ELEVATIONS
CREDIT UNION

2013 Annual Report

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Time to Celebrate: Elevations Turned 60!

This year was a great one for Elevations – we not only celebrated 60 years in business, but we reached 100,000 members as well. Founded on the steps of Macky Auditorium in 1953, we feel a strong connection to CU, which is why we were extremely proud to gain 1 in 3 incoming freshmen at CU as members for the second year in a row. The partnership we have with the University is a very important one to us and we are grateful that it has continued over the years.

Throughout our time as an organization, we have been committed to both the communities and the members we serve. And we have been recognized for it. We've been voted best of the best in the Boulder Daily Camera, Boulder Weekly, and the Longmont Times-Call year after year.

But awards aren't what drive us – our members are the heart and soul of this organization and we feel honored to be able to provide them with the best service.

This report is a celebration of our history as an organization and a thank you to our 100,000 members (and counting) for sustaining and supporting us for 60 years! Join us as we take you through our history and highlight some of our major milestones.

Our first branch on Baseline Road in 1984.

LOOKING FORWARD TO 2014

While we are proud of all we achieved in 2013, we are even more excited about what 2014 brings! We are pleased to be the trusted financial resource for our members, and 2014 will be no exception. We will continue to provide world-class service and the advice our members expect from us.

This upcoming year, we plan to make it even easier for members to bank the way they want – we're introducing an iPad and tablet app that allows you connect from anywhere – anywhere with internet access, that is. And on that note, we're adding free wireless internet to all of our branches. Come grab a cup of coffee, bring your iPad and surf the web.

When you do visit one of our branches, you might notice a few things that have changed. We can't wait to show off our new branches to you. These branches will have a stronger focus on the communities they serve with the same great Elevations staff you know and love.

You need banking services that make your life better. In 2014, we plan to enhance our product offerings, including building out a more robust business services platform. We're also furthering our auto loan product, which will allow us to offer pre-approvals through our website, an online and mobile auto buying tool, and the same low rates our members have come to expect.

There's a lot coming in 2014, and we're ready to share it with you. Come check it out!

One of our Baseline branch staff helping a member.

The Diagonal branch also served as our corporate headquarters in this picture from 1999.

THE HISTORY OF

Elevations Credit Union

January 21, 1953 – Opened for business in the basement of Macky Auditorium on the University of Colorado Boulder campus with 12 members and $60 in assets.

1973 – Reached 5,000 total members.

1978 – Constructed our first branch at 2935 Baseline Road, Boulder with drive-up tellers and safe deposit boxes. Began offering checking accounts.

1978

Members loved our very first drive-up teller.

2002 – Reached $500 million in assets, making us one of the largest credit unions in the state of Colorado.

2006 – Changed name to Elevations Federal Credit Union, allowing us to offer banking services to a larger group of people including the University.

2007 – Changed our charter from federal to state, giving us the opportunity to offer membership based on counties in Colorado, not only based on group membership.

2010 – Merged with Longs Peak Credit Union, expanding our membership in Loveland.

2011 – Merged with St. Vrain Valley Credit Union, giving us an even larger footprint in Longmont.

2012 – Expanded our field of membership to include Adams and Larimer Counties.

2013 and beyond: We live connected. Our story begins and ends with people. We believe community matters, and because it does, we are known for the good work we do. We build lifelong relationships. And we don't use environment as a buzzword…it's more of a rallying cry. We believe you deserve solutions as helpful as they are comprehensive. Whether saving, planning, or spending, we give you more options. And we make sure our technology gives you the tools to make your day more convenient.

Letter from the Chairman

CARROLL D. BEACH

In 2013, Elevations Credit Union continued our dedication to providing members with expert solutions. As a result, Elevations posted exciting growth in all areas of the business. We realized "all-time highs" in capital, assets, loans and shares of the credit union – a huge accomplishment in a highly competitive market. I want to personally thank our members for your confidence in our staff and volunteers who provide solutions to all your financial needs. Elevations Credit Union is a financial cooperative and our success is highly dependent upon our membership and the employees who serve you. Your loyalty to Elevations enables your credit union to achieve extraordinary results that benefits our membership, employees and community.

We also finished out the year as one of the top credit union mortgage lenders in Boulder County and Colorado. Our mortgage team continued to grow by providing members with exceptional service. Similarly, our wealth management team performed at a record-breaking high this year with revenue growth of more than 50 percent over last year. This pattern of growth continued from 2012, which is unprecedented, as no other credit union has increased wealth management revenue by more than 50% two years in a row.

In addition, Elevations Foundation had a great year in donations and contributions. Not only did the Foundation provide grants and scholarships to those in need, it also donated to worthy causes that were not on its radar when the year began. The Foundation gave $390,000 to aid in flood relief during Colorado's record flood in September. It also donated nearly $63,000 to the Longmont Humane Society to help them at a critical time with their facility operating costs. I am proud to be a part of an organization that has community giving at its forefront.

We are looking forward to 2014 and beyond as we continue to serve you with great people who provide superior financial solutions to help make your life better. Thank you for allowing me to serve as your Chairman of the Board of Directors. Every opportunity to serve our membership is gratifying and exciting, and I look forward to our continued journey together.

Very truly yours,

Carroll D. Beach

Chairman of the Board of Directors

Letter from the President & CEO

GERRY AGNES

Elevations Credit Union's success comes from you, our loyal members. And, your commitment to your cooperatively owned credit union is what drives us to provide expert financial solutions to our growing membership. Together, we achieved success in many areas in 2013 as described throughout this annual report, and the great news is that 2014 will be another banner year.

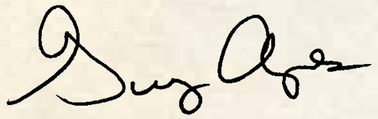
This last year, Elevations earned recognition by achieving a huge milestone in our quest of excellence through our endeavor to win the Malcolm Baldrige National Quality Award. In 2013, we won the Rocky Mountain Performance Excellence Peak Award, a respected regional honor that recognizes organizations for best-in-class performance. This valued award is a prerequisite for companies who are seeking the Malcolm Baldrige National Quality Award. Our attempt is not simply to win an award. The award is the result of transforming a company into one of the nation's best-in-class performers. Our goal is clear: To provide solutions to our members to improve their lives. Our endeavor is quite simply to benefit you, our valued member.

Also, we developed a new branch model that is focused on your needs. We conducted a vast amount of research from our membership and incorporated some of the industry's best service practices into our new branch environment. You'll readily experience this new delivery model at our branches in Loveland and in Louisville in early 2014. These branches are community focused and offer the latest technologies to help our members obtain their financial needs faster and easier.

