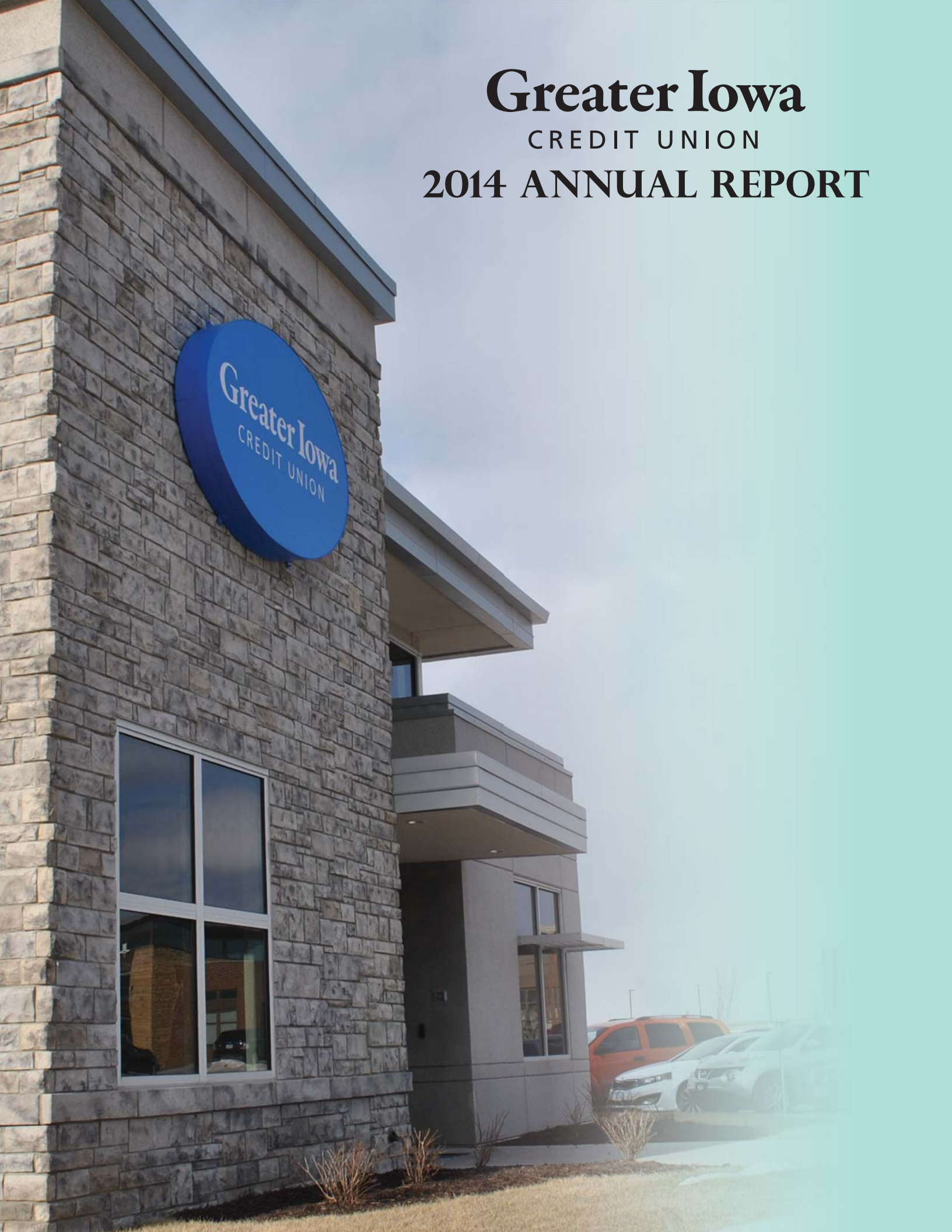


Greater Iowa

CREDIT UNION

2014 ANNUAL REPORT





Greater Iowa
CREDIT UNION

Welcome

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This report was jointly created by the credit union's board of directors, administration and marketing departments.

