

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 ViClarity LLC during 2021 to conduct a Bank Secrecy Act audit. We were very pleased with the outcome of this audit. During 2021, ViClarity also completed a Safe Act audit, and an ACH Audit, all of which were very favorable.

The credit union engaged a company called Trace Security to conduct our annual security risk assessment. This assessment contains very favorable results of which we are most proud. Monthly social engineering tests were conducted with very good results which demonstrated diligence on behalf of the entire staff surrounding social engineering issues. In addition, RSM LLP performed a security review of Office 365 security review with acceptable results.

The National Credit Union Share Insurance Fund (NCUSIF) provides deposit insurance coverage per individual account holder, per federally insured credit unions. Properly established member accounts in federally insured credit unions are insured up to the Standard Maximum Share Insurance Amount (SMSIA) of \$250,000. Ascentra Credit Union is a federally insured credit union that is categorized as "Well Capitalized" with a 9.22% net worth ratio at year end 2021.

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, Tom Gibbs, Larry Ketelsen (retired October 2021), and Bob Lee for their time this past year serving on the committee.



Staff members are given \$50 each to "be the light" for someone through a random act of kindness!

We had **100%** participation among our staff this year!

CREDIT COMMITTEE REPORT

Woody Perkins, Credit Committee Chairperson

In 2021, Ascentra Credit Union disbursed \$130 million in loans. As the Pandemic continued, our members used our electronic services to apply for and electronically sign loan documents. Rates remained low, auto loans were in high demand and mortgage business boomed. This resulted in an increase in loans for the year of \$5.1 million, or 1.67% over 2020 with total loans at year end coming in at \$309.6 million.

This past year ranked 3rd highest dollar total for mortgage lending as 687 members took advantage of the low rates and purchased or refinanced their home throughout the year. Total mortgage production for 2021 was \$93.9 million. We ended the year with a serviced mortgage portfolio of \$290.3 million and an in-house portfolio of \$91.3 million.

Our Home Equity Line of Credit remained very competitive within our market. We did see many of our members paid off their HELOC's by refinancing their 1st mortgage loan which decreased the portfolio by \$1.4 million. In 2021, we closed 179 Home Equity loans with approximately \$8.5 million in available lines of credit.

We continued offering the second round of SBA Payment Protection Program loans to help business owners with COVID-19 relief. We helped 121 members with over \$1.9 million in assistance. In 2021, we originated over \$16.6 million in gross MBL volume and the Member Business Line of Credit added \$3.6 million in available lines of credit to our portfolio.

During 2021, we continued to help our members through the financial difficulties they were experiencing. We worked very hard to offer solutions that would assist them by offering an extension, Skip-A-Pay, Forbearance or an Emergency Loan. Member Solutions recovered over \$344 thousand in charge offs and ended the year with a historical low delinquency ratio of .36%, a decrease from .23% in 2020.

I want to thank my fellow committee members, Mary Soeder and Troy Smith for all their hard work. Thank you for your use of the credit union products and services last year.



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

IN THE COMMUNITY



Ascentra supports **Gilda's Run for Laughs** by hosting a walk for staff!



Ascentra hosted a night at the ballpark with the **Clinton LumberKings!**

Annual Report 2021

2021 YEAR IN REVIEW

Board of Directors,
Larry Ridenour, Chairperson
Linda Andry, CEO

As your Chairperson and President/CEO, we are proud of the work our team has accomplished over the past year, especially serving our membership! At Ascentra, it is our goal to balance and direct our financial resources across three very important areas; **our members, our staff, and our communities.** We accomplish this by maintaining steady growth while being mindful of the financial stability of the credit union. Ascentra ended 2021 with a net worth ratio of 9.22%, which is measured as very well capitalized by the Iowa Division of Credit Unions and the National Credit Union Administration (NCUA). Growth is measured by our asset size on the balance sheet, and the credit union grew \$38.7 million during 2021, ending at \$534.0 million. This growth, coupled with annual net income of \$2.1 million, keeps our net worth ratio in that well capitalized category! This is something our Board and Senior Management Team are very proud of as it allows us to keep investing in great products and services for our members, investing in the well-being of our staff, and continuing to make an impact in the communities we serve.