In addition, we enhanced our leadership team this year to better provide the services our members wish to see. Ray Lindley joined us as Senior Vice President of Lending, and he is responsible for leading our consumer, mortgage and business lending activities. Ray has made great strides in deploying our newly launched commercial lending program and our indirect auto loan program that enables you to conveniently obtain your Elevations Credit Union auto loan directly from local auto dealers. We are blessed to have Ray on our team.

In 2014, we look forward to further improving how we deliver our products and services to you. These enhancements will be most noticeable in our new branch model, our call center, through our online banking technologies and in our new branch market in Fort Collins. I am truly blessed to serve you, side-by-side with our outstanding team of employees and volunteers. You are the source of our inspiration and stellar performance that we experienced in 2013. On behalf of our team, I thank you for your committed membership in Elevations Credit Union and look forward to serving you in 2014 and beyond.

Very truly yours,



Gerry Agnes

President and Chief Executive Officer

Elevations Foundation

OVER $660,000 IN COMMUNITY SUPPORT IN 2013

Elevations Credit Union prides itself on doing good work in the communities we serve. In fact, a component of Elevations' Vision Statement is that we are known for the good work we do in the community. This is accomplished in large part through Elevations Foundation, an independently governed 501(c)3 non-profit organization that facilitates the philanthropic activities of Elevations Credit Union.

You can take satisfaction in knowing that Elevations Foundation plays an integral role in your community. During the past year, your Foundation provided more than $210,000 in scholarship dollars for higher education and critical community grants focused on the following areas:

- Early Childhood Development
- Mental Health
- Environmental Education and Sustainability

2013 ELEVATIONS FOUNDATION GRANTEES

- Alternatives to Violence
- Cal-Wood Education Center
- Bright Eyes Mayor's Book Club Longmont
- Eco-Cycle
- Growing Gardens
- Read Aloud Loveland
- Second Wind Fund Boulder County
- The Acorn School

The year was not without its challenges for our community. September brought record levels of rainfall that created a disaster of unmatched proportions in the region. In response, Elevations Credit Union moved quickly to present a $100,000 challenge grant to the community and the credit union's membership. As with previous Elevations emergency fundraising initiatives, all funds collected were earmarked for temporary housing for those individuals and families displaced by the floods. Each dollar collected by the Elevations Foundation was matched up to $100,000 by Elevations Credit Union. Within two weeks, Elevations Foundation was able to deliver more than $390,000 in relief funds to local agencies including Foothills United Way, Boulder County Community Services and the United Way of Larimer County.

"It was truly remarkable to see how our membership and the entire community responded to this tragedy. It is clear that our members are engaged and understand that this is a community that stands together," said Carol Krismann, Chair of Elevations Foundation.

In addition, 2013 brought major challenges to an important community resource, the Longmont Humane Society. Elevations Foundation once again rallied members and the community to provide nearly $63,000 in critical aid as the Society struggled to meet a key loan payment on their wonderful facility in Longmont.

HELP GIVE BACK TO OUR COMMUNITY BY MAKING A CONTRIBUTION TO ELEVATIONS FOUNDATION. YOU CAN CONTRIBUTE ONLINE AT ELEVATIONSCU.COM OR YOU CAN SEND A CHECK TO:

Elevations Foundation
P.O. Box 9004
Boulder, CO 80301

Your contribution may be tax deductible. Consult your tax advisor to determine how this important contribution can help you.

THE HISTORY OF

Elevations Community Giving

1970-1980s – Partnered with Community Shares Colorado and Foothills United Way to implement Employee Giving.

1980s – Began supporting Link Up For Children's Hospital, which continued through the early 2000s.

1999 – Established the Community Relations Committee to formalize corporate philanthropy.

1999 – Initiated a pledge of annual funding to Thistle Affordable Housing Fund, the first official donation made by the Community Relations Committee.

2009 – Named "Community Credit Union of the Year" by the Credit Union National Association (CUNA) and the National Credit Union Foundation.

2010 – Launched the Elevations Foundation, the official charitable arm of Elevations Credit Union.

2010 – Donated $81,000 to benefit Fourmile Fire victims.

2013 and beyond: In 2013, we provided more than $660,000 in community support. We continue to give because of our commitment to provide solutions in our community. We aim to be good stewards of the resources entrusted to us, because we know everything comes back to helping others.

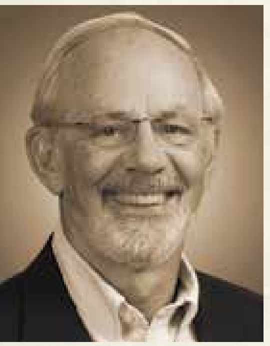
1999

St. Vrain Valley Credit Union staff assisting at the Courage Classic aid station in 1999.

Donating to one of our community partners, Clinica, back in 2001.

The Elevations team in 1999.

Supervisory Committee



BOB JOBIN
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 Bob Jobin, and additional volunteer representatives are: Brad Jones, Kevin Rickman, David Forsberg 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, as well as Federal and State Regulations.

To meet requirements of the National Credit Union Administration and the 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 Elevations Credit Union's financial statements as of December 31, 2013. 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.

BRAD JONES
Vice Chair

KEVIN RICKMAN
Secretary

DAVID FORSBERG
Community Member

CHRISTINE MORRISSEY
Community Member

Letter from the CFO & Treasurer

MICHAEL CALCOTE
Chief Financial Officer

JIM MENGHI
Treasurer,
Board of Directors

We are pleased to report that Elevations generated strong financial performance again in 2013. The table below compares our performance to our credit union peers, based on key industry metrics:

	Elevations	Peer Group Median
Return on Members' Equity	7.5%	7.0%
Loan Growth	12%	8%
Share Growth	6%	2%
Delinquency Ratio	0.4%	0.9%
Efficiency (Costs/Revenues)*	81%	74%

**The efficiency ratio measures the extent to which a dollar of revenue is offset by costs (so the lower the ratio, the more efficient the organization). This calculation excludes the impact of deposit insurance premiums for both Elevations and Peer Group. Elevations' efficiency ratio was worse than peer in 2013 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 robust business services offering). We anticipate our efficiency will improve in future time periods as these investments enhance our ability to generate revenue.*

We recorded an impressive increase in assets, deposits and membership growth during 2013. Highlights include:

- Elevations generated earnings of $9.3 million in 2013, and total assets grew by $81 million (a six percent increase from the previous year).
- We originated $691 million in mortgage loans; more than any other credit union in Colorado.
- Total deposits grew by $71 million, a six percent increase from the previous year. Business deposits alone increased nearly $13 million in only our second year of our new Business Services offering.
- We gained more than 3,600 members and now have more than 102,000 credit union members.

