



ANNUAL **2021** REPORT



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A LETTER FROM OUR CEO

As a member and owner of Veridian Credit Union, your membership helps to improve financial resources and wellness - not only for yourself, but for your fellow members and throughout your community. The differences we make together are broad and far-reaching. They include advancing with fast-paced technology that makes our finances easier to manage and serving the underserved in our communities with life-changing financial guidance. This Annual Report is provided to share highlights of the good you and your membership helped to create in 2021.

The list of our shared achievements is long. Together we saved an estimated \$45 million in better rates and fewer fees. While saving our members money, we also invested more than a million dollars in donations, sponsorships, scholarships and grants for our communities. Our certification as a Community Development Financial Institution helped more of our fellow members overcome barriers to homeownership. We made process improvements based on your feedback, including investing in technology to simplify the process for submitting transaction disputes, adding the ability to make travel notifications online, streamlining our secure document transfer system and upgrading our lending systems. We also advanced our strategic plan to celebrate diversity, create equity and promote inclusion. All of this is possible because of your membership, our volunteer board's selfless service, and because we have the best and brightest employees who are passionate about making a difference in the financial lives of our members.

Thank you for your membership and for all the ways it benefited your fellow Veridian members and our communities in 2021. As a not-for-profit financial cooperative owned by you, we couldn't have done it without you. I'm grateful for your partnership in creating successful financial futures and look forward to all we can achieve together in 2022.

“ Thank you for your membership and for all the ways it benefited your fellow Veridian members and our communities in 2021. ”



Renee Christoffer, President and CEO



Having dedicated employees is key to the credit union experience, and the democratic election of our board is key to the credit union difference. You vote for fellow members to serve as volunteer directors and ensure that decisions at the highest level of our credit union are made in members' best interests. As your Board Chair, I know I speak for all our directors when I say that we don't take this duty lightly.

I'm happy to report that the challenges of 2021 didn't hinder our mission to create successful financial futures. In fact, they served as a catalyst for us to lean in and truly demonstrate our commitment to member service and support. Veridian is one of few financial institutions in Iowa and Nebraska certified by the U.S. Treasury Department as a Community Development Financial Institution. In 2021, we used community partnerships and innovative products like Individual Development Accounts and Financial Inclusion Mortgages to help members overcome barriers to homeownership. This work is important because we know homeownership is one of the most significant tools allowing many to achieve financial stability and maintain long-term financial success. Our partnerships with local Habitat for Humanity organizations provided financial literacy programming, corporate donations and lending agreements totaling more than \$2 million. And we provided 1,437 mortgages to members with a household income at or below 80% of the average median income.

All the while, Veridian members saved an estimated \$45 million on better rates and fees, and we invested in resources that will give us greater access and convenience in managing our personal and business finances. We added technology to enhance digital access with video calls and real-time payments while also expanding our branch network. Our Georgetown branch opened in Ankeny in July, and we started work on new branches to open in Omaha and Waterloo in 2022.

I am extremely proud to be working alongside the Veridian team and am thankful for their dedication, empathy and compassion for our members. Thank you for your membership and for entrusting our elected directors to oversee this important work.



Cynthia Buettner

Cynthia Buettner, Board Chair

“ I am extremely proud to be working alongside the Veridian team and am thankful for their dedication, empathy and compassion for our members. ”

2021 AREAS OF FOCUS

Veridian's mission is to partner with our members to create successful financial futures. Here are some of the areas of focus in our work to achieve that mission in 2021.



HOMEOWNERSHIP

Homeownership is one of the most significant tools allowing many of our members to maintain financial stability and achieve long-term financial success. In 2021, we lent more than \$8 million in Financial Inclusion Mortgages to members who experience barriers to homeownership. The Iowa Finance Authority recognized Veridian as a Diamond Lender for Iowa homebuyers. In total, we made 6,433 traditional first mortgage loans, including 1,437 for members at or below 80% of the average median income.

