



**GreenState**  
CREDIT UNION

**2022**

ANNUAL  
REPORT

# FROM THE PRESIDENT JEFFREY A. DISTERHOFT

As we reflect on the year that was, we are excited to share with you the accomplishments that made 2022 a success. But try as we might, a year's worth of efforts cannot be effectively encapsulated into any annual report. What we hope you take away from this year's report is every employee and Board member of the Credit Union takes tremendous pride in serving our employees, member-owners, and communities to the best of our ability. While we believe we served those groups well in 2022, there is no doubt our success is dependent on the contributions of the very people we strive to serve: our employees, member-owners, and communities.

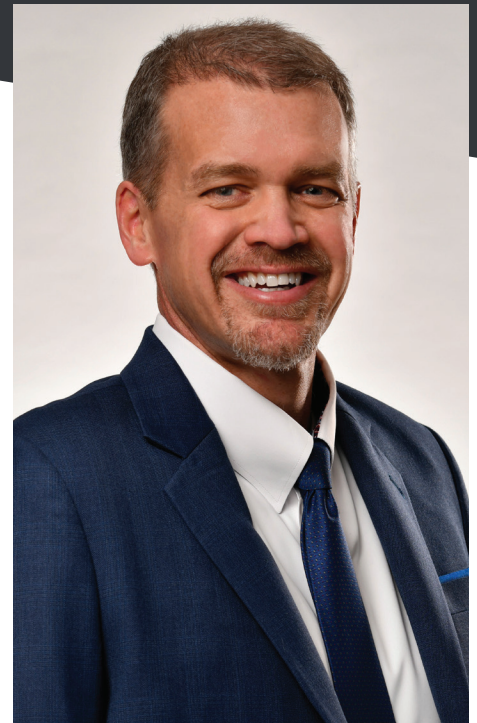
So, with that as a backdrop, we express our gratitude...

We are grateful for the collective efforts of our fellow **employees**. Our family of teammates is the finest group I have ever had the pleasure of working with. They remain passionate about the service they provide to our member-owners and our communities and are tireless in their contributions. They have truly dedicated themselves to providing the highest level of service to our 418,000 member-owners and continue to come forward with ideas to improve upon that service.

We are grateful to each of you as **member-owners** of the cooperative for both your patronage of our Credit Union as well as your support of the credit union philosophy as a whole. The "people helping people" mantra adopted by the credit union industry a century ago remains the cornerstone of our operating principles today.

We are grateful to each of the **communities** we serve throughout our cooperative. They have welcomed us with open arms just as we have embraced our role to support these markets both financially and through volunteerism. Over the years, these communities have become more than trusted partners – they have become our neighbors and valued friends.

And finally, we are grateful for our volunteer **Board of Directors** and the unwavering leadership and visionary direction they have provided over the past year. Their commitment to our employees, membership, and communities is the glue that bonds us together and unifies our values in a way that makes GreenState Credit Union a pleasure to serve and a pleasure to be served by.



“What we hope you take away from this year's report is every employee and Board member of the Credit Union takes tremendous pride in serving our employees, member-owners, and communities to the best of our ability.”



# REPORT OF THE CHAIRPERSON

## FRED MIMS

2022 was a dynamic year for financial institutions across the nation. Demand for loans spiked early in the year as rates began to climb. This was quickly followed by a need for deposits to fund that demand. While these rapid changes took a toll on earnings, GreenState managed its way through this unique year, hitting some great milestones along the way.

I'd like to share some of the highlights for 2022, our 84th year in business.

- We had a record year in the production of checking accounts, money markets, CDs, Commercial Loans, Equity Loans, Auto Loans, Personal Loans, Credit Cards, Insurance Policies, and new Wealth Management relationships.
- We had a record year of welcoming new members to GreenState, surpassing 400,000 members in total.
- We set a record of \$3.5 million in support for over 800 local charities.
- We were recognized as one of the best places to work nationwide.
- We launched a new Rainy-Day Account to create good saving habits and break debt cycles.
- In Illinois, we welcomed Midwest Bank customers and staff to the GreenState family.

