

A Special Thank You

We would like to thank all of our valued employees who helped Credit Union of Colorado grow and who provided excellent member service throughout 2019.

2019 Credit Union of Colorado Officials

Board of Directors:

Will Fleckenstein, Ph.D., Chairperson

JoAnn Vondracek, Vice Chairperson

Dann Milne, Ph.D., Secretary/Treasurer

Mary Ann Adams, Director

Cindy DeGroen, Director

Kimberly Howard, Director

Joe Montoya, Director

John Van Sciver, Director

Russ VanNostrand, Director

Lloyd Wicke, Director

Wendell Pryor, Director

Cynthia Thayer, Advisory Board Member

Supervisory Committee:

Ron Hinton, Chairperson

Marilyn North, Secretary

Gabe Hesse, Member

Jeff Romeo, Member

Jing Ye, Member

Contact

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Statement of Financial Condition (unaudited)	2019	2018
Loans	\$1,096,263,500	\$1,015,924,850
Loans in Process	\$46,001	\$12,387
Deferred Net Loan Origination Costs	\$3,611,497	\$5,069,936
Allowance for Loan Losses	(\$4,113,435)	(\$3,845,496)
Total Loans, Net	\$1,095,807,563	\$1,017,161,677
Other Assets Held For Sale	\$383,322	\$432,937
Other Real Estate Owned	\$0	\$0
Cash	\$14,892,407	\$11,989,982
Investments	\$437,395,706	\$437,079,587
Fixed Assets	\$25,002,626	\$20,386,239
Other Assets	\$52,734,010	\$46,896,369
TOTAL ASSETS	\$1,626,215,634	\$1,533,946,791
Notes Payable	\$0	\$0
Other Liabilities	\$16,632,228	\$16,817,227
Shares	\$498,659,051	\$473,794,703
Money Market	\$377,477,522	\$363,158,294
IRA/HSA Shares	\$31,941,274	\$31,242,486
Checking	\$322,639,247	\$299,278,105
Certificates	\$194,598,792	\$183,153,181
Total Deposits	\$1,425,315,886	\$1,350,626,769
Regular Reserves	\$15,465,739	\$15,465,739
Undivided Earnings	\$167,069,660	\$152,322,214
Unrealized Gain (Loss)	\$1,732,121	(\$1,285,158)
Total Equity	\$184,267,520	\$166,502,795
TOTAL LIABILITIES & EQUITY	\$1,626,215,634	\$1,533,946,791

Statement of Income and Expenses (unaudited)	2019	2018
Loan Interest	\$55,476,334	\$46,945,341
Net Loan Origination Costs	(\$3,915,920)	(\$3,153,072)
Investment Income	\$12,887,061	\$14,239,684
TOTAL INTEREST INCOME	\$64,437,475	\$58,031,953
Interest on Borrowed Money	\$3,752,356	\$5,431,423
Deposit Dividends	\$5,912,012	\$3,824,840
TOTAL COST OF FUNDS	\$9,664,368	\$9,256,263
NET INTEREST INCOME	\$54,773,107	\$48,775,690
Fee Income	\$6,581,150	\$6,385,691
Other Income	\$14,363,455	\$14,378,141
TOTAL NON-INTEREST INCOME	\$20,944,605	\$20,763,832
Salaries and Benefits	\$30,413,978	\$29,193,544
Conferences and Training	\$817,784	\$806,119
Office Occupancy	\$4,476,358	\$3,947,062
Office Operations	\$2,340,757	\$2,367,930
Marketing	\$1,970,520	\$1,744,724
Technology	\$5,220,706	\$4,179,503
Loan Servicing	\$1,230,452	\$1,169,551
Professional/Outside Services	\$3,424,268	\$3,674,514
Insurance	\$378,615	\$380,928
Plastic Cards	\$6,356,163	\$5,812,699
Payment Processing	\$796,399	\$636,340
Loan Origination Costs	(\$1,092,352)	(\$994,198)
Miscellaneous Operating Expenses	\$486,013	\$206,181
TOTAL OPERATING EXPENSES	\$56,819,661	\$53,124,897
Provision for Loan Loss	\$4,276,382	\$3,370,360
Gain on Disposition of Assets	\$125,776	\$399,587
NET INCOME	\$14,747,445	\$13,443,852



CREDIT UNION
OF
COLORADO[®]
A FEDERAL CREDIT UNION

2019 Annual Report

Board of Directors’ Report

Will Fleckenstein, Ph.D., Chairperson

As board members, we are responsible for corporate governance, fiscal soundness, accountability and strategic direction for the credit union. And in completing our mission, no responsibility is deemed more important than providing the highest level of service to our members and their communities.

This strategic focus translates into two concrete objectives:

- 1) finding ways to build membership value for every single member, and 2) helping make Colorado the best place for our members and staff to live, play and work.

The Board works closely with management and employees to ensure we make continual progress toward these goals, and we measure our success by member feedback and surveys, overall growth, and improvement in key metrics. We also received an absolutely radiant examination in 2019.

By all of these measures, the Board is proud to report, the Credit Union is doing very well. Some highlights of our accomplishments this year for members and community:

Member Satisfaction

- A whopping 95% of members are “satisfied” or “very satisfied” with our overall service.
- 78% of members say they will be members for life, the highest compliment we can earn.
- In fact, we are in the top 25% of all credit unions for having members who stay with us.

