



2023 ANNUAL REPORT

89TH ANNUAL MEETING

MONDAY, APRIL 15, 6:30 P.M.

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Annual Meeting Agenda

- 01 Call to Order
- 02 Ascertain if Quorum is in Attendance
- 03 Approve Agenda
- 04 Approve Minutes from 88th Annual Meeting
- 05 Chairman’s Report
- 06 President’s Report
- 07 Treasurer’s Report
- 08 Credit Officer’s Report
- 09 Supervisory Committee Report
- 10 Unfinished Business
- 11 New Business
- 12 Nominating Committee Report
- 13 Awards
- 14 Adjournment



88th Annual Meeting Minutes

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

Staff and Volunteers in Attendance: Meagan Barrett, CEO; Mike Thacker, Supervisory Committee Chair; Kris Rockwell, CFO; Paul Kiekhaefer, Director of IT; Debbie Shephard, VP of Lending; Eric Woodard, VP of Operations; Natalee Hall, Marketing Specialist; Alannah Hernandez, Branch Manager; Jenni Fuller, Branch Supervisor; Emilio Vasquez, Underwriter; Chantay Serrano, FSR; Nick Hoffman, MSR; Lane Hutchison, MSR; Christopher Williamson, MSR; and Sarah Trumbo, Administrative Assistant.

Members in Attendance: Donni Clark, Dennis Krominga, Elaine Krominga, Jan Martin, Sharon McCloskey, Steve Trumbo, Maryann Urista, Bill Walter, Ruth Walter, and Barb Welch.

Call to Order and Quorum: Terry Urista ascertained that a quorum was in attendance and called the meeting to order at 6:32 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. Jim Welch moved to approve the agenda as presented. Tim O'Toole 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 2022 Annual Report. Hearing none, Terry asked for a motion to approve the minutes from the 87th Annual Meeting as presented. Maryann Urista moved to approve the minutes as presented. Donni Clark seconded the motion. All members approved. Motion carried.

Chairman's Report: Terry reviewed the Chairman's Report as presented in the 2022 Annual Report; Board members for the year, loan portfolio changes, deposit performance, write-offs, and goals for 2023.

No questions were presented regarding the Chairman's Report.

President's Report: Meagan Barrett presented the President's Report as presented in the 2022 Annual Report; Changes to rate environment post strict COVID-19 restrictions; asset, deposit, and loan growth; in-person community events; into 2023.

Meagan received no questions regarding the president's report.

Treasurer's Report: Zerrick Shanks presented the Treasurer's Report as submitted in the 2022 Annual Report; net worth condition, operating expense, cost of funds, net margin, net worth, and delinquencies and charge offs.

No questions were asked regarding the treasurer's report.

Credit Officer's Report: Debbie Shephard gave the Credit Officer's report as presented in the 2022 Annual Report; loan statistics, charge-offs and delinquency ratios, rates offered, and new centralized lending environment.

Debbie received no questions regarding the Credit Officer's Report.

Supervisory Committee Report: Mike Thacker reviewed the Supervisory Committee's report as presented in the 2022 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: Jim Welch, as chairperson of the committee, presented the Nominating Committee report as submitted in the 2022 Annual Report.

The Nominating Committee recommended two incumbents to fill available seats on the Board of Directors, and two 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 for new board members. Mike Thacker nominated Jan Martin for the Supervisory Committee chair.

Terry asked for a motion to approve the nominees for the Board of Directors as presented. Maryann Urista moved to approve the nominees as presented. Tim O'Toole seconded the motion. All members approved. Motion carried.

Awards: Meagan and Terry presented the awards. Alannah Hernandez was presented with the award for Employee of the Year and Zerrick Shanks was presented with 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 6:54 p.m.

Respectfully submitted,
Terry Urista, Chairman
Jim Welch, Secretary

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 Cole, Tim O'Toole, Brent Porter, Zerrick Shanks, Jim Welch*, and me, *Terry Urista*. *Mike Thacker* served as the Chair of the Supervisory Committee.

Our loan portfolio decreased approximately -10.10% in 2023. It was not a good loan year. Deposits increased 4.98% or \$3,360,467. Our credit union again had very low charge-offs last year at 0.08% compared to the national average that is 0.39%.

