



## 2022 Annual Report

### Mission Statement

Southwest Heritage Credit Union exists for the financial benefit of our membership. We are committed to providing excellence in service and promoting member prosperity.

### Vision Statement

To be the kind of place where our employees love to come to work and our members love to come and visit.

### Our Core Values

Commitment, Passion, Growth and Integrity

SOUTHWEST HERITAGE CREDIT UNION			SOUTHWEST HERITAGE CREDIT UNION		
STATEMENT OF FINANCIAL CONDITION			STATEMENT OF INCOME AND EXPENSE		
	2021	2022		2021	2022
ASSETS:			INCOME:		
LOANS	\$ 121,986,423	\$ 144,227,068	INCOME FROM LOANS	\$ 6,843,452	\$ 7,057,484
ALLOWANCE FOR LOAN LOSSES	\$ (1,278,863)	\$ (1,180,151)	INCOME FROM INVESTMENTS	\$ 244,152	\$ 485,472
CASH	\$ 3,596,844	\$ 3,830,003	FEES AND CHARGES	\$ 2,074,067	\$ 1,846,913
INVESTMENTS	\$ 56,983,407	\$ 56,651,964	MISCELLANEOUS INCOME	\$ 1,190,062	\$ 1,187,320
ACCRUED INCOME	\$ 441,556	\$ 534,157	<b>TOTAL INCOME:</b>	<b>\$ 10,351,733</b>	<b>\$ 10,577,189</b>
FIXED ASSETS	\$ 5,783,554	\$ 5,564,905	EXPENSE:		
OTHER ASSETS	\$ 5,360,948	\$ 5,552,332	COMPENSATION AND BENEFITS	\$ 4,447,326	\$ 4,493,717
<b>TOTAL ASSETS:</b>	<b>\$ 192,873,869</b>	<b>\$ 215,180,278</b>	OFFICE OCCUPANCY	\$ 478,200	\$ 488,682
LIABILITIES:			OFFICE OPERATIONS	\$ 1,636,789	\$ 1,675,778
<b>TOTAL LIABILITIES:</b>	<b>\$ 1,341,695</b>	<b>\$ 1,473,283</b>	ADVERTISING/PROMOTION	\$ 60,331	\$ 48,408
EQUITY:			PROFESSIONAL SERVICES	\$ 216,036	\$ 256,093
SHARES/DEPOSITS	\$ 169,246,600	\$ 188,731,107	PROVISION FOR LOAN LOSSES	\$ 154,900	\$ 31,691
REGULAR RESERVES	\$ 575,073	\$ 575,073	OPERATING FEES	\$ 21,269	\$ 22,374
UNDIVIDED EARNINGS	\$ 21,710,501	\$ 24,400,815	MISCELLANEOUS EXPENSE	\$ 19,501	\$ 38,250
ACCUM UNREAL GAIN/LOSS AFS	\$ 0	\$ 0	<b>TOTAL EXPENSE:</b>	<b>\$ 7,034,352</b>	<b>\$ 7,054,993</b>
<b>TOTAL EQUITY:</b>	<b>\$ 191,532,174</b>	<b>\$ 213,706,995</b>	GAIN/LOSS DISPOSAL OF ASSETS	\$ 19,659	\$ -
<b>TOTAL LIABILITIES &amp; EQUITY:</b>	<b>\$ 192,873,869</b>	<b>\$ 215,180,278</b>	GAIN/LOSS INVESTMENTS	\$ -	\$ -
			OTHER NON-OPERATING INCOME/EXPENSE	\$ 38,538	\$ 37,148
			DIVIDEND/INTEREST EXPENSE	\$ 843,499	\$ 869,030
			<b>NET INCOME/LOSS:</b>	<b>\$ 2,532,079</b>	<b>\$ 2,690,314</b>

## REPORT OF THE BOARD OF DIRECTORS AND PRESIDENT/CEO

In 2022 we were coming out of one of the most challenging times most of us have experienced. Most of the inventory of goods was returning to a level we were used to in the pre-pandemic era. Now comes inflation. The prices of things we strive to acquire: groceries, automobiles, entertainment, services, interest rates, and many other items, started rising. We left the pandemic era feeling like we made it; now what? We were all hoping that 2022 would be a year for normalization, but for many reasons, we have yet to find comfort in our economy. Southwest Heritage Credit Union has taken the extra measure to help our membership in any way possible; from buying that needed auto or home, to helping our members to meet their financial obligations. With much hard work from our employees and our Board of Directors, 2022 was a good year for Southwest Heritage Credit Union.

We are thankful for our members who still believe in Southwest Heritage Credit Union and bless us with their loans, deposits, and friendship. Our community's economy is getting strong again, growing, and has many opportunities. We can still find the help wanted signs, there is much new construction, the shelves are full again, and most of everyday life is normal. We know many things have changed; more people work from home, the fear of another pandemic looms, the increasing everyday expenses, and our new knowledge and belief that we live within a fragile economy. However, some things remain the same, like 5'0clock traffic, road construction, friendly people, excellent spring and fall weather, your credit union, and our awesome GOD. There is still a ton of reasons we should be thankful. Your Credit Union has been blessed because of members like you. We have kept your Credit Union financially sound, your money safe, and your membership experience rich by offering you the products and services to manage the financial side of your life.

We always want the Credit Union to be a place our members depend on our service level to be fair, honest, immediate, and delivered with passion. The Fed's rate increases affected the yield on certificates of deposits, business loan rates, and real estate loan rates but had a much smaller effect on consumer loans. In March and April of 2022, we began increasing the rate on Certificates of Deposits as the Fed began raising the Fed Funds Rate. In October 2022, we established tier rates on Money Market accounts, with the top rate at 1.75%. At this same time, rates on Certificates of Deposits were also raised. As a result, our members have some of the best rates available in Odessa, as evidenced by our \$22.3 million loan growth and \$19.5 million deposit growth. Income for the year was record-setting at \$2.7 million, which is expected as a high-performing credit union whose assets grew to \$215 million.

