



# Strategic Plan

## 2026-2030



**clearwater**  
CREDIT UNION

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# Mission, Vision, Values, Strategy, and Action



## 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.



## Where We're Going.

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



## What Guides Us.

Four values guide our everyday actions.

### COOPERATIVE OWNERSHIP | Together, We OWN

We practice responsible banking grounded in cooperative ownership.

### EMPOWERMENT | Together, We EMPOWER

We solve problems and create opportunities for a better tomorrow.

### INCLUSION | Together, We INCLUDE

We choose to be inclusive, not exclusive.

### IMPACT | Together, We MATTER

We are committed to making a difference in the world.



## Our Strategy is Values-Based Banking.

Our values are very clear, and we do not compromise them. We are always competitive on price, product, and service delivery. We win by living our values.



## How We Organize Strategic Work.

We organize our strategic work by mapping the six principles of values-based banking to our four values. For each principle, we track Key Success Metrics and Programs of Work, which are the main content of this strategic plan.

6 PRINCIPLES OF VBB	COOPERATIVE OWNERSHIP	EMPOWERMENT	INCLUSION	IMPACT
Serving Member Interests				
Long-Term Banking Excellence				
Community Engagement				
Social & Environmental Impact				
Transparency & Good Governance				
Outstanding Work Culture				



# Clearwater Today

Founded in 1956 by eight Missoula police officers, today Clearwater serves more members than any other credit union in Montana and is the state's largest Community Development Financial Institution (CDFI)<sup>1</sup>. During our most recent chapter of growth, 2020 to 2025, we pivoted from being a Missoula-based credit union to becoming a Montana-based credit union. We established new teams and branches in Bozeman, Butte, and Great Falls, as well as a mortgage production office in Helena. Greater than 60% of our membership growth now comes from outside the Missoula market. Meanwhile, our growth rates and financial performance have been outstanding.

		5-Year Average (June 2025 data)
Growth	Membership growth rate	4.9%
	Deposit growth rate	7.8%
	Loan growth rate	14.4%
	Net worth growth rate	16.5%
Financial Performance	Return on average assets (ROAA)	121 basis points
	Efficiency ratio	70%
	Credit distress (DQ + C/O)	67 basis points

As we celebrate recent achievements, we also recognize that very large challenges lie ahead. In the period 2020 to 2025, approximately 15% of credit union charters vanished, mostly through mergers. That is 781 credit unions gone, leaving just 4,455 at year end 2024. A similar story can be told for community banks. Continuing along a path of extraordinary success requires that we are honest and clear about the challenges we face.

## 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.

COMPETITION

- Larger financial institutions operate at better efficiency ratios (cost/income), spreading fixed costs over a larger balance sheet, allowing for more competitive loan and deposit pricing.

TECHNOLOGY

- The technology investments required to protect member data and deliver high quality digital experiences are increasing rapidly. Scale makes these investments possible.

IMPACT

- Our values-based banking strategy is unique and important. We need to bring it to more people in more communities. Scale allows for larger loan limits and larger impact.

OPPORTUNITY

- Growth grants our co-workers more opportunities to advance, both in terms of capabilities and geography. It also helps us to recruit and retain top talent.



# Culture

Growth helps to create compelling employment opportunities, increasing our ability to recruit and retain top talent. But growth also stresses the culture. We face communications, change management, and process challenges. This can contribute to a sense of lost connection and reduced levels of support among co-workers, where relationships are harder to cultivate, participation is more difficult, and coherence is fractured.

# Earnings

Net Interest Margin (NIM) is the most important source of the credit union's profitability. It will come under increasing pressure in the next five-year period, in large part due to increasing local competition. Three multi-state credit unions have entered the Montana market in recent years, and Whitefish Credit Union, the state's largest, is on a market expansion run.

NIM pressure will also come with movements toward open banking and the use of artificial intelligence allowing consumers to migrate money more quickly and frequently in pursuit of maximum returns. Meanwhile, technological development in areas like real-time payments and stable coins may very well alter payments channels and further compress non-interest income.

# Cybersecurity, Fraud, and Scams

The rapid expansion of digital products and services delivery, combined with the rise of artificial intelligence and quantum computing, exposes our members and the credit union to unprecedented levels of cybersecurity threats, fraud, and scams. There is no easy way out here. Our members demand ease of access, speed, and convenience, and criminals increasingly exploit these demands to gain access to data and to take advantage of people. Balancing the continuing uplift of our digital capabilities with robust data security and member education has never been more important nor more challenging.

