

## AUDIT COMMITTEE REPORT

Gary Schocker, Audit Committee Chairperson

The Audit Committee is charged with overseeing the internal operations of the credit union to ensure compliance with federal and state regulations as well as credit union bylaws. To assist in this responsibility, the committee has engaged the services of Petersen & Associates, a certified public accounting firm. Petersen & Associates employs a variety of audit procedures in reviewing the operations of the credit union, the financial statements and corresponding records. We are pleased to report that no major discrepancies were found during the annual audit of Ascentra Credit Union.

The credit union engaged ViClarity LLC during 2022 to conduct a Bank Secrecy Act audit. We were very pleased with the outcome of this audit. During 2022, ViClarity also completed a Safe Act audit and an ACH audit, all of which were very favorable.

The credit union engaged a company called Trace Security to conduct our annual security risk assessment. This assessment contains very favorable results of which we are most proud. Monthly social engineering tests were conducted with very good results which demonstrated diligence on behalf of the entire staff surrounding social engineering issues. Shazam performed an external penetration test and reported no major concerns. In addition, RSM LLP performed a security review of Office 365 with acceptable results. RSM also performed an IT general controls assessment with no material concerns. And lastly, they performed a cloud and web application penetration test and external vulnerability assessment with no major concerns reported.

The National Credit Union Share Insurance Fund (NCUSIF) provides deposit insurance coverage per individual account holder, per federally-insured credit unions. Properly established member accounts in federally-insured credit unions are insured up to the Standard Maximum Share Insurance Amount (SMSIA) of \$250,000. Ascentra Credit Union is a federally-insured credit union that is categorized as "Well Capitalized" with a 9.68 percent net worth ratio at year end 2022.

In closing, I am pleased to report to the membership of Ascentra Credit Union these positive results representing the safety and soundness of Ascentra Credit Union.

I want to thank my fellow Audit Committee Members, Bob Lee and Tameka Toney for their time this past year serving on the committee.



Staff members are given \$50 each to "be the light" for someone through a random act of kindness!

We had **100%** participation among our staff this year!

## CREDIT COMMITTEE REPORT

Troy Smith, Credit Committee Chairperson

In 2022, Ascentra Credit Union disbursed \$168 million in loans. As we came out of the pandemic, our members continued to use our electronic services to apply for and electronically sign loan documents. Consumer lending rates remained low, auto loans were in high demand, and mortgage and home equity rates began to rise. This resulted in an increase in loans for the year of \$68.2 million, or 22.02 percent over 2021, with total loans at year end coming in at \$377.8 million.

This past year turned to a purchase market instead of a refinance boom as rates increased. Our adjustable rate mortgage product set us apart from others. We closed 418 mortgage loans throughout the year. Total mortgage production for 2022 was \$63.7 million. We ended the year with a serviced mortgage portfolio of \$266.7 million and an in-house portfolio of \$132.5 million, an increase of over \$41 million from 2021.

Our Home Equity Line of Credit (HELOC) rate changed each quarter, as the prime rate was increased multiple times throughout the year. We continued to see members applying for HELOCs despite the rising rates, which increased the portfolio by \$2.3 million. In 2022, we closed 235 home equity loans with approximately \$11.9 million in available lines of credit.

We continued to grow our business loan portfolio and funded 187 loans throughout the year. In 2022, we originated over \$14.7 million in gross member business loan volume, and the member business line of credit added \$5.1 million in available lines of credit to our portfolio.

Our Member Solutions department continued to help our members through the financial difficulties they were experiencing by offering an extension, skip-a-pay, or a forbearance. Member Solutions recovered over \$331,000 in charge offs and ended the year with a delinquency ratio of .84 percent, an increase from .36 percent in 2021.

I want to thank my fellow committee members, Mary Soeder, Brett Carter and Mike Reyes for all their hard work. Thank you for your use of the credit union products and services last year.

# LISTENING, CARING, DOING WHAT'S RIGHT IT'S WHO WE ARE



## IN THE COMMUNITY



Ascentra staff participated in the **Holiday Stroll** - even Jumpin' George was there!

Ascentra supports **Junior Achievement** by participating in JA's Bowl-A-Thon each year!



