

LISTENING, CARING,
DOING WHAT'S RIGHT

IT'S WHO WE ARE



 **Ascentra**
credit union

Annual Report
2023

2023 YEAR IN REVIEW

**Board of Directors,
Tom Gibbs, Chairperson
Linda Andry, President & CEO**

As your Chairperson and President/CEO, we stand firm in the credit union principle of people helping people and work tirelessly to provide relevant products and services to our over 42,000 members! During 2023, we watched other local financial institutions pull back on lending by increasing their borrowing rates to unattractive levels. Ascentra remained competitive, not only on the lending side, but also offering certificate specials to help our members grow their savings and earn additional interest on their hard-earned money. The American economy has put pressure on consumers with increasing food, gas and living expenses. At Ascentra, we strive to meet members where they are in their financial lives by offering fair loan rates, lower fees and attractive deposit rates. We accomplish this by maintaining steady growth while being mindful of the financial stability of the credit union. Ascentra ended 2023 with a net worth ratio of 10.04 percent, which is measured as well capitalized by the Iowa Division of Credit Unions and the National Credit Union Administration (NCUA). This is something our Board and Executive Management Team are immensely 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 \$879 million in assets under management between the credit union, \$534 million, FHLB serviced mortgage portfolio, \$255 million, Ascentra Retirement & Investment Services, \$40 million and First Community Trust, \$50 million. During 2023, despite the Fed keeping interest rates elevated, our Ascentra lending team worked diligently providing excellent and efficient services to our members purchasing homes, vehicles, expanding their business or just needing an unsecured loan to help with rising day-to-day living expenses. Overall loan growth was an amazing \$22.6 million during the year, with total loans to members reaching \$400.4 million at year end. We thank our members for trusting Ascentra for all their lending needs as we are committed to our value proposition to our membership - providing savings to families who use our products and services.

Ascentra also welcomed a new Chief Technology & Innovation Officer (CTIO) to our team! After a nationwide search, Iowa native Christian Marcussen joined our team on June 20, 2023, succeeding Brad Knutson who retired in January 2024 after 35 years of dedicated service. Christian is a strong advocate of the credit union movement, bringing a multitude of experience in technology innovation, systems and member experiences, which will continue to grow and expand the technology and services that Ascentra currently has in place and the offerings that our members are asking for and need. In a short period of time, Christian has made several contributions to the mission of Ascentra and we look forward to serving our members together for years to come.

We love our communities!! At Ascentra, we are committed to being a good corporate citizen by sharing a portion of our financial resources to improve the lives within the communities we serve. During 2023, we saw food insecurity and lack of affordable housing continue to rise. We have great partnerships with non-profit organizations that are trying to provide needed resources in our communities. These organizations have the infrastructure to be very impactful; we walk alongside them with modest financial resources to help them accomplish their mission. Kudos to organizations such as the River Bend Food Bank, Humility Homes and the Salvation Army as they continue to make a difference in our communities.

Each year, Ascentra has an auto loan promotion during the holidays, committing \$50 per loan being donated to a local non-profit and \$50 to our member for bringing the qualified auto loan to Ascentra. In 2023, the "Ride 50" 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 286 auto loans which raised \$14,300! In addition, recognizing that our communities' needs are on the rise, our Board of Directors approved an additional \$10,000 toward the program. These donations were allocated accordingly to the Davenport, Moline, Muscatine and Clinton programs. A big thank you and congratulations to our members for helping us help others!

In 2023, the Ascentra Credit Union Foundation gave \$102,300 in donations and grants, including multi-year commitments to Junior Achievement of the Heartland, Big Brothers Big Sisters of the Mississippi Valley and Girl Scouts of Eastern Iowa and Western Illinois. Since its creation in 2014, the Ascentra Credit Union Foundation has awarded over \$941,792 in grants and donations; primarily directed toward organizations whose missions support education, human services and youth development. In September, we held our 9th Annual Paul & Dale's Hack N' Give Back Golf Outing (formerly the Paul Lensmeyer Golf Outing), which over the years has raised \$209,026 to support meaningful programs in our area.

