



2024 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		
	2022	2023		2022	2023
ASSETS:			INCOME:		
LOANS	\$144,227,068	\$165,725,570	INCOME FROM LOANS	\$7,057,484	\$9,204,750
ALLOWANCE FOR LOAN LOSSES	\$(1,180,151)	\$(1,130,526)	INCOME FROM INVESTMENTS	\$485,472	\$661,913
CASH	\$3,830,003	\$3,723,252	FEES AND CHARGES	\$1,846,913	\$1,964,583
INVESTMENTS	\$56,651,964	\$43,033,233	MISCELLANEOUS INCOME	\$1,187,320	\$1,000,325
ACCRUED INCOME	\$534,157	\$673,091	TOTAL INCOME:	\$10,577,189	\$12,831,571
FIXED ASSETS	\$5,564,905	\$5,104,441	EXPENSE:		
OTHER ASSETS	\$5,552,332	\$6,087,519	COMPENSATION AND BENEFITS	\$4,493,717	\$5,064,592
TOTAL ASSETS:	\$215,180,278	\$223,216,580	OFFICE OCCUPANCY	\$488,682	\$478,900
LIABILITIES:			OFFICE OPERATIONS	\$1,675,778	\$1,821,347
TOTAL LIABILITIES:	\$1,473,283	\$1,969,402	ADVERTISING/PROMOTION	\$48,408	\$43,938
EQUITY:			PROFESSIONAL SERVICES	\$256,093	\$319,548
SHARES/DEPOSITS	\$188,731,107	\$187,068,760	PROVISION FOR LOAN LOSSES	\$31,691	\$232,936
NON-MEMBER DEPOSITS	\$ -	\$6,804,000	OPERATING FEES	\$22,374	\$22,893
REGULAR RESERVES	\$575,073	\$575,073	MISCELLANEOUS EXPENSE	\$38,250	\$58,368
UNDIVIDED EARNINGS	\$24,400,815	\$26,799,345	TOTAL EXPENSE:	\$7,054,993	\$8,042,522
ACCUM UNREAL GAIN/LOSS AFS	\$ -	\$ -	GAIN/LOSS DISPOSAL OF ASSETS	\$ -	\$8,023
TOTAL EQUITY:	\$213,706,995	\$221,247,178	GAIN/LOSS INVESTMENTS	\$ -	\$ -
TOTAL LIABILITIES & EQUITY:	\$215,180,278	\$223,216,580	OTHER NON-OPERATING INCOME/EXPENSE	\$37,148	\$36,845
			DIVIDEND/INTEREST EXPENSE	\$869,030	\$2,035,879
			NET INCOME/LOSS:	\$2,690,314	\$2,798,038

REPORT OF THE BOARD OF DIRECTORS AND PRESIDENT/CEO

2023 was a good year for your Credit Union. Southwest Heritage Credit Union was coming off a record year of growth in 2022. The year started similar to the way the previous year ended. Quickly into 2023, money became tight. The yield curve continued to stay inverted, making short-term money much more expensive than long-term money. Our challenge: "How do we increase deposit rates without dramatically increasing loan rates?" While our cost of deposits climbed rapidly, we allowed our loan rates to lag. Eventually, being careful and cautious, we had to increase loan rates slightly to help offset the increasing cost of money. I am proud to say that we continue to offer our members some of the area's lowest loan rates and highest deposit rates. We remain financially sound, with your money safe and your member experience rich.

We are thankful and blessed for our new member relationships and value our tenured members because we know without you, we would not be successful or be able to offer high value, convenience, and safety to meet all your financial needs. Our economy is getting stronger and growing, and has many opportunities for everyone. We still have the traffic, the wind, the lack of rain, the best fall and spring weather, more than our shares of potholes, people moving in faster than they are leaving, an awesome God, and Southwest Heritage Credit Union. We are here to help you and your family live with less financial stress, and we are always happy to see you walk in the door. Southwest Heritage Credit Union strives to be a place where our members can depend on our service level to be fair, honest, immediate, and delivered with passion.

