in thousands)

Income	2018	2017
Interest on Loans	\$ 5,678	\$ 5,657
Income from Investments	4,231	3,204
Other Operating Income	1,120	960
Other Non-Operating Income	25	18
Total Income	\$ 11,054	\$ 9,839
(Less) Dividends Paid on Member's Savings and Certificates	\$ 2,385	\$ 1,796
Expenses		
Salaries & Benefits	\$ 3,589	\$ 3,227
Office Operating	1,730	1,653
Provision for Loan Losses	165	437
Education & Promotion	120	75
Office Occupancy	212	175
Professional Services	57	75
Association Dues	16	17
All Other Expenses	821	764
(Less) Total Expenses	\$ 6,710	\$ 6,423
NET INCOME	\$ 1,959	\$ 1,620

