



GreenState
CREDIT UNION

2020 ANNUAL REPORT



GreenState
FAMILY FIELDHOUSE





FROM THE PRESIDENT JEFFREY A. DISTERHOFT

As we reflect on the year that was, we are excited to share with you the accomplishments and accolades that made 2020 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 members, communities, and employees to the best of our ability. And while we believe we served those groups well in 2020, there is no doubt that our success is dependent on the contributions of the very people we strive to serve: our employees, communities, and member-owners.

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 250,000 member-owners and continue to come forward with ideas to improve upon that service.

We are grateful to each of the **communities** we serve throughout Iowa. 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.

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.

In closing, we are also 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, communities, and membership 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.





REPORT OF THE CHAIRPERSON FRED MIMS



2020 was a year that will not soon be forgotten. Civil unrest, a global pandemic, and a derecho storm made it difficult for all of us. But it was an opportunity for our cooperative to step up and deliver on its promise to serve our members, our staff, and the community in even greater ways.

Here are just some of the efforts made to assist those in need in 2020.

- Over \$3 million lent out in 0% personal hardship loans
- \$2.6 million donated to local charities, including \$430,000 specifically to COVID relief efforts
- \$9 million in loan payment deferrals handled without charging a processing fee
- Over \$550,000 in waived fees

While these figures are impressive, it does not account for the extra hours, emotional conversations, and adoption of new processes required to keep us all safe in a COVID-19 world. For all those moments that will go unnoticed, the Board of Directors thanks the 623 dedicated professionals of GreenState.

Through it all, the performance of GreenState has been strong as you will see in this annual report. Growth is steady, our financials have never looked better, member service scores are healthy, and staff engagement levels are high. We have weathered a storm and continue to press on.

When the storm passes, our commitment to community does not. GreenState's growth, combined with the lessons of 2020, has given us the knowledge and capacity to commit to even greater giveback in the years to come. Our recently released 'Community Impact Statement' sets a goal of investing \$500 million over the next decade to help close Iowa's racial homeownership gap. In addition, there is a \$20 million commitment of targeted community investments in three areas:

- \$9 million for Racial, Immigrant, and Refugee Equity
- \$6 million for Affordable Housing and Financial Inclusion for Every Iowan
- \$5 million for Climate and Environmental Sustainability

We understand that when it comes to financial services, you have thousands of options. We hope the information in this report makes you proud to have chosen GreenState. After all, without your patronage, none of this would be possible.

On behalf of your 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 RSM US LLP to provide external auditing services during the past year. As in prior years, RSM'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 2020, the Credit Union underwent a joint examination by the State of Iowa Credit Union Division and the NCUA, as of September 30, 2020. 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 Directors and Credit Union management's oversight and operational management of these areas. GreenState Credit Union received a very positive 2020 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 Share Insurance Fund (NCUSIF). 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 members and the communities we serve.



REPORT OF THE CREDIT COMMITTEE

LYNSEY ENGELS

The Lending Departments of GreenState Credit Union experienced a strong year in 2020 by serving and supporting the credit needs of member-owners throughout the State of Iowa and beyond. Our tiered approach focused on diverse growth through traditional branch and call center channels as well as Commercial, Mortgage, Indirect, Merchant Lending, and through our new 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. As our branch network expanded in the Des Moines Metro Area along with our Fort Dodge market, it allowed us to serve additional members utilizing our lending platforms and to put our members in a better financial position. 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.

Working through the pandemic and the derecho clearly had its hurdles, and our members had needs arise due to these circumstances. In an effort to assist our members through these challenging times, we implemented such things as the following: deferments on their loans, waived fees, hardship loans, reduced or no closing costs, and PPP loans for our commercial clients through a third-party vendor. We continued to see a large number of first mortgage loan refinance consolidations which were sold to the secondary market. Even with this said, our loan growth for 2020 was 14.4%. The combined loan portfolio of GreenState Credit Union as of 12/31/20 was \$6,291,991,112.

