

ON TAP CREDIT UNION™

THINKING OUTSIDE THE BOTTLE TO CRAFT FINANCIAL SOLUTIONS UNIQUELY FOR YOU

2021 ANNUAL REPORT



CRAFTING BANKING SOLUTIONS FOR YOU™

LET'S TAKE A MOMENT TO CELEBRATE A REMARKABLE YEAR WITH THE PEOPLE WE CARE ABOUT THE MOST - OUR MEMBERS, OUR FRIENDS IN THE BREWING INDUSTRY, OUR TEAMS, AND OUR COMMUNITY. WE HAVE BEEN THROUGH SO MUCH IN JUST A SHORT AMOUNT OF TIME.

While the hardships may not be completely over yet, these difficult times bring to mind what is most important in life and reinstills our commitment of seeing each other through the good times as well as the not-so-good times. As we cross the bridge from one of the collectively most difficult years that any of us has endured and begin to see a brighter new horizon ahead, we have been reminded that the defining moments of our lives are not the changes we face but the ways in which we overcome them. At On Tap, we believe that the best path through is forged together. Our mission has and will always remain the same: to care about people and to craft. We are here to craft solutions so that we may all rise above the obstacles in life and reach the peak of our potential. If you haven't crossed the bridge yourself just yet, know that you have a friend in us to make the journey together.

'**MEMBER OWNED. COLORADO PROUD.**' is not just our motto, it's the philosophy we live and breathe every single day. This purpose propelled us forward in 2021 as we marked a banner year for our credit union. While the year continued to prove challenging, On Tap maintained its upward growth trajectory, surpassing \$370 million in assets. Deposits

increased by \$24.3 million and net income for the year finished at \$2.02 million. Our organization continues to remain well capitalized with our net worth position finishing the year at 8.8%. Here at On Tap, we value people over profit which is why we invested back into our membership by reducing our minimum share requirement from \$25 to only \$5, making over \$400,000

accessible back to our members in addition to giving back a total of \$1.3 million in dividends. As we expand our wealth of business solutions, nearly \$700,000 in new balances was added through the implementation of our Fast Craft loan program which aims to meet the aspirations of business owners with small lending needs up to \$50,000.

Throughout the year, we continued to think outside the bottle, optimizing security and technology to keep our members safe and protected while streamlining the member experience and enhancing safeguards around services such as wire transactions to prevent unnecessary losses. In the coming year, we also look forward to upgrading our mobile deposit solutions to allow faster access to funds based on regular transaction behavior. Our goal is to always combine our technological advancements with our signature personal touch to make the increasingly important digital experience the best that it can be. This is a mission we will continue to pursue as technology develops to ensure that, no matter where or when we connect, we're providing the same level of advocacy, service, and convenience that our members have come to expect.



Toni Houck
*Board of Directors,
Chair*



Tracie Wilcox
*President and
CEO*



Speaking of connecting, in 2021 we enjoyed the opportunity to finally meet in person again with the people we have missed dearly. After a year of distance, our teams enjoyed the chance to see each other once again. 2020 and 2021 were challenging years for everyone, so we are celebrating our team and their commitment to seeing our members through difficult times by closing on Saturday, July 23rd, 2022, for Staff Appreciation Day where we will give our teams time to recharge and connect as a group. With our friends at MolsonCoors, we were excited to see so many familiar faces that we have known for decades. As our craft brewing partnerships have grown, we also had the chance to reconnect with our friends at the Colorado Brewers Guild and a myriad of our 24 local craft brewing partners as they reopened their taprooms. In partnership with the Pink Boots Society, we had the privilege to bring On Tap to the forefront of our industries through events designed to bring our communities back together as well as an award-winning campaign in downtown Denver that generated awareness for our brands and over \$6,800 that will go toward educational programs and scholarships for women in the brewing industry.



While we are not here for accolades, we are proud to have received multiple awards for our accomplishments as a community owned and focused financial institution.