Our interest rates for most products remained among the most competitive in our area. Rates for borrowers and savers will continue to see some fluctuation as inflation and economic uncertainty continues. 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 9.85%. Income looks much better this year at \$243,810. Membership and loan growth remains our highest priorities for 2024. 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 9.85% 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 \$78.3 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.

The Board is extremely impressed with our CEO Meagan Barrett and her team: Kris Rockwell as CFO, Debbie Shephard as VP of Lending, Paul Kiekhaefer as Director of IT, and all the other staff. 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 the 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,
Terrence Urista, Chairman



President's Report

The year 2023 presented numerous challenges to the credit union. The continued steep increase in rates imposed by the Federal Reserve saw our credit union, along with most others, in a battle to gain deposits. The pressure to remain competitive kept pushing our rates higher than expected. This challenging rate environment along with significant frontline staff turnover hindered our ability to grow.

While we struggled to meet our membership and loan growth goals for the year, we were able to grow our assets and deposits along with maintaining lower than average delinquency and charge off ratios as compared to our national peer groups. A successful CD promotion late in 2023 helped to bolster our deposit numbers and make up for some lost memberships.

Community Involvement remains a top priority for our team. We participated in many events in both Larimer and Weld Counties. We partnered with Canvas Credit Union to deliver a successful Electronics Recycling Event that raised over \$3,000 for Meals on Wheels of Greeley and Weld County. NCCU won the Weld Food Bank's Compete to Beat Hunger Challenge for the third year in a row for our employee group as well as the DIY category for the Canned Sculpture Contest. We hosted a successful Fall Family Festival for the community and gave \$500 to the Greeley Police Department K-9 Unit.

A strong Strategic Plan was developed for 2024 concentrating on membership growth, community support, process improvement, and team development.

On behalf of the entire NCCU team, I would like to thank you for your continued membership and support. We look forward to continuing a strong financial partnership into the future.

Respectfully Submitted,
Meagan Barrett, President/CEO



Treasurer's Report

I am pleased to report the 2023 financial results for Northern Colorado Credit Union.

The Credit Union's Net Worth remained stable in 2023. Ultimately, our focus on net worth has provided that extra layer of protection to get us through challenging times, such as 2020, or through the economic uncertainty that occurred in 2023. It continues to help our Credit Union remain resilient through 2024's constantly changing environment. Our net worth stands at 9.85% of assets or \$7.3 million at year end 2023. Assets grew in 2023 as we ended the year with \$78.4 million in assets. Deposits also grew, finishing 2023 at \$70.9 million. Our loan portfolio decreased 10.10% or roughly \$4.9 million in 2023 and ended at \$43.6 million.

Management did a great job controlling operating costs in 2023 which allowed the credit union to record net income of \$243,810. These earnings resulted in an ROA of 0.32%.

Other notable financial ratios for 2023 include:

Operating Expense:	2.47%
Cost of funds:	1.05%
Net margin:	2.72%
Net Worth:	9.85%

NCCU's delinquency and net charge off ratios combined are 0.35% which is 52 basis points lower than the peer combined average of 0.87%. 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.