A touching moment during 2023 was the dedication of a pocket park in the west end of Downtown Bettendorf in memory of our dear friend and former CEO, Dale Owen. On June 13 colleagues, friends and family gathered at the **Be the Light** Park to remember and celebrate not only Dale, but former CEO Paul Lensmeyer as well. There are two Purple Robe Locust trees planted at the park, one for Paul and one for Dale. An orange bench also sits in the park, representing Ascentra Credit Union and an illuminated sign reminding us to **Be the Light** shines continuously. In December, Gilda's Club placed their Blessing Tree at the park for members of our community to sponsor a light, bow or ornament, in memory of, in celebration of or in gratitude for a special person in their lives.



Our Ascentra staff are very passionate about volunteering and helping others in their time of need. Collectively, our staff donated \$12,622 through our Casual for a Cause program and another \$14,300 in support of United Way. Staff also participated in a **Be the Light** program 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 a strong financial cooperative dedicated to a mission of helping people. Serving our members, taking care of our staff and investing in our communities drive our passion and commitment to the credit union movement every single day. We could not do this without you, our members!

Thank you for your membership, patronage and confidence. Together we will continue to do remarkable things!

BOARD OF DIRECTORS

Tom Gibbs, *Chairperson*
Larry Ridenour, *Vice-Chairperson*
Joyce Carr, *Treasurer*
Mary Soeder, *Treasurer*

Board Members

Brett Carter
Bob Lee
Gary Schocker
Troy Smith
Tameka Toney

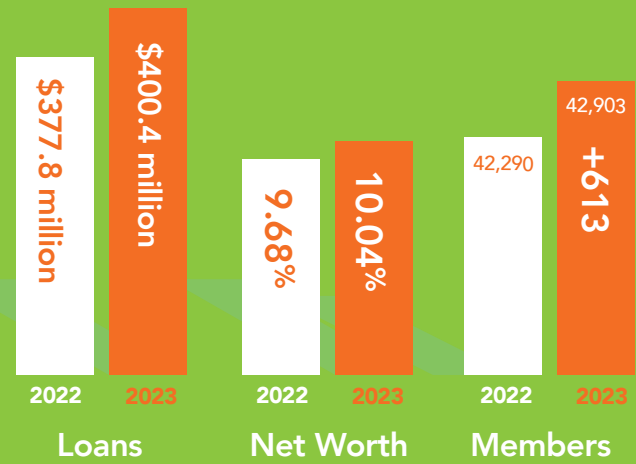
Associate Board Members

Mike Reyes
Ted Kurt

FINANCIAL SUMMARY

The financial performance of Ascentra Credit Union showed positive results for 2023. At the end of 2023 we are 42,903 members strong with nine branch locations to serve our membership! Loans to members totaled \$400.4 million at year end 2023, increasing \$22.6 million, or 5.99 percent compared to 2022. We continue to serve our members well through mortgage products and consumer loan products. As remaining stimulus funds were depleted throughout 2023, this resulted in share balances decreasing \$7.8 million, or 1.7 percent. Total assets increased \$6.6 million or 1.2 percent, ending at \$534.1 million. Equity balances increased \$3.1 million, or 6.4 percent, due to strong earnings for the year, combined with the rate environment's impact on our unrealized gain (loss) on investments. Ascentra Credit Union remains well capitalized with a net worth ratio of 10.04 percent.

The complete Statement of Financial Condition appears below:



Statements of Income and Expenses Year ended December 31, 2023 (UNAUDITED) AND 2022

