



Credit Union Difference in

*ownership*  
*governance*  
*earnings*  
*leadership*



2015  
Annual  
Report

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

## VISION

### Members

Create meaningful relationships where members view us as their trusted financial partner.

### Employees

Engage, develop and value the diversity in our employees to ensure their success.

### Products and Services

Deliver a broad range of innovative, simple-to-use, high-quality products and services.

### Community

Play a vital role in enriching the community.

### Sustainability

Maintain unquestionable financial security.

**We connect with members and create an atmosphere of belonging and trust to ... EXCEED EXPECTATIONS!**

## MISSION

To partner with members to create successful financial futures.

## VALUES

### Passion

We make a difference.

### Innovation

We embrace different ways of thinking and lead change.

### Relationships

We genuinely care about others.

### Inclusion

We value diversity and include everyone.

### Collaboration

We are people helping people. Together, we create our future.

### Accountability

We deliver results.

### Leadership

We live these values every day.

Veridian Credit Union continued to grow and prosper in 2015. Our main focuses were loan growth, member satisfaction and employee engagement. We were successful in all three areas. Our total loans increased by 11.6%, member satisfaction remained high at 9.05 on a 10-point scale and employee engagement rose to 82.5%.

We also continued implementing our diversification plan. The Ingersoll branch opened in Des Moines and construction started at the site of our Council Bluffs branch. These branches will serve new and existing members in our Central and Western regions. We also remained committed to Northeast and East Central Iowa. In Waterloo, our Ansborough and Crossroads Hy-Vee branches were remodeled.

Looking forward to 2016, we will remain focused on loan growth, member satisfaction and employee engagement. When our loan portfolio grows, we are able to attract deposits, expand services, add staff and better serve our members.

As a not-for-profit financial cooperative, Veridian is here to serve you, our member-owners. We encourage you to look to Veridian for loans, deposit products, electronic services and, most importantly, advice for your financial future. Thank you for your membership and continued support.



Monte T. Berg  
CEO

**As a not-for-profit financial cooperative, Veridian is here to serve you, our member-owners.**



As a credit union,  
**we're organized differently than other financials.**

These differences extend from our **ownership** and **governance** to our **leadership** and **earnings** distribution.

*Look for these green boxes throughout this Annual Report to learn more.*

# CHAIR report

Veridian Credit Union had much to celebrate throughout 2015. We welcomed a new CEO and many new members started experiencing the Veridian difference. New branches were added to our communities, and we introduced exciting ways for members to connect with us through technology.

In May, we celebrated when Monte Berg stepped into the CEO position at Veridian. Monte's direction for the credit union was clear: continue with our mission of partnering with members to create successful financial futures. Later in the year, we celebrated when we welcomed new members through mergers with Waterloo Police Credit Union and Midwest Federal Employees Credit Union.

In addition, we opened a state-of-the-art branch on Ingersoll Avenue in Des Moines and began work on a beautiful location in Council Bluffs. This brings our branch network to a total of 28 locations to serve you.

We continued to provide and expand the ways our members can connect with us and utilize our services. Our website received a new look, we updated our smartphone app and added an app for tablets. We were also excited to begin offering our members Apple Pay as a method of payment.

As you can tell, 2015 was a great year at Veridian, and we are glad you were a part of the celebrations. As always, thank you for your membership and the opportunity to help you reach your desired financial future.



Bill Boevers, **Chair**

Veridian Credit Union has been proudly serving members since 1934. During the past 81 years, we have opened 27 branches across Iowa. The newest Des Moines-area branch opened in 2015. It's prominently located at the intersection of MLK and Ingersoll. This modern-day branch is located on a main thoroughfare leading into the west side of downtown Des Moines. In addition, construction began on our branch in Council Bluffs, allowing it to open in April of 2016.

We remained financially strong in 2015. Our capital-to-assets ratio, a primary indicator of financial strength, was 10.01% at the end of 2015. Our goal is to keep this ratio between 9.0% and 10.0%. Other financial highlights include total asset growth of 11.83% to \$2.95 billion, loan growth of 11.6% to \$2.14 billion and deposit growth of 9.02% to \$2.55 billion. In addition, our operating expense ratio was 2.72%, which was well below the 3.21% average for credit unions of similar asset size. The lower the operating expense, the better for this ratio.

