



Delivering 5 Star Service

OUR MEMBERS SAY IT BEST



CREDIT UNION
OF
COLORADO[®]
A FEDERAL CREDIT UNION

2015 ANNUAL REPORT



5 Star Service



"So in the service category this place takes five stars. Why? Everyone is always smiling, and it's a genuine feel of people who want to be there and help you. You hardly have to wait before your needs are addressed. Everyone is polite, welcomes you, and thanks you during each visit. Everyone here knows me by name for the most part, but on occasion there is a new face at the teller desk. What I love most is if you sit to wait to meet with a loan officer for any reason, they will always offer you a bottled water or soda. AWESOME!"

— **Ash K.** Denver, CO

BOARD OF DIRECTORS' REPORT

WILL FLECKENSTEIN, Ph.D., Chairperson

This past year, our focus has been on helping members while delivering top notch service that our members expect and deserve. Looking back on 2015, it's clear that we delivered what we promised.

Word gets around when you are the type of organization that puts members first. That's a big reason why our membership grew by 4.90% in 2015. Compare that with the national average of 3.88% for credit union membership growth and you can see why we feel pretty good about our results.

Looking at the healthy increases in loans and deposits, it is clear members are choosing us for a place to save and borrow. Both loans and deposits grew by more than \$80 million each during the year.

More important, when we surveyed our members they told us that 96.3% are either satisfied or very satisfied with the overall service they receive at Credit Union of Colorado. Nobody's perfect, but if your child came home with that grade on a final exam, you'd be pretty pleased. We certainly are.

I am also pleased to announce we continued to support the Credit Union of Colorado Foundation in 2015. For the year, the Foundation awarded more than \$200,000 in grants and scholarships to communities throughout the state. And, the Foundation continued to grow, adding more than 4,000 members during the year.

While these results give us pause to reflect on all that we've accomplished, we know that we still have room for improvement. Delivering "5 Star Service" means constantly evaluating what we can do better and recognizing the changing needs of our members to make sure we can continue to meet or exceed their expectations.

We understand that when it comes to finding a credit union, you have lots of other choices. Our goal is to make sure that you never doubt that choosing Credit Union of Colorado was the right decision. Our promise is that we will never stop working as hard as we possibly can to earn your trust.

TREASURER'S REPORT

DANN MILNE, Ph.D., Secretary/Treasurer

Throughout 2015, the national economy was on the rise and Colorado was at the forefront: a leader in corporate earnings, real estate appreciation, jobs growth, and population growth.

The vigorous economic climate generated an increase in demand for financial services. Whether financing the purchase of a pickup truck or a single-family house, Coloradoans showed confidence in the economy and a willingness to borrow to fulfill their dreams. That led to continued growth for our loan portfolio, very few problem loans, more new members and a healthy increase in deposits.

Highlights of 2015 compared to 2014:

- Total assets grew by \$88 million to \$1.3 billion, a 7.26% increase.
- Loans grew 12.78% or \$80 million, boosted by strong growth in credit cards, auto loans and mortgage loans. Our loan portfolio now totals \$707 million.
- Deposits increased by \$83 million to \$1.1 billion, up 7.87%.
- Net loan charge-offs were 0.34% of average loans. This compares to an annualized 0.46% net charge-off ratio for federally insured credit unions nationwide based on third-quarter 2015 statistics reported by the National Credit Union Administration (published December 4, 2015).
- Return on average assets was 0.45%, compared to 0.42% in 2014.

Net Worth

Our net worth since inception is the key indicator of financial strength. It measures our ability to successfully weather economic downturns or disruptive market events.

That's why we are happy to report that in 2015 our net worth grew to a robust \$138 million, up from \$132 million in 2014, a gain of 4.28%.

Net worth as a percentage of assets was a very healthy 10.62%. That far exceeds the 7% required to be categorized as "well capitalized" by the National Credit Union Administration. Thus we continued to rank in the upper tier of all credit unions nationwide.

