



clearwater
CREDIT UNION

2023–2025 Strategic Plan

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Mission, Strategy, Values, Action, and Vision



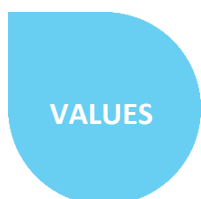
Our Purpose. Why We Exist.

To be a force for good in banking, in the lives of our members, and in the communities we serve.



Our Strategy is Values-Based Banking.

We are very clear about our corporate values, and we do not compromise them. We strive to align our business operations and balance sheet with those values. We are always competitive on price, product, and service delivery; we win on values.



How We Work.

- Together, We **OWN** We practice responsible banking grounded in cooperative ownership.
- Together, We **EMPOWER** We solve problems and create opportunities for a better tomorrow.
- Together, We **INCLUDE** We choose to be inclusive, not exclusive.
- Together, We **MATTER** We are committed to making a difference in the world.



How We Organize Strategic Activities to Align with Values.

We organize strategic work by mapping the six principles of values-based banking to our four corporate values. For each principle, we establish and track key success metrics and programs of work. These key success metrics and programs of work are the main content of our strategic plan.

| Together WE OWN | Together WE EMPOWER | Together WE INCLUDE | Together WE MATTER |
|---|---|---|---|
| <i>PRINCIPLE 1</i> Focused on the interests of our members | <i>PRINCIPLE 1</i> Focused on the interests of our members | <i>PRINCIPLE 2</i> Engaged in the communities we serve | <i>PRINCIPLE 4</i> Positive social and environmental impacts |
| <i>PRINCIPLE 3</i> Long-term resiliency | <i>PRINCIPLE 2</i> Engaged in the communities we serve | <i>PRINCIPLE 5</i> Transparency and good governance | <i>PRINCIPLE 2</i> Engaged in the communities we serve |
| <i>PRINCIPLE 5</i> Transparency and good governance | <i>PRINCIPLE 5</i> Transparency and good governance | <i>PRINCIPLE 6</i> Outstanding working culture | <i>PRINCIPLE 5</i> Transparency and good governance |



Where We Are Going.

By living our values, we will redefine the role that financial institutions play in building thriving, sustainable communities.



Purpose

The purpose of this Strategic Plan is to give Clearwater’s stakeholders – its workforce, board, and membership – a clear understanding of the credit union’s strategy and how we will measure our success.

The Credit Union Today

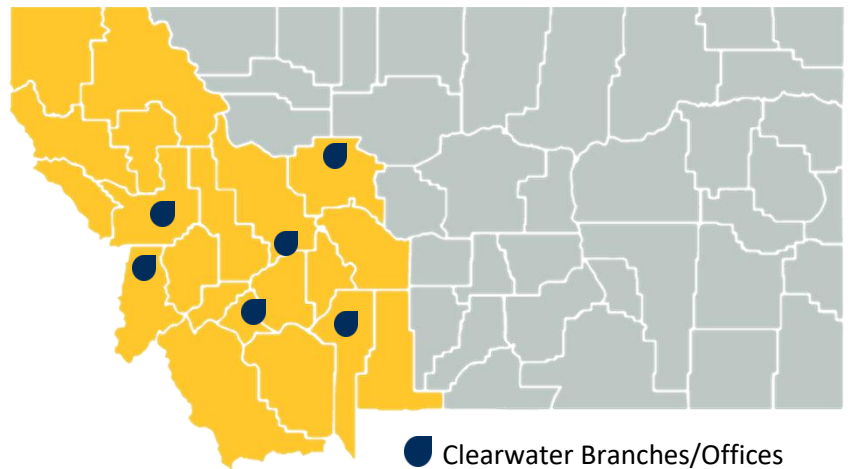
Founded in 1956 by eight Missoula police officers, today Clearwater is Montana’s second largest credit union, its only values-based banking institution, and its largest Community Development Financial Institution (CDFI). As shown below, we are on an outstanding run of growth, financial performance, and impact.

Recent Performance

| | |
|------------------------------|---|
| Growth | <ul style="list-style-type: none"> • 3-year average membership growth rate = 4% • 3-year average deposit growth = 19% • 3-year average loan growth rate = 26% • 3-year average net worth growth rate = 23% |
| Financial Performance | <ul style="list-style-type: none"> • 3-year average return on average assets (ROAA) = 137 bps • 3-year average cost-income efficiency ratio = 70% • 3-year average credit distress (DQ + C/O) = 22 bps |
| Purpose | <ul style="list-style-type: none"> • Largest CDFI in Montana • Second credit union in the U.S. invited into the Global Alliance for Banking on Values • Over the most recent 3-year period, greater than \$1.6 million in philanthropy donated to more than 290 Montana not-for-profit organizations |