- In Golden, we were voted Best of the Best Bank/Credit Union for the 9th year in a row.
- Our LPL Financial Advisor Tom Valdez was awarded the honor of being voted Best of the Best Financial Planner in Golden.
- In Arvada, we were voted Best of the Best Bank/Credit Union for the 2nd year in a row.
- We had the privilege to laurel a few outstanding members of our own through our scholarship program which awarded \$2,000 to two up-and-coming advocates in our communities as they pursue their interests in higher education.



Tom Valdez (Top)
Dave Sprague (Bottom)

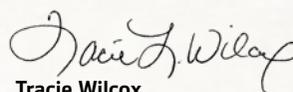
As we progress into 2022, we are looking forward to the chance to create many more opportunities for our members with exciting new projects ahead and anticipate giving back even more in dividends across the board as we expect to see savings rates increase. The housing market has been one focus area for us over the last several years as rates were at low levels. In the coming year, though we may see an uptick in lending rates, we plan to introduce even more home buying options and affordable housing solutions for our members including an estimated \$60 million in support for affordable workforce housing in addition to a grant program for down payment assistance that will give \$7,500 to first-time homebuyers making under \$150,000 a year. We are also in the process of providing impactful down payment assistance to low and moderate income families in the metro area as well as Black and African American first-time homebuyers. In addition, we have added a new LPL Financial Advisor to our team, Dave Sprague, who brings with him a wealth of investment solutions and will work alongside Tom Valdez to grow our members' investment and retirement portfolios. The voice of our members has never been more important, so survey enhancements are in line to help us better engage with and understand the needs of those that we serve. Our strategic goals and mission are aligned to ensure that we continue to craft unique financial solutions for every member across all walks of life.

After a noteworthy year in 2021,
we lift a glass to our members, teams, and friends
in the communities that we serve
as we embark together toward an even bigger,
brighter future ahead in 2022.

We would like to thank each and every one of you for trusting us as your
partner in making financial success achievable
and accessible for all!

Cheers,


Toni Houck
Board of Directors, Chair


Tracie Wilcox
President and CEO

LENDING REPORT AND FINANCIAL SUMMARY

Continuing Support via Crafted Solutions as Challenging Times Linger

On Tap Credit Union continued to provide needed support to our membership and community base as the pandemic persisted through 2021. Creativity on an individualized basis was a key factor as we continued to craft solutions for both our existing member base and new members to On Tap. Continuing economic uncertainty was exacerbated by supply chain shortages in everything from consumer products and autos, all the way to grocery store shelves. On Tap, our members, and our communities continued to show their resiliency and resolve as we pushed through. Even with the financial hardships, On Tap's members continued to pay loan commitments as agreed, resulting in a year-end delinquency level well below our peers.

Solid Loan Growth With Residential Lending Leading the Way

Much like 2020, the residential real estate market remained extremely hot as home prices continued to increase exponentially and demand surged. The refinancing trend continued as members looked to take advantage of low rates while many updated their homes into the multi-purpose family centers that were needed in the pandemic. With more individuals than ever working from home, On Tap poured it forward to provide the needed financing for improved spaces or new homes. 2021 highlights included:

- Establishing an additional secondary market sales channel for residential loans to improve member pricing
- Originating over 350 residential loans
- Funding over \$70 million in our primary mortgage origination channel

Members continue to look to On Tap for crafted solutions tailored to meet their unique needs. In 2022, we will be expanding our set of solutions, as well as partnering with local organizations to address a serious issue here in Colorado: Affordable Housing.

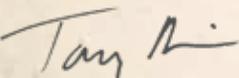
Remembering Our Roots

2021 saw On Tap Credit Union partner with the Downtown Development Authority of the City of Golden to provide financing for the Miners Alley Playhouse purchase of the Meyer Hardware Building. This space will be built out over the next several years to create a world-class performing arts center and theater which will serve both the City of Golden and the surrounding communities for years to come.

