



Greater Iowa
CREDIT UNION
2013 ANNUAL REPORT



GREATER IOWA CREDIT UNION 2013-14 BOARD OF DIRECTORS

Front (from left): Linda Ashby, Jody Danielson, Don Wirth, Max Porter and Steve Vardeman.
 Back (from left): Kristopher Stow, Steve Karsjen, Darren Jarboe, Craig Forney, Michael Welter and Donald Tebben.

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This report highlights the financial and community outreach successes of Greater Iowa Credit Union in 2013. This report was jointly created by the credit union's board or directors, administration and marketing departments.

CHAIR OF THE BOARD OF DIRECTORS REPORT

BY CRAIG FORNEY, BOARD CHAIR

As chair of the Greater Iowa Credit Union Board of Directors, one of my important responsibilities is to provide an annual report as to the state of the credit union. We are proud to have achieved another successful year of continued strength and security. We understand that our success comes from the dedication and support of our members, as well as the hard work of our staff. Along with the president's report, the reports from the various committees and the treasurer, our goal is to give you a good understanding of the financial and strategic health of your credit union.

From a financial perspective, Greater Iowa remains a strong credit union. The year ended with an enviable income statement. As you'll note in the treasurer's report, Greater Iowa continues to be well-capitalized and financially sound.

Our membership grew, and we undertook three major strategic projects during the year. We did a full conversion of our core computer system. While this process had minimal direct impact on our members, it is bringing greater efficiencies to our staff in serving members. Next, we made great progress with the construction of a new branch in Indianola. From a strategic point of view, this new branch will contribute toward the strength of Greater Iowa by attracting additional profitable members and by serving as a model for staffing and branch configuration as we move forward.

The other major project we undertook last year was to offer our members a new credit card portfolio. This allows us to bring the decision making process for underwriting back into the hands of Greater Iowa staff, and at the same time provide members direct benefits.

As volunteer board members, we understand that our major role is to serve as the membership's representative in the business of the credit union. I can report that while we remain a harmonious group, there is healthy debate and discussion on all credit union strategic undertakings. We review at each monthly meeting three decision filters to dictate strategic choices for the credit union: safety and soundness, ethics and logic, and member benefits.

Greater Iowa's leadership and board recognizes for decision filters to be effective, they need to be used by people making decisions at all levels of the organization consistently.

Our president and CEO, Scott Zahnle, has been at the helm for the past two years, and the board is pleased with his management of the credit union. He came to us well versed in the workings of a large credit union, and has provided leadership through an ever-changing financial landscape. He has introduced several operating principles that the board embraces. Scott believes that the staff offer a "solution at every point of contact," recognizing that one of the most effective ways to strengthen our cooperative is to help members connect every time, at every point of contact, with solutions for financial strength and growth. And secondly, he and the board feel Greater Iowa should lead with innovation. We may not be the earliest adopters of new technology, but we will be among the first wave.

Again, on behalf of the Greater Iowa Board of Directors, we are proud of our past year and look forward with enthusiasm to the year ahead. As members of Greater Iowa, you can be proud too.

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PRESIDENT / CEO REPORT

BY SCOTT ZAHNLE, PRESIDENT / CEO

I want to express appreciation to our Board of Directors, our senior leadership team and our staff for their efforts this past year. There were numerous major projects that we as a credit union implemented in 2013 that took extra efforts by all.

The year 2013 was the year of technology change for Greater Iowa Credit Union. Many projects accomplished in 2013 included: converting to a new core system, installing deposit ATMs at all branch locations, implementing remote deposit capture and teller capture and the development of an in-house branded credit card program. All of which continue to position us as an innovative leader in the financial market place.

2014 will be a year that we exploit 2013's initiatives by making sure all staff is fully trained and comfortable with these technology changes. Staff will also become more comfortable with using new tools and procedures for better efficiency. Better efficiency will provide more time to satisfy member needs with quality service and quality products. Our business development and business lending staff have laid the ground work in the marketplace with good response in 2013. This provides a good foundation to the continuation of building more business account relationships in 2014 and beyond.

Our Credit Card program which began in the fall of 2013 is starting to reach full speed. This product offering helps us to offer another product to our members that we can control the service the member receives. This product is a profitable product for the credit union and offers many benefits to the members as well.

Finally, in 2014, we will have a new branch in a new market. Indianola offers us a large fairly untapped credit union market including a channel of the underserved. As we acquire new members at the Indianola branch, we will be testing the financial institution paradigm with the use of pods in a retail environment and with extended hours. This will change the way members in Indianola interact with a financial institution while providing a more inviting atmosphere. As we monitor the progress of this new branch concept, we will continue to look for additional markets for member growth and branch expansion.