# The Principles of Values-Based Banking

Our strategy is Values-Based Banking. This is what differentiates us and underlies all strategic decisions aimed at addressing the challenges described above. Six principles of Values-Based Banking help us organize our strategic work, set key success metrics, and prioritize programs of work. The remainder of this document addresses each of these principles.





## Serving Member Interests

Our members are the source of our strength. We serve them with empathy, expertise, and a personal touch, aiming to improve their financial health and well-being at every stage of life.

### KEY SUCCESS METRICS

<b>Member Financial Health<sup>2</sup></b> The objective, measurable condition of member finances	<b>Currently</b>
4% or less of member households have a 3-month declining aggregate deposit balance trend that amounts to a 10% or greater erosion of total savings.	3.78%
15% or less of members are Credit Impaired (<600) <sup>3</sup>	15.2%
<b>Member Financial Well-being<sup>4</sup></b> The subjective, emotional relationship members have with Clearwater & their money	<b>Currently</b>
X% of members report that they are feeling financially vulnerable (Baseline in 2026, set goal in 2027)	Not currently tracked
X% of members report that they feel comfortable approaching Clearwater to discuss their financial well-being (Baseline in 2026, set goal in 2027)	Not currently tracked
X% of members report that they believe Clearwater looks out for their financial well-being (Baseline in 2026, set goal in 2027)	Not currently tracked
<b>Member Activity &amp; Engagement</b>	<b>Currently</b>
Maintain a member retention rate of 93% or better	93%
By 2030 58% of member households treat Clearwater as their PFI (5+ transactions per month)	53%
By 2030 at least 50% of members 15 - 25 years old have an active checking account (5+ transactions per month) <sup>5</sup>	48%
By 2030 less than 5% of member households with only one loan product and \$5 or less in deposit balances <sup>6</sup>	6.5%
<b>Member Feedback</b>	<b>Currently</b>
Maintain at least a 95% member satisfaction rate	97%



<b>PROGRAM OF WORK (UPDATE ANNUALLY)</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Expand Marketing and Membership Growth Plan to address both Financial Health and Well-Being success metrics, and Member Activity and Engagement success metrics					
Source and implement a more robust "voice-of-member" survey and feedback platform and include questions addressing the Financial Well-Being success metrics					
Establish Financial Well-Being targets after running the surveys and studying the data for 1 year					
Source and implement new digital onboarding platform					
Annual Payments Plan refresh and execution					
Annual Artificial Intelligence Plan refresh and execution					
Complete EDR Defender XDR platform implementation					
Implement Monitored Detection and Response platform					
Select and implement a new statement/notices vendor					
Research and implement a new, more robust vendor management platform					





## Long-Term Banking Excellence

We innovate and change to meet members' needs, grow, and deliver positive impact, all while maintaining excellence in the business of banking and financial performance.

### KEY SUCCESS METRICS

Membership Growth	Currently
5% or greater annual net membership growth	5.3%
By 2030, 7.5% of membership is under 15 years old	5.7%
By 2030, 17.5% of membership is 15 – 25 years old	15%
By 2030, 10% of the membership are business members	7.5%
By 2030, at least 70% of net new members come from outside Missoula market	60%

Balance Sheet Growth & Composition	Currently
At least 7% annual balance sheet growth	7% 10-yr average
Maintain 70% to 80% loan-to-asset ratio	74%
Limit external borrowing and brokered deposits to max of 20% of balance sheet	11%

Earnings & Protection	Currently
Average annual ROA between 60 bps and 90 bps	89 bps
At year-end 2030, a net worth ratio without secondary capital in the range of 10% to 11%	11%

Digital Branch	Currently
By 2030, 80% of households have at least one active Digital Branch user (logged in at least once in prior month)	73%
By 2030, 50% of businesses have at least one active Digital Branch user	37%
By 2030, at least 22% of member households live in a rural county and at least 45% of those member households have an active Digital Branch user.	22% / 39%
Average mobile app score of at least 4.5	4.8





