

# 2022 ANNUAL REPORT



**Veridian**  
CREDIT UNION

# TABLE

## of Contents

CEO Report .....	1
Chair Report .....	2
2022 Highlights .....	3
Awards and Recognitions .....	4-5
Treasurer Report .....	6
Committee Reports .....	7
Financial Reports .....	8-11
Board of Directors .....	12



# A LETTER

## from our CEO

*Renee Christoffer*

**Renee Christoffer**, President and CEO



2022 was a year full of finding more ways to deliver the value and convenience you need while growing our support of the communities where we all live and work. We know that value, convenience and support are all vital to our mission to partner with our members to create successful financial futures. It's been a productive year, and I'm excited to document the highlights and milestones for you in this Annual Report.

We know that value is a driver that leads many to become a credit union member. Your cooperative ownership in a not-for-profit credit union gives you better rates and lower fees, and we're always motivated to find new ways to add value to your membership. This year, we reduced overdraft fees from \$32 to \$20 and began fully and automatically refunding all returned item fees. We also introduced Premium and Premium Plus Checking to help you earn higher interest on your checking account.

At Veridian, convenience means creating ease and simplicity in managing your finances. Sometimes that's the ability to complete routine transactions on your phone, and sometimes it's talking to a person face-to-face in a branch. That's why we're committed to investing in both online and mobile banking and brick-and-mortar branches. We opened two new branches in 2022 and started plans for more in the near future. We added the ability to process disputes

and report cards lost or stolen within mobile banking, and updated the navigation to make all the new additions from recent years easier to find. In June, members also gained the convenience of receiving their direct deposits up to two days early.

“ **At Veridian, convenience means creating ease and simplicity in managing your finances.** ”

Our support for our communities takes many forms every year - from financial literacy programming for nonprofit partners to scholarships, grants, donations, sponsorships and more. In 2022, we invested more than \$1.5 million in these funding streams to strengthen the communities we share, supporting more than 400 nonprofits.

All of this is possible because we have talented employees who are passionate about making a positive difference and a Board of Directors who you elect to make decisions in your best interest. Thank you for trusting us as your financial partner in 2022. I look forward to seeing what more we can achieve together in 2023.

Veridian  
by the  
numbers:

**314,394**  
members

**967**  
employees

# A WORD

from our Board Chair

*Cynthia Buettner*

Cynthia Buettner, Board Chair



It's been nearly five years since you, my fellow Veridian Credit Union members, first voted to give me the honor of serving you on Veridian's Board of Directors. I'm now nearing the end of my second year serving as your Board Chair, and each year I'm more proud of the impact that the credit union difference is making for our members and communities. I know that phrases like "making a difference" can be common and vague, so I'd like to tell you more about what I mean.

Our cooperative ownership and not-for-profit structure frees us from having to choose between serving our members or satisfying shareholders. As members, we're the shareholders. Earnings are reinvested into better rates, lower fees and the development of products and services that benefit us as members and the communities where we live and work. This is the structure that allowed our members to save \$28.9 million in 2022 when compared to similar products and services at a for-profit bank. That's money that stays in each of our pockets and, therefore, is more likely to stay in our local economies.

This structure also allows us to develop tools to help our fellow members improve their financial circumstances. We can offer products like Payday Alternative Loans to keep members out of the spiral of predatory payday lenders. We can work with nonprofit partners to offer Individual Development Accounts to those working through Veridian's financial literacy curriculum to better their circumstances. And we can offer Financial Inclusion Mortgages to help put homeownership more within reach for those left behind economically, because we know that homeownership is one of the most significant tools allowing many to maintain financial stability and achieve long-term financial success. These products help our fellow members improve their financial circumstances with ripple effects that benefit our communities.

I know I speak on behalf of our entire board when I say thank you for entrusting us with the chance to help guide our credit union for the benefit of our members and communities. It's a responsibility we don't take lightly, and it's an honor to witness the impact we're able to make together from that vantage point. Thank you again for the opportunity and for your membership.



# 2022

Highlights

## Early Release of Direct Deposit

In June, we began releasing members' direct deposits up to two days before their scheduled payday. It's a free and automatic service with no need to opt in. In total, 189,000 members began receiving their direct deposits early in 2022.