ADVANCING TECHNOLOGY

Technology in financial services is evolving faster than ever, and you rely on Veridian to keep pace. In 2021, we added video calls as an option for you to connect with some of our teams, and we're working to expand that access next year. We're also in the final stages of an exciting new service that will soon allow you to make digital payments directly from your accounts faster and easier than ever before.



PROCESS IMPROVEMENTS

You provided invaluable feedback that helped us make several procedural improvements. With your input, we simplified the process for submitting transaction disputes, added the ability to make travel notifications within online and mobile banking, streamlined our secure document transfer system and upgraded our lending systems to ensure consistent decisioning.

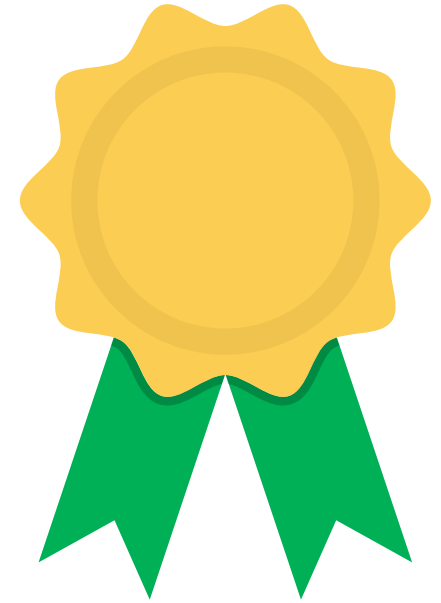
DIVERSITY, EQUITY & INCLUSION

With the help of a strategic plan, we're working to make our credit union reflect the diversity in our communities at all levels, from membership to management. We're hosting round-table discussions with affinity groups and launched a mentorship program to help minoritized employees advance their career. Our certification as a Community Development Financial Institution is also helping us make access to credit more equitable in our communities. We know there's more work to do, and we're committed to doing it.



AWARDS AND RECOGNITIONS

Veridian is consistently ranked among the **top 1% of credit unions in the U.S.** for returning value to our members.*



Best Local Credit Union

Des Moines Cityview
Best of Des Moines

Best Credit Union

Waterloo-Cedar Falls Courier
Best of the Best

Best Customer Service

Waterloo-Cedar Falls Courier
Best of the Best

Best Credit Union

Des Moines Business Record
Best of Des Moines

Top Iowa Workplace (3rd)

Des Moines Register
Top Workplaces

Best Credit Unions to Work For (10th Nationally)

American Banker

Best Credit Union

Des Moines Register
Metro's Best

Best Credit Union (2nd)

Omaha Magazine
Best of Omaha

Diamond Lender

Iowa Finance Authority
2021 Top Mortgage Lenders

*Source: Callahan & Associates

Members saved an estimated **\$45,000,000** in 2021 by using products and services at Veridian instead of a for-profit bank.



ANN DOLAN AWARD WINNERS

The Ann Dolan Award recognizes one employee from each of our regional markets annually for going above and beyond to exceed members' expectations. This award is named after retired Veridian employee Ann Dolan, who was consistently recognized for outstanding service to our members.



Sheldon Stiefel
Fraud Investigator
Northeast Iowa Region

"Sheldon flagged a suspicious cashier's check for review. It was a valid cashier's check, and he could have easily allowed it to be processed. His instinct to instead alert us and put the funds on hold saved our member from \$19,000 in fraud and a lot of grief. Our thanks to Sheldon and your Fraud Department."



Ben Anderson
Loan Advisor I
East Central Iowa Region

"Ben should be commended for his professionalism, his willingness to go above and beyond and his capacity for reaching for solutions that fit the circumstances. The way he treated me that day has made me tell many people that Veridian is the premier credit union in the area."