On the Horizon

We enter 2016 with a firm financial foundation. This paves the way for continued financial growth and the ability to fund the infrastructure, staffing, product enhancements and new solutions necessary to live up to our commitment to deliver "5 Star Service."

CREDIT OFFICER'S REPORT

DEBBE KIRKPATRICK, Credit Officer

The theme of this year's annual report is "5 Star Service." It reflects the many loan-related enhancements that were accomplished in 2015. And those advancements in helping our members were reflected in the Consumer Lending Department in several ways:

- We implemented a new lending tool, Refi-Analyzer. This tool helped us and our branch staff to quickly and accurately determine where members could achieve savings through loan refinance and debt consolidation. Using this new tool helped improve the financial side of life for more than 3,000 members.
- We expanded the capability of our online credit application function to extend to all of our mortgage products.
- We expanded our Preferred Dealer Network in 2015. In the program's second full year, this specially selected group of 22 statewide auto dealers met our high standards for service and were committed to giving every Credit Union of Colorado member fair, respectful and honest treatment and pricing. In 2015, 822 members financed their vehicles through our Preferred Dealers, receiving a .25% discount off our regular auto loan rates while contributing over \$14 million to our loan portfolio. As always, our talented credit underwriting staff continued to apply consistent standards to facilitate speedy and prudent credit decisions.

2015 Credit Underwriting Highlights

- The loan portfolio, including consumer loans and mortgage loans, grew by 12.78% to \$707,488,841 million.
- We funded 17,973 loans, compared to 16,934 the prior year.
- We processed 40,297 loan and credit applications, compared to 34,739 the prior year.
- The delinquent loan ratio dropped from .40% to .37%. This compares to the national peer average of .68% for federally insured credit unions.

Whether it was to help our members buy or refinance a home, finance a kitchen remodel, purchase a vehicle, finance a college education or any other important need, we are pleased to have helped so many members fulfill their dreams.

"Such a nice place! Helpful and kind staff. They don't charge you for everything like big banks do and it's just as convenient. They have ATMs everywhere and don't charge you. So happy to be banking with them."

—**Laura T.** San Francisco, CA



SUPERVISORY COMMITTEE REPORT

RON HINTON, Chairperson

The Supervisory Committee's job is to oversee our business operations and make sure that our policies and procedures are more than adequate to safeguard our members' assets. Our role includes ensuring that regulatory requirements are scrupulously followed.

As for this year's report, the good news is that there's actually not much news at all. As we have been able to report over the past several years, our credit union is doing a very thorough job in the areas of oversight and compliance, with no significant problems to report.

Much of the credit for our success goes to the Internal Auditing Department and our credit union's management. They greatly aided our committee in seeing to it that the profusion of regulatory requirements is complied with. These requirements are many, designed to serve the best interest of our members, our institution and the financial services industry.

We are assisted by the external accounting firm of Holben Hay Lake Balzer CPAs. This firm helps us by testing our internal audit controls and providing us with an opinion audit regarding our financial statements. The firm makes sure that these statements conform to generally accepted accounting principles.

We look forward to again serving membership in 2016 as stewards of safety and soundness.

"Been banking here since they were CSECU. 24-hour indoor, deposit-taking ATM. Friendly service, very helpful. Simple online banking system."

—**James B.** Denver, CO



"Home loans, bank-by-phone, credit cards, debit cards, internet banking, automatic bill pay... Saturday hours, live assistance by phone, all around GREAT service... and NO banking nightmares, ever! Need to resolve a credit card issue? They will be on it personally, return your calls, and advise you as to what to do next.

I'm SO grateful to bank here! Five stars!!"

—**Juli D.** Santa Monica, CA



MANAGEMENT REPORT

TERRY LEIS, President/CEO

At Credit Union of Colorado, we know that promising great service requires a constant commitment to treat you the way we'd like to be treated ourselves. That means treating every member with courtesy and respect. It means doing our best to listen if you have a problem, and going the extra mile to solve it.