CHAIR OF THE BOARD OF DIRECTORS REPORT

SUBMITTED BY CRAIG FORNEY, BOARD CHAIR

On behalf of the Greater Iowa Credit Union Board of Directors, it is my pleasure to present this annual report to you. As you probably already know, one of the important differences between credit unions and other financial institutions is that credit unions are owned by you, the members, and exist to offer you a full suite of financial services, including loans and deposit services at reasonable rates. While many banks throughout the country have decreased their lending activities, we strive to ensure that our members have access to the credit they need to take care of their families and achieve their dreams.

The board of directors consists of volunteers who put in numerous hours each month in board and committee meetings. One of our major responsibilities is to represent you in providing direction to the credit union management and senior leadership team. Every year we set aside time to develop and update our strategic plan for the credit union, examining the trends both in our communities and nationally, and setting short-term and long-term goals. We work to provide the services that you demand from financial institutions, all the while ensuring that we are not taking on excessive risk that would threaten operations. In fact, one of my monthly habits as board Chair is to remind the board before each meeting of our decision filters: safety and soundness, member benefits, and ethics and logic. Our aim is to be a data-driven organization that takes the needs of our members and the soundness of the institution seriously.

Another important duty of the board is to hire and oversee Greater Iowa's President and CEO. We work closely with Scott to make sure our policies are in alignment with federal and state regulations and to provide him the support and resources to lead the organization in meeting the long- and short-term goals of the credit union. We have been very pleased with the performance of Scott as he completes his third year as CEO, and look forward to his continued leadership into the future.

In browsing the committee reports, you'll note that we had another successful year despite the challenging rate environment that we live in. Scott and the entire staff work diligently to keep our expenses in line while providing great member service. I also want to highlight the role that you as members play in our success; our loan delinquencies are the envy of the credit union community, and our metrics show that our members are taking advantage of many of our services. These things drive our success, and we sincerely thank you for your business. You can continue to help us grow by spreading the word to your relatives, friends and neighbors about the great people and services available at Greater Iowa Credit Union.

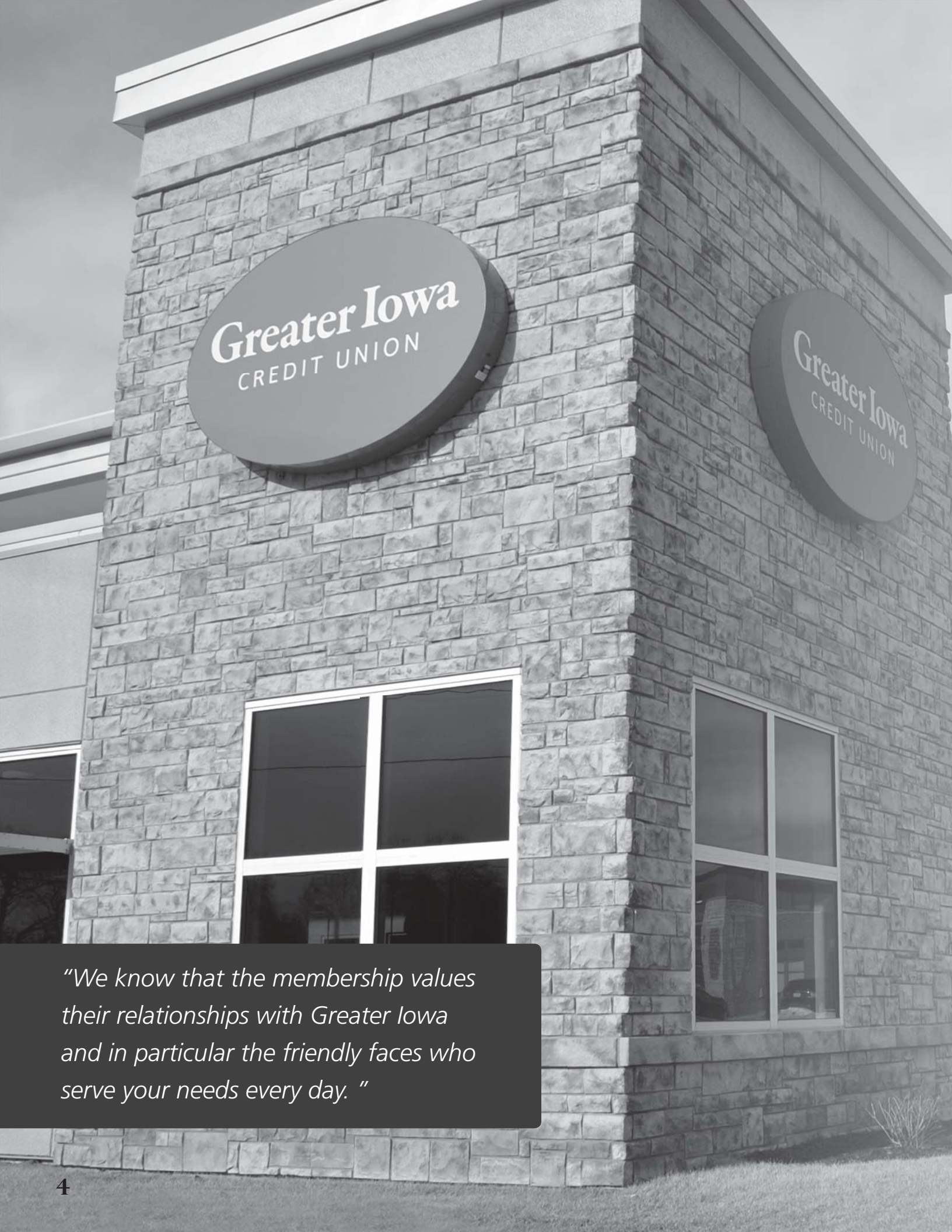
I want to express my appreciation to the Greater Iowa team, including the board, staff, management and senior leadership for their contributions this past year. I continue to be impressed by the loyalty and hard work that the staff, management and leadership display every day, and want to commend them for all they do. I want to thank my colleagues on the board for their support and confidence in me as Chair and their commitment to guiding Greater Iowa to even greater success. I especially want to thank Steve Vardeman and Jodi Danielson as they leave the board after many years of service. Finally, thank you to the most important people at Greater Iowa – you, our member-owners, who make the credit union possible.

