



GreenState
CREDIT UNION

2023

ANNUAL REPORT



FROM THE PRESIDENT VIC ISRANI



As we reflect on the past year and prepare this report, it is impossible not to feel an overwhelming sense of gratitude. Our journey wouldn't have been possible without the unwavering support, dedication, and hard work from each one of you.

To the esteemed members of the Board, your guidance and vision have been the cornerstone of our success. Your commitment to excellence and strategic direction have propelled us forward, even in the face of challenges.

To our exceptional employees, you are the heartbeat of our organization. Your passion, creativity, and tireless efforts have driven innovation and fueled our growth. Each day, you bring your best selves to the table, and for that, we are profoundly grateful.

To our valued members, your trust and loyalty inspire us to continually raise the bar. Your feedback and engagement empower us to better serve your needs and exceed your expectations. We are honored to be a part of your journey.

And finally, to the communities we serve, you are the reason we do what we do. Your support, resilience, and sense of unity have been a source of inspiration. We are deeply committed to giving back and making a positive impact in your lives.

As we move forward, let us carry forward the spirit of gratitude and continue to work together towards a brighter future.

“Our journey wouldn't have been possible without the unwavering support, dedication, and hard work from each one of you.”





REPORT OF THE CHAIRPERSON FRED MIMS



2023 presented several challenges for the banking industry and GreenState was not immune to this. Rapid rate increases led to margin compression and difficult economic conditions caused delinquency in loan portfolios to climb. This resulted in financial losses for the cooperative but we have taken steps to manage our way through these challenges and remain well capitalized.

Despite these turbulent times, GreenState has managed to accomplish much and I would like to share some of those highlights.

- We experienced over \$650 million in organic member deposit growth, and we did so at yields that are very beneficial to our members.
- We attracted nearly 33,000 new members to GreenState, which was a new record for us.
- For the first time ever, our charitable giving topped \$4 million.
- We passed the halfway point in our \$1 billion goal to help close the racial gap in homeownership.
- We were once again recognized as a top workplace.
- We scored in the top 1% of banks and credit unions nationwide for giving back in the form of better rates.

I would like to thank the Board and 900-plus staff for all their perseverance. They have helped 451,000 members with sound financial advice and meaningful products and services.

On September 7, 2023, longtime CEO, Jeff Disterhoft, announced his retirement. After a long search, we welcomed Vic Israni to our CEO position. He assumed this role on March 1, 2024. I encourage you to learn more about our new leader at www.greenstate.org.

As always, we thank our members who allow GreenState to service their financial needs. Your patronage makes it possible for us to serve and give back to the community.



CHARITABLE GIVING
TOPPED **\$4 MILLION**



HALFWAY TO OUR 10-YEAR,
**\$1 BILLION MORTGAGE
GOAL TO SERVE THE
UNDERSERVED.**



RECOGNIZED AS A
TOP WORKPLACE



REPORT OF THE AUDIT/RISK MANAGEMENT COMMITTEE

MJ DOLAN



The Audit/Risk Management Committee is comprised of four members of the Credit Union's elected volunteer Board of Directors. 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, fraud, member complaints, financial records, and information security. Pat Jacob, SVP/Corporate Oversight, serves as the liaison between the Credit Union and the Audit/Risk Management Committee.

The Credit Union's Internal Audit Department is an independent department whose function is to assist management and the Board of Directors by auditing various operational areas to determine the adequacy of internal controls, policies, procedures, and compliance with State and Federal Regulations. Findings and recommendations are reported to management and the Audit/Risk Management Committee. The Internal Audit Department works closely with the Credit Union's Compliance and Risk Department to help ensure risk management practices are aligned with the Credit Union's risk appetite. The Credit Union also engages external, independent auditors to supplement internal audit activities in specialized operational areas such as Finance, Information Technology, Bank Secrecy Act Compliance, and Member Business Lending.

