


87th ANNUAL MEETING

MONDAY, APRIL 11 6:30 P.M.

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 Northern
Colorado
CREDIT UNION

2021
ANNUAL REPORT

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Annual Meeting Agenda

- 1. Call to Order
- 2. Ascertain if Quorum is in Attendance
- 3. Approve Agenda
- 4. Approve Minutes from the 86th Annual Meeting
- 5. Chairman’s Report
- 6. President’s Report
- 7. Treasurer’s Report
- 8. Credit Officer’s Report
- 9. Supervisory Committee Report
- 10. Unfinished Business
- 11. New Business
- 12. Nominating Committee Report
- 13. Awards
- 14. Adjournment

86th Annual Meeting Minutes

Board Members in Attendance: Terry Urista, Tim O'Toole, Jim Welch, Tim Cole, Andy Luark, Brent Porter, Zerrick Shanks

Staff and Volunteers in Attendance: Russ Dalke, CEO; Meagan Barrett, VP of Operations; Mike Thacker, Supervisory Committee Chair; Kris Rockwell, CFO; Paul Kiekhaefer, Director of IT; Amy Driver, Marketing Specialist; Regina Gregory, Branch Manager; Debbie Shephard, Lending Manager; Austin Bormann, Branch Supervisor; Anthony Willis, Underwriter; Emilio Vasquez, MSR; Jennifer Sadowski, MSR; Kim Vargas, FSR; and Sarah Trumbo, Administrative Assistant.

Members in Attendance: Pete Denzin, Russell Iverson, Charles Olmsted, James Riesberg, Maryann Urista

Call to Order and Quorum: Terry Urista ascertained that a quorum was in attendance and called the meeting to order at 6:33 p.m.

Agenda: Terry asked if there were any additions or corrections for the agenda. Hearing none, Terry asked for a motion to approve the agenda as presented. Tim O'Toole moved to approve the agenda as presented. Tim Cole seconded the motion. All members approved. Motion carried.

Minutes: Terry asked if there were any additions or corrections to the minutes as presented in the 2020 Annual Report. Hearing none, Terry asked for a motion to approve the minutes from the 85th Annual Meeting as presented. Tim O. moved to approve the minutes as presented. Brent Porter seconded the motion. All members approved. Motion carried.

Chairman's Report: Terry presented the Chairman's Report as presented in the 2020 Annual Report; Board members for the year, Covid-19 impact, loan portfolio changes, deposit performance, write-offs, Allowance account deposits, and goals for 2021.

2020 was a difficult year for our entire country. Covid-19 temporarily changed the way NCCU operated. Adjustments were made quickly and efficiently when new directions for restrictions and requirements were announced by the State and CUNA.

No questions were presented regarding the Chairman's Report.

President's Report: Russ Dalke presented the President's Report as submitted in the 2020 Annual Report; Operational and financial changes due to Covid-19, 85 Acts of Kindness, and looking forward.

Even with the challenges we faced in 2020, NCCU was very productive and provided new services and products for our members. We switched our debit card processor in October. This was a very intricate conversion that required months of planning and

testing. The final switch was completed successfully with very little impact on members. A new mortgage lending program was rolled out in 2020. NCCU now funds 1st Mortgages in-house. Younger members were targeted with the new Evolution Accounts suite of products. This suite is for youth aged 0 to 26 years of age. Products include savings accounts, checking accounts and CDs at higher earning rates. Step-up and Add-on CDs, a Credit-builder auto loan, and two new credit card tiers were also new in 2020.

Russ received no questions regarding the president's report.

Treasurer's Report: Tim Cole presented the Treasurer's Report as submitted in the 2020 Annual Report; Provision for loan loss, net income, net worth ratio, asset growth, loan portfolio, capital ratio and delinquencies and net charge-offs.

No questions were asked regarding the treasurer's report.

Credit Officer's Report: Meagan Barrett gave the Credit Officer's report as presented in the 2020 Annual Report. Loan statistics, including charge-offs and delinquency ratios were reviewed.

Meagan shared comparisons of NCCU to Colorado peer credit unions in areas of net charge-off ratio, delinquency ratio, and loan portfolio percentage. These numbers show that NCCU is committed to its membership and finds ways to continually offer competitive rates for borrowers and savers.

No questions were asked regarding the Credit Officer's Report.

Supervisory Committee Report: Mike Thacker reviewed the Supervisory Committee's report as presented in the 2020 Annual Report; Information regarding members of the committee, External audits, Compliance training, Procedure and Form revisions, and Audit results.

