

PEOPLE HELPING PEOPLE



2020

ANNUAL REPORT



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α LETTER *from our* CEO

By the early spring of 2020, many of our members' lives and much of our credit union's operations were changing quickly. We were temporarily closing our branch lobbies while shifting employees to work from home or to help support other departments. The Covid-19 pandemic was new, and our members were still learning how it would impact their lives.

I couldn't be more proud of how Veridian's employees and board responded. We spent months deferring payments and automatically waiving fees while finding new ways for our teams to safely serve our members. While working through the pandemic's challenges for their own families, our employees showed up with compassion every day to work with members, some who had suddenly and unexpectedly lost their income.

The year continued with more surprises. After planning it for years and notifying our board months prior, Monte Berg announced to staff in April that he would retire in July. We celebrated his milestone virtually, wished him well and knew we'd miss his daily presence. The summer brought painful reminders of age-old racial disparities. We used this time to take fresh stock of what we could do as individuals and together to contribute to solutions. In August, a derecho left many of our employees and thousands of members without power for days and with significant damage to their homes and communities.

"People helping people" has always been the credit union philosophy, and it's the only way to describe our work in 2020. This annual report offers more detail on the year and our shared achievements. As you flip through its pages, I hope you feel the same gratitude I do for our financial cooperative and the difference we can make together. In 2020 and in the years to come, thank you sincerely for trusting Veridian with the honor of serving as your financial partner.

“**‘People helping people’ has always been the credit union philosophy, and it’s the only way to describe our work in 2020.**”



Renee Christoffer

Renee Christoffer, President and CEO



α WORD from our Board CHAIR

On behalf of Veridian's entire Board of Directors, thank you for electing and entrusting us to govern our credit union in your best interest. I know each of us serves with a sense of duty to you and a shared belief in the good we can accomplish together. I can't think of a time when that good work was needed more than in 2020.

This year has proven again that ownership in our financial products and services can offer some reassurance in times of economic turbulence. Our fellow credit union members can help when a pandemic threatens our livelihood or a derecho damages our home. In 2020, your membership helped offer millions in deferred loan payments and waived fees. It allowed us to offer low-interest Financial Assistance Loans to help members make ends meet and Paycheck Protection Loans to help local businesses keep their doors open. It helped us increase donations to local nonprofits who were meeting urgent and unprecedented needs in our communities. As a not-for-profit financial cooperative, we understand that doing what's right isn't always what's profitable. Because we're member-owned, we can do more of what's right together. This is the credit union difference in action.

Like many of you, I'm glad to put the challenges of 2020 behind us. But I'm grateful for the opportunities it gave us to prioritize what's most important – to serve each other and our communities. Your membership helps make that work possible. Thank you for being a Veridian member and for the good we achieved together in 2020.

“ **As a not-for-profit financial cooperative, we understand that doing what's right isn't always what's profitable. Because we're member-owned, we can do more of what's right together.** ”



A handwritten signature in black ink, appearing to read 'Nick Waters'.

Nick Waters, Board Chair

Members saved an estimated \$40,000,000 in 2020 by using products and services at Veridian instead of a for-profit bank.



PANDEMIC RESPONSE

Our not-for-profit cooperative structure allows us to operate as “people helping people” to create successful financial futures. That’s never more important for our members and communities than in times of economic uncertainty. Here’s the difference we were able to make together during the Covid-19 pandemic in 2020.



\$1.8 million
in waived fees

\$9.8 million
in deferred payments

488 Paycheck Protection
Loans for **\$19.3 million**



\$3 million
reserved for low-interest
Financial Assistance Loans



No Veridian employee impacted
by COVID experienced a
decrease in pay.

