ELEVATIONS CREDIT UNION

2014 ANNUAL REPORT

ELEVATIONS
CREDIT UNION

Malcolm Baldrige
National Quality Award
2014 Award Recipient

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LETTER FROM THE BOARD CHAIR

KATIE LARSON
— BOARD CHAIR —

Dear Members,

Thank you for allowing me to serve you and your fellow members as Chair of the Board of Directors. It has been an honor, and I look forward to serving you in 2015 and beyond. You'll see throughout this report that 2014 was a banner year for Elevations Credit Union. We improved the environment for our high-performing employees who foster your loyalty, which creates greater financial stability for you and Elevations Credit Union. We were able to reach all-time highs in membership, net worth, assets, loans outstanding and shares, which we could not have achieved without you.

In 2014, we opened our first branch in the City of Fort Collins. Elevations Credit Union is poised to be a tremendous leader in Fort Collins and will make a positive impact in that market. But before we moved into Fort Collins, we knew your Board of Directors needed a strong voice from the community. It didn't take us long to find "Mr. Fort Collins" himself, Ray Martinez. Ray grew up in Fort Collins and has more than 30 years of experience in public service, including three terms as Mayor of Fort Collins. Thank you, Ray, for your leadership and for sharing your expertise with Elevations Credit Union.

As we continue to record all-time highs in key financial metrics and grow north into Fort Collins, we don't have to look far to determine what propelled our success. Gerry Agnes became CEO in 2008 and quickly set Elevations on a course to achieve excellence through the framework provided by the Malcolm Baldrige National Quality Award. This is not an easy feat. Before this year, there have only been 101 recipients of this award since its inception in 1988. In April 2009, we boldly declared our Big Hairy Audacious Goal: We will win the Malcolm Baldrige National Quality Award! After garnering the Peak Award (the highest award of excellence provided in Colorado) in 2013, we continued our quest for excellence and attained the Malcolm Baldrige National Quality Award in November 2014. Congratulations to Gerry and the entire Elevations team for achieving this prestigious award, which will benefit our membership for decades to come.

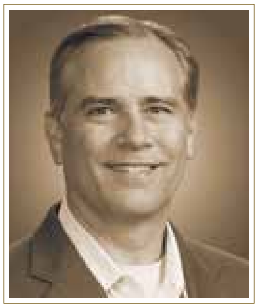
We are thrilled about what the future holds for your credit union, and we look forward to continuing our quest to better serve you, our member, and our communities.

Sincerely,

Katie Larson
Chair of the Board of Directors

Malcolm Baldrige
National Quality Award
2014 Award Recipient

LETTER FROM THE PRESIDENT & CEO



GERRY AGNES
— PRESIDENT & CEO —

Dear Members,

I am delighted to report to you that 2014 was another remarkable year for your credit union. Six years ago, your credit union embarked upon a journey to benefit you that is framed by the Malcolm Baldrige National Quality Award, the nation's highest Presidential honor for performance excellence in innovation, improvement, and visionary leadership.

In late 2013, we received the highest state level award with the Rocky Mountain Performance Excellence Peak Award that qualified and enabled Elevations to apply at the national level in May 2014. On November 10th, I received the call from US Secretary Penny Pritzker informing me that Elevations Credit Union was the recipient of the Malcolm Baldrige National Quality Award! Your credit union is one of only four U.S. organizations to receive the honor this year and is the first credit union in the country to ever win this prestigious award.

Our goal was never to simply win an award. The award is the result of transforming a company into one of the nation's best-in-class performers. Our goal was and is clear: To provide solutions to you to improve your life. Our endeavor is quite simply to benefit you, our valued member.

Also during 2014, we successfully opened two new branch offices – one in Louisville and another in Fort Collins. We also relocated our branch in Loveland. These new offices are designed solely to better meet your financial needs. We also hit a record high in membership at almost 108,000! In addition, we redesigned our credit card portfolio that has far better terms and rewards for you. And, we successfully launched our commercial lending line of business.

Our highly engaged employees volunteered nearly 5,000 hours with various non-profit organizations, boards and commissions in our communities. As you'll see later in this report, we also had a great year financially. We reached a capital ratio of 9.33%, provided more than $752 million in new loans to our members, and had record earnings of $11.7 million.

In 2015, we look forward to further improving how we deliver our products and services to you. These improvements will include a remodel of our flagship Boulder Diagonal Branch and an expansion in our field of membership into Denver, Jefferson and Weld counties, which helps secure our future prosperity. Also, we'll seek to open our second branch in the City of Fort Collins. And to help you stay abreast of emerging convenient technologies, we are well on our way to implementing Apple Pay and EMV credit cards.

Elevations' success comes from you, our loyal members. Your commitment to your cooperatively-owned credit union is what drives us. Together, we achieved great success in 2014, and I am confident that 2015 will be another banner year.

Very truly yours,

Gerry Agnes
President and Chief Executive Officer


NOT FOR PROFIT.
BANKING.
DON'T LAUGH.
ELEVATIONS
CREDIT UNION
It matters where you bank.
Malcolm Baldrige
National Quality Award
2014 Award Recipient

Received the Malcolm Baldrige National Quality Award

Malcolm Baldrige
National Quality Award
2014 Award Recipient

Since its inception in 1988, there have been 1,601 applications for the Malcolm Baldrige National Quality Award. During this time, there have been 101 recipients who have been graced with this award by the President of the United States of America. This equates to a 6% "award rate," and we do know that six of the recipients have been repeat winners, such as the Ritz Carlton. Thus, there have been 95 different companies who have received the award, and we only know of five companies who have received the award on their first application attempt.

Press Release from November 12, 2014:

Boulder, CO — U.S. Commerce Secretary Penny Pritzker today announced that Elevations Credit Union is a recipient of the 2014 Malcolm Baldrige National Quality Award, the nation's highest Presidential honor for performance excellence in innovation, improvement, and visionary leadership.

Colorado-based Elevations Credit Union is one of only four U.S. organizations to receive the honor this year and is the first credit union in the country to ever win this prestigious award. Elevations joins only three other Colorado organizations to ever receive the Malcolm Baldrige National Quality Award: CH2M Hill in 2000, The Kenneth W. Monfort College of Business at the University of Northern Colorado in 2004, and Poudre Valley Health System in 2008.

The Malcolm Baldrige National Quality Award represents the highest honor bestowed upon U.S. organizations for their achievements in leadership, strategic planning, customer focus, measurement, analysis and knowledge management, workforce focus, operations focus, and results. Thousands of organizations worldwide use the Baldrige Criteria to guide their operations, improve performance and get sustainable results.

"We are extremely honored to be named a recipient of the 2014 Malcolm Baldrige National Quality Award. We could not be more proud of the commitment and dedication our team has exhibited in reaching this milestone. This award is the result of a journey Elevations started in 2009," said Katie Larson, Chair of Elevations Board of Directors.

Elevations was one of only four recipients recognized from amongst a field of 22 applicants for the 2014 Award. In order to be considered for the Malcolm Baldrige National Quality Award, an organization must receive its state's top award for excellence. In 2013, Elevations Credit Union received the PEAK Award from Rocky Mountain Performance Excellence, Colorado's Baldrige-based body charged with helping organizations improve performance and achieve results.

"This is a tremendous honor for Elevations Credit Union. I am blessed to work with our passionate staff who daily demonstrate their commitment to provide solutions for a better life for our membership and community," said Gerry Agnes, President and CEO of Elevations Credit Union. "Elevations is truly a special organization; one that I am proud to say is the best place I've ever worked," Agnes went on to say.

YEAR IN REVIEW

Focused on What Matters – Our Communities

Here's to a return to what matters. To being more than a customer — a shareholder in your community. To belonging to a financial institution that reinvests your money for the greater good of the community we all call home. At Elevations, your money stays right here in Colorado and funds things like your neighbor's auto loan, mortgage loan, or home equity line of credit. By offering the best financial options and advice and by acting in the best interest of our members and the communities we serve, we've been voted "Best Bank" time and time again. We deliver personalized banking in Boulder, Broomfield, Larimer and Adams county. For the community, by the community…with the stats to prove it:

- Helping our Communities – Elevations employees gave nearly 5,000 hours of Volunteer Time Off to serve the needs in our communities
- Educating Consumers – Elevations delivered over 95 free educational seminars, reaching over 3,500 adults
- Educating Youth – Elevations conducted 124 in-classroom financial education presentations to 3,600 K-12 students
- Focusing on the Environment – Elevations worked with local organizations like Eco-Cycle and the Colorado Green Building Guild to educate employees and members about sustainable living practices
- Supporting Higher Learning – Elevations gave scholarships of $110,000 to CU-Boulder in 2014
- Supporting Main St., Not Wall St. – Elevations gave over $130,000 in 2014 for community events and sponsorships
- Giving Locally – Elevations Foundation provided over $97,000 in scholarships, community grants and aid in 2014

Malcolm Baldrige
National Quality Award
2014 Award Recipient

Enhanced our Products and Services

- **Launched Branch 2.0:** People are changing the way they bank. As the digital environment continues to evolve, the physical branch is becoming less of a transaction center and more of a consultative environment. During the first quarter of 2014, we launched our first Branch 2.0 in Loveland and relocated the branch to a higher traffic part of town. Shortly after we opened our new Louisville location. Then we entered the Fort Collins market in November. All three of the branches deliver a new approach to banking for our members.
- **Redesigned our credit card portfolio:** Our members love our credit cards, but we knew we needed to keep our card relevant and competitive in the market. And, that's exactly what we did. In September we launched our new credit cards. One is designed for those who prefer lower interest rates. The other card is designed for those who prefer a great rewards program. Through our new rewards program, we can offer our members travel, gift cards, merchandise and now cash back or charitable contributions – making our card that much more rewarding.

Voted as the Best

2014 Best Financial Institution
- Boulder Daily Camera
- Boulder Weekly
- Colorado Daily
- Longmont Times-Call

2014 Best Mortgage Lender
- Boulder Daily Camera
- Colorado Daily
- Longmont Times-Call

2014 Best Customer Service
- Boulder Daily Camera

It matters where you bank.


HERE'S TO
MAIN ST.
NOT WALL ST.
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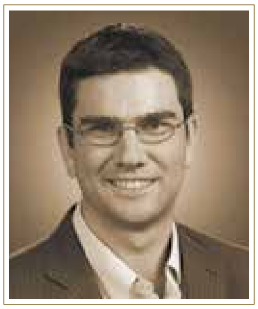
SUPERVISORY COMMITTEE



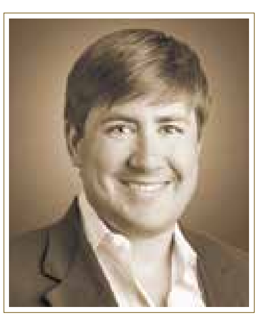
BRAD JONES
— CHAIR —

The Supervisory Committee ensures that Elevations Credit Union adheres to established policies and procedures and conducts business in the members' best interests. All internal and independent audits are reported to this Committee. The Committee is chaired by Brad Jones, and additional volunteer representatives are: David Forsberg, Kevin Rickman, Bob Jobin and Christine Morrissey.

The Supervisory Committee's responsibility is to verify that records are accurately maintained and to review Credit Union internal controls. This allows the Committee to determine that management's activities are carried out in accordance with Credit Union policies and procedures, and Federal and State Regulations.

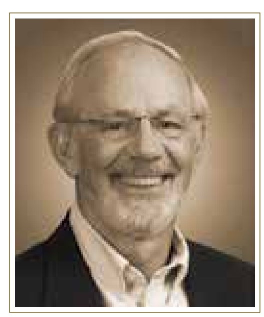
To meet requirements of the National Credit Union Administration and State of Colorado Department of Regulatory Agencies, the Supervisory Committee retained Orth, Chakler, Murnane and Company, Certified Public Accountants, to perform the annual audit of the Credit Union's financial statements as of December 31, 2014. The Supervisory Committee was not made aware of any matter that would be considered a material weakness or significant deficiency in the internal controls over financial reporting. The firm issued an unqualified opinion at the conclusion of their audit.

The Supervisory Committee is satisfied that the records accurately reflect Elevations Credit Union's financial condition and that its operations are handled in accordance with Board policies and Credit Union procedures.



