



ON TAP CREDIT UNION
2016 ANNUAL REPORT
Formerly Coors Credit Union

INVESTING IN OUR FUTURE TOGETHER



LETTER TO MEMBERS - 2016 ANNUAL REPORT

Dear Members,

Since 1954, Coors Credit Union has had one mission – to help our members build wealth and secure their financial futures. Over the years, we have worked side by side with members like you to provide low cost loans, financial guidance and tools to help you achieve your dreams.

The firm foundation we've built together has enabled us to once again achieve strong results in 2016. Net earnings were \$1.9 million and our cooperatively owned net assets grew by 3.2 percent. Significantly, our capital ratio, which is equity compared to assets and is one important measure of a credit union's healthy base, increased slightly to 11.54 percent. For the 18th consecutive year, our credit union has achieved positive loan growth. This collective financial strength helps us continue our mission to serve the needs of our members by creating and delivering relevant loan products, competitive pricing and user-friendly technology

Positioning Ourselves for the Future

Members who have been with us over the years recognize that we are evolving in order to remain strong and compete in the marketplace. They have seen us make positive changes as we seek to add new products and services, convenience, security, improved digital channels and transformed spaces that serve our members and the communities in which we live and work. We are clearly positioning ourselves as a credit union with a bright future

Transformation of our Golden Branch

This strategy and commitment to the future is why we undertook, and in 2016 completed, a renovation of the Golden branch, making it a welcoming, modern facility with private offices where members can feel comfortable and appreciated, and with a community room that strengthens our ties to the neighborhood and to our membership. A convenient ATM in a secure vestibule takes deposits and dispenses cash 24 hours a day.

Move of our Arvada Branch into Olde Town Arvada

Our commitment to member service is the reason, after considering a number of different sites, that we are relocating our Arvada branch to Olde Town Arvada, a vibrant "walking" community similar to downtown Golden with increased access via the new Gold Line Light Rail that connects Arvada to Denver's Union Station. Our new branch in this historical town provides unique opportunities for community involvement, technology training and special events.

Building a Strong Infrastructure for Growth

We've also enhanced our technology capability so we're better prepared to respond quickly to new product and service opportunities and make strategic decisions to best serve our members. By making this investment, we've become more agile and have in place the technology resources to support future growth.

These investments are already generating benefits for our members. Our high-caliber technical staff undertook a transformation of our **Online Banking** solution in 2016, a challenging process that has yielded impressive results. Enrolled members can access accounts 24/7 through **Mobile** and **Online Banking** with a single sign-on. They can view e-statements, track balances, apply for loans, pay bills, make peer-to-peer payments, and schedule transfers – all through **Online Banking**. We have also made **Mobile Banking** faster and more streamlined, allowing members to manage their accounts and deposit checks with their mobile device when they are on the go. Today more than 60 percent of members are enrolled in electronic banking.

EMV Chipped Cards for Additional Security and Instant-Issue Cards for Added Convenience

Our technology improvements will also allow us to implement several debit and credit card upgrades later this year, including EMV chipped cards that will help provide greater security and peace of mind for you. We will have the ability to issue credit and debit cards instantly in our branches and will introduce an enhanced credit card rewards program, as well as mobile payments including Apple Pay, Samsung Pay and Android Pay.

18

Consecutive years
of positive
loan growth

5.5%

Growth in member
Deposits

3.2%

Increase in
total assets

EST.
1954
CRAFTED
2017

Crafting Banking Solutions for You!

We continue to offer seminars, training and one-on-one counseling sessions for you with our financial advocates, providing important information on everything from long-term care, life-stage planning and investment and retirement accounts, to tips for first-time home buyers and paying down debt. Our passion is crafting individual banking solutions for each of our valued members.

A Name Change to On Tap Credit Union™

Key to our future is our ability to serve new members and communities. After significant research over the past three years and extensive strategic analysis in 2016, your elected Board of Directors recognized that the best way to attract future members, especially in our new territories of Boulder, Denver and Larimer Counties, was to rebrand our credit union to overcome the perception that one must be an employee of MillerCoors to join our credit union. Our new name – **On Tap Credit Union** – is a result of careful thought and eyes to the future. It celebrates our brewing heritage, respecting and recognizing our Coors Brewing Company foundation, while conveying our expanding inclusivity and commitment to serving all our members and potential members in a four-county area. It embodies authenticity, passion and a celebration of lifestyle by beer enthusiasts, craft brewers and Coloradoans who work hard and love adventure in the outdoors.

We are implementing this name change in phases and over time, replacing existing materials as supplies run out, replacing member cards as they're upgraded to the new EMV chipped cards and installing new signage at both of our branches. This phased approach will reduce the overall cost of the rebranding project, an important consideration as we strive to protect the assets entrusted to us.

Thriving in a Competitive Landscape

Some might ask why we need to make these changes. The answer is that to remain relevant to current and prospective members, we need to have the resources to implement the right solutions to protect and support those members, and remain a thriving community financial resource. The decisions we're making today are positioning us for success into the future.