Our Field of Membership (FOM) consists of twenty counties on the western side of Montana. Our CDFI Target Market is all Area Median Income (AMI) 80% or less households and all CDFI Investment Areas in the state of Montana. This includes eight federally recognized Native American tribes and tribal governments, as well as seven reservations. Montana is largely rural, encompassing an area larger than 45 U.S. states with a population of just over one million people. Rural areas have been particularly hard hit by the pandemic and, even prior to the pandemic, have less access to financial services. Across Montana, 20% of households are unbanked or underbanked. In addition to being very rural, Montana households are relatively lower income. Median household income is \$56,539 versus \$71,186 for the U.S. In Montana, 24% of households are categorized as Asset Limited, Income Constrained, Employed (ALICE). Reaching and having a positive impact in low-income households and underserved communities across Montana is central to our mission.

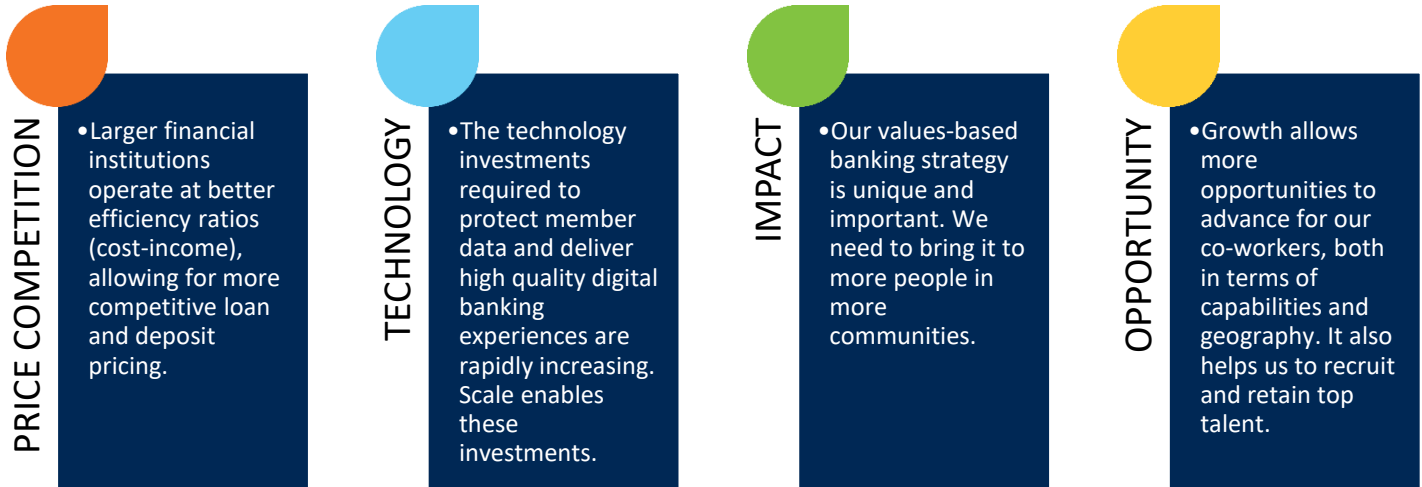
Clearwater Field of Membership



The Challenges We Face

Growth

In an industry that is rapidly consolidating to achieve economies of scale, we too must grow. Four reasons stand out.



Talent and Culture

Even as growth helps to create compelling employment opportunities and increases our ability to recruit and retain top talent, labor markets remain a major challenge. Unemployment levels are low, housing costs are high, and Clearwater is not yet well known in some of our expansion communities. Further, growth itself challenges the organizational culture. We face communications, connection, and process challenges. Covid social distancing and our growing geographic footprint have decreased our ability to have frequent, in-person conversations. Communications have become more technology-driven, spotty in frequency, and less often in-person. This can contribute to a sense of lost connection among co-workers, where relationships are harder to cultivate, and participation is more difficult.

The Macroeconomic Environment

The macroeconomic conditions in which we have been delivering growth, financial performance, and impact have changed markedly. GDP growth has slowed, inflation has increased, and the Fed has responded by pushing interest rates rapidly upward. This is a global phenomenon with complex causes and interdependencies. The key challenge for us is to meet the need for continued growth (which requires expansion and investment in our workforce, facilities, and technology) as economic conditions become less favorable. It is unclear for how long consumer spending will stay strong; it is unclear how inflation and rising rates will impact deposit growth; it is likely that loan demand will slow; and it is possible that credit quality will deteriorate. We are not in contraction mode, but discipline is important.