"We work to provide the services that you demand from financial institutions, all the while ensuring that we are not taking on excessive risk that would threaten operations."

GREATER IOWA CREDIT UNION 2014-15 BOARD OF DIRECTORS

Executive Committee: Craig Forney (Chair), Linda Ashby (Vice Chair), Darren Jarboe (Treasurer) and Don Tebben (Secretary).

Board Members: Jody Danielson, Steve Karsjen, Max Porter, Kevin Stow, Steve Vardeman, Mike Welter and Don Wirth.



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"We know that the membership values their relationships with Greater Iowa and in particular the friendly faces who serve your needs every day. "

PRESIDENT / CEO REPORT

SUBMITTED BY SCOTT ZAHNLE, PRESIDENT / CEO

I am pleased to once again provide my report as the President and Chief Executive Officer to the membership of Greater Iowa Credit Union. Greater Iowa is committed to serving its members and supporting its communities. We want to be a valued and relevant part of our members' lives; helping both they and their families achieve life-long financial success.

In 2013, Greater Iowa implemented a new three-year strategic business plan. The plan's emphasis is on business lending, member growth, product penetration, facilities growth plan and technology. As we continued to focus on these five key strategic focal points that shape our decisions and direction, Greater Iowa had considerable success in what was a challenging year from many perspectives.

Looking back at 2014, we see a year of implementation. We have taken several steps this year to enhance our long-term vitality.

Credit cards have grown rapidly, getting us to a break even goal in less than a year. Currently, four percent of our membership has a Greater Iowa credit card. In 2015, we look to continue prudent, yet aggressive growth in this area of our operations.

Business lending has made great strides with a strong impact in the Ames marketplace. We are also beginning to gain traction in the Des Moines market.

Our newest branch in Indianola continues to grow in spite of the construction challenges members encountered due to highway detours. Marketing and other staff have aggressively engaged in community efforts; continuing our movement toward branch profitability. We've reached out to existing and potential member-owners with quality services and products using the pod model for a more inviting atmosphere and better efficiency. Feedback from members and the community has been positive and with the branch's highly visible location, we are seeing new members and greater community awareness.

Greater Iowa addressed communication improvement via its online presence through social media.

Greater Iowa also undertook a number of important steps to analyze cost control and expense management, generate additional revenue and to create awareness within the local markets that we serve.