Community Outreach

- We instituted an annual Here to Help Day this year, enlisting our staff members to volunteer within communities across Colorado on October 14, 2019. We had 183 employees volunteer a total of 792 hours that day!
- The credit union participated in many community outreach events throughout 2019, with 229 staff members volunteering 973 hours.
- Once again, we are the primary supporter of the Credit Union of Colorado Foundation, putting \$198,744 dollars back into our communities through scholarships and financial support for local non-profit organizations.

New Members

- Our growth rate was 28% higher than the credit union national average.

- In particular, we are attracting new millennial members at a 50% higher rate than our credit union peers—an especially critical factor in maintaining and growing our member base as the population ages.

In short, our financials are sound, our members are happy with our service, and we are a vital, engaged member of the communities we serve. Thank you for the opportunity and privilege of serving you, our members, and the Credit Union as a whole.

Credit Officer’s Report

Chad Wilcox, Credit Officer

2019 was a stellar year for lending. Thanks to our incredible member-focused team who strive to meet and exceed member needs, we were able to achieve strong lending numbers:

- We assisted more than 19,546 members with their lending needs.
- Our total loan portfolio grew 7.9%—hitting \$1.09 billion.
- We funded total loans of \$434.7 million in 2019.
- An important category—mortgages—grew by 22.4%, enabling 567 members to borrow \$128.8 million in home loans!
- Home equity loan and line of credit growth increased by 13.08%, with 1,326 members assisted in receiving \$90.5 million in funding.
- We continue to be very attentive and responsible in our lending practices, leading to a delinquent loan ratio of much less than half of one percent—just 0.26%. The NCUA peer average in 2019 was more than double that—0.57%!

Looking Ahead—More Ease for Members, More Efficiency for Our Team.

In 2019, we began an exciting project that will upgrade our loan and new member application process. It will become even easier for members to apply, and at the same time, we’ll improve our back-office procedures to become faster and more efficient. We look forward to rolling this out and improving member experience.

Supervisory Committee Report

Ron Hinton, Chairperson

Our committee is responsible for ensuring that the Credit Union’s policies, procedures and reporting meet both national regulatory requirements and the needs of our members. We’re proud to let you know that we earned the highest regulatory rating possible once again, confirming that we are in compliance with all regulatory requirements.

Treasurer’s Report

Dann Milne, Ph.D., Secretary/Treasurer

Our growth and continued success can be attributed to a number of factors—our forward-thinking leadership that ensures we have a desirable mix of products and services (including one of the lowest interest rate credit cards in the market), our member-service oriented staff who are literally Here to Help every day, as well as the strong and optimistic economy of Colorado.

Key highlights of 2019’s numbers:

- At year end we had over \$1.6 billion in assets.
- We offered \$1.09 billion in loans to our members.
- Deposit growth was 5.53%.
- Loans grew by 7.91%, driven mainly by mortgage and home equity loans. Both grew by a much greater rate than the average of our peers.
- Net loan charge-offs were just 0.38%, demonstrating that despite the above-mentioned strong loan growth, we continue to pay careful attention to credit quality.
- Our return on assets was 0.93%.
- The net worth to assets ratio is a key indicator of financial strength. Ours was 11.22%. This means we are a well-capitalized credit union.

FINANCIAL HIGHLIGHTS			
	2019	2018	% Change
Members:	135,053	129,458	4.32%
Deposits:	\$1.42 billion	\$1.35 billion	5.53%
Loans:	\$1.09 billion	\$1.02 billion	7.91%
Net Income:	\$14.75 million	\$13.44 million	9.70%
Net Charge-offs:	0.38%	0.35%	0.03%
Total Assets:	\$1.63 billion	\$1.53 billion	6.02%

We added a provision to our investment policies this past year to include consideration of environmental sustainability when comparing investment choices.

Thanks and gratitude go out to our management team and our Internal Audit Department for their critical work in this success. We also want to acknowledge the important contribution of our external CPA firm of Holben Hay Lake Balzer (a division of SingerLewak). This team of professionals ensures that we meet the voluminous requirements placed on financial institutions, and that we keep our member shareholders’ interests protected at all times.

Management Report

Terry Leis, President/CEO

“Member-Focused Innovation.” That has been our mantra and our strategic objective all across the state for the past year—and I’m very proud to say our team of member-focused staff and management made steady progress. Especially with regard to the rollout of a brand new digital banking platform, our team members gave their best thinking and spent countless hours ensuring we got this right. In today’s financial world, it is one of the most critical elements of member satisfaction.

But our innovation didn’t stop there:

Workplace Innovation. It is our goal to attract, hire and keep the very best and brightest employees. In 2019, we added a strong benefit that will help us do just that: a remote work program that appeals to many employees and helps us to hire the best possible candidates—even if they do not live right here.

Digital Innovation. As mentioned above, our new digital banking platform is a highly reliable, 24/7 availability banking option that puts our digital capabilities in the forefront of the financial industry. We also introduced a digital VISA card—it can be both issued and accepted online.

Branch Network. To bring more convenience to current members and grow our member base, we are always working to identify opportunities for new branch locations:

- Our new Highlands Ranch location opened August 2019.
- We completed a friendly merger with Southwest Colorado Federal Credit Union in Durango. By merging them into our branch portfolio, we created a new location in Durango, extending our presence in the Southwest corner of the state.

Financial Stability. One area in which we do not want to see change is our rock-solid track record of financial stability and regulatory compliance. We continue to earn the highest regulatory compliance ratings possible and to deliver stable, above-average financial growth.