2023 Financial Statements follow.

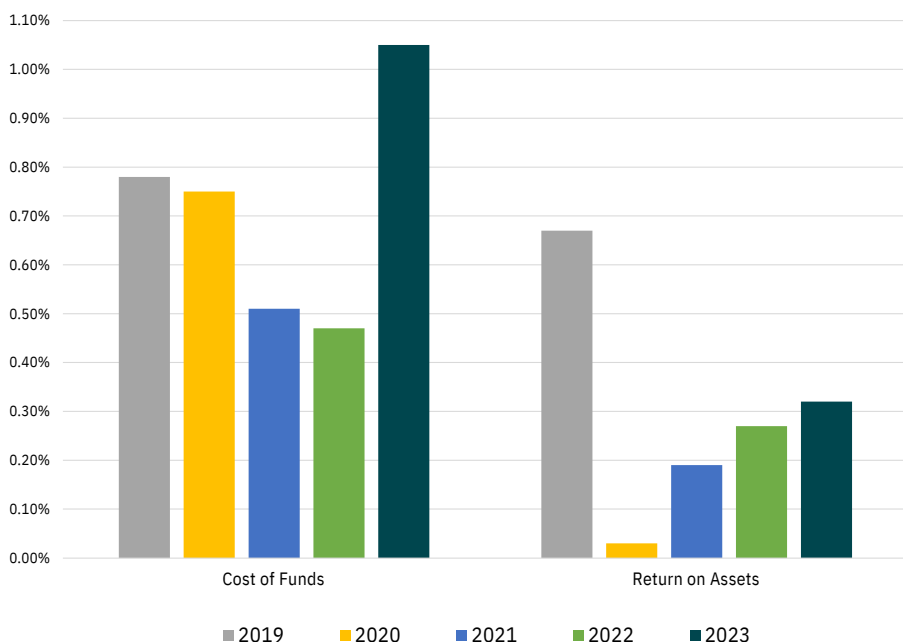
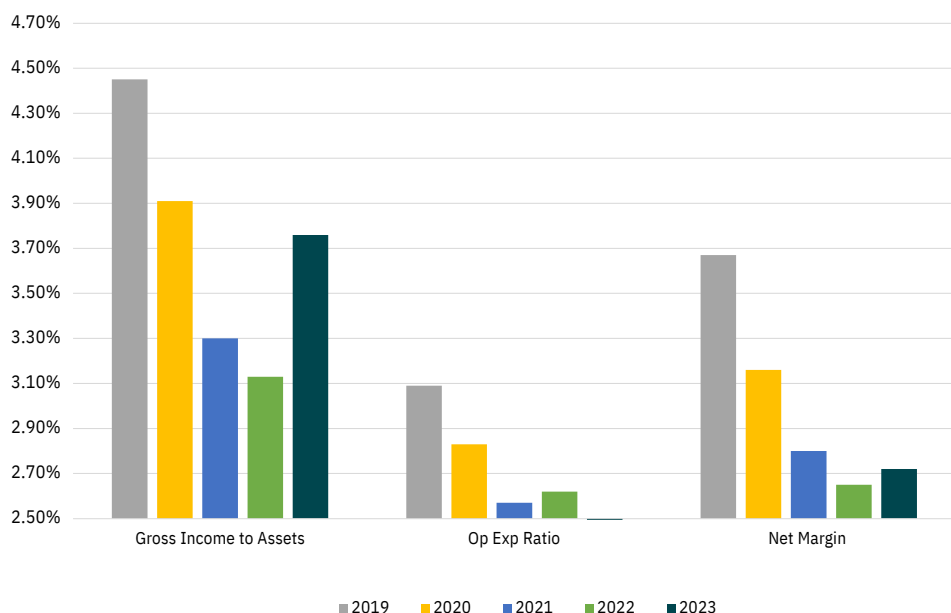
Respectfully Submitted,
Zerrick Shanks, Treasurer



STATEMENT OF INCOME & EXPENSE	2023	2022
Interest on Loans	\$ 2,048,308	\$ 1,771,641
Interest on Investments	\$ 504,051	\$ 208,361
TOTAL INTEREST INCOME	\$ 2,552,359	\$ 1,980,002
Interest and Dividend Exp	\$ 800,122	\$ 346,759
Borrowing Expense	\$ 2,346.96	\$ 4,341.05
TOTAL INTEREST EXPENSE	\$ 802,469	\$ 351,100
NET INTEREST INCOME	\$ 1,749,891	\$ 1,628,901
Compensation & Benefits	\$ 954,436	\$ 976,727
Conferences & Travel	\$ 28,632	\$ 28,698
Office Occupancy	\$ 169,662	\$ 175,519
Office Operations	\$ 452,327	\$ 437,094
Educational/Promotional	\$ 48,738	\$ 52,508
Loan Processing	\$ 112,590	\$ 124,334
Professional & Outside Services	\$ 97,926	\$ 104,287
Other Expenses	\$ 25,862	\$ 26,631
Provision for Loan Loss	\$ -	\$ -
TOTAL OPERATING EXPENSE	\$ 1,890,173	\$ 1,925,799
Other Operating Income	\$ 325,223	\$ 317,875
Non Operating Gain/(Loss)	\$ 58,869	\$ 174,986
TOTAL EXPENSE	\$ 2,692,642	\$ 2,276,900
TOTAL INCOME	\$ 2,936,452	\$ 2,472,863
NET INCOME	\$ 243,810	\$ 195,963