As the Credit Union continues to serve its members, management and the Audit/Risk Management Committee continue to monitor and manage risks. The Internal Audit, Compliance and Risk, and Information Technology Departments meet with the Audit/Risk Management Committee monthly. The Audit/Risk Management Committee also reviews and ensures follow-up by management on findings from the Iowa Division of Credit Unions (IDCU) and National Credit Union Administration (NCUA) exams as well as from the Internal Audit Department and external auditors.

During late November/early December 2023, the Credit Union underwent the annual joint examination by IDCU and the NCUA who reviewed information as of September 30, 2023. The risk-focused exam covered various areas including liquidity, credit, interest rate, transaction, compliance, strategic, and reputation risk. Examiners also analyzed the Board of Directors' and Credit Union management's oversight and operational management of these areas.

Credit Union deposit accounts are federally insured up to \$250,000 by the NCUA. In addition to deposit insurance, the Credit Union maintains Professional Liability Insurance and Fidelity Bond Policy Coverage to further protect member assets.





REPORT OF THE CREDIT COMMITTEE

MARK ROLINGER, CHAIR



GreenState Credit Union takes a diversified lending approach in serving our members across four primary lending areas: Retail, Commercial, Mortgage, and Indirect. Continued inflationary pressure throughout 2023 and interest rates at a 22-year high presented challenges across the industry, including impacts to existing loan portfolios and new loan originations. Consumers are also dealing with higher loan payments due to inflation and the resumption of student loan payments, which affects their available cash flow for repayments. Decreasing auto values nationwide also contributed to higher losses.

These challenges led to an increase in loan delinquency and charge-offs, with the most significant loan quality increases across auto, credit card, and other unsecured loans. While commercial loans did not experience a high amount of charge-offs, delinquency increased year-over-year, and reserves have been set aside for loans that were recognized as impaired. Lending standards were tightened as appropriate throughout 2023 to bolster loan performance, and we continued to assist our members through hardships and financial impacts.

Additionally, in response to the challenges presented with the uncertainty of the economy, safety and soundness continued to be a top priority. GreenState imposed an allotment to each of the lending areas for new originations. In aggregate, GreenState provided over \$2.4 billion in credit to members in our communities in 2023.

As we look forward into 2024, GreenState remains agile and well positioned to serve the financial needs of members. Loan allotments have increased across lending areas to be able to provide additional credit to our members as we continue to navigate through economic uncertainty.

COMMERCIAL LENDING

The Commercial Lending team decreased new loan production and modestly grew the portfolio by 1.8% in 2023, bringing the total loan balances to \$3.1 billion. The focus shifted to portfolio and risk management as the commercial real estate market continues to show signs of volatility.

MORTGAGE LENDING

The Mortgage Lending team takes immense pride in helping our members with their home lending needs. Despite rising interest rates and low housing inventory in 2023, we were able to help over 8,500 members with mortgage financing. With fewer home sales, we saw slightly lower origination volumes compared to years past, but we are pleased to have helped so many members achieve their homeownership goals.

Our lending department continues to be the #1 mortgage originator in Iowa and, with our newly acquired team in the Illinois market, continues to build brand awareness and expand our reach. In 2023, we saw a shift in the type of loan financing we were doing compared to years past. We sold most of our loans to the secondary market, rather than retaining them in-house. As we continue our goal of making homeownership attainable, we have partnered with the Iowa Finance Authority, Illinois Housing Development Authority, and are using our H.O.M.E. (Helping Originate Minority Equity) Program to provide affordable loan options to our members.

GreenState Mortgage helped over 8,500 members for \$1.9 billion in total production.

RETAIL AND INDIRECT/DEALERSHIP LENDING

- GreenState produced 5,229 Home Equity Loans and Lines for \$268 million in 2023.
- We produced 6,566 Personal Loans totaling just under \$70 million.
- We approved and deployed 17,131 credit cards for members.
- We originated 29,114 auto loans totaling \$819 million.
- We added 66 new indirect dealer partners, bringing our total to 580.

