2020
Malcolm Baldrige National Quality Award
Application

ELEVATIONS
CREDIT UNION

| *It matters where you bank.*

This section contains confidential information and has been removed.

A
AC – Accounting Center
ACUMA – American Credit Union Mortgage Association
ADKAR – Awareness, Desire, Knowledge, Ability, Reinforcement
AED – Automated External Defibrillator
ALCO – Asset Liability Committee
AMC – Appraisal Management Company
AML – USA Patriot Act Anti-Money Laundering Program
AOS – Available On-Site (or via document request)
APR – Annual Percentage Rate
ARCU – Advanced Reporting for Credit Unions
ATM – Automated Teller Machine
ATS – Applicant Tracking System
AUM – Assets Under Management
AWS – Amazon Web Service

B
BABOK – Business Analysis Body of Knowledge
BAI – Bank Administration Institute
BBB – Better Business Bureau
BCP – Business Continuity Plan
BHAG – Big Hairy Audacious Goal
BI – Business Intelligence
BIA – Business Impact Analysis
BITe – Business Intelligence Team
Board – Board of Directors
BOD – Board of Directors
BPM – Business Process Management
BSA – Bank Secrecy Act

C
CAT – Cybersecurity Assessment Tool
CBAP – Certified Business Analyst Program
CC – Credit Card
CEO – Chief Executive Officer
CFS – CUSO Financial Services, LP
CFO – Chief Financial Officer
CFPB – Consumer Financial Protection Bureau
CIA – Credit Income and Asset
CIE – Certified Innovation Executive
CIO – Chief Information Officer
CMT – Crisis Management Team
COO – Chief Operating Officer
CPA – Certified Public Accountant
CPI – Consumer Price Index
CPO – Chief People Officer
CRM – Customer Relationship Management (we call it MRM)
CRO – Chief Risk Officer
CS – Cornerstone Advisors
CSPO – Chief Strategy and Performance Officer
CTB – Connect the Business
CU – Credit Union
CUDL – Credit Union Direct Lending
CUES – Credit Union Executive Society
CUNA – Credit Union National Association
CUSO – Credit Union Service Organization
CWR – Custom Work Request
CXO – Chief Experience Officer

D
D&I – Diversity and Inclusion
DART – Days Away Restricted or Transferred
DDI – Development Dimensions International, Inc.
DFS – Department of Financial Services
DGT – Data Governance Team
DORA – Department of Regulatory Agencies
DR – Direct Reports
DR – Disaster Recovery

E
EC – Employer's Council
ECU – Elevations Credit Union
EE – Employee Engagement
EEOC – Equal Employment Opportunity Commission
ELO – Elevations Leader Orientation
EMR – Executive Management Report
EPEx – Enterprise Performance Excellence
EPM – Enterprise Process Map
EPMO – Enterprise Project Management Office
ERM – Enterprise Risk Management
ETG – Enterprise Transformation Group
eVision – Elevations' secure Board portal
EVP – Employee Value Proposition

F
FBPC – Fall Board Planning Conference
FFIEC – Federal Financial Institutions Examination Council
FHLB – Federal Home Loan Bank
FI – Financial Institution
FICO – Fair Isaac Corporation - The largest and best known company that provides credit scores
FINRA – Financial Industry Regulatory Agency
FOCO – Fort Collins
FSG – Financial Services Guide
FTE – Full-time equivalent
FTP Data Exchanges – File Transfer Protocol is a secure file transfer system

G
GAAP – Generally Accepted Accounting Principles - Set of accounting principles, standards, and procedures that companies must follow when compiling financial statements
GC – General Counsel
GL – General Ledger

H
HC – Headcount
HE – Home Equity
HELOC – A line of credit, typically in second lien position, originated through LoansPQ that have the capability to convert wholly or partially into an amortizing loan; all HELOCs go into fully-amortizing repayment at some time interval
HELoan – A loan, typically in second lien position, that is originated through LoansPQ
HH – Household
HR – Human Resources
HRIS – Human Resource Information System
HRBP – Human Resources Business Partner
HSA – Health Spending Account
HVAC – Heating, Ventilation, Air Conditioning

I
ICON – Icon Advisory Group, Mortgage Financial Benchmarking
IDS – Intrusion Detection System

ILT – Instructor-Led Training
IP – Internet Protocol
IRS – Internal Revenue Service
ISOC – Information Security Oversight Committee
ISP – Internet Service Provider
IT – Information Systems

J
JHA – Jack Henry & Associates, Symitar-Episys core systems provider
JIT – Just-in-time

K
KA – Knowledge Asset
KPG – Key Performance Guideline
KPI – Key Performance Indicator
KM – Knowledge Management

L
L&D – Learning and Development
LEARN – Listen, Empathize, Acknowledge, React, Notify
LI – Linked In
LMS – Learning Management System
LPO – Loan Production Office
LS – Leadership System
LSA – Logical Security Access
LT – Leadership Team

M
M&MM – Move and Manage Money
MBA – Mortgage Bankers Association
MDC – Member Development Company
MLG – Member Loyalty Group
MRM – Member Relationship Management – Software application called Synapsys which allows robust tracking and reporting of member information.
MSG – Member Services Guide
MSR – Mortgage Servicing Rights
MVP – Member Value Proposition
MVV – Mission, Vision, Values
MXT – Member Experience Team

N
NCR – Consumer digital banking platform
NCUA – National Credit Union Administration
NCUSIF – National Credit Union Shared Insurance Fund
NEO – New Employee Orientation
NIST – National Institute of Standards & Technology
NMD – Non-Maturity Deposit
NPG– CU National Peer Group
NPS – Net Promoter Score
NPSr – Net Promoter Relationship
NSF – Non Sufficient Funds

O
OFI – Opportunities for Improvement
OGO – Ongoing Operations
OJT – On-the-Job Training
OLB – Online Banking
Operational Rhythm – See Figure 1.1-6
OSHA – Occupational Safety and Health Association
OT – Overtime

P
PAN – Primary Account Number - The Primary Account Number is typically referred to as the card number. It uniquely identifies the card (physical or virtual) used to transact on a line.
PESTLE – Political, Economic, Social, Technological, Legal, and Environmental
PFI – Primary Financial Institution
PII – Personally Identifiable Information
PL – Personal Loan
PMBOK – Project Management Body of Knowledge
PMP – Project Management Professional
PPH – Products per Household
PPM – Project Portfolio Management
PPO – Preferred Provider Information
PRD – Product Requirements Document
PROFITstar® – Financial budgeting and forecasting software
PTO – Paid Time Off

Q
Q12 – Gallup Employee Engagement Survey
QA – Quality Assurance
QBP – Quarterly Business Planning
QM – Qualified Mortgage

R
R&D – Research and Development
RACI – Responsible, Accountable, Consulted, Informed
RCA – Root Cause Analysis
RCFY – Reality Check for Youth
RFG – Raddon Financial Group
RMPEx – Rocky Mountain Performance Excellence
ROA – Return on Assets
ROAA – Return on Average Assets
ROAE – Return on Average Equity
ROC – Risk Oversight Committee
ROE – Return on Equity
ROI – Return on Investment
ROMI – Return on Marketing Investment
RPO – Recovery Point Objective
RTB – Run the Business
RTO – Recovery Time Objective

S
SAFE – Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)
SBPC – Spring Board Planning Conference
SEG – Select Employee Group
SHRM – Society for Human Resource Management
SIEM – Security Information and Event Management
SIPOC – Suppliers, Inputs, high-level Process steps, Outputs, and Customers
SL – Senior Leaders; Chiefs and Senior VPs
SLA – Service Level Agreement
SMART – Specific, Measurable, Attainable, Relevant, and Timely
SME – Subject Matter Expert
SNL – S&P Market Intelligence (a data aggregation vendor used for benchmarking)
SPHR – Senior Professional in Human Resources
SO – Strategic Objective
SOAR – Social Opportunities and Recognition
SoS – Share of Spend
SoW – Share of Wallet
SPP – Strategic Planning Process

SVP – Senior Vice President
SWOT – Strengths, Weaknesses, Opportunities, and Threats

T
T&L – Test and Learn
TAG – Thanks, Appreciation, and Gratitude
TAPS – Total Annual Plastic Spend
TE – Team Elevations
tEW – the Elevations Way
TLC – The Leadership Challenge
TNA – Training Needs Assessment

U
U of C – University of Colorado

V
VL – Vehicle Loan
VOM – Voice of the Member
VP – Vice President
VPN – Virtual Private Network
VPV – Vision, Core Purpose, Values
VTO – Volunteer Time Off

W
WFP – Workforce Planning Process

P.1 Organizational Description

Elevations Credit Union is a member-owned not-for-profit financial institution serving our field of membership which includes the people and organizations who work or reside in the Colorado counties of Adams, Boulder, Broomfield, Denver, Jefferson, Larimer, and Weld. Founded in 1953 with 12 members and less than $100 in assets, we have grown to an institution with more than 140,000 members managing over $2.2 billion in assets. We are the number one credit union mortgage lender in Colorado and the number one residential mortgage lender in Boulder County. Our business model is member-centric. We focus on creating deep, long-lasting relationships built on trust by acting in the best interest of the membership and community. We provide the community with unbiased education through free financial seminars on a wide range of subjects and financial literacy programs in K-12 schools.
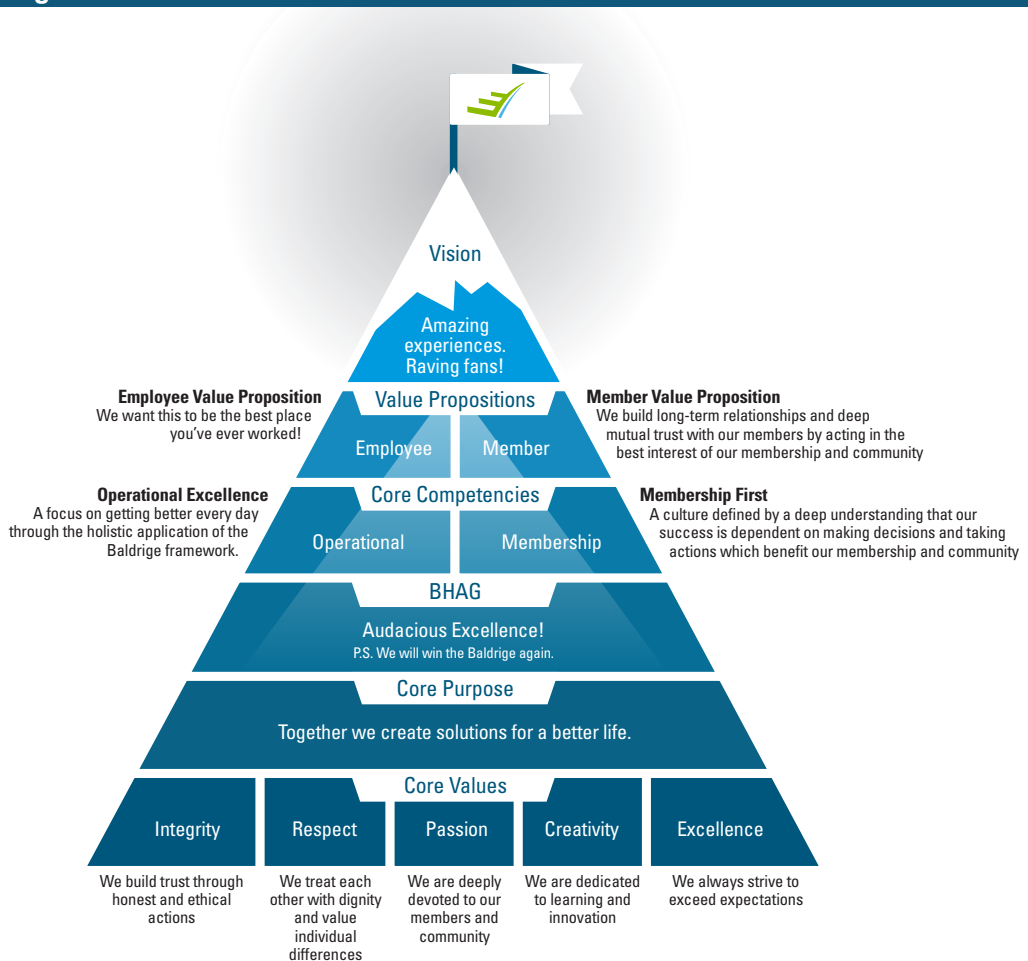
Figure P.1-1 Elevations Foundational Elements

Figure P.1-2 Products and Services			
Value Streams	**Relative Importance (Revenue)**	**Sample Products / Services**	**Strategic Importance**
Mortgage	45%	• Purchase Loans • Refinance Loans	Built a reputation with Realtors® that we will deliver exceptional service to every member, every time
Consumer Lending	30%	• Credit Cards • Energy Loans • Home Equity Loans • Lines of Credit	Highly commoditized space where our member experience must differentiate us
Move & Manage Money	16%	• Deposit Products • Debit Cards • Wealth Management	Low cost of funds is a measure of franchise value as it creates the margin necessary to offer lending at competitive rates
Business Services	09%	• Deposit and Credit Products	A key growth focus for us going forward

Over 560 people are proud to call Elevations the "best place they have ever worked." In 2014, we were honored as the first credit union to receive the only presidential honor for performance excellence—the prestigious Malcolm Baldrige National Quality Award. Readers of local newspapers name us "Best Bank/Financial Institution," "Best Mortgage Lender," and "Best Customer Service" year after year.

P.1a Organizational Environment

P.1a(1)   Key products and services for each of our value streams are shown in **Figure P.1-2**. We deliver these financial solutions through branch, call center, and digital channels to meet personal, business, and community needs.

P.1a(2) Elevations' Foundational Elements in **Figure P.1-1** build on one another, ultimately contributing to the attainment of our Vision: *Amazing experiences. Raving fans!* Our Core Values: *Integrity, Respect, Passion, Creativity,* and *Excellence* are fundamental to how we achieve our Core Purpose (mission): *Together we create solutions for a better life*. Also contributing to our Core Purpose are the characteristics of our culture: Learning, Results, Caring, and Purpose, which are reinforced and reflected in our Employee Value Proposition described in *Criteria 5.2b*.

P.1a(3) Elevations employs 560 employees who are segmented by gender and ethnicity based on our strategic objective around Diversity and Inclusion. We have worked

hard over the last several years to drop traditional silo-thinking of department segmentation; however, for the purposes of the Gallup Q12 survey, we do segment in this manner to enable individual department leaders to obtain information that allows them to identify opportunities to better engage with their employees (*Figure 7.3-20*). Elevations has no organized bargaining units, nor specialized health requirements. Our key safety requirement is protection against robbery, which we address in *Criteria 5.b(1)*.

Culture is key to creating amazing experiences for our members and workforce. The Employee Value Proposition (*Criteria 5.2b*) describes our commitment to the workforce. Educational requirements are aligned to the experience and expertise designated for each role within ECU. Requirements are captured in each success profile (job description). Certifications are only required in certain roles, such as lending and wealth management. Elevations meets all state and federal laws.

Recent changes in our workforce include growth in the employee base from 440 employees in December 2016 to 560 employees as of March 2020. Workforce changes include transitioning to Agile/Scrum practices and emphasizing tech-savviness. Additionally, we have made a commitment to Diversity & Inclusion and are changing the composition of our workforce to include more Spanish-speaking employees in order to better serve our Hispanic community.

We leverage the Gallup Q12 employee engagement survey and framework to understand key drivers of our workforce engagement. These drivers, shown in *Figure P.1-3*, include basic needs, management support, teamwork, and growth, which are defined and benchmarked by Gallup.

Figure P.1-3 Drivers of Workforce Engagement
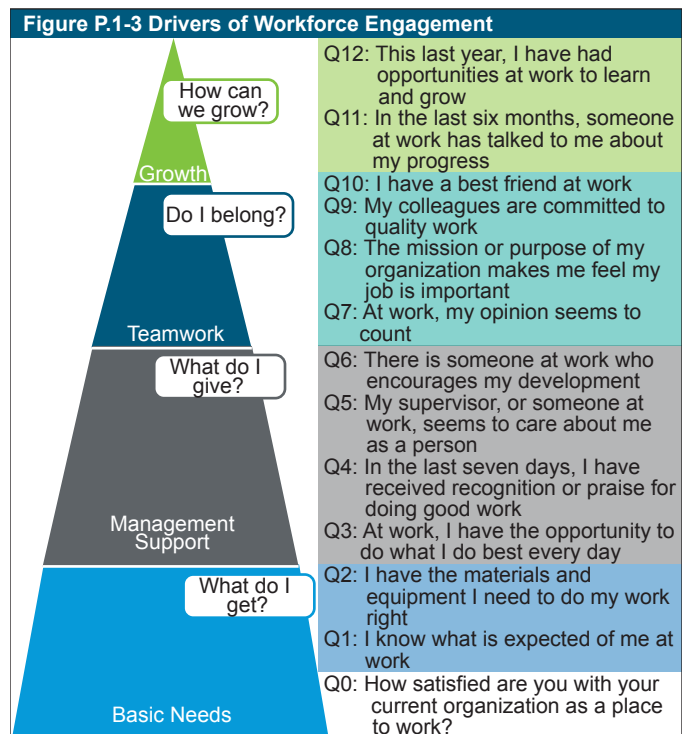
P.1a(4) Elevations' service delivery is provided by outstanding people at our Boulder Headquarters, 13 branches, 36 Elevations-branded ATMs, two Mortgage Loan Production Offices (LPO), by phone at the Basecamp Operations and Contact Center, and through excellent digital banking. Elevations also participates in Shared Branching with other credit unions, which supplements our branching network by allowing our membership to access their accounts throughout the country at over 29,000+ no-fee ATM locations and receive in-person service from over 5,000 participating host credit unions identified as Credit Union Service Centers. Major technologies, see *Figure P.1-10*. Intellectual property, see *Criteria 4.2b*.

P.1a(5) The credit union industry is heavily regulated. Elevations operates under the supervision of a number of regulatory agencies and requirements, as shown in *Figure P.1-4* with results presented in *Criteria 7.4.*

Figure P.1-4 Regulatory Agencies	
National Credit Union Administration (NCUA)	The NCUA regulates and insures all federally chartered and most state chartered credit unions in the United States. All credit unions under the NCUA are insured by the National Credit Union Share Insurance Fund (NCUSIF) to protect member deposits in the unlikely case of a credit union failure.
Colorado Division of Financial Services (DFS)	DFS protects consumers through the regulation and supervision of state chartered credit unions.
Financial Industry Regulatory Agency (FINRA)	FINRA is dedicated to investor protection and market integrity through regulation of broker-dealers. FINRA is not part of the government. They are a not-for-profit organization authorized by Congress to protect America's investors by making sure the broker-dealer industry operates fairly and honestly. This organization does not directly oversee the credit union but rather oversees CUSO Financial Services, the wealth management arm of the credit union.
IRS	The Credit Union is subject to a number of tax reporting requirements as it relates to loans and dividends paid to members.
Equal Employment Opportunity Commission (EEOC)	The EEOC is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age (40 or older), disability, or genetic information. The EEOC has the authority to investigate charges of discrimination against employers.

P.1b Organizational Relationships

P.1b(1) Elevations is a financial cooperative owned equally by each member, regardless of their investment or borrowings. The membership democratically elects a Board of Directors to represent their interests. The Board oversees the credit union through a committee structure for internal controls and risk (Audit & Risk), policy (Governance), and elections (Nominating). The Board hires its sole employee, the President/CEO, who is then responsible to the Board to develop and execute the organization's core purpose and strategies to fulfill its vision. The CEO leads his Senior Leaders who include the General Counsel, the Chief Financial Officer, the Chief Information Officer, the Chief Operating Officer, the Chief Strategy and Performance Officer, the Chief People Officer, the Chief Experience Officer, and the Assistant Vice President, Corporate Secretary. Our organizational structure is reflected in *Figure P.1-5.*

Business	X	X	X	

Figure P.1-5 Organizational Structure

Membership: annual meeting, elect the BOD to staggered terms, one vote per member
    Board of Directors: elected to a maximum of three four-year terms (12 years total)
      • Audit & Risk Committee
      • Governance & Nominating Committee
      CEO: hired and evaluated by the BOD
        CEO Council: hired and evaluated by the CEO
          Leadership Team Individual Contributors

P.1b(2) As a community chartered credit union, Elevations' current field of membership, as approved by the Colorado Division of Financial Services, allows us to serve businesses and individuals who work or live in our field of membership. We segment our key markets geographically, as shown in *Figure P.1-6*, by life stage, as shown in *Figure P.1-7,* and by value stream, as shown in *Figure P.1-2*.

Figure P.1-6: Market Segmentation, Geographic (by County)

• **All Markets**: Adams, Boulder, Broomfield, Denver, Jefferson, Larimer, Weld
• **Established**: Boulder, Broomfield
• **New**: Larimer
• **Future**: Adams, Denver, Jefferson, Weld
Established= a fully deployed physical branch network
New = branch network in process
Future = no physical branch network

Once membership is approved, it is retained for the life of the relationship. We seek members who believe it matters where you bank. They seek a financial institution that acts in their best interest by providing guidance and solutions throughout every stage of life. They care about belonging to a co-op that is as invested in the community as they are. We serve our members based on their personal preferences and needs. Members have peace of mind knowing that we're looking out for their long-term financial wellbeing. The relationship goes beyond finances. We share community connections and values with our members that allow us to relate in a way that only our local financial cooperative can.

We segment members based upon life stages. Life stages and key satisfaction requirements for each are shown in *Figure P.1-7*. Results for satisfaction with these requirements are shown in *Criteria 7.1* and *7.2*, with engagement results being presented in *Criteria 7.2*.

Key stakeholders include the communities we serve and regulatory agencies. Key stakeholders are presented in *Figure P.1-7*, with stakeholder requirements shown in *Figure P.1-8*. Results for compliance with regulatory requirements are presented in *Criteria 7.4*.

Figure P.1-7 Key Segments

Member Life Stage Segments	Key Satisfaction Requirements			
	Quality Service	Easy to do business	Delivers Value	Acts in Best Interest
Student	X	X	X	
Young Professional	X	X		X
Newlywed	X		X	X
Young Family	X	X		X
Maturing Family	X	X		X
Mid-Career	X	X	X	
Late-Career	X	X	X	
Retired	X	X	X	

Figure P.1-8 Key Requirements

Key Member Engagement Requirements

• Personally engaged
• Feel like a valued member
• Delivers value

Key Stakeholder Requirements

• *Community*: Reputation as a fiscally sound, good corporate citizen; proactive volunteer and community (financial) investment
• *Regulatory*: Accurate financial records, safety and soundness; proactive compliance and regulations to appropriately assess and mitigate risk

P.1b(3) Elevations leverages suppliers, partners, and collaborators in its work system. Suppliers typically are selected through a formal vendor management process and are sought for their core competency expertise to supplement and complement ECU, *Figure P.1-9*. Technology and servicing partners are key in delivering our work system, as shown in *Figure P.1-10*.

Figure P.1-9 - Suppliers

Sample Suppliers

• FHLB, Liquidity
• Cornerstone, Consulting
• Coalfire, Cybersecurity Consulting
• CUNA Mutual Group, Insurance
• Moss Adams, CPAs, Advisors, Auditing
• Member Development Company (MDC), Innovation R&D

Figure P.1-10 Partners

Key Technology Partners	Key Servicing Partners
Provide technology solutions. Two-way communication with partners is managed through a combination of online ticketing, network monitoring, and general performance monitoring. Additional communication includes regularly scheduled service calls, on-site visits, and attendance at conferences/events. These channels enable Elevations to seek potential innovation. Technology partner contracts contain Service Level Agreements (SLAs) related to uptime and performance, with acceptance criteria enabling Elevations to cancel a contract if necessary.	Provide direct servicing to our members. They provide services including lost/stolen card reporting, fraud disputing, afterhours call center, investment services, mortgage servicing, and automobile sales and financing. Servicing partners enable Elevations to expand its service resources beyond its operational capacity and hours. Two-way communication occurs through general performance monitoring, scheduled service calls, and on-site visits.
• Jack Henry (Episys core processor, Synapsys MRM, Synergy image storage) • Meridian Link Xpress (Account opening), Meridian Link LPQ (Loan origination system) • Visa (Debit and credit card issuance) • NCR (Consumer digital banking), Q2 (Business digital banking) • Akcelerant (Collections) • Blend (Digital point of sale mortgage loan origination system) • Encompass & Blend (Mortgage loan origination system) • Microsoft (Office 365, Azure, PowerBI)	• LSI (After-hours call center) • OSI (Statements) • CFS (Wealth mgmt. broker) • Augeo (Credit card rewards) • Paychex (Payroll services) • CO-OP (Credit & debit card processor) • CPI (Card fulfillment) • Dovenmuehle Mortgage (Servicing) • Fannie/Freddie (Loan purchase)

Collaborators do not involve formal agreements and typically assist with driving awareness and recognition of the Elevations brand through initiatives such as community involvement, which in turn enables us to have touchpoints linked back to our value streams.

Figure P.1-11 Collaborators
Sample Collaborators
• University of Colorado, Alumni Association • Realtor® Builder Advisory Council, Training • Mountain West Credit Union Association, Advocacy • Northern Colorado Advisory Board, Ambassadors • Baldrige/RMPEx, Organizational Learning • CUES, Executive Education

Suppliers, partners, and collaborators all play a significant role in producing and delivering our services and enhancing our competitiveness. Key supply chain network requirements include timeliness, quality, and contract compliance.

All play a role in sharing opportunities to capture best practices, drive continuous improvement, and initiate innovation. For example, MDC is responsible for facilitating research and development resources from 60 plus credit unions to identify and act upon innovation opportunities.

P.2 Organizational Situation

P.2a(1) Elevations, by asset size, is the largest locally-based credit union serving our established field of membership (market) and the fourth largest credit union headquartered in Colorado. In terms of deposit market share, Elevations is third in our established market behind only Wells Fargo and JP Morgan Chase; we are first in mortgage market share. We consider these large national and regional banks to be our primary competitors due to their market share in our communities. Secondary competitors operate within our markets but do not have substantive market share. Tertiary competitors have minimal market share. While primary competitors have the greatest influence, secondary, tertiary, and product-specific competitors are monitored to ensure awareness of changes in product, pricing, and brand positioning occurring within our market. Semiannual deep dive competitive analysis assesses competitors along the following dimensions: strategy/business model, Glassdoor reviews, employee benefits, customer switch preference, in-market NPS, aided/unaided awareness, PFI attributes, product pricing, deposit market share, mortgage market share, 'best of' rankings, and recent market activity. **Figure P.2-1** reflects Elevations' competitive situation.

P.2a(2) By design, compared to other financial institution charters and non-bank financial institutions, credit unions operate under far more restrictive regulation, which supports the unique exemption they receive from federal and state income taxes. The tax exemption is an advantage, yet it brings limitations that must constantly be managed, such as the inability to raise capital and limited field of membership.   The most significant key change affecting our competitive situation is the rapidly changing pace of technology. Chase and Wells move the market given their market share and deep resources. Quicken Loans (Rocket Mortgage) represents the first non-traditional (tech) competitor to make inroads in market share. Regulatory burden is still a barrier of entry for non-traditional competitors. Larimer county is a new market entered into in 2014 with a branch and mortgage LPO. A second branch was

opened in 2018, and a third branch will open in 2021. Weld and Denver Metro are future markets currently without a branch presence. While other credit unions overlap into our market, they are not seen as traditional competitors; rather, we often collaborate with other credit unions.

Figure P.2-1 Competitive Position			
Primary	**Secondary**	**Tertiary**	**Product Specific**
• JP Morgan • Wells Fargo • U. S. Bank • 1st Bank • First National Bank • Key Bank • Bank of the West	• Canvas CU • Bellco CU • Premier Members CU	• Alpine Bank • Blue Federal CU • Ent Federal CU	<u>Mortgage</u> • Cherry Creek • Quicken Loans • Cornerstone

P.2a(3) The financial services industry requires great regulatory transparency. This provides us with a number of reliable sources for comparative data. The majority of these data are historic and outcome-related in nature. It is much more difficult to find real-time or in-process measurement data against which we can compare ourselves. Additionally, it is difficult to obtain comparisons for support process measures.

P.2-2 Comparative Data
Type and Source
In-Market: Core Insights, ICON, SNL **Financial Industry, CU and Bank**: Core Insights, SNL, Cornerstone, Raddon, CUNA, MBA, MLG, Gallup, Experian **Non-Industry Best Practices**: Gallup, Salary Comp, Baldrige

P.2b Elevations completes an external environmental analysis and scenario planning process annually during the SPP **(Criteria 2.1)**. During this step in the SPP, Elevations Senior Leaders identify strategic advantages, challenges, and opportunities as shown in **Figure P.2-3**. These key elements are used during the planning process to identify Strategic Objectives and goals.

Figure P.2-3: Strategic Context
Strategic Advantages
• **People** who energize a culture of engagement aligned to our Foundational Elements • **Brand strength** driven by community engagement enables growth in adjacent markets and business banking • **Performance excellence** through continued investment in the BHAG with an engaged workforce
Strategic Challenges
• **Political and economic uncertainty** affects ability to invest for the future • **Cybersecurity** presents expanded opportunities for fraud and reputation risk • **Technology** giants are rapidly evolving consumer expectations and the competitive landscape • **Scale** earned from success must be managed to retain organizational strengths, yet adapt to ensure future success

Figure P.2-3 (Continued): Strategic Context
Strategic Opportunities
• **Advanced analytics** to accelerate decision making, insights, and personalized member financial wellness solutions
• **Digital transformation** with a human touch to drive an elegant member journey in an integrated multi-channel delivery
• **Innovation Program** leveraging a highly engaged workforce
• **Diversity & Inclusion** investment in our workforce and membership, emphasis on Hispanic market
• **Agility** and speed to react through adoption of scrum methodology

P.2c Elevations' overall systems approach to improving organizational performance is achieved through the deployment of the Baldrige Excellence Framework as established within the Foundational Elements by the BHAG. Our Work System is captured by the Elevations Enterprise Process Map (EPM). The EPM includes the Leadership System, Value Stream (Work), and Enabling (Support) processes, *Figure P.2-4*.

Evaluation of key organizational processes and projects is driven through the Operational Rhythm, which includes an annual Baldrige examination process (BHAG), ongoing Strategic Planning Process (SPP), Quarterly Business Planning (QBP) forum, and, at a minimum, monthly forums to review Value Stream and Enabling process performance *(Criteria 1.1).*

Improvements are achieved using Elevations' internal 5-Step Business Process Management (BPM) methodology, which leverages Lean Six Sigma as the primary improvement tool. Project Portfolio Management (PPM), scrum teams, and the Innovation Program supplement and support process owners as they deploy BPM *(Criteria 6.1).*

| Figure P.2-4: Elevations Work System, the Enterprise Process Map (EPM) 2	
Leadership (System) Processes	1.1 Strategy 1.2 People 1.3 Execution
Value Stream (Work) Processes	2.0 Develop Solutions 3.0 Market Solutions 4.0 Manage Member Relationships 5.0 Deliver Solutions & Services
Enabling (Support) Processes	6.0 Manage & Develop Workforce 7.0 Manage Information Technology 8.0 Manage Financial Resources 9.0 Manage Space & Fixed Assets 10.0 Manage Performance Excellence 11.0 Manage Risk 12.0 Manage External Relationships
0.0#s identify EPM Process Categories with which individual BPM processes and procedures are aligned	

Figure P.2-5: Performance Improvement System		
Key Elements	**Purpose**	**Criteria Item #**
Enterprise Process Map (EPM)	Highest level view of Elevations Work System Processes	2.1
• Leadership System	Leader behaviors & processes: Strategy/People/Execution	1.1
• Value Creation Processes: Value Streams	Delivery of products & service solutions to members	6.1
• Enabling Processes	Enables the delivery of solutions to members	6.1
Strategic Planning Process (SPP)	Continuous determination of direction & resource allocation	2.1
• Strategic Plan, Scenario Planning	Foundational Elements, Strategic Objectives, KPGs	2.1
• Business, Value Stream, & Team Plans	Annual objectives, targets, and budget	2.2
Operational Rhythm	Engineered sequence of forums to lead and govern	1.1
• Analyze & Review Performance	Measure, analyze, and improve performance	4.1
• BHAG	Organizational performance improvement and innovation	4.1
Project Portfolio Management (PPM)	Organization of work efforts, disciplined execution & review	6.1
• Project Abstract; Business Case	Capture improvement & innovation ideas	6.1
• Quarterly Business Planning	Approval, priority, and scheduling of improvements	2.2
• Scrum	Methodology by which improvements are deployed	4.1
Business Process Management (BPM)	Methodology by which process & procedures are designed and improved	6.1
• Process Owners	Responsible to a customer(s) for an output(s)	1.1
• Special Forces	BPM experts who support Process Owners	6.1
• Journey Mapping	Designing a process through the lens of the member	6.1
• Lean Design Thinking	Methodology to test & learn innovative ideas	6.1
• Business Intelligence (BI)	Capabilities to enable fact-based decision making	4.1
• Enterprise Risk Management (ERM)	Capabilities to ensure appropriate Risk Appetite	6.1
• Knowledge Management (KM)	Governance to create, capture & share knowledge assets	4.2
Innovation Program	Idea Forum, Skills Workshop, Test & Learn Incubators	6.1
Communication	Effective two-way communication to engage and direct	1.1
• Change and Transition Management	Manage the decision, beginning, transition, and ending	5.1

1.1 Senior Leadership

Elevations' Leadership System (LS) defines the systematic processes through which our leaders guide the organization and reflects how their personal actions demonstrate commitment to the Foundational Elements. Leadership processes respond to key questions within the Baldrige Framework for Excellence. **Set Direction** includes scenario planning, strategic planning, and board governance. **Plan, Organize, and Align** covers business planning, portfolio planning, succession planning, workforce planning, and setting individual goals. **Deliver Solutions** addresses execution of the Elevation Way, talent acquisition, Operational Rhythm, and Business Process Management (BPM). Each leader **Engages and Motivates** through communication, employee learning and development, workforce engagement, and through rewards and recognition. Leaders **Review, Learn, and Improve** through performance analysis, individual performance evaluation, organizational learning, continuous improvement, cultural advancement and innovation. Leadership processes are defined and deployed through Business Process Management (**Figure 6.1-1**).

Leadership attributes reflected in the model set clear expectations for leaders' personal actions and are further defined by specific competencies and behaviors, which are mapped to distinct leader roles and then addressed in performance management and development, **Item 5.2c**.

Figure 1.1-1 Leadership System
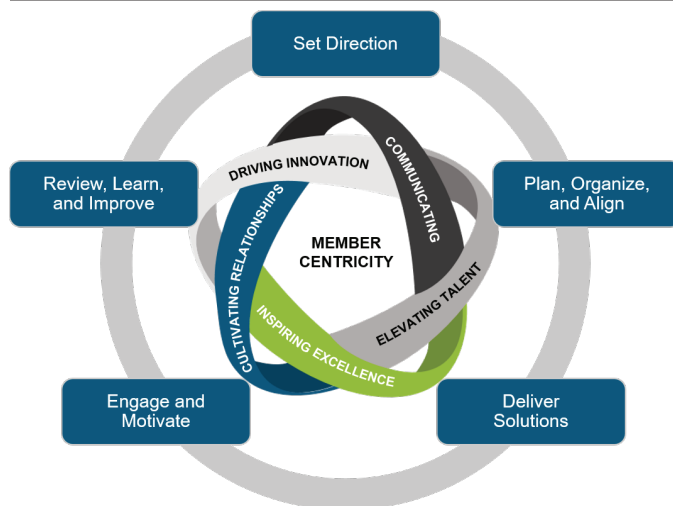
1.1a Vision and Values

1.1a(1) Elevations has a long-standing process of annually reviewing and, as necessary, refining our vision, values, and Foundational Elements through a series of collaborative efforts designed to obtain input and achieve buy-in from across the organization. Step (1) of this process begins with a review of all Foundational Elements via open, small-group discussions. In Step (2), the Senior Leadership team collects this feedback, develops, and shares proposed changes with the Board of Directors. In Step (3), Board members have the option to approve proposed changes or ask Senior Leaders to continue refining the elements; and in Step (4), refined recommendations are brought back for further discussion and approval. Once approved by the Board in Step (5), Senior Leaders deploy updates through designated communication vehicles.

