



GreenState
CREDIT UNION

2019 ANNUAL REPORT



FROM THE PRESIDENT JEFFREY A. DISTERHOFT

On the cover: Putting 'GREEN' in the State

We are teaming up with Trees Forever to plant a tree for every new member that joins GreenState! Help us put more green in our state and encourage your friends and family to join. If you are interested in helping with tree plantings, please call Trees Forever 319-373-0650. If you'd like to carry out a planting project, please apply on our website. Grants will be awarded from \$500 to \$5,000 per project. Everything from schools to county parks will be considered.

As we reflect on the year that was, we are excited to share with you the accomplishments and accolades that made 2019 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 served those groups well in 2019, 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.

And 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 members and our communities, and tireless in their contributions. They have truly dedicated themselves to providing the highest level of service to our 208,000 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 Eastern 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.

Respectfully submitted,
Jeffrey A. Disterhoft, President / CEO





**REPORT OF THE
CHAIRPERSON
SARAH FISHER GARDIAL**

Sarah Fisher Gardial

2019 marked the beginning of an exciting new chapter for our financial cooperative. In our 81st year of service, University of Iowa Community Credit Union became GreenState Credit Union. We met the deadlines set by legislators and even came in under budget.

While this was a sizeable task, the patience and support of our members helped to make the process run smoothly. While we will never forget where our roots were planted, we are excited about our future growth potential.

But why is growth a good thing? It is often noted in the world of business that growth leads to less focus on giveback and more on the bottom line. Many organizations that become large tend to self-direct their priorities.

At GreenState, we do things a bit differently. Our growth has led to some wonderful things:

- **Taking Care of our Members:** 10 years ago, GreenState scored in the top 1% of all financial institutions in the United States for returning profits back in the form of better rates on loans and deposits. Today we still hold that distinction.
- **Taking Care of our Staff:** Engaged employees improve service to our members. The *Des Moines Register* has named GreenState a Best Workplace in Iowa 5 years straight. This isn't one of those pay-to-play awards; it comes directly from scoring surveys given to GreenState staff.
- **Taking Care of our Communities:** As we grow, so too does our budget for giving back. In 2007 our charitable budget was \$78,000. In 2019 it was \$1.7 million. We have supported over 500 local charities with monetary support and thousands of volunteer hours.

In 2019 we began the process of acquiring First American Bank. This union brought together two financial institutions that originated in Iowa back in the 1930's. Together as GreenState we will be able to do wonderful things for the three stakeholders mentioned above. The future is indeed a bright one.

On behalf of our staff and volunteer board, we thank you for your membership and look forward to a great year ahead.

Respectfully submitted,
Sarah Fisher Gardial, Chairperson



**REPORT OF THE
AUDIT COMMITTEE
FRED MIMS**

W.F. Mims

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

Your Credit Union also conducts internal audits of all areas of GreenState to evaluate the adequacy of internal controls, adherence to internal policies and procedures, as well as compliance with state and federal rules and regulations. The Credit Union also engages external auditors to supplement internal audit activities in specialized areas such as information technology and member business lending. The Audit Committee wishes to commend the Internal Audit department for their continued good work on behalf of the Credit Union's membership.

During November 2019, the Credit Union underwent a joint examination by the Iowa Credit Union Division and the NCUA, as of September 30, 2019. This exam focuses on financial risk areas and your Board of Directors and Credit Union management's oversight and operational management of these areas. The exam focused on GreenState's lending and investment policies, its asset – liability management policies, and its ongoing performance as measured by several key financial ratios such as earnings and capital adequacy. Your Credit Union received a favorable examination report from its regulators.

As your Credit Union continues to successfully grow, management and the Audit Committee has taken steps to ensure risks to the cooperative are appropriately recognized and managed. The Compliance and Risk department, as well as Internal Audit, reports issues and activities regularly to the Audit Committee. The Audit Committee also reviews and ensures follow up by management on findings from the Iowa Credit Union Division and NCUA exams as well as from our internal audit department.

All Credit Union 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 also maintains a multi-million dollar faithful performance bond, which provides coverage for our professional staff and volunteer directors.