Greater Iowa saw assets grow as we were able to increase both our lending and deposit portfolios through a combination of both organic growth and the development of new partnerships and channels. Specifically, Greater Iowa saw its assets grow by almost \$18.1 million, or 5.5 percent, while loans grew by roughly 20.5 percent and deposits grew by approximately \$8.1 million or 2.8 percent. As shown in the 2014 Treasurer's Report, net income was \$1.16 million, an increase of 5.7 percent.

As credit unions continue to face ongoing challenges and changes in the financial industry, Greater Iowa is well positioned for the future. We are committed to providing great deposit products, lending to creditworthy members, maintaining strong capital levels and following responsible, safe and sound business practices.

Greater Iowa will continue to make significant investments to ensure members enjoy a positive experience at every point of contact – via in-branch, online and mobile. We will continue to focus on training and developing our staff in regards to product knowledge, customer service and technology as well as matters of compliance, safety and security. Greater Iowa will continue to focus on improved communications to members and we are confident that you will enjoy the significant improvement the new statement design will offer in 2015.

I thank all of our staff and the senior leadership team because, without our people, Greater Iowa wouldn't be able to provide the level of caring service that we pride ourselves upon.

Of course, I want to thank the board of directors for their guidance, oversight and for their commitment and support to the success of the credit union.

I will also take this opportunity to thank the membership for the continued participation and support of your credit union. We know that the membership values its relationships with Greater Iowa and, in particular, the friendly faces that you have come to know, trust and who serve your needs every day. Members have wonderful stories to tell about their relationship with the credit union and the staff has wonderful stories to tell about their relationship with the members. Here's to a successful year ahead for you, your family, your business and your credit union.

AUDIT COMMITTEE REPORT

SUBMITTED BY MIKE WELTER, COMMITTEE CHAIR

The 2014 Audit Committee is comprised of three members of the board of directors, including Jody Danielson, Don Tebben and me.

The purpose of the Audit Committee is to ensure that the Greater Iowa Credit Union 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 accomplishes this by reviewing Greater Iowa's internal audits, and hires an independent third-party examiner, such as Petersen & Associates, a certified public accounting firm from Papillion, Nebraska, to also conduct an annual independent audit of the financial activities of the credit union. The results that were communicated to the board of directors management, and senior leadership indicated that Greater Iowa is well capitalized with all ratios exhibiting acceptable levels, compliance with required regulations, and positioned for continued growth. In the most recent report given to the committee, Greater Iowa was found to be "in good health with no deficiencies."

Reviews of the monthly internal Bank Secrecy Act (BSA) reports prepared by Greater Iowa's appointed BSA Compliance Officer are also audited by Petersen & Associates. These monthly reports assist to monitor and protect Greater Iowa from money laundering and to detect, deter and disrupt terrorist financing networks.


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 yearly examinations by State and Federal Agencies. The Credit Union Division of the Iowa Department of Commerce, and the National Credit Union Association conducted a joint examination effective March 31, 2014. Both state and federal examiners review, not only financial data, but also Greater Iowa's policies and procedures. In 2014, a focus of the exam for larger credit unions was on asset liability management. Greater Iowa responded with a Document of Resolution in this area and the response was deemed satisfactory.

Based on the internal reviews, independent audits and examinations described above, the Audit Committee concludes that the Greater Iowa Credit Union is operating in accordance with the prescribed laws and regulations and that the financial statements as reported by the board treasurer accurately reflect the financial condition of the Greater Iowa Credit Union for the year ending 2014.

The Audit Committee also concludes that the Greater Iowa Credit Union continues to be well managed and the members' finances continue to be safe, productive and easily accessible.

"The Audit Committee also concludes that the Greater Iowa Credit Union continues to be well managed and the members' finances continue to be safe, productive and easily accessible."





“Greater Iowa Credit Union remains committed to providing members with flexible and innovative credit products and services to keep pace with the changing economy, while preserving the safety and soundness of the credit union. ”

CREDIT COMMITTEE REPORT

SUBMITTED 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 2014 to ensure the credit union was operating within established lending policies and guidelines. Members of the Credit Committee are Linda Ashby, Steve Vardeman and myself, along with alternates Steve Karsjen and Kevin Stow.