Our Foundational Elements are deployed through a variety of systematic approaches. This deployment starts in the hiring process where they are shared with potential candidates, and Senior Leaders personally share these with new employees during New Employee Orientation. Senior Leaders also deploy our vision, values, and value propositions to the workforce through the regular meeting structure that is our Operational Rhythm as well as through the monthly Executive Management Reports. These elements are also deployed to employees through leader and all staff emails, the Employee Handbook, and through a variety of visual approaches including on employee badges and through wall art. Foundational Elements are deployed to suppliers, partners, and collaborators through face-to-face meetings, the external website, and through contractual agreements. Senior Leaders deploy the vision, mission, and our value proposition to current and potential members through the external website, marketing messaging, and at annual member meetings. Elevations has had numerous cycles of refinement of our Foundational Elements based on this annual evaluation. For example, in 2015 to increase simplicity and connection, the vision was refined from 242 words to 4: *Amazing experiences. Raving fans!* Following receipt of the MBNQA, in 2015, the BHAG was updated to "Audacious Excellence! P.S. We will win the Baldrige again." In 2018, the core purpose was modified to be more collaborative by adding the word *together:* "*Together we create solutions for a better life*." Finally, in 2019, we modified the employee value proposition to be more aspirational.

By meeting on a weekly basis, Elevations' Senior Leaders visibly prioritize clarity, alignment, and synchronicity, which is a powerful way to reinforce and strengthen all of our values. Senior Leaders' personal actions demonstrate a commitment to our values in many ways shown in **Figure 1.1-2**.

Figure 1.1-2 Elevations' Core Values	
Integrity We build trust through honest and ethical actions.	**Item 1.1a(2)** details actions Senior Leaders take to promote honesty, integrity, and ethical behavior. This is further evidenced by our egalitarian approach in many processes, which do not have significant differences between levels.
Respect We treat each other with dignity and value individual differences.	Senior Leaders validated the importance of this value by making an organizational commitment to invest in Diversity & Inclusion (D&I) as one of our seven Strategic Objectives.
Passion We are deeply devoted to our members and community.	"Member Centricity" is at the center of our LS. As a member-owned cooperative, Senior Leaders regularly emphasize that our members are the reason we are all here. Elevations' leadership team empowers and recognizes employees to do what is right for our members.
Creativity We are dedicated to learning and innovation.	Senior Leaders support learning and innovation by devoting time and resources to the organization in the areas of data analytics (**Item 4.1**), innovation teams and activities, and process improvements like the addition of Agile/Scrum practices.
Excellence We always strive to exceed expectations.	Senior Leaders go to great lengths to understand members' expectations and, as evidenced by our SPP, consistently set stretch goals to exceed those expectations. As showcased in Item 2.1 and 2.2, Senior Leaders also work to build strong plans to ensure that everyone at Elevations is using a disciplined, structured approach to achieve these stretch goals.

1.1a(2) There are a multitude of actions and processes executed by our Senior Leaders that encourage and promote

legal and ethical behavior throughout the organization.

Figure 1.1-3 Senior Leaders' Commitment to and Promotion of Legal & Ethical Behavior

- Senior Leaders deliver NEO training covering Core Values, Code of Conduct
- Annual Refresher Training [**CAT 7.4a**]
- Integrity Core Value: part of every leader's and individual performer's SuccessFactors performance assessment
- Board & Management Policies: ERM key controls engineered into process design and performance monitoring
- Internal Operational Audits: performed by internal and external auditors
- External Regulatory Audits
- Board of Directors, Audit & Risk Committee
- PII Pro-active Email Monitoring
- Voice of the Member listening [**CAT3.1**]
- Voice of the Community listening [**CAT3.1**]
- Voice of the Workforce: Engagement Survey; open door policy; anonymous hotline

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During calendar year 2018, in conjunction with the Audit & Risk Committee, Senior Leadership voluntarily retained an expert in corporate governance to perform a review of our internal operations and systems to determine the status and adequacy of our ethics culture and whistleblower reporting mechanisms. Based on the positive feedback and learnings from that exercise, in 2019, senior management made numerous improvements to broaden/deepen the ethics review. We engaged a qualified team of experts to perform a more comprehensive ethics review. This information was presented to our Audit & Risk Committee, and their recommendations have been deployed systematically throughout the organization.

While Elevations has utilized a confidential executive coach as a resource for Senior Leaders for several years, we moved to a higher-quality coach and enhanced the usage of that consultant. Specifically, the coach is now available as a resource to confidentially discuss concerns, criticisms, and feedback related to one another regarding values, integrity, behaviors, and learning, with a focus on continual improvement. In addition, we engaged a panel of executive coaches to support selected leaders determined by CEO Council.

In 2017, for the first time in Elevations' history, Senior Leadership allocated the resources to secure a veteran credit union attorney as in-house General Counsel. Among the General Counsel's responsibilities are seeking out and identifying legal and ethical risks and concerns and promoting ethical behavior of the highest standard throughout the organization.

Training has also been enhanced. The Chief People Officer has incorporated the Leadership System, attributes and competency training into New Employee Orientation, and an Annual Refresher Ethics Training has been implemented for all employees (***Item 7.4a***).

The Audit & Risk Committee's role has been expanded to cover enterprise-wide risk management for enhanced oversight. Board and management policies have been revised to implement additional ERM controls. Additional resources and personnel have been devoted to the Internal Audit function.

The information security team has been substantially expanded, and an industry expert in information security has been added to credit union staff (Vice President of Information Security). Finally, through increased use of member surveys and enhancement of the dispute management process, credit union management has reduced communication barriers and increased the opportunities available to members to provide feedback on staff and operational performance (***Item 3.1***).

1.1b Communication

Elevations' Operational Rhythm is the primary mechanism for how Senior Leaders align, integrate, deploy, measure, and improve communication efficacy. Simply put, our Operational Rhythm is a sequence of recurring forums designed to ensure the right **people** are getting the right **information** at the right **time** to make the right **decisions**, and **those decisions are then communicated timely to the right people**. Key Operational Rhythm meetings are closely aligned with our Leadership System, ***Figure 1.1-4***. All these forums encourage frank, two-way communication and are used to communicate key decisions.

Each forum shown has defined timing, objectives, and participants, along with aligned measures, analyses, and outputs to ensure effective evaluation of performance and execution of approved and prioritized initiatives. The Operational Rhythm SharePoint site serves as an aggregator or portal from which team members can access links to drill-down subsites for each recurring meeting within the Operational Rhythm. All agendas, notes, and associated analyses are housed on these sites to foster transparency, accelerate communication, improve consistency of messaging, and capture learning. We believe that a

Figure 1.1-4 Leadership System

blended, multi-pronged approach to communication is the most effective way to reach our workforce. In addition to the SharePoint site, Operational Rhythm has its own calendar in Outlook, on which all Operational Rhythm forums are scheduled and to which all employees have access. We leverage our Operational Rhythm and internal communication process for systematic communications as well as flexibility for emergent time sensitive communications.

Elevations' leaders are committed to increasing transparency and deploying information to all levels of the organization through quarterly all staff meetings, where they share a wide

variety of information on improvement efforts, status of operational objectives, and detailed financial performance information, in addition to recognizing and celebrating our people. Supplementing our all staff meetings, Senior Leaders utilize the "Connect the Business Monthly Update," which provides them with a standardized toolkit and talking points to provide key updates related to specific topics in smaller, more interactive team meetings. Gerry Agnes, our CEO, also shares the monthly Board Report/Executive Management Report (EMR) through the "Executive messages" email channel with an open invitation for questions and comments. Based on feedback from the workforce, in 2019, Senior Leaders added a quarterly Leader Social Network to informally connect with leaders across the company. Senior Leaders also leverage informal rounding opportunities and social events, such as summer cookouts and periodic branch and department visits in order to personally interact with team members and learn about workforce engagement. Additionally, Senior Leaders personally participate in numerous reward and recognition programs.

Leaders communicate with and engage members through formal and informal channels, including email, statement notices, the corporate website, press releases, and social media. We use social media to engage with members and non-members via ongoing posts on Facebook, Twitter, Instagram, and LinkedIn. Content for these posts includes financial education, news in the community, and upcoming events, as well as alerts and critical announcements, such as interruption of service due to weather or other reasons when necessary. Annually, the entire membership is invited to the membership meeting.

Here, the state of the credit union is presented, Board of Directors are elected by the membership, other credit union business is attended to, and an open town hall forum is conducted to address all member concerns.

Informally, Senior Leaders attend community events that are frequented by members and/or sponsored by Elevations. This networking allows leaders to informally interact with members who may not choose to comment in a more visible forum. Member correspondence addressed to Senior Leaders is typically answered directly by telephone or in writing, sometimes resulting in an in-person visit, depending on the situation. The objective of all member communication is to validate the concerns of individuals, build long-term relationships, and foster deep mutual trust while acting in the best interest of our members.

1.1c Mission and Organizational Performance

1.1c(1) Elevations' Senior Leaders believe a Leadership System with defined processes and behaviors is the key to our success, now and in the future. Our core purpose, *Together we create solutions for a better life*, ensures member centricity sits at the center of our Leadership System as a reminder that it is the filter through which we should pass all of our activities.

Figure 1.1-5 Communication Approaches					
Forum	Purpose	Channel	Audience	Freq.	2-way
Annual Membership Meeting	State of the credit union, director election	IP	Members	A	Yes
Board of Directors, eVision	Strategic direction and alignment, governance	V+IP	Board, SLs	M	Yes
Audit & Risk Committee	Governance	IP	Committee members	M	Yes
Governance & Nominating Committee	Policy governance, education, director nominations	IP	Committee members	Q	Yes
Strategy	Strategic direction, scenario planning	IP	CEO DRs+	Q	Yes
Executive messages	High-profile announcements and changes	E	TE	AN	Yes
CEO Council	Strategic alignment, operational execution	IP	CEO DRs	W	Yes
Steering	Strategic direction and alignment, prioritization	IP	CEO DRs+	M	Yes
Quarterly Business Planning	Strategic alignment, prioritization	IP	Reps	Q	Yes
Value Streams	Operational execution	V+IP	Reps	M	Yes
Teams	Operational execution, engagement, alignment, education	IP	TE	M	Yes
Performance Management	Individual performance and feedback	IP	DRs	Q/A	Yes
Elevations Communications	Announcements, news, and updates	E	TE	W/AN	Yes
All Staff	Engagement, information, alignment	IP	TE	Q	Yes
Connect the Business (CTB)	Alignment, information, education	E	Leaders	AN	Yes
CTB Monthly Updates	Alignment, information, education, leadership dev.	V+IP+E	Leaders	M	Yes
BHAG	Audacious Excellence	IP	Reps	Q	Yes
The Elevations Way	Amazing experiences. Raving fans!	IP	Reps	M	Yes
Asset/Liability Committee (ALCO)	Governance	V+IP	Board, SLs	Q	Yes
Risk Oversight Committee (ROC)	Governance	V+IP	Reps	Q	Yes
Pricing	Market alignment	V+IP	Reps	M	Yes

Channel: IP=In-person; E = Email; V=Virtual Collaboration;
Audience: TE=Team Elevations; SLs=Senior Leaders; Reps=Representatives of affected areas; DRs=Direct Reports
Frequency: D=Daily; A=Annual; Q=Quarterly; M=Monthly; W=Weekly; AN=As Needed

Other Communication Channels

- Service Anniversary Breakfasts: CEO reads personal message of recognition for each employee; other Senior Leaders attend
- Employee Events: BBQs; sporting events; recognition events; holiday celebrations; social groups; and other events
- Appreciate: Online tool TE can use to publicly share appreciation and nominate for formal recognition
- Elevations Social Media, Blog and Vlog: available on the external website, managed by Marketing team
- The Peak (intranet) & SharePoint Collaboration Sites
- Digital Signage: available at Basecamp location for short, promotional messages
- Leader Social Network: optional event for leaders to connect and network in a social atmosphere
- IT Alerts: as-needed email communications notifying all TE about IT issues
- Digital Communications: including videos, emails, SharePoint archives, PowerPoint presentations, and animations to help support complex messages and bring ideas to life

Elevations' Senior Leaders reinforce our core purpose by enabling employees to create solutions that consider the member's need first, providing parameters and risk tolerance in our member transactions, and empowering our workforce to take the initiative to provide the best member solutions.

Additionally, we teach our employees the Elevations Way, our systematic approach to connect with members to serve them best and deliver on our vision of *Amazing experiences. Raving fans!* We have established member profiles enabling our workforce to better know and connect with members, and we encourage them to take the time they need to meet needs.

The cyclical nature of the processes within our Leadership System ensures we are consistently pushing ourselves to learn and grow, which supports our success now and in the future. We conduct strategic planning annually, allowing our Senior Leaders to shift strategic focus as markets or member needs change and plan for future member needs.

To further encourage organizational agility, we adopted the structure of Agile/Scrum development in 2018. By delivering IT solutions and other large projects within an agile construct, we have created an environment that allows for nimbleness, learning, and the ability to deliver solutions quickly – especially when they have a positive impact for our members.

We also have enhanced our process for innovation to provide opportunity to test and learn new ideas at all levels. Based on a cycle of learning, we deployed a test and learn/innovation opportunity in one of our major strength processes, mortgage lending. The test focused on how best to position our mortgage delivery channel for the future without eroding or harming our current business model. This effort resulted in faster delivery of mortgages per employee (increased productivity and better service), while also positioning Elevations to dominate the market when buying patterns shift to a digital delivery channel. Importantly, we delivered this innovative solution with our Agile/Scrum methodology that made the experience for our staff and members delightful.

Senior Leaders cultivate intelligent risk-taking through the Operational Rhythm as they analyze the risk to act or not to act upon recommendations. In alignment with our Leadership System and Foundational Elements, our Senior Leaders encourage and cultivate open and transparent dialogue about performance, delivery, and effectiveness. Through our Operational Rhythm, we incorporate "look-backs" to determine ROI and leverage business cases for future development. We inspect risk components within our Strategic Planning Process and our business cases in order to encourage intelligent risks and avoid unnecessary risks.

Our Senior Leaders engage in open dialogue about future successors at the senior level, for their direct reports, and for selected other positions. They leverage a systematic process two times per year to keep our succession plans current and relevant. During these facilitated sessions, Senior Leaders update success profiles (job descriptions), discuss potential organizational structure for the future, and calibrate on talent within the organization. Our Board annually reviews and revises, when appropriate, the CEO's succession plan. During the past 18 months, the efficacy of our succession planning was tested. The strength of our leadership development was validated when three of our executive leaders were provided promotion opportunities outside of Elevation and one retired. Due to the effectiveness of our Leadership System and succession planning, three of these positions were immediately filled with internal candidates, and we are currently searching externally, as previously planned, to replace the remaining position. Further, our Board of Directors revised its succession and recruiting plans in 2019 that entailed the engagement of an executive recruiter that successfully recruited and onboarded our newest Board member.

1.1c(2) To achieve Elevations' mission, we establish goals and success metrics through the Strategic Planning Process. Starting with the five-year Strategic Plan, we craft an annual business plan. With the business plan in place to direct our focus, Senior Leaders leverage our Strategic Goals of *High-Performance Culture, Member Loyalty*, and *Financial Sustainability* to create their goals for the year. Senior Leaders then work with their direct reports, promoting goal alignment at the next level. Goal development continues for all positions within the organization, creating a focus on action to achieve our core purpose while also aligning every individual to Elevations' strategy and vision. Each goal has specific performance metrics to evaluate and monitor success.   Individual progress toward these metrics is discussed at regular intervals throughout the performance management process. HR Business Partners support leaders in ensuring goals are created, evaluations are completed, and compensation is linked to employees' performance evaluations.

Leaders define priorities for improvement and innovation and deploy those through the performance improvement system. In determining which actions to pursue, leaders ensure they recommend initiatives, captured in business cases with weighted assessment criteria, to balance value among all stakeholders. This approach ensures that all initiatives are in alignment with the Strategic Plan.

The discipline around our Operational Rhythm creates organizational and personal accountability for the organization's actions.   Process owners and their teams perform analyses to understand performance and identify and recommend actions to drive improvement.

1.2 Governance and Societal Responsibilities
1.2a Organizational Governance

1.2a(1) Strong corporate governance starts at the top with our Board of Directors, elected by the membership, that ensures we are acting in the best interest of our members through a relevant and sustainable Business Model. The Board oversees change management through a committee structure for policy changes (Governance) and elections (Nominating). The Board also ensures the credit union operates in a safe and sound manner to benefit our members through its Audit & Risk Committee. The Board hires its sole employee, the President/CEO, who   is then responsible to the Board to develop and execute the organization's mission and strategies to fulfill its vision. The CEO employs his executive team, as depicted in the organization chart. The CEO's executive team attends all Board meetings and strategic planning sessions. The CFO serves as the Chief Risk Officer, attends all Audit & Risk Committee meetings, and oversees management committees, including Asset/Liability (ALCO) and Risk Oversight (ROC).

1.2a(2) With the assistance of an expert consultant, the Board performs annual self-assessments of individual Board members. Elevations invests in a variety of development for

both Senior Leaders and the Board. Development for the Board starts with new member orientation and ongoing education through robust utilization of educational programs, formal education at Board planning sessions, and attendance at local offerings such as the Mountain West Credit Union Association, CUNA, and Credit Union Executive Society.

Figure 1.2-1 Governance Approaches and Deliverables	
Accountability of Leadership Actions	• Review of performance in Operational Rhythm • Board involvement in performance review • Audit & Risk Committee, ALCO and ROC • SL annual performance goals with oversight by CEO to ensure alignment with Strategic Plan • Independent program of internal, external, and regulatory audits/examinations
Fiscal Accountability	• Board approves and monitors annual budget • Stakeholders incentive system • CFO reports financial results to Board/regulators • Audit & Risk Committee oversees annual financial audit by external accounting firm • Board oversees management's progress to achieve financial goals • Internal audits used for proactive compliance and to evaluate and improve governance
Transparency	• Financial/operating results reported to Team Elevations and Board monthly in EMR • Business Intelligence Portal • Operational Rhythm meetings • Reference Desk • Board reviews and revises policies, while also reporting to membership at Annual Meeting • Website provides Annual Report to all • Members have access to DFS and other regulatory agencies to report concerns
Independence and Effectiveness of Audits	• Audit & Risk Committee oversees independent program of internal and external audit and selects/retains auditor • Regulators review results of exams with Board and Senior Leaders • Audit results, findings, and corrective actions are reported directly to the Audit & Risk Committee • A rating system is used to grade audit results and trend/track reports to identify patterns • All audits rated below a set threshold receive a timely follow-up to the Audit & Risk Committee • All high and moderate risk findings are tracked for mitigation, re-tested, and escalated to the Audit & Risk Committee as needed
Protection of Stakeholder Interests	• CEO Reports to Board • Board drawn from credit union membership and service is limited to four three-year terms • Board participates in external training • Regulatory oversight and examination by NCUA and Colorado Division of Financial Services • Financial information, the call report, is reported quarterly to NCUA and available to the public

Annually, the Board formally evaluates the CEO's performance against the following six criteria: (1) Leadership; (2) Financial Management; (3) Operational Management; (4) Relationships; (5) Board Interaction; and (6) Professional Development. In the first area, the Board evaluates the CEO's relationship with the Board, including his transparency and communication with them. In the second criterion, the Board evaluates Elevations' overall performance against budget. Finally, the Board assesses the CEO's performance in executing special projects identified during the SPP, e.g., opening new branches or completing a merger. Each Board member independently evaluates the CEO, and results are aggregated.

The Board Chair administers the performance evaluation to the CEO on behalf of the Board of Directors.

The CEO evaluates each direct report's performance annually based upon accomplishment of shared goals for organizational performance and individual performance goals. Progress of goals is monitored and discussed throughout the year between the CEO and each senior leader during the evaluation process. The results of these reviews are captured in each individual's SuccessFactors plan. The review and assessment of SuccessFactors plans ensure the attainment of our goals and make appropriate linkages to our overall performance evaluation, merit pay, and utilization in succession planning.

Figure 1.2-2 Performance Evaluation		
	Evaluation and Compensation	Development
Board	Annual peer-assessments and external coach feedback. Comp package reconciled to market by outside consultant.	Formal onboarding program; annual training and travel budget for all directors; speakers and consultants during SPP and monthly Board meetings.
CEO	Annual review by the Board; comp determined by performance to goal; comp package reconciled to market by outside consultant.	Annual training and travel budget tied to SuccessFactors Development Plan.
Senior Leaders	Annual SuccessFactors review; comp determined by market job role match and performance to goal.	Annual training and travel budget tied to SuccessFactors Development Plan.
Leadership System	Evaluation ongoing through review of aligned metrics within the Operational Rhythm, SPP, and BHAG Baldrige review process. Improvements made continually; substantive improvement made in 2018 with Leadership System v2.0 deployed to address increased requirements of leaders.	

The executive compensation process mirrors that of the entire organization. Each year, we analyze compensation (base and incentive) and benefits using benchmark data. These data are linked to compa-ratio and performance score as the starting point for merit increases.

Development for Senior Leaders starts with our succession planning process and leads to a discussion of career aspirations and recent performance during the performance evaluation process as assessed in SuccessFactors. Development opportunities tied to competencies within each success profile are created and captured within the Career Development plan of SuccessFactors. Developmental activities can include executive coaching, training and conference attendance, group book studies, and leadership opportunities.

1.2b Legal and Ethical Behavior
1.2b(1) Elevations, as evidenced in our *Core Purpose, Member Value Proposition, and Membership First Core Competency*, is dedicated to the spirit of the credit union movement to address adverse impacts of the banking industry on society. Maximizing value for the cooperative rather than maximizing profit is a core tenet and a natural filter for consideration of societal impact. Key approaches are shown in *Figure 1.2-3.*

Figure 1.2-3 Legal and Regulatory Compliance

Concerns	Anticipate & Address
Legal & Regulatory	• In-house legal counsel • Compliance; risk assessments using a heat map • DFS and NCUA annual audits • Internal audit
Community	• SL Involvement on community boards • Community Affairs Team • Northern Colorado Advisory Board • Robust member, in-market, and social media
Societal	• Scenario Planning [*CAT2.1*] • Benchmarking key metrics [*CAT4.1*]
Future	• Scenario Planning [*CAT2.1*] • Development and learning activities, including industry monitoring
Key Compliance Processes, Measures, and Goals for Addressing Risks	
Audit / Risk Committee	Monthly performs in-depth review and oversight of audit and risk issues on behalf of the Board
ROC	Quarterly meeting chaired by the CRO
Key Controls	ERM designs processes to include key controls; Internal and external audits of key controls
Risk Index	An index measure combining measures of credit, market, strategic, reputational, operational, and technology risks
Education	Regular consumer education to address common literacy gaps. On-demand services are available to our membership, such as our 'Reality Check-up', which performs a review of a members' financial goals and plans to achieve them, plus a free credit counseling service that is paid for by Elevations.

1.2b(2) Elevations promotes and ensures ethical behavior as shown in *Figure 1.2-4.*

Figure 1.2-4 Ethical Behavior

Deployment	Approaches
Workforce	• 100% background checks • Behavioral-based interview questions • 100% Code of Conduct review and signature • 50% of annual SuccessFactors Performance Review based upon Core Competencies including behaviors • Ongoing Training: Unfair Lending Practices • Member Identification Program; Bank Secrecy Act; Check Kiting; Record Falsification; Member Data Breaches • Incentive System design (details provided in the text below)
Members	• Our business model is not for profit; our members are our owners; we exist to provide solutions • ROC Measures • NPS Measures • Internal and External Audits; including NCUA and DFS
Suppliers/ Partners	Ethical expectations standard in partner and supplier contracts
Monitor and Respond to Breaches of Ethical Behavior	
• Whistleblower policy; anonymous hotline – Ethics Point • Dual controls for handling sensitive materials • Enterprise Risk Management compliance monitoring and audits • Talent Management team-led investigations to respond, review, and remediate; actions range from education reinforcement, policy review or modification, to disciplinary action up to and including termination.	

1.2c Societal Responsibilities

1.2c(1) Through the SPP, Elevations defines approaches to positively impact societal wellbeing and implements these approaches through daily operations. A key focus is providing access to unbiased financial education, ranging from rudimentary financial literacy to complex long-term financial planning. Our education initiatives provide a strong differentiator in the marketplace, support our brand, build member loyalty, and create thriving members that in turn allow Elevations to thrive.

Community recognition adds relevance to the good work we do in our communities. Elevations has been voted "Best Financial Institution," "Best Bank," and "Best Mortgage Company" in our service areas. Industry organizations recognized us for financial literacy efforts, outstanding marketing, and branding.

Figure 1.2-5 Societal Wellbeing

Environment	• Recycling Program • Green cleaning products; utensils and cups • Emphasizing digital internal and external communications
Social	• Broad array of free classes open to the public • RealityCheck for Students (K- 12); RealityCheck at CU Boulder; and RealityCheck Lifelong Learning
Economic	• Providing Energy Loans on behalf of Boulder County and Denver Energy Smart Programs

1.2c(2) We define our key communities as Adams, Boulder, Broomfield, Denver, Jefferson, Larimer, and Weld Counties. The Elevations Foundation promotes and manages Elevations' charitable activities and participates in scholarship and other programs that reflect the interests of our membership and the communities we serve. Elevations Foundation was formed in 2010. The Foundation is charged with carrying out the philanthropic endeavors of Elevations that has been supporting its communities for over 60 years. The Foundation is an independent 501(c)3 non-profit organization and has provided over $1 million in community resources since its inception. The Foundation has two primary responsibilities: scholarships awarded to graduating seniors for higher education and community grants to local non-profit organizations. The Foundation also provides resources to the community – locally and nationally – in times of disaster and need.

A comprehensive community needs assessment is conducted every two years to ensure resources are being used wisely and to validate that funding meets our granting policies. To complete the community assessment, the Foundation engages community leaders, local government entities such as Health and Human Services, United Way, and city and county budget offices. We solicit input from agencies within all of Elevations' market areas, enabling us to present recommendations identifying areas with significant funding gaps to the Foundation. All of the scholarships provided through the Foundation are granted, in part, based on a needs component and are awarded to graduating high school seniors within the market that Elevations serves.

We also support communities through volunteerism. We provide 16 hours of Volunteer Time Off (VTO) annually for every employee. This program allows staff to pursue volunteer opportunities consistent with Elevations' goal of being known for the good work we do in the community by supporting organizations and projects that interest them. Furthermore, Elevations encourages Senior Leaders to pursue community boards and commissions as representatives of Elevations. Total volunteerism in 2019 exceeded 4,580 hours. Key results for support of communities are presented in *Item 7.4*.

2.1 Strategy Development
2.1a Strategic Planning Process

2.1a(1) Elevations develops its rolling 5-Year Strategic Plan (**Figure 2.1-1**) through Steps 1-3 of the Strategic Planning Process (SPP) and implements it through Steps 4-6 as shown in **Figure 2.2-1**.

Figure 2.1-1 Strategic Planning Process (SPP)	
Strategy Development: Rolling 5-Year Strategic Plan	
Step 1: Assess & Understand • Quarterly	• **Key Participants**: Board, CEO Council, LT, SMEs, Key Partners & Collaborators • **Approach**: A comprehensive set of key inputs (Figure 2.1-3) are analyzed to define an envisioned destination 5 years into the future which addresses our strategic advantages, challenges, opportunities and intelligent risks (Figure P.2-3). Scenario Planning is performed in the Quarterly Strategy Forum to identify weak signals or strategic opportunities indicating movement in any of two meta-uncertainties and 12 high impact difficult-to-predict forces within our business environment, AOS. Outcomes of these reviews help focus deep-dive analysis on key strategic topics and ultimately produce scenarios shaped by these forces which are used to stress test the Strategic Plan. • **Outputs**: 5-Year Envisioned Future; Scenario Planning Stress Test; Environmental and Industry Analysis
Step 2: Set Foundational Elements, Goals, & KPIs • SBPC	• **Key Participants**: Board, CEO Council • **Approach**: Insights and recommendations generated from Step 1 are presented for Board approval with the Foundational Elements (Figure P.1-1) and Business Model ultimately affirmed or refined. The Business Model, AOS, guides how the Foundational Elements are deployed to maximize the value of the cooperative. Strategic Goals and a balanced scorecard of aligned KPIs are also affirmed to provide the focus by which we systematically leverage our core competencies to achieve our member-centric strategy through the Strategic Objectives. • **Outputs**: Confirmed or refined Foundational Elements; Business Model; Strategic Goals; KPIs
Step 3: Set Objectives and 3-Year KPI Forecast • SBPC	• **Key Participants**: Board, CEO Council • **Approach**: The outputs of Step 2 provide the framework to set the multi-year Strategic Objectives designed to achieve the Strategic Goals while performing within the KPI Guidelines over a 3-year forecast. Objectives are further defined by key actions and success measures. Any exceptions to the KPI Guidelines created by the implementation of the Strategic Objective Key Actions require Board approval. • **Outputs**: Strategic Goals, Objectives, 3-Year KPI Projections

The need for organizational agility to quickly identify and respond to transformational change and reprioritization of initiatives when opportunities or needs arise is addressed through ongoing review of the Strategic Plan and Business Plan within Operational Rhythm **(Figures 1.1-2,3)** forums deployed through the systematic processes of the Leadership System **(Figure 1.1-1)**. Monthly Steering and Quarterly Business Planning forums are facilitated by the Enterprise Transformation Group (ETG). ETG facilitates the prioritization of action plans using a systematic scoring matrix (strategic alignment balanced against risk) within a standardized business case supported by resource estimates. Conflicts or decisions to add, remove, or materially change action plans surfaced in Monthly Steering and QBP are escalated as appropriate for approval by CEO Council and Board. The intake process for change includes process owner directed BPM continuous improvement, IT Run the Business Scrum Backlog, and ETG-led strategic change through scrum or waterfall portfolio and project management **(Figure 2.2-2)**. Based on evaluation of this approach, a cycle of improvement in 2019 resulted in a defined intake process for innovation within a Test & Learn format.

2.1a(2) The SPP stimulates and incorporates innovation through multiple approaches in order to select Intelligent Risks from identified Strategic Opportunities that are worth pursuing. During SBPC we bring authors, outside-the-box thinkers, and industry experts to challenge current sentiments. Themes which resonate are pursued with further study.

The Scenario Planning Process seeks to identify "weak signals" within the environment to future-proof our plan through innovation. Learning and development budgets for Board and SLs are structured to seek out new and emerging trends and investment is made specifically to enhance learning around innovation. For example, our CEO and Chief Performance and Strategy Officer have received the *Certified Innovation Executive* (CIE) designation. Content gathered through this individual learning is an input to the SPP shaping the collective intelligence and incorporating emergent thinking and ideas into the SPP. Based on Baldrige feedback, an Innovation Program was initiated as a cycle of learning in December 2019. This improvement formalized three avenues for organization-wide innovation: 1) Employee Innovation Forum facilitated by a moderator, 2) Innovation Workshops for individuals to learn hands-on skills developing real ideas, and 3) Test and Learn experiments funded and resourced to develop ideas in quick scrum-like sprints. Successful experiments through these programs provide the learning necessary to submit business cases capable of surviving the traditional intake process and create the space to ensure non-traditional ideas have an opportunity to progress.

Finally, Journey Mapping, a component of BPM, enables cross-functional teams to evaluate processes with existing internal constraints removed. This enables the teams to identify how the Elevations Way experience might be innovated to better serve our members. In Journey Mapping, cross-functional teams evaluate processes through an 'outside-in' member perspective using life-stage personas to assess process effectiveness and identify "Member-First" innovation opportunities.

We determine what opportunities constitute intelligent risks through business case development and deployment discussed fully in **Item 2.2a(2)**. These document the benefits of an opportunity, quantify the risks, capture the resource requirements necessary to implement, and define the ROI.

Current strategic opportunities are identified in **Figure P.2-3**.

2.1a(3) Several key inputs are considered in **Step 1** of the SPP. These include a Comprehensive Environmental Analysis provided by Cornerstone, an annual PESTLE Analysis segmented by Board, Senior Leader, and Leaders facilitated by Cornerstone, annual In-Market Competitive Assessment completed by the Experience team, and Scenario Planning including ongoing monitoring of meta-uncertainties and key

Figure 2.1-2 Elevations Work System
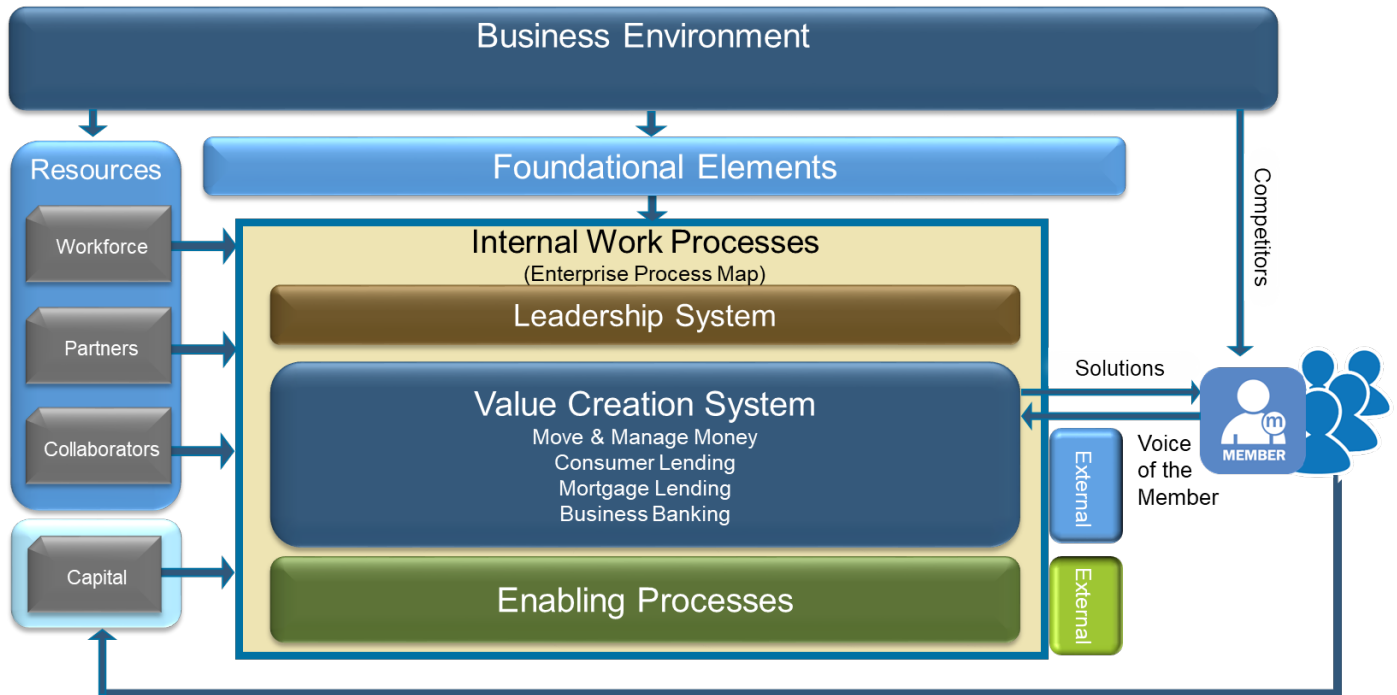
industry forces. The Innovation Program provides information, and insights are also provided by our innovation partnership with MDC Innovation CUSO. These inputs are collected and developed for use in Step 1 of the SPP though the Operational Rhythm forums as shown in *Figure 2.1-3.*

Figure 2.1-3 Strategy Considerations: Key Elements of Risk	
Ability to Execute the Strategic Plan	• Quarterly Business Planning and Reforecast process • Ultimately, all the forums within the Operational Rhythm are aligned and integrated to assess organizational performance (**Figure 1.1-5**)
Strategic Challenges & Advantages	• Quarterly Strategy forum reviews outputs from Scenario Planning, Innovation Program, and any/all Operational Rhythm forum as appropriate • SBPC reviews SWOT, PESTLE, Environmental Assessment • Gallup Q12 analysis and action planning is ongoing, as is Workforce and Succession Planning
Regulatory & External Business Environment	• SBPC External Environmental and Industry Analysis • Ongoing collaboration with Mountain West Credit Union Association • Annual external examinations from NCUA and DFS
Blind Spots	• Ongoing Collaboration with key Partners, Suppliers, and Collaborators (**Figures P.1-9-11**), **Criteria 6.1c** • Baldrige Program (external coach; external exam teams) • Scenario Planning • CEO Council use of an Executive Coach

2.1a(4) The Work System (*Figure 2.1-2*) is the highest level view illustrating how Elevations' internal work processes (EPM, *Figure P.2-4*) and external resources accomplish the delivery of solutions to members. Key processes leveraging our core competencies are kept internal. Other processes are evaluated as potential partner-provided services based upon the partner's own unique core competencies and potential

efficiencies to be gained. The SPP evaluates and challenges the need for new or revised core competencies within the context of the work system and how it will be changed as a result of planned Strategic Objectives over the course of the five-year planning horizon, as well as potential for changes imagined through the Scenario Planning Process.

