

ON TAP CREDIT UNION™
2019 ANNUAL REPORT



CRAFTING BANKING SOLUTIONS FOR YOU™

From the day we were founded in 1954, we haven't asked our members to fit into a certain financial box. We have always been about **crafting financial solutions that are as unique as our members**. 2019 was no different. We are proud of the impact that we make each year for our members and the community. Our strategic vision includes providing a range of products and services that support our members growing needs while delivering a seamless member experience in a comfortable environment like your favorite local brewery or outdoor ski lodge. **Finances should not be scary and we want to be your go-to resource for your financial journey.**

As you will see in this report, 2019 was a year of incredible success. Not only did we have strong loans, deposits and assets, it was also a year of great growth in products and services. More importantly though, we are about supporting our members' financial growth and 2019 allowed us to provide numerous deposit promotions with great rates resulting in On Tap giving over \$500 thousand more in dividends this year compared to last year. **That means over \$1.3 million went back to our membership.**

The entire board and our staff are grateful for our members and your support of On Tap Credit Union. This is why your opinion and feedback matter so much to us. In 2019, you may have noticed a few more surveys for various topics like online banking and business products. We want you to know that **we are listening** and this report will highlight some items that have been or will be put into place.

While 2019 was a year of change for MolsonCoors and MillerCoors, founders of the credit union, we want to assure all of you that these changes have not impacted On Tap Credit Union and we continue to be a strong financial institution. In fact, we had the opportunity to help MolsonCoors and MillerCoors employees who were impacted by those changes. We are proud to be a resource during a time of need.

As we move into 2020, new challenges have arisen. On Tap Credit Union always has a plan for the unexpected and is able to handle situations such as the emergence of COVID-19. You can rest assured that your money is secure since it is federally insured by the NCUA. In addition, we have systems in place and staff constantly monitoring the market that allow us to quickly respond to members and businesses with a range of financial hardship solutions like refunding fees for non-sufficient funds, online and phone payments and early certificate withdrawal. We also have debt restructuring, financial counseling and an emergency loan program in place during this time.

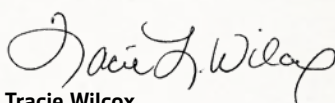
Special thanks to our employees, the Board of Directors, and the Audit Committee for their continued commitment to serving our members.

Now sit back, relax, grab a tasty beverage and allow us to take you through our 2019 highlights.

Cheers,



Toni Houck
Board of Directors, Chairperson



Tracie Wilcox
President and CEO



Toni Houck
Board of Directors,
Chairperson



Tracie Wilcox
President and
CEO

NEWLY CRAFTED SOLUTIONS:

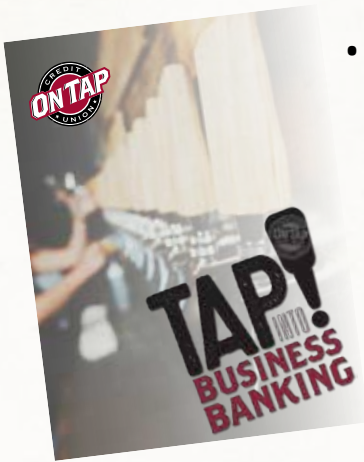
The past year was filled with new solutions that enhance, guide and build loyalty with our members.



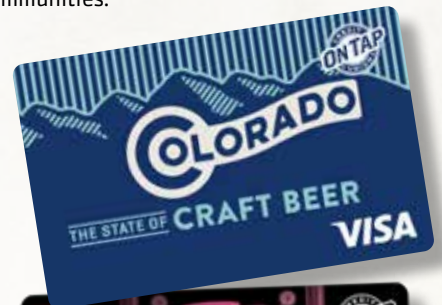
TIPS ON TAP

- **New Financial Education Platform:** Financial education is a primary mission for us here at On Tap Credit Union and in the past, we held quarterly seminars. Through member surveys, we heard feedback that you wanted access to financial education at your fingertips when it was convenient for you rather than during a scheduled time. This led to the August launch of the Tips on Tap financial education platform - <https://ontap.enrich.org/>. This resource allows for personalized courses that are as unique as your situation and goals. In addition to personalized courses, Tips on Tap offers fun interactive games, dynamic videos, calculators and numerous articles on almost every financial topic you can imagine. If you haven't done so, sign-up today to build your financial path forward.