Elevations remains financially strong and well positioned to provide solutions for your financial needs. Our capital position ended 2013 at 9.12 percent, which is well above the minimum threshold of 7 percent required to be deemed well capitalized by the National Credit Union Association. Our credit performance remains healthy with a delinquency ratio of only 0.4 percent at end of 2013.

The complete financial report is included in this document for you to review. We'd like to thank Elevations' 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 serve to build on our promise to you. We appreciate the trust you have placed in Elevations as your financial institution, and we look forward to continuing to serve you in 2014 and beyond.

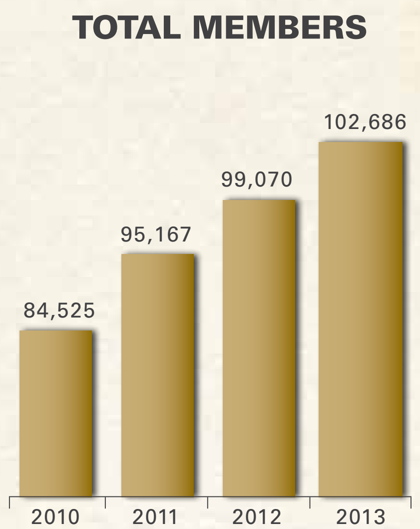
Sincerely,

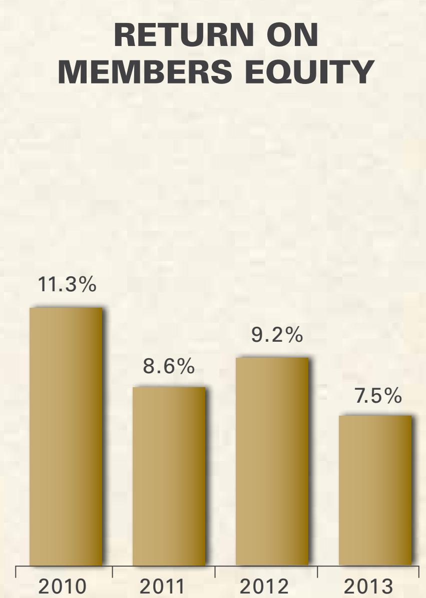
Michael Calcote, Chief Financial Officer

Jim Menghi, Treasurer, Board of Directors

Financial Highlights

2013





Financial Statement

ELEVATIONS CREDIT UNION
STATEMENTS OF FINANCIAL CONDITION

ASSETS

	As of December 31, 2013	2012
Cash	$149,682,735	$217,313,015
Investments:		
Available-for-sale	434,256,125	327,588,995
Other	2,987,195	4,188,288
Loans held for sale	5,915,619	37,501,396
Loans to members, net of allowance for loan losses	697,366,548	621,192,257
Accrued interest receivable:		
Investments	1,213,886	999,469
Loans	2,557,407	2,522,839
Prepaid and other assets	39,068,302	41,061,568
Property and equipment, net	21,817,823	22,485,700
NCUSIF deposit	11,123,885	10,169,714
Total assets	$1,365,989,525	$1,285,023,241

LIABILITIES AND MEMBERS' EQUITY

	As of December 31, 2013	2012
LIABILITIES:		
Members' share and savings accounts	$1,218,598,833	$1,148,103,289
Accounts payable and other liabilities	22,929,414	18,668,209
Total liabilities	1,241,528,247	1,166,771,498
Commitments and contingent liabilities		
MEMBERS' EQUITY:		
Regular reserve	11,879,720	11,879,720
Undivided earnings	102,970,200	93,620,397
Equity acquired through business combination	11,249,650	11,249,650
Accumulated other comprehensive (loss)/income	(1,638,292)	1,501,976
Total members' equity	124,461,278	118,251,743
Total liabilities and members' equity	$1,365,989,525	$1,285,023,241

ELEVATIONS CREDIT UNION
STATEMENTS OF INCOME

	For the years ended December 31, 2013	2012
INTEREST INCOME:		
Loans to members	$30,870,648	$33,544,296
Investments	6,347,901	6,210,924
Total interest income	37,218,549	39,755,220
INTEREST EXPENSE:		
Members' share and savings accounts	3,191,085	3,716,474
Net interest income	34,027,464	36,038,746
PROVISION FOR LOAN LOSSES	2,033,440	3,169,905
Net interest income after provision for loan losses	31,994,024	32,868,841
NON-INTEREST INCOME:		
Gain on sale of loans, net	14,130,387	11,819,323
Interchange income	9,372,210	9,005,024
Fees and service charges	5,728,429	5,484,982
Miscellaneous operating income	3,077,105	2,270,045
Total non-interest income	32,308,131	28,579,374
Net income before non-interest expense	64,302,155	61,448,215
NON-INTEREST EXPENSE:		
Compensation and employee benefits	30,605,801	26,774,841
Office operations	11,475,031	11,361,012
Loan servicing expense	4,255,608	3,904,078
Office occupancy	2,994,603	3,070,950
Education and promotion	2,394,961	2,160,403
Miscellaneous operating expense	1,642,418	1,668,133
Professional and outside services	1,583,930	1,966,744
Total non-interest expense	54,952,352	50,906,161
Net income	$9,349,803	$10,542,054

ELEVATIONS CREDIT UNION
STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31, 2013	2012
NET INCOME	$9,349,803	$10,542,054
OTHER ITEMS OF COMPREHENSIVE INCOME:		
Net unrealized (loss)/gain on investments classified as available-for-sale	(3,140,268)	2,549,183
Other comprehensive (loss)/income	(3,140,268)	2,549,183
Comprehensive income	$6,209,535	$13,091,237

ELEVATIONS CREDIT UNION
STATEMENTS OF MEMBERS' EQUITY

For the years ended December 31, 2013 and 2012

	Regular Reserve	Undivided Earnings	Equity Acquired Through Business Combination	Accumulated Other Comprehensive (Loss)/Income	Total
Balance, December 31, 2011	$11,879,720	$83,078,343	$11,249,650	($1,047,207)	$105,160,506
Net income	—	10,542,054	—	—	10,542,054
Other comprehensive income	—	—	—	2,549,183	2,549,183
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