PROGRAM OF WORK	2026	2027	2028	2029	2030
Annual Budget consistent with Strategic Plan					
Annual Marketing and Membership Growth Plan refresh and execution					
Annual Youth Engagement Plan refresh and execution					
Annual Business Services Plan refresh and execution					
Develop robust staff and membership training suite for use of Digital Branch tools					
Evaluate transition to Multiple Common Bond Charter and the launch of Clearwater Foundation					
Evaluate and, if possible, implement a secondary market sales outlet for jumbo mortgages					
Remodel branches that are not yet designed for UA and ITM delivery models, at a rate of one branch per year					
Recruit Team in Great Falls					
Open branch in Great Falls					
Recruit team in Billings, Helena, or Kalispell					
Open branch in Billings, Helena or Kalispell					
Recruit team in Billings, Helena or Kalispell					
Open branch in Billings, Helena or Kalispell					



## Community Engagement

We lead with our values, uplifting communities through philanthropy, education, and partnership.

### KEY SUCCESS METRICS

Reputation	Currently
Maintain status as Montana's largest CDFI	Yes
Financial Education ("Development Services")	Currently
By 2030, reach at least 750 people annually with one-on-one counseling	500
By 2030, reach at least 5,000 people annually through community education	3,200
Philanthropy	Currently
5% of annual net income directed to philanthropy, with emphasis on the following critical impact areas: <ul style="list-style-type: none"> <li>• Improving the lives of low-income people</li> <li>• Developing and protecting work-force housing</li> <li>• Helping members to achieve energy resilience</li> <li>• Strengthening partnerships with native led non-profits</li> </ul>	5%
Volunteer Activities	Currently
75% of co-workers participate in volunteer activities annually	75%
By 2030, 20% of Clearwater co-workers are serving on nonprofit Boards	16% (32 co-workers on 48 boards)
Engagement with Native People & Organizations	Currently
By 2030, reach at least 500 native people annually with financial education activities	Not currently tracked
By 2030, concrete partnerships with all of Montana's native CDFIs	2 of 5



PROGRAM OF WORK	2026	2027	2028	2029	2030
Annual CDFI recertification					
Annual Indigenous Partnership Plan refresh and execution					
Annual Financial Engagement Plan refresh and execution					
Develop Board Governance training program for staff serving on non-profit boards					
Launch Brand Ambassador Program improving quality community engagement activities by co-workers					
Redesign volunteer programs to ensure co-worker participation is better supported by the credit union					
Strengthen and build consistency in existing HRDC partnerships (Bozeman, Butte, Great Falls, and Missoula)					
Launch 5 <sup>th</sup> HRDC partnership in Billings, Helena, or Kalispell					
Launch 6 <sup>th</sup> HRDC partnership in Billings, Helena, or Kalispell					





## Social & Environmental Impact

We embrace the opportunity and challenge of serving low-income people and communities, building energy resilience, and addressing Montana's housing crisis.

### KEY SUCCESS METRICS

Overall	Currently
Increase the GABV Scorecard result each year	60

Social Impact	Currently
60% or greater CDFI qualified loans originated (units)	72%
60% or greater CDFI qualified loans originated (dollars)	63%
60% of credit union membership CDFI qualified	TBD% <sup>7</sup>

Environmental Impact	Currently
By 2030, 12% of balance sheet is Energy Resilience loans	~ 6%
Achieve net zero GHG impact in business operations	Zero, with offsets

Housing Impact	Currently
By 2030, 18% of balance sheet and secondary market portfolio is workforce housing loans (Workforce housing = 60% - 140% AMI) <sup>8</sup>	~ 13%

### PROGRAM OF WORK

	2026	2027	2028	2029	2030
Annual GABV Scorecard					
Develop and launch internal development and education programs to define and reinforce what CDFI banking means to Clearwater (even if the CDFI Fund is weakened)					
Annual PCAF and GHG in business operations assessment					
Full launch Home Energy Advisory program					
Annual Impact Lending Plan to achieve CDFI, Energy Resilience, and Workforce Housing targets					





## Transparency and Good Governance

We are a model of transparent, ethical governance, reflecting the voices and interests of our members and the communities we serve.

