



Staff members are given \$50 each to brighten someone's day through a random act of kindness!

158 employees gave \$7,900!

### 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 Iowa Credit Union Division conducted an audit effective March 31, 2019. Their assessment found that the credit union remains safe and sound and well capitalized.

The credit union engaged Affirmx LLC during 2019 to conduct a Bank Secrecy Act Audit. We were very pleased with the outcome of this audit. During 2019, Affirmx also completed a Safe Act Audit and an ACH Audit, all of which were very favorable. PolicyWorks LLC, a division of the Iowa Credit Union League, was contracted to conduct audits in Mortgage Lending, Member Business Lending, and Consumer Lending/Fair Lending. We are pleased to report that no major findings were reported in any of these audits.

As information security is of the utmost priority, the credit union engaged Trace Security to perform our annual Information Security Risk Assessment. We also engaged TrustedSec LLC to perform an external penetration test and wireless security assessment from outside the organization by simulating an attacker attempting to gain access from the Internet, which tested our perimeter defenses and wireless security. The credit union is very pleased to report that this outside firm was not able to access any of our internal systems via electronic means. The annual security risk assessment also 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.

The National Credit Union Share Insurance Fund (NCUSIF) provides deposit insurance coverage per individual account holder, per federally insured credit union. Properly established member accounts in federally insured credit unions are insured up to the Standard Maximum Share Insurance Amount (SMSIA) of at least \$250,000. Ascentra Credit Union is a federally insured credit union that is categorized as "Well Capitalized" with a 10.89% net worth ratio at year-end 2019.

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

I want to thank my fellow Audit Committee Members, Laura Curtis and Greg Aguilar for their time this past year serving on the committee.

### CREDIT COMMITTEE REPORT

Dan Birdsley, Credit Committee Chairperson

In 2019, Ascentra Credit Union disbursed \$91.4 million in loans. Auto loan demand decreased, and we saw members refinancing their 2nd mortgages into a new 1st mortgage. This resulted in a decrease in loans for the year of \$6.1 million, or -1.99% over 2018 with total loans at year-end coming in at \$301.7 million. 414 members took advantage of the low mortgage rates and purchased or refinanced their home throughout the year. Total mortgage production for 2019 was \$57.3 million. We ended the year with a serviced mortgage portfolio of \$274.1 million and an in-house portfolio of \$70.9 million. Our Home Equity Line of Credit saw a decrease in its variable rate in the 4th quarter while still remaining very competitive in the market. In 2019, we closed 147 Home Equity loans with approximately \$6.7 million in available lines of credit.

We have continued to grow our business lending portfolio by referring and purchasing loan participation from Community Business Lenders and originating in-house member business loans. In 2019, we originated over \$8.8 million in gross loan volume and the Member Business Line of Credit added \$2 million in available lines of credit to our portfolio.

Our staff worked hard to find solutions for members who experienced financial difficulties as the delinquency ratio increased in the 4th quarter to 0.80%, up slightly from 0.77% in 2018. We are happy to report Member Solutions recovered over \$275,000 in charge offs. The credit union continues to offer the Skip-A-Payment program throughout the year, giving members the choice of the additional flexibility in their budgets. 1,523 members took advantage of the Skip-A-Payment program. I want to thank my fellow committee members, Jay England and Woody Perkins for all their hard work. Thank you for your use of the credit union products and services last year.

### IN THE COMMUNITY



Ascentra Night at the Clinton LumberKings was a home run!



Celebrating at Viva Quad Cities Fiesta!



Listening, caring, doing what's right.

# MAKING A DIFFERENCE COOPERATIVE

## LISTENING, CARING, DOING WHAT'S RIGHT



# UNIQUE

# CARING

# ACTIVE

## SCHOLARSHIPS

# VOLUNTEERING

# TEAMWORK

# NOT-FOR-PROFIT COMMUNITY

## Annual Report 2019

## 2019 YEAR IN REVIEW

Board of Directors,  
Larry Ridenour, Chairperson  
Dale Owen, President & CEO

2019 was a monumental year for our credit union. In August, we celebrated the completion of our new 40,000-square-foot home office. This project was like no other the credit union had taken on to date. Our collaborative project was the culmination of many years of planning with the City of Bettendorf and other area businesses. It reinforces our community commitment and paves the way for regional advancement.

Our new home office is located just two blocks from our old facility and includes retail, mortgage, and member business services. We also provide office space for our partner organizations TruStage Insurance Agency LLC, Ascentra Retirement & Investment Services, and First Community Trust N.A. Additional space has also been carved out for Downtown Bettendorf Organization leader Ryan Jantzi. Our new building consolidates all functions under one roof and offers much roomier spaces customized to meet employee needs. The Quad-City Times called our new facility "a hallmark for Bettendorf, its downtown and the Quad-Cities." It's very gratifying to have a facility that reflects our staff and the great job they do serving our membership. Our new home office will help us grow the credit union and serve our membership and communities much more effectively for decades to come. We look forward to our old location on Grant Street being transformed into the next great amenity for downtown and appreciate our partnership with the City of Bettendorf and other area businesses to make this happen. As part of our grand opening celebrations, our staff participated in a music video "Hey It's Ascentra." The video captures the essence of our culture and brand and is a great representation of who we are as a credit union.