No questions were asked regarding the Supervisory Committee's report.

Unfinished Business: Terry asked if there was any unfinished business. No unfinished business was presented.

New Business: Terry opened the floor for New Business. No new business was presented.

Nominating Committee Report: Mike Thacker presented the Nominating Committee report as submitted in the 2020 Annual Report. The Nominating Committee recommended two incumbents to fill available seats on the Board of Directors, and one incumbent and two new students as volunteers for the Supervisory Committee.

Terry asked if there were any nominations or volunteers from the floor for either the Board of Directors or Supervisory Committee. None were presented. Terry asked for a motion to approve the nominees for the Board of Directors and Supervisory Committee as presented. Mike moved to approve the nominees as presented. Jim Welch seconded the motion. All members approved. Motion carried.

Awards: Russ presented the awards. Sarah Trumbo was presented with the award for Employee of the Year and Tim O'Toole was presented the award for the Volunteer of the Year.

Adjournment: Terry asked if there were other items of discussion or review. Terry thanked all in attendance for their support and adjourned the meeting at 7:05 p.m.

Respectfully submitted,
Jim Welch, Secretary
Terry Urista, Chairman

Chairman's Report

It is my duty and privilege to report to you on behalf of the Board of Directors of Northern Colorado Credit Union. The members of the Board of Directors for this past year were **Tim O'Toole, Tim Cole, Jim Welch, Zerrick Shanks, Brent Porter and me, Terry Urista. Mike Thacker is the Chair of the Supervisory Committee.**

Covid again had a negative effect on Northern Colorado Credit Union's operation, but to a lesser extent. The staff's experience from 2020 prepared them to react and overcome issues rapidly and effectively. We had to close the lobby a couple times because of staff positive tests and the rest of the staff stepped up and made sure the CU continued to serve our members. They did an outstanding job, and the Board members are exceedingly proud of them.

Our loan portfolio increased approximately \$3 million from 2020. It was a good loan year. Deposits decreased a little for 2021. Our credit union again had very low write offs last year. Our rate of return on assets were consistently above budget projections. Our interest rates for most products remain among the most competitive in our area. Rates for borrowers and savers will continue to see some fluctuation as the world is now facing inflation. This means we must continue to be careful not to hold too many long-term loans at low rates. During all of this, our Net Worth stayed steady and strong at 10.04%. Income looks much better this year at \$138,475. Membership and loan growth remains our highest priorities for 2022. This will require a sustained effort on the part of our management to continue to get our message out about the great things this credit union can offer its members:

- We continue to emphasize traditional credit union values, focusing on our members and friendly service for both our depositors and borrowers.
- We strive to have low rates for borrowers and high rates for our savers, consistently

maintaining our financial integrity.

- Our financial position continues to be very solid with 10.04% capital. Maintaining a high level of financial strength gives us the ability to weather through these financial times and provide additional services to our members.
- Total assets are \$72.4 million.
- Our delinquency rates and charge-offs remain very low by industry standards. We are grateful for members who do a good job of managing their finances and for our management that has been prudent in making loans.

Our credit union achieved great advances again this last year with Russ Dalke as our President. In late fall Russ notified the Board he was retiring effective April 1 after a long successful career. When we hired Russ one of his charges was to prepare staff for promotion to his position. He did so very well. The Board had a well-educated and trained candidate in our VP of Operations, Meagan Barrett, and she became our new CEO in January. We will be looking to fill our VP of Operations position. Kris Rockwell continues as the CFO. We are excited to begin another year under their leadership.

I want to extend my personal thanks to the members of the Board of Directors for all the time they have given as volunteers to ensure that this credit union continues to provide top-rate service. These individuals have been instrumental in helping the credit union grow and be successful.

I want to extend my appreciation and gratitude to Mike Thacker, Chair of the Supervisory Committee and his volunteers who continue to ensure that our credit union remains compliant with regulations and policy.

I would encourage any member who would like to become more involved in this credit union to volunteer to serve either on our Supervisory Committee or Board of Directors. You can contact either Meagan Barrett or me for more information.

And finally, my heartfelt thanks to our managers and all the staff who are the faces of our credit union that meet our members needs and fulfill our credit union's daily requirements. Without them and their loyalty to serving our members, we could not continue to be the success we have become.