## Financial Inclusion & Economic Equity

Homeownership is one of the most significant tools allowing many to maintain financial stability and achieve long-term financial success. For years, our Financial Inclusion Mortgage has put homeownership within reach for more in our communities. Veridian originated \$13,781,500 in 159 Financial Inclusion Mortgages in 2022. In December, Filene Research Institute selected Veridian to lead a Racial Economic Equity Incubator aimed at streamlining individual community partnerships into replicable programs for advancing racial economic equity across the U.S.

## Premium & Premium Plus Checking

In December, we announced two options for new checking accounts - Premium and Premium Plus Checking. These help members to earn much higher interest rates on checking account balances.

## Overdraft Fee Reduction

In July, we reduced overdraft fees from \$32 to \$20 and began fully and automatically refunding returned item fees. These are new updates to our existing menu of overdraft protection options designed to give members better control over how their account responds to a potential negative balance. Members saved \$2.4 million in the first six months of eliminating overdraft fees and refunding nonsufficient fund fees.

## Online & Mobile Banking Enhancements

We added the ability to process disputes and report cards lost or stolen within online banking. In fact, we've added so many services to online and mobile banking in recent years that we redesigned the navigation in 2022 to make those additional services easier to find with a click or a tap.

## New Branches

Our Dodge branch opened in Omaha in July - our sixth branch in the Omaha-Council Bluffs area. Then our Kimball branch opened in Waterloo in October. That shifted services from our former Martin Plaza branch across the street to give you more space and a better branch experience. We're also planning for three more branches to open in the near future.

Kimball Branch - Waterloo



# AWARDS

## and Recognitions

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

*\*Source: Callahan & Associates*



### Best Local Credit Union (1st)

Cityview

### Top Workplace USA (#42)

Energage

### Presidents' Community Partner Award

University of Northern Iowa – Minnesota Campus Compact

### Best in Class 401(k)

PLANSPONSOR



### Ankeny's Best Credit Union (1st)

Ankeny Register & Press Citizen

### Best Credit Unions in Iowa (2nd)

Forbes



### Des Moines Best Credit Union (1st)

Des Moines Business Record

### Best Credit Unions to Work For (19th)

American Banker



### Best of the Best Credit Union (1st)

Waterloo-Cedar Falls Courier

### Top Iowa Workplace (9th)

Des Moines Register



### Favorite Financial Institution (1st)

Johnston Living Magazine



### Best Credit Union (1st)

Des Moines Register

### Best Credit Union (2nd)

Omaha Magazine

### Top 50 ACH Originator in the U.S. (33rd)

NACHA

# ANN DOLAN

## Award Winners

The Ann Dolan Award recognizes employees 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.

Central Iowa Region

### Carol Andreassen & Jeff Boyer

Consumer Loan Underwriters



"Carol and Jeff prevented a large loss of funds by stopping a fraudulent \$18,000 personal loan. The scammer provided a photo ID, false tax returns and regular communication regarding the progress of the loan. Jeff and Carol each identified subtle discrepancies on the application that prompted them to dig deeper. Ultimately, they declined the application and saved the credit union from a significant loss."

East Central Iowa Region

### Vivi Tanchinh

Loan Advisor 1



"While reviewing transaction history with an elderly member, Vivi identified several CashApp transactions were draining the member's account and causing financial hardship. More conversation revealed the member was a victim of elder abuse. Vivi helped the member file a police report for the stolen funds and contact their rental agency to ensure the temporary financial hardship wouldn't cost them their home."

Northeast Iowa Region

### Hollie Ervin

Mortgage Lending Closing Supervisor



"Soon after her promotion to Mortgage Lending Closing Supervisor, Hollie recognized several opportunities to make innovative improvements. She quickly streamlined our construction loan funding process to make it more efficient and easier to understand. Hollie also reviewed and modified many other tasks for efficiency. She genuinely cares for coworkers and members, and strives to make our future better."

Western Iowa and Eastern Nebraska Region

### Khea Barnes

Member Service Representative



"Khea recently helped a blind, homeless member who had difficulty performing routine daily tasks. After their conversation, Khea was concerned the member wouldn't find the way to their next destination. She called a cab for the member, walked the member to the cab when it arrived and advised the driver on where the member was going."

# A WORD

from our Board Treasurer

Stephanie Atkin, Treasurer



You elected each volunteer director on our board to ensure decisions at the highest level of our credit union are made in the best interest of our members and communities. As Board Treasurer, my duty is to ensure we do that while maintaining unquestionable financial security. I'm happy to report that we spent 2022 upholding the responsibilities and values you've entrusted to us.