What was different from 2022? Money was injected into our economy, and without the goods and services to support the consumer's demand, prices skyrocketed, causing inflation to set in. The Federal Reserve increased rates to cool inflation. The increased rates caused lower demand for homes and autos. In some markets, auto loan rates are over 8.00%, and home rates are over 7.50%. Despite the higher loan rates, we had healthy growth of over 14% in loan accounts in 2023. Deposit accounts retracted slightly in 2023, declining just over 1.00%. No one is sure when or if market rates will come back down, but most experts are saying that rates will never get back to pre-pandemic levels. Despite what the economy throws at us, we will thrive because of GREAT MEMBERS LIKE YOU!

Southwest Heritage had positive financial results for 2023. Total loans grew by \$21.55M, an increase of 14.99%. We continue to keep our delinquency, and net charge-offs at low levels: delinquency was 0.06% of total loans, and net charge-offs were 0.23% of total loans. Member deposits ended 2023 at \$187.07M, a slight decrease from 2022. Net income was up \$107,724 from 2022 to another record-setting year at \$2,798,038. Total assets were up \$8,036,301 from 2022 to \$223,216,580 in 2023...we will be at \$250M in no time. Membership grew from 12,485 members to 12,999 at the end of 2023. Consistent and sustained high performance is not easy, but as I have always said, we have the X-Factor: A Great Team (Management, Employees, and Board Members). Our success this year took a lot of hard work; it required member loyalty and demanded strong teamwork to excel at this level. Our team has guided Southwest Heritage to unmatched success, being at the top of our peer group for over 13 years.

In 2023, Southwest Heritage launched a digital business loan application so both our consumer and business members can quickly and easily complete their loan applications online. We also launched Glia, a communication platform enabling us to engage with our members through Messaging, Video, Voice, and Co-Browsing, enhancing your experience when you have questions or concerns. Click on the Let's Talk button on the website, online banking, or the digital app. We are excited about the new products and services coming in 2024, so watch for those notices.

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 2023; we will depend on them even more in 2024. We will keep our members in our prayers as we go through life, 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 2024.

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

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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2023 Board of Directors		Southwest Heritage Credit Union
Director	Term Expiring	Senior Management Staff
Edgar Baiza Jr - Chairman	2025	Ronny Haynes – President
Chris Garrett - Vice Chairman	2026	Mark Williams – EVP/Chief Operating Officer
Cathy George - Secretary	2025	Paula Vaughn – EVP
Charles Coon - Treasurer	<u>2024</u>	Glenn Tolentino – VP/CFO
Stewart McKeehan - Director	2026	Maria Cardoza - VP Branch Operations
Valerie Newsom - Director	<u>2024</u>	Maria Diaz - VP Business/RE Lending
Neil Dobmeier - Director	2025	Debbie Lacey - VP Consumer Lending
Fred Ray - Advisory Director		Craig Harris - VP Compliance/Audit
Mary Hunt - Advisory Director		Scott Drinkard - VP/IT Management
Daina Perkins - Advisory Director		
Robert Brescia – Advisory Director		Changes to Senior Management Staff – Please welcome Mark Williams as our new EVP/Chief Operating Officer who comes to us with over 25 years of credit union experience. Other changes are Tammy Davis, VP/Wink Branch is no longer with the credit union.
Charles Hughes – 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 Charles Coon and Valerie Newsom. A brief statement of qualifications and biographical data for each of the nominees is included with this notice.

Nominees:

Charles Coon – Charles has been a member of Southwest Heritage Credit Union since 2009, served as an advisory director beginning in 2010 and has been a board member since 2014. He currently serves as the Treasurer of the Board, the Chair of the Supervisory Committee and as a member of the Nominating Committee. Charles has over 35 years of experience in the oilfield industry, holding various management positions. He looks forward to representing the members of Southwest Heritage Credit Union and continuing the efforts to improve our credit union.

Valerie Newsom – Valerie became a member of Southwest Heritage Credit Union in 2017 and joined the board as an advisory director in March 2017, becoming a board member at the end of 2017. Valerie serves as a member on the Asset Liability Committee and the Directors Loan Committee. Valerie graduated from the University of Northern Iowa with a degree in Accounting. She began her professional career in public accounting and transitioned into roles as Manager of Financial Reporting or Controller for certain public companies. Valerie is a CPA and is Controller at Interstate Treating, Inc./RAMA Fabrication. She has one son, who is an engineer in the San Francisco Bay area.