Greater Iowa Credit Union remains committed to providing members with flexible and innovative credit products and services to keep pace with the changing economy, while preserving the safety and soundness of the credit union. It is 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.

Greater Iowa had good year in lending. With the continued low interest environment, continued decline in the state's unemployment rate and improvement in the economy, consumer confidence to make large purchases such as autos and housing continues to grow. Sales in credit cards and business loans also contributed to this year's success.

By the numbers:

- Funded 7,083 consumer loans for a total of \$83,177,038
- Approved 1,048 VISA credit cards totaling \$8,144,275
- Funded 109 residential real estate loans for a total of \$17,015,758 (first mortgages for purchases or refinances)
- Funded 40 business loans for a total of \$12,187,032.

Delinquency rate at year-end 2014 was 0.32%, a figure which is well below delinquency rates for peer credit unions. Our provision for loan loss was \$1,615,726 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 2014 totaled \$259,774,198.

There is still the uncertainty of when the interest rates will rise, but we must prepare for that. Continued improvement in the economy will support our loan growth. However, the ever evolving regulatory landscape will continue to challenge us as we balance service and compliance. It is noted that a full review of all lending policies was completed in 2014.

We thank you our members for the opportunity to serve, as your loyalty and participation in the credit union allows us to grow. We look forward to another successful year helping members attain their personal and financial goals.

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

TREASURERS REPORT

SUBMITTED BY DARREN JARBOE, TREASURER

Our efforts to support your financial well-being have never been stronger than in 2014. I am pleased to report on the financial condition of Greater Iowa Credit Union as of December 31, 2014, and provide the accompanying statement of condition.

The Credit Union ended 2014 with total assets of \$347.4 million, representing an increase of 5.5 percent from 2013 levels. Loans outstanding to members of \$259.8 million (and net reserves of \$1.7 million) represent an increase of 20.5 percent from the 2013 year end.

Member deposits totaled \$294.8 million, representing an increase of 2.8 percent.

Members' equity increased 5.0 percent to \$31.2 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 2014 with a capital ratio of 8.95 percent. *This ratio, established by the National Credit Union Administration sets the regulatory standard for the minimum allowable capital level for "well-capitalized credit unions" at 7.0 percent.*

With an increase of 5.7 percent from 2013 levels, Greater Iowa realized net income for the fiscal year 2014 of \$1.16 million. Greater Iowa Credit Union will continue to build on realistic growth while strategically and continually focusing on safety, soundness, security, and service.