Cyber-Security, Fraud, and Scams

The growing importance of digital product and service delivery models has exposed our members and the credit union to unprecedented levels of cyber-security threats, frauds, and scams. There is no easy way out here. Our members increasingly demand ease of access, speed, and convenience, and criminals increasingly exploit these demands to gain access to data and to take advantage of vulnerable people. Balancing the continuing uplift of our digital capabilities with robust data security and member education has never been more important nor more challenging.



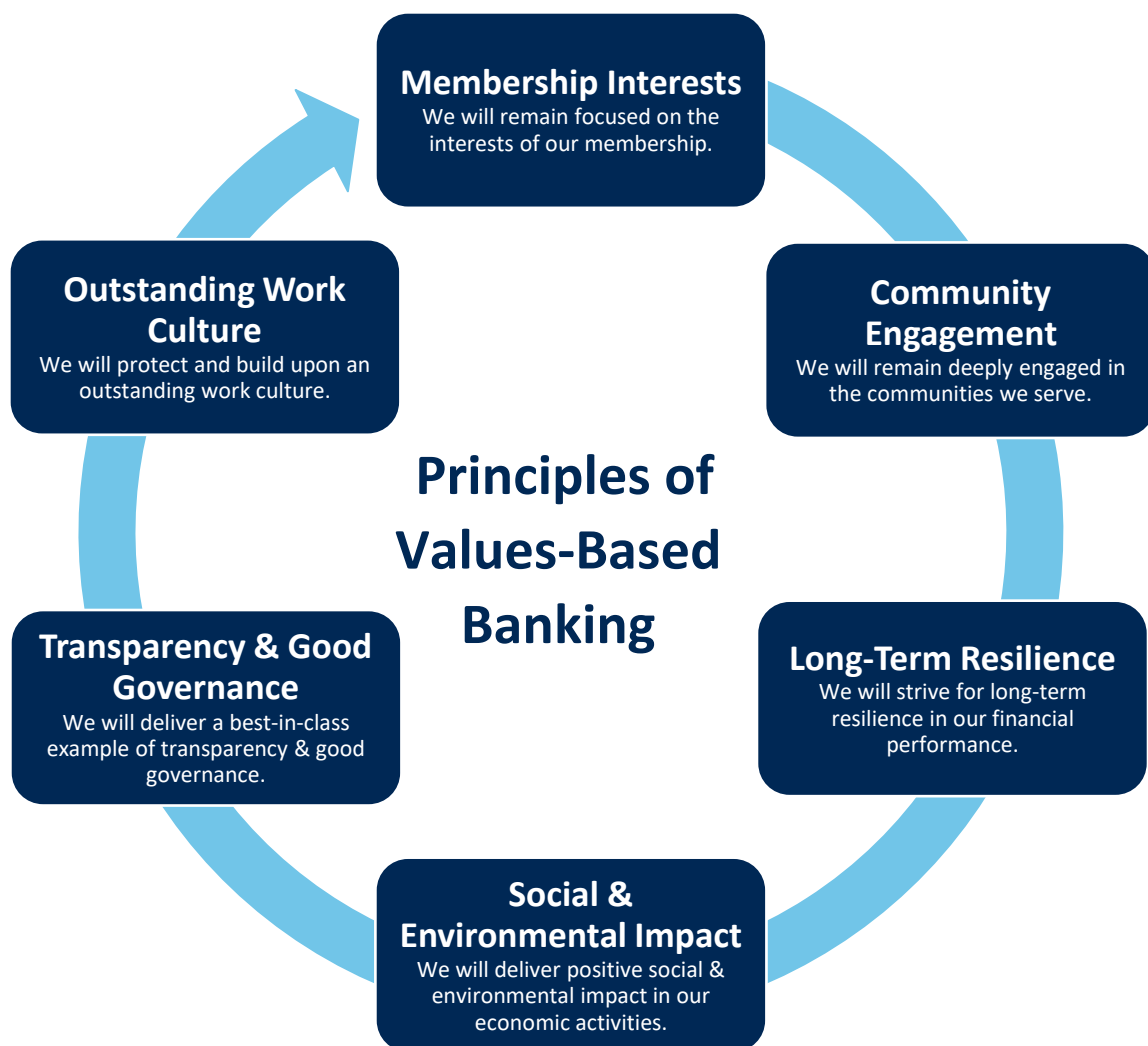
Social and Environmental Impact

Improving access to responsible financial products and services in low-income households and underserved areas is fundamental to our mission as a values-based banking institution and a CDFI. It is also challenging. This is partly due to our geographic expansion and the physical difficulties of reaching rural people who live great distances from our branches. It is partly due to rapidly rising house values, which is putting the home loans that facilitate homeownership out of reach for most people living at or below Area Median Income. But Clearwater is well-positioned to deliver social impact. We have the size and resources to reach rural areas, a suite of products and services to assist with traditional financial needs, and a suite of products and services designed specifically to assist people facing financial challenges.