DAVID FORSBERG
VICE CHAIR

KEVIN RICKMAN
SECRETARY



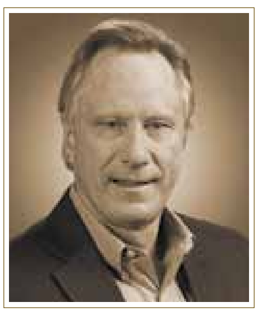
BOB JOBIN
COMMITTEE MEMBER

CHRISTINE MORRISSEY
COMMITTEE MEMBER

Malcolm Baldrige National Quality Award
2014 Award Recipient

LETTER FROM THE CFO & TREASURER

MICHAEL CALCOTE
— CFO —



ERIC JONES
— TREASURER —

We are pleased to report that Elevations Credit Union generated strong financial performance again in 2014. The table below compares our performance to our credit union peers, based on key industry metrics:

	Elevations Credit Union	Peer Group Median
Return on Members' Equity	**8.6%**	**7.1%**
Loan Growth	**27%**	**11%**
Share Growth	**6%**	**4%**
Delinquency Ratio	**0.4%**	**0.9%**
Efficiency (Costs/Revenues)*	**83%**	**75%**

**The efficiency ratio measures the extent to which a dollar of revenue is offset by costs (so the lower the ratio, the better). Elevations Credit Union efficiency ratio was worse than peer in 2014 due primarily to the investment of significant resources into our ability to better serve our membership (such as implementation of enhanced technology and development of a more robust business services offering). We anticipate our efficiency will improve in future time period as these investments enhance our ability to generate revenue.*

We recorded an impressive increase in loans, shares, and membership growth during 2014. Please note the following highlights:

- Elevations Credit Union generated record earnings of $11.7 million in 2014, and total loans grew by $194 million.
- We originated $558 million in mortgage loans, more than any other credit union in Colorado.
- Total shares grew by $75 million, a six percent increase from the previous year.
- We gained over 5,000 members, and now have almost 108,000 credit union members.

Elevations Credit Union remains financially strong and well positioned to provide solutions for your financial needs. Our capital position ended 2014 at 9.33%, well above the minimum threshold of 7% to be deemed well capitalized by the National Credit Union Association. Our credit performance remains healthy, with a delinquency ratio of only .4% at the end of 2014.

We've provided the complete financial report for you to review. We'd like to thank Elevations Credit Union's Supervisory Committee for their diligence in selecting and working with Orth, Chakler, Murnane and Company as our auditor beginning in 2010.

Our goal is to build deep, meaningful relationships with you, our members. Our financial successes this year only help to build on our promise to you. We appreciate the trust you have placed in Elevations Credit Union as your financial institution, and we look forward to continuing to serve you in 2015 and beyond.

Sincerely,

Michael Calcote

Michael Calcote, Chief Financial Officer

Eric Jones, Treasurer, Board of Directors


BE A SHAREHOLDER
OF YOUR
COMMUNITY.
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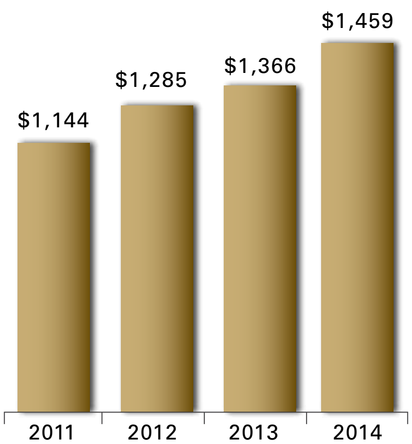
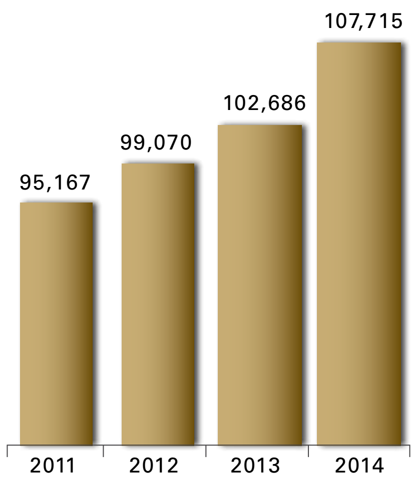
2014 FINANCIAL HIGHLIGHTS

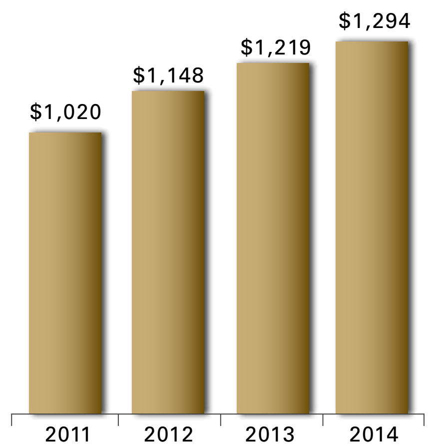
ASSETS ($)
(IN MILLIONS)



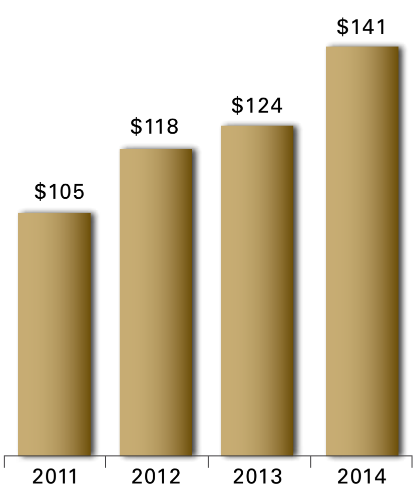
TOTAL MEMBERS



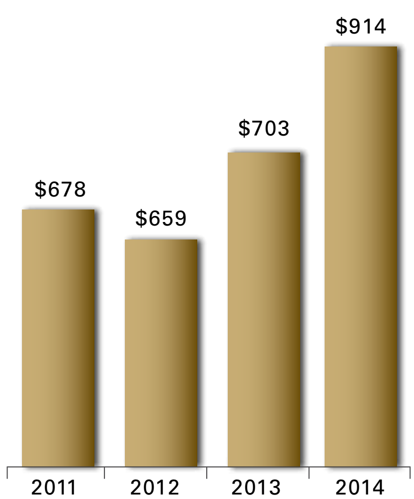
TOTAL SHARES ($)
(IN MILLIONS)



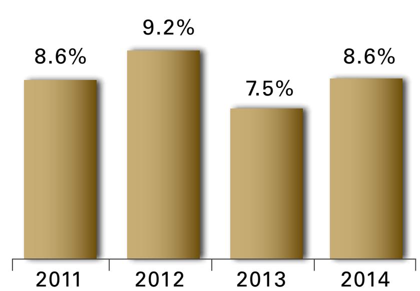
CAPITAL ($)
(IN MILLIONS)



TOTAL LOANS ($)
(IN MILLIONS)



RETURN ON MEMBERS EQUITY



FINANCIAL STATEMENT

ELEVATIONS CREDIT UNION
STATEMENTS OF FINANCIAL CONDITION

ASSETS

	As of December 31, 2014	2013
Cash	$74,127,295	$149,682,735
Investments:		
Available-for-sale	390,175,387	434,256,125
Other	3,570,695	2,987,195
Loans held for sale	22,152,328	5,915,619
Loans to members, net of allowance for loan losses	891,368,671	697,366,548
Accrued interest receivable:		
Investments	1,116,893	1,213,886
Loans	3,135,698	2,557,407
Prepaid and other assets	39,952,439	39,068,302
Property and equipment, net	21,947,577	21,817,823
NCUSIF deposit	11,742,823	11,123,885
Total assets	$1,459,289,806	$1,365,989,525

LIABILITIES AND MEMBERS' EQUITY

	As of December 31, 2014	2013
LIABILITIES:		
Members' share and savings accounts	$1,294,340,955	$1,218,598,833
Accounts payable and other liabilities	23,486,167	22,929,414
Total liabilities	1,317,827,122	1,241,528,247
Commitments and contingent liabilities		
MEMBERS' EQUITY:		
Regular reserve	11,879,720	11,879,720
Undivided earnings	114,637,646	102,970,200
Equity acquired through business combination	11,249,650	11,249,650
Accumulated other comprehensive income/(loss)	3,695,668	(1,638,292)
Total members' equity	141,462,684	124,461,278
Total liabilities and members' equity	$1,459,289,806	$1,365,989,525

Malcolm Baldrige
National Quality Award
2014 Award Recipient

ELEVATIONS CREDIT UNION
STATEMENTS OF INCOME

	For the years ended December 31, 2014	2013
INTEREST INCOME:		
Loans to members	$34,940,878	$30,870,648
Investments	8,104,635	6,347,901
Total interest income	43,045,513	37,218,549
INTEREST EXPENSE:		
Members' share and savings accounts	2,913,977	3,191,085
Net interest income	40,131,536	34,027,464
PROVISION FOR LOAN LOSSES	308,054	2,033,440
Net interest income after provision for loan losses	39,823,482	31,994,024
NON-INTEREST INCOME:		
Interchange income	9,939,978	9,372,210
Gain on sale of loans, net	8,636,836	13,863,051
Fees and service charges	5,495,833	5,728,429
Miscellaneous operating income	3,902,642	3,344,441
Gain on sale of investments, net	705,307	99,968
Total non-interest income	28,680,596	32,408,099
Net income before non-interest expense	68,504,078	64,402,123
NON-INTEREST EXPENSE:		
Compensation and employee benefits	30,959,764	30,605,801
Office operations	13,109,048	11,475,031
Loan servicing expense	4,781,680	4,255,608
Office occupancy	3,206,120	2,994,603
Education and promotion	2,452,591	2,394,961
Professional and outside services	1,477,761	1,583,930
Miscellaneous operating expense	849,668	1,742,386
Total non-interest expense	56,836,632	55,052,320
Net income	$11,667,446	$9,349,803

ELEVATIONS CREDIT UNION
STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31, 2014	2013
NET INCOME	$11,667,446	$9,349,803
OTHER ITEMS OF COMPREHENSIVE INCOME:		
Net unrealized gain/(loss) on investments classified as available-for-sale	5,688,881	(3,140,268)
Reclassification adjustments for investment gains included in net income	(354,921)	—
Other comprehensive income/(loss)	5,333,960	(3,140,268)
Comprehensive income	$17,001,406	$6,209,535

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ELEVATIONS CREDIT UNION
STATEMENTS OF MEMBERS' EQUITY

For the years ended December 31, 2014 and 2013

	Regular Reserve	Undivided Earnings	Equity Acquired Through Business Combination	Accumulated Other Comprehensive Income/(Loss)	Total
Balance, December 31, 2012	$11,879,720	$93,620,397	$11,249,650	$1,501,976	$118,251,743
Net income	—	9,349,803	—	—	9,349,803
Other comprehensive loss	—	—	—	(3,140,268)	(3,140,268)
Balance, December 31, 2013	11,879,720	102,970,200	11,249,650	(1,638,292)	124,461,278
Net income	—	11,667,446	—	—	11,667,446
Other comprehensive income	—	—	—	5,333,960	5,333,960
Balance, December 31, 2014	$11,879,720	$114,637,646	$11,249,650	$3,695,668	$141,462,684

ELEVATIONS CREDIT UNION
STATEMENTS OF CASH FLOWS

	For the years ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$11,667,446	$9,349,803
Adjustments:		
Provision for loan losses	308,054	2,033,440
Depreciation and amortization	3,014,151	2,759,158
Amortization of investment premiums/discounts	3,148,781	4,009,065
Amortization of deferred loan origination fees and costs	1,263,270	498,153
Gain on sale of available-for-sale securities	(354,921)	—
Gain on sale of loans, net	(4,566,756)	(8,443,022)
Capitalization of mortgage servicing rights	(4,070,080)	(5,420,029)
Amortization of mortgage servicing rights	3,166,614	2,729,058
Changes in operating assets and liabilities:		
Loans held for sale	(11,669,953)	40,028,799
Accrued interest receivable	(481,298)	(248,985)
Prepaid and other assets	19,329	4,684,237
Accounts payable and other liabilities	556,753	4,261,205
Net cash provided by operating activities	2,001,390	56,240,882
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities and repayments of available-for-sale investments	111,783,285	83,167,339
Purchase of available-for-sale securities	(65,162,447)	(196,983,802)
Net change in other investments	(583,500)	1,201,093
Net change in loans, net of charge-offs	(196,082,601)	(79,375,851)
Recoveries on loans charged off	509,154	669,967
Expenditures for property and equipment	(3,143,905)	(2,091,281)
Change in NCUSIF deposit	(618,938)	(954,171)
Net cash used in investing activities	(153,298,952)	(194,366,706)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in members' share and savings accounts	75,742,122	70,495,544
Net cash provided by financing activities	75,742,122	70,495,544
Net change in cash	(75,555,440)	(67,630,280)
Cash at beginning of year	149,682,735	217,313,015
Cash at end of year	$74,127,295	$149,682,735

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ELEVATIONS CREDIT UNION
STATEMENTS OF CASH FLOWS

Cash Flows: (continued)

	For the years ended December 31, 2014	2013
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid	$2,913,977	$3,191,085
SCHEDULE OF NON-CASH TRANSACTIONS:		
Other comprehensive income/(loss)	$5,333,960	($3,140,268)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF OPERATIONS

Elevations Credit Union (the Credit Union) is a state-chartered credit union organized in accordance with the provisions of the Colorado Credit Union Act for the purpose of promoting thrift among, and creating a source of credit for, its members. Participation in the Credit Union is limited to those individuals that qualify for membership. The field of membership is defined in the Credit Union's Charter and Bylaws.