ELEVATIONS CREDIT UNION
STATEMENTS OF CASH FLOWS

	For the years ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$9,349,803	$10,542,054
Adjustments:		
Provision for loan losses	2,033,440	3,169,905
Depreciation and amortization	2,759,158	2,777,686
Amortization of investment premiums/discounts	4,009,065	3,186,699
Amortization of deferred loan origination fees and costs	498,153	597,879
Gain on sale of loans, net	(8,710,358)	(6,482,540)
Capitalization of mortgage servicing rights	(5,420,029)	(5,336,783)
Amortization of mortgage servicing rights	2,729,058	1,787,396
Impairment of mortgage servicing rights	—	357,644
Changes in operating assets and liabilities:		
Loans held for sale	40,296,135	(12,291,287)
Accrued interest receivable	(248,985)	12,979
Prepaid and other assets	4,684,237	(6,972,099)
Accounts payable and other liabilities	4,261,205	(65,199)
Net cash provided by/(used in) operating activities	56,240,882	(8,715,666)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities and repayments of available-for-sale investments	83,167,339	76,011,853
Purchase of available-for-sale securities	(196,983,802)	(110,051,464)
Net change in other investments	1,201,093	5,882,022
Net change in loans, net of charge-offs	(79,375,851)	33,654,429
Recoveries on loans charged off	669,967	656,156
Expenditures for property and equipment	(2,091,281)	(1,450,805)
Change in NCUSIF deposit	(954,171)	(1,147,091)
Net cash (used in)/provided by investing activities	(194,366,706)	3,555,100
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in members' share and savings accounts	70,495,544	128,001,741
Net cash provided by financing activities	70,495,544	128,001,741
Net change in cash	(67,630,280)	122,841,175
Cash at beginning of year	217,313,015	94,471,840
Cash at end of year	$149,682,735	$217,313,015

ELEVATIONS CREDIT UNION
STATEMENTS OF CASH FLOWS

Cash Flows: (continued)

	For the years ended December 31, 2013	2012
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Interest paid	$3,191,085	$3,716,474
SCHEDULE OF NON-CASH TRANSACTIONS:		
Other comprehensive (loss)/income	($3,140,268)	$2,549,183

ELEVATIONS CREDIT UNION
NOTES TO THE FINANCIAL STATEMENTS

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 and credit unions. Amounts due from banks and credit unions 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 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 exceeds 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 three classes: Real estate, Construction 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 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. Upon a loan-by-loan review of all medium or high risk real estate loans and a new calculation providing a historical loss rate on loans labeled high risk in previous credit analysis, an environmental factor adjustment is applied.

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 validated and reviewed by internal audit 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. Historical loss percentage time frames vary between classes. A loss rate of 1% is used on all loans categorized as "Pass", 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, 2013 and 2012, the historical loss time frame for all real estate loans was 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, 2013 and 2012, 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
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)

LOAN 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.

CORPORATE CREDIT UNION STABILIZATION FUND ASSESSMENTS
During July 2012 and 2013, the NCUA Board approved 9.5 and 8 basis point assessments to fund the corporate credit union stabilization fund. These assessments were based on the Credit Union's insured shares as of June 30, 2012 and 2013, respectively.

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 2012, 2011, and 2010 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 2012 financial statement amounts have been reclassified to conform with classifications adopted in 2013.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 18, 2014, 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, 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

ELEVATIONS CREDIT UNION
NOTES TO THE FINANCIAL STATEMENTS

Note 2: (continued)

	As of December 31, 2012			
Available-for-sale:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Mortgage-backed securities	$136,948,507	$2,580,666	($136,544)	$139,392,629
Auction rate securities	34,250,000	—	(2,901,300)	31,348,700
SBA-backed securities	43,995,269	360,400	(67,114)	44,288,555
Collateralized mortgage obligations	107,787,009	1,828,086	(37,542)	109,577,553
Private-issue collateralized mortgage obligations	3,106,234	118,206	(242,882)	2,981,558
	$326,087,019	$4,887,358	($3,385,382)	$327,588,995

As of December 31, 2013, all available-for-sale investments receive principal and interest payments based on the payments received on the loans underlying the investments. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

Other investments:	**As of December 31, 2013**	**2012**
Credit Union Service Organizations	$1,747,495	$2,512,882
FHLB capital stock	1,239,700	1,236,800
Certificates of deposit	—	438,606
	$2,987,195	$4,188,288

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, 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)

As of December 31, 2012
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	$15,035,557	($115,998)	$1,959,387	($20,546)	$16,994,944	($136,544)
Auction rate securities	—	—	31,348,700	(2,901,300)	31,348,700	(2,901,300)
SBA-backed securities	13,385,562	(67,114)	—	—	13,385,562	(67,114)
Collateralized mortgage obligations	11,479,811	(37,542)	—	—	11,479,811	(37,542)
Private-issue collateralized mortgage obligations	—	—	1,682,404	(242,882)	1,682,404	(242,882)
	$39,900,930	($220,654)	$34,990,491	($3,164,728)	$74,891,421	($3,385,382)

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 mortgage-backed securities are evaluated monthly for OTTI. There were no OTTI impairment losses recognized during the years ended December 31, 2013 or 2012.

ELEVATIONS CREDIT UNION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: LOANS TO MEMBERS

The composition of loans to members is as follows:

	As of December 31, 2013	**2012**
Member Business:		
Real estate	$11,785,363	$11,778,048
Construction	—	582,793
Other	1,043,294	132,346
Total member business	12,828,657	12,493,187
Real Estate:		
First mortgage	367,503,728	310,514,595
Second mortgage	132,902,658	121,174,064
Total real estate	500,406,386	431,688,659
Consumer:		
Auto	96,378,429	92,333,465
Other-primarily unsecured	92,039,827	87,716,144
Total consumer	188,418,256	180,049,609
Total loans	701,653,299	624,231,455
Net deferred loan origination fees/costs	1,016,259	1,807,019
	702,669,558	626,038,474
Less ALL	(5,303,010)	(4,846,217)
	$697,366,548	$621,192,257

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

For the years ended December 31, 2013 and 2012

	Member Business	**Real Estate**	**Consumer**	**Total**
Balance, December 31, 2011	$113,010	$855,183	$3,457,720	$4,425,913
Provision for loan losses	12,796	1,312,292	1,844,817	3,169,905
Recoveries	—	74,024	582,132	656,156
Loans charged off	—	(564,140)	(2,841,617)	(3,405,757)
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

Note 3: (continued)

	As of December 31, 2013			
	Member Business	Real Estate	Consumer	Total
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

	As of December 31, 2012			
	Member Business	Real Estate	Consumer	Total
Individually evaluated for impairment	$491	$1,212,035	$519,269	$1,731,795
Collectively evaluated for impairment	$125,315	$465,324	$2,523,783	$3,114,422

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

	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

	As of December 31, 2012			
	Member Business	Real Estate	Consumer	Total
Ending balance	$12,493,187	$432,754,094	$180,791,193	$626,038,474
Individually evaluated for impairment	$49,072	$6,631,803	$1,426,643	$8,107,518
Collectively evaluated for impairment	$10,879,960	$403,851,517	$162,800,380	$577,531,857
Acquired loans with deteriorated credit quality	$1,564,155	$22,270,774	$16,564,170	$40,399,099

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 (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized through an ALL estimate or a charge-off to the ALL.