Respectfully submitted,
Terry Urista, Chairman



President's Report

In 2021, we continued to deal with the lingering effects of the pandemic. Because we had experienced a large increase in deposits due to lock-downs and stimulus money in 2020 along with decreasing loan balances, it was important that we take steps to restructure the balance sheet in 2021. This required that we reduce the interest we were paying on deposits while decreasing our loan rates to attract more loans in 2021. I am pleased to announce that we succeeded in accomplishing these goals. 2021 resulted in near zero deposit growth while experiencing nearly 7% growth in loans. As we move into 2022, you can anticipate a renewed focus on being a leader in the deposit rates we offer while staying extremely competitive in our loan offerings.

2021 also provided us with our second consecutive year of offering our renewed 1st Mortgage lending program. We plan to continue getting the word out about NCCU's low cost, highly personalized 1st Mortgage lending services. In addition to our Mortgage program, we continued to refresh our remote services both mobile and online. We have also recommitted to ensuring you can reach a representative when you call your credit union. Our goal is to avoid those annoying phone queues and recordings.

As we do every year, we continued to support the community with donations and volunteering our time. You can be proud of the NCCU team that serves you. They care about the community, they care about each other, they care about NCCU and more importantly, they care about you the Member. Please follow all their acts of kindness on Facebook and other platforms to keep informed of everything that NCCU is doing.

Looking forward to 2022, the Credit Union will be in good hands as Meagan Barrett has taken over as the new President and CEO of NCCU. I announced my retirement back in August of 2021 with my scheduled retirement date of April 1, 2022. It has been a pleasure serving as your CEO over the last six years. On behalf of the Northern Colorado Credit Union Team, I would like to thank you for your Membership. All the best to you, and you can be sure that NCCU will always be here to serve your financial needs.

Respectfully submitted,
Russ Dalke, President

Treasurer's Report

I am pleased to report the 2021 financial results for Northern Colorado Credit Union.

The Credit Union took steps to shore up our Net Worth in 2021. Net Worth is our safety net that gets us through challenging times such as 2020 or through times of expansion and investment like building a branch or expanding our headquarter's facility as we have recently done. Our net worth stands at 10% of assets or \$7.2 million at year end 2021. Assets remained stable in 2021, and we ended the year with \$72.5 million in assets. Deposits also remained steady, finishing 2021 at \$65.1 million. Our loan portfolio grew 7% or roughly \$3 million in 2021 and ended at \$46 million.

Management did a great job controlling operating costs in 2021 which allowed the credit union to record net income of \$138,475 which exceeded budget by almost \$55k. These earnings resulted in a ROA of 0.19%.

Other notable financial ratios for 2021 include:

Operating Expense	2.57%
Cost of Funds	0.51%
Net Margin	2.80%
Net Worth	10.04%

NCCU's delinquency and net charge-off ratios combined are 0.11% which is 0.71 basis points lower than the national combined average of 0.82%. Our loan credit quality continues to remain strong.

As the Treasurer of Northern Colorado Credit Union, it is my belief the financial data presented in this report is true, accurate and presents a fair representation of the financial condition of Northern Colorado Credit Union.