What was different? We capitalized on consumers' pent-up demand for homes, cars, vacations, and recreational vehicles. We continue to make extra efforts to increase member utilization. One of the most notable areas of improvement was related to loan losses, utilizing the experience of our team to quickly assess, repair, and sell any repossession. This allowed us to maximize our sales prices and minimize our losses to a level never experienced by our credit union. Finally, we have the X-Factor, A Great Leadership Team. Our leadership has guided our Credit Union to unmatched success, top in our peer group over the last 12 years.

The Credit Union had positive financial results for 2022. Total loans grew by \$22.2 million (an increase of 18.23%). Deposits increased 11.57%, up \$19.5 million. We ended the year with delinquencies of less than one percent (0.23%) and loan charge off one-tenth of one percent (0.10%). We ended the year at \$215,180,278 in total assets, up \$22M from 2021. Net income was up \$158,235 from the previous year to \$2,690,314. Our financial performance for 2022 was good, and when you compare our Credit Union's performance to our peers, we had a fantastic year! Total credit union members grew from 12,188 to 12,485. We will tell you that it took a lot of hard work, member loyalty, and strong management to excel at this level. Our formula for success continues to be our foundation for excellence:

### **AWESOME MEMBERS + A GREAT BOARD OF DIRECTORS + THE BEST EMPLOYEES = TOP PERFORMANCE.**

We continue to strive to make Southwest Heritage Credit Union a financial institution worthy of being included in your family. We appreciate every member for making your Credit Union a GREAT institution. Your loyalty and patronage were crucial in 2022, and we will depend on them even more in 2023. We will keep our members in our prayers as we go through a challenging economic adjustment, and we ask that you keep SOUTHWEST HERITAGE CREDIT UNION in your prayers. God continues to bless this Credit Union. Thank You for allowing us to be your Financial Institution.

Southwest Heritage Credit Union currently pays directors \$400 each per board meeting attended and \$200 each for other committee meetings attended (Directors Loan Committee, Asset Liability Committee, Facilities Management Committee, Nominating Committee). The fees will remain the same for 2023.

### OUR LOCATIONS

2809 JBS Parkway Odessa TX 79762 432-367-8993	930 W University Blvd Odessa TX 79764 432-580-7108	4100 Faudree Rd Odessa TX 79765 432-250-6040	2489 W University Blvd Odessa TX 79765 432-307-6767	309 E Hendricks Wink TX 79789 432-527-3365
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<b>2022 Board of Directors</b>		<b>Southwest Heritage Credit Union</b>
<b>Director</b>	<b>Term Expiring</b>	<b>Senior Management Staff</b>
Edgar Baiza Jr - Chairman	2025	Ronny Haynes - President
Chris Garrett - Vice Chairman	<u>2023</u>	Paula Vaughn – EVP
Cathy George - Secretary	2025	Glenn Tolentino – VP/CFO
Charles Coon - Treasurer	2024	Maria Cardoza - VP Branch Operations
Stewart McKeehan - Director	<u>2023</u>	Maria Diaz - VP Business/RE Lending
Valerie Newsom - Director	2024	Debbie Lacey - VP Consumer Lending
Neil Dobmeier - Director	2025	Craig Harris - VP Compliance/Audit
Fred Ray - Advisory Director		Scott Drinkard - VP/IT Management
Mary Hunt - Advisory Director		Tammy Davis -VP/Wink Branch Manager
Barbara Nunez - Advisory Director		-There were no changes to Senior Management Staff in 2022.
Daina Perkins - Advisory Director		
Robert Brescia - Advisory Director		

**Nominees  
Board of Directors**

The Nominating Committee of Southwest Heritage Credit Union, appointed by the Chairman of the Board of Directors, has nominated one member for each open board position to be filled, serving a three-year term. The nominees are Stewart McKeehan and Chris Garrett. A brief statement of qualifications and biographical data for each of the nominees is included with this notice.

**Nominees:**

Stewart McKeehan – Mr. McKeehan has been a member of Southwest Heritage Credit Union since 2004, has served as both an advisory director and director since 2009. He currently serves as a member of both the Facilities Planning Committee and Nominating Committee. Mr. McKeehan was born in San Angelo, and raised in Odessa. He graduated from UTPB in 1978 with a BA in Government. He graduated from Texas Tech Law School in 1981 with a Doctor of Jurisprudence. Mr. McKeehan has been in private law practice in Odessa since 1983. He is a former member of the Odessa Downtown Lions Club and former member of the Board of Directors of Meals on Wheels of Odessa Inc. Stewart is married to his wife, Cindy, and has two daughters, Morgan and Meredith, and son, Connor.

Chris Garrett – Mr. Garret has been a member of Southwest Heritage Credit Union since 2012 and has served as an advisory director and later a director since joining the credit union. He currently serves as a member of the Asset Liability Committee. Mr. Garrett was the finance director for the Sewell Family of Dealerships for 18 years. He is currently the President/CEO of Bulldog Safety Anchors and Circle Four Utility Services. Mr. Garrett has been a member of the Texas Tech Science Center Advisory Board since 2009 and served as President of the board from 2013-2016. Mr. Garrett is also a board member of the Make-A-Wish Foundation, a member of the Odessa Country Club House Committee and has also served on the Boys and Girls Club board. Chris is married to his wife, Julie, and has two daughters, Erin and Emily.