Baldrige Made us Good at Planning, Better at Execution

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Katie Larson, Board Chair

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Charting the Path
Baldrige Beginnings

**CAPITAL ANNUAL GROWTH RATE**
- Peer Group Average: 7%
- Elevations CU: 1%

**MEMBERS ANNUAL GROWTH RATE**
- Peer Group Average: 3%
- Elevations CU: 1%

**ASSETS ANNUAL GROWTH RATE**
- Peer Group Average: 9%
- Elevations CU: 7%

2004 thru 2008
## Key Cycles of Learning

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once a year</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Short horizon, limited measures</td>
<td>Five year horizon, key measures</td>
</tr>
<tr>
<td>Limited stakeholder involvement</td>
<td>Increased involvement and transparency</td>
</tr>
<tr>
<td>Inconsistent deployment, not based on data</td>
<td>Integrated deployment from strategic to tactical, based on data</td>
</tr>
<tr>
<td>Concentrated decision making</td>
<td>Empowered team</td>
</tr>
</tbody>
</table>
Member-Centric Strategy

- Member Loyalty
- Financial Sustainability
- High Performance Culture

Member Centricity
Baldrige Results

**Capital Annual Growth Rate**
- Peer Group Average: 7%
- Elevations CU: 13%

**Members Annual Growth Rate**
- Peer Group Average: 3%
- Elevations CU: 6%

**Assets Annual Growth Rate**
- Peer Group Average: 9%
- Elevations CU: 7%
Key Reflections on the Journey

- Beginner: Integration
- Intermediate: Honor the "No"
- Advanced: Sustainability
Or How We Went From This...
To This
Elevations Leadership System

1.1 Strategic Planning

Challenge the Process

Inspire a Shared Vision

1.2 Plan & Align Resources

Enable Others To Act

1.3 Create a High-Performance Environment

Model The Way

1.4 Analyze & Review Performance

Deliver Results

1.5 Ensure Organizational Learning

Encourage the Heart

Community

Membership

Workforce
Strategic Planning Overview

1.1 Strategic Planning

1. Assess & Understand On-going
2. Set Strategic Direction March to May (SBPC)
3. Develop Objectives March to May
4. Define Initiatives June to July
5. Plan Resources May to September
6. Create Financial Plan September to November (FBPC)
7. Goal Flow Down December

Strategic Plan
Reaffirm Business Foundation; Strategic Advantages & Challenges
Determine Strategic Objectives & Goals

Business Plan
Approved Business Plans & aligned Budget

Success Factors
Key Process, Team & Individual Performer Measures
I understand how my job contributes to this organization’s success.

<table>
<thead>
<tr>
<th>Year</th>
<th>Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>85%</td>
</tr>
<tr>
<td>2012</td>
<td>89%</td>
</tr>
<tr>
<td>2013</td>
<td>93%</td>
</tr>
<tr>
<td>2014</td>
<td>94%</td>
</tr>
</tbody>
</table>

90th Percentile
Strategic Planning & Operational Rhythm

1. Assess & Understand Ongoing
   - Economic Assessment
   - Competitive Analysis
   - Technology Trends
   - Consumer Trends
   - Internal Analysis
   - Member Analysis

2. Set Strategic Direction March to May
   - Reaffirm business foundation
   - Strategic advantages & challenges
   - Define strategic opportunities

3. Develop Objectives March to May
   - Determine objectives and goals

4. Define Initiatives June to July
   - Determine action plans to achieve objectives

5. Plan and Align Resources May to Sept
   - Prioritize people, IT and financial resources

6. Create Financial Plan Sept to Nov
   - Approved business plans

7. Goal Flow Down Dec to Jan
   - Key process team & individual performer measures

8. Execute Plan On-going
   - 8. Execute Plan

9. Review Performance Spring & Fall
   - 9. Review Performance

10. Evaluate & Improve On-going
    - 10. Evaluate & Improve

1.1 Strategic Planning Process

1.2 Decide, Plan, Align 3rd Tuesday

1.4 Run the Business 1st Tuesday Production 2nd Tuesday
Honor the NO
BLUE / INTERMEDIATE
• Core Conversion
• Online Banking Conversion
• Merger

MEMBER LOYALTY

Q4, 2011: 56
Q1, 2012: 47
Q2, 2012: 39
SIZING THE OPPORTUNITY

Title: Champion: Team Lead:
Last revision to this business case: August, 14th

What is the business Gap, Opportunity or Problem?

What are the high-level Objectives of your initiative?

How will you Measure success?