2.1b Strategic Objectives

2.1b(1) Elevations has three Strategic Goals, seven Strategic Objectives, and eight Key Performance Indicators (KPI) as shown in *Figure 2.2-4*.

Figure 2.1-4 Strategic Objective Considerations	
Achieve Organizational Balance	The 3 Strategic Goals are assessed quantitatively by 8 KPIs which are balanced through Board-approved performance guidelines
Leverage Core Competencies	Strategic Objectives are built upon our Foundational Elements, leveraging the unique and difficult to duplicate capabilities of **Operational Excellence** and **Membership First**
Address Strategic Challenges & Opportunities	Reconcile PESTLE Survey, Environmental Assessment, and Scenario Planning outputs to stress test our Strategic Objectives and determine resource and workforce capability and capacity to execute the rolling 5-year Strategic Plan
Balance Short- and Long-Term Planning Horizons with All Stakeholder Needs	As a not-for-profit, our charter is to exist into perpetuity, and all decisions and actions are designed to achieve this while delivering on our Member and Employee Value Propositions; Quarterly Business Planning and Reforecast processes are in place to ensure a healthy tension between investments in desired long-term outcomes and the realities of optimizing short-term operations.

2.1b(2) Appropriate balance among competing needs is achieved by ensuring our short- and longer-term portfolio of Strategic, Value Stream, and Team Action Plans adhere to our balanced set of KPI Guidelines. As noted in the projected KPI targets for 2020-2022, *Figure 2.2-4,* exceptions to guidelines created by purposeful strategic investments or short-term

external economic conditions are expected. All exceptions must be Board-approved with the expectation the KPI will return within guidelines in an acceptable timeframe. Explanations for KPIs currently out of guidelines are available in **Item 7.5**.

2.2 Strategy Implementation

2.2a(1) Key short- and longer-term action plans and their relationship to our Strategic Objectives are shown in **Figure 7.5b(2)**. Action plans are developed within each value stream and for key functional areas. Teams use standard templates to create their plans, and plans are reviewed and refined during various Operational Rhythm forums.

2.2a(2) Elevations implements its Strategic Plan through Steps 4-6 of the SPP (**Figure 2.2-1**).

Figure 2.2-1 Strategic Planning Process (SPP)	
Strategy Implementation*: Annual Business Plan*	
Step 4: **Develop 1-Year** **Strategic,** **Value Stream &** **Enabling Team** **Action Plans** **• Summer/Fall**	• **Key Participant**s: SLT, LT, SMEs, Key Partners & Collaborators • **Approach**: The approved Strategic Plan initiates the development of 1-year action plans to deploy the Strategic Objective key actions, maximize value stream performance, and optimize Enabling processes with aligned resource allocations and workforce plans to support. • **Outputs**: 1-Year Action Plans, Resource Allocation, Workforce Plans
Step 5: **Set Annual** **Business Plan** **and Budget** **• FBPC**	• **Key Participants**: Board, SLT • **Approach**: Outputs from Step 4 set the Annual Business Plan and Budget. KPI projections are updated and reconciled against the Strategic Plan, with Board approval required to move forward. • **Outputs**: Annual Business Plan; Budget
Step 6: **Set Individual** **Performance** **Plans** **• December**	• **Key Participants**: All Staff • **Approach**: Action Plans are translated to objectives for teams and individual performers, Criteria 5.1a(4), 5.2c(1). • **Outputs**: Individual Performance Plans

The Strategic Plan, Business Plan, Value Stream Plans, Team and Individual Plans are deployed through the Operational Rhythm. Implementation of the actions outlined within the plans are coordinated through ETG-EPMO, IT, BPM Special Forces, and leadership within the functional areas. Overall situational awareness and issue escalation is addressed within the Monthly Steering meeting.

A centralized group of portfolio and project managers within ETG deploy the Elevations Enterprise Project Management Office (EPMO) processes and use their project management skills to ensure successful execution of action plans. The EPMO uses tools such as ServiceNow to capture all Scrum team activities, coordinate the implementation of action plans, resource allocation, and conduct performance lookbacks across the organization (**Figure 2.2-2**). EPMO facilitates the Quarterly Business Planning forum within the Operational Rhythm. This forum enables value stream and enabling process team leaders to discuss and understand expected outcomes of action plans. These leaders work collaboratively to select the best actions to deliver on our goals, resolve timing or resource conflicts, address involvement of key partners and collaborators, and provide a collective understanding of how selected actions contribute to the achievement of our strategic

and value stream goals. Each action plan owner reviews forecasted delivery of actions plan goals against actuals, analyzing reasons for variance, and impacts on results. A weekly Pipeline Disposition review supplements Quarterly Business Planning. Action plan requestors are required to attend and explain their request, discuss resource needs, cost estimates, success measures, and risks. Representatives from the EPMO, IT Project Management, IT Infrastructure, IT Architecture, Business Intelligence Team (BITe), Member Experience team, and Legal/Compliance participate in this meeting and provide guidance to action plan owners. The purpose of this review is to ensure actions are ready for delivery and will achieve intended and sustainable key outcomes of the action plans. Higher-risk actions require a secondary review by Finance and Corporate Risk to validate resource cost estimates and risk findings. These project requests also require review and approval by Monthly Steering and approval by CEO Council through submittal and approval of a business case.

Figure 2.2-2 reflects how action plans are implemented with the workforce and key partners. Project Managers/Scrum Masters within EPMO and IT utilize Agile/Scrum practices as well as waterfall methodology when appropriate. Action plans managed by Process Owners are addressed through the resources within their business line as well as through the support of their dedicated BPM Special Forces representatives.

Figure 2.2-2 Implementation of Actions with the Workforce and Key Partners		
Enterprise Projects	**ETG -EPMO Project**	Managed by the EPMO, typically large complex highly cross-functional projects involving multiple stakeholders and external partners
	IT Project	Managed by IT, typically IT-centric maintenance projects involving limited stakeholders
	Business Line Project	Managed directly by the responsible business line, typically not requiring substantive IT resources or formal EPMO coordination
Innovation Test & Learn Experiments		Managed through the Innovation Program, typically intelligent risks that need further discovery before being capable of surviving the traditional work intake process
BPM Continuous Improvement		Managed by BPM Special Forces with Process Owner approval, **Criteria 6.1a(1)**
Run the Business		Encompasses all normal recurring operations and break/fix activities, managed by leadership within the respective functional areas

2.2a(3) Resource allocation is assessed at each level of the planning process and reviewed with modifications as needed within the Operational Rhythm. All action plans are continuously measured against established success criteria which are ultimately aligned to the Strategic Goals and balanced scorecard KPIs. In a 2019 cycle of improvement, initiated based on stakeholder feedback, the quarterly budget reforecast was more tightly integrated within Quarterly Business Planning. This improvement resulted in better visibility and impact of planned investment costs and expected returns as an input to support leaders in their decision making on proposed and in-process action plans.

All plans are accounted for in the annual budget and

tracked by Accounting Center (AC) and General Ledger (GL) designations. Each AC is assigned leadership responsibility for GL variance explanations. Overall budget performance is analyzed by the Finance/Accounting function with review, analysis, and resulting modifications made to action plans as necessary within the Operational Rhythm. Capability and capacity of the workforce necessary to execute the Business Plan is assessed and set within the budget. Requisitions for non-budgeted positions are validated within the respective business line and approved by CEO Council.

Enterprise Risk Management (legal, compliance, and audit) supports leadership with all partner contracts, process design, process deployment, and regulatory changes. Risk assessments are a key part of the business case for all Enterprise Projects.

EPMO also manages an organizational calendar of recurring seasonal activities and vendor dependencies to enable scheduling of approved actions/projects.

2.2a(4) Key workforce plans are shown in ***Figure 2.2-2.*** Workforce planning entails analysis of the current workforce capability and capacity alongside the long-term rolling 5-year Strategic Plan as well as the short-term Annual Business Plan. The People organization deploys a consultative workforce planning process to evaluate quantitative and qualitative needs of our leaders and workforce. We follow the same processes described in ***Item 2.2*** to develop and implement these plans.

Our key workforce plans are structured to align to the functional organization of the People department, leveraging a center-of-excellence expertise model and efficient method of deployment. This comprehensive approach addresses hiring, training and development, benefits and compensation, performance management, and organizational design and succession planning. Our workforce plans also include actions specifically aligned to achieve our Strategic Goals, starting with **High Performance Culture**. Impacts to the workforce are managed through this systematic process in conjunction with change management efforts.

For example, workforce capability for the Elevations Way Strategic Objective requires a capable workforce to execute on the knowledge, skills, abilities, and competencies needed to ultimately create ***Amazing Experiences. Raving Fans!*** This requires hiring the right leaders to guide our employees (hiring plan), training all employees on the distinct behaviors of the Elevations Way (training and development), transitioning compensation to motivate the right behaviors (benefits and compensation), and holding leaders and employees accountable to the goals and behaviors (performance management).

2.2a(5) The Key Performance Indicators (KPIs) and Key Performance Guidelines (KPGs) provide a balanced set of measures aligned to the Strategic Goals. The KPIs and KPGs are affirmed annually during the SPP. A rolling 3-year target for each KPI is forecasted within the Strategic Plan which informs design of the Annual Business Plan and budget. Budget measures are comprehensive of the Strategic, Value Stream, Team, and Individual Plans (***Figure 2.2.1).*** In a recent cycle of learning, a comprehensive Scorecard has been deployed to connect action plan lead measures to strategic outcome lag measures to ensure we remain aligned in our execution and are achieving planned results (AOS), ***Criteria 6.1b(3)***.

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2.2a(6) Performance of competitors is monitored monthly for Mortgage Market Share, annually for Deposit Market Share, quarterly for Share of Wallet and Share of Spend, and quarterly for our Credit Union National Peer Group. Gaps in competitor performance are assessed to be either opportunities to leverage or areas to mitigate. In addition, for in-market competitors, our action plan performance projections are based on historical trends, insights from changes in pricing and market promotion analysis, and anecdotal comments gathered from Realtors®, members, and community contacts. All benchmark and competitor comparisons are factored into the actions and targets established in the Strategic, Business, Value Stream, Team, and Individual

Performance Plans. Projections for key short- (Annual Business Plan) and long-term (5-year rolling Strategic Plan) action plans are shown in *Figure 7.2b-2.*

2.2b Action plan modifications are identified and approved within the Operational Rhythm. Value Stream, Enabling Team, and Individual Plans are considered living plans with adjustments made as frequently and rapidly as needed. Leaders within respective business lines adjust their Enabling Team Plans as needed. Value Stream Plans are adjusted by the leader of each value stream, and actions affecting the overall Business Plan, and by default the Strategic Plan, are adjusted by CEO Council. Material adjustments to the Strategic and Business Plan are approved by the Board as appropriate. Approval and execution is addressed through the respective Operational Rhythm forums, with Monthly Steering and Quarterly Business Planning ensuring alignment and integration of resource allocations, workforce plans, and performance measures and projections.

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3.1 Voice of the Customer
3.1a Customer Listening

Figure 3.1-1 Voice of the Member

Market Segments & Member Groups

Geographic	By Branch or by County (Boulder/Broomfield – established; Larimer – new; Adams, Denver, Jefferson, Weld - future)
Life Stage	Student > Young Professional > Newlywed > Young Family > Maturing Family >Mid-Career > Late Career > Retired
Value Stream	Move & Manage Money, Consumer Lending, Mortgage Lending, Business Banking

Member Journey (Lifecycle)

Brand Awareness **Acquisition** **Share of Wallet** **Amazing Experience** **Raving Fans**	• Consideration/preference relative to competitors • Onboarding new member/product relationships • Retention, percent of the deposit/lending/services relationship • Retention, satisfaction and loyalty • Advocacy, referrals

Listening Methods

Listening Methods	Description	C	P	F	CC
In-Market Surveys - NPS In-Market - Unaided Brand Awareness - Aided Brand Awareness - Switch Preference	Partner (Core Insights) facilitated semi-annual phone survey of consumers within our markets; results are segmented by county providing in-market competitive benchmarks; a KPG [ITEM 7.2]	■	■		■
NPS Relationship - Loyalty	Partner (MLG) facilitated monthly random survey of our entire membership; benchmarked against the MLG participating credit unions, segmented by asset size	■			
NPS Transaction - Overall Satisfaction - Driver Questions - Ease of Use - Loyalty	Partner (MLG) facilitated daily surveys of members who have transacted with us by becoming a new member, opening a new product, or moving money in the Click, Talk, and Walk channels. This survey solicits immediate, actionable feedback from members on the quality of our products and interactions with our workforce.	■			
Marketing Automation	Manage member journeys and communication across multiple channels with ability to determine lead scoring/dollar value and monitor efficacy	■	■		
Social Media	Facebook; Twitter; Yelp; YouTube; Instagram, LinkedIn, Glassdoor, Google Reviews	■	■	■	■
Feedback Tool	Integrated into website for members and others to give feedback. This tool is also on The Peak (intranet) so that staff can submit feedback on behalf of members	■	■		■
Click (OLB, Mobile)	Secure email; chat	■		■	
Member Council	Online digital platform used to interact with 2,500 members to test ideas and elicit input	■			
1:1 Interviews	Partner (Core Insights) facilitated brand study	■	■		■
Member Profiling	1:1 conversations in the Walk and Talk channels	■	■	■	
Compliments, Complaints	Letters, formal complaints (DORA; BBB)	■	■	■	■
Business Development	Interaction with members and other stakeholders via seminars, community activities, etc.	■	■	■	■

C = Current Member, P = Potential Member, F= Former Member, CC=Customers of Competitors

Listening Methods Across the Member Journey

- **Brand Awareness**: marketing, in-market surveys
- **Acquisition**: onboarding process includes marketing automation; member profiling; staff outreach, new member survey
- **Share of Wallet**: pre-approvals and banner ads; member profiling, staff outreach
- **Amazing Experiences**: Face-to-face and digital interaction with members. Talk and Walk management calls NPS Transaction survey respondents to close the loop
- **Raving Fans**: social media; Business Development, surveys, face-to face interactions

3.1a(1) Elevations listens to and learns from our members through multiple systematic approaches. We use this information to build strong relationships that deliver on our value propositions (**Figure P.1-1**) through the approaches shown in **Figure 3.1-1**. In addition to engaging with and building our social media community, we monitor what others say about Elevations across all social media channels to manage the message and ultimately build advocacy. We use the Social Media Response Assessment and Response Process shown in **Figure 3.1-2** to do so.

3.1a(2) In addition to the processes shown in **Figure 3.1-1**, we listen to feedback from potential members through multiple channels including social media, letters to the credit union, staff interactions, community events, and the feedback tool on our website. The feedback tool represented a cycle of improvement enabling individuals to proactively provide feedback. Finally, we proactively gather feedback from potential members within our marketplace through our semi-annual brand awareness study by our partner, Core Insights. This analysis helps us understand how we relate to the competition through the eyes of our members, potential members, and customers of competitors. First, the study asks respondents which FIs they are aware of to determine aided and unaided awareness. Next, we determine brand preference by asking, "If you were to switch FIs, who would you consider?" Then, we look at our

Figure 3.1-2 Social Media Response Assessment and Response Process

3.1b Customer Segmentation and Product Offerings 3.1b(1) We determine member segments through the approaches shown in **Figure 3.1-4**. Marketing conducts extensive customer research based on the listening and learning approaches described above. These analyses are shared with leaders through the Operational Rhythm (**Figure 1.1-4**). These data are then shared during the SPP (**Figure 2.1-1**) where leaders determine which intelligent risks to take when entering new markets or member segments. For example, Marketing has tracked member information by life stage. In 2019, in a cycle of improvement based on this analysis, Senior Leaders determined that we should add life stages as a member segment to better understand member preferences by these unique life stages and now capture perceptions by these stages (**Figure 7.2-1** through **7.2-8**).

growth rate compared to the competition and our Share of Wallet with our current members. Finally, this report analyzes amazing experiences, determined through our NPS scores by transaction types, and raving fans, reported through our NPS relationship survey. We also measure our NPS score against in-market competition and work to remain 15 points ahead of all in-market competition. Our approach to acquiring new members and building long-term relationships through our Member Loyalty KPIs is represented graphically as a funnel in **Figure 3.1-3**. Based upon evaluation of our competitive position, we improved our reporting of the competitive deep dive in a 2018 cycle of improvement when we built reporting by FI to match the pillars of our Strategic Plan. We now report on the members, the employees, and the financial outcomes of each organization including ourselves in the competitive deep dive.

Figure 3.1-3 Brand Analysis

When these channels do not provide the insights that we need from potential, current, former members, or customers of competitors, we implement custom surveys (or add questions to existing listening methods), conduct focus groups, or one-on-one interviews.

Figure 3.1-4 Member Segmentation	
Determine Segments	The Elevations Business Model defines target members as: *those who find value in a high-touch experience offering consultative solutions.* Our efforts are directed at acquiring members for whom we are their primary financial institution. We segment our members and potential members as business or consumer. We further segment our consumer market by life stage and psychographic information. From there, we develop personas within each segment, giving us an understanding of the diversity of individuals within each segment. This understanding allows us to better serve the individuals within each market, better identify their product needs, and also identify emerging personas within our market or future markets. • Business Model is reviewed and validated annually during the SPP Spring Board Planning Conference
Anticipate Needs and Consider Competitors	Using data around the life stages, we work to better understand current and future needs for each member segment, like determining when and where consumers are looking to switch financial institutions. The data helps us not only recognize when to market to and attract potential members, but also understand when our members are potentially considering ending their relationship with Elevations. • Brand Analysis completed by a partner (Core Insights) through a combination of surveys, focus groups, and secret shoppers • Semi-annual brand awareness survey by a partner (Core Insights) through a combination of online/phone surveys • Semi-annual Competitive Analysis completed by Marketing
Pursue Growth	• Market entry determined in the SPP • Value stream actions determined with annual Value Stream Plans • Marketing calendar is created with internal Value Stream teams as well as partners (Room 214, Thayer Media, Cultivator, etc.)

3.1b(2) We determine product offerings from the systematic approach shown in **Figure 3.1-5**.

	Figure 3.1-5 Product Offerings Approach
Step 1: Analysis	Quarterly, the Financial Product Management team completes a Product Review & Competitive Analysis Report for each Value Stream. Within this report, products managed through that Value Stream are scored against identified KPIs around unit production, usage, financial goals, and member experience goals. Additionally, analysis is conducted of the same offering of competitors that are identified by the Marketing Competitive Analysis described in **Category 2**. The Financial Product Management team synthesizes our products' scores, competitors' positions, and market opportunities culled from the industry into commentary, analysis, and recommendations for discussion that are shared through the Op Rhythm (**Figure 1.1-4**).
Step 2: Alignment	Upon completion of this analysis, the product team assembles a meeting of the Value Stream stakeholders for review and discussion of the findings. The discussion centers on performance of our solution set against desired goals of Value Stream's annual Business Plan to determine where our solutions are assisting us in meeting goals and where there are gaps.
Step 3: Roadmap	From the product meeting, the product team documents action items and moves product requests into the documentation phase as appropriate. In this manner, the product team creates an ongoing product roadmap for the Value Stream, identifying new product needs, changes, or retirements needed to achieve that Value Stream's strategic vision.
Step 4: Submission and Prioritization	For new products or modifications to existing, the product team produces and submits the appropriate documentation as outlined in the ETG Project Intake process. Project Intake initiates the ETG Pipeline process. ETG works quarterly with each Value Stream to prioritize the pipeline of requests and move them into the Agile/Scrum project environment.
Step 5: Build and Deploy	Product managers work as subject matter experts within the scrum teams. In alignment to the goals of the product, the product manager works in conjunction with stakeholders to develop and deploy a 'go to market' plan. This includes considering the success metrics of the product launch and how those will be monitored for transition of the product into Step 6.
Step 6: Ongoing Product Management	Within the deployment plan, the product manager defines ongoing measurement requirements and how that will be maintained in the appropriate Operational Rhythm and Business Process Management category. The product is then incorporated into the reporting and review cadence of the appropriate Value Stream. Once live, the product cycles back through to Step 1: Analysis and is included in future reports to identify successful performance or areas for improvement.

3.2 Customer Engagement
3.2a Customer Relationship and Support

3.2a(1) Elevations builds relationships with members and delivers on our Member Value Proposition through the Elevations Way. Our goal is to get a "10" on every member interaction. We measure how well we provide amazing experiences through NPS, Member Feedback (Voice of the Member), and the Appreciate tool. Our Member Value Proposition focuses our efforts on acquiring members who are seeking a relationship versus product-centric relationship. We seek members who recognize the value we offer is in the professional advice, community reinvestment, and long-term benefits of the relationship rather than the lowest price possible on individual products. Our approach to acquiring new members and building long-term relationships, including our Member Loyalty KPIs, are shown in **Figure 3.1-3**.

We build lifetime relationships with our members by providing personalized solutions at the right time, right place and through the right channel by delivering amazing experiences through the Elevations Way (**Figure 3.2-1**). This approach was developed and initially deployed approximately four years ago. Based upon evaluating results, the Elevations Way went through a significant cycle of refinement in 2019 and has been fully deployed to all staff. This required training our team on how to create an atmosphere and environment where members want to connect with us because we develop trust, demonstrate caring, discover their needs, and offer helpful solutions. Improvements to the Elevations Way include:

- Defining service standards with Always and Never Statements for each principle
- Job competencies alignment in success profiles and improved compensation practices
- Partnering with Training to refine and deploy training programs that include defined service standards
- Developing and deploying scorecards/observation sheets for each role in Retail with the service standards
- Defining and implementing a coaching/monitoring rhythm so that each employee is observed, coached, and developed on a regular and consistent basis

3.2a(2) We enable members to conduct business and access support 24/7 through our various channels (**Figure 3.2-2**). Members may access self-service support by visiting our robust online resources, which include helpful how-to video banking tutorials and answers to frequently asked questions. For members who prefer in-person support, we have 13 branch locations along with a nationwide network of CO-OP ATMs and shared branches. Members can also call our in-house contact center team or access live chat through our website, online banking platform, and mobile app.

We utilize partners to provide 24/7 support for lost or stolen credit cards and an outsourced contact center for extended after-hours phone support. Members also have access to ATMs and branches from other credit unions participating in the CO-OP Network, and they can do routine account transactions through Shared Branching.

Figure 3.2-1 The Elevations Way
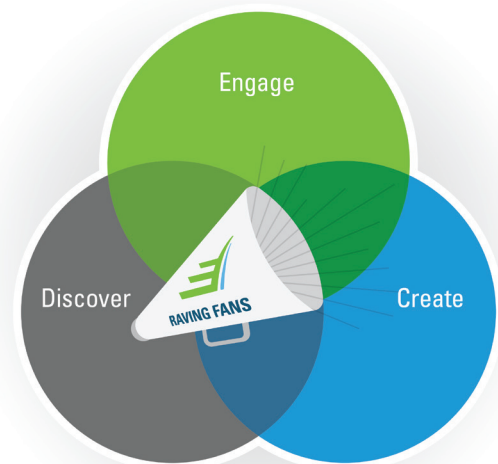
Figure 3.2-2 Member Support

Seek Information	• External website • Email communications • Media, paid and earned • Community events, seminars, financial education • Click: OLB and mobile app; statements; rewards • Talk: extended hours Elevations call center; after hours partner support • Walk: branches, Business Development Officers
Conduct Business	• Click: OLB and mobile app; statements; rewards • Talk: extended hours Elevations call center; after hours partner support • Walk: branches, Business Development Officers • ATMs, CO-OP network of shared branching
Member Support	• Click: online chat, secure email, social media • Talk: extended hours Elevations call center; after hours partner support • Walk: branches, Business Development Officers
Differ by Segment	While particular member segments may prefer certain channels for a specific transaction, members typically utilize most, if not all, available channels over the course of their relationship with us. In fact, when we offer additional and more functional channels for members, it often not only reduces their use of other channels, but also increases their overall interactions and engagement with us and, in the long run, solidifies their relationship with the credit union.
Determine Requirements	• Detailed marketing analysis of member data by life stages and geographies • NPS Relationship and Transaction surveys • Member focus groups
Deployment	• Ongoing monitoring of Voice of the Member via the Operational Rhythm, specifically within the Elevations Way forum

3.2a(3) Complaint resolution is managed through the Respond to Service Feedback process using the LEARN Methodology (**Figure 3.2-3**). We empower our team members to address issues exercising LEARN at the point of contact, escalating issues to leadership only when the frontline staff member is unable to resolve the issue. Our NPS survey software (Medallia) alerts leaders to dissatisfied members, identified as detractors. Detractors are contacted, and details from the follow-up conversation are captured in the Medallia software. The Member Loyalty Analyst monitors reporting to ensure all complaints are followed up on in accordance with our defined service level standards for following up to feedback received through our NPS surveys (AOS).

3.2b(1) We determine member satisfaction and engagement (or member loyalty) through NPS Relationship and Transaction surveys as shown in **Figure 3.2-4**. Transaction surveys are tailored to five types of transactions: 1) New Member 2) New Product, 3) Call Center, 4) Branch Survey, and 5) Remote Services. As part of the NPS surveys, members are asked to:

1. Rate overall satisfaction on a scale of 0-10
2. Rate agreement with transaction-specific attributes
3. Rate ease of use; provide a 'member effort' score on a scale of 0-7
4. Complete a free form field for the most important improvement we could make to the process

5. Rate likelihood to recommend on a scale of 0-10; this produces the traditional NPS score
6. Complete free form field for the primary reason for their likelihood to recommend rating

In addition, we collect data to understand and segment results by life stage (**Figures 7.2-1 through 7.2-8**), allowing us to further build understanding. All NPS survey data and analysis are shared through the Operational Rhythm (**Figure 1.1-4**). Individual performers are also able to view survey responses from members they assisted to enhance their awareness of member feedback and enhance their performance.

Figure 3.2-3 LEARN Methodology

Listen	• Connect with the member • Ask clarifying questions • Confirm understanding of feedback
Empathize	• Provide empathic response (put yourself in their shoes)
Apologize	• Offer apology

React	• Provide solution
	  o Resolution: When possible, Guides provide solutions, close interactions, and move to notify. If Guide is unable to provide solutions, they escalate to Senior Guides. If Senior Guide is unable to provide resolution, they escalate to a manager. Manager closes interactions and moves to notify.
	  o Resolution expectation: Providing immediate solutions across banking channels builds member loyalty. If necessary to respond to the member at a later time, Elevations notifies the member and responds within one business day with a status update. If resolution cannot occur digitally or in a branch, the issue is escalated to the Community Market Manager or Retail VP.

Notify	• Acknowledge the event • Update in Medallia • Confirm the resolution/success efforts (close the loop with the member)

We also track and analyze member complaints as another measure of dissatisfaction. Click, Talk, Walk leadership is trained to respond to dissatisfied members to achieve service recovery. The Member Loyalty Analyst aggregates all dissatisfied member feedback to identify systemic issues and provide insight and analysis for improvement.

3.2b(2) A partner company (Member Loyalty Group) provides quarterly benchmarks to our Net Promoter surveys that allow us to compare our scores to more than 100 credit unions across the country. While this helps us understand how we are performing in comparison to other similar organizations nationwide that provide similar products, it is also important to understand how we are doing compared to our direct competitors. Semi-annually, a partner (Core Insights) conducts a phone/online survey of members within the markets we serve to obtain the NPS scores for our competitors. These results allow us to benchmark our members' overall satisfaction and engagement against our direct competition, **Criteria 7.2**.

Semiannually, the Marketing team presents a Competitive Analysis compiled from information on local competitors collected through a variety of mechanisms, including local media, competitor websites, advertisements, and press releases.

Figure 3.2-4 NPS Transaction Survey Driver Questions				
New Member	**New Product**	**Call Center**	**Branch Survey**	**Remote Services**
• It was easy to apply • Received prompt service • Representative knowledgeable • Made to feel like a valued member • Information easy to find • Information easy to understand	• It was easy to open (deposit) • It was easy to apply (loan) • Received prompt service • Received timely communication throughout • Representative was personally engaged • Representative was knowledgeable • Made to feel like a valued member • Information easy to find • Information easy to understand	• Received prompt service • Representative personally engaged • Representative listened to understand needs • Representative knowledgeable • Timely resolution • Made to feel like a valued member	• Received prompt service • Representative personally engaged • Representative knowledgeable • Privacy of transaction • Timely resolution • Made to feel like a valued member	• Easy to navigate • Options met needs • Information easy to locate • Information easy to understand • Able to successfully complete transaction or inquiry

Included in this analysis is a comparison of competitors in relation to culture, community engagement, relationship focus, and financial sustainability.

Elevations also reviews and researches best practices both within and external to the financial services industry to understand ways to provide world class member service. Participation in regional and national conferences and reviewing approaches from Baldrige Award recipients also allows us to learn. We systematically use this comparative data to identify opportunities for improvement and create key inputs into the SPP. We use all this competitor information to develop the Strategy Table shown in *Figure 3.2-5*.

3.2c Voice of the Member and member data are reviewed and used on an ongoing basis through the Operational Rhythm starting with CEO Council and each value stream. Data are also reviewed in the Elevations Way forum and in Quarterly Business Planning. For example, when analyzing our Voice of the Member feedback, a prominent, recurring theme we heard was the need for improved communication accuracy and timeliness throughout the new member onboarding process. This analysis was prioritized by our Member Loyalty Scrum team that delivered on several projects to address this member feedback, which included a revised new member profile sheet where we gather member insights and preferences at account opening, an improved process for proactively contacting new members performed by our frontline staff and updated new member onboarding emails. The results from these efforts can be seen in our improving NPS New Member Transaction survey score shown in *Figure 7.2-16*. Member data are also shared with frontline providers to provide recognition, coaching, and mentoring. These data are also used as a key input to the SPP to help leaders make key decisions on which markets to pursue and which products to add or retire.

This section contains confidential information and has been removed.

4.1 Measurement, Analysis and Improvement of Organizational Performance
4.1a Performance Measurement

4.1a(1) As shown in **Figure 4.1-1,** Elevations systematically selects key measures and sets performance targets for Strategic Goals, Objectives, Action Plans, and overall organizational performance through the Strategic Planning Process (SPP) (**Figure 2.1-1**). Process Owners, supported by Business Process Management (BPM) Special Forces, identify process requirements using the SIPOC Tool, **Item 6.1a(1),** to select the measures needed to assess process performance for daily operations.

Figure 4.1-1 Performance Measurement
Select and Align
• SPP: ensures alignment of Strategic Plan -> Business Plan -> Value Streams -> Enabling Team Plans-> Individual Plans • BPM: methodology to Design, Develop, Deploy, Monitor, and Improve Elevations processes using measures tied to member/customer process requirements
Collect and Integrate
• BITe+: a centralized Business Intelligence Team, plus analysts from various business areas such as Finance and Member Experience, provide enterprise-wide integrated performance measurement and analysis leveraging a data warehouse
Track Daily Operations & Overall Organizational Performance
• Process Owners & Individual Performers: responsible for tracking daily performance, actual to target, leveraging BITe+ dashboards with data typically refreshed no less than nightly • Operational Rhythm: recurring forums to assess overall organizational performance
Track Strategic Objectives & Action Plans
• Strategic Objectives and Action Plans are reviewed in multiple Operational Rhythm forums through the SPP • Strategic Action Plan measures are aligned from the 5-year rolling Strategic Plan to the Annual Business Plan, Value Stream Plans and budget • A Quarterly Scorecard assessment of the Strategic Objective action plans and a full reforecast of a rolling 18-month financial forecast is performed
Key Measures
• 8 KPIs aligned to the 3 Strategic Goals, **Figure 2.2-4** • Action Plan Measures, **Figure 7.5-19** • Value Stream (Key Work Process) Measures, **Figure 6.1-2** • Enabling Process (Key Support) Measures, **Figure 6.1-2** • Key short and longer-term financial measures, **Item 7.5**

4.1a(2) Comparisons are selected with preference to understanding in-market competitors with similar business models. Unfortunately, our primary bank competitors release limited market-specific data. Given credit unions across the country are more willing to share performance data, our primary source for benchmark comparisons are those credit unions with similar asset size and business model. We also seek best practice organizations with benchmarks applicable to the evaluation of our leadership, value stream, and enabling processes. Where possible, we strive to compare ourselves to leaders not only within the financial services industry but also those throughout commerce. Main comparative data sources used in **Category 7** are shown in **Figure 4.1-2**.

4.1a(3) Operational Rhythm reviews ensure measurement efficacy and rapidly identify when organizational or external changes warrant changes in the measurement system. Process Owners, supported by BPM Special Forces, refine process requirements and respective measures by moving from BPM

Step: 4 Monitoring, into Step 5: Improve. Process Owners and BPM Special Forces are supported by the Business Intelligence Team (BITe). Business Intelligence Analysts are assigned to support Value Stream and Enabling Teams. They attend the respective Operational Rhythm forums, assist with BPM and scrum improvement and periodically perform job shadowing to better understand process flow, individual performer roles, and the various source systems used to enter data. BITe analysts are supported by a Business Intelligence engineering team comprised of an Architect and two Developers.