Growth is vital to financial security, and our deposits and assets grew by 9.12% and 17.47%, respectively. 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. In 2022, our net capital ratio reached 10.47%. 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 2022, our members saved an estimated \$28.9 million in better rates and fewer fees when compared to the same products and services at a for-profit bank. That savings also benefits our local economies.

In addition to that savings for us as members, we invested more than \$1.5 million in donations, sponsorships, scholarships and grants. We partnered with organizations across our field of membership to provide financial literacy curriculum and helped remove barriers to homeownership in our communities.

“

**We invested more than \$1.5 million in donations, sponsorships, scholarships and grants.**

”

As a member-owned cooperative, our partnership allows us to offer you great rates and lower fees while strengthening the communities we serve. Thank you for entrusting me with the opportunity to oversee this good work in 2022.



Veridian supported more than 400 nonprofit and community organizations.

# COMMITTEE

Reports

## Audit

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

### Committee Chair

Traci McBee

### Committee Members

Pam Ayres (Secretary)

Creston L. VanWey

### 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

Cindy Sprole

### Committee Members

Bill Boevers (Secretary)

Emsad Begic

James Kacher

Bob Kressig

### 2022 Lending Achievements:

- Increased overall loan portfolio 34% from \$4.59 billion to \$6.16 billion with a low 0.59% delinquency ratio and 0.16% charge-off ratio.
- Originated 3,658 mortgage loans for \$773 million.
- Originated a record \$1.85 billion in indirect vehicle loans.
- Increased home equity portfolio by more than 25%.

Members saved an estimated **\$28.9 MILLION**

in 2022 by using products and services at Veridian compared to what they would have paid at a for-profit bank.

# FINANCIAL

## Statements

### Consolidated Statements of Financial Condition

Years Ended December 31, 2022 & 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$156,111,486	\$677,257,061
Certificates of deposit	13,429,000	35,847,015
Debt securities available for sale	219,458,049	255,705,476
Equity securities	116,655,558	121,058,070
Loans held for sale	4,339,889	10,773,362
Loans receivable, net	6,118,381,305	4,574,259,923
Accrued interest receivable	16,972,570	11,629,152
<b>Property and equipment</b>		
Land and land improvements	20,745,734	20,169,725
Buildings and improvements	69,545,624	63,004,706
Furniture and equipment	37,021,633	35,527,737
Construction in progress	3,861,163	2,327,013
<b>Total property and equipment</b>	<b>131,174,154</b>	<b>121,029,181</b>
Less accumulated depreciation	50,658,415	47,069,179
<b>Net property and equipment</b>	<b>80,515,739</b>	<b>73,960,002</b>
National Credit Union Share Insurance Fund (NCUSIF) deposit	44,690,473	41,237,833
Federal Home Loan Bank (FHLB) Stock	32,360,600	11,327,400
Other assets	81,413,268	47,323,943
<b>Total assets</b>	<b>\$6,884,327,937</b>	<b>\$5,860,379,237</b>

	2022	2021
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' shares	\$5,475,775,099	\$5,018,270,871
Accrued interest payable	8,317	8,669
Borrowed funds	629,597,370	129,344,380
Accrued expenses and other liabilities	80,232,546	80,838,163
<b>Total liabilities</b>	<b>6,185,613,332</b>	<b>5,228,462,083</b>
<b>Members' equity</b>		
Appropriated	224,063,873	541,784,661
Unappropriated	497,051,334	99,835,781
Accumulated other comprehensive loss	(22,400,602)	(9,703,288)
<b>Total members' equity</b>	<b>698,714,605</b>	<b>631,917,154</b>
<b>Total liabilities and members' equity</b>	<b>\$6,884,327,937</b>	<b>\$5,860,379,237</b>