\$175,000
in additional donations to
address urgent needs related
to the pandemic and derecho



AWARDS *and* RECOGNITIONS

Best Local Credit Union

Des Moines Cityview
Best of Des Moines

Top Credit Union (Runner-up)

Omaha World Herald
Omaha's Choice Awards

Best Credit Unions in Iowa (3rd)

Forbes
America's Best

Best Credit Union (Runner-up)

Corridor Business Journal
Best of the Corridor

Best Credit Union to Work For (6th in category)

American Banker
Best Credit Unions
to Work For

Best Auto Financing (2nd)

Omaha Magazine
Best of Omaha

Best Credit Union (2nd)

Omaha Magazine
Best of Omaha

Best Financial Institution (3rd)

Iowa Living Magazine
Resident's Choice Awards

Employer of Choice

Waterloo-Cedar Falls Courier
Employers of Choice

Best Credit Union

Waterloo-Cedar Falls Courier
Best of the Best

Top Workplace (4th)

Des Moines Register
Top Workplaces

Best Credit Union

Des Moines Business Record
Best of Des Moines

Best Credit Union

West Des Moines Chamber
& City of West Des Moines
Best of the West

Best Credit Union

Omaha World Herald
Sarpy County People's
Choice Awards



Veridian is certified as a **Community Development Financial Institution (CDFI)** by the U.S. Treasury.

A **\$1 million** CDFI Grant allows Veridian to lend **\$20 million** in Financial Inclusion Mortgages over three years to lowans who wouldn't typically qualify for a traditional mortgage.

ANN DOLAN AWARD WINNERS

The Ann Dolan Award recognizes employees in each of Veridian's four market areas annually for outstanding achievement in exceeding members' expectations.



Marquis Stephens

Loan Officer
Northeast Iowa Region

Marquis is frequently recognized by his co-workers for going above and beyond. His drive to help others routinely leads him to do more than is expected. In the summer of 2020, that included helping his community grow and heal from tragic events that threatened to divide it. When the stories and videos of George Floyd and other racial injustices highlighted tensions between law enforcement and the Black community, Marquis reached out to a local police officer to see how he was holding up. Their interaction led to a four-hour ride-along in the officer's car, a shared meal, open dialogue and an example for all of us to seek to bridge anything that threatens to divide us.



Brett Kass

Mortgage Loan Originator
East Central Iowa Region

Brett worked with a member for six months to raise the member's credit score before approving the mortgage to purchase his first home at the age of 50. Not long after, the member's children called. The member had contracted Covid-19 and passed away. Without the member's income, his family was concerned about affording the payments for the home their dad had worked so hard to provide. Brett got back to work, reaching out to the real-estate agent and the member's employer to ensure his family could afford to stay in the home. With those arrangements, he was able to approve the member's wife for a home loan she could afford. His compassion helped this family keep a piece of their dad and husband's legacy after a tragic loss.



Jeff Boyer

Senior Loan Officer
Central Iowa Region



Neil Kennedy

Branch Manager
Central Iowa Region

Jeff and Neil worked together on an auto loan for a member, and all the information provided appeared to qualify the member for the loan. Suspicious of a few red flags, they decided to enlist the help of Veridian's Loss Prevention Department to take a closer look at it before finalizing the approval. That extra step confirmed that the member was falling victim to a scam. By identifying the scam and declining the loan, they prevented more than \$100,000 in fraud. They could have finalized the loan approval with the information provided and gone about their days. Instead, by acting on their suspicion and concern for this member's financial well-being, Jeff and Neil were able to notify the member about the scam and prevent substantial loss.



Maria Schwartz

Loan Officer
Western Iowa and Eastern Nebraska Region

While working on an auto loan, Maria helped a couple who was confused and upset to learn that their credit score was nearly 200 points lower than they anticipated. She found several late payments on their credit report and reached out to the financial institution who reported them. After weeks of following up, Maria discovered their payment had been increased without notice and the difference was added to their credit report as a late payment each month, causing their credit score to plummet. She was able to get the members' payments reduced to the original amount, the late fees refunded and began the process of having the late payments removed from their credit report to repair their credit score.

Veridian Credit Union has a singular mission – to create successful financial futures by partnering with our members, like you. As Treasurer, my duty is to ensure our credit union maintains unquestionable financial strength and security while remaining a reliable and trusted financial partner for all 250,851 of our member-owners. These requirements are the vital foundation for achieving the mission we share.