FINANCIAL STATEMENTS/USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses for the periods then ended. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the determination of the allowance for loan losses and the fair value of financial instruments. The significant accounting principles and policies used in the preparation of these financial statements, together with certain related information, are summarized below.

CASH

Cash includes cash on hand and amounts due from banks. Amounts due from banks may, at times, exceed federally insured limits.

INVESTMENTS

Investments are classified into the following categories: available-for-sale and other. Investment securities classified as available-for-sale are measured at fair value as of the statement of financial condition date. Unrealized gains and losses for available-for-sale investments are reported as a separate component of members' equity. The Credit Union has elected to classify certain cash equivalents as other investments. This election is available to the Credit Union according to the terms of the Statement of Cash Flows Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Realized gains and losses on disposition, if any, are computed using the specific identification method. Investments are adjusted for the amortization of premiums and accretion of discounts as an adjustment to interest income on investments over the term of the investment by a method which approximates the interest method.

FEDERAL HOME LOAN BANK (FHLB) STOCK

As a member of the FHLB, the Credit Union is required to make a minimum stock investment with the FHLB based on a formula developed by the FHLB that considers the Credit Union's total assets and outstanding advances from the FHLB. The FHLB stock is carried at cost within other investments and its disposition is restricted. No ready market exists for the FHLB stock and it has no quoted market price.

LOANS HELD FOR SALE

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or estimated fair market value in the aggregate.

Note 1: (continued)

LOANS TO MEMBERS AND ALLOWANCE FOR LOAN LOSSES

Loans to members are stated at the amount of unpaid principal, net of an allowance for loan losses (ALL) and deferred loan origination fees and costs. The ALL is increased by a provision for loan losses charged to expense and decreased by charge-offs (net of recoveries). The ALL is maintained at an amount that represents management's estimate of incurred losses within the outstanding loan portfolio. Management's periodic evaluation of the adequacy of the ALL is based on the Credit Union's past loan loss experience for pools of loans with similar risk characteristics, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and current economic conditions. Loans are charged against the ALL when management believes that collection of principal is unlikely.

Interest on loans to members is recognized over the terms of the loans and is calculated on principal amounts outstanding. The accrual of interest is discontinued when a loan reaches 90 days delinquent or when management believes that collection of interest is doubtful. Loan fees and direct loan origination costs are deferred and the net fee or cost is amortized as an adjustment of loan yield over the estimated life of the loan using a method that approximates the interest method.

ALL METHODOLOGY

Management has an established methodology to determine the adequacy of the ALL that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the ALL, the Credit Union has segmented certain loans in the portfolio by type. Loans are classified into the following segments: Member Business, Real Estate, and Consumer. The Credit Union further desegregates these segments into classes based on the associated risks within those segments. Member Business loans are divided into two classes: Real estate and Other. Real Estate loans are divided into two classes: First mortgage and Second mortgage. Consumer loans are divided into two classes: Auto and Other-primarily unsecured.

For purposes of determining the ALL, the Credit Union uses three distinct steps (historical loss rate, known losses, and environmental factors). In the first step, a historical loss rate calculation is completed on the loan portfolio using a 12 month historical loss rate for consumer and second mortgage loans and a 36 month historical loss rate for first mortgage loans where applicable (all major loan types except member business loans). The Credit Union has segmented all loans in the portfolio by product type and credit grade to apply independent loss rates. Each class of loans requires significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio segment. The second step in the ALL calculation is the known loss review, which is comprised of an impairment review on all loans showing signs of trouble including: delinquency, bankruptcy, modifications, litigation, etc. Differing treatments are applied to certain loans based on these categories, the type of loan involved, and the Credit Union's past experience in similar situations. This known loss process allows the Credit Union to identify potential losses on loans that have already shown signs of weakness but have not yet been charged off. The third and final section of the Credit Union's ALL process is the environmental factors adjustment. This adjustment is based on a full analysis of the entire loan portfolio completed in joint effort with an external vendor in order to determine current loan to value (CLTV) ratios, current FICO, FICO migration and the appropriate loan risk weighting.

Note 1: (continued)

The Credit Union believes this approach to environmental factors is more meaningful in the determination of future loan losses than would be the use of general economic indicators. The Credit Union uses both internally and externally developed models in the process of determining its ALL. Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions used to determine the ALL are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices, and end-user controls are appropriate and properly documented.

The following is how management determines the balance of the ALL for each segment or class of loans.

MEMBER BUSINESS PORTFOLIO SEGMENT ALL METHODOLOGY

All member business loans are reviewed for delinquency on a regular basis. If determined to be impaired, specific allowances are provided for member business loans based on an analysis of the payment history, financial condition of the borrower, collateral, and guarantees as well as current economic trends.

Member business loans not identified as impaired are pooled by risk grade and a loss percentage is applied to each grade level. A loss rate of 1% is used on all loans not risk rated, based on a regional study of member business loan loss rates by the Office of Thrift Supervision (OTS).

REAL ESTATE PORTFOLIO SEGMENT ALL METHODOLOGY

For real estate loans not identified as impaired, the Credit Union determines the ALL on a collective basis utilizing historical losses to represent the best estimate of inherent losses at the measurement date. Loans are pooled, generally by loan types with similar risk characteristics. As of December 31, 2014 and 2013, the historical loss time frame for each class was as follows:

First mortgage - 36 months

Second mortgage - 12 months

The real estate ALL also includes an amount for the estimated losses on individually evaluated impaired loans. As appropriate, to achieve greater accuracy, further ALL are set aside in the known loss and environmental factors sections of the ALL for real estate loans exhibiting impairment or for which impairment is forecasted. The real estate ALL model primarily uses historic delinquency and default experience, loss severity, home price data, FICO migration, and other key economic variables that may influence the frequency and severity of losses for each class of loan within the real estate segment.

CONSUMER PORTFOLIO SEGMENT ALL METHODOLOGY

For consumer loans not identified as impaired, the Credit Union determines the ALL on a collective basis utilizing historical losses to represent the best estimate of inherent losses at the measurement date. Loans are pooled, generally by loan types with similar risk characteristics. As of December 31, 2014 and 2013, the historical loss time frame for all consumer loans was 12 months.

Note 1: (continued)

The consumer ALL also includes an amount for the estimated losses on individually evaluated impaired loans. As appropriate, to achieve greater accuracy, further ALL are set aside in the known loss and environmental factors sections of the ALL for consumer loans exhibiting impairment or for which impairment is forecasted. The consumer ALL model primarily uses historic delinquency and default experience, loss severity, FICO migration and other variables that may influence the frequency and severity of losses for each class of loan within the consumer segment.

LOAN CHARGE-OFF POLICIES

The Credit Union's quality control process includes preparing lists to monitor and track delinquent loans and special mention loans. Tracking the loans on these lists enables management to assess the performance of the loan portfolio and act to mitigate risk therein through necessary changes in policy and procedures. The quality control process also serves as a tool to assist the Credit Union in identifying loans for charge-off on a timely basis. Management will present non-performing loans within the following guidelines to the Board of Directors for charge-off approval:

- Unsecured loans under a bankruptcy status will be listed on the proposed charge-offs;
- A loan deemed uncollectible, where additional collection efforts are non-productive regardless of the number of days delinquent;
- Bankruptcy cram downs will be listed on the proposed charge-offs the month following the confirmation of the plan. This will typically be a partial charge-off for the cram down amount;
- A deficiency balance resulting from the repossession and sale of collateral will be proposed for charge-off the month following the collateral sale;
- A loan of a deceased person where the loss is determined;
- Real estate loans will be proposed for charge-off the month following the determination of insufficient equity to proceed with foreclosure or redemption, receipt of short sale funds, or if the property is foreclosed on;
- All other loans that are not currently in a bankruptcy, repossession, foreclosure status, or have an active payment arrangement will be reviewed after 60 days delinquent by Loss Mitigation and the recommendations will be sent to the AVP of Credit Risk Management for approval;
- Any loan greater than 6 months delinquent will be added to the exception list/report and reviewed monthly.

PROPERTY AND EQUIPMENT, NET

Land is carried at cost. Property and equipment are carried at cost less accumulated depreciation. Buildings and furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less. The Credit Union reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Note 1: (continued)

MORTGAGE SERVICING RIGHTS

Mortgage servicing assets are recognized as separate assets when rights are acquired through the sale of financial assets. Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are reported in prepaid and other assets and are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost.

NCUSIF DEPOSIT

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured credit union. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board.

MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' share and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

REGULAR RESERVE

The Credit Union is required to maintain a statutory reserve (regular reserve) in accordance with the Colorado Credit Union Act. This statutory reserve represents a regulatory restriction and is not available for the payment of interest.

FEDERAL AND STATE TAX EXEMPTION

The Credit Union is exempt from most federal, state, and local income taxes under the provisions of the Internal Revenue Code and state tax laws. The Income Taxes Topic of the FASB ASC clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they meet the "more likely than not" standard for sustainability upon examination by tax authorities. The Credit Union is a state-chartered credit union as defined in Internal Revenue Code (IRC) Section 501(c)(14). As such, the Credit Union is exempt from federal taxation of income derived from the performance of activities directly related to its exempt purposes. However, IRC Section 511 imposes a tax on the unrelated business income (UBI) derived by state-chartered credit unions.

Note 1: (continued)

Beginning in March 2008, the Internal Revenue Service (IRS) released Technical Advice Memorandums (TAMs) to specific state-chartered credit unions specifying the revenue sources subject to unrelated business income tax (UBIT). UBI may also be subject to tax in certain states. Management has assessed the Credit Union's activities and any potential federal or state income tax liability and determined that the Credit Union has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions. Currently, the 2013, 2012, and 2011 federal income tax returns are open for examination by the IRS. The filing years open for examination by the state, if applicable, may be equal to, greater than or less than the years open for examination by the IRS.

RECLASSIFICATIONS
Certain 2013 financial statement amounts have been reclassified to conform with classifications adopted in 2014.

SUBSEQUENT EVENTS
Management has evaluated subsequent events through March 23, 2015, the date the financial statements were available to be issued. Management has not identified any items requiring recognition or disclosure.

NOTE 2: INVESTMENTS

The amortized cost and estimated fair value of investments are as follows:

	As of December 31, 2014			
Available-for-sale:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Mortgage-backed securities	$243,585,822	$3,145,235	($170,290)	$246,560,767
SBA-backed securities	65,571,074	503,272	(494,838)	65,579,508
Collateralized mortgage obligations	74,970,785	756,350	(224,227)	75,502,908
Private-issue collateralized mortgage obligations	2,352,038	188,663	(8,497)	2,532,204
	$386,479,719	$4,593,520	($897,852)	$390,175,387

Note 2: (continued)

	As of December 31, 2013			
Available-for-sale:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Mortgage-backed securities	$252,848,357	$1,243,571	($1,381,516)	$252,710,412
Auction rate securities	33,500,000	—	(782,500)	32,717,500
SBA-backed securities	54,413,949	253,820	(585,445)	54,082,324
Collateralized mortgage obligations	92,463,616	800,558	(1,270,276)	91,993,898
Private-issue collateralized mortgage obligations	2,668,495	123,462	(39,966)	2,751,991
	$435,894,417	$2,421,411	($4,059,703)	$434,256,125

As of December 31, 2014, the Credit Union's available-for-sale portfolio consisted entirely of mortgage-backed securities, SBA-backed securities and collateralized mortgage obligations. These securities have no contractual maturity and return principal based on payments received on the underlying mortgages or assets. These securities have expected weighted average lives ranging from zero to ten years. However, return of principal may differ from expectation based on fluctuations in market interest rates, delinquency, foreclosures and the underlying collateral values.

Other investments:	**As of December 31, 2014**	**2013**
Credit Union Service Organizations	$3,017,095	$1,747,495
FHLB capital stock	553,600	1,239,700
	$3,570,695	$2,987,195

Note 2: (continued)

The following tables show the gross unrealized losses and fair value of investments, aggregated by length of time individual securities have been in a continuous unrealized loss position.

As of December 31, 2014
Available-for-sale

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities	$24,213,877	($62,756)	$21,824,951	($107,534)	$46,038,828	($170,290)
SBA-backed securities	17,310,919	(98,452)	23,518,527	(396,386)	40,829,446	(494,838)
Collateralized mortgage obligations	10,925,588	(59,091)	8,107,502	(165,136)	19,033,090	(224,227)
Private-issue collateralized mortgage obligations	694,788	(8,497)	—	—	694,788	(8,497)
	$53,145,172	($228,796)	$53,450,980	($669,056)	$106,596,152	($897,852)

As of December 31, 2013
Available-for-sale

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Mortgage-backed securities	$127,763,247	($1,273,862)	$10,779,441	($107,654)	$138,542,688	($1,381,516)
Auction rate securities	—	—	32,717,500	(782,500)	32,717,500	(782,500)
SBA-backed securities	27,560,089	(316,232)	4,835,436	(269,213)	32,395,525	(585,445)
Collateralized mortgage obligations	37,663,531	(1,270,276)	—	—	37,663,531	(1,270,276)
Private-issue collateralized mortgage obligations	803,383	(39,966)	—	—	803,383	(39,966)
	$193,790,250	($2,900,336)	$48,332,377	($1,159,367)	$242,122,627	($4,059,703)

Unrealized losses on securities issued by the U.S. Government and its Agencies have not been recognized into income because they are guaranteed by the U.S. Government. Unrealized losses on other securities are a result of changes in interest rates, credit concerns, and potential liquidity issues. Management has the ability and intent to hold these securities to recovery of fair value, which may be maturity. Unrealized losses on private-issue collateralized mortgage obligations are evaluated annually for other than temporary impairment (OTTI). There were no OTTI impairment losses recognized during the years ended December 31, 2014 or 2013.