Respectfully submitted,
Fred Mims, Chair, Audit Committee



REPORT OF THE CREDIT COMMITTEE

LORAS NEUROTH, CHAIR

The Lending Departments of GreenState Credit Union experienced another solid year in 2019 by serving and supporting the credit needs of member owners throughout the State of Iowa and beyond. Our team of highly qualified and trained employees take pride in building meaningful relationships to deliver on expectations of our member owners. Products, policies, and procedures are continually reviewed and refreshed. We are proud of our continued improvement efforts as our goal is to assist our members and communities and to protect the assets of our member owned Credit Union. The Account Resolution team continues to focus on implementation of efficiencies and workflows driving down account delinquencies and focusing on reducing charge offs to protect the assets of the Credit Union

2019 was a year of slower loan growth primarily due to record low fixed rate mortgage loans being sold into the secondary market. Having written that the combined loan portfolio of GreenState Credit Union did experience an increase of 6.6% to \$5,338,711,000.

MEMBER COMMERCIAL (BUSINESS) LENDING:

GreenState Credit Union achieves and maintains a strong portfolio of products and services to support the needs of the business community, while fostering growth within the many communities we serve.

- Loan originations increased by 34% over the previous year.
- Commercial loan balances grew 13% in 2019 to \$1,210,345,000.
- Credit quality of the portfolio is excellent with exceptionally low delinquency and minimal charge offs.

MORTGAGE LENDING

The mortgage team takes great pride in serving member owners with their home loan needs. This is brought to focus by a Mission Statement committed to providing products and services to meet specific needs at the best rates and fees possible, all while providing superior service.

- GreenState Mortgage ended 2019 as the top producer in Iowa with record production of \$1.7 billion, helping over 7,600 families.
- Loan volume was up 49%, an increase of \$484,346,153.

RETAIL AND INDIRECT/DEALERSHIP LENDING

- We ended 2019 the number one auto lender in Iowa with total automotive loans of \$613,000,000.
- GreenState was the leading home equity lender in Eastern Iowa with new originations of \$205,000,000 in 2019.
- GreenState supported and served member owners in 2019 originating Bridge Loans of \$38,000,000 and individual Personal Loans of \$75,000,000.
- Over 7,700 NEW credit cards were opened in 2019, allowing a record number of member owners to carry a card that is priced well below the national average.

As noted by the above stats, as a cooperatively owned "Credit" Union we get the opportunity to HELP our member owners purchase cars to get to and from work, purchase homes to shelter their families, finance family needs and dreams, and fund business ventures to support jobs and growth. GreenState takes pride in our professional team members, our member owners, and the communities where we live and work.

Thank you for continued opportunity to serve you!

Respectfully submitted,
Loras Neuroth, Chair, Credit Committee



**REPORT OF THE CHIEF
FINANCIAL OFFICER
ANDRE PERRY**

GreenState Credit Union, a financial cooperative, earned net income of \$86.5 million during business year 2019. That is a 15% increase when compared to the cooperative’s \$75.4 million net income during 2018.

The number of GreenState member-owners increased 10% during 2019 to exceed 206,200 members. Membership growth and expansion of GreenState member service locations resulted in a 7% increase in total assets which totaled \$5.8 billion at the close of 2019.

Member-owner equity is \$554.6 million, a 18% increase during 2019. The cooperative maintains a strong capital position, with a total equity to total assets (“capital ratio”) of 9.63% on December 31, 2019.