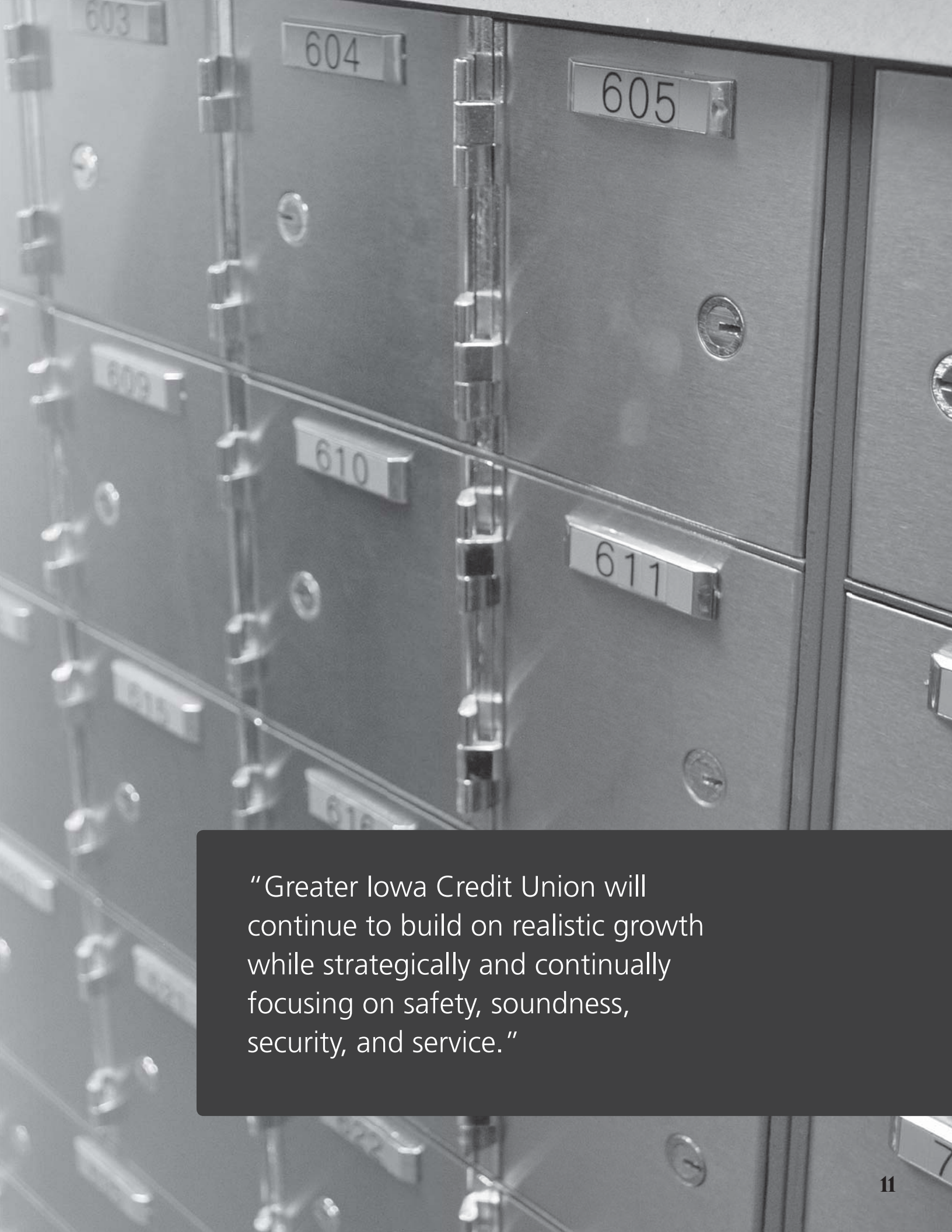
This continued financial growth and strength is a testament to the loyalty and support that you, our members, have shown during the past year. I am sure that with your strong support we will see our membership continue to grow and the Credit Union remain strong for many years to come.

STATEMENT OF CONDITION	
ASSETS	12/31/2014
Gross Loans*	\$261,485,682
Less: Allowance for Loan Losses	(\$1,711,484)
Net Loans	\$259,774,198
Cash and Cash Equivalents	\$2,958,406
Investments and Overnight Funds	\$67,752,710
Accrued Interest	\$762,132
Buldings, Land, Land Improvements, and Equipment, net	\$12,374,306
Collateral Pending Liquidation	\$308,772
Mortgages in Process	\$115,196
Share Insurance Fund	\$2,824,386
Other Assets	\$578,270
TOTAL ASSETS	\$347,448,376
LIABILITIES	
Total Member Deposits	\$294,755,378
Notes Payable	\$18,090,000
Accounts Payable and Other Liabilities	\$3,366,115
TOTAL LIABILITIES	\$316,211,493
EQUITY	
Legal Reserves	\$11,966,297
Undivided Earnings	\$17,994,505
Unrealized Gain/Loss on AFS	\$117,162
YTD Net Income	\$1,158,919
TOTAL EQUITY	\$31,236,883
TOTAL LIABILITIES AND EQUITY	\$347,448,376

*The above Gross Loans includes business loans and participations totaling \$24,948,197.

Management represents, to the best of its knowledge, that this year-end financial statement and replated reports, 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.



“Greater Iowa Credit Union will continue to build on realistic growth while strategically and continually focusing on safety, soundness, security, and service.”



Greater Area
PROJECT CLASSROOM
 801 Lincoln Way • Ames, IA 50010

Date Oct 31, 2014

Pay to the
 Order Of Ronda McCarthy - St. Theresa's

ONE THOUSAND DOLLARS AND NO 100 \$ 1,000.00 Dollars

Memo PROJECT CLASSROOM GRANT RECIPIENT

Michael Dea
 Authorized Signature

COMMUNITY INVOLVEMENT

During 2014 Greater Iowa Credit Union contributed to community organizations, sporting groups, cultural events, charities, education and scholarship projects. Greater Iowa also provided an annual corporate match to the United Way affiliates in our branch communities.