ELEVATIONS CREDIT UNION
NOTES TO THE FINANCIAL STATEMENTS

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, 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)

	As of December 31, 2012			For the year ended December 31, 2012	
	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Real Estate:					
First mortgage	$1,107,896	$1,105,243	$—	$1,141,713	$57,904
With an allowance recorded:					
Member Business:					
Real estate	$49,072	$49,072	$491	$49,286	$2,341
Real Estate:					
First mortgage	$4,903,999	$4,892,259	$877,152	$5,398,163	$128,358
Second mortgage	$619,908	$618,794	$334,883	$933,110	$56,091
Consumer:					
Auto	$820,738	$818,201	$392,404	$928,016	$62,865
Other-primarily unsecured	$605,905	$602,831	$126,865	$672,021	$45,359
Totals:					
Member Business	$49,072	$49,072	$491	$49,286	$2,341
Real Estate	6,631,803	6,616,296	1,212,035	7,472,986	242,353
Consumer	1,426,643	1,421,032	519,269	1,600,037	108,224
	$8,107,518	$8,086,400	$1,731,795	$9,122,309	$352,918

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

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
Construction	—	—	—	—	—	—
Other	—	—	—	—	1,011,883	1,011,883
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
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	$1,906,872	$656,085	$1,898,428	$4,461,385	$670,819,359	$675,280,744

Note 3: (continued)

As of December 31, 2012

	Days Delinquent			Total Delinquent Loans	Total Current Loans	Total Loans
	30 - 59	60 - 89	90 or more			
Member Business:						
Real estate	$—	$—	$—	$—	$10,302,826	$10,302,826
Construction	—	—	—	—	536,730	536,730
Other	—	—	—	—	89,476	89,476
Real Estate:						
First mortgage	3,688,569	769,561	1,297,582	5,755,712	294,699,786	300,455,498
Second mortgage	160,897	194,506	695,291	1,050,694	108,977,129	110,027,823
Consumer:						
Auto	1,022,446	197,026	255,885	1,475,357	78,380,431	79,855,788
Other-primarily unsecured	324,744	59,130	149,155	533,029	83,838,205	84,371,234
Total	$5,196,656	$1,220,223	$2,397,913	$8,814,792	$576,824,583	$585,639,375

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 $1,898,000 and $2,398,000 as of December 31, 2013 and 2012, respectively. There were no loans 90 days or more past due and still accruing interest as of December 31, 2013 or 2012.

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 the recorded investment for TDRs originated within the last year and TDRs that defaulted in the current reporting period. Management defines a TDR as subsequently defaulted when the TDR is 90 days past due.

Note 3: (continued)

	For the year ended December 31, 2013				
	Troubled Debt Restructurings			Troubled Debt Restructurings Which Subsequently Defaulted	
	No. of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	No. of Loans	Recorded Investment
Real Estate:					
First mortgage	2	$342,243	$338,148	—	$—
Consumer:					
Other-primarily unsecured	29	175,010	154,677	1	9,821
Total	31	$517,253	$492,825	1	$9,821

	For the year ended December 31, 2012				
	Troubled Debt Restructurings			Troubled Debt Restructurings Which Subsequently Defaulted	
	No. of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	No. of Loans	Recorded Investment
Member Business:					
First mortgage	1	$49,500	$49,071	—	$—
Real Estate:					
First mortgage	6	1,957,984	2,086,121	3	643,018
Consumer:					
Auto	1	9,202	9,066	—	—
Other-primarily unsecured	32	232,680	202,069	1	1,519
Total	40	$2,249,366	$2,346,327	4	$644,537

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:

Note 3: (continued)

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.

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.

Note 3: (continued)

- 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.

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.

Note 3: (continued)

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.

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.

Note 3: (continued)

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.

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.

Note 3: (continued)

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.

In 2012 and previous, the member business loan risk ratings were grouped into six major categories, defined as follows:

Grade 1 (Pass)
Definition: Pass credits are satisfactory loans of average or better 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, pass rated credits will generally possess the following:

- 1.20 or higher debt coverage ratio.
- 2.0 or higher personal debt coverage ratio.
- For member business loans the loan to value is 75% or less and for non-profit loans the loan to value is 60% or less.
- No substantial derogatory information on credit report.
- Generally, new loans closed by the Credit Union will be done so as Grade 1 (Pass) loans. An exception to this guideline should be made for loans closed with obvious impairment as defined in the following additional grade definitions (e.g. workout loans).

Grade 2 (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.

Note 3: (continued)

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.

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

- 1.1 to 1.19 debt coverage ratio.
- For member business loans the loan to value is 76% to 80% and for non-profit loans the loan to value is 61% to 65%.
- No substantial derogatory information on credit report.

Grade 3 (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.

ELEVATIONS CREDIT UNION
NOTES TO THE FINANCIAL STATEMENTS

Note 3: (continued)

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:

- 1.0 to 1.09 debt coverage ratio.
- For member business loans the loan to value is 81% to 85% and for non-profit loans the loan to value is 66% to 70%.
- Minor delinquencies/collections on credit report.

Grade 4 (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.

Note 3: (continued)

- 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 requests for information or to act on the Credit Union's requests to strengthen the credit.

Substandard rated credits will generally possess the following:

- 0.80 to 0.99 debt coverage ratio.
- For member business loans the loan to value is 86% to 90% and for non-profit loans the loan to value is 71% to 75%.
- Delinquencies/collections on credit report.

Grade 5 (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.

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.

Doubtful rated credits will generally possess the following:

- 0.79 to 0.60 debt coverage ratio.
- For member business loans the loan to value is 91% to 95% and for non-profit loans the loan to value is 76% to 80%.
- Delinquencies/collections on credit report.

ELEVATIONS CREDIT UNION
NOTES TO THE FINANCIAL STATEMENTS

Note 3: (continued)

Grade 6 (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.