In the future, using both new and existing technology, we will continue to work hard to serve our nearly 195,000 members, protect their financial information and deliver high-quality products and services.

Creston L. Van Wey, **Treasurer**

# TREASURER report



## Credit Union Difference in **Ownership**

We're a **not-for-profit** financial cooperative **owned by our members.**



We served  
**194,606**  
member-owners in 2015.



## **Ownership** at for-profit financials

For-profit financials are corporations owned by stockholders.

# COMMITTEE reports

## STRATEGIC PLANNING

*This committee ensures Veridian is prepared for the future by facilitating ongoing strategic discussions, setting short- and long-term goals and establishing Balanced Scorecard measurements.*

**Committee Chair:**

James Kacher

**Committee members:**

Bill Boevers, Paul Gengler, Traci McBee, Nick Waters

**Accomplishments in 2015:**

- > The targets set for the year were exceeded in all 12 Balanced Scorecard measurements.
- > Strategic discussions were held at monthly board meetings.
- > The entire board was invited to a strategic planning session in July, which focused on the future needs of Veridian members.

## CREDIT

*This committee examines new lending products and services, monitors Veridian's lending policies and oversees large commercial loan relationships.*

**Committee Chair:**

David R. Schultz

**Committee members:**

Paul Gengler, Bob Kressig, Ginger Shirley, Gaylen D. Witzel

**Accomplishments in 2015:**

- > Veridian had a great lending year – 11.6% loan growth, while maintaining delinquency at peer levels.
- > The Account Resolution Department conducted a Kaizen review, which resulted in increased efficiencies, more consistent processes and enhanced member service.
- > Veridian's credit card portfolio grew by 14.62%, as a result of a successful Visa® promotion.
- > Veridian set a new record for home equity loans thanks to an introductory rate of 0.27% APR, which tied to the opening of the 27th branch.

## BOARD GOVERNANCE

*This committee reviews and oversees all policy issues regarding Veridian's Board of Directors.*

**Committee Chair:**

Traci McBee

**Committee members:**

Scott Anderson, Thomas DeLong, David R. Schultz, Gaylen D. Witzel

**Accomplishments in 2015:**

- > The board approved increasing the financial education requirements for board members. This will ensure board members are able to ask Veridian's management and auditors appropriate questions about the financial statements.
- > This committee recommended the three members who joined the Member Council as representatives of the Council Bluffs/Omaha market.
- > This committee coordinated a board workshop on asset liability management.

## AUDIT

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

**Committee Chair:**

Pam Ayres

**Committee members:**

Thomas DeLong, Denny Skelton

**Accomplishments in 2015:**

- > Veridian was examined by three external auditing agencies – RSM US LLP, the Iowa Credit Union Division and the National Credit Union Administration. The results of these exams were shared with the Audit Committee and the board.
- > Veridian's Loss Prevention Department continued to work with members to prevent, detect and manage fraudulent transactions.
- > This committee approved Veridian's annual risk-based audit plan and reviewed all the related audit reports.

## VISION

*This committee brings together a group of Veridian employees and a liaison from the Board of Directors. The team reviews nominations about employees who exceeded members' expectations and selects Employee of the Month and Visionary of the Year recipients.*

**Board Liaison:**

David R. Schultz

**Accomplishments in 2015:**

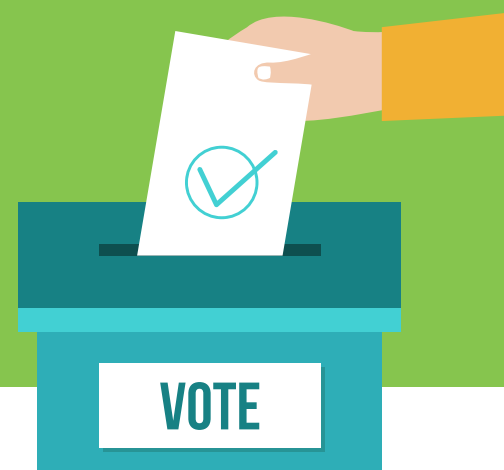
- > This committee reviewed 110 Employee of the Month nominations.
- > Four Employee of the Month winners received a Visionary of the Year award.