To fulfill our partnership’s mission, we must continually grow our financial strength. I am pleased to report that in 2020, it was our financial strength and security that allowed us to weather unprecedented challenges while helping members who were most impacted by the year’s catastrophic events and resulting economic turmoil. Together, from the start of the pandemic and through the calamitous storm-related destruction, we leaned in and utilized Veridian’s financial security and strength to stand shoulder to shoulder with our members. Veridian deferred \$9.8 million in loan payments and waived \$1.8 million in fees. Our professional staff reached out and offered flexible loan options at a time when members needed a partner who understands what it is like when times are difficult. And throughout the year, we proactively reached out to members with solutions to keep them on track. We processed \$19.3 million in Paycheck Protection Loans to help our business members stay open and keep employees on the payroll. We reserved \$3 million for low-interest Financial Assistance Loans to cover immediate expenses and help our members make ends meet. And we donated an additional \$175,000 to community nonprofits who were meeting the most urgent needs in their communities.

All the while, I am pleased to report that we maintained our financial security. Your continued use of Veridian’s products and services resulted in \$68.2 million net income for the period. Veridian’s deposits and assets grew by 19.48% and 17.93%, respectively. Our capital-to-assets ratio, an indicator of our financial strength, reached 10.07%. And Veridian continues to be ranked among the top credit unions in the United States for returning value to our members.

As a member-owned cooperative, your membership does more than give you great rates and lower fees. It strengthens our communities, supports your fellow members and creates successful financial futures, no matter the economic conditions. I am proud of the Veridian team and our members for staying strong and committed to one another in 2020. On behalf of your Board of Directors, I thank you for your membership, your business and for your support to our Veridian Credit Union mission. All my best to you for a successful and prosperous 2021.

“As a member-owned cooperative, your membership does more than give you great rates and lower fees. It strengthens our communities, supports your fellow members and creates successful financial futures, no matter the economic conditions.”



Cynthia Buettner
Cynthia Buettner, Board Treasurer

COMMITTEE REPORTS

AUDIT

This committee helps ensure that Veridian's financial condition is accurately represented and its assets are protected.

Committee Chair

Stephanie Atkin

Committee Members

Pam Ayres

Thomas DeLong

Audit Committee Responsibilities:

- Annual review of specific board policies.
- Annual review of independent audit and exam reports.
- Review of suspicious activity reporting.
- Review and approval of annual internal audit plan.
- Review of internal audit reports.

CREDIT

This committee monitors lending policies and approves new loan products and services, ensuring Veridian is always responding to the changing needs of our growing membership.

Committee Chair

Ginger Shirley

Committee Members

Aubrey Ward

Paul Gengler

Bob Kressig

Creston L. Van Wey

Credit Committee Responsibilities:

- Annual review of specific board policies.
- Review and approval of loan officer lending limits.
- Approve new lending products and services.
- Approve loans outside approval authority of loan officers.



We helped **6,660 members** purchase or refinance their homes in 2020, a **68% increase** over 2019.

FINANCIAL STATEMENTS

Consolidated Statements of Financial Condition

Years Ended December 31, 2020 & 2019

	2020	2019
Assets		
Cash and cash equivalents	444,365,178	\$115,194,287
Certificates of deposit	47,498,010	29,753,010
Debt securities available for sale	176,254,271	73,482,862
Equity securities	37,358,357	21,473,265
Loans held for sale	38,457,992	27,694,058
Loans receivable, net	4,225,482,421	3,934,296,740
Accrued interest receivable	11,033,202	10,224,701
Property and equipment		
Land and land improvements	20,169,725	15,711,496
Buildings and improvements	62,052,971	59,959,003
Furniture and equipment	33,821,926	32,652,320
Total property and equipment	116,044,622	108,322,819
Less accumulated depreciation	42,387,001	37,518,444
Net property and equipment	73,657,621	70,804,375
National Credit Union Share Insurance Fund (NCUSIF) deposit	35,657,085	30,931,756
Other assets	38,235,143	34,395,942
Total assets	5,127,999,280	\$4,348,250,996

	2020	2019
Liabilities		
Members' shares	4,376,229,327	3,662,689,467
Accrued interest payable	10,914	13,409
Borrowed funds	168,672,747	178,905,678
Accrued expenses and other liabilities	66,630,070	56,634,058
Total liabilities	4,611,543,058	3,898,242,612
Members' equity		
Appropriated	475,995,549	425,564,818
Unappropriated	48,662,025	30,851,354
Accumulated other comprehensive (loss)	(8,201,352)	(6,407,788)
Total members' equity	516,456,222	450,008,384
Total liabilities and members' equity	\$5,127,999,280	\$4,348,250,996

