



GreenState
CREDIT UNION

2021 ANNUAL REPORT



FROM THE PRESIDENT
JEFFREY A. DISTERHOFF

SERVING OUR COMMUNITIES

GreenState is committed to serving all people in all communities we serve. Pictured are several events supporting this commitment in 2021.

As we reflect on the year that was, we are excited to share with you the accomplishments and accolades that made 2021 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 that 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. And while we believe we served those groups well in 2021, there is no doubt that 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 338,000 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.

Business Record

OCTOBER 15, 2021 Helping businesses do business better. Price: \$1.75

FINANCIAL EQUITY EFFORTS INCREASE AMONG IOWA CREDIT UNIONS, BANKS



KENIA CALDERÓN CERÓN
VP/Bilingual Business Development
Director, GreenState Credit Union





**REPORT
OF THE
CHAIRPERSON
FRED MIMS**

2021 was a great year for GreenState Credit Union. While there are many ways to measure success, one strong indicator of performance is membership growth.

With all the financial institution options out there, how many people are choosing GreenState? I'm pleased to report that it was a record-setting year for new member-owners and that our membership growth rate is among the top 1% compared to credit unions nationwide.

Here are a few more highlights for 2021:

- After year one we are well ahead of schedule with our initiative to help close the home ownership gap in Iowa. We set a 10-year \$500 million mortgage goal for people of color and as of year one, we are already at \$72 million.
- We set a record of \$2.6 million in support to local charities.
- Our service scores of member-owners have never been higher.
- We have been recognized as one of the best places to work in Iowa and nationwide.
- We welcomed Oxford Bank & Trust customers and staff to the GreenState family.
- We maintained our position as the #1 auto and home lender in Iowa.

There is one statistic though that scores GreenState near the bottom of the peer list and that is something referred to as "cost of funds." Cost of funds measures how much you pay out to your depositors. For this national ranking, the less you pay your depositors the higher your score is.

I'm pleased to report that for the last several years, no other institution has scored as low as we have. Why is that a good thing? Because it means that our depositors earn more on average than nearly all other credit unions and banks.

I encourage you to visit the "Connect" section of GreenState.org to learn more about your credit union's performance, leadership, and what it is doing in the community. You'll feel good about where you bank.

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



**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 an exceptional staff of dedicated Credit Union team members led by Pat Jacob, Senior VP/ Corporate Oversight. The Audit/Risk Management Committee is independently responsible for monitoring various operational oversight functions of the 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.

As authorized by the Credit Union's bylaws, the Audit/Risk Management Committee retained the accounting firm of BKD LLP to provide external auditing services during the past year. As in prior years, BKD's comprehensive audit report indicated that the Credit Union's financial statements are presented in accordance with generally accepted accounting principles.

The Internal Audit Department is an independent department established within your Credit Union 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 all financial records, operations, and affairs of your Credit Union.

The Internal Audit Department conducts audits of various operational areas of your Credit Union to test and examine the adequacy of internal controls, compliance, and 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.

During October 2021, 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, 2021. 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 2021 joint examination report from the regulators.

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 bi-monthly 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.

All 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.

As a member-owner and as Chair of the Audit/Risk Management Committee, I want you to know that you are represented by a committed, hardworking, and diligent volunteer Board of Directors supported by an exceptionally talented CEO, Executive Team, and the best and brightest team members at all levels with the singular focus of keeping your Credit Union's assets safe, growing, and available to support our member-owners and the communities we serve.



REPORT OF THE CREDIT COMMITTEE

MARK ROLINGER, CHAIR

The Lending Departments of GreenState Credit Union experienced a strong year in 2021 by serving and supporting the credit needs of member-owners throughout the cooperative. Our tiered approach focused on diverse growth through traditional branch and call center channels as well as Commercial, Mortgage, Indirect, and our growing Fintech lending outlet. We continued to grow our personal relationships with our membership as well as ensuring our products were reviewed and our policies were updated. Our branch network continues to expand, including a new full-service Altoona branch opened in the fall of 2021. Additionally, throughout the year, the Account Resolution team continued to implement efficiencies driving down account delinquencies and focusing on reducing charge-offs to protect the assets of the Credit Union.