We also recognize a need to help our members and the communities we serve to transition their own economic activities to lower greenhouse gas emissions. But this will be a complex process requiring innovation, incentives, and coordination with policy developments, utilities, and NGOs. Clearwater is well-positioned to be an advocate, an educator, and a provider of financial products and services.

Our Values-Based Banking Strategy

Our strategy is values-based banking. We are very clear about our corporate values, and we do not compromise them. We align our business operations and balance sheet with those values. We are always competitive on price, product, and service delivery; we win on values. We aim to stand out as different in a world where financial institutions are often seen as too complex, too removed from the real world, and too focused on short-term profit to pay attention to the social and environmental consequences of their actions. Six principles help us organize our strategic work, set key success metrics, and prioritize programs of work. These principles anchor us to our values as we grow.



Membership Interests

We are a member-owned cooperative. We aim to build long-term relationships with our members, not just transact with them on a one-off basis. We try to understand their economic activities, the opportunities they wish to take advantage of, and the problems they need to solve. We design products and services to meet those needs. Individual decisions to join the credit union, use our products and services, and be an active, engaged member, are hugely important indicators of success in our commitment to member-centric banking.

2025 Vision

Strong membership growth rates and high member satisfaction levels will increase total membership to at least 65,000 with at least 24% being “Broadly Engaged Members”.

Key Success Metrics

| SIGNS OF GROWTH (Business and Personal) | 2023 | 2024 | 2025 |
|--|--------------|--------------|--------------|
| Net Membership Growth | 3.75% | 4% | 4% |
| New Members Outside the Missoula Market | 28% | 30% | 32% |
| Deposit Balance Growth | At least 6% | At least 6% | At least 6% |
| Loan Balance Growth | At least 7% | At least 7% | At least 7% |
| MEMBERSHIP ACTIVITY | | | |
| Broadly Engaged Members | 22% | 23% | 24% |
| Member Retention | At least 93% | At least 93% | At least 93% |
| MEMBER ENGAGEMENT | | | |
| VBB Understanding | 40% | 42% | 44% |
| Member Satisfaction | At least 95% | At least 95% | At least 95% |

**Broadly Engaged Member = A Member with a loan balance, an active debit or credit card, and at least 3 debits and/or credits to any deposit account in the last 30 days.*

Program of Work

| | 2023 | 2024 | 2025 |
|--|------|------|------|
| Membership Growth Plan refresh and execution ¹ | | | |
| Implement new fraud prevention resources ² | | | |
| Digital banking conversion ³ | | | |
| Transition Business Banking Services to SVP Operations ⁴ | | | |
| Enhance small business banking suite ⁵ | | | |
| Act on recommendations from credit card consultancy ⁶ | | | |
| Implement decisions to uplift credit card program ⁷ | | | |
| Streamline and improve upon out-bound member communications efforts ⁸ | | | |



Community Engagement

Our job is to meet the financial needs of the individuals, households, and small businesses that comprise our membership. This requires a commitment to understanding and investing in the local economy. We do that through our buildings and co-workers as well as through our philanthropy, volunteer commitments, and financial education activities. All of which shows up in balance sheet activity as we mobilize local deposits and return those savings to local communities in the form of loans.

2025 Vision

We will continue to deliver an outstanding record of philanthropy, volunteerism, and financial education activities. We will become an exemplary partner to Montana Native people, Native organizations, and Tribal Governments.

Key Success Metrics

| | |
|----------------------------|---|
| Philanthropy | <ul style="list-style-type: none"> 5% of annual net income (deducting any grant income) directed towards philanthropy. |
| Volunteerism | <ul style="list-style-type: none"> 75% of our co-workers will engage in some form of volunteerism annually. |
| Financial Education | <ul style="list-style-type: none"> At least 500 people work with our Financial Counselors annually. At least 1,600 people attend Branch Manager-led, financial education classes annually. At least 6,000 people access our online financial education resources annually. |
| Native Partnership | <ul style="list-style-type: none"> We will stand out as a clear leader committed to working in partnership with Native People, Native Organizations, and Tribal Governments. |

Program of Work

| | 2023 | 2024 | 2025 |
|---|------|------|------|
| Butte branch construction and development ⁹ | | | |
| Bozeman branch construction and development ¹⁰ | | | |
| Butte branch opening ¹¹ | | | |
| Bozeman market strategy, hiring campaign, and branch opening ¹² | | | |
| Develop and adopt a new Financial Education Plan ¹³ | | | |
| Develop and adopt a new Youth Engagement Plan (inclusive of scholarships) ¹⁴ | | | |
| Native Partnership Growth Plan refresh and execution ¹⁵ | | | |



Long-Term Resilience

We focus on long-term sustainability, not short-term gain. We cannot entirely insulate ourselves from external shocks, but we can manage risk and build protection for long-term resiliency. This requires that we maintain a long-term horizon and push to expand our Field of Membership. It also requires that we maintain strong, core financial performance.