We're very pleased to report that we welcomed the members of M.A. Ford Employees Credit Union into the Ascentra family. A merger of their credit union was completed in November 2019. We look forward to serving the employees of M.A. Ford for generations to come!

Ascentra Credit Union finished the year with over \$739 million in assets under management between the credit union, \$424 million, FHLB Serviced Mortgage Portfolio, \$274 million, and Ascentra Retirement & Investment Services, \$41 million. The CUNA Member Benefits Report for 2019 shows that Ascentra was recognized with a Certificate of Excellence based on the direct financial benefit for our members. Our membership saved more than \$7.1 million in direct financial benefits in 2019. This comes out to \$183 per member or \$384 per member household. Further, loyal members who use the credit union extensively saved \$1,939

per member household last year. We remain committed to our value proposition to our membership and the savings we provide families who use our products and services.

The credit union was also successful in obtaining \$90,000 in Federal Home Loan Bank (FHLB) First Mortgage Homebuyer Grants in 2019. These \$7,500 grants helped make homeownership a reality for 12 families in the communities we serve.

In 2019, the Ascentra Credit Union Foundation gave \$98,700 in donations and grants, including three multi-year commitments to Junior Achievement of the Heartland, Girl Scouts of Eastern Iowa and Western Illinois, and Big Brothers Big Sisters of the Mississippi Valley. Since its creation in 2014, the Ascentra



Foundation has awarded \$444,092 in grants and donations. In September, we held our 5th Annual Paul Lensmeyer Memorial Golf Outing, which raises funds for the foundation. Over the years, this wonderful event has raised more than \$104,000 to help support meaningful programs in our area.

In addition to the great work on behalf of the foundation, hundreds of volunteer hours and thousands of dollars have been raised by our caring, dedicated staff. Collectively our staff donated over \$20,965 through our Casual for a Cause program and another \$13,501 in support of United Way. We're very proud of our staff for giving back in such meaningful ways!

Community bankers continued their assault on financial choice last year, attacking our tax status throughout the 2019 Iowa legislative session. Credit unions were successful in beating back the attacks as legislators see the benefits of the people helping people philosophy that makes credit unions great. We applaud our elected officials for fully appreciating and understanding the positive economic impact credit unions create for all Iowans. We will remain diligent in protecting financial choice and the value of your membership in Ascentra Credit Union.

As we look forward to 2020, the credit union is planning technology upgrades to our digital banking services to enhance our member experience. We're also committed to maximizing our operational efficiencies to insure that we're serving all our members' needs. We thank you for your membership in our cooperative and remain focused on our success together by listening, caring, doing what's right.

## 2019 BOARD OF DIRECTORS

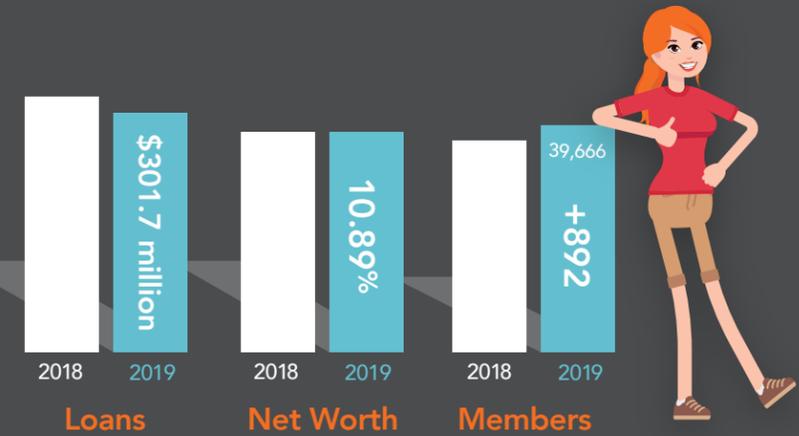
Larry Ridenour, Chairperson  
Jay England, Vice-Chairperson  
Larry Ketelsen, Secretary  
Mary Soeder, Treasurer  
Greg Aguilar  
Dan Birdsley  
Laura Curtis  
Woody Perkins

Gary Schocker  
Ken Schrock  
Troy Smith  
  
Associate Board Members  
Joyce Carr  
Robert Lee

## FINANCIAL SUMMARY

The financial performance of Ascentra Credit Union showed strong, positive results for 2019. At the end of 2019, we are 39,666 members strong with 10 branch locations to serve our membership! Loans to members totaled \$301.7 million at year-end 2019. Great rates on mortgage products and consumer loan products are serving our members well. Ascentra Credit Union members utilized deposit product offerings and as a result overall share balances increased \$19 million, or 5.71%. Total assets increased \$18.8 million or 4.65%, ending at \$424.3 million. Equity balances increased \$2.6 million, or 5.96%. Ascentra Credit Union remains very well capitalized with a net worth ratio of 10.89%.