2014 will also bring many new products, projects and enhancements to current programs; all to help members reach their financial goals and to provide staff additional efficiencies to help improve the member experience. Greater Iowa Credit Union continues to be a strong successful financial institution that its members can depend on. We will continue to find ways to improve and look forward to serving you in 2014 and beyond.

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AUDIT COMMITTEE REPORT BY MIKE WELTER, COMMITTEE CHAIR

The audit committee is comprised of three members of the board of directors: Jody Danielson, Darren Jarboe and myself. The purpose of the Audit Committee is to ensure that Greater Iowa complies with all applicable state and federal laws and regulations as well as Greater Iowa's bylaws and policies. The Audit Committee is also responsible for determining if Greater Iowa's practices and procedures are sufficient to safeguard its members' assets.

The Committee uses many tools to discharge this responsibility. Greater Iowa conducts internal audits, uses independent third-party examiners, such as Petersen & Associates CPA to conduct periodic reviews of those audits, prepares monthly Bank Secrecy Act (BSA) reports prepared by Greater Iowa's EVP/CFO and has annual BSA audits performed by McGladrey LLP.

As a credit union chartered by the State of Iowa and with deposit insurance provided by the National Credit Union Administration, Greater Iowa is also subject to regular examinations. Results of the most recent examination conducted by the State of Iowa Department of Commerce and by the National Credit Union Administration were deemed favorable. Those reports have been communicated to the Board of Directors.

Based on these reviews and audits, the Audit Committee concludes that the Greater Iowa Credit Union is operating in accordance with the prescribed laws and regulations and performs its functions in a highly commendable manner.

The Audit Committee also concludes that the Greater Iowa Credit Union is very well managed and that our members' finances are safe, productive and easily accessible.

CREDIT COMMITTEE REPORT BY DON WIRTH, COMMITTEE CHAIR

Greater Iowa Credit Union is committed to being a safe and stable financial institution for our members. The Credit Committee met monthly throughout 2013 to ensure it was operating within established lending policies and guidelines. Members of the board who served with me on the committee are Kris Stow and Linda Ashby along with alternates Steve Karsjen and Don Tebben.

Greater Iowa Credit Union remains committed to providing members with flexible and innovative credit products and services that keep pace with our changing economy, lives and communities, while preserving the safety and soundness of the credit union. It's through constant review and diligent attention to loan underwriting guidelines that we continue to meet our members' borrowing needs while managing loan delinquencies and loan losses.

In 2013, the credit union funded 6,971 consumer loans for a total of \$70,463,979; approved 493 VISA credit cards totaling \$4,396,800; funded 245 real estate loans for a total of \$34,240,049 first mortgages for purchases or refinances; and funded 29 business loans for a total of \$3,758,104.

Delinquency rate at year-end 2013 was 0.77%, a figure which is well below delinquency rates for peer credit unions. Our provision for loan loss was \$1,211,283 for the year and remains an area to monitor but about which to not be overly concerned. As you can note in the financial statement included in this annual report, our net loans at year-end 2013 totaled \$215,628,448.

One huge challenge facing Greater Iowa and all financial institutions is the continual increase in regulatory requirements. While you may read that credit is tightening because of these requirements, Greater Iowa is committed to doing everything possible to meet our members' credit needs. While it remains critical for Greater Iowa to balance risk within our portfolio, we will continue to evaluate our lending criteria as well as introduce additional loan products to our members in order to grant as many loan opportunities as possible.

It is the view of the credit committee that Greater Iowa remains healthy and fiscally responsible in its lending program.



“With continued support we will see our membership continue to grow and the Credit Union remain strong for many years to come.”

TREASURER’S REPORT

BY STEVE VARDEMAN, BOARD TREASURER

I am pleased to report on the financial condition of Greater Iowa Credit Union as of December 31, 2013 and provide the accompanying statement of condition. Our efforts to support your financial well-being have never been stronger than in 2013.

The Credit Union ended 2013 with total assets of \$329.3 million, representing an increase of \$14.9 million an increase of 4.76 percent from 2012 levels. Loans outstanding of \$217.0 million (and net reserves of \$1.4 million) represent an increase of 7.25 percent from the 2012 year end.

Member deposits totaled \$286.7 million, representing an increase of 7.86 percent. Members’ equity increased 2.53 percent to \$29.7 million.

Greater Iowa’s Board of Directors and senior leadership team maintained prudent financial practices to ensure that the credit union remained well-capitalized at year-end 2013 with a Capital Ratio of 9.10 percent. This ratio, established by the National Credit Union Administration (NCUA) sets the regulatory standard for the minimum allowable capital level for “well-capitalized credit unions” at seven percent.