GreenState continued its mission to step up service to the underserved with some lofty 10-year goals. In fact, our efforts have encouraged other area credit unions to help close the gap in minority home ownership. I encourage you to learn more about what we are doing by visiting the Community Investment Page on our website at [greenstate.org](http://greenstate.org).

Each year that we reflect back, we are so thankful for you, our member owners. Competition in the banking industry comes from all directions and it grows every year. We believe that our commitment to give back to members and the communities that we serve has helped us to stand out. That is all made possible with your loyalty and patronage.

On behalf of our volunteer Board of Directors, thank you.



“... GreenState managed its way through this unique year, hitting some great milestones along the way.”



# REPORT OF THE CHIEF FINANCIAL OFFICER DREW DENNING

GreenState Credit Union, a financial cooperative, had net earnings of \$86.8 million during business year 2022 (subject to change based on audited financial results). This represents a 56% decrease when compared to the cooperative's \$199.3 million net income achieved in 2021.

The number of GreenState member-owners increased 22% during 2022 to now exceed 411,000 members. Membership growth, the acquisition of the former Midwest Community Bank branches, and the expansion of GreenState member service locations resulted in a 26% increase in total assets which totaled \$11.3 billion at the close of 2022.

Member-owner equity ended 2022 at \$956 million, a 10% increase from the year-end 2021 figure. The cooperative maintains a strong capital position with a total equity to total assets ("capital ratio") of 8.4% on December 31, 2022.



# REPORT OF THE AUDIT/RISK MANAGEMENT COMMITTEE

LORAS NEUROTH, CHAIR

The Audit/Risk Management Committee is comprised of three members of your Credit Union's elected volunteer Board of Directors supported by dedicated Credit Union team members with expertise and experience in the oversight functions and matters before the Audit/Risk Management Committee led by Pat Jacob, Senior VP/Corporate Oversight. The Audit/Risk Management Committee is independently responsible for monitoring various operational oversight functions of GreenState Credit Union including, but not limited to, compliance with State and Federal regulations, examinations and audit reports, internal controls, risk assessments, quality control, financial records, and information security.

The Credit Union's Internal Audit Department is part of the Credit Union's overall risk management. It is an independent department whose function is to assist management and the Board of Directors by examining operations and procedures within the Credit Union and reporting related findings and recommendations to management and the Audit/Risk Management Committee. Internal Auditors have full authority vested by the Audit/Risk Management Committee and the Board of Directors to perform examinations, audits, and investigations of financial records, operations, and affairs of your Credit Union. The Internal Audit Department works closely with the Credit Union's Compliance and Risk Department to help ensure risk management practices are aligned with Credit Union's risk appetite.

The Internal Audit Department conducts audits of various operational areas of your Credit Union to test and examine the adequacy of internal controls, adherence to internal Credit Union policies and procedures and compliance with State and Federal regulations. The Credit Union also engages external independent auditors to supplement internal audit exam activities in specialized operational areas such as Information Technology, Bank Secrecy Act compliance, and Member Business Lending.

As your Credit Union continues to successfully grow, management and the Audit/Risk Management Committee have taken steps to ensure risks to the cooperative are appropriately recognized and managed. The Internal Audit and Compliance and Risk Departments meet with the Audit/Risk Management Committee on a bimonthly basis. The Audit/Risk Management Committee also reviews and ensures follow-up by management on findings from the State of Iowa Credit Union Division and NCUA exams as well as from our Internal Audit Department and external auditors.

Credit Union deposit accounts are Federally Insured up to \$250,000 by the National Credit Union Administration, a U.S. Government Agency. In addition to deposit insurance, the Credit Union maintains Professional Liability Insurance and Fidelity Bond Policy Coverage to further protect the assets of you, our member-owners.

During October 2022, the Credit Union underwent a joint examination by the State of Iowa Credit Union Division and the NCUA who reviewed information as of September 30, 2022. The risk-focused exam covered various areas including liquidity, credit, interest rate, transaction, compliance, and strategic and reputation risk. Examiners also analyzed your Board of Director's and Credit Union management's oversight and operational management of these areas. GreenState Credit Union received a very positive 2022 joint examination report from the regulators.