The complete Statement of Financial Condition appears below:



### Statements of Income and Expenses Year ended December 31, 2018 and 2019 (unaudited)

INCOME	2019	2018
Interest on Loans	\$ 15,532,629	\$ 14,843,537
Investment Income	\$ 1,802,913	\$ 1,584,870
Fee Income	\$ 3,171,816	\$ 2,984,111
Other Income	\$ 6,367,874	\$ 6,093,072

**Total Income** \$ 26,875,232 \$ 25,505,590

#### OPERATING EXPENSES

Salaries & Benefits	\$ 10,272,451	\$ 8,965,188
Travel & Conferences	\$ 172,349	\$ 165,428
Office Occupancy	\$ 1,455,305	\$ 1,267,411
Office Operations	\$ 1,763,662	\$ 1,753,497
Business Development	\$ 777,813	\$ 576,647
Loan Servicing	\$ 718,681	\$ 1,044,326
Professional / Outside Services	\$ 4,691,130	\$ 3,611,565
Provision for Loan Losses / Share Losses	\$ 1,869,700	\$ 3,006,700
Other Operating Expenses	\$ 793,035	\$ 481,330

**Total Operating Expenses** \$ 22,514,127 \$ 20,872,092

#### COST OF FUNDS

Dividends on Shares	\$ 642,163	\$ 661,242
Interest on Deposits	\$ 1,776,485	\$ 1,500,131
Interest on Borrowed Funds	\$ 381,331	\$ 426,332

**Total Cost of Funds** \$ 2,799,979 \$ 2,587,705

#### NON-OPERATING INCOME / (EXPENSES)

Amortization Expense - Intangibles	\$ 0	\$ 0
Gain / (Loss) on Sale of Investments	\$ 29,498	\$ 0
Gain / (Loss) on Sale of OREO	\$ (149,022)	\$ (15,819)
Gain / (Loss) on Disposition of Assets	\$ 292,434	\$ (9,167)
NCUSIF Stabilization Expense	\$ 0	\$ 0

**Total Non-Operating Income / (Expenses)** \$ 172,910 \$ (24,986)  
**Net Income (Loss) Before Extraordinary Items** \$ 1,734,036 \$ 2,020,807

#### EXTRAORDINARY ITEMS

Extraordinary Income	\$ 65,971	\$ 1,625
Extraordinary Expense	\$ 0	\$ 0

**Net Income (Loss) After Extraordinary Items** \$ 1,800,007 \$ 2,022,432

### Statement of Financial Condition Year ended December 31, 2018 and 2019 (unaudited)

ASSETS	2019	2018
Loans to Members	\$ 301,672,650	\$ 307,790,546
Less: Reserve for Loan Loss	\$ (4,015,014)	\$ (4,077,742)

**Net Loans** \$ 297,657,636 \$ 303,712,804

Cash	\$ 12,668,412	\$ 8,979,141
Investments	\$ 51,040,079	\$ 42,112,160
Property & Equipment	\$ 26,596,466	\$ 17,274,890
Other Assets	\$ 34,799,416	\$ 31,848,743
Goodwill	\$ 1,525,507	\$ 1,525,507

**Total Assets** \$ 424,287,517 \$ 405,453,245

#### LIABILITIES AND EQUITY

Regular Shares	\$ 89,018,566	\$ 82,141,925
Share Drafts	\$ 116,921,082	\$ 113,630,299
Money Market Accounts	\$ 35,932,928	\$ 36,106,846
Other Classes of Shares	\$ 12,780,148	\$ 11,352,123
Certificates	\$ 89,113,015	\$ 81,980,041
Individual Retirement Accounts	\$ 8,128,581	\$ 7,662,883
Funds Borrowed	\$ 14,445,000	\$ 19,190,000
Other Liabilities	\$ 11,725,276	\$ 9,765,059
Legal Reserves	\$ 13,305,012	\$ 13,264,920
Other Reserves	\$ 243,441	\$ (454,366)
Undivided Earnings	\$ 28,403,290	\$ 26,542,336
Equity Acquired in Merger	\$ 4,271,178	\$ 4,271,178

**Total Liabilities and Equity** \$ 424,287,517 \$ 405,453,245

Ribbon cutting at our new home office  
in downtown Bettendorf.

