



*Community-Minded.
Member-Focused.™*

2022 ANNUAL REPORT

88TH ANNUAL MEETING

MONDAY, APRIL 17, 6:30 P.M.



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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 87th Annual Meeting
 - 5. Chairman’s Report
 - 6. President’s Report
 - 7. Treasure’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
-

87th Annual Meeting Minutes

Board Members in Attendance: Terry Urista, Tim Cole, Jim Welch, 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; Amy Driver, Marketing Specialist; Alannah Hernandez, Branch Manager; Debbie Shephard, Lending Manager; Kalie Corrington, Branch Supervisor; Anthony Willis, Underwriter; Thomy Martinez, FSR; Emilio Vasquez, FSR; Kim Vargas, FSR; Aracely Ortega, MSR; Chantay Serrano, MSR; Morgan Wahlin, MSR; and Sarah Trumbo, Administrative Assistant.

Members in Attendance: Dennis Krominga, Elaine Krominga, Jeanine Lewis, Ron Lewis, Elaine Reinert, Cynthia Richau, Robert Richau, James Riesberg, Maryann Urista, and Barb Welch.

Call to Order and Quorum: Terry Urista ascertained that a quorum was in attendance and called the meeting to order at 6:30 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. Zerrick Shanks 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 2021 Annual Report. Hearing none, Terry asked for a motion to approve the minutes from the 86th Annual Meeting as presented. Mary Urista moved to approve the minutes as presented. Jim Welch seconded the motion. All members approved. Motion carried.

Chairman's Report: Terry presented the Chairman's Report as presented in the 2021 Annual Report; Board members for the year, Covid-19 continued impact, loan portfolio changes, deposit performance, write-offs, and goals for 2022.

Terry touched briefly on the transition to Meagan Barrett as the new President/CEO of NCCU. He is confident in Meagan's ability to provide great leadership.

No questions were presented regarding the Chairman's Report.

President's Report: Meagan Barrett presented the President's Report as submitted by Russ Dalke in the 2021 Annual Report; Covid-19 influence on deposits and loans, 1st Mortgage lending program 2nd year, Community Support, and CEO transition. Meagan received no questions regarding the president's report.

Treasurer's Report: Tim Cole presented the Treasurer's Report as submitted in the 2021 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: Meagan Barrett gave the Credit Officer's report as presented in the 2021 Annual Report; loan statistics, charge-offs and delinquency ratios, rates offered, and new centralized lending environment.

Meagan talked about the challenges of training new staff while still providing quality customer service to members. Turn-over in a small organization puts pressure on everyone.

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

Supervisory Committee Report: Mike Thacker reviewed the Supervisory Committee's report as presented in the 2021 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. Tim Cole reported that a member asked him "Do our debit and/or credit cards work with Apple Pay? Kris answered that NCCU does not currently participate in peer-to-peer payment apps, but the inquiry process has been started.

Nominating Committee Report: Jim Welch, as chairperson of the committee, presented the Nominating Committee report as submitted in the 2021 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.

Terry asked for a motion to approve the nominees for the Board of Directors and Supervisory Committee as presented. Jim moved to approve the nominees as presented. Tim seconded the motion. All members approved. Motion carried.

Awards: Meagan presented the awards. Kim Vargas was presented with the award for Employee of the Year and Brent Porter 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,

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 is the Chair of the Supervisory Committee.

Our loan portfolio increased approximately \$2,460,000 or 5.35% from 2021. It was a good loan year. Deposits increased 3.7% or \$2,459,043. Our credit union, again, had very low write offs last year at 0.06% compared to the national average that is just under 1.00%. 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 10.03%. Income looks much better this year at \$195,963. Membership and loan growth remains our highest priorities for 2023. 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 10.03% 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 \$74.6 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 this last year with Meagan Barrett as our President/CEO. As you remember, she took over in April from Russ Dalke as CEO. The Board is extremely impressed with Meagan and her team; Kris Rockwell as the CFO, Debbie Shephard as VP of Lending, Paul Kiekhaefer as Director of IT, Eric Woodard as VP of Operations, and the person that keeps everyone on task and insures things get done Sarah Trumbo Administrative Assistant. 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 policies.