“As your Credit Union continues to successfully grow, we have taken steps to ensure risks to the cooperative are appropriately recognized and managed.”

# REPORT OF THE CREDIT COMMITTEE

## MARK ROLINGER, CHAIR

GreenState Credit Union takes a diversified lending approach in serving our member-owners across four primary lending areas inclusive of Retail, Commercial, Mortgage, and Indirect as well as partnerships with a few select FinTech companies. This diversification allows us to serve all our member-owners regardless of their needs. Our branch network expanded in 2022 as we added 9 branches in the Illinois market bringing our branch total to 33 as well as our new flagship full-service branch office in Dubuque.

As the economy changed throughout the year with overall inflationary pressure, rapidly rising interest rates, and tightening liquidity throughout the general financial markets, we had an intentional slowdown in our lending areas but still had a very strong overall year in lending. This allowed us to position ourselves well for 2023 from a lending perspective.

Additionally, efforts continued in 2022 to assist our member-owners through hardships and financial impacts of the ongoing inflationary pressures and overall economic environment. Our Member Assistance Center processed over 17,500 Skip-A-Pays and the Account Resolution Loss Mitigation department provided over 50 loan modification/workouts for our member-owners.

Overall, 2020 and 2021 were outliers across the industry in terms of historically low rates of delinquency and loan losses, fueled primarily by COVID stimulus funds. In 2022, like others, GreenState started to experience more of a “return to normal” with loan performance of several portfolios returning to pre-pandemic levels. Throughout the year, the Account Resolution team continued to appropriately manage delinquencies and reduce charge-offs to protect the assets of the Credit Union. GreenState delinquencies and net charge-offs, respectively, ended the year up thirty-four and thirty-three basis points. Although this increased, this is lower than similarly sized credit union peers<sup>1</sup>. Additionally, through continuing to assist our membership as well as the ongoing focus on loan quality, GreenState remained in the 95th percentile as compared to credit union peers<sup>1</sup> in Net Lender Return, which is a measure of loan income excluding charge-offs.



“As the economy changed throughout the year, we had an intentional slowdown in our lending areas but still had a very strong overall year in lending.”



# REPORT OF THE CREDIT COMMITTEE

(CONTINUED)

MARK ROLINGER, CHAIR

## COMMERCIAL LENDING

GreenState's Commercial Lending team was able to record its highest year of loan production. The commercial loan portfolio is one of the largest in the nation amongst credit unions.

- The Commercial team produced more than \$1 billion in new loan originations.
- Commercial loan balances grew 30% from the previous year, ending the year with \$3.089 billion in commercial loan balances.
- Credit quality of the portfolio remains excellent with remarkably low delinquency and minimal charge-offs.

## MORTGAGE LENDING

The Mortgage Lending team was extraordinarily busy the first half of 2022 as homeowners purchased homes before an unprecedented rise in mortgage rates midway through the year. We take great pride in helping our member-owners with their home ownership needs and we were able to save them thousands in interest by using our In-House financing option during the drastic increase in Secondary market rates.

Additionally, the GreenState Mortgage team doubled with the acquisition of Midwest Community Bank & Blueleaf Lending. We are now a team of 255 staff members committed to serving the housing needs of our member-owners. As we do our part to help reduce Iowa's racial homeowner gap, we closed 79 H.O.M.E. (Helping Originate Minority Equity) loans for over \$10 million and provided over \$362,000 in grant funding.

- GreenState Mortgage West helped over 7,200 members for \$1.9 billion in total production.
- GreenState Mortgage East ended the year with just under 2,800 loans for \$908.7 million in production.
- Loan portfolio quality remains strong. While the Mortgage portfolio delinquency ratio increased sixteen basis points year-over-year, this is thirteen basis points below the credit union peer1 average and overall Mortgage net charge-offs remained flat year-over-year.