NOTE 3: LOANS TO MEMBERS

The composition of loans to members is as follows:

	As of December 31, 2014	2013
Member Business:		
Real estate	$26,072,685	$11,785,363
Other	6,643,454	1,043,294
Total member business	32,716,139	12,828,657
Real Estate:		
First mortgage	469,485,464	367,503,728
Second mortgage	179,249,871	132,902,658
Total real estate	648,735,335	500,406,386
Consumer:		
Auto	115,308,304	96,378,429
Other-primarily unsecured	95,734,344	92,039,827
Total consumer	211,042,648	188,418,256
Total loans	892,494,122	701,653,299
Net deferred loan origination fees/costs	3,230,959	1,016,259
	895,725,081	702,669,558
Less ALL	(4,356,410)	(5,303,010)
	$891,368,671	$697,366,548

A summary of the activity in the ALL by portfolio segment is as follows:

	For the years ended December 31, 2014 and 2013			
	Member Business	Real Estate	Consumer	Total
Balance, December 31, 2012	$125,806	$1,677,359	$3,043,052	$4,846,217
Provision for loan losses	3,981	165,248	1,864,211	2,033,440
Recoveries	—	79,356	590,611	669,967
Loans charged off	—	(580,063)	(1,666,551)	(2,246,614)
Balance, December 31, 2013	129,787	1,341,900	3,831,323	5,303,010
Provision for loan losses	205,638	279,464	(177,048)	308,054
Recoveries	—	65,612	443,542	509,154
Loans charged off	—	(160,562)	(1,603,246)	(1,763,808)
Balance, December 31, 2014	$335,425	$1,526,414	$2,494,571	$4,356,410

Note 3: (continued)

	As of December 31, 2014			
	Member Business	**Real Estate**	**Consumer**	**Total**
Ending balance	$335,425	$1,526,414	$2,494,571	$4,356,410
Individually evaluated for impairment	$62,073	$652,385	$318,500	$1,032,958
Collectively evaluated for impairment	$273,352	$874,029	$2,176,071	$3,323,452

	As of December 31, 2013			
	Member Business	**Real Estate**	**Consumer**	**Total**
Ending balance	$129,787	$1,341,900	$3,831,323	$5,303,010
Individually evaluated for impairment	$—	$817,308	$301,226	$1,118,534
Collectively evaluated for impairment	$129,787	$524,592	$3,530,097	$4,184,476

A summary of the recorded investment in loans, by portfolio segment, is as follows:

	As of December 31, 2014			
	Member Business	**Real Estate**	**Consumer**	**Total**
Ending balance	$32,625,365	$652,082,544	$211,017,172	$895,725,081
Individually evaluated for impairment	$247,604	$6,396,238	$445,954	$7,089,796
Collectively evaluated for impairment	$31,619,558	$634,730,917	$205,071,073	$871,421,548
Acquired loans with deteriorated credit quality	$758,203	$10,955,389	$5,500,145	$17,213,737

	As of December 31, 2013			
	Member Business	**Real Estate**	**Consumer**	**Total**
Ending balance	$12,832,065	$501,056,255	$188,781,238	$702,669,558
Individually evaluated for impairment	$45,066	$6,797,911	$891,759	$7,734,736
Collectively evaluated for impairment	$11,789,143	$479,369,261	$176,387,604	$667,546,008
Acquired loans with deteriorated credit quality	$997,856	$14,889,083	$11,501,875	$27,388,814

IMPAIRED LOANS

Management individually evaluates certain loans within the portfolio for impairment. A loan is impaired when it is probable, based on current information and events, that the Credit Union will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. When management identifies a loan as impaired, the impairment is typically measured based on the current fair value of the collateral, less selling costs, when foreclosure is probable. If management determines that the value of the impaired loan is less than the recorded investment in the loan, impairment is recognized through an ALL estimate or a charge-off to the ALL.

Note 3: (continued)

The following tables include the recorded investment and unpaid principal balances for impaired loans with the associated ALL amount, if applicable. Also presented are the average recorded investments in the impaired loans and the related amount of interest recognized during the time within the period that the impaired loans were impaired. Interest is credited to interest income when received, under the cash basis method. The average balances are calculated based on the year-end balances of the loans of the period reported.

Payments received on impaired loans are recorded as a reduction of principal or as interest income depending on management's assessment of the ultimate collectability of the loan principal. Generally, interest income on an impaired loan is recorded on a cash basis when the outstanding principal is brought current. Interest income recorded on impaired loans for all periods presented was recorded on a cash basis.

The tables below summarize key information for impaired loans:

	As of December 31, 2014			For the year ended December 31, 2014	
	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Real Estate:					
First mortgage	$1,740,913	$1,731,977	$—	$1,260,354	$34,929
Second mortgage	$396,298	$394,264	$—	$390,545	$13,963
Consumer:					
Auto	$14,229	$14,231	$—	$150,017	$8,562
Other-primarily unsecured	$48,378	$48,384	$—	$33,833	$1,704
With an allowance recorded:					
Member Business:					
Real estate	$247,604	$248,293	$62,073	$247,604	$—
Real Estate:					
First mortgage	$3,386,757	$3,369,372	$414,842	$3,840,995	$112,831
Second mortgage	$872,270	$867,793	$237,543	$867,789	$32,948
Consumer:					
Auto	$210,990	$211,016	$148,320	$99,016	$6,262
Other-primarily unsecured	$172,357	$172,378	$170,180	$185,058	$16,968
Totals:					
Member Business	$247,604	$248,293	$62,073	$247,604	$—
Real Estate	6,396,238	6,363,406	652,385	6,359,683	194,671
Consumer	445,954	446,009	318,500	467,924	33,496
	$7,089,796	$7,057,708	$1,032,958	$7,075,211	$228,167

Note 3: (continued)

	As of December 31, 2013			For the year ended December 31, 2013	
	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Member Business:					
Real estate	$45,066	$45,054	$—	$47,063	$3,059
Real Estate:					
First mortgage	$1,057,067	$1,055,695	$—	$1,074,970	$52,206
Second mortgage	$474,387	$473,772	$—	$479,678	$29,679
Consumer:					
Auto	$70,185	$70,052	$—	$74,111	$6,618
Other-primarily unsecured	$10,721	$10,686	$—	$11,090	$413
With an allowance recorded:					
Real Estate:					
First mortgage	$4,011,327	$4,006,119	$409,942	$4,040,720	$150,946
Second mortgage	$1,255,130	$1,253,500	$407,366	$1,186,927	$59,687
Consumer:					
Auto	$306,717	$306,135	$158,625	$372,389	$26,101
Other-primarily unsecured	$504,136	$503,180	$142,601	$564,401	$22,373
Totals:					
Member Business	$45,066	$45,054	$—	$47,063	$3,059
Real Estate	6,797,911	6,789,086	817,308	6,782,295	292,518
Consumer	891,759	890,053	301,226	1,021,991	55,505
	$7,734,736	$7,724,193	$1,118,534	$7,851,349	$351,082

Note 3: (continued)

The tables below provide an age analysis of past due loans by class:

As of December 31, 2014

	Days Delinquent			Total Delinquent Loans	Total Current Loans	Total Loans
	30 - 59	60 - 89	90 or more			
Member Business:						
Real estate	$—	$—	$—	$—	$26,072,685	$26,072,685
Other	—	—	—	—	5,794,477	5,794,477
Total	—	—	—	—	31,867,162	31,867,162
Real Estate:						
First mortgage	1,165,537	8,004	2,325,722	3,499,263	462,431,543	465,930,806
Second mortgage	215,603	67,751	508,109	791,463	174,404,886	175,196,349
Total	1,381,140	75,755	2,833,831	4,290,726	636,836,429	641,127,155
Consumer:						
Auto	482,158	57,204	163,502	702,864	113,463,240	114,166,104
Other-primarily unsecured	335,418	161,969	53,054	550,441	90,800,482	91,350,923
Total	817,576	219,173	216,556	1,253,305	204,263,722	205,517,027
Grand Total	$2,198,716	$294,928	$3,050,387	$5,544,031	$872,967,313	$878,511,344

As of December 31, 2013

	Days Delinquent			Total Delinquent Loans	Total Current Loans	Total Loans
	30 - 59	60 - 89	90 or more			
Member Business:						
Real estate	$—	$—	$—	$—	$10,822,327	$10,822,327
Other	—	—	—	—	1,011,883	1,011,883
Total	—	—	—	—	11,834,210	11,834,210
Real Estate:						
First mortgage	925,695	396,560	1,481,632	2,803,887	309,388,088	312,191,975
Second mortgage	402,332	144,289	319,593	866,214	173,108,983	173,975,197
Total	1,328,027	540,849	1,801,225	3,670,101	482,497,071	486,167,172
Consumer:						
Auto	306,697	39,990	87,401	434,088	89,327,778	89,761,866
Other-primarily unsecured	272,148	75,246	9,802	357,196	87,160,300	87,517,496
Total	578,845	115,236	97,203	791,284	176,488,078	177,279,362
Grand Total	$1,906,872	$656,085	$1,898,428	$4,461,385	$670,819,359	$675,280,744

The Credit Union places loans on non-accrual status when the loan reaches 90 days past due or when the collection of interest or principal becomes uncertain. Loans on which the accrual of interest has been discontinued or reduced approximated $3,050,000 and $1,898,000 as of December 31, 2014 and 2013, respectively. There were no loans 90 days or more past due and still accruing interest as of December 31, 2014 or 2013.

Note 3: (continued)

TROUBLED DEBT RESTRUCTURING

The Credit Union's loan portfolio also includes certain loans that have been modified in a Troubled Debt Restructuring (TDR), where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Credit Union's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions.

When the Credit Union modifies a real estate loan, management uses the net present value based on the modified terms of the loan to determine the net realizable value of the loan. If management determines that the value of the modified loan is less than the recorded investment in the loan, impairment is recognized by segment or class of loan, as applicable, through the ALL. An additional 50 basis points from the historical loss ratio is reserved for all modified consumer loans.

The following tables include TDRs approved during the period and TDRs that were approved within the previous 12 months and subsequently defaulted in the current reporting period. Management defines a TDR as subsequently defaulted when the TDR is 60 days past due. The financial effect of TDRs originated during years ended December 31, 2014 and 2013 are deemed immaterial for disclosure.

	For the year ended December 31, 2014	
	TDRs originated during the year	TDRs which subsequently defaulted
Consumer:		
Other-primarily unsecured	$193,497	$9,689

	For the year ended December 31, 2013	
	TDRs originated during the year	TDRs which subsequently defaulted
Real Estate:		
First mortgage	$338,148	$—
Consumer:		
Other-primarily unsecured	154,677	9,821
Total	$492,825	$9,821

Note 3: (continued)

MEMBER BUSINESS CREDIT QUALITY INDICATORS

The Credit Union categorizes member business loans into risk categories based on relevant information about the ability of the borrowers to service their debt such as: current financial information, historical payment experience, credit documentation and current economic trends among other factors. Category ratings are reviewed monthly. These credit quality indicators are used to assign a risk rating to each individual credit. The risk ratings can grouped into ten major categories, defined as follows:

AAA (Excellent)
Definition: Excellent credits are excellent quality loans of excellent strength, which conform to the loan policy and normal underwriting standards (or have clear written justification for exception) and have or are expected to perform as agreed. Dependent on mitigating factors, excellent rated credits will generally possess the following:

- 1.45 or higher debt coverage ratio.
- 1.0 or higher debt to tangible net worth ratio.
- The collateral is excellent quality, and the loan to value is 60% of policy maximum.
- Average FICO score of 750.

AA (Strong)
Definition: Strong credits are satisfactory loans of better than average strength, which conform to the loan policy and normal underwriting standards (or have clear written justification for exception) and have or are expected to perform as agreed. Dependent on mitigating factors, strong rated credits will generally possess the following:

- 1.40 or higher debt coverage ratio.
- 2.0 or higher debt to tangible net worth ratio.
- The collateral is excellent quality, and the loan to value is 70% of policy maximum.
- Average FICO score of 700.