STATEMENT OF FINANCIAL CONDITION	2023	2022
1st Mortgage Loans	\$ 11,973,251	\$ 13,184,365
2nd Mortgage Loans	\$ 6,793,070	\$ 6,386,970
Secured Loans	\$ 3,642,766	\$ 4,847,937
Indirect Auto Loans	\$ 10,058,980	\$ 12,147,042
Credit Card Loans	\$ 814,111	\$ 680,321
Unsecured Loans	\$ 319,369	\$ 271,686
Participation Loans	\$ 9,961,941	\$ 10,938,560
TOTAL LOANS	\$ 43,563,487	\$ 48,456,882
Allowance for Loan/Lease Losses	\$ (293,495)	\$ (329,150)
NET LOANS OUTSTANDING	\$ 43,269,992	\$ 48,127,731
TOTAL CASH	\$ 5,394,326	\$ 1,879,250
TOTAL INVESTMENTS	\$ 24,949,549	\$ 19,629,601
TOTAL OTHER ASSETS	\$ 4,771,273	\$ 4,941,943
TOTAL ASSETS	\$ 78,385,139	\$ 74,578,525
TOTAL LIABILITIES	\$ 247,908	\$ 259,709
Regular Shares	\$ 16,274,248	\$ 19,898,726
Money Market	\$ 12,247,395	\$ 15,586,264
Checking	\$ 8,394,117	\$ 8,802,468
IRA Shares	\$ 313,031	\$ 321,428
Certificates of Deposit	\$ 33,629,584	\$ 22,889,022
TOTAL SHARES	\$ 70,858,375	\$ 67,497,908
Regular Reserve	\$ 1,082,098	\$ 1,082,098
Undivided Earnings	\$ 6,639,588	\$ 6,395,778
Unrealized Gain/Loss	\$ (442,830)	\$ (656,969)
TOTAL EQUITY	\$ 7,278,856	\$ 6,820,907
TOTAL LIABILITIES & EQUITY	\$ 78,385,139	\$ 74,578,525

5-Year Notable Financial Highlights



Credit Officer's Report

Northern Colorado Credit Union (NCCU) experienced a net loss of 10.10% or just under \$4.9 million in loans for 2023 while our national peer group of credit unions saw growth in lending at 6.83%. NCCU originated 244 loans totaling just over \$6 million. While we saw a reduction in all categories, we did see an increase in applications for HELOCs, and our Indirect Auto program remains strong. We ended 2023 with a loan to share ratio of 61.48%. The average loan originated in 2023 had a balance of \$24,675. This is down with lower demand for loans based on increasing household expenses as well as a decrease in credit quality of borrowers.

NCCU continues to maintain a high-quality loan portfolio. Our Net Charge Off ratio remained very low in 2023 and ended the year at 0.08%, while our national peer group of Credit Unions reported a Net Charge Off ratio of 0.39%. Our delinquency ratio of 0.27% also remained well below the average of 0.81% reported for our national peer group, and 0.83% for all Credit Unions in the US. The loans NCCU originated loans in 2023 had an average credit score of 749.

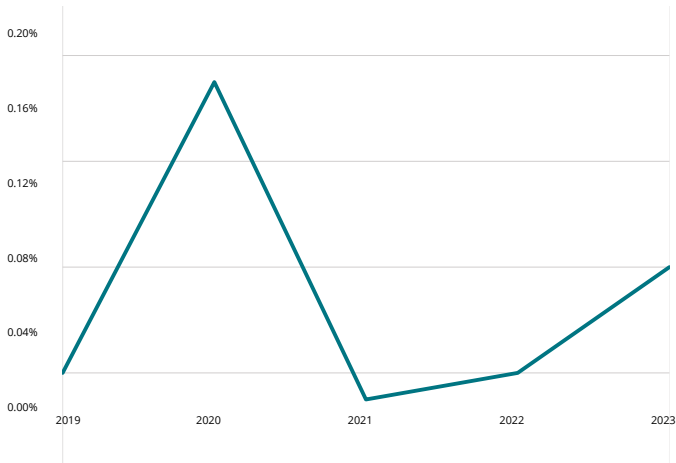
NCCU continues to offer lower than average loan rates to our members. The yield on our loan portfolio stands at 4.45% at year end. Credit Unions nationally in our peer group are earning 5.35% on their loan portfolios and all Credit Unions in the US are earning 5.25%. We continue to maintain a healthy and diverse mix of loans in our portfolio. This continues to show the value we offer to our membership.