2021 Financial Statements follow.

Respectfully Submitted,
Tim Cole, Treasurer



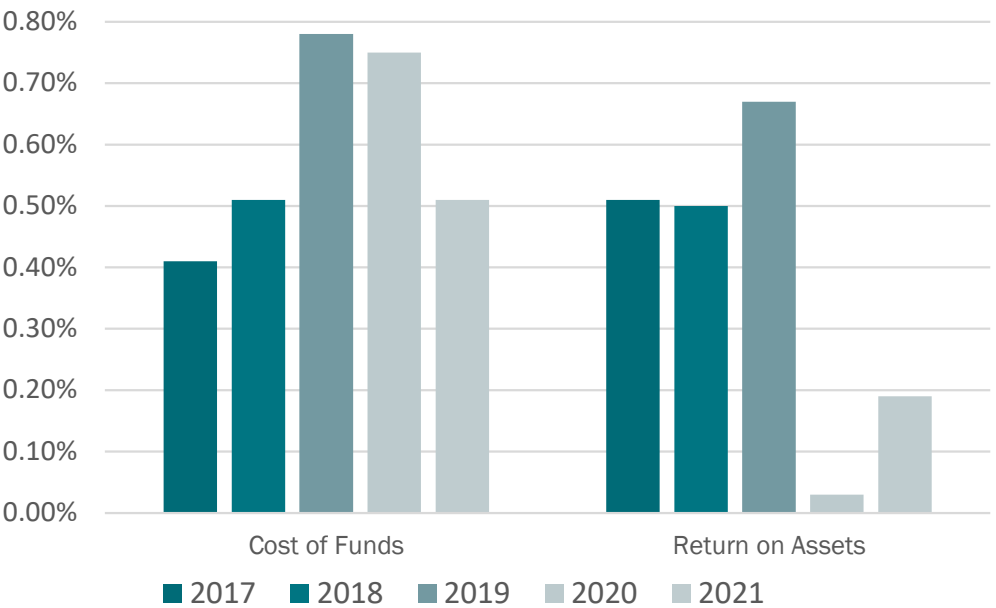
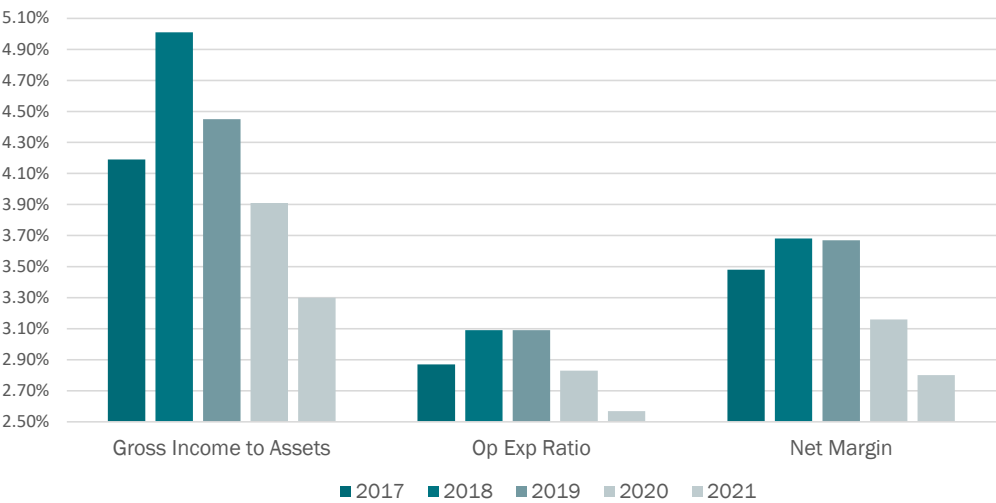


STATEMENT OF INCOME & EXPENSE	2021	2020
Interest on Loans	\$ 1,765,764	\$ 1,938,778
Interest on Investments	\$ 282,028	\$ 343,839
TOTAL INTEREST INCOME	\$ 2,047,793	\$ 2,282,617
Interest and Dividend Exp	\$ 369,042	\$ 512,597
Borrowing Expense	\$ 0.78	\$ 0.03
TOTAL INTEREST EXPENSE	\$ 369,043	\$ 512,597
NET INTEREST INCOME	\$ 1,678,750	\$ 1,770,020
Compensation & Benefits	\$ 956,404	\$ 952,994
Conferences & Travel	\$ 15,190	\$ 13,831
Office Occupancy	\$ 166,132	\$ 161,318
Office Operations	\$ 433,337	\$ 488,853
Educational/Promotional	\$ 63,455	\$ 62,896
Loan Processing	\$ 112,272	\$ 121,535
Professional & Outside Services	\$ 95,260	\$ 102,440
Other Expenses	\$ 25,962	\$ 26,771
Provision for Loan Loss	\$ 26,200	\$ 201,289
TOTAL OPERATING EXPENSE	\$ 1,894,213	\$ 2,131,926
Other Operating Income	\$ 353,938	\$ 385,496
Non Operating Gain/(Loss)	\$ -	\$ (2,170)
TOTAL EXPENSE	\$ 2,263,255	\$ 2,644,523
TOTAL INCOME	\$ 2,401,731	\$ 2,665,943
NET INCOME	\$ 138,475	\$ 21,420