2013 was another solid year for Greater Iowa Credit Union with a realized net income for the fiscal year of \$1.10 million.

As treasurer, I want to express my confidence in the senior management and the entire board of directors to provide security, safety and soundness for your assets and institutional stability. With continued support we will see our membership continue to grow and the Credit Union remain strong for many years to come.

STATEMENT OF CONDITION

ASSETS	12/31/2013
Gross Loans	\$217,006,600
Less: Allowance for Loan Losses	(\$1,378,152)
Net Loans	\$215,628,448
Cash and Cash Equivalents	\$2,698,595
Investments and Overnight Funds	\$94,987,651
Accrued Interest	\$655,098
Buldings, Land, Land Improvements, and Equipment, net	\$11,926,105
Collateral Pending Liquidation	\$645,563
Mortgages in Process	\$61,615
Share Insurance Fund	\$2,725,973
Other Assets	\$20,763
TOTAL ASSETS	\$329,349,815
LIABILITIES	
Total Member Deposits	\$286,728,979
Notes Payable	\$10,000,000
Accounts Payable and Other Liabilities	\$2,880,412
TOTAL LIABILITIES	\$299,609,393
EQUITY	
Legal Reserves	\$11,147,705
Undivided Earnings	\$17,716,943
Unrealized Gain/Loss on AFS	(\$220,379)
YTD Net Income	\$1,096,152
TOTAL EQUITY	\$29,740,422
TOTAL LIABILITIES AND EQUITY	\$329,349,815

Management represents, to the best of its knowledge, that these 2013 and 2012 year-end financial statements present fairly in all material respects, the financial position of the GREATER IOWA CREDIT UNION.

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

CORPORATE GIVING COMMITTEE BY KRIS STOW, COMMITTEE CHAIR

Each year the corporate giving and educational partnership committee provides funds to non-profit organizations throughout the credit union's field of membership. This past year, we continued our program of support to a diverse array of groups, schools, organizations, students and major community institutions. Larger gifts, those over \$500, are overseen by the president and CEO and the committee. The committee also reviews and approves major funding and multi-year gifts to larger community organizations.

Several of our philanthropic programs are beginning to take root in the consciousness of our membership and our branch communities. Now in its third year, Project Classroom provides four \$1,000 grants to elementary and middle schools throughout our field of membership. In October grants were presented to East Sac County Middle School in Sac City; North Tama Elementary in Traer; St. Cecilia School in Ames; and the Ames Community School District.

Project Future: The Roxanne Harmon Memorial Scholarship had three recipients of \$1,000 scholarships, which

are given to high school or college students. Students are chosen based on their record of community service and academic achievement as demonstrated in an essay accompanying their application.

Another of the committee's scholarship programs, the Warren Morrow Latino Educational Scholarship Program, provides three \$500 scholarships to high school students who self-identify as a first or second-generation Hispanic student. This program also seeks to reward students with a strong record of community involvement and academic excellence. The scholarship is awarded each September at the Latino Heritage Festival in Des Moines.

The committee ended its working year with a series of proactive gifts to food banks in all of our branch communities, a gesture that was greatly appreciated by these valuable community agencies. It is initiatives like these which give me and my fellow committee members a great deal of pride in Greater Iowa.

OUR NEWEST BRANCH IN INDIANOLA WILL OPEN IN EARLY 2014

Greater Iowa broke ground in July 2013 for our newest branch in Indianola. The 4,000 square-foot retail branch is on the northern edge of Indianola, in what is called the Summercrest Hills Development adjacent to Highway 65/69.

"Indianola is a growing and vibrant community," said Scott Zahnle, Greater Iowa's president and CEO. "Our research has shown that a credit union and its financial cooperative model and member-centric products and services would be a welcome addition to town and the surrounding communities."

The new building features a Prairie-style exterior with horizontal lines, an open floor plan and designed to blend in with the prairie landscape. It was designed by Clayco, a St. Louis firm that specializes in financial services buildings. Plans now call for the interior to feature pod-like stations for interacting with members, as opposed to the traditional teller line.

The Indianola branch will be the seventh retail branch for Greater Iowa, but is the first to venture south of the Des Moines/Ames metro area.

At right: Groundbreaking ceremony in July 2013.

Below: Architect's rendering of Indianola branch provided by Clayco.



OUR PROMISE

We will grow with our communities and our members by providing lifelong personal service and innovative financial products.

OUR VISION

Greater Iowa Credit Union will become a pacesetter in the financial services industry.

OUR CORE VALUES

Diversity • Accountability • Respect • Excellence • Integrity

OUR VALUE PROPOSITION

Solutions at every point of contact.

Greater Iowa
CREDIT UNION