2025 Vision

We will continue to perform at or above industry standards in all key financial performance metrics. We'll also add another increment of market expansion to our Field of Membership, thereby enhancing future growth opportunities.

Key Success Metrics

These targets drive the financial projections on page 11.

| | |
|--------------------------|---|
| Earnings | <ul style="list-style-type: none"> Net Interest Margin (NIM) 2.8% or greater Return on Assets (ROA) of 0.75% or greater Efficiency Ratio of 75% or lower |
| Asset Composition | <ul style="list-style-type: none"> Overall Loan-to-Assets at 75% by YE 2025 Consumer 22%, Business 18%, and Mortgage 35% Loan-to-Asset by YE 2025 |
| Asset Quality | <ul style="list-style-type: none"> Delinquencies at 0.75% or lower Charge-offs at 0.50% or lower |
| Protection | <ul style="list-style-type: none"> Net Worth Ratio not less than 10% (deducting secondary capital) Allowance for Loan Loss (ALL) 1% of total UPBs or higher |

Program of Work

| | 2023 | 2024 | 2025 |
|--|------|------|------|
| Annual budget exercise consistent with Strategic Plan ¹⁶ | | | |
| Marketing Plan refresh and execution ¹⁷ | | | |
| Board and Executive deep dive on FOM expansion potential ¹⁸ | | | |
| Implement decisions on FOM expansion ¹⁹ | | | |
| Transition data analysis and business intelligence resources to Finance Team ²⁰ | | | |
| Act on recommendations from Non-Interest Income Task Force ²¹ | | | |
| Implement decisions from Non-Interest Task Force work ²² | | | |
| Implementation of CECL accounting standards ²³ | | | |
| Cyber-security human resource additions ²⁴ | | | |



Social and Environmental Impact

In addition to achieving a financial performance that contributes to long-term resiliency, we want organizational resources and the balance sheet to work toward delivering positive social and environmental impact. This means reaching low-income households and underserved communities within Montana. It also means helping our members transition to lower carbon footprints.

2025 Vision

We will maintain our status as the largest CDFI in Montana, with a track record of impactful service and lending into low-income households and underserved areas. We will add to that a growing reputation as Montana's most effective renewables and energy efficiency/conservation lender.

Key Success Metrics

| | |
|------------------------------|--|
| CDFI Certification | <ul style="list-style-type: none"> • Achieve CDFI certification performance in all years. |
| GABV Scorecard | <ul style="list-style-type: none"> • Improve GABV Scorecard at each assessment. |
| Environmental Impacts | <ul style="list-style-type: none"> • Reduction in the negative environmental impacts of the business operation. |
| Carbon Output | <ul style="list-style-type: none"> • Maintain net zero carbon output in business operations. <i>(using local carbon offset investments as necessary and available)</i> • Reduction of the carbon output per \$1 million balance sheet assets. |
| Impact Assets | <ul style="list-style-type: none"> • Increase the proportion of “impact assets” on the balance sheet. <ul style="list-style-type: none"> ○ CDFI qualified loans and investments ○ Micro-business loans under \$50K ○ Affordable housing loans and investments ○ Renewable energy loans and investments ○ High performance building loans and investments ○ EV loans and investments ○ Sustainable agriculture loans and investments |

Program of Work

| | 2023 | 2024 | 2025 |
|--|------|------|------|
| Advocacy around changing CDFI certification rules ²⁵ | | | |
| Retool CDFI certification performance metrics ²⁶ | | | |
| Demonstrate success in 1 st HRDC partnership ²⁷ | | | |
| Launch 2 nd HRDC partnership ²⁸ | | | |
| Launch 3 rd HRDC partnership ²⁹ | | | |
| GABV Scorecard ³⁰ | | | |
| PCAF assessment ³¹ | | | |
| Decide strategy for dealing with carbon impact of balance sheet target ³² | | | |
| Expand solar education and lending program ³³ | | | |
| Launch and expand a building retrofit loan program ³⁴ | | | |
| Launch and expand EV loan program ³⁵ | | | |



Transparency and Good Governance

We go well beyond regulatory requirements and industry norms in our transparent and inclusive governance practices. Our members, co-workers, and the communities we serve enjoy easy access to essential information at <https://clearwatercreditunion.org/transparency/>.

