



2025 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		
	2023	2024		2023	2024
ASSETS:			INCOME:		
LOANS	\$165,725,570	\$164,401,299	INCOME FROM LOANS	\$9,204,750	\$10,544,737
ALLOWANCE FOR LOAN LOSSES	\$(1,130,525)	\$(1,151,090)	INCOME FROM INVESTMENTS	\$661,913	\$1,868,289
CASH	\$3,723,252	\$3,028,693	FEES AND CHARGES	\$1,964,583	\$1,994,007
INVESTMENTS	\$43,033,233	\$59,967,520	MISCELLANEOUS INCOME	\$1,000,325	\$841,032
ACCRUED INCOME	\$673,091	\$794,288	TOTAL INCOME:	\$12,831,571	\$15,248,065
FIXED ASSETS	\$5,104,441	\$6,098,707	EXPENSE:		
OTHER ASSETS	\$6,087,519	\$6,709,300	COMPENSATION AND BENEFITS	\$5,064,592	\$5,444,734
TOTAL ASSETS:	\$223,216,580	\$239,848,717	OFFICE OCCUPANCY	\$478,900	\$492,872
LIABILITIES:			OFFICE OPERATIONS	\$1,821,347	\$2,137,015
TOTAL LIABILITIES:	\$1,969,402	\$922,790	ADVERTISING/PROMOTION	\$43,938	\$59,028
EQUITY:			PROFESSIONAL SERVICES	\$319,548	\$330,449
SHARES/DEPOSITS	\$187,068,760	\$206,287,010	PROVISION FOR LOAN LOSSES	\$232,936	\$331,190
NON-MEMBER DEPOSITS	\$6,804,000	\$3,220,000	OPERATING FEES	\$22,893	\$26,399
REGULAR RESERVES	\$575,073	\$575,073	MISCELLANEOUS EXPENSE	\$58,368	\$77,860
UNDIVIDED EARNINGS	\$26,799,345	\$29,756,096	TOTAL EXPENSE:	\$8,042,522	\$8,899,547
ACCUM UNREAL GAIN/LOSS AFS	\$ -	\$(912,252)	GAIN/LOSS DISPOSAL OF ASSETS	\$8,023	\$ -
TOTAL EQUITY:	\$221,247,178	\$238,925,927	GAIN/LOSS INVESTMENTS	\$ -	\$ -
TOTAL LIABILITIES & EQUITY:	\$223,216,580	\$239,848,717	OTHER NON-OPERATING INCOME/EXPENSE	\$36,845	\$ -
			DIVIDEND/INTEREST EXPENSE	\$2,035,879	\$3,391,766
			NET INCOME/LOSS:	\$2,798,038	\$2,956,752

REPORT OF THE BOARD OF DIRECTORS AND PRESIDENT/CEO

2024: A Year of Achievement

The year 2024 was a remarkable one for Southwest Heritage Credit Union. While we did not experience the usual loan growth seen in previous years, we still processed over 1,900 loans for our members, totaling nearly \$68,000,000. This activity contributed to making 2024 the best year in our history. We have also added new services for our Members like Apple Pay/Google Pay as well as person to person and member transfers that are free to our members and available through our upgraded online banking.

We remained steadfast in our commitment to our Member Service model, providing an inviting environment where members can secure loans at reasonable rates while enjoying some of the best returns on their deposits. Our goal is to ensure every member receives a warm greeting upon arrival and leaves with a smile and a sense of appreciation. Each day, we are grateful for the opportunity to enhance our members' lives.

Our members are the cornerstone of our success, our employees are our most valuable resource, and our Board's oversight and vision are crucial to our achievements. By taking care of our employees, we ensure they take care of our members, who in turn support our Credit Union. This cycle allows us to generate the income needed to cover expenses and reinvest in products, services, and growth. Our net worth increased by nearly \$3 million, reaching over \$30 million. We continue to provide services to over 12,500 members.

Economic Challenges and Resilience

Higher interest rates dampened the demand for autos, recreational vehicles, boats, homes, and business expansion. However, as the year progressed, interest rates became more manageable, and loan demand saw a slight increase. Inflation drove up the prices of new cars, homes, and consumable goods, while pandemic-inflated used car prices fell sharply, negatively impacting charge-offs across the industry. Despite higher charge-offs and flat overall loan growth, we ended the year with excellent results.