Brandon Leonard
Loan Advisor II
Central Iowa Region

"Brandon built an impactful relationship with a member who lives with a learning disability and relies on him for trusted advice - both for financial guidance and for everyday challenges. When the member shared his concern that his bus from Des Moines to Waterloo was cancelled, Brandon drove the member to Waterloo so he could make it home safely."



DJ Cotton
Branch Manager
Western Iowa and Eastern Nebraska Region

"During our round table discussions, the idea of a mentorship program was discussed as another way to engage and develop employees. DJ took the initiative to put together what a program at Veridian could look like. He was instrumental in the development of Veridian's EPIC Mentorship Program. The leadership DJ portrayed is commendable."



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

This certification has helped us lend **\$27.5 million** in Financial Inclusion Mortgages to members who experience barriers to homeownership since we first began offering them in 2019.

One of our core values as a credit union is to maintain unquestionable financial security. It's crucial in achieving our mission to create successful financial futures. As our Treasurer, my duty is to ensure our credit union lives up to that promise while investing in resources for our members and communities. In 2021, I'm pleased to report we did exactly that.

Growth is vital to maintaining financial security. And in 2021, Veridian's deposits and assets grew by 14.67% and 14.28%, respectively. Our capital ratio, an indicator of our financial strength, reached 10.95%. The National Credit Union Administration considers credit unions with a capital ratio of 7% or greater to be well capitalized and in a strong position to serve members, including during economic downturns.

We also put our assets to work for you. Callahan & Associates, a Washington, D.C.-based firm that reports nationally on credit union performance, continues to rank Veridian in the top 1% of credit unions in the U.S. for returning value to members. In 2021, our members saved an estimated \$45 million in better rates and fewer fees when compared to the same products and services at a for-profit bank. We also invested in technology and campaigns to find opportunities to save members more. For example, in a single outreach campaign, we saved 1,064 members more than \$1 million in total interest by refinancing their auto loans at a lower rate.

We know that good financial guidance can be life-changing, and our mission calls us to be a partner in creating successful financial futures. In addition to the more than \$1 million we invested in donations, scholarships, sponsorships and grants, we partnered with organizations across our field of membership to provide financial literacy curriculum, help remove barriers to homeownership and make access to credit more equitable in our communities.

As a member-owned cooperative, our partnership with each of you allows us to offer great rates and lower fees, while strengthening the communities we serve. Thank you for the opportunity to join you in these efforts in 2021.

“**Callahan & Associates, a Washington, D.C.-based firm that reports nationally on credit union performance, continues to rank Veridian in the top 1% of credit unions in the U.S. for returning value to members.**”



Creston L. Van Wey
Creston L. Van Wey, 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
Gaylen D. Witzel

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
Aubrey Ward

Committee Members
Ginger Shirley
Bill Boevers
Justine Peebles
Bob Kressig

Credit Committee Responsibilities:

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



Veridian invested **more than \$1 million** in donations, sponsorships, scholarships and grants for our communities in 2021.

Consolidated Statements of Financial Condition

Years Ended December 31, 2021 & 2020

	2021	2020
Assets		
Cash and cash equivalents	677,257,061	444,365,178
Certificates of deposit	35,847,015	47,498,010
Debt securities available for sale	255,705,476	176,254,271
Equity securities	121,058,070	37,358,357
Loans held for sale	10,773,362	38,457,992
Loans receivable, net	4,574,259,923	4,225,482,421
Accrued interest receivable	11,629,152	11,033,202
Property and equipment		
Land and land improvements	20,169,725	20,169,725
Buildings and improvements	65,331,719	62,052,971
Furniture and equipment	35,527,737	33,821,926
Total property and equipment	121,029,181	116,044,622
Less accumulated depreciation	47,069,179	42,387,001
Net property and equipment	73,960,002	73,657,621
National Credit Union Share Insurance Fund (NCUSIF) deposit	41,237,833	35,657,085
Other assets	58,651,343	38,235,143
Total assets	\$5,860,379,237	\$5,127,999,280
Liabilities		
Members' shares	5,018,270,871	4,376,229,327
Accrued interest payable	8,669	10,914
Borrowed funds	129,344,380	168,672,747
Accrued expenses and other liabilities	80,838,163	66,630,070
Total liabilities	5,228,462,083	4,611,543,058
Members' equity		
Appropriated	541,784,661	475,995,549
Unappropriated	99,835,781	48,662,025
Accumulated other comprehensive (loss)	(9,703,288)	(8,201,352)
Total members' equity	631,917,154	516,456,222
Total liabilities and members' equity	\$5,860,379,237	\$5,127,999,280