2025 Vision

We will remain a model of transparency with respect to practices and outcomes. Our Board composition will be accountable to an expanding FOM and our CDFI Target Market.

Key Success Metrics

| | |
|---------------------|---|
| Transparency | <ul style="list-style-type: none"> Successful updating and sharing of key reports, plans, and strategic documents (described below) on time and without error. |
| Governance | <ul style="list-style-type: none"> Board development will strive for board accountability to our expanding FOM and our CDFI Target Market. |

Program of Work

| | 2023 | 2024 | 2025 |
|--|---------|---------|---------|
| Income Statements and Balance Sheets | Monthly | Monthly | Monthly |
| 2023 – 2025 Strategic Plan | Annual | Annual | Annual |
| Environmental Impact Statement and Management Plan | Annual | Annual | Annual |
| Compensation Philosophy and Metrics | Annual | Annual | Annual |
| Diversity, Equity, and Inclusion Plan | Annual | Annual | Annual |



Outstanding Work Culture

Ours is a culture shaped by our organizational values. As we grow and become more spread out across Montana, with less ability to gather and build relationships in person, we need to work hard to maintain the heart of our working culture. That will demand the development of new rituals, new systems of communication, and new levels of support for our co-workers. We embrace the responsibility to serve one another and our members at the highest ethical standards, and we provide each another with:

- The tools to succeed,
- A voice in decision-making, and
- The power to solve problems.

2025 Vision

We will attract and retain the very best talent, supported by both competitive compensation platforms and an unparalleled sense of purpose in the workplace. We will be a model of authentic and effective diversity, equity, and inclusion practices.

Key Success Metrics

| | |
|----------------------------|--|
| Turnover Rates | <ul style="list-style-type: none"> • Less than 15% |
| Co-Worker Survey | <ul style="list-style-type: none"> • At least 75% participation • At least 80% of employees report having the tools to succeed, a voice in decision-making, and the power to solve problems (“Agree” or “Strongly Agree”) • At least 90% understand mission, values, vision, and strategy (“Agree” or “Strongly Agree”) • At least 90% believe Clearwater is headed in the right direction (“Agree” or “Strongly Agree”) |
| Workforce Diversity | <ul style="list-style-type: none"> • Our workforce will increasingly represent the diverse communities we serve throughout Montana. We will be recognized as a leader in Montana among organizations that have embraced diversity, equity, and inclusion as both a challenge and an opportunity. |

Program of Work

| | 2023 | 2024 | 2025 |
|---|------|------|------|
| Annual co-worker engagement survey ³⁶ | | | |
| Diversity, Equity, and Inclusion Strategy refresh and execution ³⁷ | | | |
| Internal communications, all staff meetings, and gatherings refresh ³⁸ | | | |
| Co-worker professional development refresh ³⁹ | | | |
| Committee and Task Force participation ⁴⁰ | | | |
| Benefits uplift ⁴¹ | | | |



Financials

| Balance Sheet | | | | |
|--|--------------------|--------------------|----------------------|----------------------|
| | 2022 Actual | 12/31/2023 | 12/31/2024 | 12/31/2025 |
| Business loans | 127,754,968 | 141,481,482 | 174,679,861 | 197,902,007 |
| Consumer loans | 217,524,751 | 232,633,869 | 236,331,576 | 241,880,230 |
| Mortgage loans | 291,418,920 | 307,971,826 | 328,809,149 | 384,809,458 |
| Loans | 636,698,638 | 682,087,176 | 739,820,586 | 824,591,695 |
| ALLL | (8,282,252) | (9,360,000) | (7,398,206) | (8,245,917) |
| Investments | 277,842,602 | 242,446,781 | 243,729,782 | 228,137,036 |
| Other assets | 32,696,233 | 45,133,137 | 51,376,430 | 54,972,780 |
| Total Assets | 938,955,222 | 960,307,095 | 1,027,528,592 | 1,099,455,593 |
| | | | | |
| Other liabilities | 49,104,825 | 13,809,915 | 13,025,858 | 15,183,668 |
| Certificates | 38,337,224 | 46,004,669 | 49,224,996 | 52,670,745 |
| Checking | 284,126,814 | 296,940,933 | 317,726,799 | 339,967,675 |
| Savings | 478,083,854 | 505,646,481 | 541,041,735 | 578,914,656 |
| Deposits | 800,547,892 | 848,592,084 | 907,993,529 | 971,553,076 |
| Regulatory Net Worth | 112,350,750 | 120,953,342 | 129,557,450 | 135,767,094 |
| Unrealized Gain/Loss | (23,048,245) | (23,048,245) | (23,048,245) | (23,048,245) |
| Total Liabilities, Deposits, and Equity | 938,955,222 | 960,307,095 | 1,027,528,592 | 1,099,455,593 |

