



CREDIT UNION
OF
COLORADO[®]
A FEDERAL CREDIT UNION

2020 Annual Report

Board of Directors' Report

Dr. Will Fleckenstein, Chairperson

The Credit Union of Colorado Board of Directors was greatly distressed by the impacts of the pandemic on our membership. Because of the pandemic, many of our members required assistance with immediate financial needs. We were here to help as we worked hand-in-hand with management and staff to take care of our members. As detailed in later reports, we did our best to be a source of solace and help rather than another problem for our impacted members. We helped with programs like Skip-a-Pay, Emergency Relief Loans, Overdraft and NSF Forgiveness, and we worked with members, as individuals to help their particular circumstance. Donations to food banks and C-SEAP were made or accelerated. We are dedicated to delivering value and meeting the needs of all our members; the challenges of the pandemic are the reason credit unions exist, especially your Credit Union of Colorado.

Our strategic focus is to preserve current value while looking to the future and exploring ways to enhance member experience. Despite a challenging year, the board met its objectives and helped our members navigate the COVID-19 environment, as measured by you, the Member, and your satisfaction with us.

We are proud that Credit Union of Colorado continues to perform well. By working together, we are fulfilling our commitment to continuous improvement through our "here to help" approach. We remain fiscally sound and stable and are thankful for the opportunity to continue to serve our members. Here are some of our focuses:

Member Satisfaction

- Our member satisfaction remains high as 96.3% of our members report being either very satisfied or satisfied with our overall Credit Union service.
- 82% of our current members plan to remain members for a lifetime. Our low member attrition rate is amongst the top of all credit unions.
- Our Credit Union membership grew at a rate of 6.1% including Southwest Colorado Federal Credit Union's merger with us. (Membership grew 4.2% without the merger.)

Community Outreach

Due to the COVID-19 pandemic, most of our regular community-related events were cancelled in 2020. However, we still made a significant impact through our second annual Here to Help (H2H) Day in October, in addition to other volunteering and fundraising efforts.

- 241 employees participated in at least one volunteer event.
- 192 employees participated in H2H Day. Doing good in the communities we serve, employees volunteered a total of 768 hours and contributed \$24,000 in cash and in-kind donations to H2H Day organizations.
- Employees donated 919 community outreach hours for company-coordinated events and used 170 volunteer time-off hours for personal volunteerism.

- \$6,000 was raised through various organizational fundraisers and \$18,000 in cash and in-kind donations were made to numerous organizations.

Credit Union of Colorado Foundation

Credit Union of Colorado is the primary supporter of the Credit Union of Colorado Foundation. In 2020, the Foundation awarded more than \$232,000 in grants and scholarships to the people and communities we serve.

Diversity, Equity and Inclusion (DEI) Committee

The Credit Union of Colorado is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion. Our most valuable asset is our people. The collective sum of their individual differences, life experiences, knowledge, innovation, self-expression, unique capabilities and talents that they invest into their work represents a significant part of not just our culture but of our reputation and core values as well. In 2020, we launched a Credit Union employee Diversity, Equity and Inclusion (DEI) Committee to work with the Board's long-standing Diversity Committee. This new committee is to ensure we serve all of our members, without distinction between them. Thirty-two (32) employees have volunteered to work together to spearhead new directions and provide support for our organizational diversity initiatives. This past year reminded us that we are all stronger when we work together, side by side.

Credit Officer's Report

Chad Wilcox, Senior VP of Lending/Credit Officer

This past year brought economic hardship to many of our members. Thanks to our incredible member-focused team, we were here to help by assisting with our members' lending needs and providing COVID-19 financial support. This included granting mortgage forbearances, emergency pandemic loans and additional Skip-a-Pay options— a program where qualified members were permitted to skip up to three payments on certain loans, such as auto loans and credit cards.

- We assisted 17,490 members with their lending needs.
- Our total portfolio grew 6.40%, hitting \$1.16 billion.
- We funded total loans of \$492 million in 2020.
- Due to COVID-19, 196 mortgage forbearances were granted.
- During the pandemic, we assisted 5,618 members with Skip-a-Pay options.
- We granted 254 emergency pandemic loans for over \$725,000.
- Home financing of \$428.9 million was provided to 2,355 members.