 **Ascentra**  
credit union

**Annual Report  
2022**

## 2022 YEAR IN REVIEW

**Board of Directors,**  
**Larry Ridenour, Chairperson**  
**Linda Andry, President & CEO**

As your Chairperson and President/CEO, we are proud of the work our Ascentra team has accomplished over the past year, balancing an exceptionally large system upgrade project while maintaining a high level of service to our membership! At Ascentra, it is our goal to balance and direct our financial resources across three very important areas: **our members, our staff, and our communities.** We accomplish this by maintaining steady growth while being mindful of the financial stability of the credit union. Ascentra ended 2022 with a net worth ratio of 9.68 percent, which is measured as very well capitalized by the Iowa Division of Credit Unions and the National Credit Union Administration (NCUA). This is something our Board and Senior Management Team are very proud of as it allows us to keep investing in great products and services for our members, investing in the well-being of our staff, and continuing to make an impact in the communities we serve.

Ascentra Credit Union finished the year with over \$869 million in assets under management between the credit union, \$527.5 million, FHLB serviced mortgage portfolio, \$267 million, Ascentra Retirement & Investment Services, \$32 million, and First Community Trust, \$42 million. During 2022, despite the Fed raising interest rates at a very fast pace, our entire Ascentra lending team worked diligently to provide excellent and efficient service to our members purchasing homes or vehicles, expanding their business, or just needing an unsecured loan to help with day-to-day living expenses. Overall loan growth was an astonishing \$68.2 million during the year, with total loans to members reaching \$377.8 million at year end. We thank our members for partnering with Ascentra for all of their lending needs as we are committed to our value proposition to our membership - providing savings to families who use our products and services.



Much of 2022 was focused on upgrading our core processing system to a platform that will serve the needs of our credit union and members for many years to come. At some point during the project, every Ascentra staff member contributed to the success of the system upgrade. Countless hours were given by our upgrade team, many working late into the evenings for several months during the peak of the project. We personally want to thank our staff for their hard work, dedication, and commitment to the project, delivering a solid core processing system and a seamless transition for our membership.

Ascentra also welcomed a new Chief Financial Officer (CFO) to our team! After a nationwide search, Quad Cities native Beth Grabin joined our team on June 7, 2022, replacing Jay England who retired later that month. Beth has two decades of experience in regulatory and financial reporting, extensive experience working in financial institutions, and is an avid volunteer in our community. In a very short period of time, Beth has made several contributions to the mission of Ascentra, and we look forward to serving our members together for years to come.

Community support is incredibly important to all of us at Ascentra, and we strive to partner with organizations who already have the infrastructure in place to best serve individuals in need. This past year we were blessed with an opportunity through our partnership with Visa® to direct \$100,000 to local organizations as part of Visa's Community Investment Program.

Ascentra directed funds to four different foundations already doing great work in our service areas of Clinton, Muscatine and the Quad Cities. The organizations receiving \$25,000 each were the Quad Cities Community Foundation (Community Impact Fund), the Community Foundation of Greater Muscatine (Muscatine Charities), the River Bluff Community Foundation (Non-Endowed Impact Fund) and the Iowa Credit Union Foundation. Ascentra was honored to share these incentives with such wonderful organizations to help them fund their initiatives and continue to make a difference in our communities.

In 2022, the Ascentra Credit Union Foundation gave \$186,500 in donations and grants, including multi-year commitments to Junior Achievement of the Heartland and Girl Scouts of Eastern Iowa and Western Illinois. Food insecurity became a challenge as stimulus monies ended and the cost of feeding families increased. The River Bend Food Bank received a grant of \$50,000 from our foundation to assist in improving their facility and infrastructure that houses the food donations and the logistics for serving multi-county food pantries. Since its creation in 2014, the Ascentra Credit Union Foundation has awarded over \$849,000 in grants and donations. In September, we held our 8th Annual Paul & Dale's Hack N' Give Back Golf Outing (formerly the Paul Lensmeyer Golf Outing), which over the years has raised \$184,167 to support meaningful programs in our area.