We also need to remain vibrant in an increasingly competitive environment, where banking can be done online as easily as around the corner. Our key differentiator is that we deliver more than banking: we craft individual banking solutions with great quality, care and attention. Our solutions are "On Tap" for all our members, available when and where they need them.

Our efforts have been recognized. We're proud that in 2016, we were again voted "Best Bank or Credit Union in Golden" by the readers of the *Golden Transcript*, the fifth consecutive year we've earned this recognition.

Achieving all these successes while maintaining a strong capital position and remaining a valued resource for our membership of nearly 20,000 – and growing! – is a testament to our commitment to you, and also to your continued support of us – support for which we are extremely grateful.

To ensure that we meet our members' needs into the future, we'll continue to evolve new and better solutions, deliver personalized service with a passion unmatched in the industry, and work to earn our members' trust as we help them build wealth and secure their financial futures. We will remain genuine, steeped in authenticity and committed to supporting our members and our communities. We are, and will always be, **Member Owned and Colorado Proud!**

Many things have changed in these past 63 years, but our passion remains the same: **to be your trusted financial partner for life!**

Sincerely,
Toni Houck
Board of Directors, Chairman

Tracie Wilcox
President and CEO



Toni Houck
*Board of Directors,
Chairman*



Tracie Wilcox
President and CEO

We were pleased to achieve another year of strong results with gains in net earnings, net assets, deposits, loan growth and other measures that are key to our financial health and beneficial to our members. Our most recent success allows us to continue our mission to **help our members build wealth and secure their financial futures** while giving us the vitality and resources that will ensure a bright future for the credit union and allow us to continue serving you and generations of members to come.

INVESTING IN OUR FUTURE TOGETHER

Banking needs are evolving, so we've made a lot of changes to deliver financial services that our members tell us are important to them. We are grateful for your continued support as we invest together to make our credit union even stronger and even more responsive to the needs of our members.

Connecting with our members, understanding their needs and crafting personalized banking solutions will always be our passion. We know that many of our members enjoy having the option to visit a branch for their banking transactions. In 2016, the completion of our **Golden branch transformation** provided our members with an inviting place that combines a wide range of financial service amenities with an environment that celebrates our shared passion for the Colorado lifestyle and our brewing heritage. We also know that our members make their own choices in



how they prefer to bank. So in addition to the new **24/7 full-service ATM** in our Golden location, we improved our credit union's **online banking** experience and created faster, more streamlined **mobile banking** and **bill pay** services that deliver alternative ways to bank. This fall we will offer **EMV chipped debit and credit cards** in several unique designs. Our Golden branch continues to offer popular features such as our **Innovation Pub, Community Room, Brewster Park** for your younger members and **Private Business Offices** staffed with our expert advocates to assist you.



60%

Proportion of members currently enrolled in Online and Mobile Banking



"We listen carefully to our members' needs and make sure they have the right services and expert advice to help them achieve their financial goals. We craft solutions as unique as our members' lifestyles."

Bryan Thomas
VP of Lending



NEW BRANDED CREDIT CARDS

Looking for a credit or debit card that reflects the Rocky Mountain lifestyle – or your passion for beer? We have the perfect card for you! Coming this fall, choose from among 9 designs that celebrate our brewing heritage and authentic Colorado connection.



OLDE TOWN ARVADA

In May 2017, we opened a branch in the historic Olde Town Arvada downtown business district. This new full-service location offers all of the financial services provided by our Golden branch, including its own community room and patio available for local organizations and small group events, and is an ideal fit for our credit union's heritage and vision for future growth, member service and community involvement.



TECHNOLOGY INVESTMENTS

By enhancing our technological capabilities, we can provide even better service to our members while creating a platform for future growth.

The prudent technology investments we made recently are already delivering benefits to our members, with improved online and mobile banking, EMV chipped credit and debit cards that help protect against fraud, new interactive teller machines and our introduction of Lock It Card Control™.

Better technology also delivers added convenience to our members by supporting our network of more than 5,000 CO-OP shared branches and nearly 30,000 surcharge-free ATMs nationwide.