Congratulations to our Visionary of the Year recipients:

- Jeff Morrow, Crossroads Hy-Vee®
- Kodie Olson, Crossroads Hy-Vee
- Cheryl Paradiso, Blairs Ferry
- Josue Prado, EP True

## Credit Union Difference in Governance

**We're self-governed.** Every member in good standing and age 16 or older has one vote in the election of our Board of Directors, regardless of his or her amount on deposit.



**1,082 members** voted in the 2015 election of our Board of Directors.



## Governance at for-profit financials

Only stockholders are allowed to vote on a for-profit financial's Board of Directors, and those owning more of the financial's stock may be allowed to cast more votes.

# FINANCIAL statements

## Consolidated Statements of Financial Condition

Years Ended December 31, 2015 & 2014

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 241,295,112	\$ 169,883,134
Certificates of deposit	125,440,404	156,332,142
Investment securities available for sale	347,141,686	310,812,690
Loans held for sale	3,202,450	2,396,653
Loans receivable, net of allowance for loan losses	2,140,523,581	1,917,304,149
Accrued interest receivable	7,445,899	7,299,776
<b>Property and equipment:</b>		
Land and land improvements	10,241,873	8,350,137
Buildings and improvements	37,090,850	34,503,432
Furniture and equipment	22,926,422	23,173,047
<b>Total property and equipment</b>	<b>70,259,145</b>	<b>66,026,616</b>
Less accumulated depreciation	28,566,832	29,892,275
<b>Net property and equipment</b>	<b>41,692,313</b>	<b>36,134,341</b>
National Credit Union Share Insurance Fund (NCUSIF) deposit	21,985,456	20,154,150
Other assets	24,684,006	20,550,561
<b>Total assets</b>	<b>2,953,410,907</b>	<b>2,640,867,596</b>

	2015	2014
<b>Liabilities and members' equity</b>		
<b>Liabilities:</b>		
Members' shares	2,550,062,134	2,339,141,183
Accrued interest payable	4,107,798	5,901,590
Borrowed funds	75,000,000	-
Accrued expenses and other liabilities	35,882,800	33,154,941
<b>Total liabilities</b>	<b>2,665,052,732</b>	<b>2,378,197,714</b>
<b>Members' equity:</b>		
Appropriated	276,050,196	249,603,023
Unappropriated	19,417,796	18,463,978
Accumulated other comprehensive (loss)	(7,109,817)	(5,397,119)
<b>Total members' equity</b>	<b>288,358,175</b>	<b>262,669,882</b>
<b>Total liabilities and members' equity</b>	<b>2,953,410,907</b>	<b>2,640,867,596</b>

## Consolidated Statements of Income

Years Ended December 31, 2015 & 2014

	2015	2014
<b>Interest income</b>		
Interest and fees on loans	\$ 83,672,925	\$ 79,969,933
Interest on investment securities	6,799,398	6,482,984
Interest on certificates of deposit and other investments	2,092,725	2,038,536
	<b>92,565,048</b>	<b>88,491,453</b>
<b>Interest expense</b>		
Members' shares	18,780,672	16,919,322
Borrowed funds	80,856	4,105
	<b>18,861,528</b>	<b>16,923,427</b>
<b>Net interest income</b>	<b>73,703,520</b>	<b>71,568,026</b>
Provision for loan losses	8,192,427	10,696,227
<b>Net interest income after provision for loan losses</b>	<b>65,511,093</b>	<b>60,871,799</b>
<b>Other income</b>		
Service charges	12,254,221	11,399,168
Credit card interchange fees	16,901,506	15,222,685
Other income	8,738,600	7,666,176
<b>Total other income</b>	<b>37,894,327</b>	<b>34,288,029</b>
<b>Operating expenses</b>		
Salaries and employee benefits	43,903,668	40,163,567
Other operating expenses	32,100,761	30,354,862
<b>Total operating expenses</b>	<b>76,004,429</b>	<b>70,518,429</b>
<b>Net income</b>	<b>27,400,991</b>	<b>24,641,399</b>