COMMERCIAL (BUSINESS) LENDING:

GreenState Credit Union's Business Lending team was able to record one of its highest years of loan production while still maintaining a significant loan portfolio. Business lending is continuing to enhance its product offerings and services to support the needs of the business community.

- Loan originations increased by 41% over the previous year.
- Commercial loan balances grew 35% from the previous year.
- Credit quality of the portfolio remains excellent with remarkably low delinquency and minimal charge offs.
- A small business lending option was adopted in 2020.
- Staff assisted members through the application/approval/funding process using a third-party vendor for the Paycheck Protection Program with over 400 members receiving much needed loans.

MORTGAGE LENDING

The Mortgage Lending team was extraordinarily busy in 2020 with not only purchase loans, but also a significant number of mortgage refinances. We take great pride in helping our members 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 2020 as the top producer in Iowa with record production of \$2.6 billion, helping over 11,350 families.
- Loan volume was up 53%; an increase of approximately \$900 million.
- Loan portfolio quality remains high with a year-over-year decrease in delinquency while net charge-offs were flat to slightly up.

RETAIL AND INDIRECT/DEALERSHIP LENDING

- GreenState ended 2020 as the number one auto lender in Iowa with total automotive loans of \$947 million; an increase of 54%.
- GreenState also increased our home equity production to \$283 million in 2020 for a 38% increase.
- GreenState originated \$71 million in Personal Loans; a \$4 million decrease from 2019.
- GreenState issued over 10,550 new credit cards in 2020; a 37% increase from our previous year.
- GreenState's Merchant Lending division produced \$20 million in loans in 2020; a 230% increase year over year.
- Both delinquencies and net charge-offs experienced double-digit percentage decreases year-over-year, including a remarkable improvement in the Indirect portfolio.

FINTECH RELATIONSHIPS

GreenState established several relationships with Fintech partners in 2020. These relationships allowed us to leverage our cashflow. These loans fit within our traditional lending lines in the personal loans, personal lines of credit, and car loan categories. We look to enhance these partnerships in the future as well as look to find additional sources of loans to allow us to serve more members.

In a year with so many obstacles, we are very proud that we could serve members to the extent we were able to and we are proud to share our 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!



REPORT OF THE CHIEF FINANCIAL OFFICER ANDRE PERRY

GreenState Credit Union, a financial cooperative, had net earnings of \$115.4 million during business year 2020. This represents a 33% increase when compared to the cooperative's \$86.6 million net income achieved in 2019.

The number of GreenState member-owners increased 26% during 2020 to now exceed 260,000 members. Membership growth, the acquisition of the former First American Bank branches, and the expansion of GreenState member service locations resulted in a 24% increase in total assets which totaled \$7.1 billion at the close of 2020.

Member-owner equity ended 2020 at \$669.9 million, a 24% increase from the year-end 2019 figure. The cooperative maintains a strong capital position, with a total equity to total assets ("capital ratio") of 9.70% on December 31, 2020.

AUDITED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
Net Loans	\$6,264,982,000	\$5,312,133,000
Cash & Cash Equivalents	\$269,389,000	\$114,084,000
Federal Home Loan Bank Stock	\$35,911,000	\$45,734,000
NCUSIF Deposit	\$46,569,000	\$38,148,000
Other Assets	\$376,830,000	\$150,718,000
Property and equipment	\$118,920,000	\$96,357,000
Total Assets	\$7,112,601,000	\$5,757,174,000

LIABILITIES AND MEMBERS' EQUITY	2020	2019
Members' Shares and Savings Deposits	\$3,012,522,000	\$1,562,518,000
Members' Certificate and IRA Deposits	\$2,717,021,000	\$2,768,385,000
Federal Home Loan Bank Advances	\$610,000,000	\$830,000,000
Notes Payable	\$20,000,000	\$0
Other Liabilities	\$83,146,000	\$41,718,000
Members' Equity	\$669,912,000	\$554,553,000
Total Liabilities & Members' Equity	\$7,112,601,000	\$5,757,174,000

