



Staff members are given \$50 each to brighten someone's day through a random act of kindness!

148 employees gave **\$7,400!**

### AUDIT COMMITTEE REPORT

Gary Schocker, *Audit Committee Chairperson*

The Audit Committee is charged with overseeing the internal operations of the credit union to ensure compliance with Federal and State regulations as well as credit union bylaws. To assist in this responsibility, the committee has engaged the services of Petersen & Associates, a certified public accounting firm. Petersen & Associates employs a variety of audit procedures in reviewing the operations of the credit union, the financial statements and corresponding records. We are pleased to report that no major discrepancies were found during the annual audit of Ascentra Credit Union.

The credit union engaged Affirmx LLC during 2018 to conduct a Bank Secrecy Act Audit. We were very pleased with the outcome of this audit. During 2018, Affirmx also completed a Safe Act Audit, Website Audit and an ACH Audit, all of which were very favorable. PolicyWorks LLC, a division of the Iowa Credit Union League was contracted to conduct audits in Mortgage Lending and Member Business Lending. We are pleased to report that no major findings were reported in any of these audits.

As information security is of the utmost priority, the credit union engaged a company, Trace Security to review various aspects of our Information Technology area. Trace Security performed an external penetration test (to find weaknesses in our external perimeter defense) and our annual Security Risk Assessment. RSM completed an Internal Network Vulnerability Assessment as well. The credit union is very pleased to report that this outside firm was not able to access any of our internal systems via electronic means. Monthly social engineering tests were conducted with very good results which demonstrated diligence on behalf of the entire staff surrounding the social engineering issues.

The National Credit Union Share Insurance Fund (NCUSIF) provides deposit insurance coverage per individual account holder, per federally insured credit union. Properly established member accounts in federally insured credit unions are insured up to the Standard Maximum Share Insurance Amount (SMSIA) of at least \$250,000. Ascentra Credit Union is a federally insured credit union that is categorized as "Well Capitalized" with a 10.93% net worth ratio at year end 2018.

In closing, I am pleased to report to the membership of Ascentra Credit Union these positive results representing the safety and soundness of Ascentra Credit Union.

I want to thank my fellow Audit Committee Members, Laura Curtis and Greg Aguilar for their time this past year serving on the committee.

### CREDIT COMMITTEE REPORT

Woody Perkins, *Credit Committee Chairperson*

In 2018, loan rates continued to remain low and Ascentra Credit Union disbursed \$98.4 million in loans. This resulted in loan growth for the year of \$5.9 million, or 1.96% over 2017 with total loans at year end coming in at \$307.8 million.

280 members took advantage of low mortgage rates and purchased or refinanced their home throughout the year. Total mortgage production for 2018 was \$35.4 million. We ended the year with a serviced mortgage portfolio of \$263.8 million and an in-house portfolio of \$79 million.

Our Home Equity Line of Credit remains very competitive in the market with convenient advance options. In 2018, we closed 180 Home Equity loans with approximately \$8 million in available lines of credit.

We have continued to grow our business lending portfolio by referring and purchasing loan participation from Community Business Lenders and originating in-house member business loans. In 2018, we originated over \$8.9 million in gross loan volume and added a Member Business Line of Credit to our product offerings.

Our staff worked hard to find solutions for members who experienced financial difficulties as the delinquency ratio decreased to 0.77% down from 0.85% in 2017. We are happy to report Member Solutions recovered over \$300 thousand in charge offs. The credit union is offering the Skip-A-Payment program throughout the year, giving members the choice of the additional flexibility in their budgets. 1,472 members took advantage of the Skip-A-Payment program.

I want to thank my fellow committee members, Jay England and Dan Birdsley for all their hard work. Thank you for your use of the credit union products and services last year.