## Consolidated Statements of Comprehensive Income

Years Ended December 31, 2015 & 2014

	2015	2014
<b>Net income</b>	<b>\$ 27,400,991</b>	<b>\$ 24,641,399</b>
<b>Other comprehensive income (loss):</b>		
Unrealized gains (losses) on securities available for sale:		
Unrealized holding gains (losses) arising during the year	(1,759,146)	1,290,370
Less reclassification adjustment for (gains) included in net income	(564,964)	(554,780)
Post-retirement benefit obligation	611,412	(4,225,789)
<b>Other comprehensive (loss)</b>	<b>(1,712,698)</b>	<b>(3,490,199)</b>
<b>Comprehensive income</b>	<b>25,688,293</b>	<b>21,151,200</b>

# FINANCIAL statements

## Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2015 & 2014

	Appropriated			Unappropriated		
	Legal reserve for loan losses	Capital reserve	Total	Undivided earnings	Accumulated other comprehensive (loss)	Total
Balance, December 31, 2013	\$ 74,177,581	\$ 152,741,764	\$ 226,919,345	\$ 16,506,257	\$ (1,906,920)	\$ 241,518,682
Comprehensive income:						
Net income	–	–	–	24,641,399	–	24,641,399
Other comprehensive (loss)	–	–	–	–	(3,490,199)	(3,490,199)
Transfers, net	6,206,217	16,477,461	22,683,678	(22,683,678)	–	–
Balance, December 31, 2014	80,383,798	169,219,225	249,603,023	18,463,978	(5,397,119)	262,669,882
Comprehensive income:						
Net income	–	–	–	27,400,991	–	27,400,991
Other comprehensive (loss)	–	–	–	–	(1,712,698)	(1,712,698)
Transfers, net	8,011,992	18,435,181	26,447,173	(26,447,173)	–	–
<b>Balance, December 31, 2015</b>	<b>\$ 88,395,790</b>	<b>\$ 187,654,406</b>	<b>\$ 276,050,196</b>	<b>\$ 19,417,796</b>	<b>\$ (7,109,817)</b>	<b>\$ 288,358,175</b>

## Credit Union Difference in *Earnings*

Being member-owned and not-for-profit means we return earnings to our members through lower rates, higher dividends, better services and low-to-no fees.

## *Earnings* at for-profit financials

The earnings at a for-profit financial are paid directly to its stockholders.