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

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

	Real estate	Construction	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

Member Business Loan Credit Quality Indicators
As of December 31, 2012

	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5 or Higher	Total
Real estate	$10,691,114	$660,150	$—	$426,784	$—	$11,778,048
Construction	402,198	46,063	—	—	134,532	582,793
Other	123,563	8,783	—	—	—	132,346
	$11,216,875	$714,996	$—	$426,784	$134,532	$12,493,187

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, 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

Real Estate Loan Credit Quality Indicators
As of December 31, 2012

	Weighted Average Original FICO	Weighted Average Current FICO	Recorded Investment	Average CLTV	Average Default Risk Sore	Average Default Risk Profile
First mortgage	748	750	$311,280,965	74.06%	6.2	Low
Second mortgage	756	756	121,473,129	58.00%	5.0	Low
	752	753	$432,754,094	66.03%	5.6	Low

The tables below summarize key information for consumer credit quality:

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

Consumer Loan Credit Quality Indicators
As of December 31, 2012

	Weighted Average Original FICO	Weighted Average Current FICO	Recorded Investment	Average CLTV	Average Default Risk Sore	Average Default Risk Profile
Auto	713	715	$92,713,766	82.97%	7.6	Low
Other-primarily unsecured	724	720	88,077,427	N/A	4.3	Low
	719	718	$180,791,193	N/A	6.0	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, 2013	2012
Acquired loans with deteriorated credit quality	$27,388,814	$40,399,099

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

	Acquired Loans with Deteriorated Credit Quality
Accretable Yield:	
Balance at December 31, 2011	$3,657,798
Net charge offs	(564,081)
Balance at December 31, 2012	3,093,717
Net charge offs	(651,762)
Accretion	(78,678)
Balance at December 31, 2013	$2,363,277

NOTE 4: PROPERTY AND EQUIPMENT

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

	As of December 31, 2013	2012
Land	$4,576,352	$4,576,352
Buildings	16,099,648	16,020,931
Furniture and equipment	21,745,449	19,751,368
Leasehold improvements	3,263,009	3,263,009
	45,684,458	43,611,660
Less accumulated depreciation and amortization	(23,866,635)	(21,125,960)
	$21,817,823	$22,485,700

NOTE 5: MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' share and savings accounts are summarized as follows:

	As of December 31, 2013	2012
Share drafts	$330,311,008	$297,567,675
Shares	323,457,776	279,781,849
Money market accounts	375,923,458	367,368,515
IRA shares	12,056,380	9,632,117
Share and IRA certificates	176,850,211	193,753,133
	$1,218,598,833	$1,148,103,289

The aggregate balance of members' time deposit accounts in denominations of $100,000 or more was approximately $45,765,000 and $50,710,000 as of December 31, 2013 and 2012, respectively.

Scheduled maturities of share and IRA certificates are as follows:

	As of December 31, 2013
Within 1 year	$97,016,219
1 to 2 years	30,015,016
2 to 3 years	23,675,306
3 to 4 years	16,464,951
4 to 5 years	9,678,719
	$176,850,211

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 $758,000 and $631,000 for the years ended December 31, 2013 and 2012, 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 statement 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 $575,000 and $338,000 as of December 31, 2013 and 2012, respectively.

The Credit Union has also entered into 457(f) deferred compensation agreements with certain senior executives in which investments and whole life insurance policies have been purchased as a method of paying for insurance coverage and providing a source of supplemental retirement income for the executive. Under the agreements, the Credit Union is the owner of the assets and an accrual is established for the intended obligation to the executive at retirement. The balance of the assets under this arrangement was approximately $10,087,000 and $16,566,000 as of December 31, 2013 and 2012, respectively. The liability under this arrangement was approximately $1,268,000 and $1,655,000 as of December 31, 2013 and 2012, 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 $966,000 and $711,000 as of December 31, 2013 and 2012, 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 $334,311,000 as of December 31, 2013.

As of December 31, 2013, 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 $304,208,000 as of December 31, 2013.

Note 7: (continued)

LEASE COMMITMENTS

The Credit Union leases several branch locations. The minimum noncancellable lease obligations were as follows as of December 31, 2013:

Year ending December 31,	Amount
2014	$590,000
2015	594,000
2016	614,000
2017	625,000
2018	503,000
Thereafter	1,213,000
	$4,139,000

Rental expense under operating leases was approximately $692,000 and $685,000 for the years ended December 31, 2013 and 2012, 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 were as follows:

	As of December 31, 2013
Credit card	$166,166,950
Home equity	132,850,210
Overdraft protection	86,115,119
Other	18,065,862
Unsecured	5,211,923
Business	2,446,677
	$410,856,741

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. However, the loan portfolio is well diversified and the Credit Union does not have any significant concentration of credit risk, except unsecured loans, which by their nature, increase the risk of loss compared to those loans that are collateralized.

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, 2013	2012
Mortgage loan portfolios serviced for:		
Federal National Mortgage Association	$960,405,000	$666,032,000
Federal Home Loan Mortgage Corporation	421,296,000	337,900,000
Total loans serviced	$1,381,701,000	$1,003,932,000
Custodial escrow balances	$12,477,000	$9,003,000

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, 2013	2012
Mortgage servicing rights:		
Balance, beginning of year	$7,054,600	$3,862,857
Additions	5,420,029	5,336,783
Amortization	(2,729,058)	(1,787,396)
	9,745,571	7,412,244
Less allowance for fair value impairment	—	(357,644)
Balance, end of year	$9,745,571	$7,054,600
Fair value of mortgage servicing rights	$12,477,000	$7,028,000

As of December 31, 2013 and 2012, the fair value of servicing rights was determined by an independent third party using market value discount rates and prepayment speeds 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's Regulations) to total assets (as defined in NCUA's 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, 2013 and 2012 was 5.31% and 4.70%, respectively. The minimum requirement to be considered complex under the regulatory framework is 6.00%. Management believes, as of December 31, 2013 and 2012, that the Credit Union meets all capital adequacy requirements to which it is subject.

ELEVATIONS CREDIT UNION
NOTES TO THE FINANCIAL STATEMENTS

Note 11: (continued)

As of December 31, 2013, 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 $8,284,167. LPCU's net worth at the time of merger was $1,330,693.

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

	As of December 31, 2013		As of December 31, 2012	
	Amount	Ratio/ Requirement	Amount	Ratio/ Requirement
Actual regulatory net worth	$124,464,780	9.11%	$115,114,977	8.96%
Amount needed to be classified as "adequately capitalized"	$81,959,372	6.00%	$77,101,394	6.00%
Amount needed to be classified as "well capitalized"	$95,619,267	7.00%	$89,951,627	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: 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:

Note 12: (continued)

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.

Certain assets and liabilities may be required to be measured at fair value on a non-recurring basis. These non-recurring fair value measurements usually result from the application of lower of cost or market accounting or the write-down of individual assets due to impairment. There were no items required to be measured on a non-recurring basis as of December 31, 2013 or 2012.

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 a 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.

Note 12: (continued)

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.

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.

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.

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, 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

	Assets at Fair Value as of December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Available for sale securities:				
Mortgage-backed securities	$—	$139,392,629	$—	$139,392,629
Auction rate securities	—	31,348,700	—	31,348,700
SBA-backed securities	—	44,288,555	—	44,288,555
Collateralized mortgage obligations	—	109,577,553	—	109,577,553
Private-issue collateralized mortgage obligations	—	2,981,558	—	2,981,558
	$—	$327,588,995	$—	$327,588,995

Note 12: (continued)

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.