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

We saw a great deal of change at NCCU in 2022. We transitioned out of the most restrictive parts of the pandemic, experienced higher than normal staff turnover on the frontline level, and saw personnel changes on our executive team for the first time in six years. While all these adjustments were impactful, the greatest challenge we faced was the sharp increase in inflation and corresponding rate hikes imposed by the Federal Reserve. As we weathered these changes, the stability of our credit union remained intact.

We reported positive asset (2.43%), deposit (3.70%), loan (5.35%), and membership (1.00%) growth numbers, while maintaining a strong lending portfolio and reporting lower delinquency (0.04%) and charge off ratios (0.04%) than our state and national peer groups.

In 2022, we returned to supporting our communities in person. Our team participated in a variety of events in both Weld and Larimer Counties. We are proud to share that our credit union was voted Best of Greeley Credit Union and Customer Service for the second year in a row. In addition to our Best of Greeley win, we also showed our commitment to the Weld Food Bank raising over \$4,000 and donating 70 volunteer hours winning the Compete to Beat Hunger Challenge for our business size. Between monetary donations and participation, we supported the Greeley Downtown Development Authority, Berthoud Chamber of Commerce, and Larimer County Sheriff's Department. Our commitment to being "Community Minded" remains strong.

Moving forward, our leadership team will continue to balance the needs of the credit union, our members, and the communities we serve. In this changing financial landscape, you can be sure that our team is participating in a wide range of educational opportunities and remain engaged in the credit union movement. As I close out my first year as CEO, I would like to share my gratitude to the staff for all their support, the board of directors for trusting in my vision, and to the membership for their patronage.

Respectfully Submitted,
Meagan Barrett, President/CEO



Treasurer's Report

I am pleased to report the 2022 financial results for Northern Colorado Credit Union.

The Credit Union's Net Worth remained stable in 2022. 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 headquarters facility as we have recently done. It will help us weather the challenging economy we are now facing. Our net worth stands at 10% of assets or \$6.8 million at year end 2022. Assets grew in 2022 as we ended the year with \$74.6 million in assets. Deposits also grew, finishing 2022 at \$67.5 million. Our loan portfolio grew 5.35% or roughly \$2.4 million in 2022 and ended at \$48.5 million.

Management did a great job controlling operating costs in 2022 which allowed the credit union to record net income of \$195,963. These earnings resulted in an ROA of 0.27%.

Other notable financial ratios for 2022 include:

Operating Expense:	2.62%
Cost of Funds:	0.47%
Net Margin:	2.65%
Net Worth:	10.03%

NCCU's delinquency and net charge off ratios combined are 0.06% which is 0.80 basis points lower than the national combined average of 0.86%. 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.