Year End Summary

While consumer loan production was down almost 5%, mostly due to chip shortages in the new auto market and limited used car supply, the loan portfolio grew 13.6% (\$29.3 million) year-over-year. In total, we funded \$134.6 million in loans with \$4.6 million supporting small business owners, \$70.7 million securing residential housing, and \$59.2 million invested in meeting the needs of our members across all our other financial solutions. This was On Tap Credit Union's first year of double-digit growth since 2017 and certainly a sign of potential economic recovery post COVID. Current delinquency levels are at an all-time low. The provision for loan losses remains robust at \$1.2 million at year end 2021, with no additional provisioning since the 2nd quarter of 2021. Recoveries outpaced charge-offs in 2021, as the credit union worked diligently with those members still struggling. On Tap's loan-to-share ratio finished the year at 74.1%.

2021 was a year in which On Tap continued to persevere while crafting solutions for our membership. Please review this report to see some of our defining moments of 2021.



Tony Nieto
Vice President of Lending

THE FINANCIALS

COMPARATIVE FINANCIAL STATEMENT

For the years ended December 31, 2021 and 2020.

in ('000s)

	2021	2020
ASSETS		
Loans Outstanding	\$ 242,658	\$ 213,478
Investments and Cash	124,136	125,252
Land, Building and Other Fixed Assets	3,900	4,368
Other Assets	1,637	5,662
TOTAL ASSETS	\$ 372,331	\$ 348,760
LIABILITIES AND CAPITAL		
Member Shares and Deposits	329,304	305,053
Total Borrowings	8,071	10,071
Other Liabilities	2,523	2,598
TOTAL LIABILITIES	\$ 339,898	\$ 317,722
TOTAL CAPITAL	\$ 32,433	\$ 31,038
TOTAL LIABILITIES AND CAPITAL	\$ 372,331	\$ 348,760
INCOME		
Interest on Loans	9,754	10,599
Interest on Investments	435	410
Other Income	4,477	4,095
TOTAL INCOME	\$ 14,666	\$ 15,104
PROVISION FOR LOAN LOSSES	\$ 59	\$ 914
INTEREST EXPENSE		
Member Shares and Deposits	1,111	1,796
Interest on Borrowed Money	182	277
TOTAL INTEREST EXPENSE	\$ 1,293	\$ 2,073
OPERATING EXPENSES		
Compensation and Benefits	5,630	5,683
Operating Expenses	3,980	4,064
Other Expense Including Occup and Depr	1,685	1,841
TOTAL NON-INTEREST EXPENSES	\$ 11,295	\$ 11,588
NET INCOME	\$ 2,019	\$ 529

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 are 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.

AUDIT COMMITTEE ANNUAL REPORT

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 and conducts business in the members' best interests. The Audit Committee's responsibilities are to verify that records are accurately maintained and to review the credit union's internal controls. The committee members also attend training sessions regarding auditor roles and their fiduciary responsibilities. 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.

• Opinion Audit of Financial Statements and Member Verification

To meet the requirements of the National Credit Union Administration and State of Colorado Department of Regulatory Agencies, the committee retains a third-party independent audit firm to perform annual opinion audits of the credit union's financial statements and member account verifications. The firm issued an unmodified audit opinion and identified no material weaknesses in controls. The Audit Committee also reviewed the examination performed by the State of Colorado Division of Financial Services. There were no required board actions as the result of the examination.

• Internal Audit of Agreed Upon Procedures

In 2021 the Audit Committee engaged SingerLewak, LLP to perform an internal audit on high-risk areas of the credit union's operation and accounting processes, including the Bank Secrecy Act audits. No significant control issues were noted.



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Connect with us on



Tell us how we did at
www.ontapcu.org/about-us/review-us



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2021 BOARD OF DIRECTORS

Toni Houck, Chair
Kirsten Johnson, Vice Chair
David Engle, Secretary/Treasurer
Norm Cramer, Board Member at Large
Ken Hehir, Board Member at Large
Dan Sung, Board Member at Large
Dean Valdez, Board Member at Large

2021 SENIOR MANAGEMENT

Tracie Wilcox, President/Chief Executive Officer
Amy Phillips, Chief Financial Officer
Chris Bokovitz, Chief Information Officer
Janelle Herrera, VP of Marketing and Business Development
Laurie Jensen, VP of Member Engagement & Retail Delivery
Tony Nieto, VP of Lending

2021 AUDIT COMMITTEE MEMBERS

David Engle, Chair
Kirsten Johnson
Norm Cramer