Looking Ahead

In 2020, we focused primarily on meeting the immediate needs of our members due to the pandemic. Moving forward, we will continue the process of upgrading our loan and application processes in addition to implementing online banking enhancements in our efforts to continually improve our members' user experience.

Treasurer's Report

Dann Milne, Ph.D., Secretary/Treasurer

While the economic climate in Colorado was difficult this past year, the Credit Union was fortunate to sustain steady growth as both our deposits and loans grew substantially. With a desirable mix of products and services, we were well positioned to manage the economic impacts of the COVID-19 pandemic.

Key Financial Highlights:

- We had more than \$1.99 billion in total assets at the end of 2020.
- Deposits grew robustly at 24.29%.
- Loans grew 6.40%, totaling \$1.16 billion—driven primarily from mortgage loans.
- Net loan charge-offs were only 0.32%, demonstrating that despite the above-mentioned strong loan growth, we continue to pay careful attention to credit quality.
- Our return on assets was 0.58%.

FINANCIAL HIGHLIGHTS			
	2020	2019	% Change
Members:	143,306	135,053	6.11%
Deposits:	\$1.77 billion	\$1.42 billion	24.29%
Loans:	\$1.16 billion	\$1.09 billion	6.40%
Net Income:	\$10.43 million	\$14.75 million	-29.25%
Net Charge-offs:	0.32%	0.38%	-15.14%
Total Assets:	\$1.99 billion	\$1.63 billion	22.59%

Supervisory Committee Report

Ron Hinton, Chairperson

Our committee ensures that the Credit Union of Colorado's policies, procedures and reporting meet both national regulatory requirements as well as the needs of our members. We're proud to report that we are in compliance with all regulatory requirements, having once again earned the highest regulatory rating possible. Thank you to our management team and our Internal Audit Department for their critical work in this success. We also acknowledge the important contribution of our external CPA firm, Holben Hay Lake Balzer (a division of SingerLewak). This team of professionals ensures that we meet the voluminous requirements placed on financial institutions while keeping our member shareholders' interest protected at all times.

Management Report

Terry Leis, President/CEO

We were here to help our members this past year as the COVID-19 pandemic led to uncertainty and change in our daily lives. The health and safety of our members and employees was and continues to be our top priority. We focused on meeting their needs while remaining a responsible community partner.

While the COVID-19 pandemic uncovered new opportunities for improvements, we also moved forward with planned initiatives. These included launching a new website, purchasing a site for a new branch location in Broomfield and expanding into the Durango market via a merger.

We continue to focus on doing right by our members and continually improving how we serve them. By listening and getting to know their unique situations, we can take a personalized approach to their financial needs and be here to help when they need us.

Financial Stability

Credit Union of Colorado is a fiscally responsible and financially stable institution, and this became even more apparent during the COVID-19 pandemic. We continue to earn the highest regulatory compliance ratings possible and to deliver stable, above-average financial growth.

Merger

In March 2020, Southwest Colorado Federal Credit Union merged with our Credit Union adding a new location in the southwest corner of the state in Durango. We are currently the only credit union serving Durango.

Website

We are proud of our new website which brings an enhanced user experience to our members with clearer navigation, an updated mobile-friendly design, upgraded chat functionality and a new goals section which provides resources to assist members with financial decisions.

Broomfield Branch

In response to our growing membership base in Broomfield, we purchased a site and plan to open a branch in Broomfield by the end of 2021. This full-service location will include a drive-up, an open layout and an integrated approach to building trustworthy relationships with our members.

Corporate Space

To accommodate our growing workforce and position the Credit Union for growth and expanded services, we purchased a site in Denver's Central Park neighborhood to build a new headquarters.

- Construction is slated to begin in 2021.
- The new headquarters will have increased office space and a full-service branch with drive-up and ATM services.
- The project is anticipated to be finished by the end of 2022.

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 2020.