A (Good)
Definition: Good credits are loans with a sound primary source of repayment, which conform to the loan policy and normal underwriting standards (or have clear written justification for exception) and have or are expected to perform as agreed. Dependent on mitigating factors, good rated credits will generally possess the following:

- 1.35 or higher debt coverage ratio.
- 3.0 or higher debt to tangible net worth ratio.
- The collateral is good quality, and the loan to value is 80% of policy maximum.
- Average FICO score of 685.

Note 3: (continued)

BBB (Satisfactory)
Definition: Satisfactory credits are loans that demonstrate the capacity to perform according to terms, which conform to the loan policy and normal underwriting standards (or have clear written justification for exception) and have or are expected to perform as agreed. Dependent on mitigating factors, satisfactory rated credits will generally possess the following:

- 1.30 or higher debt coverage ratio.
- 4.0 or higher debt to tangible net worth ratio.
- The collateral is acceptable quality, and the loan to value is 90% of policy maximum.
- Average FICO score of 670.

BB (Pass-Watch)
Definition: Pass-watch credits are loans considered a passing credit, however require additional monitoring of identifiable potential weaknesses to facilitate the Credit Union's prompt reaction to adverse trends which may affect collection. This category consists of loans that have modest deficiencies in loan documentation or minor deviations from prudent lending structure. They indicate adverse trends in the borrower's cash flow, debt-servicing capacity and balance sheet or in collateral value or market conditions that may, in the future, affect the repayment of the credit. Credits may have some vulnerability to changing economic or industry conditions, but low probability of serious deterioration. Credits that may be potentially lacking in margin or liquidity, but these deficiencies are minor and not expected to affect repayment.

Discussion: Pass-watch credits are loans with potential weaknesses and/or correctable deficiencies that are considered to add only minimal risk to the credit at this time. If left unchecked or if a negative trend develops or continues, criticism of the loan could result.

A pass-watch grade could result from the deviation from sound lending principles and in particular from the Credit Union loan policy without clear written justification for the exception. Adverse trends in the borrower's condition and/or debt servicing capabilities are cause for a pass-watch grade, if it appears the deficiency is temporary in nature and adds minimal risk to the timely repayment of the credit. Once again, the loan payments should remain current for the pass-watch grade to be appropriate. Seasoned loans, with a loan payment history and continued expectation of timely payments that have a marginal debt servicing ratio may warrant a pass-watch status. Deviation from sound lending practices or the loan policy can take many forms.

- Failure to obtain current financial information as required by policy.
- Failure to obtain a current or satisfactory appraisal.
- Failure to structure the loan properly so that it coincides with the purpose of the loan and the source of repayment.
- Lack of proper documentation.
- Failure to properly underwrite the loan.
- Failure to monitor the loan properly.

Note 3: (continued)

Dependent on mitigating factors, pass-watch rated credits will generally possess the following:

- 1.25 debt coverage ratio.
- 5.0 debt to tangible net worth ratio.
- The collateral meets the minimum loan to value percentage.
- Average FICO score of 660.

B (Special Mention)
Definition: A Special mention asset has potential weaknesses that deserve close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Loans in this category have problems that could be remedied by management.

Discussion: Special mention loans contain a potential weakness that could jeopardize repayment as originally agreed. This category consists of loans that represent undue or unwarranted credit risk and static credits in need of a defined repayment plan. The primary source of repayment has weaknesses and may be jeopardized and it is evident that the risk has increased beyond the level normally found in passing credits. The special mention classification should normally be used on a temporary basis, six months or less, for loans that are in transition (moving from pass-watch to substandard or substandard to pass-watch). Some action or event should occur in the near future to support either upgrading or require down grading of the credit. Loans consistently past due for more than thirty (30) days should be considered for this category.

A special mention grade may be appropriate when deficiencies described above or those listed below exist:

- Adverse trends in the borrower's financial condition and/or a debt-servicing ratio that is affecting the borrower's ability to repay the loan.
- Requests for renewals without planned reductions in principal.
- Litigation against the borrower or guarantor that may, in the future, have material adverse consequences. Judgments, tax liens and derogatory credit reports are flags that often indicate a borrower's loans should be criticized.
- Loans with a current delinquency and a history of frequent delinquencies in excess of thirty (30) days as to required principal or interest payments.

Dependent on mitigating factors, special mention rated credits will generally possess the following:

- 1.25 debt coverage ratio.
- 5.0 debt to tangible net worth ratio.
- The collateral meets the minimum loan to value percentage.
- Guarantor's FICO score drops below 660.

Note 3: (continued)

CCC (Substandard)
Definition: Substandard loans are inadequately protected by current sound worth and paying capacity of the borrower or of the collateral pledged. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Substandard loans are characterized by the distinct possibility that the Credit Union will sustain some loss if the deficiencies are not corrected.

The focal point in determining whether an asset is substandard is the well-defined weaknesses. The existence of one or more of the following could be indicative of a substandard (or worse) asset, depending upon the severity and duration of the problem(s):

- Inadequate debt servicing ability (generally, debt servicing ratio is less than 1.0), particularly if indicative of a continuing negative trend or a consistent past pattern.
- Current delinquency and a history of significant delinquency. In particular, a loan that is ninety (90) days or more past due should generally be a substandard asset unless there is clear written justification to the contrary.
- Loans secured by collateral declining in value and inadequately protected by appropriate margins, especially if income earned from the collateral or the sale of the collateral is the primary source of repayment.
- Repeated failures to make required principal reductions or numerous renewals with the payment of interest only.
- May have some vulnerability to changing economic or industry conditions, but low probability of serious deterioration.
- Fully drawn lines of credit with no recent record of significant principal reductions.
- Workout/consolidation loans. These loans indicate a previous and possibly continuing "well-defined" weakness.
- Misrepresentations by the borrower or an uncooperative borrower who is unable or unwilling to respond to the Credit Union's request for information or to act on the Credit Union's request to strengthen the credit.

CC (Doubtful)
Definition: An asset classified doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current existing facts, conditions, and values, highly questionable and improbable. Possibility of loss is extremely high, but because of certain important and reasonably specific pending factors that may work to the advantage and strengthening of the asset, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans.

Note 3: (continued)

Discussion: Fundamentally, doubtful loans are loans where it is highly unlikely that the Credit Union will collect in full all of the principal and interest due under the terms of the loan. Doubtful loans should be on non-accrual for this reason. Doubtful loans are loans where repayment of the debt is highly dependent upon the eventual sale of the collateral, whether this is by the Credit Union through repossession or foreclosure, or by the member. Doubtful should not be a classification that is used for an indefinite period of time. In most cases, loans should not remain doubtful for a period exceeding twelve (12) months without there being either some significant pay-down in the credit as a result of efforts by the borrower or the Credit Union, or a charge-down in the balance by the Credit Union to reflect a more appropriate value for the asset. If a loan is doubtful, the Credit Union should take aggressive action to strengthen its position and minimize its loss.

Loans to borrowers who are unable or unwilling to correct a "hole" in the collateral within a twelve (12) month period should in most cases be charged down such that the loan balance does not exceed 100% of the fair value of the collateral.

C (Loss)
Definition: Assets classified loss are considered uncollectible and of such little value that the continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future. Loans should be charged off in the period in which they are deemed uncollectible.

Not Graded
No Grade assigned.

Note 3: (continued)

The tables below summarize key information for member business loan credit quality:

Member Business Loan Credit Quality Indicators
As of December 31, 2014

	Real estate	Other	Total
AAA-Excellent	$104,816	$—	$104,816
AA-Strong	3,901,498	2,169,946	6,071,444
A-Good	10,219,996	3,624,611	13,844,607
BBB-Satisfactory	3,442,075	—	3,442,075
BB-Pass Watch	839,884	—	839,884
B-Special Mention	—	—	—
CCC-Substandard	248,293	—	248,293
CC-Doubtful	—	—	—
C-Loss	—	—	—
Not Graded	8,074,246	—	8,074,246
	$26,830,808	$5,794,557	$32,625,365

Member Business Loan Credit Quality Indicators
As of December 31, 2013

	Real estate	Other	Total
AAA-Excellent	$—	$—	$—
AA-Strong	—	—	—
A-Good	117,779	—	117,779
BBB-Satisfactory	989,311	—	989,311
BB-Pass Watch	1,652,776	354,593	2,007,369
B-Special Mention	—	—	—
CCC-Substandard	423,419	—	423,419
CC-Doubtful	—	—	—
C-Loss	—	—	—
Not Graded	8,605,003	689,184	9,294,187
	$11,788,288	$1,043,777	$12,832,065

REAL ESTATE AND CONSUMER CREDIT QUALITY INDICATORS

The following tables represent real estate and consumer credit exposures by default risk. Default risk is determined using FICO scores, the migration of those scores, and a current CLTV ratio for collateralized loans. The use of these indicators to grade loans permits management to estimate future risk of loss that may not yet be visible on the surface of the loan, and provide additionally for this amount in the ALL. The real estate and consumer category ratings are calculated and reviewed every four months, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track loan performance. Loans that trend upward toward higher risk levels generally have a high risk of loss associated. Whereas, loans that migrate toward lower ratings generally will result in a lower risk of loss.

Note 3: (continued)

The tables below summarize key information for real estate loan credit quality:

Real Estate Loan Credit Quality Indicators
As of December 31, 2014

	Weighted Average Original FICO	Weighted Average Current FICO	Recorded Investment	Average CLTV	Average Default Risk Sore	Average Default Risk Profile
First mortgage	759	763	$471,868,492	64.30%	6.0	Low
Second mortgage	774	762	180,214,052	58.20%	5.8	Low
	767	763	$652,082,544	61.25%	5.9	Low

Real Estate Loan Credit Quality Indicators
As of December 31, 2013

	Weighted Average Original FICO	Weighted Average Current FICO	Recorded Investment	Average CLTV	Average Default Risk Sore	Average Default Risk Profile
First mortgage	718	742	$367,980,999	63.44%	6.5	Low
Second mortgage	745	750	133,075,256	59.25%	6.0	Low
	732	746	$501,056,255	61.35%	6.3	Low

The tables below summarize key information for consumer credit quality:

Consumer Loan Credit Quality Indicators
As of December 31, 2014

	Weighted Average Original FICO	Weighted Average Current FICO	Recorded Investment	Average CLTV	Average Default Risk Sore	Average Default Risk Profile
Auto	746	730	$116,285,071	98.60%	9.2	Med
Other-primarily unsecured	731	721	94,732,101	N/A	4.6	Low
	739	726	$211,017,172	N/A	6.9	Low

Consumer Loan Credit Quality Indicators
As of December 31, 2013

	Weighted Average Original FICO	Weighted Average Current FICO	Recorded Investment	Average CLTV	Average Default Risk Sore	Average Default Risk Profile
Auto	732	717	$96,564,099	74.43%	8.3	Low
Other-primarily unsecured	658	717	92,217,139	N/A	3.8	Low
	695	717	$188,781,238	N/A	6.1	Low

Note 3: (continued)

ACQUIRED LOANS WITH DETERIORATED CREDIT QUALITY

The Credit Union maintains loans that were acquired through mergers with St. Vrain Valley Credit Union (SVVCU) and Long Peaks Credit Union (LPCU) during the years ended December 31, 2011 and 2010, respectively. These loans had evidence of deterioration of credit quality since origination for which it was probable, at acquisition, that all contractually required payments would not be collected.

The carrying amount of those loans is included in the statements of financial condition and approximated the following:

	As of December 31,	
	2014	**2013**
Acquired loans with deteriorated credit quality	$17,213,737	$27,388,814

A summary of the activity of the accretable yield is as follows:

	Acquired Loans with Deteriorated Credit Quality
Accretable Yield:	
Balance at December 31, 2012	$3,093,717
Net charge offs	(651,762)
Accretion	(78,678)
Balance at December 31, 2013	2,363,277
Net charge offs	(417,076)
Accretion	40,438
Balance at December 31, 2014	$1,986,639

NOTE 4: PROPERTY AND EQUIPMENT

A summary of the Credit Union's property and equipment is as follows:

	As of December 31,	
	2014	**2013**
Land	$4,246,352	$4,576,352
Buildings	16,305,199	16,099,648
Furniture and equipment	23,374,303	21,745,449
Leasehold improvements	4,854,888	3,263,009
	48,780,742	45,684,458
Less accumulated depreciation and amortization	(26,833,165)	(23,866,635)
	$21,947,577	$21,817,823

NOTE 5: MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' share and savings accounts are summarized as follows:

	As of December 31,	
	2014	**2013**
Share drafts	$355,656,597	$330,311,008
Shares	369,812,326	323,457,776
Money market accounts	393,249,239	375,923,458
IRA shares	12,772,475	12,056,380
Share and IRA certificates	162,850,318	176,850,211
	$1,294,340,955	$1,218,598,833

The aggregate balance of members' time deposit accounts in denominations that meet or exceed $250,000 was approximately $6,973,000 and $8,852,000 as of December 31, 2014 and 2013, respectively.