## RETAIL AND INDIRECT/DEALERSHIP LENDING

- GreenState ended 2022 as the number one auto lender in Iowa with total automotive loans of \$1.4 billion: an increase of 24.6%.
- GreenState also increased home equity production by 10% to \$333.3 million in 2022.
- GreenState originated \$139.8 million in personal loans, essentially unchanged from last year.
- GreenState issued 21,350 new credit cards in 2022. This is an 8.8% increase over our previous year and a new record.
- Indirect dealers increased by 153 bringing our new total to 514 dealers with us continuing to focus on rounding out partnerships in locations near our branch network/communities as well as the Omaha market.
- Following a year of a record 147% decrease in net charge-offs in 2021, loan performance is returning to pre-pandemic levels. Similar to others, GreenState experienced approximately a 52% increase in net-charge offs across the Retail and Indirect portfolios. Similarly, delinquencies have increased, not surprisingly driven primarily within unsecured and automotive portfolios.

## FINTECH RELATIONSHIPS

GreenState continued our relationships with our Fintech partners in 2022, originating a total of \$532.2 million in 2022. These loans fit within our traditional lending lines; however, as the portfolios seasoned, GreenState began to experience rising delinquencies similar to other unsecured lending categories. We have tapered our lending both to limit losses as well as to focus our lending to better serve member-owners within our traditional field of membership and communities. We expect to continue tapering lending in this area in the coming year. very proud to share these results with you. As a credit union, one of the primary ways we positively impact our communities is through lending. We look forward to this continued opportunity in the future.

Thank you for your continued support of your Credit Union!

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<sup>1</sup>Callahan & Associates, Inc.

# UNAUDITED FINANCIAL STATEMENTS

## CONDENSED STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2022 AND 2021

| <b>ASSETS</b>                                | <b>2022</b>             | <b>2021</b>            |
|--|-------------------------|------------------------|
| Net Loans                                    | \$9,978,574,000         | \$7,950,734,000        |
| Cash & Cash Equivalents                      | \$727,105,000           | \$555,705,000          |
| Federal Home Loan Bank Stock                 | \$58,379,000            | \$34,233,000           |
| NCUSIF Deposit                               | \$75,648,000            | \$55,875,000           |
| Other Assets                                 | \$348,062,000           | \$282,314,000          |
| Property and equipment                       | \$134,661,000           | 127,730,000            |
| <b>Total Assets</b>                          | <b>\$11,322,429,000</b> | <b>\$9,006,591,000</b> |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>       |                         |                        |
|  | <b>2022</b>             | <b>2021</b>            |
| Members' Shares and Savings Deposits         | \$4,914,313,000         | \$4,785,629,000        |
| Members' Certificate and IRA Deposits        | \$4,158,659,000         | \$2,686,125,000        |
| Federal Home Loan Bank Advances              | \$1,149,820,000         | \$544,815,000          |
| Notes Payable                                | \$60,000,000            | \$60,000,000           |
| Other Liabilities                            | \$83,614,000            | \$60,827,000           |
| Members' Equity                              | \$956,023,000           | \$ 869,195,000         |
| <b>Total Liabilities and Members' Equity</b> | <b>\$11,322,429,000</b> | <b>\$9,006,591,000</b> |

## CONDENSED STATEMENT OF INCOME YEARS ENDED 2022 AND 2021

|  | <b>2022</b>          | <b>2021</b>          |
|--|----------------------|----------------------|
| Interest from Loans                                    | \$409,951,000        | \$327,051,000        |
| Interest from Investment Securities and Other Interest | \$16,228,000         | \$5,127,000          |
| <b>Total Interest Income</b>                           | <b>\$426,179,000</b> | <b>\$332,178,000</b> |
| Interest Paid on Borrowed Funds                        | \$29,433,000         | \$12,593,000         |
| Interest Paid on Member Shares and Savings Accounts    | \$46,135,000         | \$19,213,000         |
| Interest Paid on Member Certificate and IRA Accounts   | \$41,463,000         | \$35,977,000         |
| <b>Total Interest Expense</b>                          | <b>117,031,000</b>   | <b>\$67,783,000</b>  |
| Net Interest Income                                    | \$309,148,000        | \$264,395,000        |
| Other Operating Income                                 | \$73,309,000         | \$92,720,000         |
| Other Operating Expense                                | \$197,842,000        | \$138,901,000        |
| Provision for Loan Losses                              | \$97,787,000         | \$18,931,000         |
| <b>Net Income</b>                                      | <b>\$86,828,000</b>  | <b>\$199,283,000</b> |

Subject to change based on audited financial results. Once completed, the audited financial statements including the independent auditors' unqualified report will be available upon request.