Greater Iowa's educational support includes grants for elementary teachers through our Project-Classroom program, scholarships for students with ProjectFuture and the Warren Morrow Latino Educational Scholarship, and an opportunity to teach students about financial literacy through our ProjectMoney event.

In the past year, our members helped employees raise over \$4,600 for Children's Miracle Network through casual days, bake sales, and personal contributions. Our employees also raised over \$12,000 for local United Way chapters.



GREATER IOWA CREDIT UNION 82ND ANNUAL MEETING MINUTES HELD ON SATURDAY, FEBRUARY 8, 2014

The 82nd annual meeting of the Greater Iowa Credit Union was called to order at 6:03 p.m. by Board Chair Craig Forney at the Gateway Hotel and Conference Center in Ames, Iowa on Saturday, February 8, 2014. Entertainment for the evening was Deuces Wild! Dueling Pianos.

Board Chair Craig Forney welcomed members and introduced Max Porter, board member serving as meeting Parliamentarian and David Russell, Attorney presenting the Oath of Directors. Forney also introduced the current Greater Iowa Board of Directors and thanked them for their dedication to servicing the credit union on behalf of all members.

Board Secretary Don Tebben verified a quorum of 130 voting (primary) members present. Bill Marion moved to approve the minutes of the 81st annual meeting as presented. Derek Krebs 2nd. *Approved.*

ELECTIONS

Governance committee chair Kris Stow, on behalf of the board, acknowledged and thanked the other members of the governance committee, board members Jody Danielson and Steve Karsjen and recording secretary to the board Cathy Krebs.

Stow introduced the vote tellers: Archie Steenhard (head election teller), Geri Derner, Traci Faber, Janet Flick, Gerald Ridsen and Roma Sills, all primary members of Greater Iowa Credit Union.

Stow presented the Governance Committee's report of the slate of candidates approved by the Greater Iowa Credit Union Board of Directors at the January 8, 2014 meeting:

Incumbents: Max Porter, Incumbent
Don Tebben, Incumbent
Mike Welter, Incumbent
Don Wirth, Incumbent

Stow moved acceptance of the Governance Committee's report. *Approved.*

Nominations from the floor were called. Hearing none, Chair Forney moved the membership to election.

Voter instructions were given:

- Only primary members aged 16 and older are eligible to vote.
- Vote for a maximum of four directors.
- Candidate bios were published prior to annual meeting through Greater Iowa medians as well as distributed to each primary member in attendance.
- Written ballots were tallied by the vote tellers and presented to governance committee chair Stow.

The call for candidate notification, announcement of the annual meeting notification and voting procedures were in compliance with Chapter 533 of the *Code of Iowa* and Chapter 189 of the Administrative Rulings.

REPORTS

Board Chair Forney noted that Greater Iowa had a successful year financially as is reflected in the annual report. He also noted that it was a very successful year strategically. Three of the key elements that president/ceo Zahnle will talk about included:

- Transition to a new core computer system
- Returned our credit card portfolio to in-house underwriting and oversight
- Construction and opening of a new branch in Indianola

Forney told the membership that the board, management and senior leadership look realistically at what we can be accomplished and established goals that will take Greater Iowa to the next level. We want to remain innovative without putting ourselves at risk. Those things will be a focus for Greater Iowa in the years to come.

Board Chair Forney, on behalf of the executive committee, presented the 2013 chairperson's report for approval as presented in the 2013 Annual Report. *Approved.*

Audit committee chair Mike Welter reported to the members that it is the opinion of the audit committee that Greater Iowa Credit Union is very well managed. The credit union ended 2013 strong in terms of financial operating conditions, safety and soundness. Welter presented the 2013 audit committee report for acceptance as printed in the 2013 Annual Report. *Approved.*

Board treasurer Steve Vardeman noted that the asset liability committee (ALCO) seeks to maintain capital reserves at a level that promotes member confidence, long-term stability and business flexibility. ALCO's primary areas of oversight and responsibility include monitoring and managing the liquidity position, interest rate margin, interest rate risk/exposure and the composition and maturity of the assets and liabilities of the credit union.

