

FINANCIAL CONDITION			
	31-Dec-25		
ASSETS (What We Own)			
ASSETS	LAST YEAR	THIS YEAR	INCREASE
	12/31/2024	12/31/2025	
Loans to Members	74,433,685	114,266,964	53.52%
Member Business Loans	2,860,174	3,631,499	
Less Allowance for Loan Losses	(320,635)	(1,493,105)	
Net Loans	76,973,224	116,405,358	
Cash in Bank	13,536,538	26,263,679	
Investments	51,973,107	55,114,064	
Building & Land	5,174,638	5,120,265	
Furniture & Fixtures	87,842	187,184	
Other Assets	2,191,766	3,561,310	
<b>TOTAL ASSETS</b>	<b>\$149,937,115</b>	<b>\$206,651,860</b>	<b>37.83%</b>
LIABILITIES & MEMBERS EQUITY (What We Owe)			
	LAST YEAR	THIS YEAR	INCREASE
	12/31/2024	12/31/2025	
Share to Members	58,006,294	85,416,045	
Share Draft Accounts	28,776,298	39,956,966	
Money Market	22,376,709	24,806,811	
Share Certificates	19,782,587	28,583,305	
IRA Accounts	6,989,536	7,577,030	
Non Member Shares			
Total Shares	135,931,424	186,340,157	37.08%
Notes Payable			
Reserves	(4,996,531)	(3,002,837)	
Accounts Payable	931,668	1,832,742	
Undivided Earnings	18,070,554	21,481,798	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$149,937,115</b>	<b>\$206,651,860</b>	<b>37.83%</b>
GROWTH OF OPERATIONS			
Assets	\$149,937,115	\$206,651,860	37.83%
Share of Members	135,931,424	186,340,157	37.08%
Loans to Members	76,973,224	116,405,358	51.23%
Total Income	6,856,422	10,797,397	57.48%
Reserve & Undivided Earnings	13,074,023	18,478,961	41.34%

INCOME & EXPENSE STATEMENT OF OPERATIONS			
	LAST YEAR	THIS YEAR	
	12/31/24	12/31/25	
<b>INCOME</b>			
Interest on Loans	\$3,770,717	\$6,766,891	79.46%
Income from Investments	1,843,047	2,289,594	24.23%
Total Income	5,613,764	9,056,485	61.33%
<b>INTEREST EXPENSE</b>			
Dividends	\$866,648	\$1,930,532	122.76%
Interest on Borrowed Money			
Total Interest Expense	866,648	1,930,532	
Net Interest Income	4,747,116	7,125,953	
Provision for Loan Losses	(126,337)	(1,175,396)	
Net Interest Income after Provision for Losses	4,620,780	5,950,557	
<b>EXPENSE</b>			
Employee Compensation	\$1,641,027	\$2,131,175	
Employee Benefits	275,210	481,774	
Travel & Conference	100,787	91,485	
Association Dues	45,110	52,826	
Office Occupancy Expenses	356,996	452,692	
Office Operation Expenses	781,030	926,027	
Education & Promotion	66,254	123,384	
Loan Servicing Expenses	55,830	216,820	
Professional & Outside Expenses	242,054	689,044	
Operating Fees (Exam)	28,026	38,409	
Misc. Operating Expenses	777,572	1,563,862	
Total Operating Expense	4,369,896	6,767,497	54.87%
<b>MISCELLANEOUS OPERATING INCOME</b>			
Fees & Miscellaneous	\$1,242,658	\$1,740,912	
<b>NON-OPERATING INCOME</b>			
Gain on Disposition of Assets	0	0	
Gain on Disposition of Investments	0	0	
Misc Non-Operating Income	249,885		
<b>NET INCOME</b>	<b>\$1,743,426</b>	<b>\$923,972</b>	<b>-47.00%</b>

## Chairman's Report

Thank you for attending the 2026 annual meeting for the Southwest Montana Community Federal Credit Union. I am excited to stand here before you because 2025 was a very successful, yet challenging and fast-paced, year for our Credit Union.