## Consolidated Statements of Cash Flows

Years Ended December 31, 2015 & 2014

	2015	2014
<b>Cash flows from operating activities</b>		
<b>Net income</b>	<b>\$ 27,400,991</b>	<b>\$ 24,641,399</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	2,939,011	2,555,118
Provision for loan losses	8,192,427	10,696,227
Proceeds from sale of loans sold	160,941,763	80,175,526
Originations of loans held for sale	(161,738,906)	(81,740,697)
(Gains) from the sale of loans	(8,654)	(41,426)
Net (gains) on sales of available-for-sale investment securities	(564,964)	(554,780)
(Gain) loss on sale of property and equipment	(17,499)	125,245
Net amortization of premiums on available-for-sale investment securities	3,142,707	3,188,343
<b>Net change in:</b>		
Accrued interest receivable	(146,123)	418,843
Other assets	(885,345)	(4,993,211)
Accrued interest payable	(1,793,792)	2,857,157
Accrued expenses and other liabilities	3,339,272	3,903,359
<b>Net cash provided by operating activities</b>	<b>40,800,888</b>	<b>41,231,103</b>
<b>Cash flows from investing activities</b>		
Proceeds from maturities of certificates of deposit investments	49,947,263	47,838,921
Purchase of certificates of deposit investments	(19,057,066)	(39,625,435)
Proceeds from sales of available-for-sale investment securities	64,182,803	156,049,629
Purchase of available-for-sale investment securities	(221,029,882)	(90,794,054)
Proceeds from maturities of available-for-sale of investment securities	115,617,770	84,571,360
Purchase of Federal Home Loan Bank stock	(3,248,100)	(100,700)
Net change in loans receivable	(231,411,859)	(247,521,389)
Purchases of property and equipment	(8,491,284)	(5,105,476)
Proceeds from disposal of property and equipment	11,800	5,366
Net increase in National Credit Union Share Insurance Fund deposit	(1,831,306)	(36,846)
<b>Net cash (used in) investing activities</b>	<b>(255,309,861)</b>	<b>(94,718,624)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowed funds	75,000,000	–
Net increase in members' shares	210,920,951	174,257,619
<b>Net cash provided by financial activities</b>	<b>285,920,951</b>	<b>174,257,619</b>
<b>Increase in cash and cash equivalents</b>	<b>71,411,978</b>	<b>120,770,098</b>
Cash and cash equivalents at beginning of year	169,883,134	49,113,036
Cash and cash equivalents at end of year	241,295,112	169,883,134
<b>Supplemental disclosures of cash flow information, cash payments for:</b>		
Interest paid to members	19,280,861	15,355,768
Interest paid on borrowed funds	80,856	4,105
<b>Supplemental schedule of noncash investment and financing activities:</b>		
<b>Change in accumulated other comprehensive income:</b>		
Unrealized gains (losses) on securities available for sale, net	(1,759,146)	1,290,370
Post-retirement benefit obligation	611,412	(4,225,789)
Transfers from loans to foreclosed real estate	1,366,311	1,631,014

# Board of DIRECTORS



**SCOTT ANDERSON**

Board Governance Committee  
Nominating Committee



**PAM AYRES**

Audit Committee (Chair)  
Nominating Committee



**BILL BOEVERS**

Executive Committee (Chair)  
Strategic Planning Committee



**ELIZABETH CAVEN**

Executive Committee (1st Vice Chair)  
The Veridian Group Board



**THOMAS DeLONG**

Audit Committee  
Board Governance Committee



**PAUL GENGLER**

Credit Committee  
Strategic Planning Committee



**JAMES KACHER**

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



**BOB KRESSIG**

Credit Committee  
Political Involvement Committee



**TRACI MCBEE**

Board Governance Committee (Chair)  
Strategic Planning Committee



**DAVID R. SCHULTZ**

Board Governance Committee  
Credit Committee (Chair)  
Member Council (Board Liaison)  
Vision Committee (Board Liaison)



**GINGER SHIRLEY**

Credit Committee  
Nominating Committee (Chair)



**DENNY SKELTON**

Audit Committee (Secretary)  
The Veridian Group Board



**CRESTON L. VAN WEY**

Executive Committee (Treasurer)



**NICK WATERS**

Executive Committee (Secretary)  
Strategic Planning Committee



**GAYLEN D. WITZEL**

Board Governance Committee  
Credit Committee (Secretary)

## Credit Union Difference in Leadership

We're people helping people. Our board members are unpaid volunteers elected democratically by their fellow members.



Our board members volunteer more than **2,700 HOURS** each year to serving their fellow members.



## Leadership at for-profit financials

For-profit financial directors are typically paid stockholders. That means the financial is led by those who benefit most from the financial's profits.