### KEY SUCCESS METRICS

Documentation Transparency	Currently
Continue to make key documents available to the public: <ul style="list-style-type: none"> <li>Quarterly Financials</li> <li>Strategic Plan</li> <li>Environmental Impact Statement &amp; Plan (focus on PCAF and net zero GHG in business operations)</li> <li>Compensation Philosophy &amp; Metrics</li> </ul>	Available

Board Representation	Currently
Maintain broad geographic representation on Board of Directors	Bozeman, Butte, Kalispell, Missoula
Maintain Board composition to achieve CDFI Fund Accountability Test	Achieving

### PROGRAM OF WORK

	2026	2027	2028	2029	2030
Ensure public access to key transparency documents identified above					
Improve internal, co-worker-facing reporting on philanthropy activities					
Establish a temporary Board Committee to evaluate various ways to draw diverse member and community input into decision making: e.g., advisory committees, Board expansion, youth role, native role, etc.					





## Outstanding Work Culture

It is our responsibility to ensure that we, as co-workers, feel confident, motivated, valued, and connected. When this happens, Clearwater succeeds.

### KEY SUCCESS METRICS

Co-Worker Feedback	Currently
At least 95% of co-workers understand our mission, values, and strategy	98%
At least 90% of co-workers believe we're headed in the right direction	87%
At least 80% of co-workers feel valued and recognized for what they do	73%

Turnover, Tenure, and Advancement	Currently
15% or lower annual turnover rate	14%
At least 50% of co-workers have 5+ years of tenure	51%
At least 30% of co-workers have 2-5 years of tenure	27%
Measured as a 5-year average, 66% of new opportunities (new roles or vacancies that are not entry-level positions) are filled by internal candidates	66%
100% of performance appraisals / annual pay adjustments completed on time	74%



PROGRAM OF WORK	2026	2027	2028	2029	2030
Annual Co-Worker Engagement Survey (People Solutions)					
Continue to strengthen the employee-led Culture Committee, and implementation of a more frequent, light touch culture survey					
Begin conducting “stay interviews”					
Implement recommendations from the credit union's Change Management Task Force					
Roll out Co-Pilot for internal policy and procedures access within Document Library / re-establish responsibility ownership					
Adjust branch budgets to allow more autonomy to address branch needs and employee recognition					
Evaluate training programs to better understand how and where to strengthen product and service knowledge					
Each Executive Team member to host semi-annual town hall style meeting to answer co-worker questions about priorities, opportunities, and challenges in their area of responsibility					
Each Executive Team member works at least one day from every branch, annually					





# End Notes

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<sup>1</sup> Clearwater has been Montana's largest CDFI since 2016, and this plan contains numerous references to maintaining CDFI certification and strengthening our CDFI-oriented impact. It is the case, however, that the CDFI Fund, housed at Treasury, has been weakened under the current administration (funding reductions, RIFs, and rules changes). Our strategic priorities include a) advocating for a strong CDFI Fund; b) continuing to meet all reasonable and mission-consistent certification criteria; and c) in the event of a diminished or eliminated CDFI Fund, finding ways to further embed the impact work into our credit union, regardless of certification outcomes.

<sup>2</sup> These are objective metrics that we can see in the credit union data. We focus on a couple of areas that might indicate financial vulnerability (declining balances and low credit scores) and aim to find appropriate ways to connect those members to our counseling and education teams and resources.

<sup>3</sup> We are presently using data from the set of members who are signed up to use the credit monitoring tool in our digital banking platform. That's about 11,000 people. We will also run an occasional full membership "soft pull" to test whether the digital banking set of members provides a consistent sampling of the total membership.

<sup>4</sup> This data is gathered by way of member surveys. The surveys will be sent and gathered through multiple channels – in person, email, hard mail, digital banking. We will strive for useful sample sizes while also being careful to not annoy members with excessive survey requests. We will find appropriate ways to connect those members who report feeling financially vulnerable to our counseling and education teams and resources.

<sup>5</sup> The focus on youth is driven by two considerations: a) to ensure that we are building lasting relationships with young people who will soon be arriving important borrowing and spending phases of life; and b) to force a discipline on the credit union as we improve the digital experience and communications practices.

<sup>6</sup> While deepening relationships with all members is important to the credit union, the group identified here is at high risk of exit once these loan balances are paid off. Reaching this group and encouraging additional product and service use is especially important.

<sup>7</sup> This remains TBD because the CDFI Fund has yet to determine the accepted methodology for measuring this.

<sup>8</sup> Here we will seek to measure and report both housing units that have rental price or limited equity restrictions that make them long-term affordable, as well as those that are market-priced but not regulated in any way. We do not have that data for our baseline, but will develop it going forward.