Our Secretary-Treasurer will provide the financial details of last year, but in summary, I am thrilled to tell you that in 2025 we saw a net income of \$923,972, which went into undivided earnings; our assets grew to more than \$206 million; our membership increased to 11,651; our loan portfolio topped almost \$118 million; and we increased our employee count to 40 full-time-equivalent. We did all this while ensuring that our performance metrics, or key ratios, remain above average when compared to other credit unions in Montana. As a point of comparison, out of the forty credit unions that are part of NCUA, our credit union ranks 11<sup>th</sup> in asset size (up from 15<sup>th</sup> in 2024) and 12<sup>th</sup> in membership.

The biggest news of last year, however, was our successful merger with High Peaks Federal Credit Union with its main office in Dillon and branches in Sheridan and Whitehall. Our employees at all locations are working hard to provide our members with excellent service while completing the needed data conversions and policy coordination between the two credit unions.

It definitely was a year of growth and change and your credit union met the challenges. I would be remiss not to hint at other exciting transactional and marketing changes that still are in the planning phases. We promise to keep you updated.

I speak on behalf of the entire board when I say thank you to our employees – whether they have been with us for decades or just a few months. They have worked tirelessly, patiently, and enthusiastically in 2025, ensuring your credit union continues to meet your needs. We also want to thank you, our members, who are at the core and impetus of our growth and improvement.

*Con Malee*

## President's Report

As I look back over the past 12 months as President/CEO of Southwest Montana Community FCU, I do so with pride and gratitude. We had a record year financially. Our natural loan growth was more than 16%. We continue to invest in our staff with attendance at educational conferences. We offered a spring RV loan special as well as our first vehicle loans special to you, our members.

The biggest news of the year was our merger with High Peaks FCU with headquarters in Dillon. We are excited to welcome the staff and members of our three new branches, and look forward to serving the communities of Dillon, Sheridan, and Whitehall in the coming years. Our directors and staff worked together on our strategic plan. We all believe our ability to work together builds a stronger, resilient credit union for our members and our communities. We look forward to our projects planned for 2026 and are eager to share those with you as we move forward.

I am excited for our future. As we continue to move forward, we will continue to invest in technology and education; we are dedicated to working together as a team to meet the needs of our communities. I look forward to continuing to work closely with our Board of Directors, staff and you, our valued members. We will continue to build relationships with our communities. All of this is an effort to match up to the promise we make in our Mission Statement.

*Teri Reardon*

## Secretary & Treasurer's Report

This year, as in years past, the Credit Union added to our reserves through the conservative management of our daily operations. The continued development of these reserves is one of the most crucial steps we can take to provide for future investments in new products or services. These reserves also protect all our members when challenging times arise. We ended 2025 with more than \$900,000 in Net Income, which is then transferred to our undivided earnings for our future.

We had steady loan growth throughout the year, finishing the year with more than 16% natural loan growth in 2025. This increase was fueled by a strong loan special in the spring and summer months. This loan growth along with our strong investment yields helped to enhance our performance for the year.

As we move through the merger with the former High Peaks FCU, our assets grew by 37.8%; this growth is more than \$50 million in assets. Our loan portfolio increased by 52.5% growth. Of this loan growth, more than 16% of this was natural loan growth that did not happen because of the merger. We increased our membership by more than 3500 members, which is an increase of 44.4%. We continue to diligently work with our staff to protect your shares. We also invite you to explore all our product offerings to ensure you are making the best choice for your needs.

Thank you for allowing me to serve on the Board of Directors again this year. I am proud of our Credit Union and the important things that it does for us daily.

*Dave Bisch*

## Supervisory Committee Report

The Supervisory Committee this year is comprised of myself, Jack Corrigan, James (Milo) Manning, Steve Ryan, and Tery LaValley.

One of the items the committee is tasked with is to survey every member who either opens or closes an account at the Credit Union. We want to ensure the Credit Union is doing everything we can to improve our products and services. During 2025, we pursued a merger with High Peaks FCU with headquarters in Dillon, MT. We welcome more than 3500 due to this merger. Additionally, we had a net gain of seventy-seven new members for 2025.

According to the survey responses received by the committee, most members who closed an account did so because they were moving out of the area or because the member had passed away. Our new members tell us that they have joined the Credit Union because our rates are better, and our fee schedule is less expensive than other financial institutions they do business with.

Like years past, we commissioned a CPA review of the Credit Union's financial performance by Douglas Wilson and Company, PC. Again in 2025 there were no irregularities to report. It was a pleasure to work with all the staff and directors in 2025, and we look forward to the new challenges of 2026.

*James Corrigan*