2022 Financial Statements follow.

Respectfully Submitted,
Zerrick Shanks, Treasurer

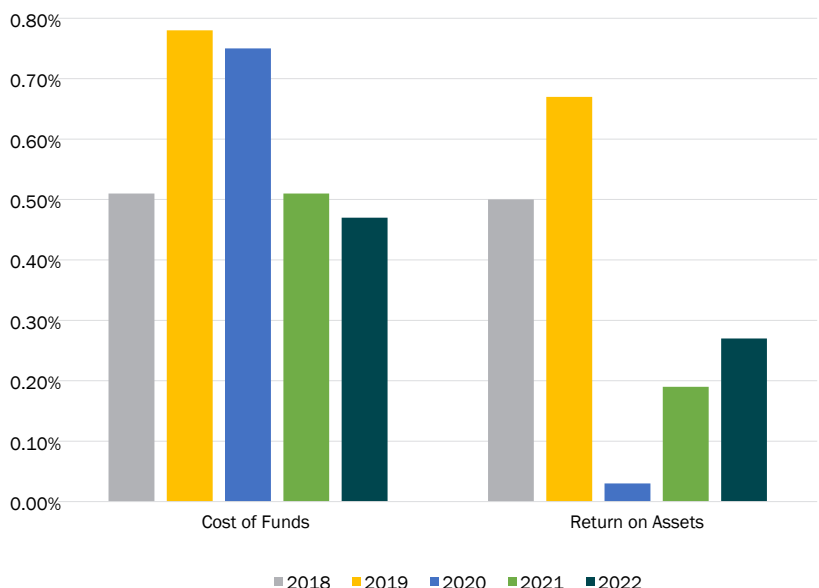
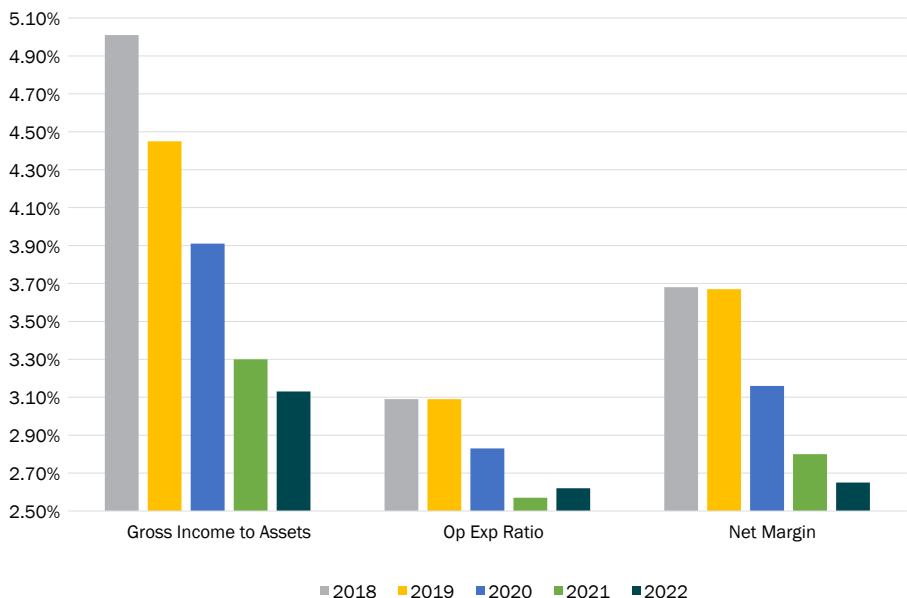
STATEMENT OF INCOME & EXPENSE	2022	2021
Interest on Loans	\$ 1,771,641	\$ 1,765,764
Interest on Investments	\$ 208,361	\$ 282,028
TOTAL INTEREST INCOME	\$ 1,980,002	\$ 2,047,793
Interest and Dividend Exp	\$ 346,759	\$ 369,042
Borrowing Expense	\$ 4,341.05	\$ 0.78
TOTAL INTEREST EXPENSE	\$ 351,100	\$ 369,043
NET INTEREST INCOME	\$ 1,628,901	\$ 1,678,750
Compensation & Benefits	\$ 976,727	\$ 956,404
Conferences & Travel	\$ 28,698	\$ 15,190
Office Occupancy	\$ 175,519	\$ 166,132
Office Operations	\$ 437,094	\$ 433,337
Educational/Promotional	\$ 52,508	\$ 63,455
Loan Processing	\$ 124,334	\$ 112,272
Professional & Outside Services	\$ 104,287	\$ 95,260
Other Expenses	\$ 26,631	\$ 25,962
Provision for Loan Loss	\$ -	\$ 26,200
TOTAL OPERATING EXPENSE	\$ 1,925,799	\$ 1,894,213
Other Operating Income	\$ 317,875	\$ 353,938
Non Operating Gain/(Loss)	\$ 174,986	\$ -
TOTAL EXPENSE	\$ 2,276,900	\$ 2,263,255
TOTAL INCOME	\$ 2,472,863	\$ 2,401,731
NET INCOME	\$ 195,963	\$ 138,475