Figure 4.1-2 Comparative Data Sources	
Source	**Type**
CUSO Financial Services	Provides benchmarks for Wealth Management services
Core Insights	Marketing consultancy which conducts our in-market NPS survey
Cornerstone	A consultancy that works with CUs and banks to establish benchmarks for in-process operational metrics. Survey data available every other year.
Employers Council	Employment law, HR, Training benchmarks
Gallup	Q12 Employee engagement survey benchmarks
Gartner	Resource for IT benchmarks
Glassdoor	Organizational and workforce benchmarks
Mortgage Bankers Assn.	Mortgage Industry benchmarks
Member Loyalty Group	MLG analyzes data on approximately 130 participating CUs sharing Net Promoter Score (NPS) results quarterly. National Bank NPS benchmarks are available annually.
National Credit Union Admn.	Insures and regulates CUs, aggregates and provides financial data on all CUs
Nilson	Card and mobile payments industry benchmarks
National CU Peer Group	13 Peer CU group; creation criteria >= $1B in Assets, First Mortgage Loan Sold >= 7% of Assets, Outstanding Indirect Loans <= 15% of Assets, and NMD Funding >= 70% of Total Deposits
Raddon Financial Group	A financial information firm that analyzes data on 350+ participating credit unions. Benchmark segmentation by asset size and region.
SNL Financial	A financial information firm that provides relevant corporate, financial, and market data based on information publicly available e.g, NCUA Call Reports, FDIC Annual Reports, published product pricing, new housing starts, etc.

4.1b The performance measurement system feeds our Operational Rhythm forums (**Figure 4.1-3**) to conduct ongoing performance analysis and review. We conduct a wide range of analysis including trend analysis, competitive analysis, cause and effect analysis, etc. Performance measures, as appropriate, include trends, targets, comparisons, and segmentation. BITe analysts along with embedded analysts within Marketing, Finance, Digital, ERM, and Secondary Mortgages support Process Owners and leaders to ensure information is valid and insights are actionable.

As a result of the Data Analytics Strategic Objective, Elevations has invested in and deployed a data lake, data warehouse, and data visualization layer leveraging the Microsoft technology stack. Data sources and affected measures are typically refreshed no less than nightly. Recent cycles of learning have accelerated our progression from an on-premise deployment to a hybrid cloud deployment in Microsoft Azure with Power BI Service. This has expanded our capabilities and accelerated the ability to rapidly deploy new

measures to both desktop and mobile applications. BITe has a defined development approach through a series of processes: 1) Intake Requests, 2) Create Analytics, and 3) Manage Analytics which ensures analytics are in alignment with relevant in-process and outcome measures. Business and metric definitions are documented to ensure consistent language, and our most valuable data assets are appropriately governed. These processes are deployed through scrum, using backlog grooming, sprint planning, and team sprint reviews. The Operational Rhythm ensures alignment among the Strategic, Business, Value Stream, and Enabling Team action plans. The overall objective of the Operational Rhythm is to put the right people together, with the right information, to make data-informed decisions faster than our competitors.

Figure 4.1-3 Performance Analysis and Review		
Key Operational Rhythm Forums	Purpose / Analysis	Measures
Annual Meeting	Overall health of the credit union	KPIs, Financials
Board of Directors (Audit and Risk, Governance, Nominating Committees)	Strategy & Governance	Strategic Goals, KPIs, KPI Drill Downs surfaced by CEO Council, Strategic Goals and Objectives deployment, Financials
Quarterly Strategy	Strategy & Scenario Planning	Strategic Goals and Objectives, Scenario Planning Forces
CEO Council	Alignment & Integration	All
Connect the Business	Alignment & Integration	All
Monthly Steering	Identify/Resolve Constraints; Approve Actions	Project Portfolio Health, Value Stream KPIs, Enabling Measures
Quarterly Business Planning	Optimize Project Portfolio	Project Portfolio Health, Value Stream KPIs, Enabling Measures, Financials
Value Streams (Move & Manage Money, Consumer, Mortgage, Business)	Review of performance; Identification of issues and priorities	*M&MM*: Deposit, Payment, & Channel Performance, NPS-T, Wealth Mgmt., NPS-T *Consumer*: Leads, Application Conversion, Funding; NPS-T *Mortgage:* Leads; Pull Through; Funding; NPS-T *Business:* All aspects of business banking and commercial lending
The Elevations Way	Identify and set overall Member Loyalty priorities	All Voice of the Member channels
Asset Liability Committee (ALCO)	Balance sheet management, coupled with overview of lending and deposit strategies	Interest rate risk, liquidity risk, investment performance
Risk Oversight (ROC)	Ensure operations within desired Risk Appetite	Emerging threats/ trends, policy approval, regulatory issues, credit and operational risk, Enterprise Risk Metric
Pricing	Market Alignment	Market pricing, portfolio performance
Enabling Teams	Process & Action Plan Execution	Execution of measures within Value Stream and Team Plans
Individual Contributors	Individual Performance & Career Development	Execution of measures within performance plan
All Staff	Engagement	KPIs, Strategic Goals and Objectives, Stakeholders

4.1c(1) Projections of Elevations' future performance are determined during the SPP and captured as 3-year projections of the KPIs. Findings from Operational Rhythm performance reviews, which include the assessment of internal trends to comparatives, are combined with Scenario Planning forces and expert assessments of the industry to stress test existing trends against possible scenarios. A most likely outcome is predicted and quantified within the KPI projections during SBPC. At this time, past projections are also compared to actual performance to assess efficacy of the process and initiate cycles of learning as appropriate. Projections are shown in **Figure 2.2-4**.

4.1c(2) Performance review findings from the Operational Rhythm forums are prioritized and deployed by process owners, through BPM, with support from BPM Special Forces. When deployment to value stream or enabling processes is highly cross-functional, requires IT resources, involves partners, or benefits from formal ETG scrum involvement the finding will enter the ETG intake process (**Figure 2.2-2**). Improvements are prioritized for deployment within the scrum teams. Visibility is given to improvement work at the Quarterly Business Planning and Monthly Steering forums for alignment, resource allocation, and risk mitigation. Findings that better fit the Baldrige definition of *innovation* are submitted to the Innovation Program, **Item 6.1d**. Priorities are deployed to work groups and functional areas through the Operational Rhythm. Deployment to suppliers, partners, and collaborators is aligned by the respective process owner, with further assistance provided by ETG should the effort warrant.

4.2 Information and Knowledge Management
4.2a Data and Information

4.2a(1) Elevations verifies and ensures the quality of organizational data and information through the use of people, process (BPM), and technology. Elevations places responsibility and accountability on the individuals and teams who collect, store, analyze, and consume the data to adhere to published policy, process, and procedures as our primary data quality control. Additionally, we continuously improve our technical and governance capabilities in order to provide a more reliable and repeatable method of ensuring data quality. Elevations uses Gartner's industry-standard data maturity model to measure the level at which we maintain accuracy, validity, integrity, reliability, and currency of data. The 5 levels of data maturity: 1) Aware, 2) Reactive, 3) Proactive, 4) Managed, and 5) Optimized. Gartner reports 75% of organizations are never able to mature past a level 2. Through multiple cycles of improvement, with the most recent being the creation of a Data Governance Team in 2019, Elevations has advanced from a maturity level 2 (reactive) to a maturity level 3 (proactive).

The cross-functional Data Governance Team (DGT), led in partnership by BITe and IT Application Development, are responsible for identifying and resolving data quality (accuracy, validity, integrity, reliability, currency) issues. They deploy improved data cleansing efforts and focus on promoting data as an enterprise-wide asset with all source system (data entry applications) owners across the organization. Any issues identified are documented and added to a scrum backlog to be resolved. Examples include field restrictions, form input validation, stored procedure reviews, and peer code reviews to further certify the accuracy and validity of data.

Elevations also is using Microsoft's Power BI platform to

provide near real-time data analysis to business lines. This has resulted in the business lines viewing their data as more of an asset that must be carefully managed to ensure quality. Data are now being consumed by business lines to drive change instead of simply validating past performance. Currency of data is completed through continuous interaction partnering with stakeholders to confirm the effectiveness of the provided data. Report consumption is tracked to determine usage and provide insight into report relevancy and currency. Finally, ongoing examinations are performed by the Internal Audit team, as well as an annual audit performed by accredited external agencies to ensure data is current and accurate.

4.2a(2) Data availability is addressed by implementing industry standard methods of resiliency (**Figure 4.2-1**) using redundant architecture, both hot and warm sites, and regular off-site backups, supported by cloud services from Amazon Web Services (AWS) and Microsoft Azure. Our business plan accommodates regular budgeting to upgrade our data centers, improving availability and reliability. In a recent cycle of learning, we brought in our partner Cisco as a consultant to advise us on best practices in data center design and network resiliency. This helped us successfully deploy a hybrid cloud colocation solution which provides better availability of our services and better scaling capabilities.

Figure 4.2-1 Data Availability	
All	• System response time and availability are measured and monitored • Disaster Recovery and Business Continuity Plans • Redundant critical systems at separate hot site location • Nightly system and data backups with offsite backup tape storage and disk-to-disk duplication • Firewall and antivirus software • Intrusion detection systems. Quarterly physical and system penetration tests. Security policies. Role-based data and system access. Network monitoring. • Replicated critical systems with high availability • Dual ISPs, dual UPS, generator backup
Workforce	• Multifactor physical access security to data center • Encryption of external email messages. Encryption of electronic data exchange • Remote access capabilities
Members	• 24/7 access to information through multiple channels such as online banking, mobile banking and voice response system • Real-time member transactions
Partners, Suppliers	• Non-disclosure agreements with suppliers and partners. Procedures for transmission of sensitive information. • Separated public and private networks • Third-party security assessments

Ensuring data availability in a user-friendly format and timely manner through reliable systems is ensured through a shared approach between source system owners, IT, BITe, and the DGT. Together we work to identify obstacles or bottlenecks in both internal and external business processes and, based on those findings, augment or replace inefficient or opaque systems with more intuitive technologies. User feedback related to our systems is critical to our success. We receive member feedback through a dedicated feedback portal on our website and IT has implemented transactional surveys for its services. In addition, we utilize the Gallup Q12 Employee Engagement Survey. In the Spring 2019 survey, we saw our greatest improvement, 14 percentile points, on the question for providing our employees

with the right tools to do their jobs, **Figure 7.1-43** (trends segmented by department AOS).

Source System Owners, supported by IT Business Relationship Managers and System Analysts, are responsible for working with affected stakeholders to assess 'user-friendliness' of the system and implementing configuration changes as available. Adopting a scrum delivery environment and supplying usage trends to these teams has empowered us to continuously iterate tools to make impactful changes to our members' experience of doing business with us. As an example, in response to members reporting difficulty using our online mortgage application tool, we integrated Blend, a lending solution focused on user experience, with our lending platform. This integration helped achieve an 83% increase in mortgage leads as well as an 38% increase in mortgage application conversion between 2018 and 2019.

4.2b Organizational Knowledge

4.2b(1) Elevations defines Knowledge Management as the process of collecting, documenting, improving, and sharing Elevations' knowledge, enabling a culture of continuous learning in order to serve and create value for our employees and members. Elevations builds and manages organizational knowledge through the process shown in **Figure 4.2-2** leveraging a number of centralized tools and processes, **Figure 4.2-3**.

Figure 4.2-2 Knowledge Management Process
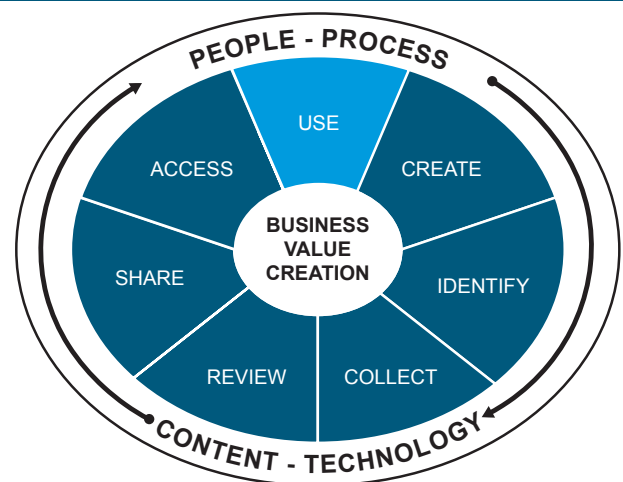
Workforce knowledge is collected and transferred through the standards described in our Operational Rhythm meeting charters. For example, each charter identifies the knowledge inputs and where the knowledge outputs are shared. This governance ties to our internal communications processes and our electronic SharePoint repository.

Operational Rhythm forums are designed to blend and correlate data from different sources. These forums leverage BITe analytics that include information from our members, performance metrics, and productivity as well as insightful information shared by the attendees. This blended approach in leveraging multiple data sources allows us to identify correlations and equip leaders to refine strategy with new knowledge and decisions.

We transfer information to our members through multiple channels so that members can interact with us however they are comfortable. These channels include chat, email, direct mail, website, online banking, in-branch communications (conversation and signage), phone (conversation and hold

messaging), outbound calling, advertising, social media (Facebook, Instagram, Twitter, LinkedIn, and YouTube) and through community events and seminars. In addition, we transfer information to our suppliers, partners, and collaborators through regular meetings and check-ins, our website, sharing Elevations' business plan and strategic initiatives, social media, and via public relations efforts. In a recent cycle of learning, employee feedback identified that they were having to navigate through too many sources to find information needed. This input was fed into the SPP resulting in an action plan within our Workplace Enablement Strategic Objective to improve the organizational effectiveness of knowledge management.

Figure 4.2-3 Knowledge Management	
Create and Identify	• Process Owners and BPM Special Forces are trained to create and identify all knowledge asset types • Operational Rhythm standards address creating new knowledge across all areas of the business and identify knowledge that is critical to strategy and operations
Collect	• Multiple tools (Reference Desk, Operational Rhythm SharePoint, The Peak (intranet), Business Intelligence Portal etc.) are used to collect knowledge so it can be shared with others • BITe deployed data lake/warehouse to collect information in the analytics produced
Review	• Operational Rhythm is designed to review data
Share	• Members: email via Marketing Automation tools; external website; click advertising; direct mail; outbound calls; community events • Suppliers/Partners: secure email; in-person • Collaborators: secure email; in-person
Access	• Provide access to knowledge through pull (e.g. search) and push (e.g. alerts) mechanisms
Use	• Operational Rhythm SharePoint site 'collects and transfers' all deliverables, notes, and action items used in SPP and in running the business • Innovation Program portal on SharePoint enables use of data in innovation

4.2b(2) Through the Operational Rhythm and approaches to organizational learning, Elevations has created numerous forums and processes to share best practices across the organization. With the use of analytics, dashboards, performance metrics, and competitive insight, leaders of Operational Rhythm forums can easily identify best practices inside and outside of our organization. Standardized agendas and established inputs and outputs for these forums ensure consistent measurement and leverage benchmark comparisons.

For example, the Gallup Q12 Employee Engagement Survey provides benchmark comparison to external organizations as well as departmental segmentation for internal comparisons. Results are shared through The Peak (intranet) allowing leaders to see high performing departments and the employee engagement action plans so that other leaders can leverage best practices throughout the organization. HR Business Partners share best practice information with department leaders and supporting leaders to implement these practices into their action plans.

Other ways we identify and implement external best practices are through participation in industry forums and through RMPEx Quest and the Baldrige Quest for Excellence programs. We continue to learn through our participation in these programs and share our learnings with others.

4.2b(3) We use knowledge assets to embed learning in how we operate through multiple approaches (***Figure 4.2-4***). Our systematic Operational Rhythm provides a key approach

to ensure organizational learning. BITe+ provides analytics and various dashboards to enable fact-based decision making. These dashboards and analytics are reviewed in various Operational Rhythm forums to enable evaluation of processes and outcomes often leading to innovation and improvements. When this occurs, learning is deployed in updated process documentation and in refined and improved dashboards.

Through the Monitor and Improve steps in BPM we systematically evaluate, through a defined timetable, work and support processes and make improvements as necessary. We update process documentation of the refined approaches in Reference Desk to ensure that learning is embedded to enable consistency in process execution. Process documentation is further enhanced through Quick Reference Guides, workbooks, and checklists. Reference Desk documentation provides a single "source of truth" to ensure process knowledge is transparent and consistent across the organization.

We also use our knowledge assets to embed learning through training and development of our workforce. We capture and store L&D assets and gather feedback and training requests through Ask a Trainer and our Training Request form – all centrally located on The Peak (intranet). Training collaborates with Retail Operations, Retail Leadership, Mortgage Leadership, Compliance, HR, and IT to ensure alignment of knowledge assets. The L&D SharePoint provides for just-in-time training and content retrieval. Based upon evaluation of the L&D processes, in a cycle of improvement, L&D staff are designated to support operational areas to more closely collaborate with leaders and ensure that training and development meets organizational needs.

Figure 4.2-4 Organizational Learning	
Learning is:	**Methods:**
Part of Everyday Work	L&D Learning Assets for certification programs Training Participant Guides • Videos • BPM Process and Procedures – used as the "source of truth" for training material development and reference material by all Elevations' staff
Results in Solving Problems at Their Source	• Operational Rhythm allows timely forums to make decisions and act. Training attends to gather immediate feedback and incorporate into all course applicable materials. • BITe+ provided analytics such as the error report and fact-based decision making charts to ensure continuous improvement in training materials
Focuses on Building and Sharing Knowledge Across the Organization	• Deployment of BPM and process documentation • Training collaboration meetings with Retail Operations, Retail Leadership, Compliance, HR, IT to ensure alignment • The L&D PEAK site provides for just-in-time training and content retrieval • Knowledge is progressively shared throughout the organization • Mentor Program focuses on sharing across the organization • Career Quest and job shadowing program • Refresher and Remediation trainings
Driven by Opportunities to Bring About Significant, Meaningful Change and to Innovate	• Training Request Form • Ask a Training Expert Q&A Form • Quarterly Branch Visits • Feedback and continuous data improvement opportunities through Kirkpatrick's Level 1 and Level 2 surveys

5.1 Workforce Environment
5.1a Workforce Capability and Capacity

5.1a(1) On an ongoing basis and executed through the Operational Rhythm, Elevations assesses capability and capacity needs of the organization through the *Manage Annual Staffing Plan* process. While the process is a continual cycle, the biannual Succession Planning meetings in the first half of the year provide a forum where Senior Leaders discuss and assess what is needed in the workforce to support our business strategy. We determine what talent is needed, what talent we currently have, and what gaps may exist in both capability and capacity. For Senior Leaders and critical roles, we develop our succession plans, determine future organizational structure and identify successors and individual development needs.

By midyear, we perform our annual Talent Review sessions in which we assess capability at all levels of the organization with a focus on calibrating Leadership System competency attributes and individual development. At the end of each year, through our employee Annual Evaluation and based on aligned goal setting, we address individual performance on goals and competencies. This assessment is used to establish the following year's needed skills, competencies, certifications, and development for individuals as discussed in *Item 5.2c(1)*.

The rich dialogue that occurs in these processes contributes to our annual Strategic Planning Process and annual budget process by way of our established *Workforce Planning Process* (WFP). The WFP is led by the HRBPs, who partner with leaders and collect all inputs to determine and build the staffing model for the following calendar year.

In addition, two Operational Rhythms forums (Quarterly Business Planning and Quarterly Budget Reforecast) enable Elevations to adjust and realign to business needs. Lastly, CEO Council meets weekly and reviews all permanent and contingent job requisitions. This last touchpoint brings visibility and accountability to our staffing decisions in a cross-functional forum to ensure the most optimal decisions.

5.1a(2) We systematically recruit, hire, and onboard new employees through the processes outlined in *Figure 5.1-1*. We utilize the SuccessFactors Applicant Tracking System (ATS), which provides a single view of current vacancies and automates each approval step within the recruitment process. This creates efficiencies, meets compliance requirements, and improves overall time to fill.

Diversity and Inclusion is one of Elevations' 7 Strategic Objectives. To ensure our workforce represents the communities we serve, we analyze the ethnicity- and gender-related demographics of our internal population and compare them to community demographics. This analysis helped identify an opportunity to improve alignment with the Hispanic community and shift our internal hiring efforts. Success in hiring diverse candidates (*Figures 7.3-2* and *7.3-3*) can be attributed to our outreach strategy, which includes attending career fairs at colleges with more diverse student populations, targeting diverse populations via social media, and intentionally sourcing diverse candidates.

The key to delivering on the Elevations vision begins with recruiting, hiring, and onboarding employees who are not only technically capable within their roles but also service-minded and a good fit within our culture. To achieve this, Elevations has built a strong foundation - vision, core purpose, and values, and an authentic Employee Value Proposition, **Figure 5.2-1**.

Elevations' hiring managers, Talent Acquisition Partners, and HR Business Partners use behavioral interviewing and competency assessments to screen candidates. They also evaluate cultural fit and technical aptitude before extending offers. To ensure that the employee experience remains consistent with the hiring process, our Employee and Member Value Propositions are shared during New Employee Orientation and reinforced in other internal forums.

Figure 5.1-1 New Workforce Members		
Process Steps	**Activities and Deliverables**	**Responsible Parties**
Manage Success Profiles	• Determine competencies needed for role (card sort) • Identify appropriate compensation • Create/update success profile ***Deliverable: Needs are identified and success profile is finalized***	Hiring Manager HRBP Talent Acquisition
Manage Staffing Requisitions	• Create and submit requisition for approval in SuccessFactors • Create/validate job requirements and competencies ***Deliverable: Job is posted***	Hiring Manager HRBP Talent Acquisition
Recruit and Hire Candidates	• Leverage sourcing options to identify and recruit candidates • Tailor interview questions to align with cultural fit and required skills/competencies • Select candidates to interview • Interview for cultural fit and experience • Extend offer and negotiate employment details • Perform pre-employment verification ***Deliverable: Candidate is hired***	Talent Acquisition Hiring Manager
Ensure a Strong Start	• Deliver New Employee Orientation (NEO) and role-specific training • Complete Strong Start Checklist ***Deliverable: Employee is onboarded***	L&D Team Hiring Manager HRBP

5.1a(3) Elevations' Strategic Plan, Business Plan, and the subsequent identification and prioritization of significant initiatives are all inputs into workforce plans. We use multiple systematic approaches to ensure continuity and prevent workforce reductions. Unplanned, non-sequential, and fluctuating capacity needs are mitigated by increasing hours of part-time positions and moving floating multi-role qualified staff to high-need areas. This practice was used in late 2018 to distribute excess float positions throughout the branches. We also use contractors as needed. While Elevations has not experienced the need for significant reductions in force, smaller scale reductions are accomplished through attrition and alternative placement of people in growth areas when possible. If all internal options are exhausted, market competitive outplacement services are used to transition people.

In addition to organization structural changes, our annual SPP can also result in work system changes or other large-scale initiatives that require a strong change management approach to ensure our employees are prepared to accept and adopt significant changes with minimal disruption. Elevations uses the Prosci approach when executing organizational changes. This approach informs leaders how to best communicate and roll out changes with a heavy emphasis on both communications and training when necessary.

From a communications perspective, Elevations' employees

receive information about significant company changes through systematic two-way communication efforts, as outlined in *Figure 5.1-2*. We empower and enable leaders to fully support changes and equip leaders through tailored messages they share with their teams. Our Communications team identifies the desired outcomes and then builds the plan, identifying the most effective channels and timing to successfully communicate.

Figure 5.1-2 – Communication Approach to Prepare the Workforce for Significant Change	
Key Steps	**Activities, Deliverables, Benefits**

Receive Internal Communication Request*	• Receive internal communication request from change lead including:
	  ∗ Requested timing
	  ∗ Requested audience
	  ∗ Requested channel(s)
	  ∗ Goals/objectives of message
	  ∗ Draft content
	• Acknowledge receipt and review request
	Deliverable: Communication request is submitted and acknowledged

Prepare Communication Plan	• Meet with requestor to fully understand needs, timing, etc. • Partner with requestor to develop plan • Refine draft messages ***Deliverable: Draft plan is created***
Targeted Messages **	• Identify audience • Determine appropriate channel(s) to deliver message
Senior Leader Update(s)**	• Share communication plan and draft messages with Senior Leaders • Solicit input and incorporate changes ***Deliverable: Finalized communication plan and messages***
Connect The Business Update(s)**	• Provide company leaders with tailored message, notifying of change, timing, and how they can support ***Deliverable: CTB email and/or CTB Monthly Update materials***
All Staff Update(s)**	• Use appropriate channel(s) to ensure employees are notified of changes ***Deliverable: Employees receive information via a variety of channels***
* Step is sometimes omitted with large-scale change requests originating from the SPP or Senior Leadership team ** Steps may repeat to accommodate longer-term or multi-phased initiatives	

For example, our move to Basecamp utilized our collaborative approach to ensure employee preparedness in the face of significant change. This move was deployed in many phases over multiple months using most of the communication channels. Carefully orchestrated communication paired with targeted training ensured a smooth transition.

5.1a(4) Elevations organizes and manages the workforce around the Elevations Work System (*Figure 2.1-2*), which includes our Internal Work Processes which we refer to as our Enterprise Process Map. Each of our employees works within one of our four value streams or within processes that enable the value streams. Leveraging our core competency of *Operational Excellence*, the management of the workforce is accomplished through the disciplined execution of BPM with policies, processes, and procedures captured and made available through the Reference Desk (*Item 4.2*). Our goal setting processes ensure alignment and integration across Elevations and enable the accomplishment of organizational goals. Accountabilities built into our performance management process ensure high performance. We reinforce a member focus through

the execution of our other core competency – *Membership First*. Through deployment of the Elevations Way, we ensure consistent delivery of excellence to our members.

5.1b Workforce Climate

5.1b(1) We ensure a safe, secure, and accessible workplace through multiple approaches deployed at Basecamp and all branches. In July 2017, Elevations added a position and hired a security program manager tasked with establishing an enterprise physical security program. Our security team now consists of three security officers providing security at the Basecamp location, which houses all of our non-member-facing employees (just under 400 people). A security systems technician manages all physical security systems (both Basecamp and branches), troubleshoots, installs, and repairs all security equipment in cooperation with our security vendor. We conduct site safety training at New Employee Orientation, and Emergency Response Guidelines were created and are published on The Peak (intranet). These guidelines provide instruction on how to deal with many common emergencies, suspicious incidents, and potential threats. Hard copies are maintained at all branches to include site-specific instruction on evacuation routes, muster points, and emergency contacts.

We regularly test our security protocols for effectiveness and make improvement as necessary. For example, in a 2020 cycle of improvement, all locations have undergone a security system upgrade that included IP cameras and a more secure access control system and external cameras. An easy to access lockdown button has been installed in all locations, allowing tellers to quickly and remotely lock doors in the event of a robbery or other security threat. The Site Safety Committee meets monthly to review all incident reports and identify needed actions. Incident reports document injuries (employees, members, and guests), property damage, criminal activity, and disruptive parties and are tracked for resolution.

5.1b(2) The workforce is supported through a wide range of policies, services, and benefits. Elevations assesses current and future benefit offerings based on our benefit guidelines:
• Offer benefits that our employees value
• Invest in our employees' financial wellbeing
• Deliver financially sustainable rewards that are aligned with organizational performance

Each year, we review employee demographics and assess the employee population to determine what benefits they value while ensuring benefit selections are fiscally aligned with the organization's financial targets and are market competitive. We also analyze responses to the biannual employee engagement survey in which employees complete the statement, "If I had to make ONE change at our organization to make Elevations the best place I have ever worked, it would be...". Currently we offer two medical plans: one supports consumerism – HSA-eligible High Deductible Health Plan; the other is a more traditional PPO plan with co-pays. Annually, Elevations reviews all benefit programs to ensure market competitiveness and monitors the value each provides our employees.

Elevations is highly focused on understanding and investing in the financial wellbeing of our employees. In an innovative approach, we recently assessed our employee population's financial wellbeing and segmented financial wellbeing scores by job levels *Figure 5.1-3*. Based on this analysis, in a cycle

of improvement, we launched our financial wellbeing tool kit, which gives us important insights on our employees' financial confidence journey. Financial wellbeing programs also provide innovative benefits to employees during various life event cycles. These include mortgage discounts for home buyers, debt counseling, and retirement planning.

Figure 5.1-3 Financial Wellbeing			
TOTAL USERS	USERS GAINING CONTROL (26-50% complete)	USERS BUILDING CONFIDENCE (51-75% complete)	USERS PURSUING A LIFE WELL-SPENT (76-100% complete)
132	73	28	4

PROGRAM METRICS	Users Financial Confidence Journey
Users	From Program ▼
Users Financial Confidence Journey	
Users Earning Badges	
Badges Details	
Users Learning	
Learning Details	
Users Taking Action	
Action Details	

■ **20.45%** Getting Started
■ **55.30%** Gaining Control
■ **21.21%** Building Confidence
■ **3.04%** Pursuing a Life Well Spent

We encourage mental and physical wellbeing by providing work flexibility to include state-of-the-art office "We" space facilities at our Basecamp location, where we bring the outdoors in with natural lighting and 360-degree views. We provide a state-of-the-art cardio and weight facility, an onsite, financially-supplemented cafeteria, and a walking trail surrounding the building. Our "We" environment includes Wi-Fi and laptops, allowing all employees to freely move about the campus to meet their needs. This might include focused time in a closed office or utilizing outdoor seating to enjoy the sun. Finally, each year we provide free biometric screenings and flu shots in each county.

Elevations was recently honored as one of the national organizations recognized by Cigna "for positively impacting the overall health of their employees." Only 13 recipients from across the nation received this award, which is based on the five connected dimensions of wellbeing: physical, emotional, financial, environmental, and social.

5.2 Workforce Engagement
5.2a Assessment of Workforce Engagement

5.2a(1) We determine key drivers of engagement through the Gallup Q12 framework. Based on Gallup's research, we assess engagement using the following key drivers: Overall Satisfaction, Basic Needs, Management Support, Teamwork, and Growth. Each of the Gallup engagement survey questions is tied to one of these drivers (**Figure P.1-3**).

Survey results are analyzed based on leader and department to enable us to determine improvement opportunities for different workforce groups. Each question is analyzed, and results are segmented by key driver categories. Department results are provided to teams who execute a formal action planning process to address opportunities. This enables all employees to discuss the key drivers in their area and collectively focus on positively impacting these drivers. Understanding these key drivers is

critical to delivering on our Employee Value Proposition (**Figure 5.2-1**).

5.2a(2) Twice each year, we also use the Gallup Q12 to formally assess workforce engagement and satisfaction. The survey is composed of Gallup's 12 questions, plus one overall satisfaction question, which are answered on a scale of 1-5. It also includes two open-ended questions to identify strengths and opportunities. The entire organization is assessed using the same questions, and results are analyzed based on key drivers and workforce groups.

Organization results are compared to benchmarks, analyzed and shared with Senior Leadership to determine if any organization-level action plans need to be developed, and are communicated to the workforce. Results by leader are shared directly for review and team-based action planning. HR Business Partners support the end-to-end engagement process and facilitate action planning when additional support is needed. Action plans are reviewed on an ongoing basis between surveys in the Operational Rhythm. HR Business Partners assess the effectiveness of action plans with leaders based on score changes to ensure continuous learning and improvement.

Other formal and informal methods of assessing engagement and satisfaction include: Exit interviews; Glassdoor rating and comments, Appreciate (our formal recognition tool) tool activity (segmented by functional areas and demographics); retention and turnover analysis (segmented by functional areas, job roles, ethnicity and gender); and participation in Volunteer Time Off (VTO). All segmentation results are AOS.

5.2b Organizational Culture Leaders across the company help foster open communication (**Figure 1.1-5**), high performance, and an engaged workforce in a variety of ways. Leaders participate in "Connect The Business – Monthly Update" meetings, where they hear important company updates and have an opportunity to learn and ask questions about a single deep-dive topic. To supplement the CTB forum, internal communications team provides leaders with talking points and optional slides, which enable them to share what they learned with their teams in an open, two-way forum. Additionally, leaders meet with each of their team members individually at least once per month to discuss more individually relevant topics. Finally, leaders meet quarterly with their direct reports to discuss ongoing performance.

Elevations' organizational culture is rooted in our vision, core purpose (mission), and values, further exemplified in our Employee Value Proposition (EVP): We want this to be the best place you've ever worked. As illustrated in **Figure 5.2-1**, we strive to be a high performing organization by fostering a culture of learning, results, caring, and purpose, which we translate into four statements: **Dream Big. Work Hard. Hold Hands. Make a Difference**. To reinforce our culture, we have developed consistent messaging for potential and existing employees supporting our cultural aspirations in forums such as our careers website, recruiting materials, social media postings, job boards, success profiles (job descriptions), New Employee Orientation, badge art, The Peak (intranet), and other internal communications as appropriate. We empower our workforce members to take care of members' needs and expectations through clearly defined processes, training, and clear expectations to always put **Members First**.

Figure 5.2-1 Employee Value Proposition

Dream Big

We exist to help our members, employees, and community thrive
- Innovation
- Prosperity
- Professional Growth

Work Hard

We encourage each other to achieve greatness
- Raving Fans!
- Performance Excellence
- Recognizing & Rewarding

We want this to be the best place you've ever worked!

We passionately believe we're stronger together
- Our culture
- Diversity & Inclusion
- Wellbeing

Hold Hands

We are for the community, by the community
- Localism
- Philanthropy
- Amazing Experiences

Make a Difference

5.2c(1) Workforce performance is managed via a cyclical annual process that aligns with our Leadership System by emphasizing both goals ("the what") and competencies ("the how"). The process is initiated each year when our CEO sets high-level annual goals that define success for achieving Elevations' strategy. When employees meet with their leaders to identify their annual goals, they align with the team objectives and Elevations strategy. Employees are coached to write three to five goals in SMART (**S**pecific, **M**easurable, **A**ttainable, **R**elevant, and **T**imely) format. Once employees

and their leaders agree on goals, they enter those in SuccessFactors. All goals at Elevations are "public" in SuccessFactors, which promotes transparency and consistency. Goals can be modified, canceled, or created at any time during the year to allow flexibility a s r esponsibilities o r p riorities change.

At the beginning of the year, each employee is assigned five c ompetencies i n SuccessFactors. These competencies outline the behaviors expected from our employees based on role, as outlined in **Figure 5.2-3**. These competencies include an "Innovation" for each role as well as focus on members through "Inspiring Excellence" and "Cultivating Relationships." Competencies are consistent at different levels within the organization (**Figure 5.2-2**) and are mapped to the summary attributes outlined in our Leadership System. Throughout the year, both the employee and leader can review, edit, or enter comments in SuccessFactors related to the employee's performance. Midyear, leaders participate in facilitated "Talking Talent" sessions to solicit cross-functional feedback on their employees, calibrate on what great performance looks like and share ideas about employee development. At the end of the year, employees self-evaluate, then leaders enter evaluation comments and a performance rating for each goal and competency in SuccessFactors. Half of each employee's annual evaluation is tied to behaviors they demonstrate related to their specific competencies, and half is tied to their performance related to individual goals. These are used to award annual merit increases.