It also means taking the stress out of banking by providing the kinds of services and technology that let you manage your money where and when you want to. Here are some ways we did that in 2015.

We launched a completely redesigned website. The new site is easier to navigate and works well on desktops, tablets or smart phones. In turn, it is simpler than ever to conduct business from anywhere, at any time.

We implemented an External Transfer system that lets you easily send or receive funds between your Credit Union of Colorado accounts and accounts held at other financial institutions. You can transfer money between friends and family members just by knowing their phone number or email address. It's safe and secure, and you can do it from our website or mobile app.

We also added Text Banking. Now you can check balances, transfer funds or view your transactions with a text message we send to your mobile phone. Easy, right?

We also added Wi-Fi access in all our branches, improved our mobile deposit options and added a call-back feature so we don't have to keep you on hold when you call us with questions.

When we promise "we are here to help," we mean it. Just listen to some of our members.

"I have been a member since the early '80s and they have provided me with great service for over 30 years." — Janice S.

"I trust them with my money. Thank you Credit Union of Colorado for all you do." — Morina L.

"My wife and I have been members since 1989, and we would not dream of banking anywhere else." — David C.

Your feedback means more to us than any award or recognition. So let us know how we are doing and how the services we are providing meet your needs. You can reach us by phone or email. You can comment on something we post on our Facebook page. Or you can talk to us in person next time you stop by your local branch. We're always listening, and our door is always open.



"I always get great service when I go in, and the interest rate I got for my car loan was the best rate I could find after researching several options."

— **Hillary H.** Denver, CO



"What really stands out about this branch is the outstanding customer service. Not only are guests promptly greeted with a smile but the employees here engage their customers in conversation. It's a very nice personal touch."

— **Richard R.** Denver, CO



2015 FINANCIAL REPORT CREDIT UNION OF COLORADO

| STATEMENT OF FINANCIAL CONDITION | 2015 | 2014 |
|---------------------------------------|------------------------|------------------------|
| Loans | \$707,488,841 | \$627,309,012 |
| Loans in Process | \$179,828 | \$377,761 |
| Deferred Net Loan Origination Costs | \$51,190 | \$526,541 |
| Allowance for Loan Losses | (\$2,780,153) | (\$2,899,209) |
| Total Loans, Net | \$704,939,707 | \$625,314,105 |
| Other Assets Held For Sale | \$208,001 | \$133,543 |
| Other Real Estate Owned | \$140,000 | \$22,500 |
| Cash | \$9,395,791 | \$7,345,290 |
| Investments | \$541,668,687 | \$539,486,761 |
| Fixed Assets | \$15,701,618 | \$14,995,143 |
| Other Assets | \$26,066,481 | \$22,977,319 |
| TOTAL ASSETS | \$1,298,120,285 | \$1,210,274,661 |
| Notes Payable | \$0 | \$0 |
| Other Liabilities | \$17,308,322 | \$16,847,573 |
| Shares | \$355,015,671 | \$304,102,767 |
| Money Market | \$319,774,352 | \$296,582,060 |
| IRA/HSA Shares | \$27,147,419 | \$25,712,780 |
| Checking | \$230,991,039 | \$203,669,983 |
| Certificates | \$207,589,128 | \$227,265,536 |
| Total Deposits | \$1,140,517,608 | \$1,057,333,125 |
| Regular Reserve | \$15,465,739 | \$15,465,739 |
| Undivided Earnings | \$122,346,635 | \$116,685,900 |
| Unrealized Gains or Losses | \$2,481,981 | \$3,942,324 |
| Total Equity | \$140,294,354 | \$136,093,963 |
| TOTAL LIABILITIES & EQUITY | \$1,298,120,285 | \$1,210,274,661 |