Key Focus Areas in 2024

1. **Enhancing Member Experience:** Continued investment in digital banking solutions provided members with convenient and secure access to their accounts.
2. **Community Engagement:** Increased participation in local community events and financial education programs.
3. **Financial Growth:** Implemented strategies to slightly increase loan rates to offset rising deposit costs while maintaining competitive rates.

Business Development and Innovation

The Business Development Center expanded remote services, and the adoption of contactless deposit and loan application processes continued to grow. We are constantly searching for products and services that simplify financial management, enhance connectivity, and provide increased information and global access. Our online connectivity improvements include multi-authentication, real-time alerts, fraud detection, and the ability to control debit card usage. We are also intensifying our efforts to educate members on protecting their personal data, aiming to reduce fraud by 80%.

During 2024, we introduced Apple Pay and Android Pay to our members to offer another convenient and secure payment option. We also introduced Person to Person and Account to Account transfers to give our members a payment option to easily transfer money to friends and family rather than using Cash App, Venmo, PayPal or Zelle.

Board Compensation

Southwest Heritage Credit Union compensates directors \$400 per board meeting attended and \$200 per other committee meeting attended (Directors Loan Committee, Asset Liability Committee, Facilities Management Committee, Nominating Committee). These fees will remain unchanged for 2025.

Gratitude and Looking Forward

We recognize that without great members, we cannot be a great Credit Union. The staff and Board extend our heartfelt thanks to our member-owners for their loyalty and support during a challenging 2024. We look forward to a prosperous 2025, acknowledging the blessings that have been bestowed upon our Credit Union, employees, and members.

Changes in Bylaws or Articles of Incorporation

In 2024, we amended our bylaws to allow us to offer a virtual annual meeting to our members who would rather attend virtually, to go along with our in-person annual meeting, which we have always had, except during the COVID Pandemic.

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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2024 Board of Directors		Southwest Heritage Credit Union
Director	Term Expiring	Senior Management Staff
Edgar Baiza Jr - Chairman	<u>2025</u>	Ronny Haynes – President
Chris Garrett - Vice Chairman	2026	Mark Williams – EVP/Chief Operating Officer
Cathy George - Secretary	<u>2025</u>	Paula Vaughn – EVP
Charles Coon - Treasurer	2027	Glenn Tolentino – VP/CFO
Stewart McKeehan - Director	2026	Maria Cardoza - VP Branch Operations
Valerie Newsom - Director	2027	Maria Diaz - VP Business/RE Lending
Neil Dobmeier - Director	<u>2025</u>	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		There were no changes in Senior Management during 2024.
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 Neil Dobmeier, Cathy George and Edgar Baiza Jr. A brief statement of qualifications and biographical data for each of the nominees is included with this notice.

Nominees:

Neil Dobmeier – Mr. Dobmeier has been a member of Southwest Heritage Credit Union for over 40 years and has served on the Board of Directors since 2008. He currently serves as a member of the Facilities Committee, and as a member of the Asset Liability Committee. Mr. Dobmeier has over 47 years of experience in the oilfield industry with various companies, holding management positions. He has been involved in civic organizations from serving on boards for OYBA and North Ector Little League, a private school board member and a former member of the Institute of Supply Management. Neil and his wife, Suzanne, have been married for 49 years. They have 3 children and 8 grandchildren. Mr. Dobmeier looks forward to being able to serve the members of SWHCU and continue the efforts to improve our credit union.

Cathy George – Ms. George has been a member of Southwest Heritage Credit Union for over 20 years and has served on the Board of Directors since 2007. She currently serves as the Secretary of the Board of Directors, the Chair of the Nominating Committee and as Vice-Chair of the Directors Loan Committee. Ms. George has owned her own business, CG & Company, an Executive Recruiting company, in Odessa since 1988. Ms. George has served as President of the Texas Association of Personnel Consultants and has served on the National Board representing Texas, Oklahoma, New Mexico and Louisiana. She also currently serves as Vice President on the Board for Odessa Links and as a Board member on the President’s Advisory Council at the University of Texas Permian Basin.

Edgar Baiza, Jr. – Mr. Baiza has been a member of Southwest Heritage Credit Union since 2008 and board member since 2014. He currently serves as the Chairman of the Board; Chairman of the Directors Loan Committee and a member of the Facilities Committee. Mr. Baiza was raised in West Texas and graduated from UTPB in 2007 with a Bachelor of Business Administration Management degree. Mr. Baiza is the Vice President of E&A Welding & Oilfield Services Inc.