STATEMENT OF FINANCIAL CONDITION	2022	2021
1st Mortgage Loans	\$ 13,184,365	\$ 14,251,310
2nd Mortgage Loans	\$ 6,386,970	\$ 5,685,723
Secured Loans	\$ 4,847,937	\$ 5,283,346
Indirect Auto Loans	\$ 12,147,042	\$ 8,289,454
Credit Card Loans	\$ 680,321	\$ 688,598
Unsecured Loans	\$ 271,686	\$ 253,246
Participation Loans	\$ 10,938,560	\$ 11,546,163
TOTAL LOANS	\$ 48,456,882	\$ 45,997,839
Allowance for Loan/Lease Losses	\$ (329,150)	\$ (349,491)
NET LOANS OUTSTANDING	\$ 48,127,731	\$ 45,648,349
TOTAL CASH	\$ 1,879,250	\$ 2,705,419
TOTAL INVESTMENTS	\$ 19,629,601	\$ 19,086,338
TOTAL OTHER ASSETS	\$ 4,941,943	\$ 5,041,110
TOTAL ASSETS	\$ 74,578,525	\$ 72,481,215
TOTAL LIABILITIES	\$ 259,709	\$ 201,922
Regular Shares	\$ 19,898,726	\$ 20,286,071
Money Market	\$ 15,586,264	\$ 15,139,971
Checking	\$ 8,802,468	\$ 7,918,087
IRA Shares	\$ 321,428	\$ 350,363
Certificates of Deposit	\$ 22,889,022	\$ 21,391,966
TOTAL SHARES	\$ 67,497,908	\$ 65,086,459
Regular Reserve	\$ 1,082,098	\$ 1,082,098
Undivided Earnings	\$ 6,395,778	\$ 6,199,815
Unrealized Gain/Loss	\$ (656,969)	\$ (89,079)
TOTAL EQUITY	\$ 6,820,907	\$ 7,192,834
TOTAL LIABILITIES & EQUITY	\$ 74,578,525	\$ 72,481,215

5-Year Notable Financial Highlights



Credit Officer's Report

Northern Colorado Credit Union (NCCU) experienced a net gain of 5.35% or just under \$2.5 million in loans for 2022 while our national peer group of credit unions saw growth in lending at 14.30%. NCCU originated 412 loans totaling just over \$16.8 million. Most of our loan growth was experienced in two categories: Indirect Auto and HELOC Loans. We ended 2022 with a loan-to-share ratio of 71.80%. The average loan originated in 2022 had a balance of \$34,744. Due to rising interest rates, this balance is down from our highest average in 2021 with lower loan volume.

NCCU continues to maintain a high-quality loan portfolio. Our Net Charge Off ratio remained very low in 2022 and ended the year at 0.04%, while our national peer group of Credit Unions reported a Net Charge Off ratio of 0.25%. Our delinquency ratio of 0.02% also remained well below the average of 0.69% reported for our national peer group, and 0.61% for all Credit Unions in the US. The loans NCCU originated loans in 2022 had an average credit score of 752.

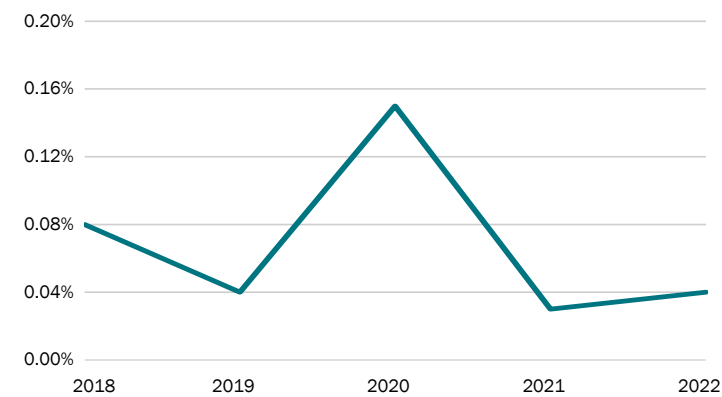
NCCU continues to offer lower than average rates to our members. The yield on our loan portfolio stands at 3.75% at year end with an average rate of 5.09%. Credit Unions nationally are earning 4.78% on their loan portfolios. This shows the value we offer to our membership daily.