Scheduled maturities of share and IRA certificates are as follows:

	As of December 31, 2014
Within 1 year	$91,486,535
1 to 2 years	33,777,216
2 to 3 years	19,707,962
3 to 4 years	10,490,196
4 to 5 years	7,387,908
over 5 years	501
	$162,850,318

SHARE INSURANCE

Members' shares are generally insured by the NCUSIF to a maximum of $250,000 for each member. Individual Retirement Accounts are separately insured to a maximum of $250,000.

NOTE 6: EMPLOYEE BENEFITS

401(K) PLAN

All employees of the Credit Union are eligible to participate in a 401(k) retirement savings plan upon attaining the age of 18. Each pay period, eligible participants may make salary deferred contributions to the plan and the Credit Union matches a portion of the contributions. All contributions from the employee and the Credit Union are always 100% vested. The Credit Union's contributions to the plan approximated $761,000 and $758,000 for the years ended December 31, 2014 and 2013, respectively.

Note 6: (continued)

DEFERRED COMPENSATION PLANS

The Credit Union has a 457(b) non-qualified deferred compensation plan for certain members of senior management. The Credit Union does not contribute to this plan. The deferred compensation amounts are shown as both assets and liabilities on the Credit Union's statements of financial condition and are available to creditors in the event of the Credit Union's liquidation. The balance of the deferred compensation under this plan was approximately $797,000 and $575,000 as of December 31, 2014 and 2013, respectively.

The Credit Union has also entered into 457(f) deferred compensation agreements with certain senior executives. The Credit Union has invested in certain investments and whole life insurance policies in order to partially defray the cost of these agreements. The Credit Union is the owner of the investments and policies, and an accrual is separately established for the intended obligation to the executive. The balance of the assets under this arrangement was approximately $10,401,000 and $10,087,000 as of December 31, 2014 and 2013, respectively. The liability under this arrangement was approximately $2,220,000 and $1,268,000 as of December 31, 2014 and 2013, respectively.

The Credit Union has entered into a split dollar insurance agreement which is a collateral assignment arrangement between the Credit Union and a senior executive. The agreement involves a method of paying for insurance coverage for the executive by splitting the elements of a life insurance policy. Under the agreement, the executive is the owner of the policy and makes a collateral assignment to the Credit Union in return for a loan equal to the amount of premiums paid on behalf of the executive plus accrued interest at a specified rate. At the time of death, the Credit Union will be repaid the loan amount plus accrued interest and the balance of the insurance benefit will be paid to the executive's designated beneficiary. The total loan balance under this agreement was approximately $1,227,000 and $966,000 as of December 31, 2014 and 2013, respectively.

NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES

LINES OF CREDIT

As a member of the FHLB, the Credit Union has access to a pre-approved secured line of credit with the capacity to borrow up to a certain percentage of its eligible collateral, as defined in the FHLB Statement of Credit Policy. The aggregate unused line of credit under this agreement was approximately $458,364,000 as of December 31, 2014.

As of December 31, 2014, the Credit Union was approved for access to the Federal Reserve Bank (FRB) discount window. Under the terms of this secured line-of-credit agreement, the Credit Union has the ability to borrow up to a certain percentage of the balance of its pledged eligible investment securities. The aggregate unused line of credit under this agreement was approximately $283,884,000 as of December 31, 2014.

Note 7: (continued)

LEASE COMMITMENTS

The Credit Union leases several branch locations. The minimum noncancellable lease obligations were as follows as of December 31, 2014:

Year ending December 31,	Amount
2015	$659,000
2016	681,000
2017	687,000
2018	574,000
2019	528,000
Thereafter	715,000
	$3,844,000

Rental expense under operating leases was approximately $761,000 and $692,000 for the years ended December 31, 2014 and 2013, respectively.

MISCELLANEOUS LITIGATION

The Credit Union is a party to various miscellaneous legal actions normally associated with financial institutions, the aggregate effect of which, in management's opinion, would not be material to the Credit Union's financial statements.

NOTE 8: OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

OFF-BALANCE-SHEET RISK

The Credit Union is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the statements of financial condition.

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the member.

Note 8: (continued)

Unused lines of credit approximated the following:

	As of December 31, 2014
Credit card	$241,126,000
Home equity	199,412,000
Overdraft protection	89,766,000
Other	58,550,000
Business	9,534,000
Unsecured	4,684,000
	$603,072,000

CONCENTRATIONS OF CREDIT RISK

The Credit Union may be exposed to credit risk from a regional economic standpoint, since a significant concentration of its borrowers work or reside in the Boulder, Colorado area. Additionally, the Credit Union maintains a concentration of real estate secured loans and unsecured loans. As of December 31, 2014, approximately 73% of the loan portfolio was secured by real estate and approximately 11% of the loan portfolio was unsecured.

NOTE 9: LOAN SERVICING

Mortgage loans serviced for others are not included in the accompanying statements of financial condition. The unpaid principal balances and the related custodial escrow balances in connection with the servicing of these loans approximated the following:

	As of December 31, 2014	2013
Mortgage loan portfolios serviced for:		
Federal National Mortgage Association	$1,094,985,000	$960,405,000
Federal Home Loan Mortgage Corporation	508,080,000	421,296,000
Total loans serviced	$1,603,065,000	$1,381,701,000
Custodial escrow balances	$15,240,000	$12,477,000

NOTE 10: MORTGAGE SERVICING RIGHTS

The components of capitalized mortgage servicing rights, included in prepaid and other assets, are as follows:

	For the years ended December 31, 2014	2013
Mortgage servicing rights:		
Balance, beginning of year	$9,745,571	$7,054,600
Additions	4,070,080	5,420,029
Amortization	(3,166,614)	(2,729,058)
	10,649,037	9,745,571
Less allowance for fair value impairment	—	—
Balance, end of year	$10,649,037	$9,745,571
Fair value of mortgage servicing rights	$15,710,000	$12,477,000

The fair value of servicing rights was determined by an independent third party using market value discount rates ranging from 10% to 12% as of December 31, 2014 and 2013, respectively, and prepayment speeds ranging from 5.7% to 29.4% and 6.6% to 33.0% as of December 31, 2014 and 2013, respectively, based on the specific characteristics of each pool of loans.

NOTE 11: REGULATORY CAPITAL

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory-and possibly additional discretionary-actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance-sheet items as calculated under generally accepted accounting practices. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth (as defined in NCUA Regulations) to total assets (as defined in NCUA Regulations). Credit unions are also required to calculate a Risk-Based Net Worth Requirement (RBNWR) which establishes whether or not the Credit Union will be considered "complex" under the regulatory framework. The Credit Union's RBNWR as of December 31, 2014 and 2013 was 5.65% and 5.31%, respectively. The minimum requirement to be considered complex under the regulatory framework is 6.00%. Management believes, as of December 31, 2014 and 2013, that the Credit Union meets all capital adequacy requirements to which it is subject.

Note 11: (continued)

As of December 31, 2014, the most recent call reporting period, the NCUA categorized the Credit Union as *"well capitalized"* under the regulatory framework for prompt corrective action. To be categorized as "*well capitalized"* the Credit Union must maintain a minimum net worth ratio of 7.00% of assets. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

As a result of the business combinations with SVVCU and LPCU during the years ended December 31, 2011 and 2010, respectively, the Credit Union's regulatory net worth ratio and GAAP/USA net worth ratio will not equal. For regulatory purposes, the Credit Union is required to add the net worth of SVVCU and LPCU at the time of the mergers to its actual net worth to calculate the regulatory net worth ratio. SVVCU's net worth at the time of merger was $8,284,165. LPCU's net worth at the time of merger was $1,330,692.

The Credit Union's actual and required capital amounts and ratios are as follows:

	As of December 31, 2014		As of December 31, 2013	
	Amount	**Ratio/ Requirement**	**Amount**	**Ratio/ Requirement**
Actual regulatory net worth	$136,132,223	9.33%	$124,464,780	9.11%
Amount needed to be classified as "adequately capitalized"	$87,557,388	6.00%	$81,959,372	6.00%
Amount needed to be classified as "well capitalized"	$102,150,286	7.00%	$95,619,267	7.00%

Because the RBNWR is less than the net worth ratio, the Credit Union retains its original category. Furthermore, in performing its calculation of total assets, the Credit Union used the quarter end option, as permitted by regulation.

NOTE 12: CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The following table presents the changes in accumulated other comprehensive income/(loss) during the year ended December 31, 2014:

	Unrealized Gains/(Losses) on Available-for-Sale Securities
Balance as of December 31, 2013	($1,638,292)
Other comprehensive income before reclassification	5,688,881
Amounts reclassified from other comprehensive income	(354,921)
Net other comprehensive income	5,333,960
Balance as of December 31, 2014	$3,695,668

Note 12: (continued)

Reclassifications out of accumulated other comprehensive income(loss):
During the year ended December 31, 2014, the Credit Union realized gains on the sale of available-for-sale securities approximating $355,000. During the same period, these gains were reclassified from the balance of *Accumulated Other Comprehensive Income/(Loss)* to *Gain on Sale of Investments, net* reported on the *Statements of Income*.

NOTE 13: FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fair Value Measurements and Disclosures Topic of the FASB ASC provides a framework for measuring fair value that requires an entity to derive fair value from the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date within its principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. To increase consistency and comparability in fair value measurements and related disclosures, a three-level hierarchy prioritizes the inputs to valuation techniques used to measure fair value with the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3) as further described below:

Level 1
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3
Level 3 inputs are unobservable inputs for the asset or liability which reflect the Credit Union’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. Assumptions about risk include risk inherent in a particular valuation technique used to measure fair value, typically pricing models and/or discounted cash flow methodologies.

The methodologies and associated inputs used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Credit Union believes its valuation methods and associated inputs are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 13: (continued)

RECURRING BASIS

AVAILABLE-FOR-SALE SECURITIES

The Credit Union receives pricing for available-for-sale securities from a third-party pricing service. These securities are classified as Level 2 in the fair value hierarchy. The following is a description of the valuation methodologies used for these securities:

Mortgage-backed Securities - Mortgage-backed securities are valued based on quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.

Auction Rate Securities - Auction rate securities are valued based on quoted market prices in the marketplace and the vintage of the underlying collateral.

SBA-backed Securities - SBA-backed securities are valued based on quoted prices when available or quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.

Collateralized Mortgage Obligations - Collateralized mortgage obligations are valued based on quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.

Private-issue Collateralized Mortgage Obligations - Private-issue collateralized mortgage obligations are valued based on quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.

The following tables set forth by level, within the fair value hierarchy, the Credit Union's financial instruments at fair value on a recurring basis.

	Assets at Fair Value as of December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Available for sale securities:				
Mortgage-backed securities	$—	$246,560,767	$—	$246,560,767
SBA-backed securities	—	65,579,508	—	65,579,508
Collateralized mortgage obligations	—	75,502,908	—	75,502,908
Private-issue collateralized mortgage obligations	—	2,532,204	—	2,532,204
	$—	$390,175,387	$—	$390,175,387

Note 13: (continued)

	Assets at Fair Value as of December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Available for sale securities:				
Mortgage-backed securities	$—	$252,710,412	$—	$252,710,412
Auction rate securities	—	32,717,500	—	32,717,500
SBA-backed securities	2,180,000	51,902,324	—	54,082,324
Collateralized mortgage obligations	—	91,993,898	—	91,993,898
Private-issue collateralized mortgage obligations	—	2,751,991	—	2,751,991
	$2,180,000	$432,076,125	$—	$434,256,125

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of amounts that could be realized in a market exchange. The use of different assumptions and estimation methodologies may have a material effect on the estimated fair value amounts. The following methods and assumptions were used to estimate fair value of each of the financial instruments for which it was practicable to estimate.

CASH
The carrying amount is a reasonable estimation of fair value.

INVESTMENTS
Estimated fair values for investments are obtained from quoted market prices where available.

LOANS HELD FOR SALE
The carrying amount is a reasonable estimation of fair value.

LOANS TO MEMBERS
The estimated fair value for variable-rate loans is the current carrying amount. The fair value of fixed-rate loans was estimated by discounting the estimated cash flows using the current rate at which similar loans would be issued. The impact of delinquent loans on the estimation of fair value is not considered to have a material effect and, accordingly, delinquent loans have been disregarded in the valuation methodologies used.

ACCRUED INTEREST RECEIVABLE
The carrying amount is a reasonable estimation of fair value.

MORTGAGE SERVICING RIGHTS
Fair values of mortgage servicing rights are obtained from an independent third party evaluation.

Note 13: (continued)

MEMBERS' SHARE AND SAVINGS ACCOUNTS

The estimated fair value of demand deposit accounts is the carrying amount. The fair value of fixed-rate certificates was estimated by discounting the estimated cash flows using the current rate at which similar certificates would be issued.

COMMITMENTS TO EXTEND CREDIT

The Credit Union's unused loan commitments to extend credit have no carrying amount and have been estimated to have no realizable fair value. The Credit Union does not charge fees in connection with these commitments and a majority of the unused loan commitments have historically not been drawn upon.