## ASCENTRA IN THE COMMUNITY



KWQC's Annual **Toys for Tots** drop off



Ascentra Staff participate in the **Children's Miracle Network Golf Outing**



*Listening, caring, doing what's right.*

# MAKING A DIFFERENCE COOPERATIVE

## LISTENING, CARING, DOING WHAT'S RIGHT



# UNIQUE

# CARING

# ACTIVE

# SCHOLARSHIPS

# VOLUNTEERING

# TEAMWORK

# NOT-FOR-PROFIT COMMUNITY

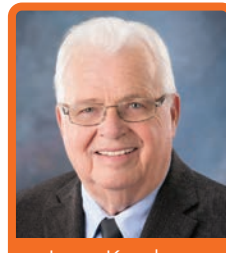
## Annual Report 2018

## 2018 YEAR IN REVIEW

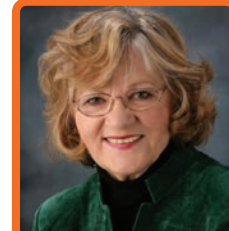
**Board of Directors,**  
**Larry Ridenour, Chairperson**  
**Dale Owen, President & CEO**

As your Chairman and President/CEO, we're proud of the work our team has accomplished over the past year. We're very pleased to report that the credit union had another successful year. The credit union finished 2018 with over \$704 million in assets under management between the credit union: \$405 million, FHLB Serviced Mortgage Portfolio: \$263 million and Ascentra Retirement & Investment Services: \$36 million. Our membership saved more than \$6.8 million in direct financial benefits in 2018. This comes out to \$184 per member or \$374 per member household. Further, loyal members who use the credit union extensively saved \$1,435 per member household last year. The credit union was also successful in obtaining \$165,000 in First Mortgage Homebuyer Grants in 2018. These \$5,000 grants helped make homeownership a reality for 33 families in the communities we serve.

Ascentra Credit Union continues to be successful because of the ongoing positive working relationship between the Board of Directors and the Management Team. It is built on trust and cooperation, with both having the same major objectives, which are to do what is best for the members, the financial soundness of the credit union and the employees. It has proved to be our formula for success. As we gather for our 70th Annual Meeting we celebrate another major milestone. Larry Ketelsen has served faithfully as a board member since 1969. He is celebrating his 50th year of board service to our credit union! In honor of Larry's dedicated service the Ascentra Credit Union Foundation has named our Clinton Community College Emergency Grant in his honor. Students receiving the grant will receive an inspiring overview of Larry's



Larry Ketelsen



Elaine Reid

commitment to our community encouraging them to take on similar community service as they move forward in their careers. In a similar fashion the Muscatine Community College Emergency Grant through our foundation is being named in honor of our late board member, Elaine Reid. Elaine's dedicated volunteer service to our membership and the people of Muscatine is an equally inspiring example of what we want to see instilled in our young people.

2018 was a year of capital improvements for the credit union. May was an eventful month as we celebrated the grand re-opening of our Davenport West 3rd Office and the groundbreaking for our new home office in downtown Bettendorf. These impactful projects are helping rejuvenate our communities and are preparing the credit

union for future growth. We're looking forward to relocating our current home office on Grant Street to our new location this summer. The new 4 story 40 thousand square foot facility will house the heart of our credit union operations and new retail branch. Our new location allows the credit union to gain efficiencies through more streamlined staffing and space to grow for our future needs. Downtown Bettendorf is going through a renaissance of dynamic change and we're proud to be a key part of this success. We're working closely with the City of Bettendorf and the newly formed Downtown Bettendorf Organization (DBO) to insure our prior location is redeveloped into something special for downtown.

The Ascentra Credit Union Foundation had another impactful year of giving in 2018. The foundation has granted over \$345 thousand to date and assisted hundreds of local organizations in the communities we serve. In September we held our 4th Annual Paul Lensmeyer Memorial Golf Outing which raises funds for the foundation. This wonderful event has raised more than \$75 thousand to help support meaningful programs in our area. In addition to the great work on behalf of the foundation, hundreds of volunteer hours have been served and thousands of dollars have been raised by our caring, dedicated staff. Our staff have also donated over \$18,000 through our Casual for a Cause program. Additionally staff and the credit union also donated \$18,000 in support of United Way. We're very proud of our staff for giving back in such meaningful ways!