| STATEMENT OF INCOME AND EXPENSES | 2015 | 2014 |
|----------------------------------|--------------------|--------------------|
| Loan Interest | \$32,186,935 | \$29,470,151 |
| Net Loan Origination Costs | (\$1,102,965) | (\$1,305,511) |
| Investment Income | \$5,352,682 | \$4,263,334 |
| TOTAL INTEREST INCOME | \$36,436,651 | \$32,427,974 |
| Interest on Borrowed Money | \$423,165 | \$914 |
| Deposit Dividends | \$3,178,373 | \$3,272,108 |
| TOTAL COST OF FUNDS | \$3,601,538 | \$3,273,022 |
| NET INTEREST INCOME | \$32,835,113 | \$29,154,952 |
| Fee Income | \$5,851,082 | \$6,081,941 |
| Other Income | \$9,851,555 | \$9,125,272 |
| TOTAL NON-INTEREST INCOME | \$15,702,637 | \$15,207,213 |
| Salaries and Benefits | \$21,646,476 | \$20,107,804 |
| Conferences and Training | \$598,448 | \$745,877 |
| Office Occupancy | \$3,461,717 | \$3,313,496 |
| Office Operations | \$2,571,002 | \$3,623,249 |
| Marketing | \$1,524,722 | \$1,403,931 |
| Technology | \$2,434,094 | \$1,746,388 |
| Loan Servicing | \$1,013,330 | \$1,296,105 |
| Professional/Outside Services | \$2,513,481 | \$1,283,244 |
| Insurance | \$374,273 | \$333,497 |
| Plastic Cards | \$5,994,227 | \$5,682,879 |
| Payment Processing | \$583,766 | \$575,908 |
| Loan Origination Costs | (\$698,991) | (\$860,153) |
| Miscellaneous Operating Expenses | \$292,249 | \$341,896 |
| TOTAL OPERATING EXPENSES | \$42,308,794 | \$39,594,121 |
| Provision for Loan Loss | \$2,205,795 | \$899,421 |
| Gain(Loss) Disposition of Assets | \$1,637,572 | \$983,156 |
| Provision for Income Taxes | \$0 | (\$101,881) |
| NET INCOME | \$5,660,732 | \$4,953,660 |

2015 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
Jim Dixon, Ph.D., Director
Kimberly Howard, Director
Joe Montoya, Director
Gerald O'Halloran, Director
John Van Sciver, Director
Russ VanNostrand, Director
Lloyd Wicke, Director

Supervisory Committee

Ron Hinton, Chairperson
Marilyn North, Secretary
Jim Raughton, Member
Jeff Romeo, Member
Jing Ye, Member

SPECIAL THANK YOU

We would like to thank all of our valued employees who helped Credit Union of Colorado grow throughout 2015 and who provided excellent member service.



This credit union is federally insured by the National Credit Union Administration.

FPO
for FSC logo

LOCATIONS

Arvada

8770 Wadsworth Blvd., Unit R
Arvada, CO 80003

Aurora

13732 E. Quincy Ave.
Aurora, CO 80015

Bear Valley

3100 S. Sheridan, Unit 1-F
Denver, CO 80227

Cañon City

2435 Fremont Dr.
Cañon City, CO 81212

Central Denver

1390 Logan St.
Denver, CO 80203

Colorado Springs

3606 Austin Bluffs Pkwy.
Colorado Springs, CO 80918

Fort Collins

2510 E. Harmony Rd.
Fort Collins, CO 80528

Golden

1800 Jackson St.
Golden, CO 80401

Grand Junction

202 Main St.
Grand Junction, CO 81501

Greeley

2505 11th Ave.
Greeley, CO 80631

Lakewood

9140 W. 6th Ave.
Lakewood, CO 80215

Parker

19311 E. Plaza Dr.
Parker, CO 80138

Pueblo

1721 Hwy. 50 West
Pueblo, CO 81008

Southeast Denver

7541 E. Iliff Ave.
Denver, CO 80231

Thornton

3907 East 120th Ave.
Thornton, CO 80233



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