In 2022, the transformation to a fully centralized lending process was completed. We continued to develop efficiencies in our internal practices to ensure the best member experience possible. The commitment to educate members and develop staff for more consultative interactions was a high priority that will carry into 2023.

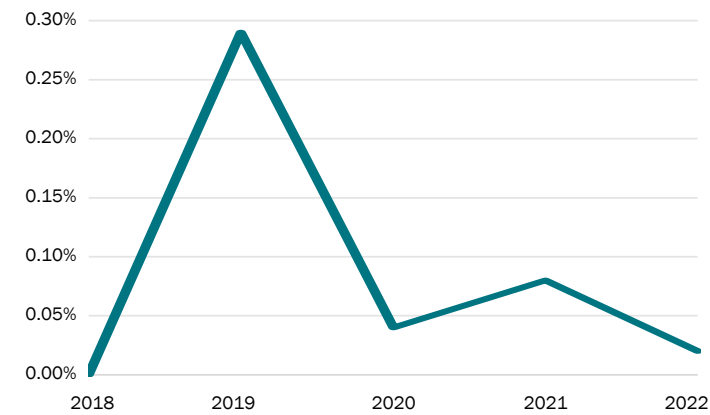
Respectfully Submitted,
Debbie Shephard, VP of Lending, Credit Officer



5-Year Net Charge-Off Ratio

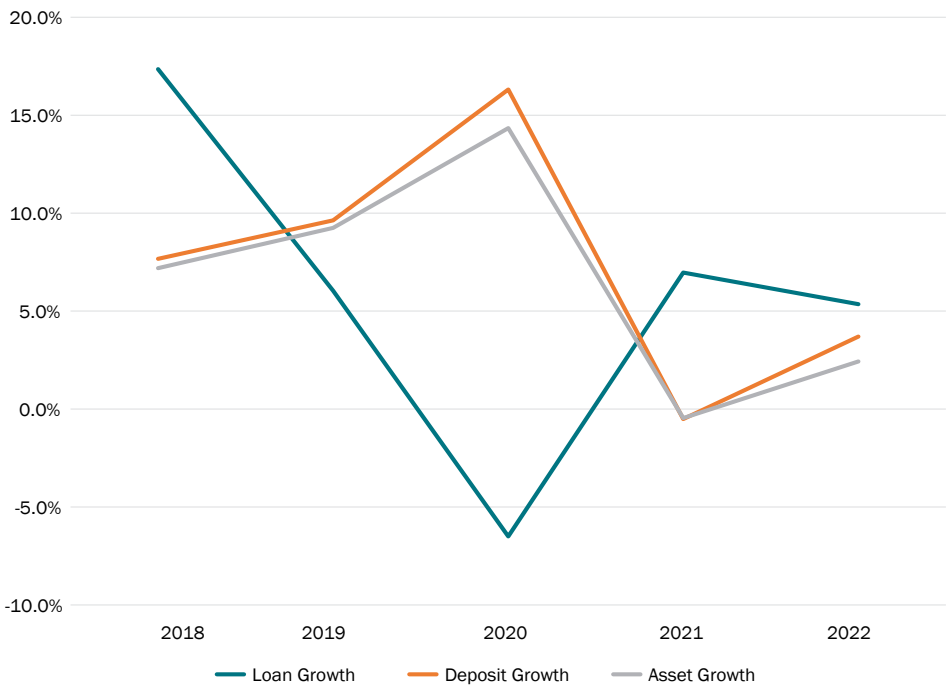


5-Year Delinquency Ratio





5-Year Growth Trend



Supervisory Committee Report

The Supervisory Committee members are Mike Thacker, Austin McCracken, and Michael Vigil. 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 rules and procedures.

Northern Colorado Credit Union had one external audit over the last year. Waypoint, CPA firm, completed the credit union annual audit in April of 2022. 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 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 O’Toole, and Jim Welch.

The committee has nominated and recommends 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 their selected positions and have been approved by the current Board of Directors.

Board of Directors	Term
Zerrick Shanks	3 Year/Incumbent
Jim Welch	3 Year/Incumbent

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

Supervisory Committee	Term
Austin McCracken	1 Year
Michael Vigil	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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