- **Enhanced Business Solutions:** Did you know that the number of people who own or know someone who owns a small business has increased? In 2019, we expanded our suite of business products to include an interest-bearing checking account, merchant processing, point of sale solutions, payroll support, and expanded loan products including lines of credit, equipment loans, vehicle loans and more. This more robust array of business products is beneficial to both small start-up businesses and larger more established businesses. We are proud to support our local business partners and further our role in the economic growth of our communities.



- **Charitable Credit and Debit Cards:** In 2018 we made sure our debit cards had awards available for our members, and in 2019 we took that one step further. We added two card designs that give back to the core of our foundation: beer and breweries. We are extremely proud of The Pink Boots Society and The Colorado Brewers Guild State of Craft Beer credit and debit card launch. For each Pink Boots Society or Colorado Brewers Guild debit or credit card design selected, On Tap Credit Union gives back \$5. These donations support both women in the brewing industry and Colorado craft brewers through legislative advocacy. Through these partnerships, we have taken our Coors heritage and have extended it to include the larger Colorado brewery community which now includes over 25 brewery partners.



IMPACT TO MEMBER GROWTH AND THE COMMUNITY:

Each year at On Tap Credit Union, we search for ways to enhance and enrich our relationships, not only with our members but also with our community. To that end, we are pleased with our results in 2019 and hope you are too:

- **We paid more than \$1.34 million in dividends and interest to our members, over \$500,000 more than what we paid in 2018.** This was accomplished through savings dividends, CD products, and Credit Card and Debit Rewards.
- We have given over \$90,000 in money and volunteer time back to our communities and non-profit organizations within our communities. Our charitable contributions included financial and volunteer assistance to organizations such as The Ralston House, Jeffco Library Raise a Reader, Golden History Museum, and the Golden and Arvada Chambers of Commerce. We also helped college-bound members achieve their full potential by giving away \$4,000 in college scholarships to two lucky members.
- Our support extended to our MolsonCoors and Terumo BCT employee group partners' charities of choice including St. Jude's and The Leukemia & Lymphoma Society.
- The beautiful On Tap branches benefit the community as well. Members and businesses in the area use our conference rooms for meetings and events. We were able to help several different groups in 2019. If you need a place to host your meeting, please contact us at inquire@ontapcu.org.

WE ARE LISTENING

Each year we conduct surveys of our members so we can understand what we are doing well and what we can do better. We were pleased to hear that there are many things that we are doing well with 78% of respondents indicating that they are "very likely" to refer On Tap Credit Union to a friend or family member. In addition, we won Best of The Best Bank/Credit Union and Mortgage Company based on Colorado Community Media readers' votes. For those of you who use our online or mobile banking, you may have also received an additional survey in which 70% of members were very or extremely satisfied with On Tap's online and mobile banking.

However, for On Tap Credit Union to continue to exceed in member services and craft unique solutions, we also have to address the opportunities that were shared in the survey feedback. Below outlines what we heard as well as some items that have been addressed or will be addressed in the future

- **More ATM Locations** – Did you know that through our shared banking network there are over 30,000 surcharge-free ATMs across the country? This includes 7-Eleven ATMs, all of them surcharge-free for our members. So, while we don't have plans for additional ATMs today, please be sure to tap into the large network of ATMs already available.



- **More Branch Locations** - Until we find the right time and right location for the next On Tap Credit Union branch, we continue to make our online banking system better and better so that you can conduct most of your banking needs online anytime, anywhere. In addition, through the Co-Op Shared Branch network, our members can also bank at any of more than 5,000 participating credit union locations. So while we don't

have any announcements on new locations at this time, we are always searching for the next best move we can make for our members.

- **Better Savings and Lending Rates** – We pride ourselves on having some of the lowest lending rates and top CD rates in Colorado. We are evaluating some new deposit products that will launch in 2020 and 2021 which will give even more back to our members. In addition, we have made it easier to use our online platform to add deposit products like Checking, CDs, Savings and Money Markets to your account.



- **Simplify the Loan Process** – We heard you and in 2019 we launched a new online mortgage application that makes getting a home loan even easier. In 2020 we are looking at solutions to streamline and autofill all your applications, making getting loans even easier.

- **Credit Monitoring** – Currently, members' FICO scores are reported on quarterly statements, but



coming soon, your FICO score will be readily visible in mobile and online banking, letting you know where you stand. Our financial advocates offer free consultations on how to improve your credit score, or you can find more information in our Tips on Tap financial education platform.

- **Better Credit Card Rewards Program** – Did you know that in addition to our Summit credit card we have a Rewards credit card? \$1 spent = 1 reward point. We continue to evaluate our credit card program to see if there are other opportunities to enhance our rewards.