The carrying value and estimated fair value of the Credit Union's financial instruments are as follows:

	As of December 31, 2014		As of December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	$74,127,295	$74,127,295	$149,682,735	$149,682,735
Investments:				
Available-for-sale	$390,175,387	$390,175,387	$434,256,125	$434,256,125
Other	$3,570,695	$3,570,695	$2,987,195	$2,987,195
Loans held for sale	$22,152,328	$22,152,328	$5,915,619	$5,915,619
Loans to members, net	$891,368,671	$896,375,000	$697,366,548	$686,502,000
Accrued interest receivable				
Investments	$1,116,893	$1,116,893	$1,213,886	$1,213,886
Loans	$3,135,698	$3,135,698	$2,557,407	$2,557,407
Mortgage servicing rights	$10,649,037	$15,710,000	$9,745,571	$12,477,000
Financial liabilities:				
Members' share and savings accounts	$1,294,340,955	$1,294,527,000	$1,218,598,833	$1,219,393,000

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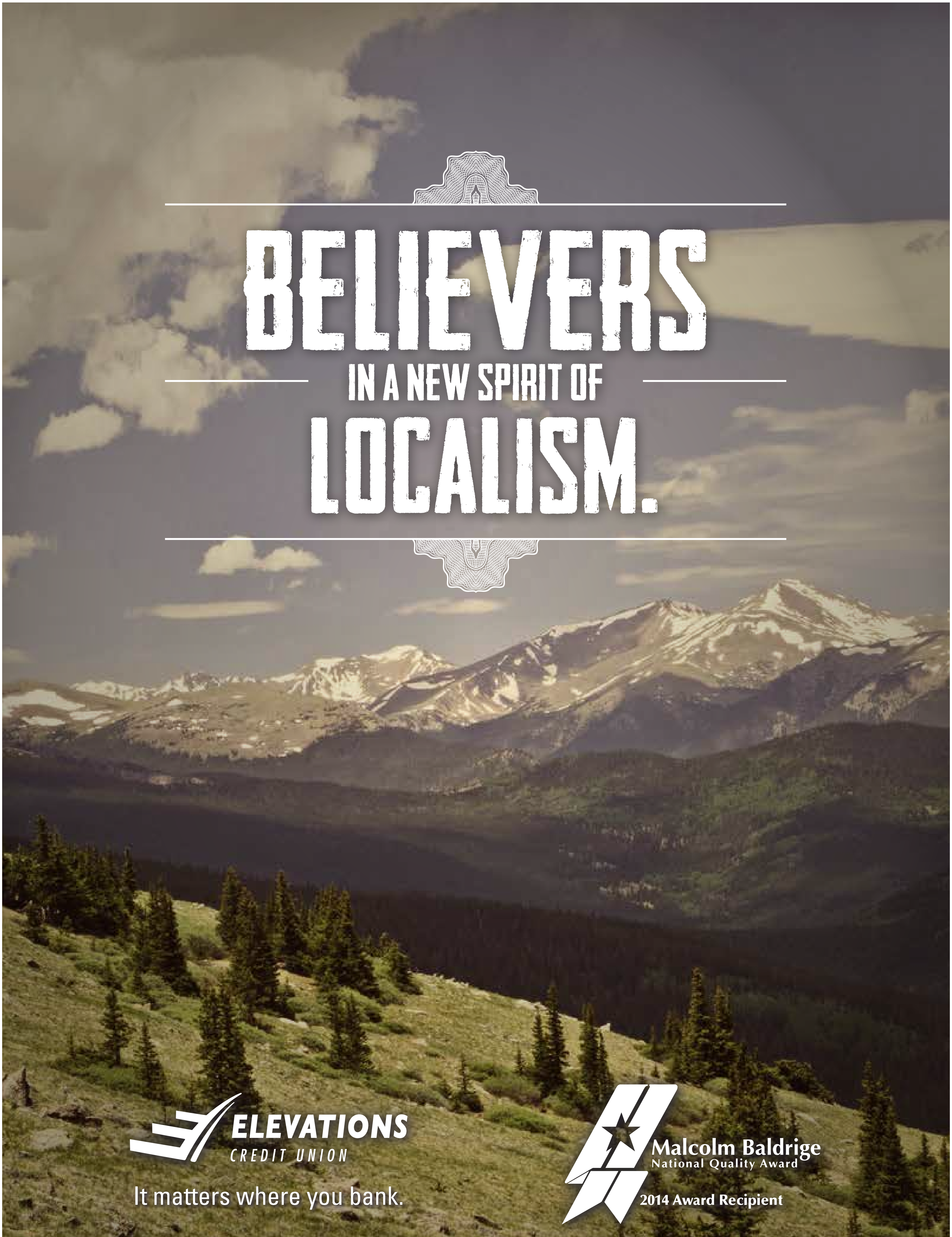

BELIEVERS
IN A NEW SPIRIT OF
LOCALISM.
ELEVATIONS
CREDIT UNION
It matters where you bank.
Malcolm Baldrige
National Quality Award
2014 Award Recipient

BOARD OF DIRECTORS

KATIE LARSON — BOARD CHAIR —

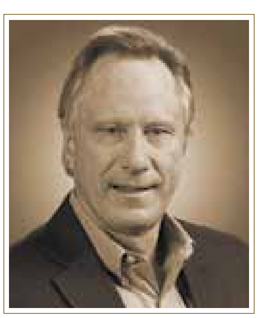
Katie Larson graduated from St. Olaf College in Northfield, MN with a Bachelor's degree in Economics and emphasis in Finance. She joined Elevations Credit Union in 2002 and worked as a teller at two Elevations branches. Ms. Larson has worked for Chipotle Mexican Grill since November 2005. As Treasury Manager, she oversees domestic and international cash management functions for Chipotle's over 1,595 restaurants in the United States, Canada, England, France and Germany. She has served on the Board of Directors of the St. Olaf Alumni Association and the Colorado Treasury Management Association (now RMAFP). Ms. Larson served on the Finance and Supervisory Committees at Elevations prior to being appointed to the Board of Directors in 2008 and elected in 2009. She resides in Denver, and enjoys running, bicycling, yoga and backpacking.

NANCY HERBERT — BOARD VICE CHAIR —

Nancy Herbert has served as a board director volunteer for over 20 various community non-profit agencies, and was most recently the Chair of the St. Vrain Valley Credit Union. She began volunteering at Elevations Credit Union in 2011 when we merged with St. Vrain Valley Credit Union and currently serves as the Board's Vice Chair. Ms. Herbert has also served as City Council Member for the City of Longmont and volunteered as a member of the Chamber of Commerce for both Longmont and Carbon Valley. As an administrator with the St. Vrain Valley School District, she directed communications, public relations, and school-business partnerships. Her 18 years with St. Vrain Valley Schools also included creating, implementing and managing television productions and publications, as well as the national award-winning Academics on Tour program, Business Connections Celebrations, and the Tribute to Teachers program.

Ms. Herbert holds a Bachelor's degree in Organizational Management, a Master's degree in Education, and is currently pursuing a PhD in Organizational Development and Leadership (Innovation and Entrepreneurship). She aspires to teach business courses to online college students. As owner/consultant for Communication Strategies, LLC, Ms. Herbert provides facilitation, strategic planning, and communication services to groups and organizations.

She and her husband reside in Longmont and enjoy outdoor activities and travel with family and friends.



ERIC JONES — BOARD TREASURER —

Eric Jones is the owner of Tinucci, Jones & Co, P.C., a CPA firm well known in the credit union industry throughout Colorado. Mr. Jones began volunteering at Elevations Credit Union on the Finance Committee. He has extensive knowledge in all areas of the credit union industry, consulting on mortgage banking issues, formation of service organizations (CUSOs), and relevant taxation strategies. He was appointed to a vacant Board position in 2007 and elected to the Board in 2008, serving as Chair for three years. In December 2011, he was inducted into the Credit Union Executive Society's Volunteer Hall of Fame. Mr. Jones also serves on the Board of Directors of the Elevations Foundation, Inc. A University of Colorado graduate, he is a Buffs fan. He enjoys living in Evergreen, Colorado with his wife and two of his sons and thrives on all the activities Colorado offers.

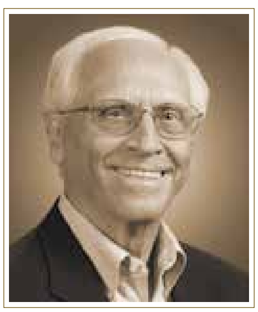
BOARD OF DIRECTORS

CAROL KRISMANN — BOARD SECRETARY —

Carol Krismann has been a member of Elevations Credit Union for over 25 years. She served on the Supervisory Committee for 7 years and chaired that committee twice. She was appointed to the Board of Directors in June 2006 to fill a vacated position, and was elected to serve on the Board in 2007. Ms. Krismann enjoys serving on the Elevations Foundation Board as Chair and calls it the "fun" Board.

Ms. Krismann retired from the University of Colorado and had been the head librarian of the William M. White Business Library since 1982. She holds a Bachelor of Arts degree in Art History from Smith College, a Master's in Library Science from Columbia University and an advanced certificate in librarianship from the University of Denver. She is the author of two books: *Encyclopedia of American Women in Business* and *Quality Control: A Bibliography*.

She has also been very active in faculty governance at the University of Colorado, the American Library Association, and the Colorado Association of Libraries.



CARROLL BEACH — BOARD MEMBER —

Carroll D. Beach retired in 2011 as President/COO of CO-OP Shared Branching following a three year tenure as President of Credit Union Service Corporation (CUSC). Prior to assuming the responsibilities as President/CEO of CUSC, Mr. Beach was President/CEO of the Colorado Credit Union System for 30 years. Mr. Beach was responsible for the management of the state trade association, as well as Colleague Service Corporation, CU Service Network of Colorado Inc., the Wyoming Credit Union League, and for several years, was CEO of SunCorp Corporate Credit Union. During his tenure, he was also President of the Credit Union Legislative Action Committee, Colorado Credit Union Foundation, Credit Union Family Insurance Services, and Credit Union Advantage Automotive.

Mr. Beach has been a member of various Credit Union National Association (CUNA) committees as well as having served on the Board of Directors and Executive Committee. He served on the CUNA Mutual Advisory Committee, and the Credit Union Service Corporation Board of Directors of which he was Chairman for four years. He most recently served on the Credit Union House LLC Board as its Chairman. He has also served as Chairman of U.S. Central Credit Union as well as Chairman of the Association of American Credit Union Leagues (AACUL). He also served on numerous committees of AACUL and received from that organization the "Eagle Award" which is the highest award given by the organization to one of its members. Mr. Beach also received the "Herb Wegner Lifetime Achievement Award", which is the most recognized award given in the credit union industry.

Mr. Beach was elected to the Board in 2010, serving as Chair for three years. He has a Bachelor's degree from the University of Kansas and a Master's degree from Emporia State University.

BOARD OF DIRECTORS

DON CHEYNE — BOARD MEMBER —

Don Cheyne is an owner of Mountain Molding, LLC of Longmont, Colorado, and brings over 20 years of experience in business operation and management to Elevations Credit Union. Mr. Cheyne joined the Elevations Credit Union's Board of Directors in 2011 by way of a merger with St. Vrain Valley Credit Union, where he served as a board member for 3 years. His other volunteer activities include youth hockey development in Northern Colorado and Longmont's OUR Center, and he also served as a board member and past Chair for Longmont Meals on Wheels. Mr. Cheyne is a University of Colorado Alumni, where he earned his degree with honors for Electrical and Computer Engineering, as well as a Master of Business Administration.

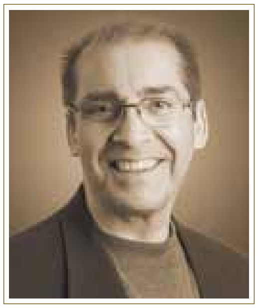
TODD GLEESON — BOARD MEMBER —

Todd Gleeson has been a member of the faculty at the University of Colorado at Boulder since 1981 and is a Professor in the Department of Integrative Physiology.

Dr. Gleeson served as Dean of the College of Arts and Sciences on the Boulder campus from 2001 through 2012, where he led a faculty of nearly 1,000 and managed a student population in excess of 20,000. Prior to his service as Dean, Dr. Gleeson served as Associate Vice Chancellor for Faculty Affairs. He currently directs the Health Professional Residential Academic Program on the Boulder campus, a program directed at freshman and sophomore students interested in healthcare careers. He is also the Faculty Director of the Buffalo Bicycle Classic, a non-profit ride dedicated to raising scholarship funds for Colorado in-state students.

Dr. Gleeson teaches courses in human physiology. He is an elected fellow of the American Association for the Advancement of Science. He and his wife reside in Louisville and have been Elevations Credit Union members since 1981.