### Consolidated Statements of Income

Years Ended December 31, 2022 & 2021

	2022	2021
<b>Interest income</b>		
Interest and fees on loans	\$236,146,288	\$185,691,609
Interest on investment securities	5,582,920	4,599,914
Interest on certificates of deposit and other investments	2,912,574	2,119,852
<b>Total interest income</b>	<b>244,641,782</b>	<b>192,411,375</b>
<b>Interest expense</b>		
Members' shares	38,908,999	31,996,073
Borrowed funds	11,156,526	3,768,217
<b>Total interest expense</b>	<b>50,065,525</b>	<b>35,764,290</b>
<b>Net interest income</b>	<b>194,576,257</b>	<b>156,647,085</b>
Provision for loan losses	18,577,582	2,726,894
<b>Net interest income after provision for loan losses</b>	<b>175,998,675</b>	<b>153,920,191</b>
<b>Noninterest income</b>		
Service charges	25,086,869	40,492,063
Insurance commissions	3,815,996	3,688,441
Credit card interchange fees	35,317,331	33,452,412
Gains from the sale of loans	41,784	57,020
Realized (losses) gains on sales of equity securities, net	(3,068,507)	3,997,186
Unrealized (losses) on equity securities, net	(18,421,764)	(1,992,779)
Gain on sale of property and equipment	121,905	34,232
Other service charges and fees	6,374,823	16,466,931
<b>Total noninterest income</b>	<b>49,268,437</b>	<b>96,195,506</b>
<b>Noninterest expenses</b>		
Salaries and employee benefits	85,706,882	79,427,585
Occupancy	7,576,740	7,261,915
Furniture and fixtures	7,191,678	6,451,564
Advertising and promotion	4,442,634	3,781,382
Supplies and postage	2,429,206	1,993,572
Data processing	7,784,210	6,914,408
Other	30,640,997	27,322,403
<b>Total noninterest expenses</b>	<b>145,772,347</b>	<b>133,152,829</b>
<b>Net income</b>	<b>\$79,494,765</b>	<b>\$116,962,868</b>

### Consolidated Statements of Comprehensive Income

Years Ended December 31, 2022 & 2021

	2022	2021
<b>Net income</b>	<b>\$79,494,765</b>	<b>\$116,962,868</b>
<b>Other comprehensive loss:</b>		
Unrealized (losses) gains on debt securities available for sale:		
Unrealized holding losses arising during the year	(21,260,046)	(3,766,879)
Post-retirement benefit obligation	8,562,732	2,264,943
<b>Other comprehensive loss</b>	<b>(12,697,314)</b>	<b>(1,501,936)</b>
<b>Comprehensive income</b>	<b>\$66,797,451</b>	<b>\$115,460,932</b>

# FINANCIAL

## Statements

### Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2022 & 2021

	Appropriated			Unappropriated		Total
	Legal reserve for loan losses	Capital reserve	Total	Undivided earnings	Accumulated other comprehensive loss	
<b>Balance, December 31, 2020</b>	<b>\$175,733,909</b>	<b>\$300,261,640</b>	<b>\$475,995,549</b>	<b>\$48,662,025</b>	<b>(\$8,201,352)</b>	<b>\$516,456,222</b>
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)	-	-
<b>Balance, December 31, 2021</b>	<b>192,889,791</b>	<b>348,894,870</b>	<b>541,784,661</b>	<b>99,835,781</b>	<b>(9,703,288)</b>	<b>631,917,154</b>
Comprehensive income						
Net income	-	-	-	79,494,765	-	79,494,765
Other comprehensive loss	-	-	-	-	(12,697,314)	(12,697,314)
Transfers, net	31,174,082	-	31,174,082	(31,174,082)	-	-
Capital reserve transferred to undivided earnings	-	(348,894,870)	(348,894,870)	348,894,870	-	-
<b>Balance, December 31, 2022</b>	<b>\$224,063,873</b>	<b>\$-</b>	<b>\$224,063,873</b>	<b>\$497,051,334</b>	<b>(\$22,400,602)</b>	<b>\$698,714,605</b>

### Consolidated Statements of Cash Flows

Years Ended December 31, 2022 & 2021

	2022	2021
<b>Cash flows from operating activities</b>		
<b>Net income</b>	<b>\$79,494,765</b>	<b>\$116,962,868</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	5,072,199	5,270,486
Provision for loan losses	18,577,582	2,726,894
Proceeds from sale of loans sold	232,979,471	1,016,404,582
Originations of loans held for sale	(226,504,214)	(988,662,932)
Gains from the sale of loans	(41,784)	(57,020)
Realized losses (gains) on sales of equity securities, net	3,068,507	(3,997,186)
Unrealized losses on equity securities, net	18,421,764	1,992,779
Gain on sale of property and equipment	(121,905)	(34,232)
Net amortization of premiums on available for sale investment securities	1,002,985	2,058,681