Economic challenges affected so many people last year. We found that our membership was no exception to this. We made significant efforts to find ways to help our members with their loan requests. Increased cost of living, higher credit card payments and balances, reduced credit quality, and lower collateral values challenged the way we lend. We wanted to find ways to help our members despite these challenges. Throughout the year we partnered with a vendor to help approve lower credit tier loans without increasing the risk to the credit union, re-evaluated our underwriting processes to adjust to the changing lending environment, and made the decision to redesign lending area staffing.

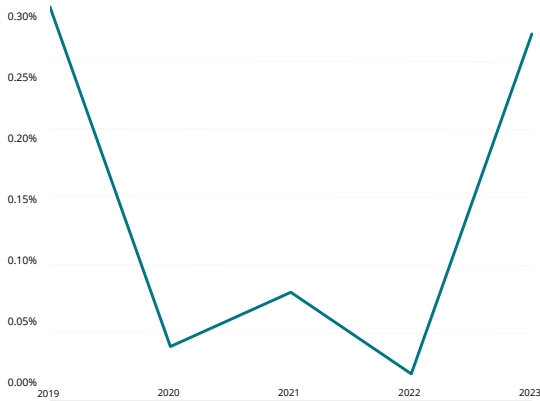
As we head into 2024, we are ready to help our members with all of their loan needs!

Respectfully Submitted,
Debbie Shephard, VP of Lending/Credit Officer

5-Year Net Charge-Off Ratio



5-Year Delinquency Ratio



5-Year Growth Trend



Supervisory Committee Report

The Supervisory Committee members are Mike Thacker, Quinn Arendsen, Sasha Dzhamay, and Sarah Rose. The committee members worked 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 in ensuring that Northern Colorado Credit Union is functioning well and following set policies and procedures.

Northern Colorado Credit Union had two external audits over the last year. Waypoint, CPA firm, completed the credit union's annual audit in April of 2023. The Colorado Division of Financial Services completed their 2023 audit in March of 2024. In addition, 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 completed a series of on-line courses in order to ensure everyone is aware of and in compliance with policies 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 for 2023 were Meagan Barrett, Tim Cole, and Jim Welch.

The committee has nominated and recommends to the Board of Directors one candidate 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 this candidate will give NCCU a board of five volunteers. This candidate is qualified to fill the selected position and has been approved by the current Board of Directors.

<u>Board of Directors</u>	<u>Term</u>
Brent Porter	2 Year/Incumbent

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

<u>Supervisory Committee</u>	<u>Term</u>
Quinn Arendsen	1 Year
Sarah Rose	1 Year
Sasha Dzhamay	1 Year

The Board of Directors is actively looking for two new members to fill board positions as well as a new Supervisor Committee Chairperson. If anyone is interested in hearing more about these open positions, please contact our President/CEO Meagan Barrett or you may apply online using the web portal that can be found under the About Us and Board of Directors page.

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,
Meagan Barrett, Committee Member

Thank you

As we conclude this annual report, we're reminded of the rich history of the credit union movement and the profound impact it has had on communities. At our core, we embody the 'people helping people' philosophy that defines credit unions. It's not just about financial transactions; it's about fostering a sense of belonging and empowerment among our members.

As we navigate through the challenges of the present, we remain committed to upholding the values that have guided us for nearly a century. Our mission at Northern Colorado Credit Union has been to provide members with friendly service and affordable financial products so they can reach their financial goals. Together, we continue to build a brighter future, rooted in mutual trust, cooperation, and shared prosperity.

Thank you for being a part of our journey. Your support fuels our determination to make a meaningful difference in the lives of those we serve. Here's to the next chapter of our story, as we continue to grow and thrive together.

- Northern Colorado Credit Union

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