## WE OFFER THESE SERVICES

### LOAN SERVICES

Home Loans  
Auto Loans  
Credit Cards  
Home Equity Loans  
Personal Loans  
Recreational Vehicle and Boat Loans  
Commercial Loans

### DEPOSIT SERVICES

Checking Services  
Savings Accounts  
Money Market Accounts  
Certificates of Deposit  
Individual Retirement Accounts  
Treasury Management

### INVESTMENT SERVICES\* & INSURANCE\*\*

Trust Services  
Brokerage Services  
401(k) Plans  
Retirement Planning  
Asset Management  
Mutual Funds  
Pension Rollovers  
Auto, Home, Business & Life Insurance\*\*

\*Investment services listed are through GreenState Wealth Management

\*\*Insurance Services listed are through GreenState Insurance

## BOARD OF DIRECTORS

### FRED MIMS, Chair

University of Iowa Athletic Department (Retired)

### LAUREL DAY, Secretary

Cedar Rapids Community School District

### DREW DENNING, Chief Financial Officer

Wells Fargo Advisors (Retired)

### MJ DOLAN, Governance Committee Chair

Iowa Association of Community College (Retired)

### LYNSEY ENGELS, Director

Mel Foster Co.

### MARC MOEN, Director

Moengroup

### LORAS NEUROTH, Audit/Risk Mgmt. Committee Chair

Independent Insurance Services (Retired)

### TIFFANY O'DONNELL, Director

Women Lead Change

### ANDRE PERRY, Director

University of Iowa

### MARK ROLINGER, Credit Committee Chair

Redfern, Mason, Larsen & Moore, P.L.C.

### DAVE WRIGHT, Vice Chairperson

Dave Wright Nissan Subaru

## BRANCH LOCATIONS

### Iowa Branches

**ALTOONA**, 104 8th Street SE  
**ANKENY**, 2610 SW White Birch Dr  
**BETTENDORF**, 2123 53rd Avenue  
**CEDAR FALLS**, 3409 Cedar Heights Drive  
**CEDAR RAPIDS**, 1400 Blairs Ferry Road NE  
**CEDAR RAPIDS**, 2340 Edgewood Road SW  
**CEDAR RAPIDS**, 716 A Avenue NE  
**CLIVE**, 12333 University Avenue  
**CORALVILLE**, 1151 2nd Street  
**DAVENPORT**, 3902 N Brady Street  
**DES MOINES**, 2805 Beaver Avenue  
**DES MOINES**, 4729 SW 9th Street  
**DUBUQUE**, 3405 Stoneman Road  
**FORT DODGE**, 1207 Central Avenue  
**GRINNELL**, 705 6th Avenue  
**IOWA CITY**, 2525 Muscatine Avenue  
**IOWA CITY**, 500 Iowa Avenue  
**IOWA CITY**, 825 Mormon Trek Boulevard  
**MARION**, 727 Oakbrook Drive  
**NORTH LIBERTY**, 585 W Penn Street  
**URBANDALE**, 7031 Douglas Avenue  
**WATERLOO**, 930 Tower Park Drive  
**WAUKEE**, 1085 E Hickman Road  
**WEST DES MOINES**, 390 Jordan Creek Parkway

### Illinois Branches

**ADDISON**, 1520 W Lake Street  
**ADDISON**, 205 N Addison Road  
**FREEPORT**, 1725 S West Ave  
**FREEPORT**, 510 Park Crest Dr  
**NAPERVILLE**, 1260 Book Road  
**NAPERVILLE**, 2920 83rd Street  
**PLAINFIELD**, 13440 S Route 59  
**ROCKFORD**, 3963 N Perryville Rd  
**WESTMONT**, 6495 S Cass Avenue

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