CONDENSED STATEMENT OF INCOME YEARS ENDED 2020 AND 2019

	2020	2019
Interest from Loans	\$281,095,000	\$243,275,000
Interest from Investment Securities and Other Interest	\$8,353,000	\$7,161,000
Total Interest Income	\$289,448,000	\$250,436,000
Interest Paid on Borrowed Funds	\$13,932,000	\$17,112,000
Interest Paid on Member Shares and Savings Accounts	\$15,200,000	\$13,831,000
Interest Paid on Member Certificate and IRA Accounts	\$63,911,000	\$70,386,000
Total Interest Expense	\$93,043,000	\$101,329,000
Net Interest Income	\$196,405,000	\$149,107,000
Other Operating Income	\$82,716,000	\$59,166,000
Other Operating Expense	\$139,189,000	\$96,490,000
Provision for Loan Losses	\$24,572,000	\$25,233,000
Net Income	\$115,360,000	\$86,550,000

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

LOCATIONS

WESTSIDE IOWA CITY, 825 Mormon Trek Blvd.
DOWNTOWN IOWA CITY, 500 Iowa Ave.
EASTSIDE IOWA CITY, 2525 Muscatine Ave.
CORALVILLE, 1151 2nd St.
NORTH LIBERTY, 585 W. Penn St.
NORTH LIBERTY FINANCIAL CENTER, 2355 Landon Rd.
GRINNELL, 705 6th Ave.
CEDAR RAPIDS NORTH, 1400 Blairsferry Rd. NE
DOWNTOWN CEDAR RAPIDS, 716 A Ave. NE
WESTDALE, 2340 Edgewood Rd. SW
MARION, 727 Oakbrook Dr.
CEDAR FALLS, 3409 Cedar Heights Dr.
WATERLOO, 930 Tower Park Drive
DUBUQUE, 1805 John F Kennedy Road
DAVENPORT, 3902 N Brady Street
BETTENDORF, 2123 53rd Ave.
WEST DES MOINES, 390 Jordan Creek Pkwy.
WAUKEE, 1085 Hickman Rd.
ANKENY, 2610 SW White Birch Dr.
CLIVE, 12333 University Ave.
DES MOINES BEAVERDALE, 2805 Beaver Ave.
DES MOINES, 4729 SW 9th St.
URBANDALE, 7031 Douglas Ave.
FORT DODGE, 1207 Central Ave
FORT DODGE, 114 N 27th St.

BOARD OF DIRECTORS

BARRY BOYER, Van Meter Inc. (Retired)
LAUREL DAY–Cedar Rapids Community School District
DREW DENNING, Wells Fargo Advisors (Retired)
MJ DOLAN–Iowa Association of Community College Trustees (Retired)
LYNSEY ENGELS–Mel Foster Co.
ANDRE PERRY–The Englert Theatre
FRED MIMS–University of Iowa Athletic Department (Retired)
MARC MOEN–Moengroup
LORAS NEUROTH–Independent Insurance Services (Retired)
MARK ROLINGER–Redfern, Mason, Larsen & Moore, P.L.C.
DAVE WRIGHT–Dave Wright Nissan Subaru

GREENSTATE’S TAX BENEFIT: IS IT WORTH IT TO IOWANS?

	GREENSTATE	IOWA AVERAGE	ANNUAL GREENSTATE BENEFIT TO IOWANS¹
AVE. LOAN RATE	4.88%	4.94%	\$3,864,000
AVE. DEPOSIT RATE	1.87%	0.42%	\$72,456,500
			\$76,320,000

SOURCE: NATIONAL CREDIT UNION ADMINISTRATION
¹BASED ON ACTUAL GREENSTATE BALANCES.

Equal Housing Opportunity • Federally Insured by NCUA
1-800-397-3790 • GreenState.org