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.

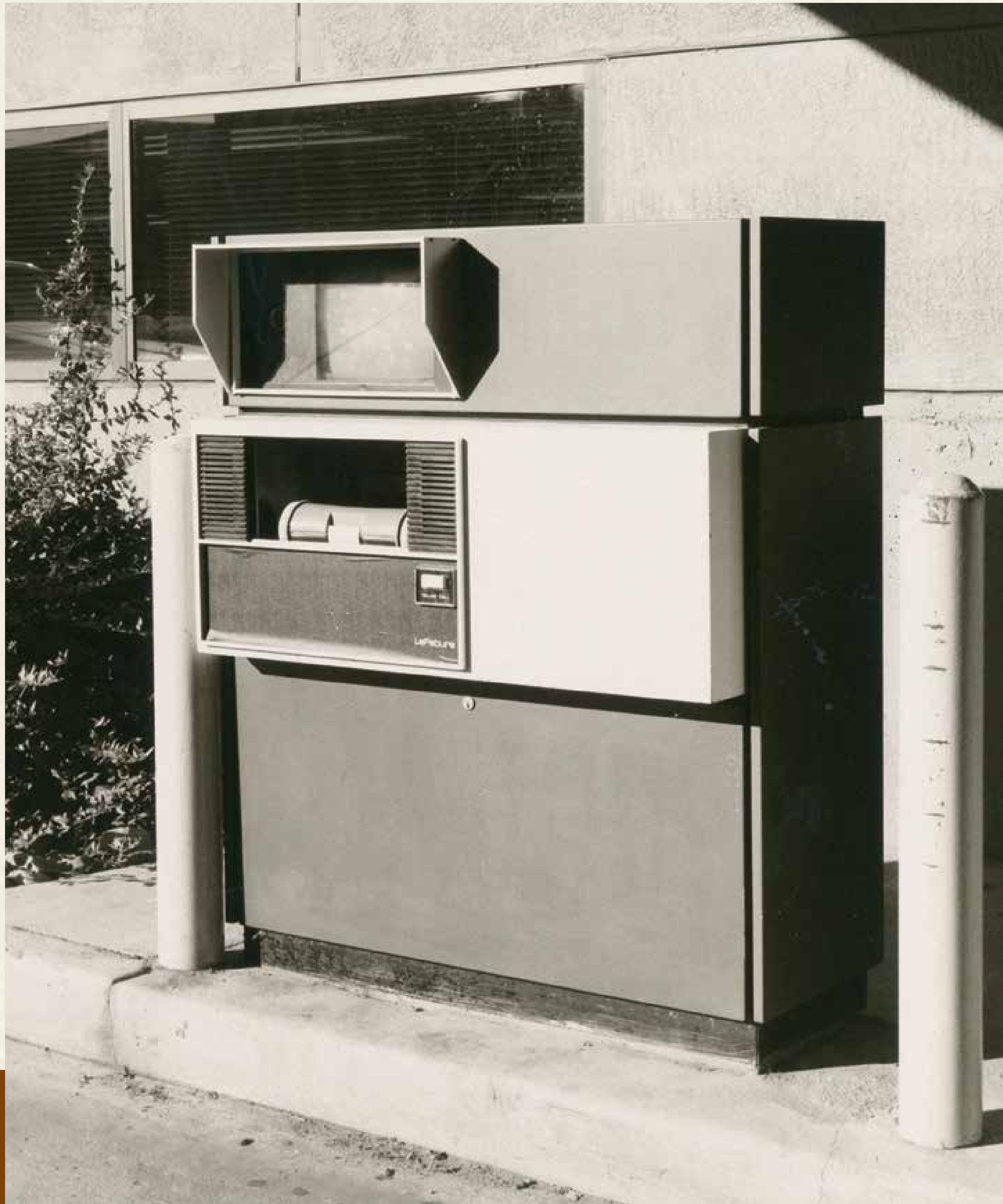
COMMITMENTS TO EXTEND CREDIT
The Credit Union's unused loan commitments to extend credit have no carrying amount and have been estimated to have no realizable fair value. The Credit Union does not charge fees in connection with these commitments and a majority of the unused loan commitments have historically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

Note 12: (continued)

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

	As of December 31, 2013		As of December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	$149,682,735	$149,682,735	$217,313,015	$217,313,015
Investments:				
Available-for-sale	$434,256,125	$434,256,125	$327,588,995	$327,588,995
Other	$2,987,195	$2,987,195	$4,188,288	$4,188,288
Loans held for sale	$5,915,619	$5,915,619	$37,501,396	$37,501,396
Loans to members, net	$697,366,548	$686,502,000	$621,192,257	$631,190,000
Accrued interest receivable				
Investments	$1,213,886	$1,213,886	$999,469	$999,469
Loans	$2,557,407	$2,557,407	$2,522,839	$2,522,839
Financial liabilities:				
Members' share and savings accounts	$1,218,598,833	$1,219,393,000	$1,148,103,289	$1,150,378,000

★★★★★★★



Tellers used to be outdoors at our Baseline branch in 1983.

THE HISTORY OF

Elevations Technology

1980s – Members gained access to their accounts through an automated telephone system.

1983 – Introduced Timeless Teller ATMs.

1984 – Introduced the first U of C Federal Credit Union ATM.

1990s – Launched our first website.

1999 – Added online banking as a benefit to members.

2001 – Launched bill pay, allowing members to pay bills online.

2011 – Upgraded our core systems to provide better banking solutions for our membership.

2012 – Redesigned elevationscu.com to be more user-friendly and have a stronger focus on our members' needs.

2012 – Offered mobile apps for iPhone and Android devices.

1983

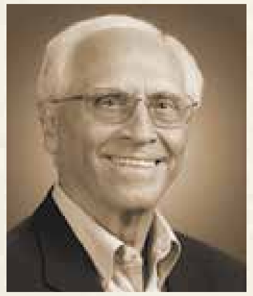
Use our Turnaround Teller from 1983 to drop off your deposit instead of waiting in line.

Access your account quicker with our iPads available on the Elevations bar, coming in 2014.

2013 and Beyond

Access is important when it comes to your money. Thanks to technology, and a little help from Elevations, you can get your banking done whether you are near or far. We're part of a cooperative network, allowing us to offer 5,000 branches and 30,000 ATMs nationwide to our members for free. We also have online banking and bill pay, text banking, a mobile website, and apps for iPhone and Android phones. And in 2013, we made it even simpler. We introduced mobile deposit for our iPhone and Android apps, allowing you to deposit checks from anywhere with the click of a button.