| Income Statement | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2022 Actual | 12/31/2023 | 12/31/2024 | 12/31/2025 |
| Loan income | 23,851,649 | 29,129,711 | 31,992,925 | 35,199,276 |
| Investment income | 5,429,580 | 7,480,077 | 4,861,766 | 4,718,668 |
| Interest Income | 29,281,229 | 36,609,787 | 36,854,690 | 39,917,944 |
| Cost of funds | (1,693,004) | (4,467,944) | (2,981,754) | (3,190,476) |
| Net Interest Income | 27,588,226 | 32,141,844 | 33,872,937 | 36,727,468 |
| | | | | |
| PLLL | (1,532,402) | (4,787,234) | (3,478,712) | (3,722,222) |
| | | | | |
| Non-Interest Income | 12,347,318 | 11,200,659 | 11,430,055 | 12,230,159 |
| | | | | |
| Non-interest expense | (25,792,134) | (29,952,678) | (33,793,207) | (36,158,731) |
| | | | | |
| Non-operating, non-interest expense | (2,696,075) | - | - | - |
| | | | | |
| Net income | 9,914,932 | 8,602,592 | 8,031,073 | 9,076,674 |



End Notes

Membership Interests / Program of Work End Notes

¹ The Membership Growth Plan is a document that is refreshed annually with the intention of coordinating activities across teams to ensure that we achieve our membership growth goals.

² In Q1 2023, in response to accelerating fraud and scam activities, we will invest in and implement Rembrandt, a fraud detection and prevention software. We will also consider adding human resources to the fraud prevention team.

³ In mid-2023 we will convert our Digital Banking platform (OLB) to Alogent, uplifting our digital banking capabilities significantly.

⁴ Responsibility for improving and delivering Business Banking Services (deposit and transactional, not credit) will transition from the SVP of Business Banking to the SVP of Operations. This will better align resources and skill sets to improve and grow our Business Banking Service offerings.

⁵ While early online banking conversion work will be focused on improving the consumer banking experience, we will pivot to concerted work improving the business banking experience at the start of 2024 and will sustain this through 2025.

⁶ A 6-month analysis of our credit card program is complete at YE 2022. In 2023 we will digest the findings, deliberate, and decide what changes to implement to improve the program.

⁷ Implementation of changes to the credit card program will take place in 2024 and 2025.

⁸ When it comes to deepening relationships with new members and inactive members, our human resources are scattered across multiple teams. Consolidation, strategic work, and goal setting will help us to further improve member retention. Additionally, a new CMO will use this opportunity to review all out-bound member messaging (from alerts to notifications to statements) to ensure excellence in communicating VBB and growing the membership.

Community Engagement / Program of Work End Notes

⁹ A new branch is currently in the design phase in uptown Butte, with construction set to commence in Spring 2023.

¹⁰ A new branch is currently in the design phase in Bozeman, with construction set to commence in Spring 2023.

¹¹ The Butte branch is scheduled to open in 2024.

¹² The Bozeman branch is scheduled to open in 2024. While Butte already has a team in place, Bozeman does not. The Bozeman branch opening will include the development of a market strategy and a hiring campaign beginning no later than the start of 2024.

¹³ Financial education activities are occurring in multiple places at the credit union: direct financial counseling, a team of Branch Managers doing community outreach via financial education coursework, and in online channels available via the web-site. There is room to better define our goals, coordinate activities, and deliver impact. To that end we will draft and adopt a Financial Education Plan in 2023.

¹⁴ Clearwater has a long history of attracting young members, offering them above market deposit rates, and encouraging financial education. It is not clear that current practices are impactful. We need to thoroughly evaluate current practices, and then re-establish and adopt a Youth Plan. For present purposes, we will think of this as “K through University.”

¹⁵ Recognizing the need to better understand and build strong culture around partnering with native people, native organizations, and tribal governments, Clearwater drafted a Native Partnership Growth Plan in 2022. That strategic document will be refreshed annually to guide our work in this area.

Long Term Resilience / Program of Work End Notes

¹⁶ In the 4th quarter of each year, we devote considerable time to establishing growth and production targets, along with associated spending plans, to ensure that we stay on track to achieve key long-term resiliency success metrics.

¹⁷ The Strategic Marketing Plan is a document that is refreshed annually with the intention of guiding marketing activities to ensure that we achieve membership, deposit, and loan growth goals, as well as other key performance targets.

¹⁸ In 2023 Board and Executive Team will research pathways to further expand our Field of Membership.

¹⁹ In 2024 and 2025, after deliberating and deciding on the best pathway for further Field of Membership expansion, we will take action to submit applications to regulatory bodies and, if necessary, our membership.