COMPARATIVE FINANCIAL STATEMENT

For the years ended December 31, 2014, 2015, and 2016

	2014	2015	2016
ASSETS			
Loans Outstanding	\$ 149,561,648	\$ 176,254,969	\$ 178,091,476
Investments	37,204,319	24,474,275	23,990,708
Land and Building	1,463,763	2,540,073	3,385,377
NCUA Share Insurance Fund	1,554,150	1,661,867	1,798,433
Other Assets	7,311,068	14,812,282	19,501,102
TOTAL ASSETS	\$ 197,094,948	\$ 219,743,466	\$ 226,767,096
LIABILITIES AND CAPITAL			
Share Accounts	58,471,999	66,074,784	73,404,158
Money Market Share Accounts	47,517,635	50,833,648	48,985,054
Share Draft Accounts	28,499,555	36,112,156	39,937,450
Club Accounts	2,987,657	3,107,902	3,217,109
Share Certificates of Deposit	17,350,538	18,141,698	19,410,586
Individual Retirement Accounts	4,431,155	4,041,411	3,757,659
IRA Certificates of Deposit	6,376,243	6,298,095	5,977,238
TOTAL SHARES AND MEMBER DEPOSITS	165,634,782	184,609,694	194,689,254
Total Borrowings	8,801,838	10,000,000	5,000,000
Other Liabilities	891,823	1,094,805	1,177,923
Undivided Earnings	19,567,878	22,131,119	24,100,165
Unrealized Gain or (Loss) on Investments	(388,342)	(534,716)	(642,810)
Regular Reserve	2,586,969	2,442,564	2,442,564
TOTAL CAPITAL	21,766,505	24,038,967	25,899,919
TOTAL LIABILITIES AND CAPITAL	\$ 197,094,948	\$ 219,743,466	\$ 226,767,096
COMPARATIVE INCOME STATEMENT			
For the years ended December 31, 2014, 2015, and 2016			
	2014	2015	2016
INCOME			
Interest on Loans	6,364,550	8,081,099	9,059,729
Interest on Investments	670,692	458,904	524,904
Other Income	3,394,946	3,981,454	4,255,321
Non-Operating Gains (Losses)	28,701	32,304	43,453
TOTAL INCOME	\$ 10,458,889	\$ 12,553,761	\$ 13,883,407
OPERATING EXPENSES			
Employee Compensation & Benefits	3,583,008	3,927,864	4,159,756
Travel and Education	152,391	164,043	125,196
Office Occupancy	500,999	694,638	889,588
Office Operations	666,075	480,653	775,547
Marketing	422,181	399,884	375,484
Loan Servicing	690,776	974,880	1,052,119
Outside Services	1,263,982	1,670,616	1,964,714
Member Insurance	-	-	-
Operating Fees	28,981	34,327	28,336
Miscellaneous Operating Expenses	189,391	459,083	399,450
Provision for Loan Losses	617,954	971,496	1,432,537
TOTAL OPERATING EXPENSES	8,115,739	9,777,484	11,202,727
COST OF FUNDS			
Shares, Clubs, Money Market	280,033	308,157	328,477
Share Certificates	136,179	156,530	182,151
Individual Retirement Accounts	13,423	12,429	11,934
IRA Certificates	58,034	57,628	63,180
Interest on Borrowed Money	6,993	64,163	116,896
TOTAL COST OF FUNDS	494,661	598,906	702,638
NET INCOME	\$ 1,848,489	\$ 2,177,371	\$ 1,978,042

SUPERVISORY COMMITTEE ANNUAL REPORT

The Supervisory Committee is a volunteer committee that works to guarantee the safety and financial soundness of Coors Credit Union and to protect the assets of the credit union and its membership. Its responsibilities are to:

1. Examine and evaluate the adequacy and effectiveness of the credit union's internal controls. The Committee determines the reliability and integrity of the financial and operating information.
2. Engage external auditors, within the set budgetary limits.
3. Attend Board of Director meetings and corporate functions.
4. Handle written questions and complaints from members, especially those relating to transactions and compliance.
5. Without compromising its objectivity and independence, the Committee may perform audit work in specific areas upon the request of the CEO and/or Board of Directors.

• Annual Balance Sheet and Member Verification Audits

Both the Balance Sheet Audit and the Bank Secrecy Act audits were conducted by Holben Hay Lake Balzer CPAs, LLC. The firm reported no major findings with a few minor issues that have been addressed by Coors Credit Union management. The Supervisory Committee also reviewed the State of Colorado limited scope exam report which focused on the credit union's risk. There were no Supervisory Committee actions required. These audits satisfy both the Federal and State annual audit regulatory requirements.

• Committee Members

One of the four committee members resigned during part of the year. The committee members also attended training sessions involving external auditor roles and the Supervisory Committee's fiduciary responsibilities to our credit union members.

• Annual Work Plan

The Holben Hay Lake Balzer work plan for 2015 and 2016 was presented by Sheila Balzer, a partner in the firm. The work plan was approved as presented with no changes. This plan includes scheduled audits and review of internal controls in the areas of monitoring; lending and collections; member services, teller services and call center; and Finance and Human Resources.

George Forristal
Chairman



2016 BOARD OF DIRECTORS

Toni Houck, Chairman

David Engle

Kevin Fletcher

Kirsten Johnson

Dan Sung

Dean Valdez

2016 SENIOR MANAGEMENT TEAM

Tracie Wilcox, CEO

Jep Enck, VP HR/Cultural Stewardship

Amy Phillips, CFO

Terri Larson, VP Operations

Anita Russell, VP Marketing

Bryan Thomas, VP Lending



On Tap Credit Union™ has been voted Best Bank/Credit Union
in Golden for FIVE CONSECUTIVE YEARS!



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