Thank you for your continued support of GreenState!



REPORT OF THE CHIEF FINANCIAL OFFICER DREW DENNING



GreenState Credit Union experienced a net loss of \$82.8 million during business year 2023, compared to a net profit of \$40.3 million in 2022. The primary reason is the compression of net interest income due to interest rates on member deposits rising faster than interest rates on member loans. Additionally, the provision for loan losses continues to be higher than historical norm as the credit union, like others in the industry, has experienced higher loan delinquency and charge-offs.

The number of GreenState members increased nearly 10% during 2023 to now exceed 451,000 members. GreenState Credit Union ended 2023 with total assets of \$11.3 billion which is nearly the same amount as the close of 2022.

Member equity ended 2023 at \$785.6 million. Coupled with our secondary capital of \$160 million, this gives the cooperative a total equity to total assets ("capital ratio") of 8.35% on December 31, 2023. The Credit Union maintains a strong capital position and is considered "well-capitalized".

AUDITED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2023 AND 2022

ASSETS	2023	2022
Net Loans	\$9,485,460,000	\$9,897,853,000
Cash & Cash Equivalents	\$1,214,200,000	\$727,105,000
Federal Home Loan Bank Stock	\$82,009,000	\$58,379,000
NCUSIF Deposit	\$79,147,000	\$75,648,000
Other Assets	\$335,064,000	\$384,937,000
Property and Equipment	\$135,340,000	\$134,661,000
Total Assets	\$11,331,220,000	\$11,278,583,000

LIABILITIES AND MEMBERS' EQUITY	2023	2022
Members' Shares and Savings Deposits	\$3,705,475,000	\$4,914,313,000
Members' Certificate and IRA Deposits	\$5,496,511,000	\$4,158,659,000
Federal Home Loan Bank Advances	\$1,090,844,000	\$1,149,820,000
Notes Payable	\$160,000,000	\$60,000,000
Other Liabilities	\$92,769,000	\$86,316,000
Members' Equity	\$785,621,000	\$909,475,000
Total Liabilities and Members' Equity	\$11,331,220,000	\$11,278,583,000

CONDENSED STATEMENT OF INCOME, YEARS ENDED 2023 AND 2022

	2023	2022
Interest from Loans	\$468,497,000	\$409,951,000
Interest from Investment Securities and Other Interest	\$40,433,000	\$16,228,000
Total Interest Income	\$508,930,000	\$426,179,000
Interest Paid on Borrowed Funds	\$50,230,000	\$29,433,000
Interest Paid on Member Shares and Savings Accounts	\$73,054,000	\$46,135,000
Interest Paid on Member Certificate and IRA Accounts	\$167,321,000	\$41,463,000
Total Interest Expense	\$290,605,000	\$117,031,000
Net Interest Income	\$218,325,000	\$309,148,000
Other Operating Income	\$75,508,000	\$76,689,000
Other Operating Expenses	\$218,876,000	\$201,940,000
Provision for Loan Losses	\$157,710,000	\$143,617,000
Net Income	\$(82,753,000)	\$40,280,000

The complete, audited financial statements, including the independent auditors' unqualified report, are 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)

LYNSEY ENGELS, Vice-Chairperson

Mel Foster Co.

LAUREL DAY, Secretary

Cedar Rapids Community School District (Retired)

DREW DENNING, Chief Financial Officer

Wells Fargo Advisors (Retired)

MJ DOLAN, Audit/Risk Management Committee Chairperson

Iowa Association of Community College (Retired)

MARC MOEN, Director

Moengroup

DICK NOBLE, Director

GreenState Credit Union (Retired)

TIFFANY O'DONNELL, Director

Women Lead Change

MARK ROLINGER, Credit Committee Chair

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

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

Equal Housing Opportunity • Federally Insured by NCUA

1-800-397-3790 • GreenState.org