Financial choice was at risk during the 2018 Iowa legislative session as community bankers attacked our tax status. Credit unions were successful in beating back the attacks and it was refreshing to see the bipartisan support of credit unions in the Iowa Legislature. We applaud our elected officials for fully appreciating and understanding the positive economic impact credit unions create for all Iowans. Many of our staff participated in Capital Hill Day on March 7, 2018 joining hundreds of other passionate credit union supporters from around the State of Iowa. We will remain diligent in protecting financial choice and the value of your membership in Ascentra Credit Union.

Ascentra Credit Union's success in 2018 is the result of our members' sound financial habits, our employees' hard work and our directors' selfless service. The credit union is committed to the people helping people philosophy that makes credit unions great. We look forward to building on our success together by listening, caring, doing what's right.

## 2018 BOARD OF DIRECTORS

Larry Ridenour, *Chairperson*  
 Troy Smith, *Vice-Chairperson*  
 Larry Ketelsen, *Secretary*  
 Mary Soeder, *Treasurer*  
 Greg Aguilar  
 Dan Birdsley  
 Laura Curtis  
 Jay England

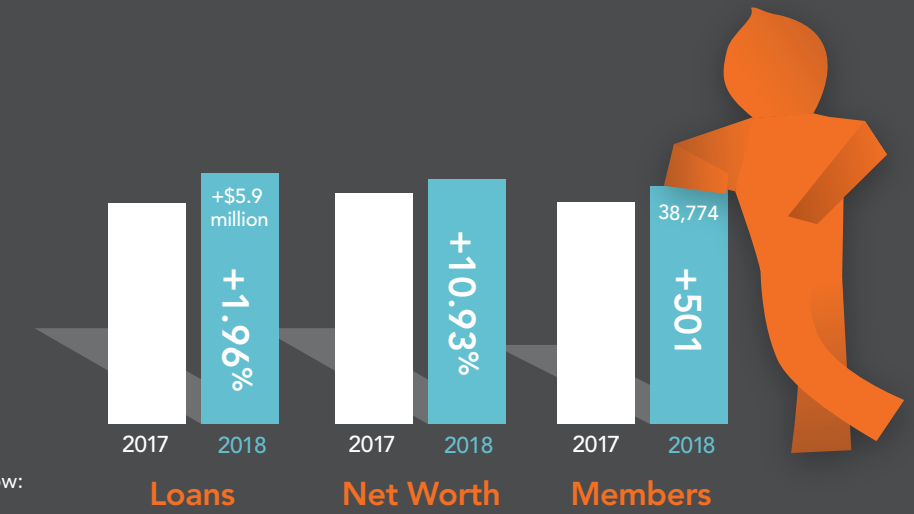
Woody Perkins  
 Gary Schocker  
 Ken Schrock

*Associate Board Members*  
 Joyce Carr  
 Robert Lee

## FINANCIAL SUMMARY

The financial performance of Ascentra Credit Union showed very strong, positive results for 2018. At the end of 2018 we are 38,774 members strong with 10 branch locations to serve our great members! Loans to members increased \$5.9 million, or 1.96% over 2017. Great rates on mortgage products and consumer loan products are serving our members well. During 2018, excess cash was utilized to pay down alternative funding sources. As a result, total assets declined \$3.8 million or (0.94%), ending at \$405 million. Equity balances increased \$1.8 million, or 3.96% driving our net worth upward to 10.93% at year end 2018. Ascentra Credit Union remains very well capitalized.

The complete Statement of Financial Condition appears below:



### Statements of Income and Expenses Year ended December 31, 2017 and 2018 (unaudited)

INCOME	2018	2017
Interest on Loans	\$ 14,843,537	\$ 14,346,407
Investment Income	\$ 1,584,870	\$ 1,080,511
Fee Income	\$ 2,984,111	\$ 2,892,963
Other Income	\$ 6,093,072	\$ 5,854,341
<b>Total Income</b>	<b>\$ 25,505,590</b>	<b>\$ 24,174,222</b>