- **After-Hours Customer Service** – When you call On Tap Credit Union you are not talking to a third-party outsourced company, you are talking to our contact center, right here in Golden, CO. Staying local is what allows us to know you and gives us the opportunity to craft unique solutions. Since many banking needs can be handled through online banking after-hours, we currently do not have plans for after-hours support but will continue to monitor the need in future years.



- **Education Opportunities** – We heard you and we launched our Tips on Tap financial education platform in August 2019 - <https://ontap.enrich.org/>. If there is anything in particular you would like more information on, do not hesitate to reach out.

- **More Timely Statements** – E-statements are typically delivered five business days into the month. Mailed statements take a bit longer. We encourage members who need statements in a timely fashion to opt-in to e-statements. You can still download them if you need to and you have the extra benefit of saving the planet when you don't need them printed out.

- **Mobile Banking App** – Toward the end of 2018, we experienced some issues with our mobile application on Android phones. In addition, On Tap's mobile app works best with phones that are newer than iPhone 4 and iOS 7. In the survey, 90% of members indicated that this service was as good or better than other financial institutions, however, we have identified five areas that we plan to explore and enhance:

- 1. Online Deposit Check Hold** –

Depositing checks online and at ATMs is a great convenience but we have heard from you that the current restrictions in place to ensure the check clears before you can access your cash can be a burden. While we cannot go against federal regulations, we are evaluating if there are additional options we can put into place to make accessing funds easier.

- 2. Easier Online Log-In** – Security and quick access are of the utmost importance and our mobile app has convenient log-in features like face or thumbprint recognition. Once you have logged in and have registered your device, you should only periodically be asked for additional security credentials. If you are experiencing frequent log-in requests, please ensure that your device has cookies or tracking turned on so your device can remember your account. Also, if you regularly clear your browsing history or cache, you will be required to take the extra security measures since your device will not be remembered.

- 3. Mobile Check Deposit** – We continue to make updates to mobile check deposit e-services. It was not On Tap's choice to require the endorsement "for mobile deposit only at On Tap Credit Union", but rather a federal regulatory requirement. While we cannot change that request, we are looking into auto-zoom solutions that will make it even easier to deposit your checks through your phone. However, this is a change that could take time to implement.

- 4. Online Money Transfer** – We strive to make online money transfers as easy and convenient as possible – we support internal "member to member" transfers, external transfers to other financial institutions and through our Bill Pay you can even text funds to an individual. If you are unsure of how to transfer funds, give us a call and let us help you.

- 5. Bill Pay** – We received some feedback on the member survey asking for *free Bill Pay. Well, we have it!* If you need help setting up your Bill Pay, please contact us.





CRAFTING BANKING SOLUTIONS FOR YOU™

We are passionate about crafting banking solutions for you. We connect with our members, local businesses and neighbors to provide the best financial guidance in our communities, and we work to make a positive impact in helping dreams come true.

Banking with us is a unique experience that celebrates our shared connection with hospitality, beer heritage, and an authentic Colorado lifestyle.

**WE ARE
Member Owned and Colorado Proud!**



THE FUTURE:

On Tap Credit Union is on a never-ending journey to enhance the member experience and we always want to be up-to-date with technological changes that make things easier. We started strong in 2020 with continued growth and improvements. While we could not foresee the events surrounding COVID-19, On Tap Credit Union has preparedness plans in place for any unexpected event that may come our way. This plan is what allowed us to quickly move into action and enabled us to implement financial hardship solutions such as emergency loan programs, waiving fees, allowing for loan payment deferrals, debt restructuring and more.

As we move forward we will leverage member feedback and learnings to drive our focuses for 2020:

- We will continue to evaluate our deposit products to ensure a wide range of solutions for each individual's unique financial situation. Whether members are just starting to save or are established savers, we want to have a solution in place so that our members can feel the positive financial impact of our growth.
- We have plans in place to enhance and refine our online banking experience that addresses our members' concerns such as sign-in simplification, deposit hold limits and more.

We will also continue to refine our corporate social responsibility. Our mission has always been about making a positive financial impact in our communities. In 2020, our goal is to have 100% volunteer participation from our employees and to support non-profits that deliver the greatest positive impact on Jefferson County. For 2020, we have selected The Action Center, The Golden Backpack Program and The Ralston House as our charity partners of choice.