Figure 5.2-2 Time Spent by Role

ARCHITECT — Strategy 60%, Executing Change 25%, Leading People 10%, Doing 5%

PLANNER — Strategy 20%, Executing Change 40%, Leading People 30%, Doing 10%

LEADER — Strategy 5%, Executing Change 25%, Leading People 55%, Doing 15%

INDIVIDUAL — Strategy 5%, Executing Change 5%, Doing 90%

Legend: Strategy | Executing Change | Leading People | Doing
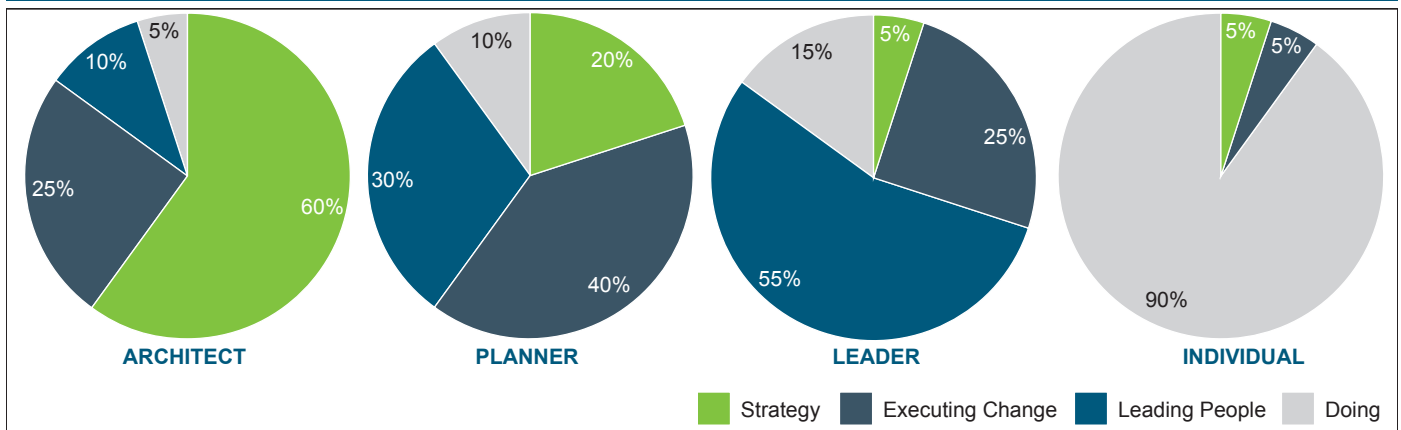
Figure 5.2-3 Competencies by Role

SUMMARY ATTRIBUTE	ARCHITECT	PLANNER	LEADER	INDIVIDUAL
Driving innovation	Driving innovation	Leading change	Facilitating change	Continuous improvement
Communicating	Energizing the organization	Compelling communications	Communication	Communication
Inspiring excellence	Establishing strategic direction	Strategic planning	Driving for results	Work standards
Cultivating relationships	Emotional intelligence essentials	Cultivating networks & partnerships	Building partnerships	Collaborating
Elevating talent	Executive presence	Building organizational talent	Coaching & developing others	Leveraging feedback

Our Total Cash Compensation philosophy is to compensate staff between 60% - 75% of the market and deliver financially sustainable rewards aligned to organizational performance. At Elevations, we review each job role's total compensation range against compensation ranges for similar roles within the market. Non-member-facing employees are eligible for our organizational incentive program, "Stakeholders." This incentive tool assesses organizational performance based on preset annual targets on NPS, loan volume, deposit growth, and operating expenses. When the organization performs well against targets and the peer group, we reward eligible employees through a formal recognition program - Appreciate. Our Appreciate tool was launched in 2017, and successful adoption of this tool is shown in **Figure 7.4-5**.

Elevations understands recognition is critically tied to workforce satisfaction but also that it needs to be tailored to the individual. During an employee's onboarding, managers and supervisors are strongly encouraged to have their team members complete a "How I want to be recognized" form, enabling the manager to understand the individual's preference for recognition. Finally, we provide an annual trip to a fun location for select employees and their guests based on their performance and nomination from peers.

5.2c(2) Performance development starts with onboarding, then progresses into certification paths, which provide an opportunity for advancement of internal talent. The Learning and Development team (L&D), collaborates with leaders to identify needed learning curriculum. We provide Learning and Development as shown in **Figure 5.2-4**.

Figure 5.2-4 Learning and Development	
Service	**Details**
Content Development	Initiated by various methods: • Annual Strategic Plan • Annual Business Plan • Ad hoc requests via the Training Request form • Employee Engagement Survey results • NPS data/trends
Synchronous Learning/ Facilitation	Occurs as: • Run the business (e.g. New Employee Orientation, Elevations Leader Orientation, Branch and Contact Center training) • A result of new content • Ad hoc requests via the Training Request form
Asynchronous Learning/ eLearning	• Required annual compliance training • Required annual HR training • Up training
Asynchronous Learning/ Self-Service Training	• L&D assets available on SharePoint, e.g.: ∗ Micro Lessons ∗ Participant guides ∗ Quick Reference guides ∗ On the Job Training (OJT) checklists ∗ Curated content on SharePoint

The L&D team ensures that there are a variety of mechanisms for our workforce to submit requests for training via a Training Request form, where all employees are able to request both content development needs and facilitation for any internal training offered. We also provide programs such as development courses from vendor partners, which can be taken as self-paced eLearning via the LMS or LinkedIn Learning.

L&D also provides leadership development and competency training. We assist with performance management materials and also support deployment of organization-wide strategic initiatives such as Diversity & Inclusion. Additionally, employees who desire to pursue development through an accredited university or college are eligible for education reimbursement. To support ethical business practices, L&D also partners with Compliance and Information Security to ensure required training is provided on an annual or as-needed basis.

5.2c(3) We evaluate the effectiveness of learning and development through the Kirkpatrick Four-Level Training Evaluation Model. This model is a recognized best practice for analyzing and evaluating the results of learning programs. It takes into account any style of training, both informal or formal, to determine effectiveness based on four levels of criteria. *Level 1 - Reaction* measures how participants initially react to the training. *Level 2 - Learning* analyzes if they truly understood the training (increase in knowledge, skills, or experience). *Level 3 - Behavior* evaluates if they are using what they learned (change in behaviors). *Level 4 - Results* determines if the education had a positive impact on the business/organization. Kirkpatrick results are provided in **Item 7.3**.

5.2c(4) We use SuccessFactors for goal planning, career coaching/development, and performance management, as detailed in **Item 5.2c**. Goals aligned to organizational strategy are created throughout the organization, and competencies are assigned to individuals in alignment with summary attributes in our Leadership System. The competencies related to each attribute build on one another, providing a clear picture of the behavioral expectations for specific roles. Competency training is often included in an employee's SuccessFactors development plan, and employees across Elevations have access to various in-person and online leadership competency training options as well as the SuccessFactors competency library, which is populated with over 200 activities.

Career progression is managed via several methods, including a mentor program, career quest, and via transparent career growth progressions. For example, the Branch Progression and Certification program ensures that branch employees can transparently see a path to move within the branch, including basic requirements to reach that next role. (Teller > MSG > FSG > Service Manager > Branch Manager). To support career progression, we provide various internal development training options including LinkedIn Learning and the BAI suite of materials, Public Speaking, and StrengthsFinder. External development is also provided, as needed, and is budgeted annually by department.

Senior leaders conduct succession planning through the *Manage Succession Planning* process. The succession planning committee is composed of CEO Council and select SVPs and facilitated by an external consultant. This group executes this process and participates in "talent calibration" discussions that consider emerging talent and organizational needs. This process ultimately identifies and evaluates candidates for succession plans and creates and deploys detailed development plans to align with requirements. Execution of these development plans are tracked, and modified as necessary, by Senior Leaders.

6.1 Work Processes
6.1a Product and Process Design

6.1a(1) Elevations defines key product requirements as described in the Product Offerings Process, *Figure 3.1-5*. Work process requirements are determined through the Business Process Management (BPM) methodology, (*Figure 6.1-1*) in **Step 1**: Design using the SIPOC (**S**upplier, **I**nput, **P**rocess, **O**utput, **C**ustomer) tool. SIPOC captures the requirements for the **C**ustomer(s) receiving the **O**utputs of the **P**rocess performed by all involved using the **I**nputs provided by **S**uppliers.

Figure 6.1-1 Business Process Management Methodology

Step 1: Design	Trained process owners, with Special Forces assistance, use a hosted process mapping application, IBM BlueworksLive, to design work processes. During the Design process owners build a SIPOC identifying the process objectives and requirements with corresponding performance metrics and identify the linking processes.
Step 2: Develop	Once key stakeholders validate the **Design**, we move to the **Develop** step. In this step, process owners build a swimlane flowchart, create a plan to implement, and confirm process approval of stakeholders. Process owners also identify enabling technology to capture how stakeholders interact with technology by including a "system" swimlane in their flowcharts as well as "Member" swimlane to capture impacts to members in alignment with the Elevations Way service model.
Step 3: Deploy	In this step, process owners confirm measurement methods, beta-test to confirm requirements are successfully met, and apply cycles of refinement as necessary. They also conduct a process review with Business Process Management team, manage changes as needed with communication, training, and knowledge assets, and finally perform a full rollout to all affected stakeholders. Process owners submit knowledge assets to the governance process for publication in Reference Desk
Step 4: Monitor	Leaders track process performance using dashboards that are reviewed through the Operational Rhythm. When these reviews reflect performance gaps or identify opportunities, leaders work with process owners to identify targets and improve or innovate the process using the approaches defined in **Item 6.1b(3)**.
Step 5: Improve	Using Lean Six Sigma methodology BPM Special Forces validate opportunities for improvement, conduct root cause analysis, develop potential solutions to root causes, assess change impact, and move the selected solution to **Step 1: Design**, to repeat the BPM cycle.

6.1a(2) Key work processes, *Figure 6.1-2*, are deployed within the four value streams. Key support processes enable the value streams to serve our members. Alignment and integration of the key work and support processes, the Elevations Work System (*Figure 2.1-2*), is purposefully designed through Elevations' Enterprise Process Map (EPM), *Figure P.2-5*, and monitored through the Operational Rhythm, *Figure 1.1-4.*

Figure 6.1-2 Key Work and Support Processes

Key (Value Stream) Work Processes	Requirements	Sample Measures	Cat 7 Results
Develop Solutions	Adoption and Usage	Market Share, Share of Wallet, Core Deposits, Online Banking	7.1
Market Solutions	Leads and Applications	Online Banking, Checking Accounts Opened, Social Media Usage	7.1
Manage Member Relationships	Depth of Relationship	NPS Transaction and NPS Relationship	7.1 and 7.2
Deliver Solutions & Services	Overall Satisfaction and Ease of Use	Production, Pull-through rates, Cycle Time, Productivity, Member Effort	7.1, 7.2
Key (Enabling) Support Processes	**Requirements**	**Sample Measures**	**Cat 7 Results**
Leadership System Processes	Engagement and Accountability	Gallup Q12, Communication Results, Strategy Results, Ethics Hotline	7.3 7.4, 7.5
Manage & Develop the Workforce	Capability and Capacity, Engagement	Time to Fill, Diversity and Inclusion Results, Overtime, Training Effectiveness	7.1b, 7.3
Manage Information Technology	Availability, Usability, Integrity, Security	Systems Availability, Help Desk Time to Close, User Sat., Cybersecurity Fail Rate	7.1b
Manage Financial Resources	Accuracy, Transparency, Sustainability	Return on Avg. Equity, Efficiency Ratio, Enterprise Risk	7.5
Manage Corporate Real Estate	Safety, Sustainability	Safety Incidents, Preparis Daily Upload Success Rate, BCP and DR Tests	7.1b(2)
Manage Performance Excellence	Audacious Excellence (BHAG)	Baldrige Scores, Gallup Q12, BPM Maturity	AOS 7.5b
Manage Risk	Sustainability (Board-approved Risk Appetite)	Card Fraud, False Positives, Audit Findings, Regulatory Exam Findings	7.1b, 7.4
Manage External Relationships	Sustainability, Community Involvement	Financial Education Results, Community Grants, Scholarships, Energy Lending, Eco-Cycle Materials	7.4

6.1a(3) We outline product requirements in a Product Requirements Document (PRD) and vet these requirements with the Product Owner to ensure alignment with their goals and overall project requirements (AOS). We assess technology, product excellence, member value, and risk considerations and use this information to inform the product development process.

Organizational knowledge through product performance data and internal feedback from IT, Marketing, Compliance, Finance, Operations, Sales, Training, Corporate Risk, and Retail stakeholders is also incorporated in the product design. Finally, the project delivery team also provides input based on best practice learnings from other product development activities.

Validated product requirements and design are shared with the Elevations Member Council to test product viability through a member lens and ensure value. Modifications to requirements are then captured in the PRD as the need for change is identified.

BPM, implemented in 2010, was identified as a key best practice in examiner feedback when Elevations received the 2014 Baldrige Award. Since that time, BPM has gone through multiple cycles of refinement. The Enterprise Transformation Group (ETG) is responsible as a center of excellence for administering, training, and applying cycles of learning to the BPM methodology. They also deploy technology (IBM Blueworks Live), and resources such as the 90-page BPM Handbook to BPM teams. ETG deploys BPM across Elevations through a trained team of Special Forces "super users" representing all categories in the Work System Enterprise Process Map (EPM) (**Figure P.2-4**).   Individuals identified for Special Forces complete BPM training, regularly meet to share best practice cycles of learning, and seek assistance to overcome any barriers they are facing. Special Forces also identify synergies in cross-functional efforts, offer mentorship to newer members, and celebrate successes through a monthly newsletter and a traveling trophy awarded to members who have gone above and beyond.

Figure 6.1-3 Product and Work Process Design	
Meet Requirements	Elevations designs, manages, improves and innovates processes to meet key stakeholder requirements through Business Process Management (BPM), an enterprise-wide methodology, **Figure 6.1-1**
Incorporate New Technology	Process Owners and Stakeholders indicate used and proposed technologies in a dedicated swimlane of each Blueworks Live process map with an activity box for each enabling system
Organizational Knowledge	All Knowledge Assets associated with product/ service and work process design go through the governance process and, once approved, are available on the Reference Desk, **Item 4.2**
Product Excellence	Key product / process requirements are determined through member listening and engagement processes described in **Criteria 3.1(a)** and **3.2a(1)** and through our internal member listening approaches
Member Value	Requirements are shared with the Member Council. Deployed processes are placed in the 'Monitor' phase of BPM and moved to 'Improve' if performance measurements show requirements are not being met
Consideration of Risk	Enterprise Risk Management (ERM) performs risk assessments of all products and processes and consults to insert key controls to mitigate risk; Audit ensures risk controls are effective post-deployment
Need for Agility	Process Owners and stakeholders, as identified in the SIPOC, can move a process to the 'Improve' phase whenever needed

The ETG BPM team serves as a center of excellence to support and consult with Process Owners, Special Forces, and scrum teams as needed. This team tracks progress in process design and management in an enterprise-wide BITe dashboard.

They support deployment of the BPM methodology through a robust toolset including the BPM Handbook, training, best practice samples of process design deliverables, and templates. They enable reporting of qualitative audits and real-time best practice sharing through recurring meetings and one-on-one rounding with process owners.

6.1b Process Management and Improvement

6.1b(1) Process implementation results for key work process (value stream) requirements are reported in easily accessible BITe dashboards. Process owners monitor these dashboards in an ongoing fashion to understand the day-to-day operation and discuss results of key metrics on a scheduled basis through established Operational Rhythm forums (**Figure 4.1-3**). Sample key measures are shown in **Figure 6.1-2**. How these measures relate to end-product quality and performance is demonstrated in **Figure 6.1-4**. These measures were selected to ensure we are delivering on our Member and Employee Value Propositions.

Figure 6.1-4 Process Implementation	
Meet Requirements	Process Owners ensure the day-to-day operation of their processes are meeting key requirements as part of the **Monitor & Improve** phase of BPM. The Operational Rhythm ensures process measures are aggregated, analyzed, recommendations proposed, and actions taken.
In-Process Measures	Examples of in-process measures that determine end product quality and performance include: • Volume Year over Year: Referrals, Leads, Applications, Approvals, Funded • Conversion and Fall Out: Pull-Through of applications through the value streams • Turn-Time through the value streams • Errors
End-Product Quality Alignment	Optimizing performance effectiveness and efficiency results in product and service: • Increased Adoption • Increased Usage • Increased NPS Satisfaction and Loyalty

6.1b(2) Elevations' enabling (support) processes and key requirements are identified in **Figure 6.1-2**. Key support processes as those that enable value stream delivery. Results for key enabling processes are made available in the same methods as key work processes described in **Item 6.1b(1).**

6.1b(3) Process Owners execute **Step 4: Monitor** and **Step 5: Improve** of the BPM continuous improvement cycle by tracking performance measures against targets to reduce variability and enhance core competencies. BPM utilizes the Lean Six Sigma methodology, a proven best practice approach for improving performance. As process improvement is embedded with our scrum delivery teams, scrum ceremonies provide opportunities to discuss process results and share learnings. Additionally, opportunities exist through the Operational Rhythm for process owners, value stream stakeholders, and Special Forces to connect on learnings and share knowledge concerning process. Member Journey Mapping (AOS) is another tool, facilitated by the ETG to drive continuous improvement and innovation. Journey Mapping identifies positive, neutral, and negative responses by stakeholders within a process. Actions are identified to eliminate or mitigate negative and enhance positive.

Through ongoing evaluation of access to meaningful data, we experienced a cycle of learning to mature our execution

of Step 4: Monitor of BPM by deploying a comprehensive Scorecard linking all success measures included in the Business Plan. The Scorecard includes baselines, targets, actuals, and performance projections. Scorecard measures are inclusive of the Strategic, Value Stream, and Enabling Team action plans and annual budget. The Scorecard connects action plan lead measures to strategic outcome lag measures to ensure we remain aligned in our execution and are achieving planned results. Another recent cycle of learning for Step 5: Improve phase was the dedicated assignment of a BPM process analyst to each Value Stream Scrum team. They (1) ensure that process improvement has been considered before employing expensive technical solutions; (2) analyze success measures, confirming that solutions being deployed can clearly be evaluated for effectiveness; (3) evaluate and review expectations with stakeholders; and (4) lead efforts around any process-related work including root cause analysis, hypothesis testing, Journey Mapping, Kaizen events, waste reduction exercises, and process documentation. These process analysts work directly with process owners to monitor process performance, assisting in detecting and prioritizing potential areas for improvement.

6.1c Supply Chain Management

Supplier selection, management, and performance monitoring are the responsibilities of the assigned relationship owner as determined through the formal Vendor Management Board Policy and deployment through the following processes • *Manage Vendor Contract Expiration, Renewal, and Termination • Establish Vendor Relationship Management Plan • Perform Vendor Due Diligence • Perform Vendor Document Administration • Respond to Vendor Risk Alert.*

The combined policy and processes result in **Step (1)** determining the criticality of the vendor to the credit union's long-term strategic and current business plans. In **Step (2)** we prepare a documented risk assessment of a wide variety of risk factors in alignment with the level of criticality (AOS). In **Step (3)** we establish a cross-functional Vendor team that identifies key stakeholders in vendor selection, monitoring end users for purposes of managing the third-party relationship. In **Step (4)**, we establish, by clear contract, the scope and services provided. We articulate performance requirements and standards, define confidentiality and security of data, and set deadlines and terms. We also clarify use of and responsibility for subcontractors, indemnification, default, and termination rights and dispute resolution.

Legal counsel review and support are required by Board policy for critical vendors and high-cost third-party relationships. In **Step (5)** the relationship owners of high criticality vendors are required to deploy metrics and activities to measure performance. Through **Step (6)** the Vendor Criticality Rating is reviewed annually or more frequently if the vendor's business or service relationship is undergoing change. Performance assessments are conducted by the vendor relationship owner through ongoing monitoring of service quality, financial condition, and control environment audits. Contract and policy compliance are monitored using the Service Level Agreements of the contract. With the integration of these services into processes, key process owners are continuously monitoring their operational performance metrics to ensure requirements are successfully met. In **Step (7)** at least annually, Corporate Risk Management assesses the level of relationship

management (adherence to the Vendor Management Program) performed by the relationship owners of high criticality vendors. They report the results of the assessment and identify any vendors that are at risk to the Risk Oversight Committee.

6.1d Innovation Management

Elevations identifies strategic opportunities determined to be intelligent risks through the SPP, **Item 2.1a(2)**, and pursues them through the internal Innovation Program and *Innovation Management Process*, **Figure 6.1-6**. Additionally, all employees are encouraged to submit, discuss, and rate creative ideas that address achievement of the Strategic Goals. Ideas are submitted in one of three ways: 1) Employee Innovation forum, facilitated by a moderator 2) Innovation Workshop for individuals to learn hands-on skills developing real ideas, and 3) Test and Learn experiments funded and resourced to develop ideas in quick Scrum-like sprints. Types of innovation include core, incremental, or transformational and may result in a solution, service, process, or technology that is new or new to its proposed application.

Figure 6.1-6 Innovation Management Process
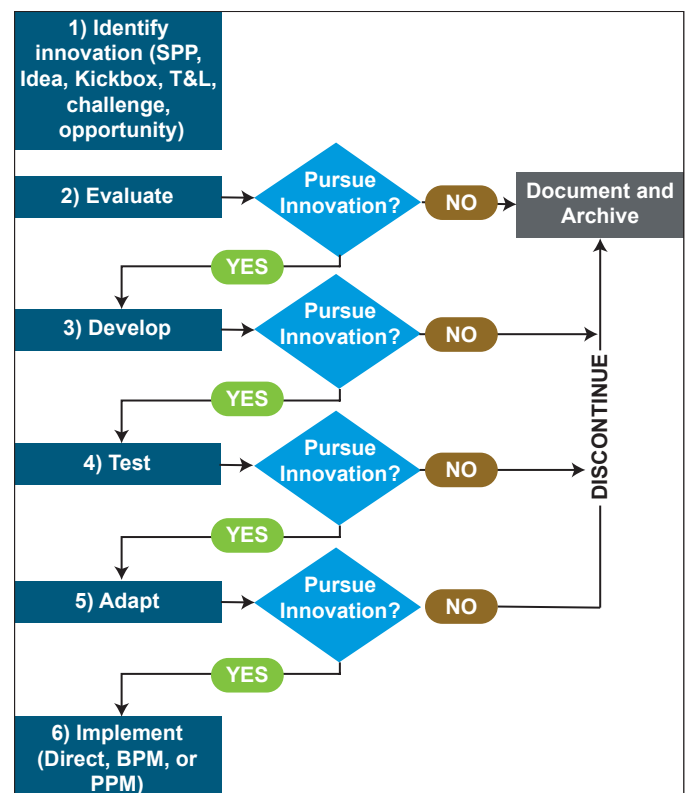
The Employee Innovation portal, Elevate, is a collaborative forum where ideas gain visibility, engagement, and traction. This platform, implemented in Q4 2019, is designed to stimulate and support innovation while increasing visibility throughout the full lifecycle of an idea. Ideas submitted in Elevate are available on The Peak (intranet) for crowdsourced feedback, cultivation, and expansion. The ideas are then evaluated for immediate implementation, process improvement through BPM, or further consideration as an innovation initiative. Test & Learn experiments are an innovation avenue available to invest time and resources to research innovation ideas not yet able to survive the traditional Portfolio Intake process. A Test & Learn is a facilitated experiment, generally conducted

by the Innovation Program Manager. Innovation Workshops are an opportunity for internal innovators ('intrapreneurs') to learn and practice hands-on skills, leveraging design thinking techniques. This program is designed to increase innovator effectiveness, accelerate innovation velocity, and measurably improve innovation outcomes.

Ideas identified as potential innovations are reviewed by the Innovation Program Manager with stakeholder engagement to assess intelligent risk. Intelligence risk is reviewed against a set of criteria that includes member or internal customer value, company value, innovative elements, and risk factors such as market certainty, technical certainty, testability, and resource effort. The total weighted score is used in deciding if an idea should be pursued as an innovation, reclassified as a project or process improvement, or archived. When an idea is not selected for implementation, a reason is documented, and it is archived in Elevate for annual review in the context of the current climate. Teams consisting of SMEs and Elevate collaborators are brought together to pursue innovation opportunities. People, processes, tools and technology needed for implementation are aligned through the Innovation Management process (*Figure 6.1-6*) and, if pursued, are implemented directly through BPM to be operationalized, and/or through PPM.

The CSPO budgets resources on a contingent basis annually to pursue opportunities that arise throughout the year. Within the Operational Rhythm, CEO Council determines whether to start/stop/revise an innovation initiative. The innovation may be adjusted to build on experiences and successes. The innovation management process is evaluated for effectiveness biannually through BPM and improved based on lead and lag measures identified within the Innovation Process SIPOC. Multiple cycles of learning have been made to the process, including the launch of Elevate in 2019, hiring of a dedicated FTE for innovation in 2020, and the deployment of Innovation Workshops in 2020. In addition, Elevations made an investment in 2018 to join 60+ credit union owners of Members Development Company (MDC), which is an interactive and future-focused network that fosters collaborative innovation, development, thought leadership, and research among credit unions.

6.2 Operational Effectiveness
6.2a Process Efficiency and Effectiveness

6.2a Through the adoption of the BPM Methodology, Elevations has skilled facilitators in process improvement (Lean Six Sigma certified) within ETG and trained Special Forces representatives in each functional area to support process owners. These process owners are responsible for managing the cost, efficiency, and effectiveness of their operations. Process owners work in collaboration with cross functional stakeholders and partners as appropriate to optimize the effectiveness and efficiency of their operations as shown in *Figure 6.2-1.*

6.2b Elevations adheres to the NIST Cybersecurity Framework, designed to help organizations identify, protect, detect, respond, and recover from unauthorized or unexpected circumstances that could impact business operations, *Figure 6.2-2*. The Information Security Oversight Committee (ISOC) oversees and governs the Information Security Program. ISOC is made up of members from the IT and Risk teams. ISOC meets monthly with an objective to ingest Info Sec status updates, planned actions, and advise the

Risk Oversight Committee (ROC) on identified and emerging risks. On an annual basis ISOC is responsible for completing the NCUA's Cybersecurity Assessment Tool (CAT) and has been recognized by the NCUA as an early adopter of this self-assessment tool.

Figure 6.2-1 Process Efficiency and Effectiveness	
Control Overall Costs	Overall costs are forecasted in the annual Business Plan and Budget; monthly and quarterly analysis of variances within the Operational Rhythm result in decisions to start/stop/revise action plans to control costs as appropriate.
Incorporate Cycle Time, Productivity, Other	BPM methodology incorporates in-process measurements (identified in process SIPOC) which process owners and end users monitor to effectively measure the impact of our deployed processes and to learn which steps within a process should be changed, removed or enhanced to improve process performance for end users.
Prevent Errors and Rework; Minimize Productivity Loss	Process owners and individual performers monitor in-process measurements against targets which seek to improve performance trends; targets are aligned to best practice benchmarks whenever available and appropriate. Through monitoring of in-process measurements, process owners can understand opportunities for improvement, streamline processes, introduce new processes as needed, improve processes through elimination of unnecessary steps and/or redundancies and produce operating procedures to allow end users to effectively fulfill process expectations as measured against in-process metrics.
Minimize Cost of Audits	Audit activity is based upon risk assessments and performance trends.
Balance Cost Efficiency with Member Effectiveness	Balance between efficiency in cost control and effectiveness in delivering member value is achieved through our KPIs which set performance levels designed to optimize the balance between our Strategic Goals: High Performance Culture, Member Loyalty, and Financial Sustainability.

Figure 6.2-2 Security and Cybersecurity	
Sensitive Data & Information	Management ensures process, procedures, and partners are in compliance with policy. IT management deploys technology to monitor usage and access to sensitive data and information while Facilities is responsible for ensuring controlled physical access to locations where data is stored.
Appropriate Access	A combination of physical and electronic access controls as well as contractual agreements with partners are utilized to limit access. ISOC assesses requests for change to the InfoSec Program and recommends changes to policies and/or establishes requirements in alignment with policies to deploy new changes.
Awareness of Emerging Threats	Annually, the credit union updates its Cybersecurity Assessment tool provided by the FFIEC. The assessment tool enables us to determine our maturity level and identify actions to improve. Elevations subscribes to several industry news sources that identify new threats and best practices.
Identify and Prioritize	We identify and prioritize by seeking full visibility into digital and physical assets, connectivity, and roles as well as using assessment ratings to understand risk.
Protect	Protection of physical and digital assets is done using access control and surveillance systems, processes, baselines, configuration management, and continuous awareness education and training.

Figure 6.2-2 Security and Cybersecurity (Continued)

Detect	We have adopted continuous monitoring solutions to detect anomalous activity and baseline normal activity. Endpoint detection and response, firewall logs, Azure logs, Network Access Control and other log sources feed into our Security Information and Event Management (SIEM) platform for monitoring and threat hunting.
Respond	Events and incidents are captured in our systems along with all relevant logs or documentation. Annual testing and updates are performed to ensure that processes and procedures are in place to respond to an incident.
Recover	After action reviews with improvements resulting in revised process/procedures are performed with lessons learned exercises.

We evaluate effectiveness of our InfoSec Program and cybersecurity controls through annual assessments, completed by an external audit firm. In a recent cycle of learning, we selected a more rigorous company recognized by Gartner market analysis. The firm seeks to discover weaknesses of our internal and external network, systems, and employees to determine the strength of our internal controls, vulnerability management program, and employee awareness training.

6.2c Safety and Emergency Preparedness

6.2c(1) Elevations ensures safety and security through a variety of approaches including mandatory safety and security training for all employees. Our Security and Facilities team conducts regular physical inspections of all locations to ensure facilities are in proper repair.   The Site Safety Committee meets monthly to review incident reports and identify best practices, lessons learned, and training opportunities. Response effectiveness, level of preparedness, preventable incidents, and timing issues are also captured. The Committee is made up of cross-departmental representatives from Security, Facilities, Retail, Legal & Compliance, People, and Training. Additional responsibilities include planning safety activities and enhancements annually. A key 2018 cycle of learning resulted in a change to capture all safety and security incidents and not just those resulting in an injury. As a result, a new incident report and reporting process was deployed, **Figure 7.1-53**. The number of incident reports increased greatly from 2018 to 2019 primarily due to the increased focus on reporting. In 2018 Elevations applied for and was granted Premium Cost Containment Certification through Colorado's Department of Labor and Employment in recognition of safety and loss prevention and has maintained this certification.

All branches are equipped with intrusion alarm systems as well as panic and hold-up alarm systems which are monitored by an offsite vendor 24/7. Retail Operations and Corporate Security conduct onsite Safety and Security Training at every branch. Monitored surveillance cameras are installed at all locations and panic buttons are present in all cash handling locations as well as most branch back offices. Lockdown buttons are installed at all branches allowing staff to remotely lockdown the doors in the event of a robbery or a security threat. Team members follow a specific daily open and close procedure to ensure team member safety and minimize the risk of robbery at all branch locations.

6.2c(2) Elevations' business continuity planning and preparation is designed to ensure work system and workplace preparedness to allow operations to be managed through a disaster. The Business Continuity Program (BCP) framework is based on 1) Prioritization of staff safety, 2) Minimization of member impact, and 3) Organization-sustaining processes through any extensive event.

A BCP team, with representation from across the organization, addresses annual updates of the Business Impact Analysis (BIA), coordinates participation in annual testing, and addresses Opportunities for Improvement (OFIs). Prevention is addressed through annual BCP testing, OFI identification, and remediation, as well as regularly scheduled remote user testing for the most critical processes. In addition, each year we are able to utilize snow day closures for learning about our resiliency and have made a number of advancements to equip departments to work remotely and complete critical tasks from home during facility closures. The BCP relies heavily on process documentation to identify constraints of workforce, supply network, and partners. Each business line keeps the following up to date: critical task checklists, employee contact information, vendor contact information, and critical procedures. The BCP team has developed this documentation consistent with the approach to plan for event impacts and thus includes planning for multiple scenarios where we may have/not have workforce, supply network, and technology availability. All critical vendors (as identified by Vendor Management Program) additionally complete a vendor business continuity plan annually.

Elevations ensures information technology systems are continuously secure and available through IT's Disaster Recovery Plan (DR). IT's DR Plan is a fundamental and complex element of business continuity that requires separate planning, management, and testing. IT completes an annual DR test separate from the BCP test. In order to maintain alignment between BCP and DR, both use the same source of truth – the Business Impact Analysis (BIA). This alignment based on annual BIA updates has led to the current actions taken to integrate key vendor dependencies, setting of standard Service Level Agreements (SLAs) as ranked by the BIA, the incorporation of these SLAs into the contracts upon negotiation or renewal, and internal spending thresholds guided by the necessity to invest in system redundancies for highly ranked processes. IT has furthered our capabilities through outsourcing our production data center to an advanced colocation facility.

The BCP Plan is formally enacted upon the declaration of a disaster. A disaster is declared once Elevations has exceeded, or expects to exceed, our ability to operate within defined Recovery Time Objectives (RTOs). Our Managing Escalated Disruptions process centralizes intake of notifications from Emergency Response, IT Incident Response, and other business disruptions or emergencies that have not yet exceeded our RTOs as defined by the Business Impact Analysis (BIA). During a disaster event this team addresses the "in-the-weeds" items in order to free our Crisis Management Team (CMT) to oversee and manage continuity and recovery from a command center. The CMT is made up of our CEO Council and is responsible for making decisions on company opening and closure, escalated operational considerations and concerns, and internal and external communication.

7.1 Product and Process Results

For continuity, Elevations' **Items 7.1a** and **7.1b** results are segmented by our four value streams (Key Work Processes). Results for 7.1b Enabling Processes (Key Support Processes) follow value stream results.

7.1a Mortgage Lending: The Mortgage Value Stream is the most significant in relative importance as the largest contributor to revenue, **Figure P.1-2**. At the start of our Baldrige journey in 2010, mortgage operations and market share were limited. As established mortgage providers retreated in our market during the Great Recession, Elevations went on the offensive, attracting top talent and rigorously applying the Baldrige framework and BPM to the Mortgage Value Stream. Evidence of how we directly serve our members in this area is market share.