Respectfully submitted,
Andre Perry, Chief Financial Officer

AUDITED FINANCIAL STATEMENTS

**CONDENSED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2018 AND 2019**

ASSETS	2019	2018
Net Loans	\$5,312,133,000	\$4,981,996,000
Cash & Cash Equivalents	\$114,084,000	\$122,799,000
Federal Home Loan Bank Stock	\$45,734,000	\$43,405,000
NCUSIF Deposit	\$38,148,000	\$34,234,000
Other Assets	\$150,718,000	\$100,092,000
Property and equipment	\$96,357,000	\$94,825,000
Total Assets	\$5,757,174,000	\$5,377,351,000

LIABILITIES AND MEMBERS’ EQUITY	2019	2018
Members’ Shares and Savings Deposits	\$1,562,518,000	\$1,382,447,000
Members’ Certificate and IRA Deposits	\$2,768,385,000	\$2,721,564,000
Federal Home Loan Bank Advances	\$830,000,000	\$765,000,000
Other Liabilities	\$41,718,000	\$40,337,000
Members’ Equity	\$554,553,000	\$468,003,000
Total Liabilities & Members’ Equity	\$5,757,174,000	\$5,377,351,000

**CONDENSED STATEMENT OF INCOME
YEARS ENDED 2018 AND 2019**

	2019	2018
Interest from Loans	\$243,275,000	\$211,547,000
Interest from Investment Securities and Other Interest	\$7,161,000	\$6,149,000
Total Interest Income	\$250,436,000	\$217,696,000
Interest Paid on Borrowed Funds	\$17,112,000	\$15,907,000
Interest Paid on Member Shares and Savings Accounts	\$13,831,000	\$11,458,000
Interest Paid on Member Certificate and IRA Accounts	\$70,386,000	\$52,793,000
Total Interest Expense	\$101,329,000	\$80,158,000
Net Interest Income	\$149,107,000	\$137,538,000
Other Operating Income	\$59,166,000	\$48,909,000
Other Operating Expense	\$96,490,000	\$89,981,000
Provision for Loan Losses	\$25,233,000	\$21,070,000
Net Income	\$86,550,000	\$75,396,000

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

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
HIAWATHA, 405 S. Blairsferry Crossing
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, 2805 Beaver Ave.
DES MOINES SOUTH, 4729 SW 9th St.
URBANDALE, 7031 Douglas Ave.
FORT DODGE, 1207 Central Ave
FORT DODGE, 114 N 27th St.
DUBUQUE, 1805 John F Kennedy Rd.

BOARD OF DIRECTORS

THE LATE DEAN BORG—Iowa Public Radio (retired)
LAUREL DAY—Cedar Rapids Community School District
MJ DOLAN—Iowa Association of Community College Trustees
LYNSEY ENGELS—Mel Foster Co.
SARAH FISHER GARDIAL—University of Iowa Tippie College of Business
ANDRE PERRY—The Englert Theatre
FRED MIMS—University of Iowa Athletic Department (retired)
MARC MOEN—Moen Group
LORAS NEUROTH—Independent Insurance Services (retired)
MARK ROLINGER—Redfern, Mason, Larsen & Moore, P.L.C.
DAVE WRIGHT—Dave Wright Nissan Subaru



Dean Borg (04/21/1938 – 03/22/2020)

Dean served on GreenState's Board of Directors for 39 years. His extensive knowledge and passion for helping others played a great role in the foundation of the credit union today.

Besides serving on our Board of Directors, Dean was a broadcast journalist whose work with Iowa Public Television, Iowa Public Radio, and NPR brought news and perspective to Iowans and the nation. He contributed extensive volunteer time to public education including representing nine Midwest states on the national school board of directors. Dean retired from the University of Iowa's professional and scientific staff and retired USAF Lieutenant Colonel. He also served on the UI Retirees Association Board of Directors. He held degrees from Iowa State University and The University of Iowa and was awarded ISU's Distinguished Alumni Award, the highest honor to an alumnus. Dean will be remembered for his lifelong engagement in community service and his passion for helping others.

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

	GREENSTATE	IOWA AVERAGE	ANNUAL GREENSTATE BENEFIT TO IOWANS ²
AVE. LOAN RATE	4.88%	4.94%	\$3,400,000
AVE. DEPOSIT RATE	1.73%	0.36%	\$68,500,000
AVE. FEES ¹	1.05%	0.67%	\$24,700,000
			\$47,200,000

SOURCE: NATIONAL CREDIT UNION ADMINISTRATION

¹EXPRESSED AS % OF ASSETS.

²BASED ON ACTUAL GREENSTATE BALANCES.

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