



2026 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			
	2024	2025		2024	2025		2025
ASSETS:			INCOME:				
LOANS	\$164,401,299	\$159,292,320	INCOME FROM LOANS	\$10,544,737	\$11,159,216		
ALLOWANCE FOR LOAN LOSSES	\$(1,151,090)	\$(1,220,923)	INCOME FROM INVESTMENTS	\$1,868,289	\$2,649,508		
CASH	\$3,028,693	\$2,380,066	FEES AND CHARGES	\$1,994,007	\$1,770,244		
INVESTMENTS	\$59,967,520	\$85,260,162	MISCELLANEOUS INCOME	\$841,032	\$1,316,444		
ACCRUED INCOME	\$794,288	\$812,162	TOTAL INCOME:	\$15,248,065	\$16,895,412		
FIXED ASSETS	\$6,098,707	\$7,555,128	EXPENSE:				
OTHER ASSETS	\$6,709,300	\$6,987,539	COMPENSATION AND BENEFITS	\$5,444,734	\$5,849,414		
TOTAL ASSETS:	\$239,848,717	\$261,066,454	OFFICE OCCUPANCY	\$492,872	\$534,599		
LIABILITIES:			OFFICE OPERATIONS	\$2,137,015	\$2,431,322		
TOTAL LIABILITIES:	\$922,790	\$1,382,071	ADVERTISING/PROMOTION	\$59,028	\$40,633		
EQUITY:			PROFESSIONAL SERVICES	\$330,449	\$439,793		
SHARES/DEPOSITS	\$206,287,010	\$223,802,277	PROVISION FOR LOAN LOSSES	\$331,190	\$667,692		
NON-MEMBER DEPOSITS	\$3,220,000	\$3,220,000	OPERATING FEES	\$26,399	\$30,576		
REGULAR RESERVES	\$575,073	\$575,073	MISCELLANEOUS EXPENSE	\$77,860	\$181,245		
UNDIVIDED EARNINGS	\$29,756,096	\$32,478,425	TOTAL EXPENSE:	\$8,899,547	\$10,175,274		
ACCUM UNREAL GAIN/LOSS AFS	\$(912,252)	\$(391,392)	GAIN/LOSS DISPOSAL OF ASSETS	\$ -	\$ -		
TOTAL EQUITY:	\$238,925,927	\$259,684,383	GAIN/LOSS INVESTMENTS	\$ -	\$ -		
TOTAL LIABILITIES & EQUITY:	\$239,848,717	\$261,066,454	OTHER NON-OPERATING INCOME/EXPENSE	\$ -	\$ -		
			DIVIDEND/INTEREST EXPENSE	\$3,391,766	\$3,997,809		
TOTAL MEMBERS	13,046	13,017	NET INCOME/LOSS:	\$2,956,752	\$2,722,329		

REPORT OF THE BOARD OF DIRECTORS AND PRESIDENT

Despite a sluggish economy, Southwest Heritage had a strong year financially and remains one of the strongest in the Permian Basin. The Federal Reserve reduced rates late in 2025, but not enough to meaningfully increase mortgage purchase or refinance activity, or to help spur auto loan growth. As a result, our loan portfolio declined by 3.1%. During the second half of the year, we experienced higher repossessions causing our losses to increase, but they are still well controlled.

Deposits were just the opposite of loans, as we saw growth of 8%. Because we continue to offer some of the best rates in the Permian Basin, most of this growth came in our Certificates of Deposit, which grew by \$12 million, or 20%. This growth fueled our asset growth, and we ended up growing by \$21 million, or 8.8%, ending the year at over \$261 million in total assets.