Greater Iowa Credit Union finished solid at year-end 2013:

- Total assets - \$329.3 million (4.60 percent increase from 2012)
- Total gross loans - \$217.0 million (7.25 percent increase from 2012)
- Total member deposits - \$286.7 million (a 7.86 percent increase from 2012)
- Realized net income - \$1.1 million at year-end 2013

Greater Iowa's Board of Directors, management and senior leadership maintained prudent financial practices to ensure that the credit

union remained well-capitalized at year-end with a capital ratio of 9.10 percent.

Board treasurer Steve Vardeman on behalf of the asset liability committee presented the 2013 year-end financials and treasurer's report for acceptance as printed in the 2013 Annual Report. *Approved.*

Credit committee chair Don Wirth stated that the committee's primary responsibility is for oversight of the credit union's lending program. This includes working with the lending department to make sure that its policies and practices are in line with the needs of the members and regulators. The credit committee also monitors to ensure that Greater Iowa is giving good loans to as large a group of our members as possible; yet, maintain a low level of delinquency. The lending and collection staff contributed immensely to helping make 2013 an extremely successful year.

On behalf of the credit committee, Worth presented the 2013 committee report for acceptance as printed in the 2013 Annual Report. *Approved.*

A MESSAGE FROM PRESIDENT/CEO ZAHNLE:

President/CEO Zahnle thanked the members for helping continue the credit union grow and for participating in the credit union cooperative. Zahnle expressed appreciation to the board of directors, the senior leadership team and the staff for their dedication to the welfare of Greater Iowa.

Year 2013 was a kick-off year for Greater Iowa. Major projects accomplished in 2013 will bring new efficiencies to the service our members receive. A new core system is in place and the new capabilities will continue to be evident in the coming year. In reality, there have been a few things that needed to be fixed, steps missed or incorrect translations, but we continue to work diligently to fix them. We will continue to work on efficiencies in 2014 that will include evaluating our processes and recommend improvements and automations.

The new in-house credit card program has been growing since an early 2013 fall launch.

We broke ground in the summer of 2013 for our new Indianola branch and opened on February 3, 2014. The lobby workstations (pods), cash recyclers, extended hours and an open lobby concept certainly changes the way that the community interacts with a financial institution.

Commercial lending also grew as the commercial team began to come together in early 2013 seeing over \$3.7 million in lending for its implementation year.

As Treasurer Vardeman shared, the year-end numbers were all good numbers for us: Loans up \$15 million, deposits up \$21 million,

total assets up \$15 million, and net income at \$1.1 million. Continued quality growth while taking on some major projects is an accomplishment the board, senior leadership and staff at Greater Iowa are all proud of.

Zahnle talked about "position" in the past and believes in the need to continue to "position" Greater Iowa for future successes with the ability to make a difference in the market place. Commercial lending was "positioned" for growth in 2013. The lending team responded with over \$3.7 million in new underwritings. Credit cards were "positioned" in early fall of 2013 and have been able to see the growth of approximately 500 credit card accounts in a few short months. The core system conversion "positioned" Greater Iowa for the development of new products and services in 2014.

Greater Iowa continues to be a strong and successful financial institution with a sound financial base because of the loyalty of its members. We look forward to serving you with new and continuing accomplishments in 2014 and in the many years to follow.

Zahnle presented his Chief Executive Officer's report for acceptance as printed in the 2013 Annual Report. Steve Hogberg moved to accept the CEO report. Don Tebben 2nd. Acceptance of CEO report approved.

UNFINISHED BUSINESS - None

NEW BUSINESS - None

VOTING RESULTS

Governance committee chair Stow announced the election results: elected to serve three-year terms were Max Porter; Don Tebben; Don Wirth; and Mike Welter.

Don Tebben moved that the ballots be destroyed after 60 days according to the by-laws. Linda Ashby 2nd. *Approved.*

David Russell, Attorney at Law administered the Oath of Office to the Board of Directors for 2014-2015. Congratulations to all current and newly elected directors.

ADJOURNMENT

Chair Forney thanked the membership for attending the 82nd Greater Iowa Credit Union annual meeting and encouraged everyone to stay for more entertainment and prizes. Mendy Pendry moved to adjourn the meeting at 6:43 p.m. David Carlson 2nd. *Meeting adjourned.*

Respectfully submitted,
Cathy Krebs, recording board secretary

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.