# VERIDIAN DIFFERENCE

2015 year in review



## Awards and Accolades

**Cooldest Place to Work**  
*Corridor Business Journal*

**Top Workplace**  
*Des Moines Register*

**Best Bank**  
*Cityview*

**Business & Industry  
Appreciation Award**  
*City of Cedar Falls*

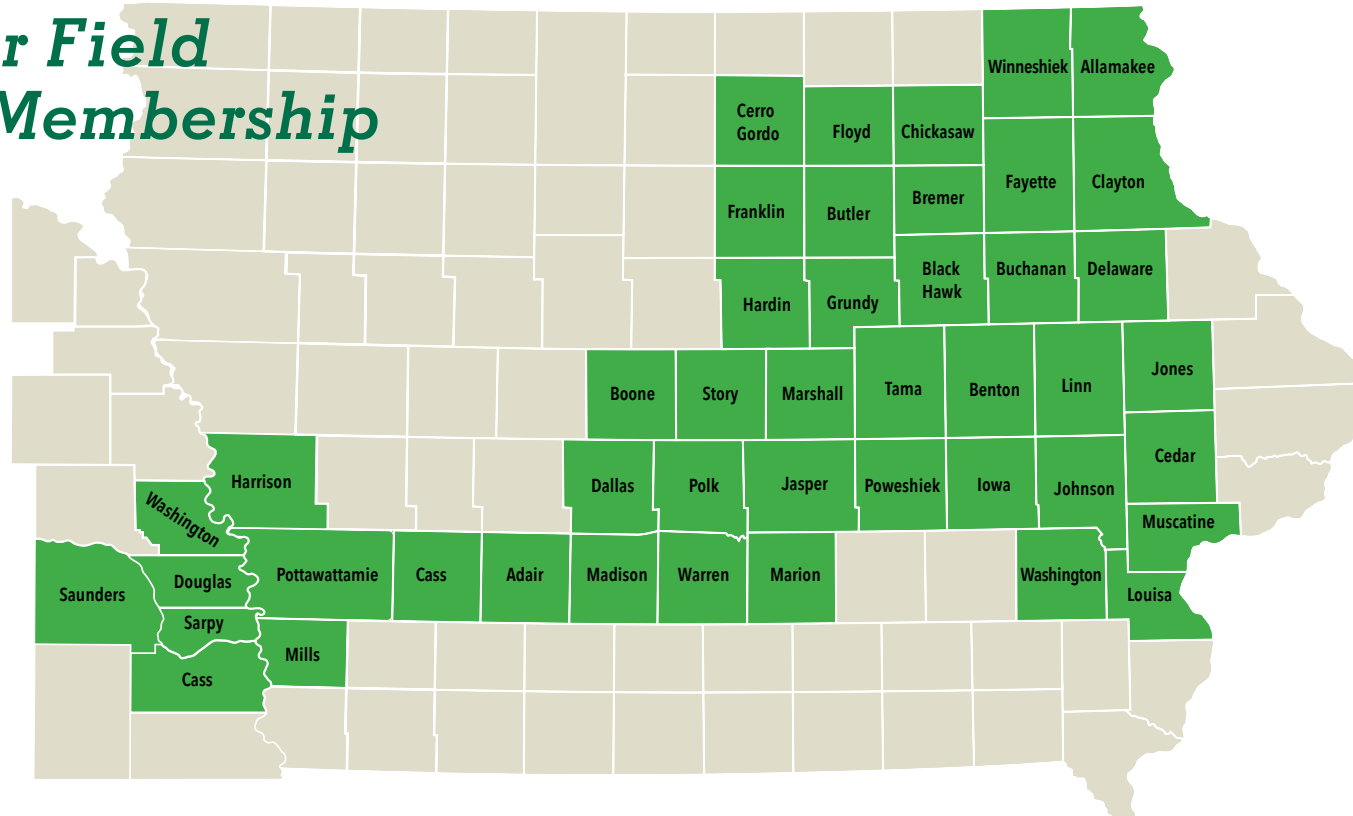
**Best Credit Union**  
*Waterloo-Cedar Falls Courier*



**We Gave Back**  
**\$829,360**

to the communities we serve through donations, sponsorships and other partnerships.

## Our Field of Membership



## Highlights

Monte Berg was named as the new CEO.

We began supporting Apple Pay as a payment method.

We became certified as a Community Development Financial Institution (CDFI) for our commitment to serving underserved individuals and economically distressed areas.

Our Ingersoll branch in Des Moines opened its doors.

A groundbreaking ceremony was held at the site of our Council Bluffs branch.



## Community Shred Day Results

**5,083** people protected their identities by shredding **127,064** pounds of private documents. Recycling this material saved **1,588** trees.