Ascentra Credit Union finished the year with over \$913 million in assets under management between the credit union, \$534 million, FHLB Serviced mortgage portfolio, \$290 million, Ascentra Retirement & Investment Services, \$37 million, and First Community Trust, \$52 million. During 2021, rates continued to be favorably low, giving members the opportunity to purchase new homes or refinance existing mortgage loans at affordable monthly payments. Ascentra's mortgage department closed 687 loans for \$93.9 million during 2021, and overall Ascentra disbursed \$130 million in loans to our members! Consumer loan rates are also favorably low; it is still a good time to refinance an auto loan, balance transfer your credit card, or open a HELOC with Ascentra. We remain committed to our value proposition to our membership and the savings we provide families who use our products and services.

Our staff is our greatest asset! We take great care of our staff by directing approximately 50% of our general operating costs and investing in a robust compensation and benefit package for our 160 staff members. Our staff have the opportunity to participate in a variety of benefits programs offered such as insurance plans, retirement plans, wellness programs, education reimbursement, and employee referral programs. On average, Ascentra staff earn five weeks of paid time off each year, relative to their tenure with the credit union. Compensation and benefits are benchmarked and reviewed annually to ensure our staff are fairly compensated, which provides our membership with the same smiling faces to serve you each and every day!

Serving our communities is part of who we are! At last year's annual meeting, we announced our commitment to donate our former branch location on East 15th Street in Davenport to the Hilltop Campus Village organization. The Hilltop Campus Village (HCV) is a non-profit organization that has served and sparked growth in Central Davenport for many years. In 2015, when Ascentra relocated staff from its East 15th street location to the corner of Brady & Locust, HCV transitioned their headquarters into our former branch building. In a partnership with HCV, Ascentra agreed that HCV could utilize the location rent free so their financial resources could be used to directly impact economic development in Central Davenport. After six years of watching the good work HCV is doing for our communities, it just felt right to donate and transfer ownership of the building so they can continue their mission to provide resources for residents and non-profits who want to start businesses in Central Davenport.



In 2021, the Ascentra Credit Union Foundation gave \$111,400 in donations and grants, including three multi-year commitments to Junior Achievement of the Heartland, Girl Scouts of Eastern Iowa and Western Illinois, and Big Brothers Big Sisters of the Mississippi Valley. Since its creation in 2014, the Ascentra Credit Union Foundation has awarded over \$654,000 in grants and donations. In September, we held our 7th Annual Paul & Dale's Hack N' Give Back Golf Outing (formerly the Paul Lensmeyer Memorial Golf Outing), which over the years has raised \$157,000 to support meaningful programs in our area.

Each year, Ascentra has an auto loan promotion during the holidays, committing \$50 per new loan being donated to a local non-profit and \$50 to our member for bringing the auto loan to Ascentra. In 2021, the "Doing Good Together" campaign raised awareness of the impact the Salvation Army's programs are making in the communities we both serve. With the loyalty of our membership, Ascentra's nine branches processed 462 auto loans which raised \$23,100! These donations were allocated accordingly to the Davenport, Moline, Muscatine and Clinton Salvation Army programs. A big thank you to our members for helping us help others!

In addition, our staff are very passionate about volunteering and helping others in their time of need. Collectively, our staff donated over \$13,300 through our Casual for a Cause program and another \$12,000 in support of United Way. Staff also participate in a "Be the Light" event in the fall each utilizing \$50 provided by the credit union to bless individuals or organizations in need. We had 100% participation by our staff and the impact in our communities was outstanding!