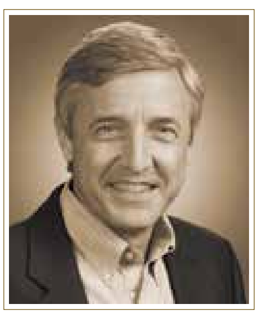
BOARD OF DIRECTORS



RAY MARTINEZ — BOARD MEMBER —

Ray Martinez grew up in Fort Collins and has more than 30 years of experience in public service, including serving three terms as mayor of Fort Collins. He served three years in the United States Army in Thailand and stateside duty and earned the Army Commendation Medal. A 25-year veteran in law enforcement, Mr. Martinez retired from the Ft. Collins Police Department after having spent many years working closely with Hispanic community leaders, youth and athletes to improve the relationships between the community and law enforcement.

Mr. Martinez is an active member of several advisory boards in Fort Collins. In addition, he has enjoyed a rich history as a key member of several boards and commissions at both the state and local levels. Other boards on which Mr. Martinez serves or has served include the Partners Advisory Board of Directors, Governor Owens' appointment as Chair of the Minority Business Advisory Council, continued under Governor Ritter, member and past Chair of the Colorado Municipal League Policy Committee, the National Association of Latino Elected and Appointed Officials (NALEO) Board of Directors, and the Colorado Mesa University Board of Trustees, also appointed by the Governor. Additionally, Mr. Martinez was a White House Appointee to serve with the Defense Advisory Board for Employer Support of the Guard and Reserve (ESGR) by Secretary of Defense Donald Rumsfeld.



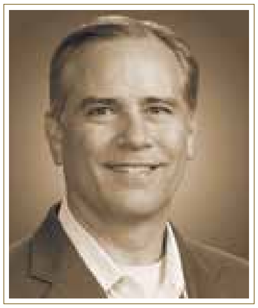
JIM MENGHI — BOARD MEMBER —

Jim Menghi has been a member of Elevations Credit Union since 1985, served on the Supervisory Committee 18 years in total, several times as Chair, and was elected to the Board of Directors in 2008. Mr. Menghi participated on the Finance Committee for a year until the role was assumed by the Board of Directors. His leadership and mentoring capabilities for new committee members are well known and respected.

Mr. Menghi has been employed at the University Corporation for Atmospheric Research (UCAR) as the Deputy Director of the Joint Office for Science Support (JOSS) since 2002 and served as Internal Auditor/Compliance Officer from 1985 to 2002. In his current position, he is responsible for financial management of an operating division of UCAR with over $10M in annual funding. Previously, he was an Auditor with the US General Accounting Office (GAO) for nine years. He received a Bachelor of Science degree in Accounting from the University of Delaware.

His two adult daughters have brought him much pride and joy. When possible he runs, bikes and hikes, taking advantage of the great Colorado outdoor lifestyle.

SENIOR LEADERSHIP TEAM



GERRY AGNES — PRESIDENT & CHIEF EXECUTIVE OFFICER —

Gerry Agnes joined Elevations as its CEO in 2008. He directs the credit union's strategic objectives, which focus on employee engagement, a loyal membership, and superior financial performance. In the midst of the financial crisis of 2008, he led the charge to pursue the Malcolm Baldrige National Quality Award, a highly competitive U.S. Presidential award that recognizes organizations for performance excellence. The Baldrige effort rallied the Elevations team to outperform both in-market competitors and credit unions nationwide, and in 2014, Elevations was named a Baldrige Award recipient by U.S. Secretary of Commerce Penny Pritzker.

Gerry is a CPA with 30 years of professional experience and has held positions as president, COO and CFO at various community financial institutions in California. Gerry serves on numerous community and industry boards and is the current board chair of the Boulder Chamber. He is also a member and past chair of the Boulder Economic Council; chair-elect of the Boulder County Business Hall of Fame; a board member of Elevations Foundation; and a member of the Filene Research Institute's advisory council.

MICHAEL CALCOTE — CHIEF FINANCIAL OFFICER —

Michael Calcote is responsible for leading Elevations' financial affairs in a manner designed to protect and ensure the organization's long-term profitability and financial success. Michael also oversees Risk Management, Information Technology, Operations, Facilities and the credit union's Enterprise Performance Excellence department. Prior to joining Elevations in 2010, Michael worked for 19 years for Guaranty Bank, a $19 billion publicly held financial institution headquartered in Austin, Texas. He progressed through a variety of roles at Guaranty, including approximately five years as Treasurer and five years as Chief Financial Officer. Michael began his career performing as a regulatory examiner and capital markets specialist for five years for the Office of Thrift Supervision. He has a Bachelor's degree in Business Administration in Finance and Accounting from Stephen F. Austin State University in Nacogdoches, TX. He has also earned the designation of Chartered Financial Analyst.

SENIOR LEADERSHIP TEAM

JAY CHAMPION — CHIEF OPERATING OFFICER —

Jay Champion is responsible for directing all aspects of the credit union's lending programs, retail delivery channels (including branches, call center, and online), governmental affairs, and marketing. Prior to joining Elevations, Jay worked for Texans Credit Union in Richardson, TX for six years as their EVP and Chief Lending Officer. His prior experience includes service at three banks in the North Texas area. Jay has a Bachelor's degree in Economics from East Texas State University. He also has a Master of Business Administration degree from Texas A&M University-Commerce and is a graduate of the Southwestern Graduate School of Banking at Southern Methodist University.

MARY ANN KAMMERER — CHIEF ADVISORY SERVICES OFFICER —

Mary Ann Kammerer is responsible for Elevations' Wealth Management and Insurance Services. She previously oversaw product development as Chief Product Officer and prior to that, Mary Ann was the Chief Sales and Service Officer for the credit union. Before joining Elevations Credit Union in 2004, she had over 18 years of financial services experience with Charles Schwab and Co., Inc. At Schwab, she held many key management and executive positions. Mary Ann is a graduate of Indiana University of Pennsylvania with a Bachelor of Science degree in Finance. She currently holds the NASD Series 7, 8 and 24 licenses, is a member of PDMA-Product Development and Management Association, and a graduate of the Product Management course from the University of California Berkeley Center for Executive Education.

ANNETTE MATTHIES

— SPHR, SHRM-SCP • Chief Human Resources Officer —

Annette Matthies provides leadership and direction for HR strategy at Elevations. She attracts and develops world class talent by building Elevations' reputation as a preferred employer with a distinctive culture and provides a learning environment where employees can grow their careers. A 25-year HR veteran, Annette's experience spans a wide range of industries: high-tech, manufacturing, financial services, engineering, retail, and software development sectors. She has worked with senior management in small, growth-oriented startups as well as Fortune 500 companies to help them maximize business performance through effectively developing and deploying people. Annette has evolved Elevations' HR functions to create and implement best practices focused on employee development, engagement, retention and building a high performance culture. She has a Bachelor of Arts with a double major in International Affairs and German from the University of Colorado Boulder. In 2010, Annette was selected as the first-ever winner of the Trailblazer Awards as HR Executive of the Year as presented by Credit Union Times. Annette is a Colorado native and has a long history of working and living in Denver/Boulder communities.

SENIOR LEADERSHIP TEAM

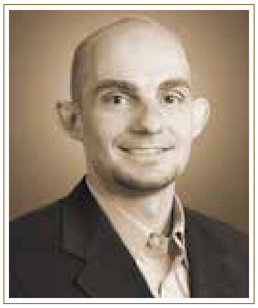
KIM FELTON — SVP OF RETAIL BANKING —

Kim Felton is responsible for leading and directing the credit union's branch network and business development teams across multiple markets to provide Elevations' products, programs and services. Her focus is on member service excellence and delivering value to the membership and community. Before joining Elevations Credit Union in 2012, she had over 20 years of financial services experience leading and directing retail banking teams with First National Bank and KeyBank. Kim received a Bachelor's degree in Business Administration and Management from Western Governors University. She is a graduate of the Graduate School of Banking at the University of Colorado. Kim is a Certified Net Promoter Associate. She is serving on the board of directors for Foothills United Way and the YWCA of Boulder County.

EVA GAUDIO — SVP OF GOVERNMENTAL AND STUDENT AFFAIRS —

Eva Gaudio serves as SVP of Governmental and Student Affairs at Elevations and was President and CEO of St. Vrain Valley Credit Union for 18 years. Eva currently serves as President of the Board of Directors for the Education Foundation for the St. Vrain Valley, and as a Board Member for the I Have a Dream Foundation and the Elevations Foundation. In addition, she serves on the St. Vrain Schools/ Business Partnership Team and the Longmont Area Chamber of Commerce's Education Committee. Past involvement includes serving as: Chair of the Education Credit Union Council and of Colorado Credit Union's Governmental Affairs Committee; Secretary for the Credit Union Association of Colorado; a member of the Board of Directors for the Rocky Mountain Council of the Credit Union Executives Society (CUES); and Colorado trustee for the Credit Union National Association's Political Action Committee. In 2006, Eva received the Credit Union Professional Hall of Fame Achievement Award for her dedication and service to the credit union movement in Colorado. Eva received a Bachelor of Science in Business Administration from Regis University and is a graduate of Western CUNA Management and CUNA Financial Management schools.

SENIOR LEADERSHIP TEAM



DAMIAN JAKUBCZYK — SVP OF TECHNOLOGY —

Damian Jakubczyk oversees all IT related functions including Core System Operations, IT Infrastructure and Service Management, Information Security, and Business Application Support. Damian maintains a leadership role in evaluating and implementing new technologies that directly support credit union strategic plans. Prior to joining Elevations, Damian held several positions focusing on software development, business intelligence, technology consulting, and project management. His experience includes leadership and technical roles with Managed Business Solutions, Hewlett Packard, and Colorado State University. Damian holds a Master's degree in Information Technology/ Business Intelligence from the University of Denver as well as a Bachelor's degree in Business Administration/ Computer Information Systems from Colorado State University. He is a Filene Research Institute i3 program alumni that fosters the development of new ideas and innovations for credit unions. He is also on the Advisory Board for Symitar.

GARY KINDLE — SVP OF OPERATIONS —

Gary Kindle is responsible for leading the Operations Department in managing Payments, Imaging, Cards, ATM, Mortgage Servicing, Account Services, Record Retention and Business Services Deposit Fulfilment. Prior to joining Elevations Credit Union in 2011, Gary worked for First National of Nebraska for 17 years in various roles, such as VP of Finance and Planning, HR Administrative Manager, Director of Cash Management, Budget Manager, Affiliated Banks Representative and Internal Auditor in the South Dakota and Colorado Banks. He is a graduate of Northern State University and a graduate of BAI Graduate School of Bank Financial Management at Vanderbilt University. Gary also served 20 years in Ammunition and Administration occupational specialties in the US Army before retiring as a Platoon Sergeant and Ammunition Instructor.

RAY LINDLEY — SVP OF LENDING —

Ray Lindley has over 20 years of banking experience. He started his career at Washington Mutual on the retail side and worked his way up to a Regional Manager, where he played a key role in starting up the Nevada market. With the merger of WAMU and Chase, Ray became the Market President for Oregon and Southwest Washington. At Elevations, he is responsible for leading and directing Consumer, Retail, Mortgage and Business Lending. His focus is on strategy development, monitoring market economic trends, lending trends analysis, lending goal development and achievement, and goal establishment. A graduate of Northwest Nazarene University, Ray has a BA in Accounting and an MBA in Economics. Colorado is new to Ray and he plans to enjoy all it has to offer.

SENIOR LEADERSHIP TEAM

PETE REICKS — SVP OF ENTERPRISE PERFORMANCE —

Pete Reicks is responsible for leading the Enterprise Performance Excellence department in the delivery of portfolio and project management, business analysis, business process management, performance measurement, and knowledge management. Pete also directs the application of the Baldrige Criteria for Performance Excellence to Elevations' pursuit of creating an organization recognized as achieving sustained role-model performance. Prior to joining Elevations in 2008, he worked 12 years for the Federal Reserve Bank of Kansas City. As a member of their Leadership Development Program, he progressed through a variety of roles in human resources, financial services, information technology, and physical security. Pete has Bachelor degrees in Economics and Finance from Colorado State University – Pueblo, and a Master of Business Administration degree from Benedictine College. He is also certified as a Project Management Professional (PMP) from the Project Management Institute.

STEVEN SCHMIDLE — SVP OF FINANCE —

Steven Schmidle is responsible for managing the Finance, Accounting, Secondary Mortgage Market and Business Intelligence functions at the credit union, including investments, budgeting, forecasting, reporting, audits and examinations, tax reporting, asset/liability management, and pricing. Prior to becoming VP of Finance in June 2007, Steve had served Elevations Credit Union as Controller and AVP of Accounting/Finance. His other credit union experience includes serving as the Chief Financial Officer for Park Side Federal Credit Union in Whitefish, MT. Steve also has worked as AVP and Assistant Controller at First National Bank of Colorado and Financial Analyst for First Tennessee Capital Markets. At Elevations, he leads the Pricing and ALCO Committees and is a member of the Member Business Loan committee and executive team. He also volunteers as Board Treasurer for Rocky Mountain Performance Excellence and on the finance committee for Loveland Classical School. Steve holds a Master's degree in Accounting from the University of Colorado and a Bachelor's degree in Finance from the University of Memphis.

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