2020 Credit Union of Colorado Officials

Board of Directors:

Dr. Will Fleckenstein, Chairperson
 JoAnn Vondracek, Vice Chairperson
 Dann Milne, Ph.D., Secretary/Treasurer
 Judy Abercrombie, Director
 Cindy DeGroen, Director
 Kimberly Howard, Director
 Joe Montoya, Director
 Wendell Pryor, Director
 Cynthia Thayer, Director
 Russ VanNostrand, Director
 Lloyd Wicke, Director
 Stephan Schweissing, Advisory Board Member
 John Brantley, 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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 Southern Colorado 719-542-4816
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Statement of Financial Condition (unaudited)

	2020	2019
Loans	\$1,166,400,370	\$1,096,263,500
Loans in Process	\$486,947	\$46,001
Deferred Net Loan Origination Costs	\$2,536,461	\$3,611,497
Allowance for Loan Losses	(\$6,136,068)	(\$4,113,435)
Total Loans, Net	\$1,163,287,710	\$1,095,807,563
Other Assets Held For Sale	\$275,350	\$383,322
Other Real Estate Owned	\$0	\$0
Cash	\$13,039,591	\$14,892,407
Investments	\$721,790,197	\$437,395,706
Fixed Assets	\$30,083,081	\$25,002,626
Other Assets	\$65,129,638	\$52,734,010
TOTAL ASSETS	\$1,993,605,567	\$1,626,215,634
Notes Payable	\$0	\$0
Other Liabilities	\$20,542,953	\$16,632,228
Shares	\$654,604,846	\$498,659,051
Money Market	\$444,078,040	\$377,477,522
IRA/HSA Shares	\$34,639,301	\$31,941,274
Checking	\$424,392,842	\$322,639,247
Certificates	\$213,824,279	\$194,598,792
Total Deposits	\$1,771,539,308	\$1,425,315,886
Regular Reserves	\$15,465,739	\$15,465,739
Retained Earnings - Business Combinations	\$6,758,780	\$0
Gains - Business Combinations	\$1,245,123	\$0
Undivided Earnings	\$176,258,541	\$167,069,660
Unrealized Gain (Loss)	1,795,123	\$1,732,121
Total Equity	\$201,523,306	\$184,267,520
TOTAL LIABILITIES & EQUITY	\$1,993,605,567	\$1,626,215,634

Statement of Income and Expenses (unaudited)

	2020	2019
Loan Interest	\$55,441,810	\$55,476,334
Net Loan Origination Costs	(\$3,165,473)	(\$3,915,920)
Investment Income	\$5,932,248	\$12,887,061
TOTAL INTEREST INCOME	\$58,208,585	\$64,437,475
Interest on Borrowed Money	\$583,062	\$3,752,356
Deposit Dividends	\$5,903,898	\$5,912,012
TOTAL COST OF FUNDS	\$6,486,960	\$9,664,368
NET INTEREST INCOME	\$51,721,625	\$54,773,107
Fee Income	\$5,486,809	\$6,581,150
Other Income	\$16,243,195	\$14,363,455
TOTAL NON-INTEREST INCOME	\$21,730,004	\$20,944,605
Salaries and Benefits	\$33,773,040	\$30,413,978
Conferences and Training	\$485,504	\$817,784
Office Occupancy	\$5,090,406	\$4,476,358
Office Operations	\$2,864,619	\$2,340,757
Marketing	\$1,710,645	\$1,970,520
Technology	\$6,133,473	\$5,220,706
Loan Servicing	\$1,767,457	\$1,230,452
Professional/Outside Services	\$3,815,827	\$3,424,268
Insurance	\$374,251	\$378,615
Plastic Cards	\$6,089,469	\$6,356,163
Payment Processing	\$887,409	\$796,399
Loan Origination Costs	(\$989,036)	(\$1,092,352)
Miscellaneous Operating Expenses	\$413,235	\$486,013
TOTAL OPERATING EXPENSES	\$62,416,299	\$56,819,661
Provision for Loan Loss	\$5,713,193	\$4,276,382
Gain (Loss) on Disposition of Assets	\$5,111,867	\$125,776
NET INCOME	\$10,434,004	\$14,747,445