THE FINANCIALS

We are pleased to report that On Tap Credit Union generated a strong financial performance in 2019, ending the year with a net income of \$1.78 million. This large increase was driven by a robust lending and home refinance environment that ended the year with a 9.2% growth in assets to \$284.2 Million. Member deposits increased to \$239.2 million, a 6.2% increase driven by various CD promotions and the launch of an interest-bearing business checking account. Loans also increased by 7.3% to \$228.3 million. Our capital as measured by net worth as a percent of assets remains solid at 10.62%.

COMPARATIVE FINANCIAL STATEMENT

For the years ended December 31, 2019, and 2018

in ('000s)

	2019	2018	
ASSETS			
Loans Outstanding	\$ 228,294	\$ 212,679	\$
Investments	45,625	36,688	
Land, Building and Other Fixed Assets	4,999	5,619	
Other Assets	5,319	5,346	
TOTAL ASSETS	\$ 284,237	\$ 260,332	\$
LIABILITIES AND CAPITAL			
Member Shares and Deposits	239,210	225,253	
Total Borrowings	12,071	5,000	12,071
Other Liabilities	2,773	2,171	
TOTAL LIABILITIES	254,054	232,424	
TOTAL CAPITAL	30,183	27,908	
TOTAL LIABILITIES AND CAPITAL	\$ 284,237	\$ 260,332	\$
INCOME			
Interest on Loans	10,627	9,953	
Interest on Investments	634	591	
Other Income	4,231	4,168	
TOTAL INCOME	\$ 15,492	\$ 14,712	
PROVISION FOR LOAN LOSSES	314	754	
INTEREST EXPENSE			
Member Shares and Deposits	1,342	892	
Interest on Borrowed Money	184	109	
TOTAL INTEREST EXPENSE	1,526	1,001	
OPERATING EXPENSES			
Compensation & Benefits	5,530	5,087	
Operating Expenses	4,510	4,237	
Other Expense including Occup & Depr	1,828	1,859	
TOTAL NON-INTEREST EXPENSES	\$ 11,868	\$ 11,183	
NET INCOME	\$ 1,784	\$ 1,774	

On Tap Credit Union remains safe, sound and secure. Your deposits are federally insured up to \$250,000 by the National Credit Union Share Insurance Fund and backed by the full faith and credit of the U.S. Government, just as the FDIC does for bank deposits. No credit union member has ever lost a dime of federally insured funds. IRA shares are separately insured up to \$250,000.



The Audit Committee works to guarantee the financial safety and soundness of On Tap Credit Union and to protect the assets of the credit union's membership. The Audit Committee is a subcommittee of the Board of Directors and ensures that On Tap Credit Union adheres to established policies and procedures while conducting business in the members' best interests. The Audit Committee's responsibilities are to verify that records are accurately maintained and to review Credit Union internal controls. This allows the Committee to determine that management's activities are carried out in accordance with Credit Union policies and procedures as well as Federal and State regulations.

• **Financial Statement and Member Verification**

To meet requirements of the National Credit Union Administration and State of Colorado Department of Regulatory Agencies, the committee retains a division of SingerLewak to perform audits of NCUA defined agreed-upon procedures. Beginning with our 2017 financial reports, the Audit Committee has also engaged CliftonLarsonAllen LLP (CLA) to perform annual audits of the Credit Union's financial statements and member account verifications. The firms had no material recommendations and CLA issued a clean audit opinion. The Audit Committee also reviewed the examination performed by the State of Colorado Division of Financial Services. There were no Audit Committee actions required.

• **Committee Members**

The committee members attended training sessions involving external auditor roles and their fiduciary responsibilities to our credit union members.

• **The Work Plan**

The Holben Hay Lake Balzer (a division of SingerLewak) audit work plan for 2019 (which included the Bank Secrecy Act audits) was presented by Sheila Balzer, a partner in the firm. The work plan was approved after a few changes. This plan includes scheduled audits and a review of internal controls.

2019 BOARD OF DIRECTORS

Toni Houck, Chairperson

Kirsten Johnson, Vice Chair

David Engle, Secretary/Treasurer

Norm Cramer, Board Member at Large

Dan Sung, Board Member at Large

Dean Valdez Board Member at Large

2019 SENIOR MANAGEMENT

Tracie Wilcox, President/CEO

Amy Phillips, CFO

Chris Bokovitz, CIO

Kellee Barbee, VP of Cultural Stewardship

Ed Flores, VP of Commercial Lending

Janelle Herrera, VP of Marketing and
Business Development

David Walters, VP of Consumer and
Mortgage Lending



What's **Your** Next Adventure™





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