	2023	2022
INCOME		
Interest on Loans	\$ 20,735,544	\$ 15,732,749
Investment Income	\$ 3,394,535	\$ 2,627,650
Fee Income	\$ 3,797,778	\$ 3,599,118
Other Income	\$ 7,437,609	\$ 7,386,077
Total Income	\$ 35,365,466	\$ 29,345,594
OPERATING EXPENSES		
Salaries & Benefits	\$ 13,374,384	\$ 12,103,331
Travel & Conferences	\$ 246,359	\$ 125,953
Office Occupancy	\$ 2,060,413	\$ 1,657,296
Office Operations	\$ 2,509,739	\$ 2,063,574
Marketing & Business Development	\$ 1,073,438	\$ 776,120
Loan Servicing	\$ 1,462,645	\$ 1,109,668
3rd Party Hardware / Software	\$ 2,799,250	\$ 2,750,032
EFT Services	\$ 1,949,490	\$ 1,909,083
Professional / Outside Services	\$ 861,128	\$ 907,272
Provision for Loan Losses / Share Losses	\$ 2,639,000	\$ 1,735,400
Other Operating Expenses	\$ 755,314	\$ 832,048
Total Operating Expenses	\$ 29,731,160	\$ 25,969,777
COST OF FUNDS		
Dividends on Shares	\$ 496,360	\$ 585,635
Interest on Deposits	\$ 2,037,056	\$ 977,541
Interest on Borrowed Funds	\$ 311,612	\$ 208,061
Total Cost of Funds	\$ 2,845,028	\$ 1,771,237
NON-OPERATING INCOME / (EXPENSES)		
Amortization Expense - Intangibles	\$ 0	\$ 0
Gain / (Loss) on Sale of Investments	\$ (76,202)	\$ 0
Gain / (Loss) on Sale of OREO	\$ (10,427)	\$ 64,329
Gain / (Loss) on Disposition of Assets	\$ 0	\$ 125,509
NCUSIF Stabilization Expense	\$ 0	\$ 0
Total Non-Operating Income / (Expenses)	\$ (86,629)	\$ 189,838
Net Income (Loss) Before Extraordinary Items	\$ 2,702,649	\$ 1,794,418
EXTRAORDINARY ITEMS		
Extraordinary Income	\$ 2,780	\$ 14,207
Extraordinary Expense	\$ 0	\$ 0
Net Income (Loss) After Extraordinary Items	\$ 2,705,429	\$ 1,808,625

Statement of Financial Condition Year ended December 31, 2023 (UNAUDITED) AND 2022

	2023	2022
ASSETS		
Loans to Members	\$ 400,371,559	\$ 377,756,854
Less: Reserve for Loan Loss	\$ (6,170,677)	\$ (5,647,693)
Net Loans	\$ 394,200,882	\$ 372,109,161
Cash	\$ 41,103,093	\$ 50,031,193
Investments	\$ 37,491,316	\$ 43,390,584
Property & Equipment	\$ 22,605,018	\$ 23,711,573
Other Assets	\$ 37,188,986	\$ 36,752,956
Goodwill	\$ 1,525,507	\$ 1,525,507
Total Assets	\$ 534,114,802	\$ 527,520,974
LIABILITIES AND EQUITY		
Regular Shares	\$ 137,220,735	\$ 142,428,822
Share Drafts	\$ 156,870,610	\$ 171,306,406
Money Market Accounts	\$ 44,148,191	\$ 49,456,368
Other Classes of Shares	\$ 25,405,280	\$ 29,001,718
Certificates	\$ 72,016,957	\$ 52,856,446
Individual Retirement Accounts	\$ 14,316,843	\$ 12,727,718
Funds Borrowed	\$ 16,000,000	\$ 7,500,000
Other Liabilities	\$ 16,681,840	\$ 13,898,646
Legal Reserves	\$ 16,305,012	\$ 14,305,012
Unrealized Gain (Loss) on Investments	\$ (1,916,190)	\$ (2,467,741)
Undivided Earnings	\$ 32,794,346	\$ 32,236,401
Equity Acquired in Merger	\$ 4,271,178	\$ 4,271,178
Total Liabilities and Equity	\$ 534,114,802	\$ 527,520,974
Net Worth Ratio	10.04%	9.68%



Ascentra Credit Union and Ascentra Credit Union Foundation donated a total of **\$50,000** to build the Quad Cities' first park dedicated to Dr. Martin Luther King Jr. in 2023.

AUDIT COMMITTEE REPORT

Gary Schocker, *Audit Committee Chairperson*

In 2023, Ascentra Credit Union disbursed \$116.4 million in loans. Consumer lending rates started to increase each quarter, auto loans were still in high demand, mortgage and home equity rates continued to rise. This resulted in an increase in loans for the year of \$22.6 million, or 5.99 percent over 2022 with total loans at year end coming in at \$400.4 million.