Consolidated Statements of Income

Years Ended December 31, 2021 & 2020

	2021	2020
Interest income		
Interest and fees on loans	185,691,609	181,561,066
Interest on investment securities	4,599,914	1,915,142
Interest on certificates of deposit and other investments	2,119,852	2,012,526
Total interest income	192,411,375	185,488,734
Interest expense		
Members' shares	31,996,073	45,252,026
Borrowed funds	3,768,217	4,236,895
Total interest expense	35,764,290	49,488,921
Net interest income	156,647,085	135,999,813
Provision for loan losses	2,726,894	12,305,527
Net interest income after provision for loan losses	153,920,191	123,694,286
Noninterest income		
Service charges	40,492,063	32,304,532
Insurance commissions	3,688,441	3,630,027
Credit card interchange fees	33,452,412	26,432,122
Gains from the sale of loans	57,020	39,759
Realized gains on sales of equity securities, net	3,997,186	221,757
Unrealized (losses) gains on equity securities, net	(1,992,779)	1,508,918
Gain (loss) on sale of property and equipment	34,232	329,428
Other service charges and fees	16,466,931	8,135,251
Total noninterest income	96,195,506	72,601,794
Noninterest expenses		
Salaries and employee benefits	79,427,585	74,235,574
Occupancy	7,261,915	7,216,230
Furniture and fixtures	6,451,564	6,476,385
Advertising and promotion	3,781,382	3,883,989
Supplies and postage	1,993,572	2,210,490
Data processing	6,914,408	6,510,279
Other	27,322,403	27,521,731
Total noninterest expenses	133,152,829	128,054,678
Net income	\$116,962,868	\$68,241,402

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2021 & 2020

	2021	2020
Net income	\$116,962,868	\$68,241,402
Other comprehensive income (loss):		
Unrealized (losses) gains on debt securities available for sale:		
Unrealized holding (losses) gains arising during the year	(3,766,879)	212,068
Post-retirement benefit obligation	2,264,943	(2,005,632)
Other comprehensive (loss)	(1,501,936)	(1,793,564)
Comprehensive income	\$115,460,932	\$66,447,838

Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2021 & 2020

	Appropriated			Unappropriated		
	Legal reserve for loan losses	Capital reserve	Total	Undivided earnings	Accumulated other comprehensive (loss)	Total
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
Comprehensive income						
Net income	-	-	-	116,962,868	-	116,962,868
Other comprehensive (loss)	-	-	-	-	(1,501,936)	(1,501,936)
Transfers, net	17,155,882	48,633,230	65,789,112	(65,789,112)	-	-
Balance, December 31, 2021	\$192,889,791	\$348,894,870	\$541,784,661	\$99,835,781	(9,703,288)	\$631,917,154

Consolidated Statements of Cash Flows

Years Ended December 31, 2021 & 2020

	2021	2020
Cash flows from operating activities		
Net income	\$116,962,868	\$68,241,402
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,270,486	5,356,404
Provision for loan losses	2,726,894	12,305,527
Proceeds from sale of loans sold	1,016,404,582	1,025,423,789
Originations of loans held for sale	(988,662,932)	(1,036,147,964)
(Gains) from the sale of loans	(57,020)	(39,759)
Realized (gains) on sales of equity securities, net	(3,997,186)	(221,757)
Unrealized losses (gains) on equity securities, net	1,992,779	(1,508,918)
Gain on sale of property and equipment	(34,232)	(329,428)
Net amortization of premiums on available-for-sale investment securities	2,058,681	1,730,535