Consolidated Statements of Income

Years Ended December 31, 2020 & 2019

	2020	2019
Interest income		
Interest and fees on loans	\$181,561,066	\$169,764,464
Interest on investment securities	1,915,142	2,636,978
Interest on certificates of deposit and other investments	2,012,526	2,467,555
Total interest income	185,488,734	174,868,997
Interest expense		
Members' shares	45,252,026	49,362,598
Borrowed funds	4,236,895	5,579,168
Total interest expense	49,488,921	54,941,766
Net interest income	135,999,813	119,927,231
Provision for loan losses	12,305,527	15,864,105
Net interest income after provision for loan losses	123,694,286	104,063,126
Noninterest income		
Service charges	32,304,532	27,069,461
Insurance commissions	3,630,027	3,489,048
Credit card interchange fees	26,432,122	23,831,955
Gains from the sale of loans	39,759	194,484
Realized gains (losses) on sale of debt securities, net	-	(13,906)
Realized gains on sales of equity securities, net	221,757	219,962
Unrealized gains on equity securities, net	1,508,918	1,644,193
Gain (loss) on sale of property and equipment	329,428	(20,609)
Other service charges and fees	8,135,251	8,240,281
Total noninterest income	72,601,794	64,654,869
Noninterest expenses		
Salaries and employee benefits	74,235,574	68,365,422
Occupancy	7,216,230	7,398,325
Furniture and fixtures	6,476,385	5,126,088
Advertising and promotion	3,883,989	3,775,494
Supplies and postage	2,210,490	2,231,003
Data processing	6,510,279	6,110,801
Other	27,521,731	21,105,772
Total noninterest expenses	128,054,678	114,112,905
Net income	\$68,241,402	\$54,605,090

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2020 & 2019

	2020	2019
Net income	\$68,241,402	\$54,605,090
Other comprehensive income (loss):		
Unrealized gains on debt securities available for sale:		
Unrealized holding gains arising during the year	212,068	1,862,358
Less reclassification adjustment for (gains) losses included in net income	-	13,906
Post-retirement benefit obligation	(2,005,632)	(3,192,587)
Other comprehensive (loss)	(1,793,564)	(1,316,323)
Comprehensive income	\$66,447,838	\$53,288,767

FINANCIAL STATEMENTS

Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2020, 2019 and 2018

	Appropriated			Unappropriated		
	Legal reserve for loan losses	Capital reserve	Total	Undivided earnings	Accumulated other comprehensive (loss), income	Total
Balance, December 31, 2018	132,910,758	238,970,898	371,881,656	30,496,976	(5,659,015)	396,719,617
Comprehensive income						
Cumulative effect of adopting ASU 2016-01	–	–	–	(567,550)	567,550	–
Net income	–	–	–	54,605,090	–	54,605,090
Other comprehensive (loss)	–	–	–	–	(1,316,323)	(1,316,323)
Transfers, net	23,214,981	30,468,181	53,683,162	(53,683,162)	–	–
Balance, December 31, 2019	\$156,125,739	\$269,439,079	\$425,564,818	\$30,851,354	(\$6,407,788)	\$450,008,384
Comprehensive income						
Net income	–	–	–	68,241,402	–	68,241,402
Other comprehensive (loss)	–	–	–	–	(1,793,564)	(1,793,564)
Transfers, net	19,608,170	30,822,561	50,430,731	(50,430,731)	–	–
Balance, December 31, 2020	\$175,733,909	\$300,261,640	\$475,995,549	\$48,662,025	(\$8,201,352)	\$516,456,222