Other notable Financial Achievements in 2025 include:

- Surpassed \$250 million in total assets
- Granted over 1800 loans totaling \$67.7 million
- Held delinquency under 1% and charge-offs under 0.5%- lower than most of our peers
- Maintained strong Net Worth of 12.66%- stronger than local credit unions our size

Giving back is in the DNA of credit unions. It is just who we are. We aim to make our communities better. And we aim to make the lives of our members better through better products and services. 2025 was no different, and we made significant contributions to our communities and members. The following are some of the ways we supported our community and members:

- **Champion Checking** - Launched in October 2025, our Champion Checking program is a rewards checking program designed to increase member engagement by paying you back for using our products and services.
- **Member Appreciation Day** - Established several years ago to replace our traditional in-person annual meeting, this event helps manage costs and logistics while continuing to recognize and thank members through food, gifts, and door prizes. It takes place annually in December.
- **Shred Days** - We offer our members the ability to bring boxes of documents to help protect sensitive information, keep their homes from being cluttered, and do so at no cost to our members.
- **Volunteer Service** - Our team of about 70 contributed over 700 hours of community service in 2025. Most of this was in support of the West Texas Food Bank, but we also volunteered to serve our local school districts and other charities.
- **Fundraising Support** - We host the Wish Upon a Par Golf Tournament benefiting the Make-A-Wish Foundation, which raised around \$50,000 in 2025. We also provide significant support for the Permian Chapter of Credit Unions Golf Tournament benefiting Children's Miracle Network, which raised over \$100,000 in 2025.
- **Community Fund** - We have a Community Fund, which is funded through our Summer Jeans initiative and through our Holiday Skip-A-Pay program. In 2025, this fund contributed over \$11,000 to 16 local organizations.

In the future, when we look back on 2025, I believe it will be a year of big achievements. Many of these achievements took up a significant amount of our team's time and energy throughout the entire year. We implemented a new Consumer Loan Origination System, created a Fraud Department dedicated to reducing fraud losses, and enhanced our reporting by automating many of our board-level and operational reports to save time and provide better insights for strategic decisions. The impact of these achievements will be apparent 10 to 15 years from now.

Also, late in 2025, we completed construction on our Administration Building to add space for our office and training needs to support our growth over recent years. Looking ahead, the ongoing impact of higher operating costs, stagnant loan demand, continued asset growth, tighter net margins, and auto-loss trends will make this level of profit more difficult in 2026. However, with this team, I believe anything is possible!

We thank you for your trust and confidence in us to help you build a brighter financial future! We hope you will tell others to come and experience the difference membership with Southwest Heritage Credit Union makes!

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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****Board of Directors**

Director	Term Expiring
Edgar Baiza Jr - Chairman	2028
Chris Garrett - Vice Chairman	<u>2026</u>
Cathy George - Secretary	2028
Charles Coon - Treasurer	2027
Stewart McKeehan - Director	<u>2026</u>
Valerie Newsom - Director	2027
Neil Dobmeier - Director	2028
Fred Ray - Advisory Director	
Mary Hunt - Advisory Director	
Daina Perkins - Advisory Director	
Charles Hughes – Advisory Director	
Kevin Demel – Advisory Director	

Senior Management Staff

*Ronny Haynes –CEO
 *Mark Williams – President
 Paula Vaughn – EVP
 Glenn Tolentino – VP/CFO
 Maria Cardoza - VP Branch Operations
 Maria Diaz - VP Business/RE Lending
 Debbie Lacey - VP Consumer Lending
 Craig Harris - VP Compliance/Audit
 Scott Drinkard - VP/IT Management

*Ronny Haynes was appointed CEO and Mark Williams was promoted to President effective 1/1/26

**** Board Compensation:** Southwest Heritage Credit Union compensates directors \$400 per board meeting attended and \$200 per committee meeting

--**Bylaw Amendments in 2025:** There were no Bylaw Amendments or changes in articles of incorporation approved in 2025

--**Changes in Products or Services in 2025:** We launched Champion Checking in October of 2025

**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. Stewart has partially retired from practice and is enjoying spending time with his first grandchild, Imogen.

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 Vice Chairman and 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.