Ascentra is committed to the members and communities in which we serve and we look for ways for all to have access to the financial services they need to prosper. Ascentra's mission of People helping People correlates nicely with the mission of a Community Development Financial Institution (CDFI). In 2015, Ascentra was awarded the CDFI certification, which allows us access to apply for grants from the CDFI fund that will assist in our mission of people helping people. The CDFI fund awards grants to organizations who have proven their ability to serve their members and communities via their branch locations, staffing levels, financial education opportunities, and low cost products and services. In 2021, we were awarded the Rapid Response Grant by the CDFI Fund in the amount of \$1.8 million, which will assist members in our target markets that have been affected by economic challenges in recent years. Our Real Life, Real Hope outreach tells the stories of many of our members who just needed another chance to improve their financial lives. This grant expands our ability to help our members even more!

I believe many of us would reflect back on 2021 and remember the evening of July 19th. This is a special day for Ascentra staff, close business partners, friends and family members as we gathered together to dedicate Ascentra's home office to our late and beloved former CEO, Dale Owen. During that ceremony we were able to honor Dale's mantra to "Be the Light" for others by presenting \$25,000 donations to both the Rock Island Milan Education Foundation and the Spring Forward Learning Center. In addition, five other organizations that were near and dear to Dale's heart were given \$5,000 each for a total of \$75,000.

As we look forward to 2022 we continue our commitment to the people helping people philosophy. Serving our membership, serving our staff, and serving our communities is what we are all about. This is what credit unions do: help others, and you, as a member are also part of the people helping people philosophy.

We thank you for your membership, and look forward to serving you for years to come!



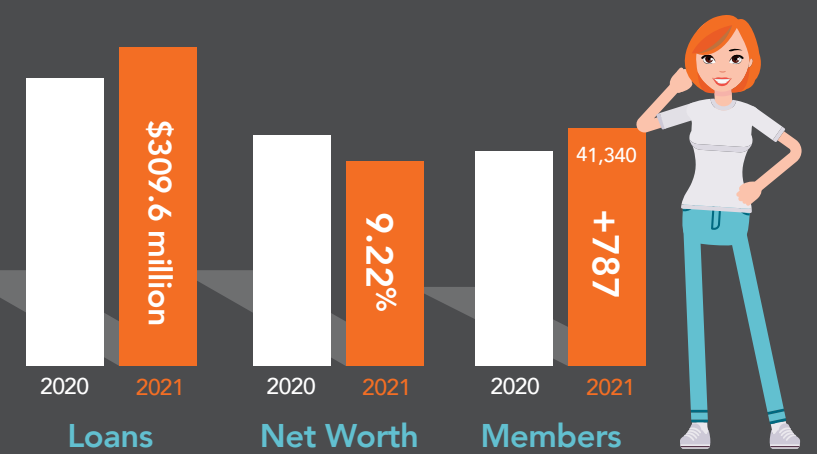
BOARD OF DIRECTORS

Larry Ridenour, *Chairperson*
Woody Perkins, *Vice-Chairperson*
Joyce Carr, *Secretary*
Mary Soeder, *Treasurer*
Associate Board Members
Brett Carter Tameka Toney

Linda Andry
Tom Gibbs
Bob Lee
Gary Schocker
Troy Smith

FINANCIAL SUMMARY

The financial performance of Ascentra Credit Union showed positive results for 2021. At the end of 2021, we are 41,340 members strong with 9 branch locations to serve our membership! Loans to members totaled \$309.6 million at year end 2021, increasing \$5.1 million over 2020. Great rates on mortgage products and consumer loan products continue to serve our members well. Ascentra Credit Union members utilized deposit product offerings and as a result, overall share balances increased \$34 million, or 8.0%. Total assets increased \$38.7 million or 7.81%, ending at \$534 million. Equity balances increased \$1.7 million, or 3.62%. Ascentra Credit Union remains very well capitalized with a net worth ratio of 9.22%.