Efforts continued in 2021 to assist our member-owners through the financial impacts of the ongoing pandemic. Our Member Assistance Center processed over 15,000 Skip-A-Pays and the Account Resolution Loss Mitigation Department processed 68 modification/workouts for our member-owners. Through continuing to assist our membership as well as the ongoing focus on loan quality, GreenState Credit Union ended with a year over year decrease of five basis points in delinquency and nine basis point reduction in net charge-offs. Delinquency and net charge-offs, respectively, ended the year ten and fifteen basis points better than similarly sized credit union peers¹. Additionally, throughout the year, we continued to see many first mortgage loan refinances. Even with this said, our loan growth for 2021 was 26.7%. The combined loan portfolio of GreenState Credit Union as of the close of 2021 totaled \$7.95 billion.

COMMERCIAL LENDING

GreenState Credit Union'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 loan originations; a 70% increase over the prior year.
- Commercial loan balances grew 45% from the previous year ending the year with \$2.37 billion in commercial loan balances.
- Credit quality of the portfolio remains excellent with remarkably low delinquency and minimal charge-offs.
- Staff assisted member-owners through the application/approval/funding process using a third-party vendor for the Paycheck Protection Program with over 608 members receiving much needed loans.

MORTGAGE LENDING

The Mortgage Lending team was extraordinarily busy in 2021 with not only purchase loans, but also a significant number of mortgage refinances. We take great pride in helping our member-owners with their home ownership needs and, due to the market, we were able to either reduce the loan term or the rate for our members allowing additional disposable income each month.

- GreenState Mortgage ended 2021 as the top producer in Iowa with remarkable volume of \$2.695 billion helping over 11,700 families which was an all-time record.
- After a struggle to grow In-House loans in 2020, the Mortgage Department closed over \$895 million in gross In-House volume for a total loan growth of \$166 million; more than tripling their goal.
- Loan portfolio quality remains high with a year-over-year decrease of thirteen basis points in delinquency and five basis point reduction in net charge-offs.

RETAIL AND INDIRECT/DEALERSHIP LENDING

- GreenState ended 2021 as the number one auto lender in Iowa with total automotive loans of \$1,188,337,000; an increase of 25%.
- GreenState also increased home equity production by 7% to \$303 million in 2021.
- GreenState originated \$137 million in Personal Loans; a 50% increase and new record.
- GreenState issued 19,569 new credit cards in 2021; an 85% increase over our previous year.
- 2021 delinquency dollars ended two basis points lower than the previous year while net charge-off dollars experienced double-digit reductions year-over-year driven by a 147% decrease in net charge-off dollars in the Indirect portfolio.
- Indirect dealers increased by 22% bringing our new total to 371 dealers including a focus in the Omaha and Illinois areas.
- GreenState added 2 new Indirect FinTech partners bringing \$30.1 million in production.

FINTech RELATIONSHIPS

GreenState established and deepened relations with our Fintech partners in 2021. These loans fit within our traditional lending lines in the personal loans, personal lines of credit, and automobile lending. By enhancing these relationships, we were able to leverage our excess cash and gain new valuable member-owners. This has been an important piece of our loan growth and we continue to look for ways to build onto this strategy.

We continue to look for new ways to provide superior service to our member-owners including an emphasis with our digital channels. We are 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!

¹Callahan & Associates, Inc.



REPORT OF THE CHIEF FINANCIAL OFFICER ANDRE PERRY

GreenState Credit Union, a financial cooperative, had net earnings of \$199.3 million during business year 2021. This represents a 73% increase when compared to the cooperative's \$115.4 million net income achieved in 2020.

The number of GreenState member-owners increased 33% during 2021 to now exceed 338,000 members. Membership growth, the acquisition of the former Oxford Bank & Trust branches, and the expansion of GreenState member service locations resulted in a 27% increase in total assets which totaled \$9 billion at the close of 2021.

Member-owner equity ended 2021 at \$869.2 million; a 30% increase from the year-end 2020 figure. The cooperative maintains a strong capital position with a total equity to total assets ("capital ratio") of 9.7% on December 31, 2021.