STATEMENT OF FINANCIAL CONDITION		2021	2020
1st Mortgage Loans	\$	14,251,310	\$ 14,504,632
2nd Mortgage Loans	\$	5,685,723	\$ 5,945,916
Secured Loans	\$	5,283,346	\$ 6,345,490
Indirect Auto Loans	\$	8,289,454	\$ 5,323,500
Credit Card Loans	\$	688,598	\$ 689,782
Unsecured Loans	\$	253,246	\$ 278,841
Participation Loans	\$	11,546,163	\$ 9,913,205
TOTAL LOANS	\$	45,997,839	\$ 43,001,367
Allowance for Loan/Lease Losses	\$	(349,491)	\$ (336,246)
NET LOANS OUTSTANDING	\$	45,648,349	\$ 42,665,121
TOTAL CASH	\$	2,705,419	\$ 6,722,138
TOTAL INVESTMENTS	\$	19,086,338	\$ 17,262,106
TOTAL OTHER ASSETS	\$	5,041,110	\$ 6,162,959
TOTAL ASSETS	\$	72,481,215	\$ 72,812,324
TOTAL LIABILITIES	\$	201,922	\$ 223,982
Regular Shares	\$	20,286,071	\$ 18,329,251
Money Market	\$	15,139,971	\$ 14,997,698
Checking	\$	7,918,087	\$ 7,383,802
IRA Shares	\$	350,363	\$ 364,503
Certificates of Deposit	\$	21,391,966	\$ 24,345,710
TOTAL SHARES	\$	65,086,459	\$ 65,420,964
Regular Reserve	\$	1,082,098	\$ 1,082,098
Undivided Earnings	\$	6,199,815	\$ 6,061,340
Unrealized Gain/Loss	\$	(89,079)	\$ 23,941
TOTAL EQUITY	\$	7,192,834	\$ 7,167,378
TOTAL LIABILITIES & EQUITY	\$	72,481,215	\$ 72,812,324

5-Year Notable Financial Highlights



Credit Officer's Report

Northern Colorado Credit Union (NCCU) experienced a gain of 6.97% or just under \$3 million in loans for 2021 while our national peer group of credit unions saw growth in lending at 5.46%. NCCU originated 440 loans totaling just over \$22.3 million. This was the highest year of loan production on record. While there was an increase in lending, the amount of loan payoffs continued at a high rate. All of our loan growth was experienced in two categories; Indirect Autos and Participation Loans. We ended 2021 with a loan to share ratio of 70.67%. The average loan originated in 2021 had a balance of \$50,725, this is up from previous years due to the increase in vehicle prices and added real estate loans.

NCCU continues to maintain a high-quality loan portfolio. Our net charge-off ratio remained very low in 2021 and ended the year at 0.03%, while our national peer group of Credit Unions reported a net charge-off ratio of 0.20%. Our delinquency ratio of 0.08% also remained well below the national average of 0.49% reported for all Credit Unions in the United States. The loans NCCU originated in 2021 had an average credit score of 749.

NCCU continues to offer lower than average rates to our members. The yield on our loan portfolio stands at 3.97% at year end. Credit Unions nationally are earning 4.37% on their loan portfolios. This shows the value we offer to our membership daily.

In 2021 we began the transition to a centralized lending environment allowing us to add additional efficiencies to our lending process. With the addition of a Consumer Underwriter and the conversion of Loan Officers to Financial Service Representatives (FSR) we created job enrichment opportunities for staff and transformed our lending process where the FSR team can assist members from start to finish in all areas of the credit union.