OPERATING EXPENSES	2018	2017
Salaries & Benefits	\$ 8,965,188	\$ 8,490,026
Travel and Conferences	\$ 165,428	\$ 151,529
Office Occupancy	\$ 1,267,411	\$ 1,123,731
Office Operations	\$ 1,753,497	\$ 1,746,043
Business Development	\$ 576,647	\$ 564,456
Loan Servicing	\$ 1,044,326	\$ 615,120
Professional / Outside Services	\$ 3,611,565	\$ 3,900,855
Provision for Loan Losses / Share Losses	\$ 3,006,700	\$ 2,557,100
Other Operating Expenses	\$ 481,330	\$ 8,927
<b>Total Operating Expenses</b>	<b>\$ 20,872,092</b>	<b>\$ 19,157,788</b>

COST OF FUNDS	2018	2017
Dividends on Shares	\$ 661,242	\$ 663,366
Interest on Deposits	\$ 1,500,131	\$ 1,336,024
Interest on Borrowed Funds	\$ 426,332	\$ 562,869
<b>Total Cost of Funds</b>	<b>\$ 2,587,705</b>	<b>\$ 2,562,259</b>

NON-OPERATING INCOME / (EXPENSES)	2018	2017
Amortization Expense - Intangibles	\$ 0	\$ (29,265)
Gain / (Loss) on Sale of Investments	\$ 0	\$ 0
Gain / (Loss) on Sale of OREO	\$ (15,819)	\$ (47,620)
Gain / (Loss) on Disposition of Assets	\$ (9,167)	\$ (11,371)
NCUSIF Stabilization Expense	\$ 0	\$ 0
<b>Total Non-Operating Income / (Expenses)</b>	<b>\$ (24,986)</b>	<b>\$ (88,256)</b>

<b>Net Income (Loss) Before Extraordinary Items</b>	<b>\$ 2,020,807</b>	<b>\$ 2,365,920</b>
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EXTRAORDINARY ITEMS	2018	2017
Extraordinary Income	\$ 1,625	\$ 1,225
Extraordinary Expense	\$ 0	\$ 0

<b>Net Income (Loss) After Extraordinary Items</b>	<b>\$ 2,022,432</b>	<b>\$ 2,367,145</b>
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### Statement of Financial Condition Year ended December 31, 2017 and 2018 (unaudited)

ASSETS	2018	2017
Loans to Members	\$ 307,790,546	\$ 301,869,624
Less: Reserve for Loan Loss	\$ (4,077,742)	\$ (3,593,948)
<b>Net Loans</b>	<b>\$ 303,712,804</b>	<b>\$ 298,275,676</b>

Cash	\$ 8,979,141	\$ 7,765,940
Investments	\$ 42,112,160	\$ 40,892,176
Property and Equipment	\$ 17,274,890	\$ 14,023,955
Other Assets	\$ 31,848,743	\$ 46,817,550
Goodwill	\$ 1,525,507	\$ 1,525,507
<b>Total Assets</b>	<b>\$ 405,453,245</b>	<b>\$ 409,300,804</b>

LIABILITIES AND EQUITY	2018	2017
Regular Shares	\$ 82,141,925	\$ 77,532,667
Share Drafts	\$ 113,630,299	\$ 115,483,571
Money Market Accounts	\$ 36,106,846	\$ 36,543,812
Other Classes of Shares	\$ 11,352,123	\$ 10,688,278
Certificates	\$ 81,980,041	\$ 86,940,335
Individual Retirement Accounts	\$ 7,662,883	\$ 7,311,221
Funds Borrowed	\$ 19,190,000	\$ 23,435,000
Other Liabilities	\$ 9,765,059	\$ 9,438,446
Legal Reserves	\$ 13,264,920	\$ 13,264,920
Other Reserves	\$ (454,366)	\$ (128,526)
Undivided Earnings	\$ 26,542,336	\$ 24,519,903
Equity Acquired in Merger	\$ 4,271,178	\$ 4,271,178
<b>Total Liabilities and Equity</b>	<b>\$ 405,453,245</b>	<b>\$ 409,300,804</b>

Groundbreaking for our new home office  
 in downtown Bettendorf.