In 2013, Elevations achieved the number one position in market share for mortgage purchases and has since maintained that position within our primary market, Boulder County, while competing against the largest big bank lenders in the country. Similarly, executing our Market Expansion Strategic Objective, Elevations entered the Larimer County market with one branch in 2014. In spite of limited brand recognition, we quickly assumed the #1 market share position for mortgage purchases. **Figures 7.1-1** and **7.1-2** illustrate how we monitor market share by county. Data are presented starting in 2018, given a cycle of learning and investment in an improved data source. Other counties, as well as previous years' market share using alternative data sources, are AOS. Overall mortgage market share is presented in **Item 7.5**. Experian Share of Wallet, **Figure 7.1-3**, is a benchmark comparison metric, as it is a ratio of the balances at ECU versus all other financial institutions conducting mortgage lending. Results are inclusive of the entire membership, show a favorable trend, and confirm market share leadership. Attaining this performance resulted in over a 50% increase in production from 2015 to 2019, **Figure 7.1-4.**

Figure 7.1-1 Mortgage Purchase Market Share (Boulder)
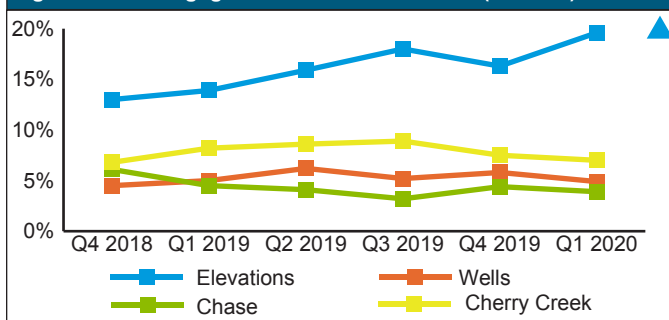
Figure 7.1-2 Mortgage Purchase Market Share (Larimer)
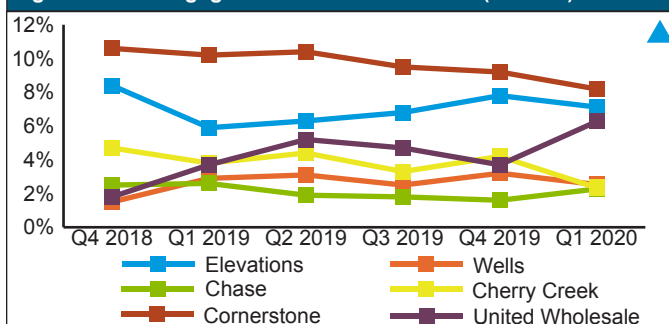
Figure 7.1-3 Mortgage Share of Wallet (Experian)
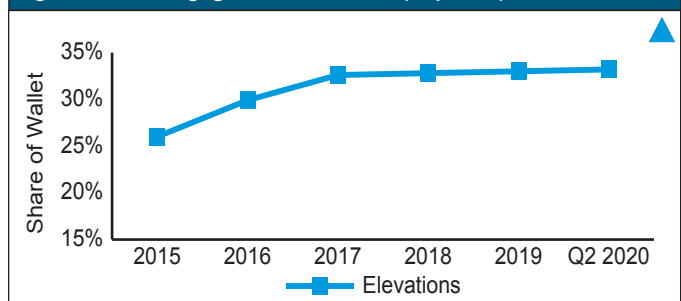
Figure 7.1-4 Mortgage Total Purchase Production
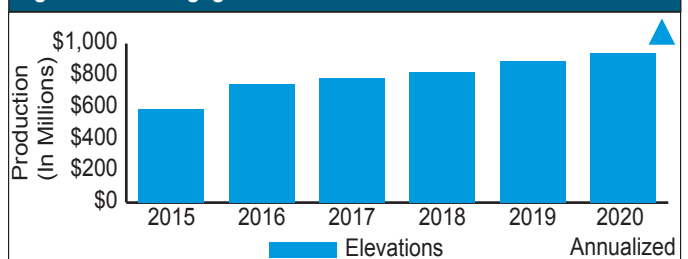
7.1b Mortgage Lending Process Effectiveness & Efficiency An overall assessment of the Mortgage Value Stream is demonstrated by the American Credit Union Mortgage Association (ACUMA) ranking of Elevations for year-end 2019 as #10 out of the top 300 in the nation. This ranking is especially impressive, given Elevations is significantly smaller in asset size at #127 and overall market opportunity relative to the bulk of the comparison group, **Figure 7.1-5**.

We can only provide mortgage lending in the state of Colorado, where many of the comparison credit unions can lend across the entire country. These results are not driven by being the lowest price leader or through risky underwriting (see overall delinquency results in **Item 7.5**). Rather, these results are built upon strong relationships with Realtors® and members through execution of our core competencies **Operational Excellence** in the consistent execution of our processes (**Figures 7.1-6** through **7.1-14**) and a **Membership First** perspective in the experience our team creates (**Figures 7.1-15** and **7.1-16**).

Operational Excellence: Mortgage Bankers Association (MBA) does not provide comparisons beyond 'average,' nor does it provide the granularity of key in-process measures that we actively monitor. We have provided benchmarks where they are available. Further segmentation of these results by geography, product, role, and drill-down capability to individual performer performance compared to internal peers is AOS.

Membership First: Member Loyalty Group (MLG) started providing comparisons for mortgage transaction surveys in 2017; unfortunately, the member effort survey benchmark still includes all loan types so that data are not available just for the mortgage product. Further segmentation by life stage, geography, and individual loan officer performance compared to internal peers is AOS.

Figure 7.1-5 Top 300 Mortgage Originating Credit Union Ranks					
2015	2016	2017	2018	2019	Q1 2020
14	8	10	11	10	15

Figure 7.1-6 Pull-Through Rate (Application to Lock)
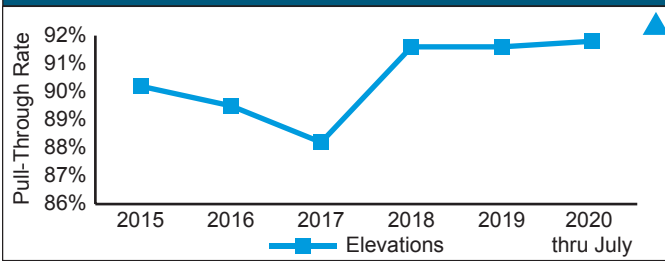
Figure 7.1-7 Pull-Through Rate (Application to Fund)
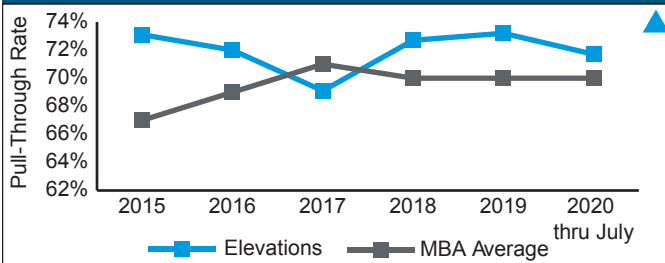
Figure 7.1-8 Cycle Time (Days) - Application to Approval
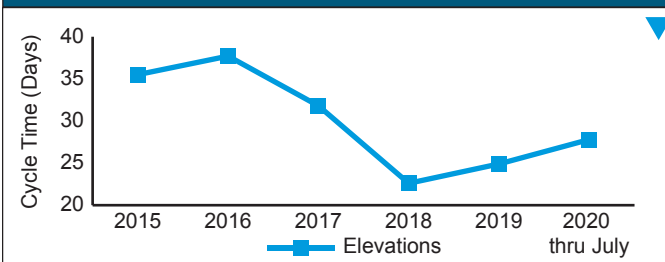
Figure 7.1-9 Cycle Time (Days) - Application to Funding

was closely monitored, and when emergency loans needed to be closed, the Mortgage team provided an escalation capability to shorten cycle times to do so. Lastly, mortgage volume is greatly influenced by environmental conditions. Rising rates in 2017 and 2018 created much lower refinance volume from the highs of 2015 and 2016.

Figure 7.1-10 Applications per Loan Officer per Month
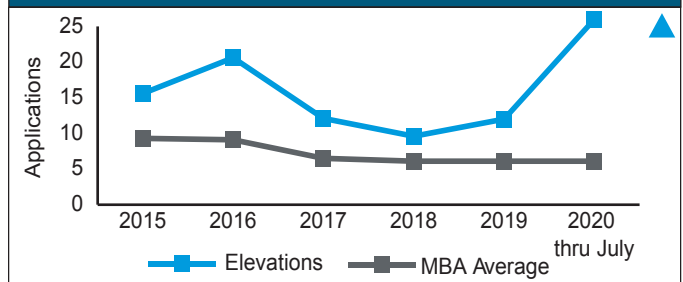
Figure 7.1-11 Applications per Processor per Month
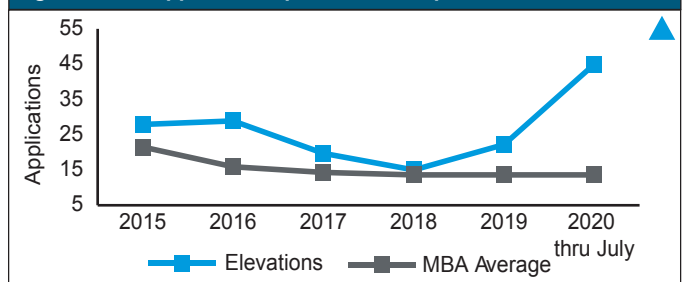
Figure 7.1-12 Closed Loans per Loan Officer per Month
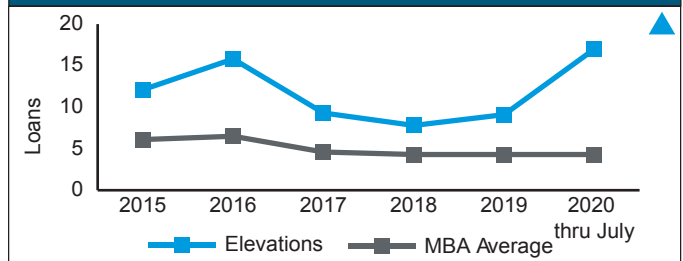
Figure 7.1-13 Closed Loans per Underwriter per Month
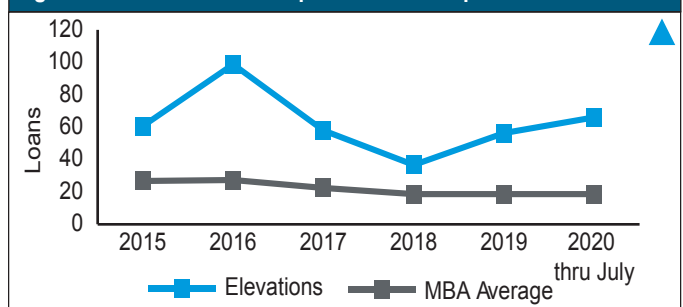
Figure 7.1-14 Closed Loans per Closer per Month

The trends shown in ***Figures 7.1-10*** through ***7.1-14*** from 2016-2018 were strategically planned and purposefully managed around four key drivers. Results still compared favorably to benchmark, and did not negatively impact the experience of Realtors® or members. Staff productivity shown in 2015 and 2016 was record-setting. We recognized these productivity levels were not sustainable if Elevations was truly committed to delivering on both the Employee and Member Value Propositions.   Second, we made the strategic decision to enter new markets outside of Boulder/Broomfield counties, requiring ramp-up time for new hires and brand recognition. Third, the loan origination system enabling technology to process mortgages was replaced over the course of 2017-2018, as we had fully outgrown our previous system. Fourth, we continued to conservatively and prudently forecast volume and match staff for potential rising rate environments and a normal versus inverted yield curve in order to avoid overstaffing and subsequent layoffs, for which other mortgage lenders are notoriously known. Impact to Realtor® and member experience

Figure 7.1-15 NPS Transaction New Product Mortgage
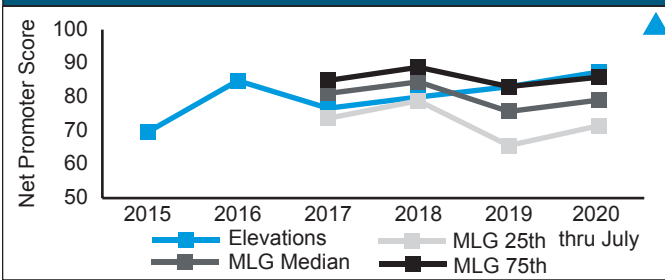
Figure 7.1-16 Mortgage New Product Surveys - Member Effort Score
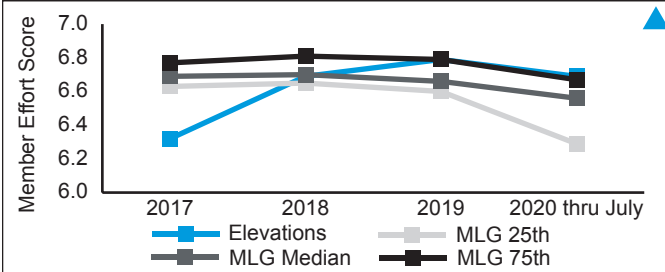
7.1a Consumer Lending Member Focused Results

Primary consumer lending products are Home Equity Lines of Credit (HELOC), Home Equity Loans, and Credit Cards. Auto lending, a key product for many credit unions, is not emphasized, as it is highly commoditized, largely experienced through dealership financing, and ultimately not a highly correlated driver of our member relationship. Share of Wallet is a key measure that demonstrates the results of directly serving members in the Consumer Lending Value Stream, as it is determined by dividing balances held with ECU by all outstanding balances provided by Experian credit report; this ratio serves as a benchmark comparison against our competitors, AOS. Presented here are the Raddon Financial Group (RFG) calculations, which are less precise than Experian yet allow comparison to a national average based on derived balances of credit union peers, *Figures 7.1-17* and *7.1-18*.

Figure 7.1-17 HELOC Share of Wallet
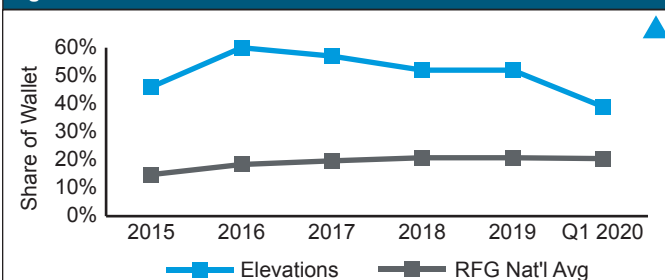
Figure 7.1-18 Home Equity Loan Share of Wallet
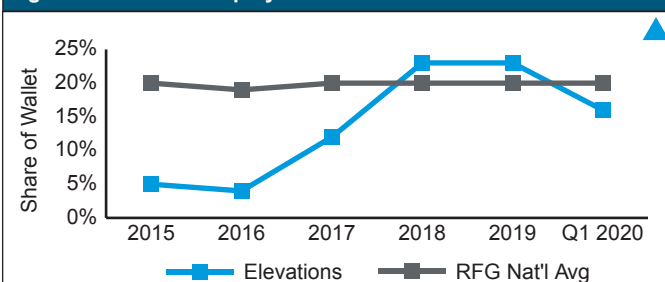
Share of Spend is a similar key comparison benchmark from Experian for credit cards, as it compares the transactions/dollars spent on Elevations cards versus all other cards held by our members, *Figure 7.1-19*. Complementary key measures for credit cards are usage as measured through transactions and interchange income per transaction, *Figures 7.1-20* and *7.1-21*. Detailed segmentation by product, geography, and life stage is AOS.

Figure 7.1-19 Share of Spend of Signature Card Holders
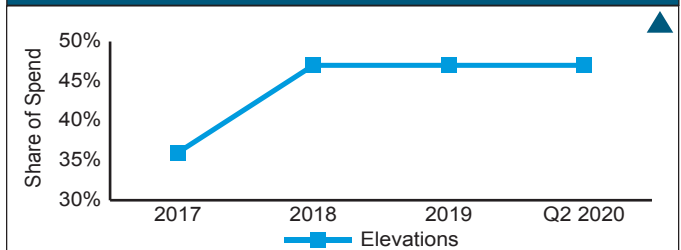
Figure 7.1-20 Transactions per Active Credit Card Account/Mo
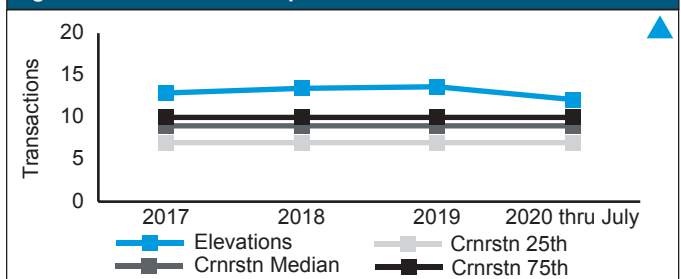
Figure 7.1-21 Credit Card Interchange Income per Transaction
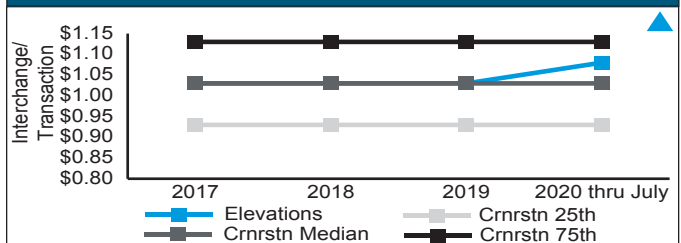
7.1b Consumer Lending Process Effectiveness & Efficiency

Digital transformation of the Consumer Lending Value Stream is increasing in importance as a key measure of process effectiveness and efficiency. Elevations, through the Digital Strategic Objective, has made and will continue to make substantial investments necessary to sustain the performance seen in *Figure 7.1-22*.

Figure 7.1-22 % of Direct Loan Apps Originated Online
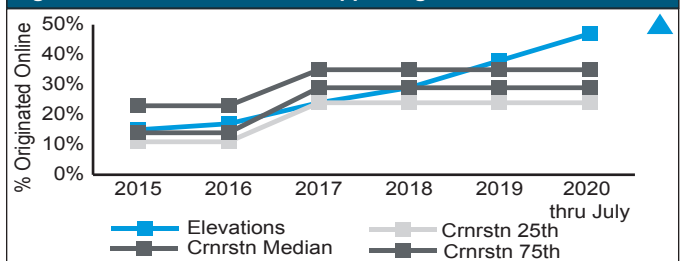
The time it takes to move an application from application creation to funded status is a key measure of the overall value stream process. Home Equity loans are more complex and

intensive than credit cards, thus the higher cycle time; however, both show sustained positive performance trends as continuous improvement efforts through BPM are applied, ***Figure 7.1-23***. Pull-through rate comparisons, the number of applications that make it to funded status, are favorable. We seek to be above the median and near the 75th percentile while balancing strong underwriting standards to achieve low delinquency and charge off rates not possible if standards were loosened to exceed the 75th percentile, ***Figures 7.1-24*** and ***7.1-25***.

Figure 7.1-23 Consumer Lending Cycle Time by Product (Days)
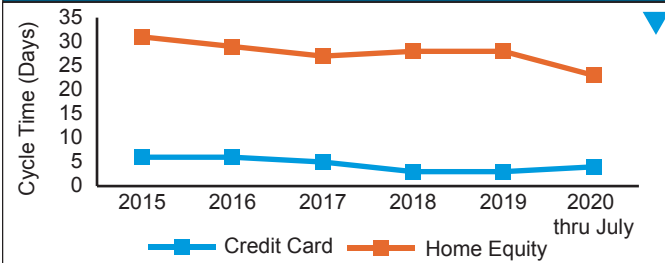
Figure 7.1-24 Credit Card Pull-Through Rate
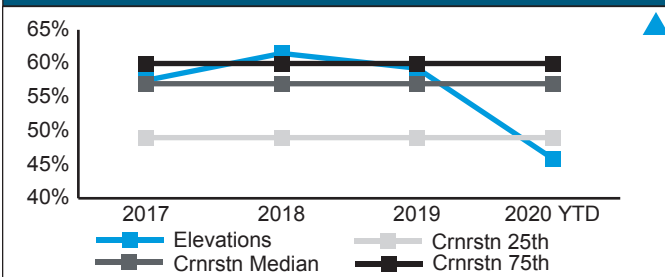
Figure 7.1-25 Direct Consumer Loan Pull-Through Rate
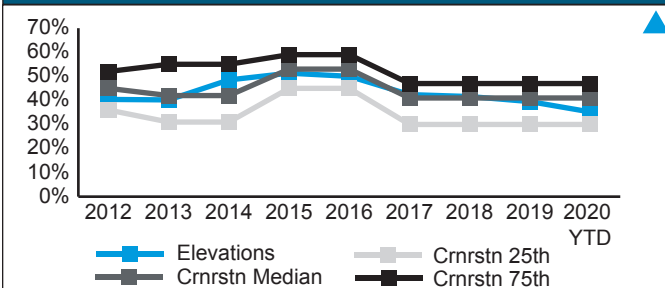
Member experience transactional surveys and member effort survey scores demonstrate positive trends, ***Figure 7.1-26*** and ***7.1-27***.

Figure 7.1-26 NPS Transaction New Product - Consumer Loan
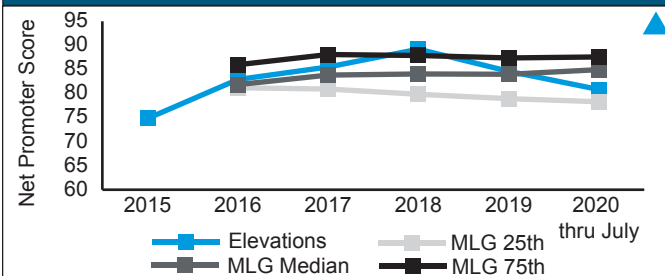
Figure 7.1-27 Consumer Loan New Product Surveys - Member Effort Score
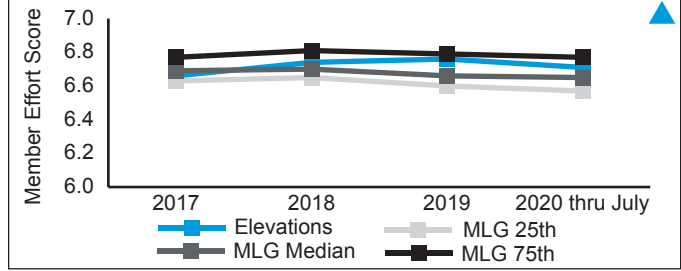
7.1a Move and Manage Money Member Focused Results Member growth with recurring deposits, payments, and active digital banking is key to establishing relationship-centric rather than product-centric member relationships. A key member focused measure is the ability to generate core deposits, checking and savings versus certificates of deposit, and money market accounts, ***Figure 7.1-28***.

Figure 7.1-28 Core Deposit Products/Total Deposits
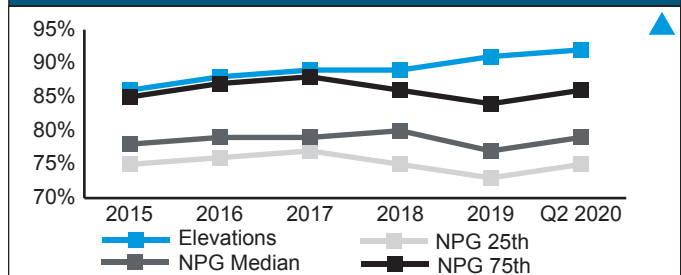
Critical to serving the payments relationship are the key measures of checking adoption and enrollment in online banking, ***Figures 7.1-29*** and ***7.1-30***. Given the critical role of digital transformation, key supplementing measures include usage of mobile and chat support, ***Figures 7.1-31*** and ***7.1-32***.

Figure 7.1-29 % of Members Who Opened a Checking Account within 90 Days
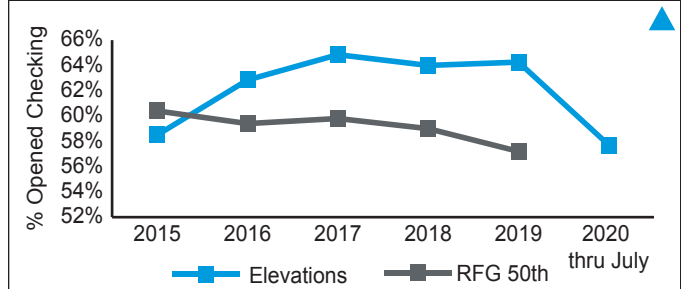
Figure 7.1-30 % of Members Enrolled in Online Banking within 90 Days
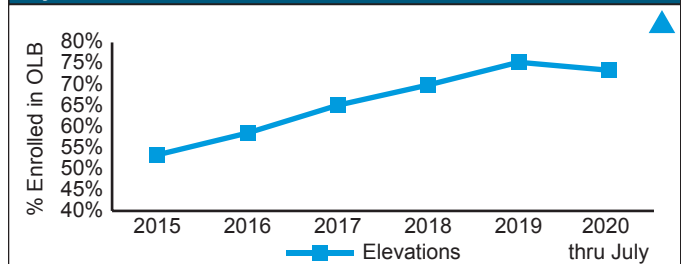
Figure 7.1-31 % Active Mobile Banking Users/Total Enrolled

Figure 7.1-32 Chat Sessions per Chat Support FTE per Day

A compelling measure of member-focused results, representing trust in the relationship, is demonstrated in the success of Elevations providing wealth management services to our members, *Figure 7.1-33*.

Figure 7.1-33 Wealth Management Assets Under Management/ CU Assets
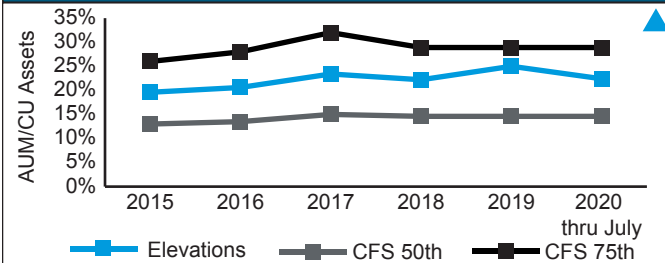
7.1b Move & Manage Money Process Effectiveness and Efficiency Measures of process effectiveness and efficiency are balanced against impact to member experience effectiveness; being the most efficient relative to peer is not always in alignment with our business model. Rather than teller transaction efficiency, key process measures of this value stream include ability to gather core deposits and checking accounts, *Figures 7.1-34* and *7.1-35*, while making the process as easy as possible for our members, *Figures 7.1-36 and 7.1-37*.

Figure 7.1-34 Core Deposits per Branch (in Millions)

Figure 7.1-35 Retail Checking Account Opened per Branch/Mo

Figure 7.1-36 Consumer Deposit New Product Survey - Member Effort Survey

Figure 7.1-37 Consumer Checking New Product Surveys - Member Effort Score

7.1a Business: Member Focused Results Key member-focused results within the Business Services and Commercial Lending Value Stream are largely based on growth. Given the diversity and uniqueness in how business banking is conducted, meaningful benchmark comparison results are very few. Elevations has shown strong and beneficial trends in member growth as well the ability to also gain the deposit relationship, *Figure 7.1-38* and *7.1-39*. A similarly strong trend is seen in our ability to meet the business and commercial lending needs of our members, *Figure 7.1-40*. Performance relative to peers in average commercial loan size is especially impressive, as it demonstrates ability to address members who have large and complex business lending needs, *Figure 7.1-41*.

Figure 7.1-38 Business Member Growth
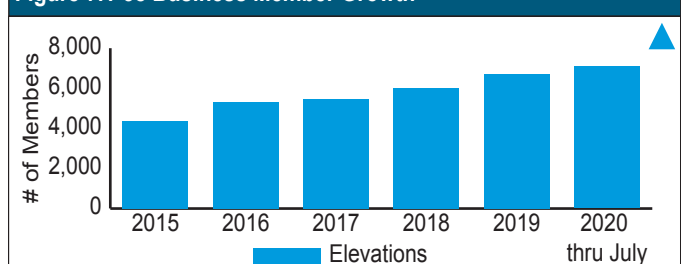
Figure 7.1-39 Business Deposit Portfolio
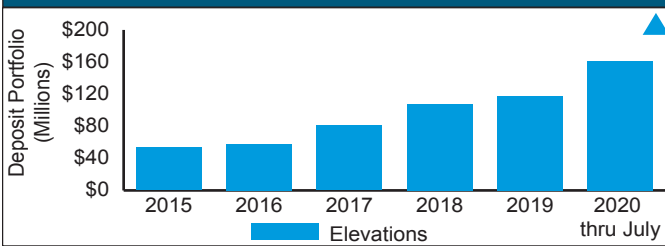
Figure 7.1-40 Business/Commercial Loan Production
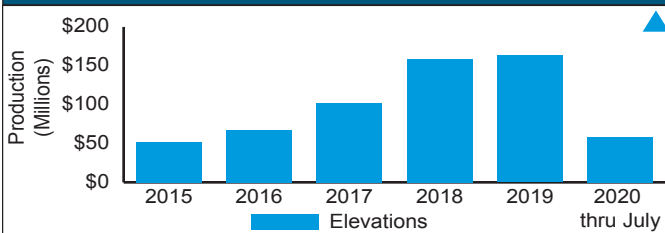
Figure 7.1-41 Average Commercial Loan Size ($ in Thousands)
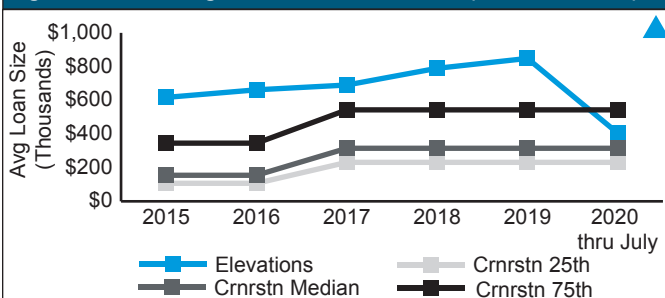
7.1b Business: Process Effectiveness and Efficiency

A key overall outcome measure of the Business Value Stream is the relationship of losses (charge-off ratio) relative to loan portfolio growth, **Figure 7.1-42**. Since 2014, we have had $0 in charge-offs. Further measures of process efficiency include accounts opened per branch and per number of people involved (platform FTE), **Figures 7.1-43** and **7.1-44**. Member Effort and NPS Loyalty scores for this value stream are not available due to limited survey sample size.

Figure 7.1-42 Business/Commercial Loan Portfolio Performance
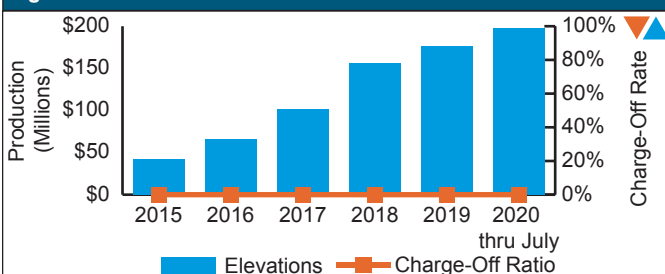
Figure 7.1-43 New Business Checking Accounts Opened per Branch/Mo
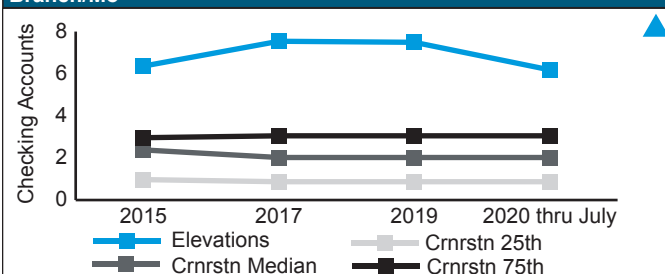
Figure 7.1-44 Business Checking Accounts Opened per Platform FTE/Mo
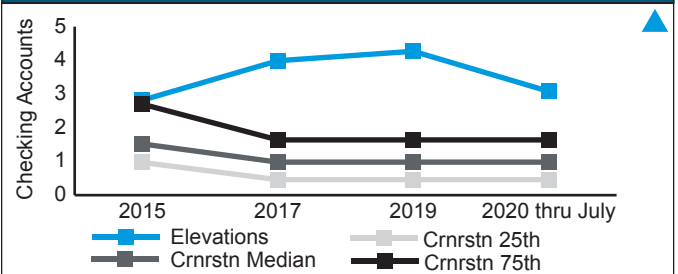
7.1b(1) Process Effectiveness and Efficiency (Enabling Support Processes) Extensive measures of operational performance across the enabling support processes are defined in each respective process SIPOC and monitored through the Operational Rhythm facilitated by BITe dashboards, (AOS). Key measures presented within the constraints of this application demonstrate deployment and integration of this approach.

Influenced by all key enabling processes, an overall key index measure assessing the efficacy of equipping a High Performance Culture to enable the value streams is shown in **Figure 7.1-45**. Given reliance on systems to enable amazing experiences, Overall System Availability is critical, **Figure 7.1-46**. This includes all systems defined in the technology stack as well as the availability of Elevations' infrastructure. System availability is captured in hours and consists of the sum of all potential system availability minus any unplanned downtime.

Ensuring workforce capacity in a highly competitive job market is key, **Figure 7.1-47**. Ensuring processes balance member experience, fraud risk, effectiveness, and efficiency is demonstrated in **Figures 7.1-48** and **7.1-49**. Key measures demonstrating effectiveness of processes detailed in **Item 4.2a** are reflected in **Figures 7.1-50**, **7.1-51** and **7.1-52**. A key measure of **Item 6.2b** is shown in **Figure 7.1-53**. Additional detailed cybersecurity results provided monthly to the Audit & Risk Committee is AOS.

Figure 7.1-45 Gallup Q12 Engagement Survey - Question #2: I have the materials and equipment to do my job right
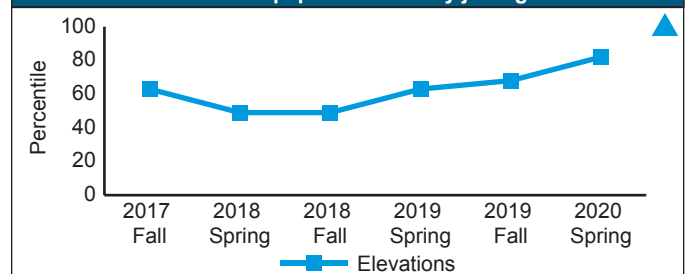
Figure 7.1-46 Overall System Availability
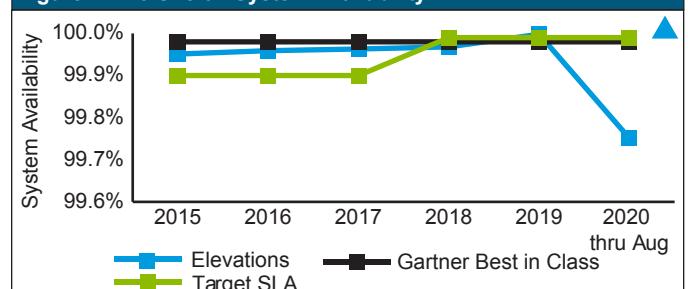
Figure 7.1-47 Time to Fill (# of Days)
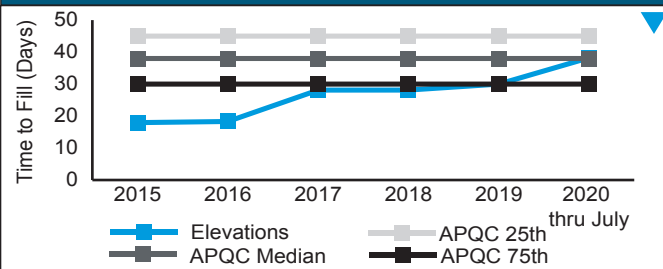
Figure 7.1-48 Card Fraud - Cents per $100 Transaction Volume
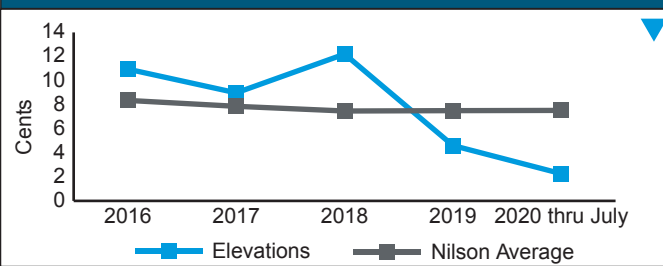
Figure 7.1-49 False Positive Rate - Credit
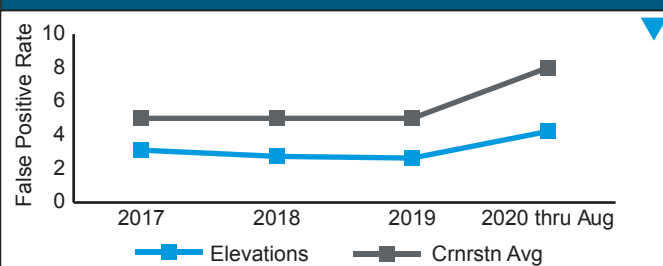
Figure 7.1-50 IT Help Desk Time to Close Service Requests
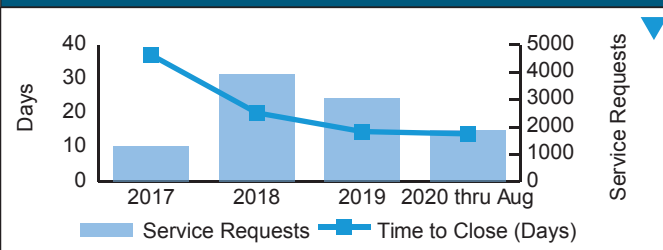
Figure 7.1-51 IT Help Desk Time to Close Incident Tickets
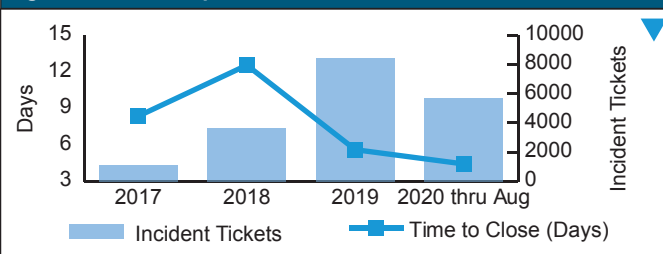
Figure 7.1-52 IT End User Satisfaction Survey Results
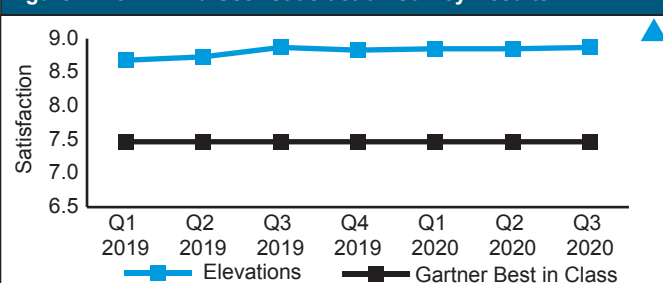
Figure 7.1-53 Cybersecurity Employee Phishing Fail Rate
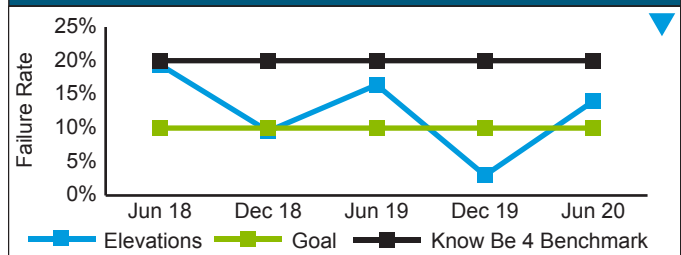
7.1b(2) Safety & Emergency Preparedness Key results from monthly Site Safety team reviews are shown in ***Figure 7.1-54***. These incidents are reconciled with results shown in ***Item 7.3a(2)*** for employee injuries. Mandatory Safety and Security training required for all retail and new employees, is tracked in our Learning Management System (LMS), and is at 100% compliance, with details AOS. Regular physical inspections of all locations by Security and Facilities team to ensure facilities are in proper repair are scheduled, conducted, and documented with results AOS. The annual test of the Business Continuity Plan is at 100% with detailed after-action assessments of each test AOS.