Each year, Ascentra has an auto loan promotion during the holidays, committing \$50 per new loan as a donation to a local non-profit and \$50 to our member for bringing the auto loan to Ascentra. In 2022, the "Ride 50" campaign raised awareness of the impact the Salvation Army's programs are making in the communities we both serve. With the loyalty of our membership, Ascentra's nine branches processed 338 auto loans which raised \$16,900! These donations were allocated accordingly to the Davenport, Moline, Muscatine, and Clinton programs. In recognition of our continued partnership, the Salvation Army presented Ascentra Credit Union with a Community Partner Award after this year's campaign. A big thank you and congratulations to our members for helping us help others!

In addition, our staff are very passionate about volunteering and helping others in their time of need. Collectively, our staff donated over \$13,000 through our Casual for a Cause program and another \$9,000 in support of United Way. Staff also participates in a "Be the Light" event in the fall, each utilizing \$50 provided by the credit union to bless individuals or organizations in need. We had 100 percent participation by our staff and the impact in our communities was outstanding!

As a member of Ascentra, you belong to a cooperative who, in 2022, was named by Forbes Magazine as the #1 Credit Union in Iowa. We take considerable pride in this recognition! At Ascentra, we take the credit union movement's philosophy of people helping people to heart. We are always striving to find new ways to meet our members where they are. It takes forward thinking and flexibility to offer the right products, services and promotions to meet their unique needs and to help them stay financially healthy.

Thank you for your membership, patronage, and confidence.  
**Together we are Ascentra!**

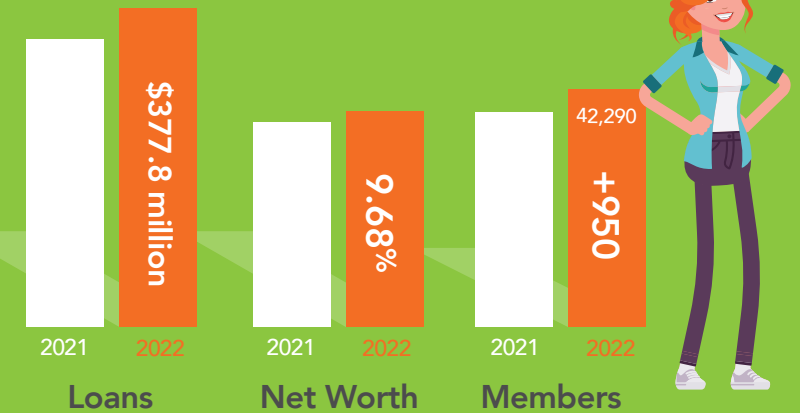
### BOARD OF DIRECTORS

Larry Ridenour, <i>Chairperson</i>	<b>Board Members</b>
Tom Gibbs, <i>Vice-Chairperson</i>	Brett Carter
Joyce Carr, <i>Secretary</i>	Bob Lee
Mary Soeder, <i>Treasurer</i>	Gary Schocker
	Troy Smith
	Tameka Toney
	<b>Associate Board Member</b>
	Mike Reyes

## FINANCIAL SUMMARY

The financial performance of Ascentra Credit Union showed positive results for 2022. At the end of 2022 we are 42,290 members strong with nine branch locations to serve our membership! Loans to members totaled \$377.8 million at year end 2022, increasing \$68.2 million, or 22.0 percent compared to 2021. Great rates on mortgage products and consumer loan products continue to serve our members well. As remaining stimulus funds were depleted throughout 2022, this resulted in share balances decreasing \$3.6 million, or 0.8 percent. Total assets decreased \$6.5 million or 1.22 percent, ending at \$527.5 million. Equity balances decreased \$844 thousand, or 1.72 percent, due to the rate environment's impact on our unrealized gain (loss) on investments. Ascentra Credit Union remains very well capitalized with a net worth ratio of 9.68 percent.

The complete Statement of Financial Condition appears below:



### Statements of Income and Expenses Year ended December 31, 2022 (UNAUDITED) AND 2021

	2022	2021
<b>INCOME</b>		
Interest on Loans	\$ 15,732,749	\$ 13,981,017
Investment Income	\$ 2,627,650	\$ 1,233,334
Fee Income	\$ 3,599,118	\$ 3,130,593
Other Income	\$ 7,386,077	\$ 8,811,446
<b>Total Income</b>	<b>\$ 29,345,594</b>	<b>\$ 27,156,390</b>
<b>OPERATING EXPENSES</b>		
Salaries & Benefits	\$ 12,103,331	\$ 10,640,888
Travel & Conferences	\$ 125,953	\$ 103,637
Office Occupancy	\$ 1,657,296	\$ 1,731,884
Office Operations	\$ 2,063,574	\$ 1,840,031
Marketing & Business Development	\$ 776,120	\$ 791,390
Loan Servicing	\$ 1,109,668	\$ 1,146,349
3rd Party Hardware / Software	\$ 2,750,032	\$ 2,483,175
EFT Services	\$ 1,909,083	\$ 1,798,996
Professional / Outside Services	\$ 907,272	\$ 1,001,503
Provision for Loan Losses / Share Losses	\$ 1,735,400	\$ (101,350)
Other Operating Expenses	\$ 832,048	\$ 633,259
<b>Total Operating Expenses</b>	<b>\$ 25,969,777</b>	<b>\$ 22,069,762</b>
<b>COST OF FUNDS</b>		
Dividends on Shares	\$ 585,635	\$ 533,219
Interest on Deposits	\$ 977,541	\$ 1,543,484
Interest on Borrowed Funds	\$ 208,061	\$ 222,356
<b>Total Cost of Funds</b>	<b>\$ 1,771,237</b>	<b>\$ 2,299,059</b>
<b>NON-OPERATING INCOME / (EXPENSES)</b>		
Amortization Expense - Intangibles	\$ 0	\$ 0
Gain / (Loss) on Sale of Investments	\$ 0	\$ 0
Gain / (Loss) on Sale of OREO	\$ 64,329	\$ 17,336
Gain / (Loss) on Disposition of Assets	\$ 125,509	\$ (671,634)
NCUSIF Stabilization Expense	\$ 0	\$ 0
<b>Total Non-Operating Income / (Expenses)</b>	<b>\$ 189,838</b>	<b>\$ (654,299)</b>
<b>Net Income (Loss) Before Extraordinary Items</b>	<b>\$ 1,794,418</b>	<b>\$ 2,133,271</b>
<b>EXTRAORDINARY ITEMS</b>		
Extraordinary Income	\$ 14,207	\$ 8,728
Extraordinary Expense	\$ 0	\$ 0
<b>Net Income (Loss) After Extraordinary Items</b>	<b>\$ 1,808,625</b>	<b>\$ 2,141,998</b>

### Statement of Financial Condition Year ended December 31, 2022 (UNAUDITED) AND 2021

	2022	2021
<b>ASSETS</b>		
Loans to Members	\$ 377,756,854	\$ 309,576,397
Less: Reserve for Loan Loss	\$ (5,647,693)	\$ (3,405,499)
<b>Net Loans</b>	<b>\$ 372,109,161</b>	<b>\$ 306,170,898</b>
Cash	\$ 50,031,193	\$ 142,041,399
Investments	\$ 43,390,584	\$ 24,261,235
Property & Equipment	\$ 23,711,573	\$ 25,001,362
Other Assets	\$ 36,752,956	\$ 35,049,406
Goodwill	\$ 1,525,507	\$ 1,525,507
<b>Total Assets</b>	<b>\$ 527,520,974</b>	<b>\$ 534,049,807</b>
<b>LIABILITIES AND EQUITY</b>		
Regular Shares	\$ 142,428,822	\$ 140,183,425
Share Drafts	\$ 171,306,406	\$ 169,391,634
Money Market Accounts	\$ 49,456,368	\$ 50,191,489
Other Classes of Shares	\$ 29,001,718	\$ 18,505,670
Certificates	\$ 52,856,446	\$ 73,008,343
Individual Retirement Accounts	\$ 12,727,718	\$ 10,123,927
Funds Borrowed	\$ 7,500,000	\$ 10,000,000
Other Liabilities	\$ 13,898,646	\$ 13,456,272
Legal Reserves	\$ 14,305,012	\$ 13,305,012
Unrealized Gain (Loss) on Investments	\$ (2,467,741)	\$ 185,081
Undivided Earnings	\$ 32,236,401	\$ 31,427,776
Equity Acquired in Merger	\$ 4,271,178	\$ 4,271,178
<b>Total Liabilities and Equity</b>	<b>\$ 527,520,974</b>	<b>\$ 534,049,807</b>
<b>Net Worth Ratio</b>	<b>9.68%</b>	<b>9.22%</b>