²⁰ In 2023 we will transition the human resources, capabilities, and responsibilities of our Data Analysis and Business Intelligence Team into the Finance and Accounting Team. This will better coordinate all critical reporting activities into one place.

²¹ A Non-Interest Income Task Force spent the better part of 2022 studying and developing recommendations to change certain parts of the credit union’s non-interest income platform. Some recommendations are non-controversial and easy to simply implement. Many are more challenging. We will carefully evaluate the recommendation coming from this team in 2023.

²² We will implement accepted change recommendations of the Non-Interest Income Task Force in 2024 and 2025.

²³ In a long-anticipated accounting change, Clearwater will implement the Current Expected Credit Loss (CECL) model in 2023. The purpose of CECL is to improve recognition and measurement of credit losses on loans and debt securities.

²⁴ Early in 2023 we will evaluate adding human resources to strengthen our cyber-security defenses. Those additions may be made in 2023 and/or 2024.



Social and Environmental Impact / Program of Work End Notes

²⁵ The CDFI Fund has issued draft new rules governing the certification process. In late 2022 and early 2023 Clearwater will evaluate these draft rules and engage in advocacy networks and advocate directly at the Fund to ensure that the rules are fair and appropriately further the missions of the Fund and CDFIs, like Clearwater.

²⁶ In mid-2023, once new CDFI certification rules are adopted, we expect that we will need to re-certify and rebuild our tracking and CDFI lending programs to remain an impactful CDFI, the largest in Montana.

²⁷ The newly launched HRDC partnership with Opportunities in Great Falls is an important part of our efforts to reach low-income households and underserved communities as we grow and expand. 2023 represents an important year to refine systems and demonstrate success in this partnership.

²⁸ With demonstrated success in our 1st HRDC partnership, we will aim to launch a 2nd partnership in 2024.

²⁹ With demonstrated success in our 1st and 2nd HRDC partnership, we will aim to launch a 3rd partnership in 2025.

³⁰ In 2023 GABV rolls out a new values-based banking scorecard. We will adjust tracking and reporting systems and submit new scorecards in 2023 and 2025.

³¹ In 2023 and 2025 we will again complete Platform for Carbon Accounting assessments to measure the carbon output of the credit union's balance sheet.

³² Building off the PCAF assessment, in 2023 we will engage in a Board-level discussion around the results and decide whether to establish a net zero carbon balance sheet target.

³³ In all years we will work to refine and expand on our solar education and lending activities.

³⁴ In 2023 we will dedicate resources to developing a building retrofit lending program, which could include advisory services and/or a pilot project. We will expand this work in each year.

³⁵ In 2024 we will develop appropriate pricing or loan structure incentives to increase the uptake of EVs and plug-in hybrids (or other higher MPG vehicles). We will expand this work in each year.

Outstanding Work Culture / Program of Work End Notes

³⁶ This is an annual survey providing important feedback to Executive Team and Board around co-worker happiness and engagement levels.

³⁷ The Diversity, Equity, and Inclusion Plan is a document that is refreshed annually with the intention of coordinating activities across teams to ensure that we achieve our goals of building a diverse, inclusive, and equitable place of work.

³⁸ Our systems of internal communication, meetings, and gatherings need an overhaul. We will launch a new Task Force to evaluate Yammer and its alternatives as internal communications tool and to rethink the locations, frequencies, and purposes of our staff meetings and gatherings. This is a huge, but necessary set of tasks. We need to break down silos, open opportunities for sharing, and ensure that co-workers in our new communities feel a sense of belonging.

³⁹ Clearwater has long supported strong internal training and professional development opportunities. Some of these fell away during Covid, and co-workers have made clear a desire to be supported in this way. In 2023 our People Solutions Team will evaluate existing programs, internal and external, explore the development of an internal mentorship program, prioritize, resource, and refresh the offerings.

⁴⁰ Every co-worker that wishes to should have the opportunity to participate in one or more Standing Committees or Task Forces. Every Standing Committee and Task Force will have a brief, written charter and will keep a simple record of minutes available to all co-workers. Our Peoples Solutions Team will annually coordinate the refreshing of the composition of each Standing Committee and Task Force.

⁴¹ The costs and availability of childcare have become a very large burden for young families and a large driver of turn-over for Clearwater. Our Peoples Solutions Team will evaluate opportunities for us to better support co-workers who are confronting this burden. So too, the cost of housing has increased dramatically both in absolute terms and relative to incomes in almost all the communities we serve. Our Peoples Solutions Team will evaluate benefits strategies exist to help address this issue – for example, establishing a down payment assistance program directed at co-workers.