Figure 7.1-54 Total Incident Reports
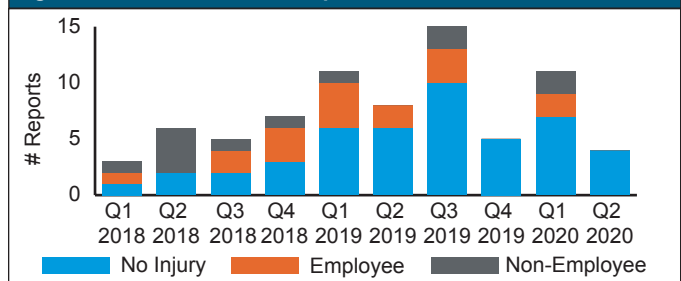
Figure 7.1-55 BCP and DR Tests Completed - NO UPDATE
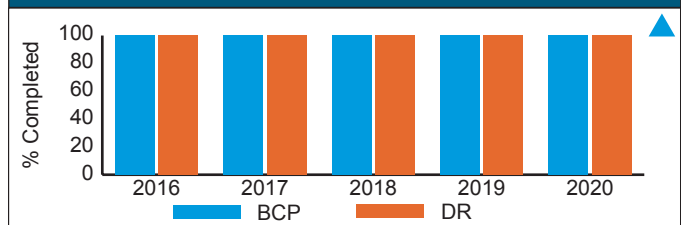
Figure 7.1-56 Preparis Daily Data Upload Success Rate
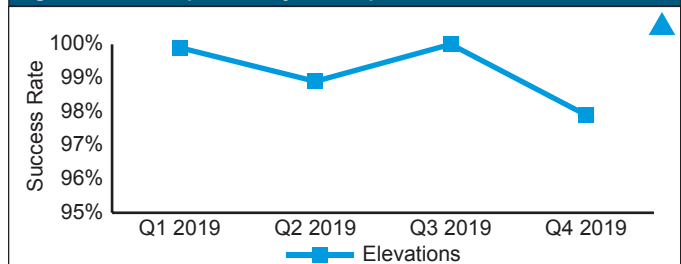
Figure 7.1-57 Branch Site Safety Roadshow Attendance
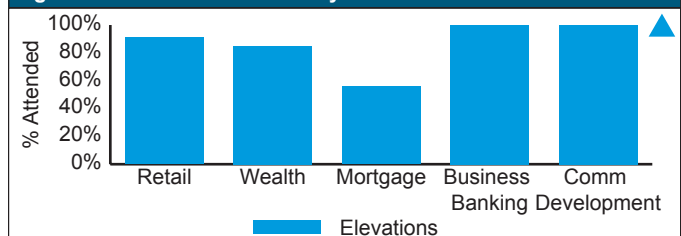
7.1c Supply-Network Management Results

Elevations leverages technology and servicing partners in our work system, as shown in **Figure P.1-9**. A key comprehensive index measure of the effectiveness of our supply network is shown in Overall System Availability, **Figure 7.1-58**. Measures of key individual technology and servicing partners are presented here, with extensive analytics, results, and cycles of learning for all partners AOS.

Figure 7.1-58 NCR Consumer Online Banking Uptime

Figure 7.1-59 Business Online Banking Uptime

Figure 7.1-60 COOP - Card Authorization System Uptime

Figure 7.1-61 DMI Mortgage Servicing Provider Customer Survey Results

Figure 7.1-62 OSI - Statement Turnaround Time
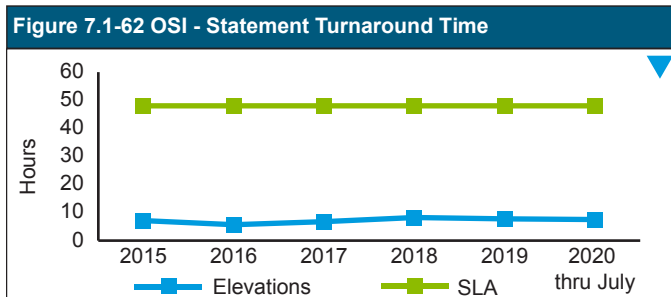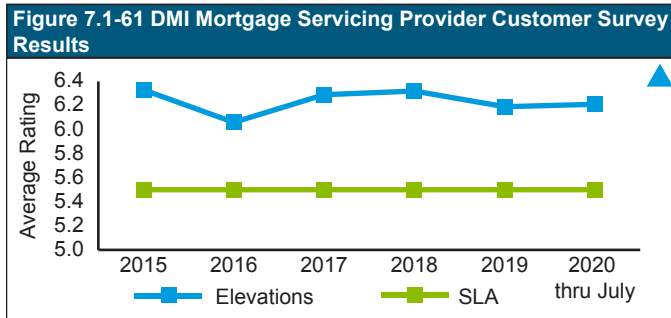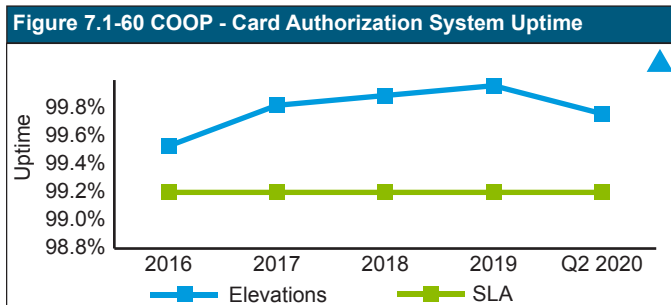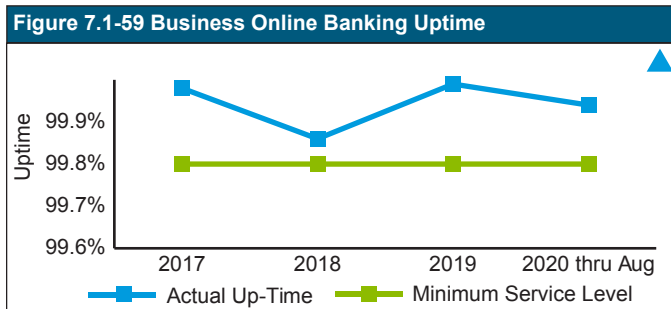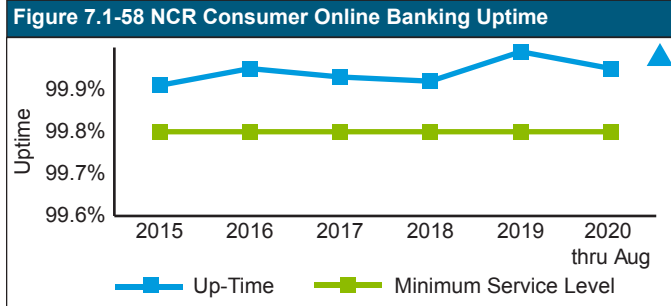
7.2 Customer Results

7.2a(1) We focus on creating loyal members by meeting their requirements at various Life Cycle Stages. Satisfaction with key requirements for each of these member segments are reflected in **Figures 7.2-1** through **7.2-8**. We analyzed the three requirements most highly correlated to member engagement and satisfaction scores for each of our Life Stage segments, and our results are improving across most requirements and segments. The two exceptions are the Young Professional and Newlywed segments. Feedback from these two segments centers on improving our digital service offerings, which is Elevations' number one Strategic Objective priority in 2020. We are launching a completely new digital banking platform in early 2021 that will significantly enhance our digital servicing capabilities.

Surveys are fielded by the Member Loyalty Group (MLG) who survey high performing credit unions. There are only two benchmarks provided for these data – the MLG Median and the MLG Best in Class that represents the single highest performing credit union in the MLG database. Performing at the average of this group of high performers represents strong performance.

Figure 7.2-1 University Student Key Requirements

Figure 7.2-2 Young Professional Key Requirements
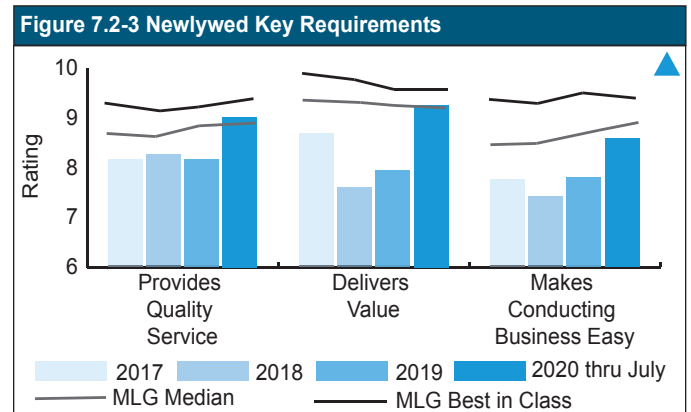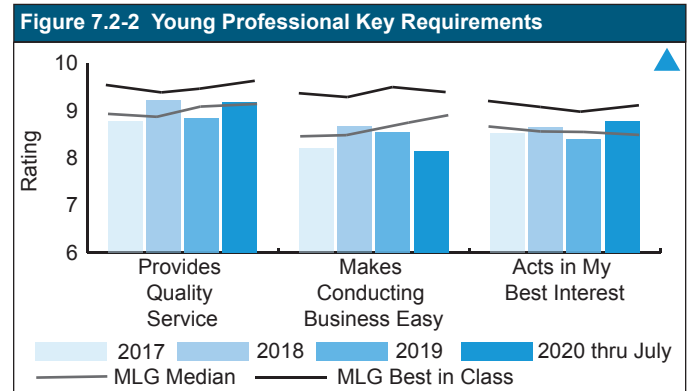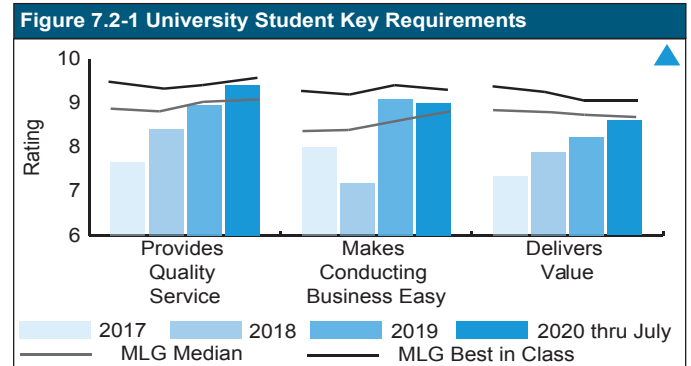
Figure 7.2-3 Newlywed Key Requirements

Figure 7.2-4 Young Family Key Requirements

Figure 7.2-5 Maturing Family Key Requirements

Figure 7.2-6 Mid-Career Key Requirements

Figure 7.2-7 Late Career Key Requirements

Figure 7.2-8 Retired Key Requirements

Social media is another key source of communication with members. We intentionally decreased our use of YouTube in 2019 and increased our use of Instagram. Results for social media are shown in *Figures 7.2-9* through *7.2-11*.

Figure 7.2-9 Facebook Engagement

Figure 7.2-10 YouTube Views
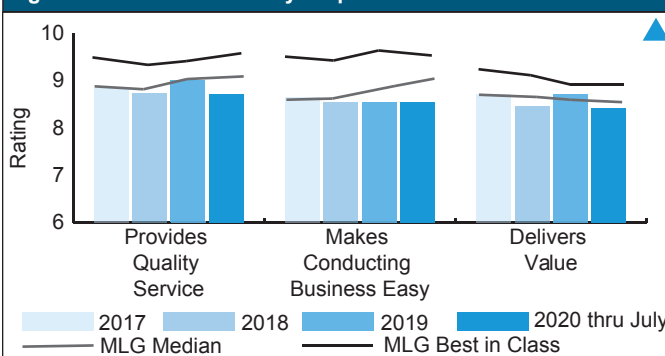
Figure 7.2-11 Instagram Average Post Engagement
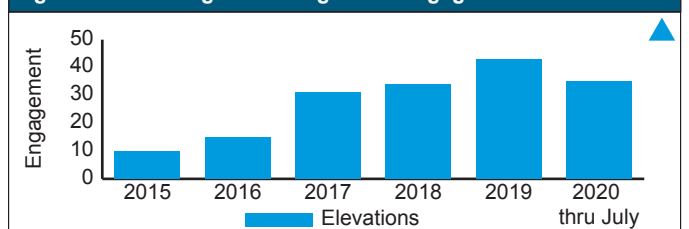
We closely monitor dissatisfied members and actively work on addressing their concerns. The NPS survey asks the member to score us on a 0 – 10 scale, and any member that marks a score from 0 – 6 is considered dissatisfied. *Figures 7.2-12* and *7.2-13* reflect the percentage of members rating us 0-6. By actively addressing the unfavorable feedback received on these surveys, we have steadily reduced the percent of dissatisfied members each year, with 2019 being our best results yet. There is no MLG benchmark for dissatisfaction.

Figure 7.2-12 % of Dissatisfied Members   All Surveys
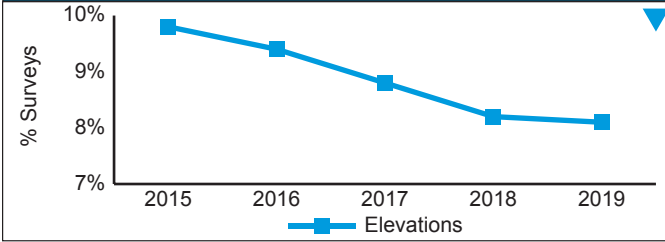
Figure 7.2-13 % of Dissatisfied Members - Relationships Surveys
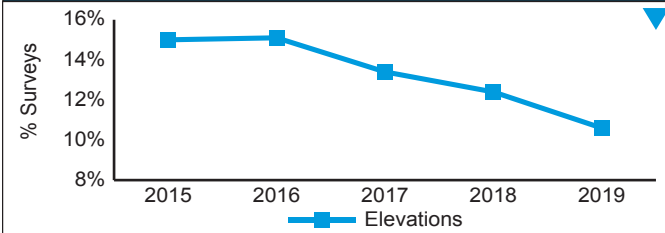
7.2a(2) Our primary measurement for member engagement is Net Promoter Score (NPS). **NPS Relationship surveys** are sent to samples of our entire membership over time regardless of recent activity, and the NPS Relationship score is one of Elevations' core KPIs for measuring the success of our Member Loyalty strategic goal. **NPS Transaction surveys** are sent to members after actual transactions are executed. Transaction survey results were presented in **Item 7.1** for each value stream.

Elevations' focus on member loyalty and engagement as assessed through the NPS Relationship survey is evident by our improvement in recent years. We reached an all-time high at the end of 2019 and achieved our year-end goal of hitting the 75th percentile benchmark.

On the NPS Relationship survey, we also ask if the member considers Elevations to be their Primary Financial Institution (PFI), which allows us to segment based on those members who most closely align with our value proposition of building long-term relationships and deep mutual trust. For the PFI segment (**Figure 7.2-14**) which is our primary focus, our NPS Relationship score shows an even stronger trend improvement and now notably exceeds the 75th percentile.

Figure 7.2-14 NPS Relationship - PFI Members
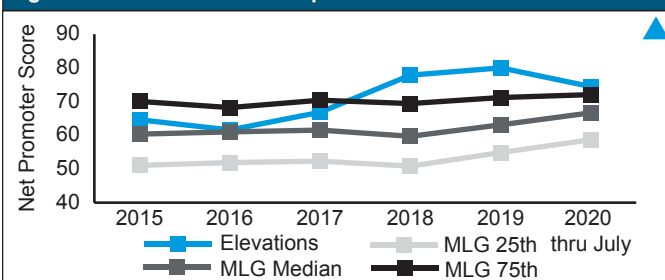
Figure 7.2-15 NPS Relationship - All Members
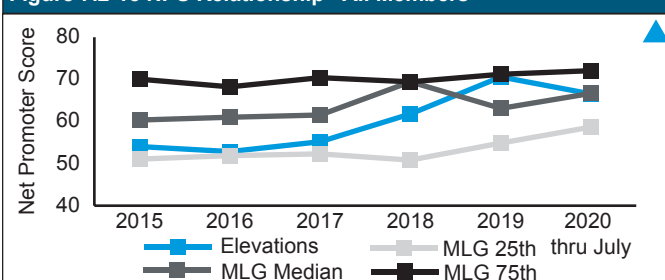
A key transactional focus of Elevations has been the "becoming a member" experience. We measure this using the NPS Transaction – New Member survey (**Figure 7.2-16**), which the member receives shortly after joining Elevations. Efforts around our New Member experience, such as Journey Mapping and ease-of-use initiatives, have improved our survey scores from hovering just above the 25th percentile to almost reaching the 75th percentile at the end of 2019.

Figure 7.2-16 NPS Transaction - New Member Surveys
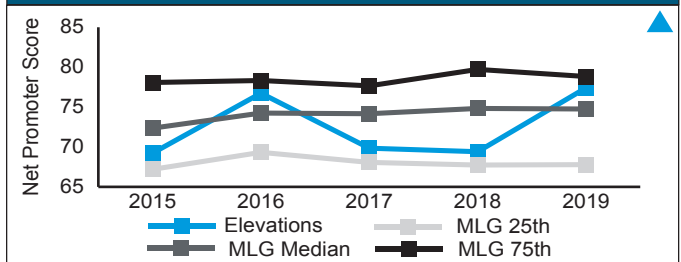
Elevations has consistently outperformed all competitors in our established market. Within our new market of Larimer County, a long established competitor, FNBO, has recently scored slightly higher in our latest biannual survey.

Figure 7.2-17 In-Market Net Promoter Score
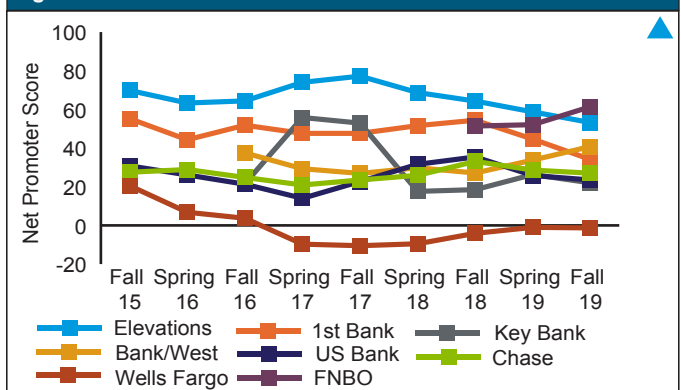
7.3 Workforce Results

7.3a(1) To meet the needs of the organization and to customize leader action plans and focus areas, Elevations segments its workforce by ethnic diversity and gender as well as segmenting engagement and satisfaction by department. In this application, we provide **examples** of segmented data. Additional segmentation is AOS.

Our increased turnover reflected in **Figure 7.3-1** for 2019 was planned. We established higher expectations for our workforce, changed skill requirements (particularly in IT and training where turnover was heavy), increased accountability, and our HR Business Partners (HRBPs) provided better support to leaders to deal with performance issues. Colorado unemployment rates are also at historic lows. Typically, low unemployment rates correlate with higher turnover as employees seek opportunities at other organizations. Even with a high degree of change, rapid growth, and a tightening labor market, we have experienced turnover rates that are in line with industry benchmarks through above-market pay, highly competitive benefits, and an employee-friendly culture.

Through our Strategic Objective of Diversity and Inclusion, Elevations has achieved improvement in hiring, promoting and retaining gender and ethnically diverse workforce members. Results are shown in **Figures 7.3-2** and **7.3-3**.

Figure 7.3-1 Overall Turnover

Legend: Elevations, Emp Council Avg
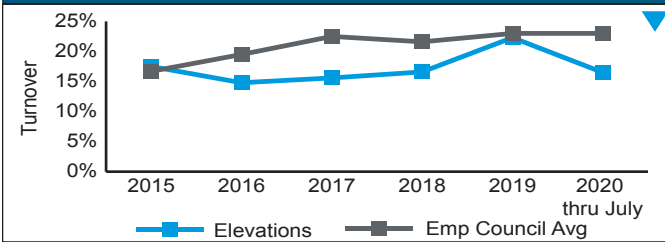
Figure 7.3-2 Ethnic Diversity as a % of Employee Lifestyle Events

Legend: Hires, Promotions, Separations
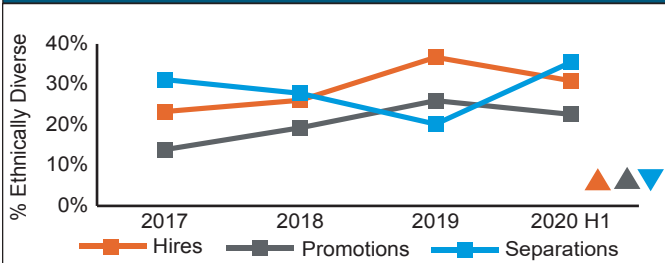
Figure 7.3-3 Female Diversity as a % of Employee Lifestyle Events

Legend: Hires, Promotions, Separations
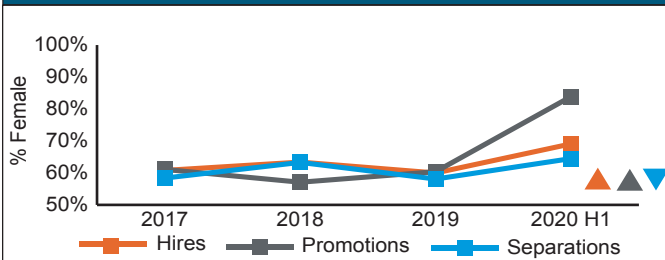
Capability results shown in *Figure 7.3-4* highlight Kirkpatrick's Level 2 evaluation results. These favorable outcomes reflect improved content development and changes to create a blended learning approach in ECU's Teller and Contact Center Programs. Success of these programs impacts member service levels and NPS. Strong success in certification of retail workforce members is shown in *Figure 7.3-4*.

Figure 7.3-4 Retail Certification Average Scores

Date	Teller Basics	Teller Advanced	Call Center	Passing Score
Feb-19	87%	91%	N/A	80%
March-19	97%	90%	N/A	80%
April-19	71%	96%	N/A	80%
May-19	93%	93%	N/A	80%
June-19	N/A	N/A	N/A	N/A
July-19	93%	91%	N/A	80%
Aug-19	100%	93%	N/A	80%
Sept-19	93%	56%	85%	80%
Oct-19	86%	N/A	90%	80%
Nov-19	94%	85%	95%	80%
Dec-19	90%	91%	92%	80%
Jan-20	90%	86%	95%	80%
Feb-20	97%	84%	88%	80%
Mar-20		82%	90%	80%
Apr-20			83%	80%
May-20				80%
Jun-20	100%		85%	80%
Jul-20	93%		93%	80%

All employees are required to complete a Product Knowledge eLearning module during onboarding. Role-specific product knowledge for tellers and contact center employees is delivered during instructor-led training (ILT) to provide a more in-depth training that serves member needs. Results in *Figure 7.3-5* measure Elevations' "Tech-Savvy" initiative, with successful staff behavior measured as "a member-focused employee possessing Elevations product expertise appropriate for his/her role and is fluent in Elevations' product-enabling technologies."

Figure 7.3-5 Product Knowledge Self-Assessment

Legend: Before, After
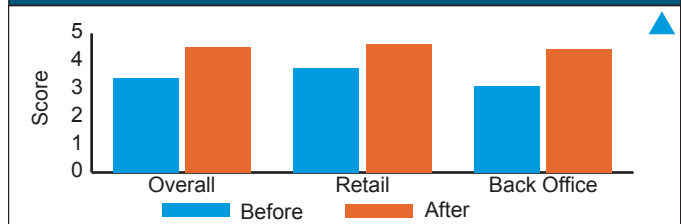
A good measurement of capacity in conjunction with work-life balance is assessing overtime as a percent of payroll. When we determine the right level of workforce capacity to achieve our business results, we manage to lower paid overtime. This capacity measurement also embraces our cultural element of caring by mitigating any potential employee burnout. We are truly committed to our workforce value proposition to be "the best place you have ever worked." Elevations far outperforms the APQC benchmark in this metric, as shown in *Figure 7.3-6*.

Figure 7.3-6 Overtime as a % of Total Payroll

Legend: Elevations, APQC Avg
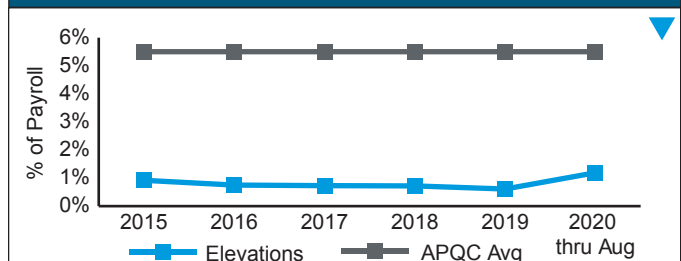
7.3a(2) As a depository financial institution, Elevations is not required to monitor OSHA incidents or DART (Days Away Restricted or Transferred) rates. With the development of a safety and security program; however, employees received training on various safety topics to include incident reporting. All employees were coached to report when there was an incident that had the potential to result in an injury, no matter how slight. This led to higher reporting numbers (*Figure 7.1-54*), but also led to improved preventative measures. Elevations' Site Safety Committee monitors injury levels by headcount as shown in *Figure 7.3-7*. In 2018, Elevations experienced two large claims that drove workers' compensation expenditures higher than normal and increased the mod rating for 2019, *Figure 7.3-8*. However, we expect them to be isolated instances and to begin tracking to below-normal levels in 2020. We also use this information to glean insight into how we can learn from these claims and equip our workforce to be safer.

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This section contains confidential information and has been removed.

Elevations offers a $1 for $1 employer match on the first 4% of employee 401(k) contributions, which is 100% vested. This match, combined with efforts to communicate the benefits of our 401(k) program, have led to above-benchmark performance, as shown in **Figures 7.3-9** and **7.3-10**.

Figure 7.3-9 401k Participation Rate

Legend: Elevations, Fidelity Avg
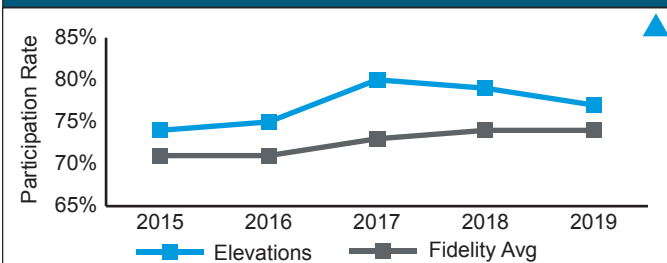
Figure 7.3-10 401k Average Contribution

Legend: Elevations, Fidelity Avg
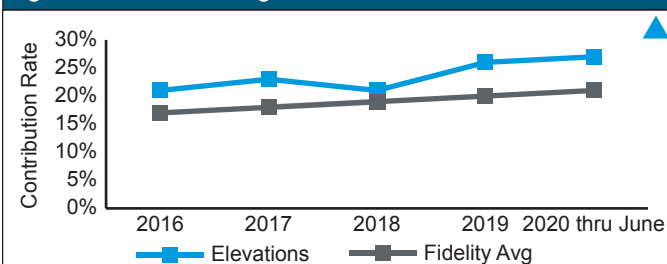
7.3a(3) Unscheduled absences can be an indication of workforce dissatisfaction. Elevations has consistently performed better than the benchmark, as shown in **Figure 7.3-11.**

Glassdoor ratings help us understand how satisfied our employees are with Elevations as well as how Elevations is perceived as an employer by both current and former employees. Results shown in **Figure 7.3-12** reflect an average of our month-by-month scores for overall company rating each year. Our rating has consistently been higher than the benchmark (all companies) of 3.5. As a strong indicator of employee engagement, satisfaction and culture, Elevations collects *Likely to Return* and *Likely to Recommend as an Employer* data from exiting employees. Elevations scores above the provider benchmarks of 57% and 67% respectively **Figures 7.3-13** and **14**.

Figure 7.3-11 % of Unscheduled Absences

Legend: Elevations, Emp Council Avg
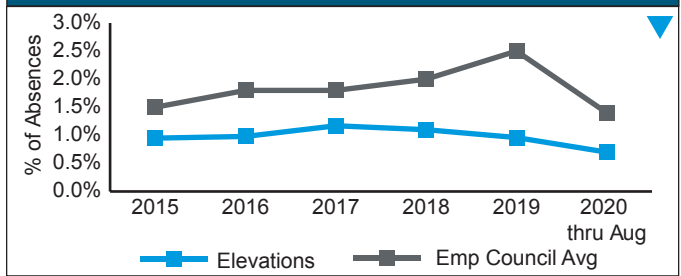
Figure 7.3-12 Glassdoor Overall Company Rating

Legend: Elevations, Glassdoor Avg
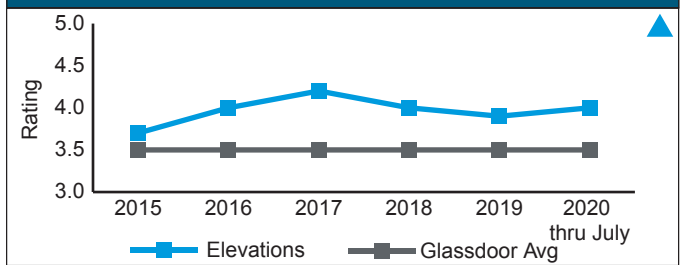
Figure 7.3-13 Exit Interviews - Likely to Return as an Employee

Legend: Elevations, ExitRight Avg
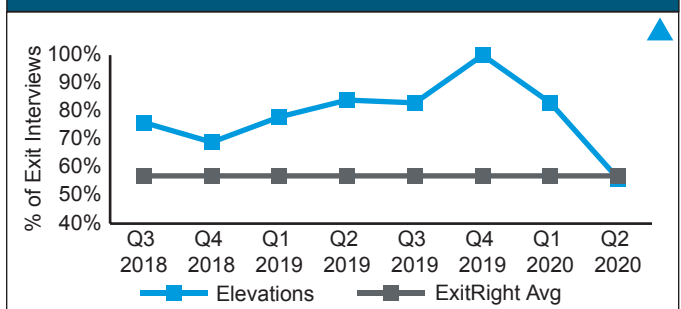
Figure 7.3-14 Exit Interviews - Likely to Recommend as an Employer

Legend: Elevations, ExitRight Avg
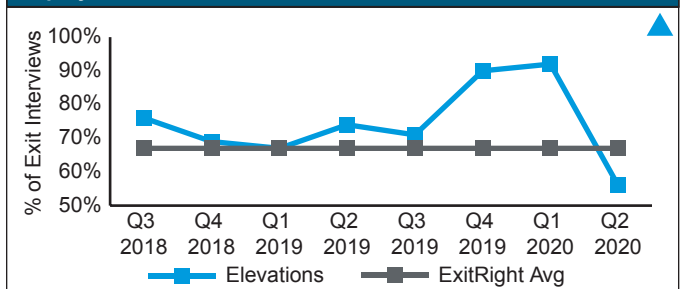
Elevations is in national top decile on overall engagement as shown in **Figure 7.3-15**. Performance on eight of the Gallup Q12 questions is in the top decile, with the other three questions at or near the top quartile (**Figure 7.3-16**). Segmented results are shown for gender and ethnic diversity in **Figures 7.3-17** and **Figure 7.3-18** and by department in **Figure 7.3-19**.

Figure 7.3-15 Overall Employee Engagement Percentile Rank

Legend: Elevations, Target Range
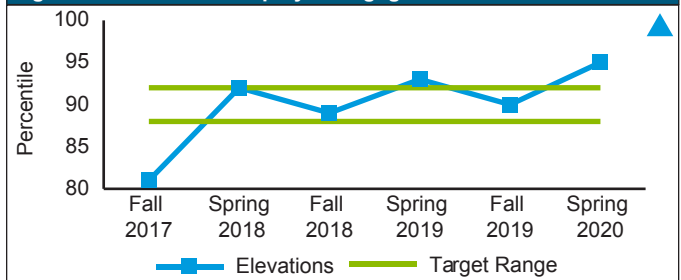
Figure 7.3-16 Gallup Q12 Questions – Percentile Ranking						
GALLUP Q12 QUESTIONS	Fall 2017	Spg. 2017	Fall 2018	Spg. 2018	Fall 2019	Spg. 2020
Q1: I know what is expected of me at work.	73	73	66	73	67	65
Q2: I have the materials and equipment I need to do my work right.	63	49	49	63	68	82
Q3: At work, I have the opportunity to do what I do best every day.	68	76	68	72	64	74
Q4: In the last seven days, I have received recognition or praise for doing good work.	81	88	89	94	95	98
Q5: My supervisor, or someone at work, seems to care about me as a person.	94	98	94	95	95	96
Q6: There is someone at work who encourages my development	85	97	92	94	93	94
Q7: At work, my opinion seems to count.	83	90	86	77	74	91
Q8: The mission or purpose of my company makes me feel my job is important.	74	82	79	70	62	80
Q9: My colleagues are committed to doing quality work.	63	77	79	83	74	92
Q10: I have a best friend at work.	59	83	89	93	94	94
Q11: In the last six months, someone at work has talked to me about my progress.	84	98	92	97	92	98
Q12: This last year, I have had opportunities at work to learn and grow.	77	94	89	92	85	94
Top Decile Performance						

This section contains confidential information and has been removed.