The complete Statement of Financial Condition appears below:

Statements of Income and Expenses Year ended December 31, 2020 and 2021 (unaudited)

	2021	2020
INCOME		
Interest on Loans	\$ 13,981,017	\$ 14,882,113
Investment Income	\$ 1,233,334	\$ 1,343,919
Fee Income	\$ 3,160,270	\$ 2,891,879
Other Income	\$ 8,781,770	\$ 6,896,273
Total Income	\$ 27,156,391	\$ 26,014,184
OPERATING EXPENSES		
Salaries & Benefits	\$ 10,688,725	\$ 10,700,922
Travel & Conferences	\$ 98,942	\$ 63,642
Office Occupancy	\$ 1,731,884	\$ 1,616,478
Office Operations	\$ 1,842,876	\$ 1,939,067
Business Development	\$ 791,390	\$ 647,278
Loan Servicing	\$ 752,202	\$ 832,416
Professional / Outside Services	\$ 5,714,019	\$ 4,514,256
Provision for Loan Losses / Share Losses	\$ (101,350)	\$ 1,397,550
Other Operating Expenses	\$ 551,075	\$ 431,331
Total Operating Expenses	\$ 22,069,763	\$ 22,142,940
COST OF FUNDS		
Dividends on Shares	\$ 533,219	\$ 531,489
Interest on Deposits	\$ 1,543,484	\$ 2,029,961
Interest on Borrowed Funds	\$ 222,356	\$ 408,625
Total Cost of Funds	\$ 2,299,059	\$ 2,970,076
NON-OPERATING INCOME / (EXPENSES)		
Amortization Expense - Intangibles	\$ 0	\$ 0
Gain / (Loss) on Sale of Investments	\$ 0	\$ 0
Gain / (Loss) on Sale of OREO	\$ 17,336	\$(46,148)
Gain / (Loss) on Disposition of Assets	\$(671,634)	\$ 0
NCUSIF Stabilization Expense	\$ 0	\$ 0
Total Non-Operating Income / (Expenses)	\$(654,299)	\$(46,148)
Net Income (Loss) Before Extraordinary Items	\$ 2,133,271	\$ 855,020
EXTRAORDINARY ITEMS		
Extraordinary Income	\$ 8,728	\$ 35,822
Extraordinary Expense	\$ 0	\$(8,354)
Net Income (Loss) After Extraordinary Items	\$ 2,141,998	\$ 822,488

Statement of Financial Condition Year ended December 31, 2020 and 2021 (unaudited)

	2021	2020
ASSETS		
Loans to Members	\$ 309,576,397	\$ 304,496,426
Less: Reserve for Loan Loss	\$(3,405,499)	\$(4,108,732)
Net Loans	\$ 306,170,898	\$ 300,387,693
Cash	\$ 26,174,942	\$ 27,728,376
Investments	\$ 140,887,633	\$ 100,438,436
Property & Equipment	\$ 25,001,362	\$ 25,390,153
Other Assets	\$ 34,289,465	\$ 39,912,557
Goodwill	\$ 1,525,507	\$ 1,525,507
Total Assets	\$ 534,049,807	\$ 495,382,723
LIABILITIES AND EQUITY		
Regular Shares	\$ 140,183,425	\$ 122,633,049
Share Drafts	\$ 169,391,634	\$ 141,738,515
Money Market Accounts	\$ 50,191,489	\$ 43,247,908
Other Classes of Shares	\$ 18,505,670	\$ 16,701,814
Certificates	\$ 73,008,343	\$ 93,489,648
Individual Retirement Accounts	\$ 10,123,927	\$ 9,410,682
Funds Borrowed	\$ 10,000,000	\$ 10,000,000
Other Liabilities	\$ 13,456,272	\$ 10,690,465
Legal Reserves	\$ 13,305,012	\$ 13,305,012
Other Reserves	\$ 185,081	\$ 608,674
Undivided Earnings	\$ 31,427,776	\$ 29,285,779
Equity Acquired in Merger	\$ 4,271,178	\$ 4,271,178
Total Liabilities and Equity	\$ 534,049,807	\$ 495,382,723
Net Worth Ratio	9.22%	9.51%



Ascentra staff donated over **\$13,300** in 2021 through Casual for a Cause