Consolidated Statements of Cash Flows

Years Ended December 31, 2020 & 2019

	2020	2019
Cash flows from operating activities		
Net income	\$68,241,402	\$54,605,090
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,356,404	4,738,889
Provision for loan losses	12,305,527	15,864,105
Proceeds from sale of loans sold	1,025,423,789	575,858,159
Originations of loans held for sale	(1,036,147,964)	(596,959,119)
(Gains) from the sale of loans	(39,759)	(194,484)
Realized (gains) losses on sales of debt securities, net	–	13,906
Realized (gains) on sales of equity securities, net	(221,757)	(219,962)
Unrealized (gains) on equity securities, net	(1,508,918)	(1,644,193)
(Gain) loss on sale of property and equipment	(329,428)	20,609
Net amortization of premiums on available-for-sale investment securities	1,730,535	682,605

Net change in		
Accrued interest receivable	(808,501)	303,115
Other assets	(4,005,201)	(407,307)
Accrued interest payable	(2,495)	(1,587)
Accrued expenses and other liabilities	7,990,380	2,521,717
Net cash provided by operating activities	77,984,014	55,181,543
Cash flows from investing activities		
Proceeds from maturities of certificates of deposit	27,004,000	7,443,000
Purchase of certificates of deposit	(44,749,000)	(20,952,000)
Proceeds from sales of investment securities available for sale	–	13,420,737
Purchase of investment securities available for sale	(195,249,342)	(13,284,760)
Proceeds from maturities of investment securities available for sale	90,959,466	43,013,629
Purchase of equity securities	(24,983,686)	(1,971,927)
Proceeds from sales of equity securities	10,829,269	1,392,377
Purchase of Federal Home Loan Bank stock	(2,803,400)	(27,851,300)
Proceeds from sale of Federal Home Loan Bank stock	2,969,400	30,359,500
Net change in loans receivable	(303,491,208)	(182,202,256)
Purchases of property and equipment	(8,398,913)	(6,651,170)
Proceeds from sale of property and equipment	518,691	40,910
Net increase in National Credit Union Share Insurance Fund deposit	(4,725,329)	(2,953,531)
Net cash used in investing activities	(452,120,052)	(160,196,791)
Cash flows from financing activities		
Proceeds from borrowed funds	65,505,782	1,187,306,662
Payments to borrowed funds	(75,738,713)	(1,267,632,857)
Net increase in members' shares	713,539,860	224,124,854
Net cash provided by financing activities	703,306,929	143,798,659
Increase in cash and cash equivalents	329,170,891	38,783,411
Cash and cash equivalents at beginning of year	115,194,287	76,410,876
Cash and cash equivalents at end of year	444,365,178	115,194,287
Supplemental disclosures of cash flow information, cash payments for		
Interest paid to members	45,252,026	49,364,219
Interest paid on borrowed funds	4,236,895	5,579,168
Supplemental schedule of noncash investment and financing activities		
Change in accumulated other comprehensive (loss):		
Unrealized gains on securities available for sale, net	212,068	1,876,264
Post-retirement benefit obligation	(2,005,632)	(3,192,587)
Transfers from loans to foreclosed real estate	1,465,038	869,445

our **BOARD** of DIRECTORS

Stephanie Atkin

COMMITTEES

Audit (Chair)
Nominating
Veridian Group Board



Pam Ayres

COMMITTEES

Audit (Secretary)
Strategic



Thomas DeLong

COMMITTEE

Audit



Paul Gengler

COMMITTEES

Credit
Nominating



Traci McBee

COMMITTEES

Board Governance
Nominating (Chair)



Justine Peebles

COMMITTEES

Executive (Secretary)
Nominating
Veridian Group Board



Nick Waters

COMMITTEES

Executive (Chair)
Strategic



Aubrey Ward

COMMITTEES

Board Governance
Credit (Secretary)



**Bill
Boevers**

COMMITTEES

Board Governance (Chair)
Strategic



**Cynthia
Buettner**

COMMITTEES

Executive (Treasurer)
Strategic (Chair)



**James
Kacher**

COMMITTEES

Executive (2nd Vice Chair)
Strategic



**Bob
Kressig**

COMMITTEES

Credit
Political Involvement



**Ginger
Shirley**

COMMITTEES

Board Governance
Credit (Chair)



**Creston L.
Van Wey**

COMMITTEES

Executive (1st Vice Chair)
Credit



**Gaylen D.
Witzel**

COMMITTEES

Board Governance
Nominating



Veridian[®] credit union



This credit union is federally insured by the National Credit Union Administration.