Please describe and score potential Solutions being considered to meet objective:

<table>
<thead>
<tr>
<th>Solution 1:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion</td>
<td>Score</td>
</tr>
<tr>
<td>Workforce Engagement</td>
<td></td>
</tr>
<tr>
<td>Member Loyalty</td>
<td></td>
</tr>
<tr>
<td>Financial Sustainability</td>
<td></td>
</tr>
</tbody>
</table>

| Strategic Alignment | Average individual scores above chart |

Enter scores into chart data table and paste results below chart.

Attachment A – Scoring Matrix Definitions

<table>
<thead>
<tr>
<th>Strategic Value</th>
<th>Definition</th>
<th>1 to 4</th>
<th>5 to 8</th>
<th>9 to 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Engagement</td>
<td>Alignment with Workforce Value Prop; Increased productivity</td>
<td>Requires significant mitigation; prolonged negative impact to key workforce segments</td>
<td>No substantive change in engagement metrics</td>
<td>Common-sense win with lasting impact to entire workforce; Substantive productivity improvement</td>
</tr>
<tr>
<td>Member Loyalty</td>
<td>Alignment with Membership Value Prop; Increased repeat and referral relationships</td>
<td>Requires significant mitigation; prolonged negative impact to key membership segments</td>
<td>No substantive change in 'outside-in' metrics</td>
<td>Common-sense win with lasting impact to clear majority of the membership</td>
</tr>
<tr>
<td>Financial Sustainability</td>
<td>Alignment with Key Performance Guidelines; Attainment of Strategic Objective Goals</td>
<td>Negative ROI</td>
<td>Break-even ROI; or positive ROI with offsetting negative impact to segments of Workforce or Membership</td>
<td>Certain and substantive ROI with near term break-even; no substantive or lasting negative impact to workforce or membership</td>
</tr>
<tr>
<td>Context</td>
<td>Definition</td>
<td>Positive</td>
<td>Neutral</td>
<td>Negative</td>
</tr>
<tr>
<td>Complexity</td>
<td>Confidence strategic value will be realized</td>
<td>Straight-forward; Certain Scope; Limited Cross Functional Impact; Impacted processes are stable and will require minimal redesign</td>
<td>Complex; Uncertain Scope; Moderate Cross Functional Impact; Limited number of processes require redesign</td>
<td>Highly Complex; Volatile Scope; Significant Cross Functional Impact; Significant redesign of current processes and/or new processes required</td>
</tr>
<tr>
<td>Effort</td>
<td>Opportunity cost</td>
<td>90 days or less 'Implement' duration; minimal impact to key resources</td>
<td>90 to 180 days 'Implement' duration; moderate impact to key resources</td>
<td>Greater 180 days 'Implement' duration; significant impact to key resources</td>
</tr>
</tbody>
</table>
Sustainability

BLACK / ADVANCED
Revenue Strengthening, Diversification

BOULDER COUNTY
MORTGAGE MARKET SHARE

WEALTH MGMT REVENUE
$MM

CONSUMER LOAN PRODUCTION
$MM

BUSINESS DEPOSITS
$MM

29% Annual Growth Rate

40% Annual Growth Rate
**Governance: Enterprise Risk**

**Enterprise Risk Metric Trend**

- **Total Risk Metric**
- **Maximum**
- **Minimum**
- **Targeted risk range**
- **Operations**
- **Credit**
- **Market**

- **High**
- **Mod**
- **Low**

- **12-Dec**
- **13-Dec**
- **14-Mar**
- **14-Jun**
- **Prelim 14-Sep**
- **Forecast 17-Dec**
<table>
<thead>
<tr>
<th>Key Performance Guidelines</th>
<th>Guideline</th>
<th>Current</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Engagement</td>
<td>&gt;65</td>
<td>78</td>
<td>😊</td>
</tr>
<tr>
<td>Member Loyalty</td>
<td>&gt;55</td>
<td>43</td>
<td>🚫</td>
</tr>
<tr>
<td>Efficiency Ratio</td>
<td>&lt;75%</td>
<td>82%</td>
<td>🚫</td>
</tr>
<tr>
<td>(Costs/Revenues)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Equity</td>
<td>5-15%</td>
<td>9%</td>
<td>😊</td>
</tr>
<tr>
<td>Risk Index</td>
<td>30-50%</td>
<td>22%</td>
<td>😊</td>
</tr>
<tr>
<td>Capital</td>
<td>8-10%</td>
<td>9%</td>
<td>😊</td>
</tr>
</tbody>
</table>
Après Ski

We’d love to share more, please ask!

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