This past year we saw more members purchase homes -than refinance due to the rate environment. The credit union was able to help 19 members purchase their first home with a First-Time Home Buyers Grant. The grants totaled \$142,500, with each member receiving \$7,500. We closed 254 mortgage loans throughout the year. Total mortgage production for 2023 was \$44 million. We ended the year with a serviced mortgage portfolio of \$255 million and an in-house portfolio of \$148 million, an increase of over \$15.5 million from 2022.

Our Home Equity Loans were very popular as members chose- to borrow from the equity in their homes instead of moving or refinancing from a lower first mortgage rate. We continued to see members applying for Home Equity Lines of Credit despite the rising rates. In 2023, we closed 332 Home Equity loans for approximately \$15 million.

We add a new Unsecured Business Line of Credit to our product offerings in November. This will help our business members meet unexpected cash needs. Member Business Services funded 202 loans throughout the year. In 2023, we originated over \$16.3 million in gross Member Business Loan volume and the Secured Member Business Line of Credit added \$3.1 million in available lines of credit to our portfolio.

Our Member Solutions Department worked hard to help our members through the financial difficulties as delinquency increased and members had more challenges. Some options they offer are extension, Skip-a-pay or a forbearance. Member Solutions recovered over \$516 thousand in charge offs and ended the year with a delinquency ratio of .93 percent, an increase from .84 percent in 2022.

I want to thank my fellow Audit Committee members, Bob Lee and Tameka Toney for their time this past year serving on the committee.

IN THE COMMUNITY

Ascentra Staff supported the Boys & Girls Club of the Mississippi Valley by giving to their annual Angel tree.



As part of the Be the Light Park dedication and Random Acts of Light Day, Ascentra staff cleaned up the downtown Bettendorf area.



OUR GENEROUS STAFF!

In 2023, Ascentra's staff contributed **\$12,622** to local needs through the Casual for a Cause program.

In 2023, staff donated **\$14,300** in support of United Way and celebrated their Day of Caring by volunteering for the Bettendorf Community School District



CREDIT COMMITTEE REPORT

Brett Carter, *Credit Committee Chairperson*

In 2023, Ascentra Credit Union disbursed \$116.4 million in loans. Consumer lending rates started to increase each quarter, auto loans were still in high demand, mortgage and home equity rates continued to rise. This resulted in an increase in loans for the year of \$22.6 million, or 5.99 percent over 2022 with total loans at year end coming in at \$400.4 million.

This past year we saw more members purchase homes than refinance due to the rate environment. The credit union was able to help 19 members purchase their first home with a First-Time Home Buyers Grant. The grants totaled \$142,500, with each member receiving \$7,500. We closed 254 mortgage loans throughout the year. Total mortgage production for 2023 was \$44 million. We ended the year with a serviced mortgage portfolio of \$255 million and an in-house portfolio of \$148 million, an increase of over \$15.5 million from 2022.

Our Home Equity Loans were very popular as members chose to borrow from the equity in their homes instead of moving or refinancing from a lower first mortgage rate. We continued to see members applying for Home Equity Lines of Credit despite the rising rates. In 2023, we closed 332 Home Equity loans for approximately \$15 million.

We add a new Unsecured Business Line of Credit to our product offerings in November. This will help our business members meet unexpected cash needs. Member Business Services funded 202 loans throughout the year. In 2023, we originated over \$16.3 million in gross Member Business Loan volume and the Secured Member Business Line of Credit added \$3.1 million in available lines of credit to our portfolio.

Our Member Solutions Department worked hard to help our members through the financial difficulties as delinquency increased and members had more challenges. Some options they offer are extension, Skip-a-pay or a forbearance. Member Solutions recovered over \$516 thousand in charge offs and ended the year with a delinquency ratio of .93 percent, an increase from .84 percent in 2022.

I want to thank my fellow Credit Committee members, Mary Soeder, Troy Smith and Mike Reyes for their time this past year serving on the committee.