	2022	2021
Net change in		
Accrued interest receivable	(5,343,418)	(595,950)
Other assets	(34,089,326)	(20,547,599)
Accrued interest payable	(352)	(2,245)
Accrued expenses and other liabilities	7,957,115	16,473,037
<b>Net cash provided by operating activities</b>	<b>100,473,389</b>	<b>147,992,163</b>
<b>Cash flows from investing activities</b>		
Proceeds from maturities of certificates of deposit	23,417,015	27,563,000
Purchase of certificates of deposit	(999,000)	(15,912,005)
Purchase of debt securities available for sale	(14,030,473)	(173,458,056)
Proceeds from maturities of debt securities available for sale	28,014,870	88,181,289
Purchase of equity securities	(35,479,255)	(97,041,268)
Proceeds from sales of equity securities	18,391,496	15,345,962
Purchase of Federal Home Loan Bank stock	(91,702,000)	(935,800)
Proceeds from sale of Federal Home Loan Bank stock	70,668,800	1,067,200
Net increase in loans receivable	(1,562,698,964)	(351,504,396)
Purchases of property and equipment	(11,836,610)	(5,684,927)
Proceeds from sale of property and equipment	330,579	146,292
Net increase in NCUSIF deposit	(3,452,640)	(5,580,748)
<b>Net cash used in investing activities</b>	<b>(1,579,376,182)</b>	<b>(517,813,457)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowed funds	3,125,022,705	7,783,871
Payments to borrowed funds	(2,624,769,715)	(47,112,238)
Net increase in members' shares	457,504,228	642,041,544
<b>Net cash provided by financing activities</b>	<b>957,757,218</b>	<b>602,713,177</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(521,145,575)</b>	<b>232,891,883</b>
Cash and cash equivalents at beginning of year	677,257,061	444,365,178
Cash and cash equivalents at end of year	\$156,111,486	\$677,257,061
<b>Supplemental disclosures of cash flow information, cash payments for</b>		
Interest paid to members	\$38,909,351	\$31,998,913
Interest paid on borrowed funds	\$11,156,526	\$3,768,217
<b>Supplemental schedule of noncash investment and financing activities</b>		
<b>Change in accumulated other comprehensive loss:</b>		
Unrealized losses on securities available for sale, net	(\$21,260,046)	(\$3,766,879)
Post-retirement benefit obligation	\$8,562,732	\$2,264,943
Transfers from loans to foreclosed real estate	\$354,415	\$925,366

# BOARD

## of Directors

Veridian is led by an all-volunteer Board of Directors that is democratically elected by their fellow members. This ensures decisions made at the highest level of our credit union are made in members' interests.

### Emsad Begic

#### COMMITTEES

Credit  
Strategic Planning



### Bill Boevers

#### COMMITTEES

Board Governance (Chair)  
Credit (Secretary)



### Stephanie Atkin

#### COMMITTEE

Executive (Treasurer)



### Pam Ayres

#### COMMITTEES

Audit (Secretary)  
Board Governance



### Bob Kressig

#### COMMITTEES

Credit  
Political Involvement



### Traci McBee

#### COMMITTEES

Audit (Chair)  
Nominating



### Justine Peebles

#### COMMITTEES

CUSO Board Member  
Executive (Secretary)



### Ginger Shirley

#### COMMITTEES

Board Governance  
Strategic Planning (Chair)



### Cindy Sprole

#### COMMITTEES

Credit (Chair)  
Strategic Planning



### Creston L. Van Wey

#### COMMITTEES

Audit  
Board Governance



### Aubrey Ward

#### COMMITTEES

CUSO Board Member  
Executive (1<sup>st</sup> Vice Chair)



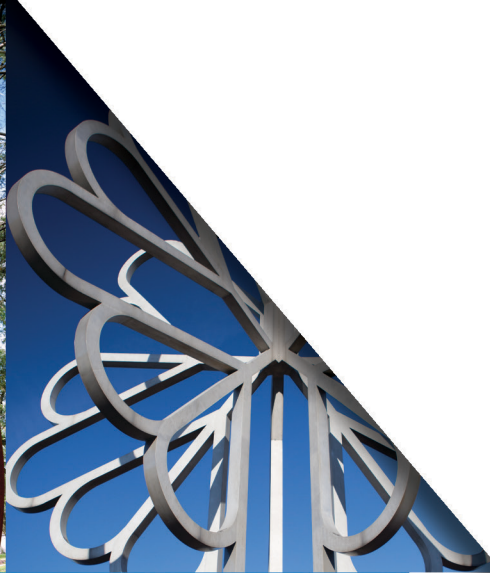
### Nick Waters

#### COMMITTEES

Executive (2<sup>nd</sup> Vice Chair)  
Nominating (Chair)







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