Net change in		
Accrued interest receivable	(595,950)	(808,501)
Other assets	(20,547,599)	(4,005,201)
Accrued interest payable	(2,245)	(2,495)
Accrued expenses and other liabilities	16,473,037	7,990,380
Net cash provided by operating activities	147,992,163	77,984,014

Cash flows from investing activities		
Proceeds from maturities of certificates of deposit	27,563,000	27,004,000
Purchase of certificates of deposit	(15,912,005)	(44,749,000)
Purchase of debt securities available for sale	(173,458,056)	(195,249,342)
Proceeds from maturities of debt securities available for sale	88,181,289	90,959,466
Purchase of equity securities	(97,041,268)	(24,983,686)
Proceeds from sales of equity securities	15,345,962	10,829,269
Purchase of Federal Home Loan Bank stock	(935,800)	(2,803,400)
Proceeds from sale of Federal Home Loan Bank stock	1,067,200	2,969,400
Net increase in loans receivable	(351,504,396)	(303,491,208)
Purchases of property and equipment	(5,684,927)	(8,398,913)
Proceeds from sale of property and equipment	146,292	518,691
Net increase in National Credit Union Share Insurance Fund deposit	(5,580,748)	(4,725,329)
Net cash used in investing activities	(517,813,457)	(452,120,052)

Cash flows from financing activities		
Proceeds from borrowed funds	7,783,871	65,505,782
Payments to borrowed funds	(47,112,238)	(75,738,713)
Net increase in members' shares	642,041,544	713,539,860
Net cash provided by financing activities	602,713,177	703,306,929
Increase in cash and cash equivalents	232,891,883	329,170,891
Cash and cash equivalents at beginning of year	444,365,178	115,194,287
Cash and cash equivalents at end of year	677,257,061	444,365,178

Supplemental disclosures of cash flow information, cash payments for		
Interest paid to members	31,998,913	45,254,487
Interest paid on borrowed funds	3,768,217	4,236,895

Supplemental schedule of noncash investment and financing activities		
Change in accumulated other comprehensive (loss):		
Unrealized (losses) gains on securities available for sale, net	(3,766,879)	212,068
Post-retirement benefit obligation	2,264,943	(2,005,632)
Transfers from loans to foreclosed real estate	925,366	1,465,038

Stephanie Atkin

COMMITTEES

Audit (Chair)
Strategic Planning



Pam Ayres

COMMITTEES

Audit (Secretary)
Nominating
Strategic Planning



Bill Boevers

COMMITTEES

Credit
Nominating (Chair)



Cynthia Buettner

COMMITTEES

Executive (Chair)
Strategic Planning



James Kacher

COMMITTEES

Board Governance
Executive (Secretary)



Bob Kressig

COMMITTEES

Credit
Political Involvement



Larry Loss

COMMITTEE

Strategic Planning



Traci McBee

COMMITTEES

Executive (2nd Vice Chair)
Strategic Planning (Chair)



Justine Peebles

COMMITTEES

Credit
CUSO Board Member
Nominating



Ginger Shirley

COMMITTEES

Board Governance
Credit (Secretary)



Cindy Sprole

COMMITTEE

Board Governance



Creston L. Van Way

COMMITTEE

Executive (Treasurer)



Aubrey Ward

COMMITTEES

Credit (Chair)
CUSO Board Member
Nominating



Nick Waters

COMMITTEES

Board Governance (Chair)
Executive (1st Vice Chair)



Gaylen D. Witzel

COMMITTEES

Audit
Board Governance
Nominating



Veridian[®]

credit union



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