AUDITED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL CONDITION YEARS ENDED 2021 AND 2020

ASSETS	2021	2020
Net Loans	\$7,950,734,000	\$6,264,982,000
Cash & Cash Equivalents	\$555,705,000	\$269,389,000
Federal Home Loan Bank Stock	\$34,233,000	\$35,911,000
NCUSIF Deposit	\$55,875,000	\$46,569,000
Other Assets	\$282,314,000	\$376,830,000
Property and equipment	\$127,730,000	\$118,920,000
Total Assets	\$9,006,591,000	\$7,112,601,000
LIABILITIES AND MEMBERS' EQUITY	2021	2020
Members' Shares and Savings Deposits	\$4,785,629,000	\$3,012,522,000
Members' Certificate and IRA Deposits	\$2,686,125,000	\$2,717,021,000
Federal Home Loan Bank Advances	\$544,815,000	\$610,000,000
Notes Payable	\$60,000,000	\$20,000,000
Other Liabilities	\$60,827,000	\$83,146,000
Members' Equity	\$869,195,000	\$669,912,000
Total Liabilities and Members' Equity	\$9,006,591,000	\$7,112,601,000

CONDENSED STATEMENT OF INCOME YEARS ENDED 2021 AND 2020

	2021	2020
Interest from Loans	\$327,051,000	\$281,095,000
Interest from Investment Securities and Other Interest	\$5,127,000	\$8,353,000
Total Interest Income	\$332,178,000	\$289,448,000
Interest Paid on Borrowed Funds	\$12,593,000	\$13,932,000
Interest Paid on Member Shares and Savings Accounts	\$19,213,000	\$15,200,000
Interest Paid on Member Certificate and IRA Accounts	\$35,977,000	\$63,911,000
Total Interest Expense	\$67,783,000	\$93,043,000
Net Interest Income	\$264,395,000	\$196,405,000
Other Operating Income	\$92,720,000	\$82,716,000
Other Operating Expense	\$138,901,000	\$139,189,000
Provision for Loan Losses	\$18,931,000	\$24,572,000
Net Income	\$199,283,000	\$115,360,000

The complete audited financial statements including the independent auditors' unqualified report are available upon request.

OUR MISSION

To improve the quality of life in communities we serve by promoting the financial well-being of their residents.

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, Director

Wells Fargo Advisors (Retired)

MJ DOLAN, Governance Committee Chair

Iowa Association of Community College (Retired)

LYNSEY ENGELS, Nominating Subcommittee Chair

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, Chief Financial Officer

University of Iowa

MARK ROLINGER, Credit Committee Chair

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

DAVE WRIGHT, Vice Chairperson

Dave Wright Nissan Subaru

LOCATIONS

Iowa Locations

ALTOONA, 104 Eighth Street SE
ANKENY, 2610 SW White Birch Dr
BETTENDORF, 2123 53rd Ave
CEDAR FALLS, 3409 Cedar Heights Dr
CEDAR RAPIDS, 716 A Ave NE
CEDAR RAPIDS, 1400 Blairs Ferry Rd NE
CEDAR RAPIDS, 2340 Edgewood Rd SW
CLIVE, 12333 University Ave
CORALVILLE, 1151 Second St
DAVENPORT, 3902 North Brady St
DES MOINES, 4729 SW Ninth St
DES MOINES, 2805 Beaver Ave
DUBUQUE, 1805 John F Kennedy Rd
DUBUQUE, 2774 University Ave
FORT DODGE, 1207 Central Ave
GRINNELL, 705 Sixth Ave
IOWA CITY, 500 Iowa Ave
IOWA CITY, 825 Mormon Trek Blvd
IOWA CITY, 2525 Muscatine Ave
MARION, 727 Oakbrook Dr
NORTH LIBERTY, 2355 Landon Rd
NORTH LIBERTY, 585 W Penn St
URBANDALE, 7031 Douglas Ave
WATERLOO, 930 Tower Park Dr
WAUKEE, 1085 Hickman Rd
WEST DES MOINES, 390 Jordan Creek Pkwy

Illinois Locations

ADDISON, 115-205 Addison Rd
ADDISON, 1520 West Lake St
ITASCA, 1065 Hawthorn Dr
NAPERVILLE, 2920 83rd St
NAPERVILLE, 1260 Book Rd
OAK BROOK, 1111 W 22nd St, Ste 800
PLAINFIELD, 13440 S Illinois Rte 59
WESTMONT, 6495 South Cass Ave

Equal Housing Opportunity • Federally Insured by NCUA

1-800-397-3790 • GreenState.org