Respectfully Submitted,
Meagan Barrett, VP of Operations/Credit Officer

Silas

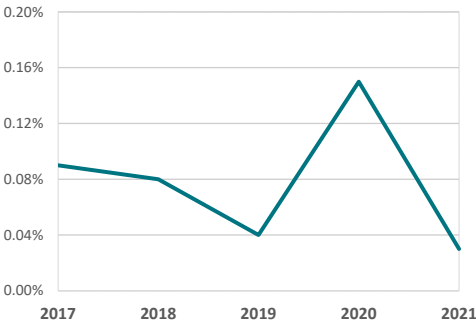
#mamasboy

**Auggie
& Zena**

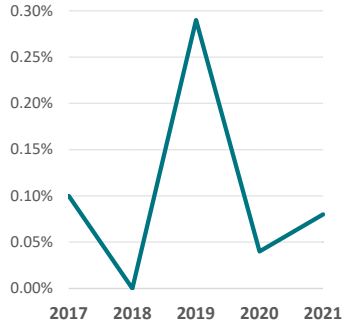
#neighborhoodwatch



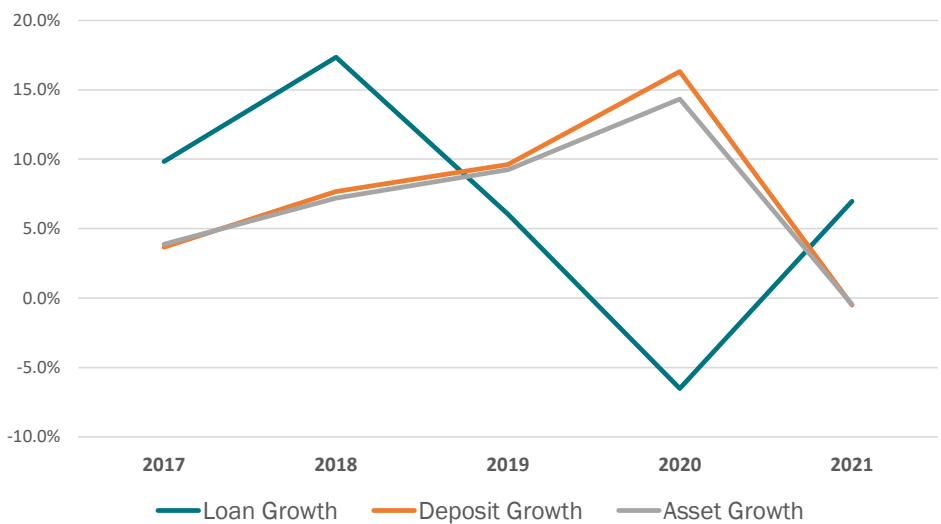
5-Year Net Charge-Off Ratio



5-Year Delinquency Ratio



5-Year Growth Trend



Supervisory Committee Report

The Supervisory Committee members are Mike Thacker, Nanci Diego, Austin McCracken and Kendall Sibley. The committee members worked weekly to complete audits of credit union procedures and policies.

Except for the chair, the members of the Supervisory Committee are junior/senior Accounting/Finance majors in the Monfort College of Business at the University of Northern Colorado. Some of the students have a Professional Experience requirement and participation on the Supervisory Committee allows them to fulfill that requirement. Participation on the Supervisory Committee allows for practical experience in their field of study and provides invaluable assistance to the credit union by ensuring that Northern Colorado Credit Union is functioning well and following rules and procedures.

Northern Colorado Credit Union had two external audits over the last year. The Colorado Department of Financial Services along with the National Credit Union Association conducted an audit based on the financial position of the credit union in March 2021. Also, during 2021 Waypoint, CPA firm, completed the credit union annual audit. Neither audit found any significant findings. AffirmX completes a variety of audits throughout the year, including Bank Security Act (BSA), to ensure that the credit union remains in regulatory compliance. All audits and examinations had no significant findings and showed that Northern Colorado Credit Union is operating in an orderly and accurate manner.

The Supervisory Committee members, along with other volunteers and staff complete a series of on-line courses annually in order to ensure everyone is aware of and in compliance with rules and regulations.

The Committee continues to revise our procedures and forms as needed to improve the audit process. The Supervisory Committee wants to thank the staff for their helpfulness and willingness in assisting us to perform our audit activities. As chair of the Committee, I would like to thank staff for their assistance over the past year I have been chair.

The Supervisory Committee reports that our reviews and the results of the audits mentioned above found no material errors or concerns and that the financial position of the Northern Colorado Credit Union is reflected accurately in the financial reports.

Respectfully Submitted,
Michael D. Thacker, Committee Chairperson

Nominating Committee Report

The Nominating Committee members were Meagan Barrett, Tim Cole, and Jim Welch.

The committee has nominated and recommended to the Board of Directors two candidates listed below to fill five available positions on the Board. Bylaws allow NCCU to have a board consisting of five to nine volunteer Members. Approval of these candidates will give NCCU a board of six volunteers. All candidates are qualified to fill the selected positions and have been approved by the current Board of Directors.

Board of Directors	Term
Terry Urista	3 Year/Incumbent
Tim O'Toole	3 Year/Incumbent

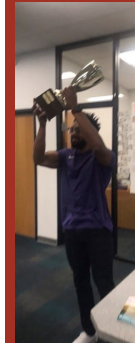
The committee has nominated and recommended for appointment to the Supervisory Committee the two candidates listed below. These candidates are qualified to fill the selected positions and have been approved by the Board of Directors.

Supervisory Committee	Term
Nanci Diego	1 Year
Austin McCracken	1 Year

The Nominating Committee would like to thank the candidates for their time and effort. We are always looking for individuals who have leadership and governance skills and a desire to volunteer to help promote the needs of the Credit Union and the Membership.

Respectfully Submitted,
Jim Welch, Committee Chairperson





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