Board of Directors



CARROLL D. BEACH
Chair

KATIE LARSON
Vice Chair

JIM MENGHI
Treasurer

NANCY HERBERT
Secretary

DON CHEYNE
Board Member

TODD GLEESON
Board Member

ERIC JONES
Board Member

CAROL KRISMANN
Board Member

CARROLL D. BEACH * CHAIR

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. As the President of the Colorado Credit Union System, he was responsible for the executive leadership of the Colorado Credit Union League, its subsidiaries, and related organizations. 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 has a Bachelor's Degree from the University of Kansas and a Master's Degree from Emporia State University. Mr. Beach and his wife Ruth reside in Westminster, Colorado. They have two children, Craig and Sheila and five grandchildren.

KATIE LARSON * VICE 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.

JIM MENGHI * TREASURER

Jim Menghi has been a member of Elevations Credit Union for 28 years, 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 is well known and respected.

Mr. Menghi is 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 bikes and hikes, taking advantage of the great Colorado outdoor lifestyle.

NANCY HERBERT * SECRETARY

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 Board Secretary and Governance & Nominating Committee 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.

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.

Mr. 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, Mr. 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.

Mr. 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.

ERIC JONES * BOARD MEMBER

(Past Board Chair)

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.

CAROL KRISMANN * BOARD MEMBER

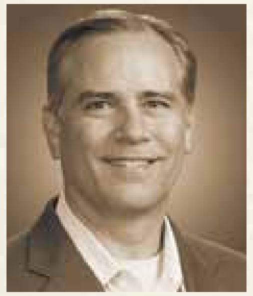
Carol Krismann has been a member of Elevations Credit Union for over 25 years. She served on the Supervisory Committee for 7 years and chaired that committee twice. She was appointed to the Board of Directors in June 2006 to fill a vacated position, and was elected to serve on the Board in 2007. Ms.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

Past Board Chair Ed Murrow and board members Wray Freiboth and Fred Roecker with past President, Jan Hesalroad in 1996.

Senior Leadership



GERRY AGNES
President &
Chief Executive Officer

MICHAEL CALCOTE
Chief Financial Officer

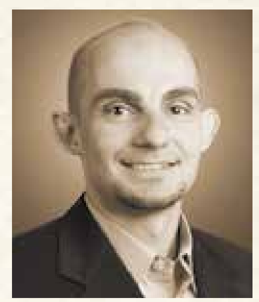
JAY CHAMPION
Chief Lending &
Member Services Officer

MARY ANN KAMMERER
Chief Product Officer

TODD KERN
Chief Marketing Officer

ANNETTE MATTHIES
Chief Human
Resources Officer

EVA GAUDIO
SVP of Governmental
& Student Affairs



DAMIAN JAKUBCZYK
SVP of Technology

RAY LINDLEY
SVP of Lending

STEVEN SCHMIDLE
SVP of Finance

GERRY AGNES * PRESIDENT & CHIEF EXECUTIVE OFFICER

Gerry Agnes works with the Board of Directors in matters of strategy, governance and policy as well as developing and realizing the credit union's vision and strategies with the senior leadership team. He has a personal commitment to the financial strength of Elevations Credit Union and a "no compromises" approach to the safety and security of member deposits, transactions and personal information. To maintain this quest for excellence, he directs the continuous improvement of member service and access, seeks process and execution excellence, leads engaged and empowered employees, and creates a learning environment for all stakeholders, members, employees, volunteers and the community. A CPA with 25 years of professional experience in the financial services industry, Gerry came to Elevations Credit Union from Altura Credit Union in Riverside, CA. There he served in a series of positions, including President/Chief Operating Officer; President of their subsidiary holding company that managed their insurance, mortgage, escrow and auto broker companies; and Chief Financial Officer. Prior to Altura, he was the President/CEO of The Community Foundation serving Riverside & San Bernardino Counties; Chief Financial Officer of California Financial Bancorp; and Executive Vice President of HF Bancorp, Inc. and its subsidiary, Hemet Federal Savings and Loan Association. Gerry began his career as a CPA with Touche Ross & Co., a "big eight" accounting firm. He now volunteers service in several industry and community organizations, including Boulder Economic Council as Past Chair; Boulder Chamber of Commerce Board of Directors Chair-elect; Boulder County Business Hall of Fame Board of Directors; and Filene Research Institute 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, and Facilities. 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.

JAY CHAMPION * CHIEF LENDING & MEMBER SERVICES OFFICER

Jay Champion is responsible for directing all aspects of the credit union's lending programs, retail delivery channels (including branches, call center, and remote delivery), and the credit union's Enterprise Performance Excellence department. Jay's lending responsibilities include consumer lending (indirect and direct), residential real estate, and commercial/business lending departments, ensuring compliance with credit union policies and state and federal regulations. 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.

Senior Leadership

MARY ANN KAMMERER * CHIEF PRODUCT OFFICER

Mary Ann Kammerer is responsible for Product Development and Elevations' Wealth Management and Insurance Services. She oversees the development and implementation of new product/service concepts, enhancements of existing products, and management of the full product life cycle from inception to retirement. Prior to this role, Mary Ann was the VP of Retail Services and then 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.

TODD KERN * CHIEF MARKETING OFFICER

Todd Kern oversees all marketing communications, public relations, market research, product development and business development for Elevations Credit Union. He is a marketing and brand management veteran spanning the entertainment, sports and finance industries. A proven corporate leader, Todd has a history of delivering impactful marketing campaigns. His creativity and ability to build brands has helped in reshaping and turning around several companies focusing on the attention span of the Gen X and Gen Y markets. He works tirelessly to integrate marketing, sales and operations in a way to reinvent how credit unions relate to their members. Before becoming CMO of Elevations Credit Union, Todd was with USA Federal Credit Union in San Diego, CA where he was Vice President of Marketing.

ANNETTE MATTHIES * 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. In her current position, which she has held since 2003, she 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 2004, Annette earned the designation of SPHR. She serves as a Board Member on the Colorado SHRM state council and was the conference chair for the bi-annual state conference for 2013. She previously held a board position on the Broomfield Chamber of Commerce and was their Secretary in 2011. 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.

Members getting help at our old Baseline branch.

Senior Leadership

EVA GAUDIO * SVP OF GOVERNMENTAL & 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.

The Elevations community annual meeting from 2003.

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 currently serves a term on the Filene Research Institute i3 program that fosters the development of new ideas and innovations for credit unions.

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 role, 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 budget 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.

STEVEN SCHMIDLE * SVP OF FINANCE

Steven Schmidle is responsible for managing the finance, accounting, secondary market and business intelligence functions at the credit union, including investments, budgeting, forecasting, reporting, audits and examinations, tax reporting, in addition to 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.

Thank you
for
your membership!