This section contains confidential information and has been removed.

Figure 7.3-19 Overall Engagement by Department					
Department	Spring 2018	Fall 2018	Spring 2019	Fall 2019	Spring 2020
Branches (Boulder, Longmont)	4.22	4.33	4.36	4.21	4.56
Branches (Larimer Cty, Laf, Lou.)	4.67	4.37	4.36	4.38	4.49
Business Lending Services	4.13	3.88	4.25	3.79	4
Cards	4.27	4.1	4.27	4.78	3.76
Consumer Lending Services	3.98	3.96	4.18	4.11	4.86
Contact Center	4.37	4.27	3.71	4.13	3.96
Corporate Risk and Legal	4	N/A	3.97	4.31	4.32
Credit Risk	3.82	4.2	4.31	4.43	4.29
Digital	4.02	4.17	4.54	4.44	4.62
Enterprise Risk Management	4.39	4.5	4.14	4.14	4.58
EPEx	3.95	4.69	4.63	4.23	3.92
EPMO	4.35	4.2	4.03	4.38	4.37
Executive	4.26	4.38	4.55	4.65	4.88
Facilities and Security	N/A	3.86	4.14	3.77	3.95
Finance	4.39	N/A	4.42	4.26	4.24
HR	3.83	4.11	4.33	4.23	4.22
IT	3.81	3.82	4.06	4.1	4.26
Loss Mitigation	4.6	4.04	4.35	4.28	4.15
Marketing	4.16	4.84	4.57	4.34	4.43
Mortgage Operations	4.24	4.23	4.37	4.27	4.3
Mortgage Sales	4.15	4.22	4.14	3.94	3.95
Operations	4.34	4.17	4.11	4.03	4.41
Retail Delivery	4.59	4.32	4.2	4.25	4.13
Secondary Market	3.97	3.71	3.87	4.06	
Training	3.96	4.02	4,02	4.2	4.14
Wealth Management	4.73	4.7	4.69	4.72	4.65

7.3a(4) Results shown in ***Figure 7.3-20*** illustrate Kirkpatrick's Level 1 evaluation reactions of learners measuring to what degree each participant finds the training favorable, engaging, and relevant to his or her job. New hires generally found the instructor-led trainings (ILT) to be beneficial for starting their career at Elevations, including their New Employee Orientation (NEO). Elevations has focused on better aligning training with needs, while cutting extraneous content to deliver training that is more effective and less expensive. For example, the amount of classroom time for teller training dropped nearly 64 hours between 2018 and 2019. With the strategic reductions made to Elevations' training schedule, L&D has halved the cost of training per retail employee per role while still ensuring capability to successfully perform his or her job. This approach ensured effectiveness and efficiency. Elevations achieved an estimated yearly savings of $62,035 between 2018 and 2019, based on hiring and promotion data from 2018 (30 tellers and 26 FSGs), as shown in ***Figure 7.3-21***.

Figure 7.3-20 NEO Course - % Agree or Strongly Agree
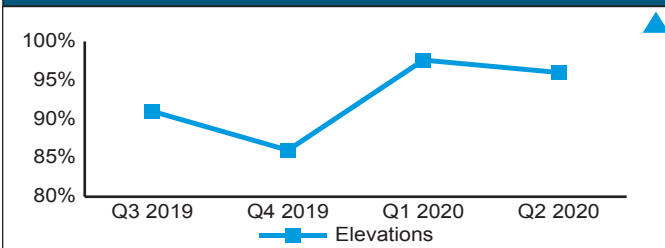
Figure 7.3-21 Training Cost per Employee
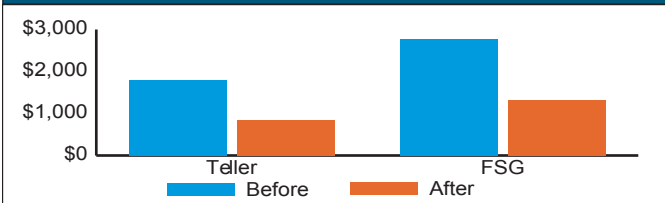
Elevations is utilizing LinkedIn Learning (*Figures 7.3-22* and *7.3-23*) to reinforce, reiterate, and remediate behaviors through self-driven or skill-improvement content. With 82% of videos viewed—indicating a current usage and adoption rate of 40%—this recently added platform shows the organization's commitment to workforce development.

Figure 7.3-22 LinkedIn Learning Hours Viewed
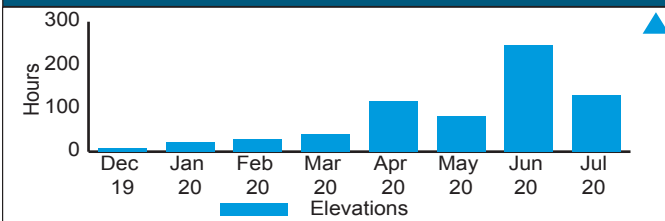
Figure 7.3-23 LinkedIn Videos Completed
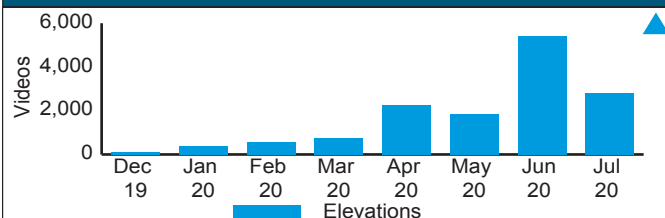
External training delivers organization-level instruction on material that cannot be built in-house, giving employees the opportunity to gain experience, earn certifications, and attend conferences, supporting larger company goals through individual learning (*Figure 7.3-24*). Spending on external training between 2017 and 2018 increased by 27%, while spending between 2018 and 2019 decreased by 5%. This indicates that teams are better aligning external training content with the needs of their individual team members, rather than overspending for all persons to be certified or trained.

Figure 7.3-24 External Training Cost
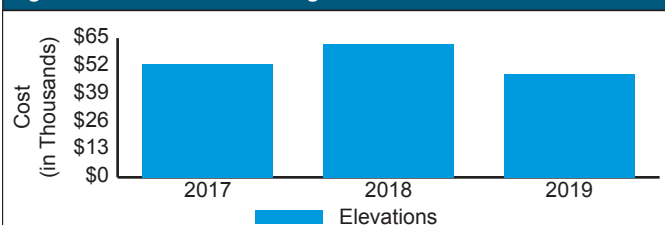
The Credit Union National Association (CUNA) training bundle is an important tool for measuring workforce development, as it provides Elevations with training specific to credit unions, as well as updates on compliance, marketing, lending, finance, human resources, training security, and retail operations. Between 2016 and 2019, Elevations saved nearly $35,000 in external training costs by utilizing CUNA's bundled training package to maintain compliance, finance, and human resource certifications.

Figure 7.3-25 CUNA Training in Dollars vs. Contract Cost
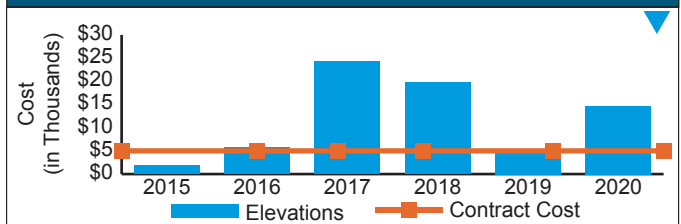
Figure 7.3-26 Tuition Reimbursement per FTE
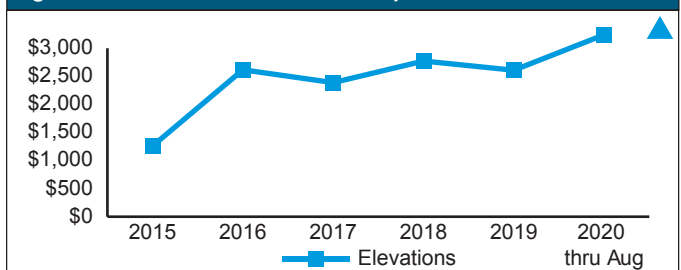
7.4 Leadership and Governance Results

7.4a(1) Leadership In order to move the organization toward its stated vision, Leadership must be considered a trusted teammate in this pursuit. At Elevations, the effectiveness of Senior Leadership is measured largely through the Gallup Q12 questions. Elevations performs in the top decile nationally on 8 of the 12 questions as shown in *Figure 7.3-16*. Communication leading to increased engagement is also evaluated through survey data following key meetings as shown in *Figures 7.4-1* through *Figure 7.4-3.*

Figure 7.4-1 All Staff Meeting Leadership Question Results
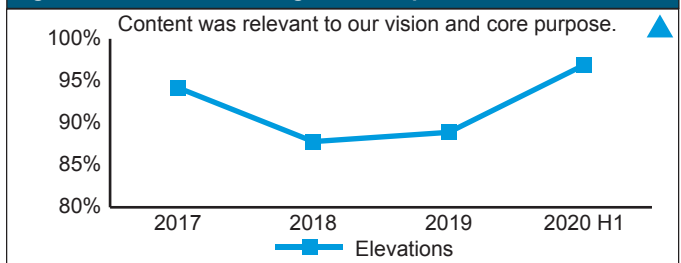
Figure 7.4-2 All Staff Meeting Leadership Question Results
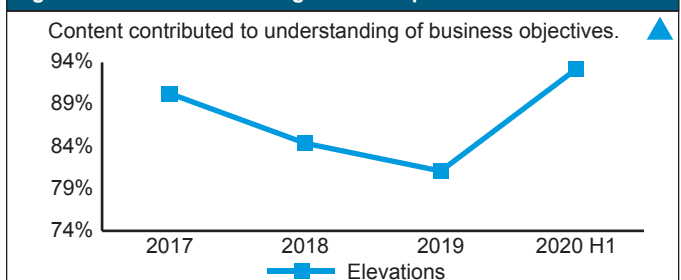
Figure 7.4-3 All Staff Meeting Leadership Question Results

I trust our senior leaders and feel that they are being open.
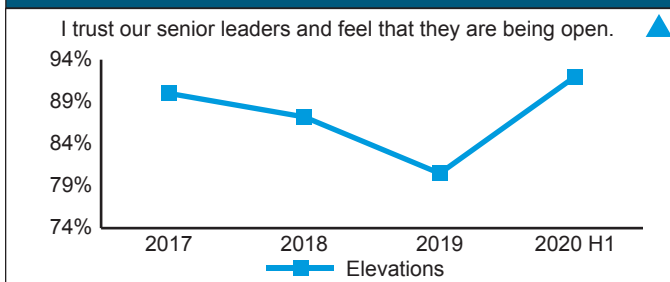
Elevations

While we evaluate workforce engagement through the Gallup Q12 survey (*Figure 7.3-16*), we also evaluate leadership engagement with the workforce through other measures. The Elevations Foundation is the manifestation of a portion of our vision and values. A key indicator of our employees' engagement in delivering our vision and values is reflected in strong support of the Foundation through direct deposits (*Figure 7.4-4*). *Figure 7.4-5* reflects strong participation in the Appreciate tool, further evidence of engagement by modeling our values of Respect, Passion, and Excellence. Finally, the ultimate measure of workforce engagement is our Stakeholders payout to our workforce (*Figure 7.4-6*) where we reward our workforce for delivering on our vision of *Amazing experiences. Raving fans!*

Figure 7.4-4 Employees Contributing to Foundation through Direct Deposit

Elevations — thru June
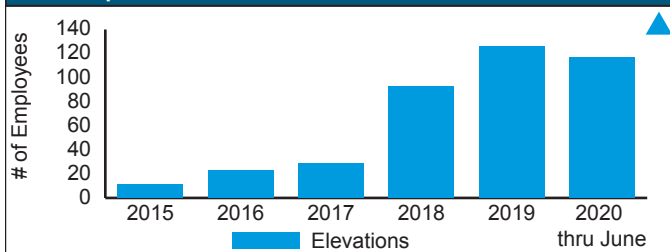
Figure 7.4-5 Appreciate Tool Adoption

Elevations
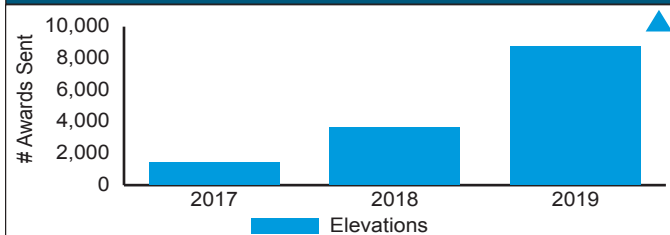
Figure 7.4-6 Stakeholders

Elevations — Budget — thru August
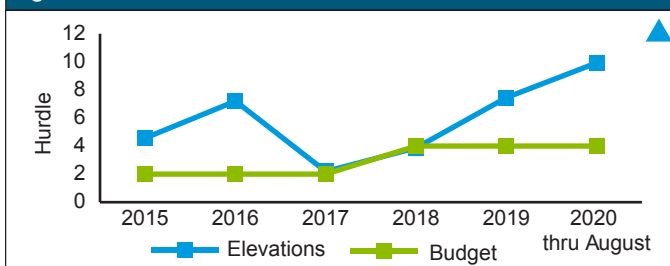
7.4a(2) Governance

Board and committee governance includes the monitoring not only of key financial objectives, but also the risks to meeting those objectives. Our Board and Audit and Risk Committee (ARC) have established an objective of attaining acceptable ROE within our KPIs while also managing risk within our

strategic threshold. Results shown in *Figures 7.4-7* through *7.4-10* demonstrate some of the trends and key measures of the oversight performance.

The ARC is responsible for overseeing internal controls and approves the internal audit plan each year. Any concerns in trends are addressed by the Committee to the Board (full report is AOS). Our internal audit process and response to Internal Audit recommendations have supported our performance on external audits and regulatory exams, *Figures 7.4-8* through *7.4-10.*

Figure 7.4-7 Enterprise Risk Metric

Total Risk ■ Market ■ Operations ■ Credit — Target
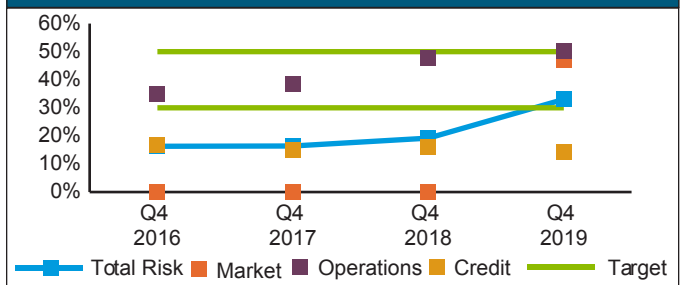
This section contains confidential information and has been removed.

Figure 7.4-9 Online Management Inquiries by Committee

Supervisory   Audit and Risk
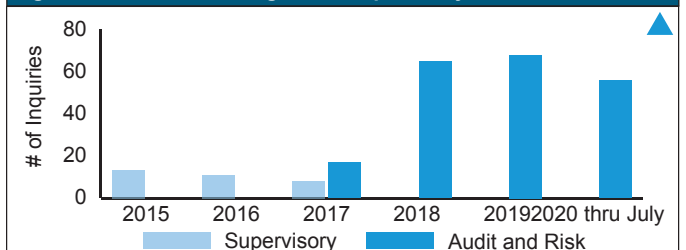
Figure 7.4-10 Risk Management Conferences Attended by Committee

Supervisory   Audit and Risk
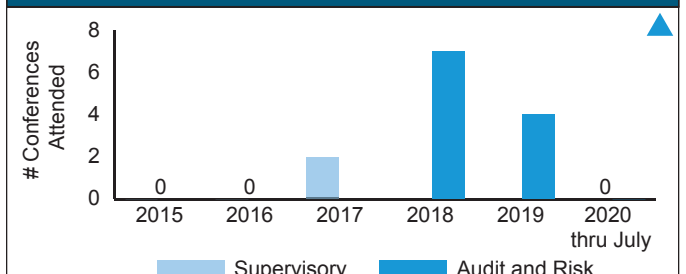
7.4a(3) Law and Regulation

Credit unions are highly regulated and subject to numerous state and federal laws. Noncompliance with regulations can result in severe penalties up to and including conservatorship. *Figure 7.4-11* represents trends in the regulators' ratings of Elevations' financial and operational risk. Ratings over the last

four years have been at least satisfactory at the component level and strong overall. Exam results are confidential and therefore unavailable from our peers for benchmarking.

This section contains confidential information and has been removed.

7.4a(4) Ethics

Ethics hotline reporting usage has stayed relatively flat in relation to organizational growth. Increased education and focus on reporting in NEO and through HR Business Partners account for the increased usage in 2019. In 2018, as a cycle of learning, Elevations implemented another listening mechanism to monitor and invite employees to report illegal or unethical behavior via an anonymous exit interview process. Like our Ethics Hotline, the level of reports and findings has stayed flat relative to our employee population (AOS).

This section contains confidential information and has been removed.

7.4a(5) Society

A key principal of credit unions is commitment to the communities we serve. Elevations supports societal wellbeing and its key communities through philanthropy, volunteerism, education, and environmental responsibility. Results are shown in *Figures 7.4-13* through *7.4-24*.

Figure 7.4-13 Students Reached through Youth Financial Literacy
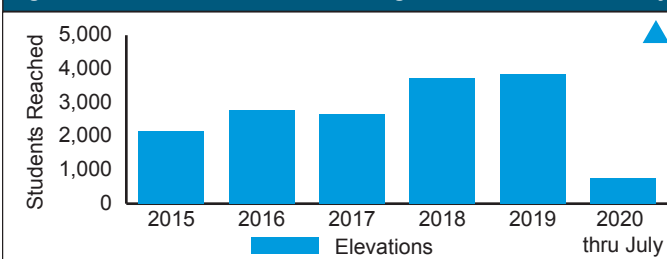
Figure 7.4-14 Partner-Based Seminars
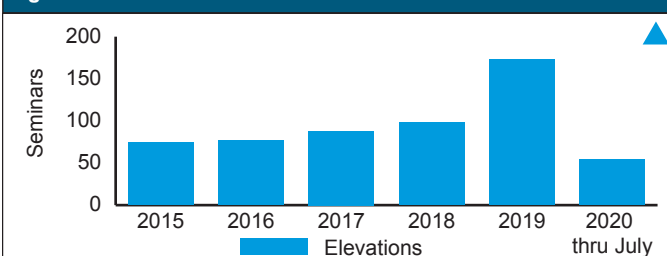
Figure 7.4-15 Wealth Management Qualified Leads
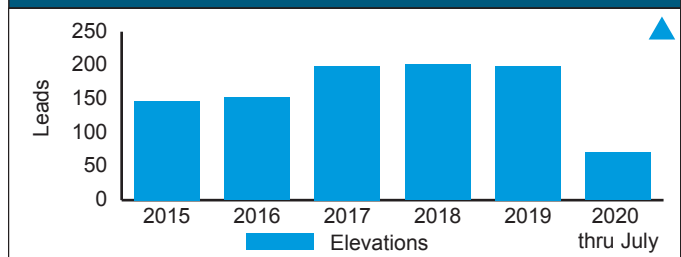
Figure 7.4-16 Community Grants Provided
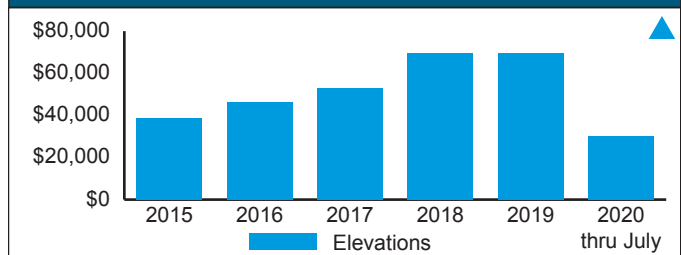
Figure 7.4-17 Scholarships Provided
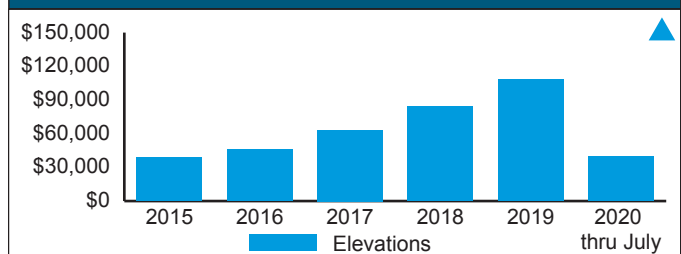
Figure 7.4-18 Foundation Growth
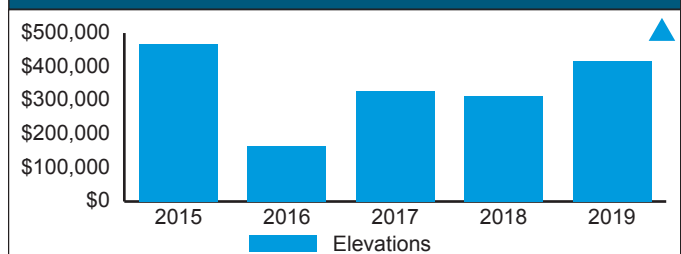
Figure 7.4-19 Number of Organizations Impacted - Grants
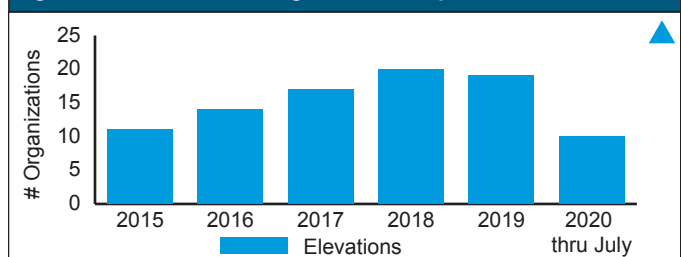
Figure 7.4-20 Energy Lending Volume ($ in Thousands)
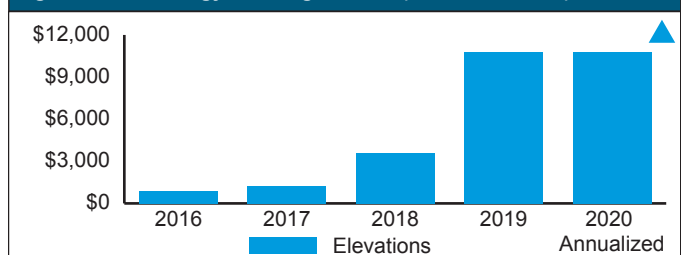
Figure 7.4-21 % of Volunteer Time Off Hours Utilized
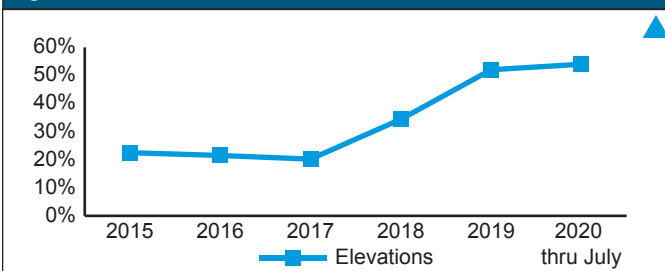
Figure 7.4-22 Average NSF/Courtesy Pay Fee Income per Retail Checking Account/Year
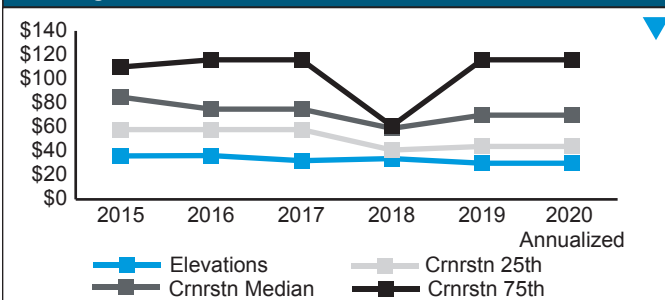
Figure 7.4-23 Eco-Cycle Materials Collected
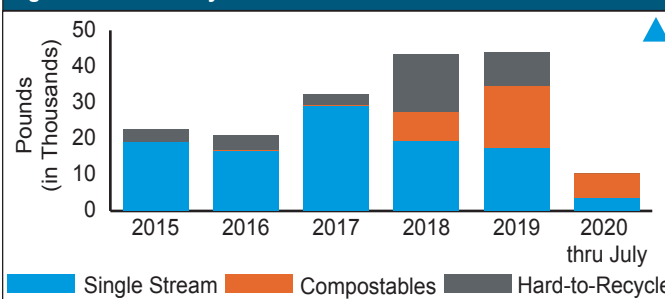
Figure 7.4-24 Eco-Cycle Materials Collected

Resources Saved	2015	2016	2017	2018	2019
Gallons of Gasoline	1,115	980	1,698	1,119	1,002
Tons of Greenhouse Gas Emissions	25	22	39	35	43
# toxic air pollutants	185	162	281	195	186
# of water pollution	1	1	2	22	45
# of toxic herbicides	45	49	69	52	76
Prevented Pounds	19,279	16,941	29,395	20,661	20,065

7.5 Financial, Market, and Strategy Results

7.5a(1) Financial Performance A credit union cannot issue stock, so growing its capital position (net worth) can only be accomplished through the generation and retention of earnings. Financial sustainability therefore requires a disciplined approach to produce sufficient profitability to support growth. Primary financial measures include Return on Equity, Efficiency Ratio, and the Enterprise Risk Metric. When monitoring these and other key financial ratios, the credit union typically compares itself against credit unions of the same relative size and business model. When measuring marketplace performance, including pricing, market share and production levels, Elevations compares itself to its local competitors when comparative data are available.

Return on Equity (ROE) is a measure of profitability, calculated by dividing annualized net income by average equity. It determines the organization's sustainable rate of growth. The higher the ratio, the faster the credit union can grow while maintaining its net worth ratio. We have consistently maintained our ROE within our targeted 5-15% range. Our ROE has typically been in the top quartile of our peer group but was intentionally reduced from 2016 to 2018 due to significant investments made to execute our strategic plan. Current performance is above the NPG median.

Figure 7.5-1 Return on Average Equity
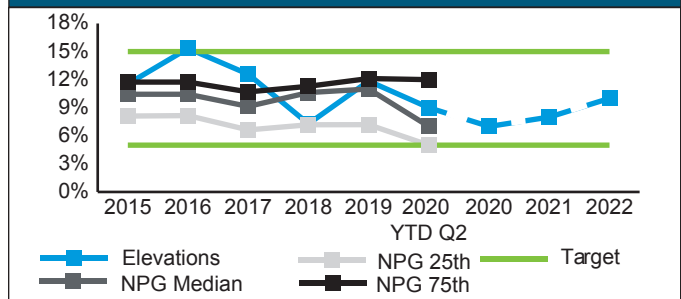
The Efficiency Ratio measures the degree to which the organization utilizes its resources to generate revenue. Our strong efficiency ratio up to 2016 enabled Elevations to make significant strategic investments in technology, business banking, and market expansion. These investments worsen near-term efficiency but are designed to enhance long-term financial sustainability. We anticipate our Efficiency Ratio will improve in future years as we realize returns on these investments.

Figure 7.5-2 Efficiency Ratio (Operating Ex/Total Revenue)
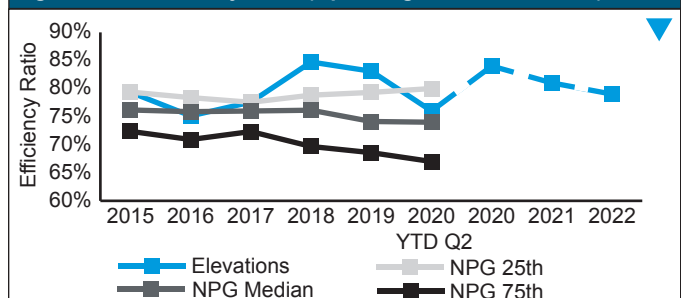
A credit union's cooperative ownership enables it to sacrifice near-term profitability in order to make long-term investments that create value for its membership and help ensure long-term sustainability. **Figure 7.5-3** reflects this trade-off over time where investment phases subsequently translate into strong profitability. In 2011, we converted our core and online data systems, built a commercial lending platform and began a market expansion program. Return on Equity and Efficiency Ratio subsequently improved to very strong levels in 2015 and 2016 as these investments began to generate positive returns. Beginning in 2016, we developed a business banking platform, expanded technology resources and our digital banking delivery system, further expanded our presence in the Fort Collins market, and relocated our administrative center to a larger and more engaging facility. We project these investments will begin contributing to improved financial performance in 2021-2022.
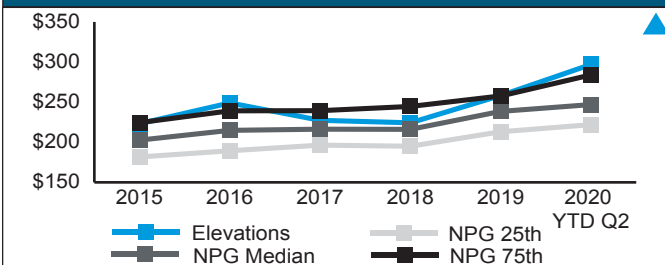
Figure 7.5-3 Return on Average Equity & Efficiency Ratio (investment cycles)
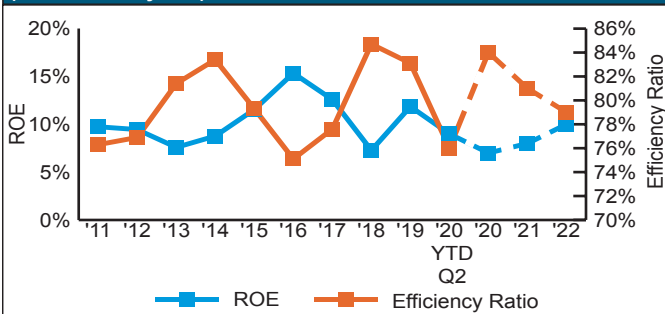

Revenue per FTE, **Figure 7.5-4**, remains strong, consistently above NPG median.

Figure 7.5-4 Revenue per FTE

It is critical for financial institutions to have sufficient net worth in order to provide resources for growth and ensure sustainability during adverse economic cycles. Internal capital stress tests consistently indicate Elevations has more than sufficient net worth to withstand extremely severe economic conditions. Elevations' net worth has climbed steadily to the upper band of its targeted range over the past few years, with strong earnings outpacing balance sheet growth.

Figure 7.5-5 Net Worth Ratio
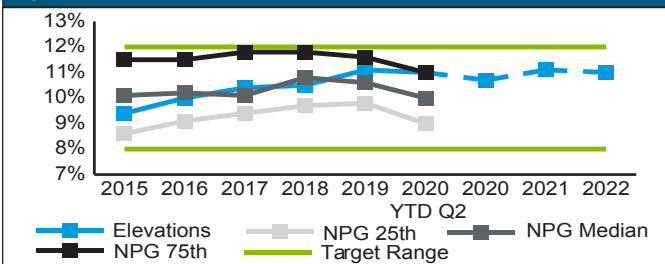
A credit union's primary source of revenue is the net interest margin, which represents the degree to which the interest rates on its loans and securities exceeds the rates paid on its deposits and borrowings. Since 2013, Elevations has been successful in growing this net margin as compared to its peer group. Unlike its peers, Elevations has not had to increase the interest rate paid on deposits. Elevations had the best net interest margin and lowest cost of funds relative to peer in 2019.

Figure 7.5-6 Net Interest Margin
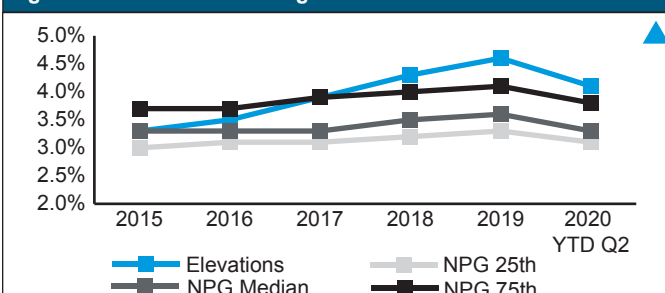
Figure 7.5-7 Cost of Funds
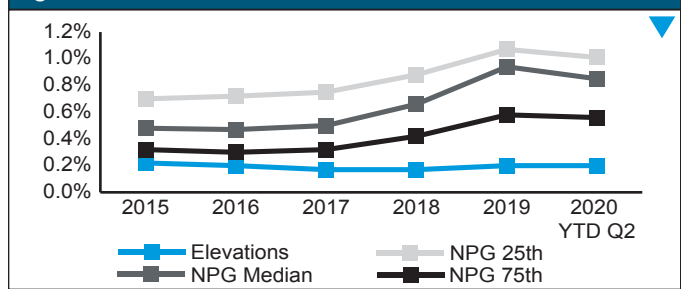
Non-interest income is the credit union's other primary source of revenue. This is comprised primarily of gains from selling mortgages in the secondary market and interchange income generated when members transact with our credit and debit cards. Non-interest income benefitted in 2016 from an extremely favorable mortgage refinancing environment. Since then, non-interest income has returned to a normalized level (approximately the 75th percentile relative to peer).

Figure 7.5-8 Non-Interest Operating Income / Average Assets
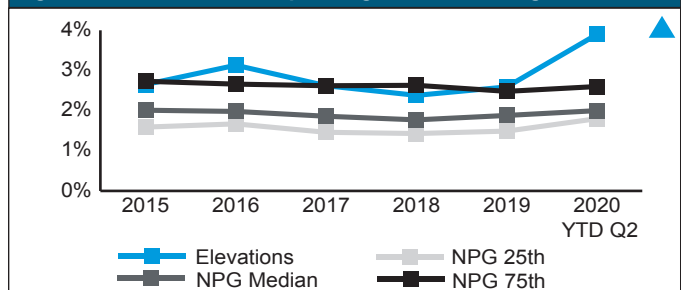
Financial institutions generate returns by taking risk, including credit risk. Any time the credit union makes a loan it is risking the possibility of not getting repaid. The net charge off ratio reflects actual credit losses incurred on the loan portfolio. Elevations' net charge off ratio has historically been lower than 90% of its peers.
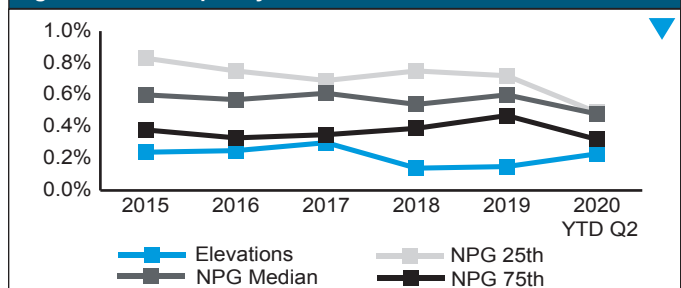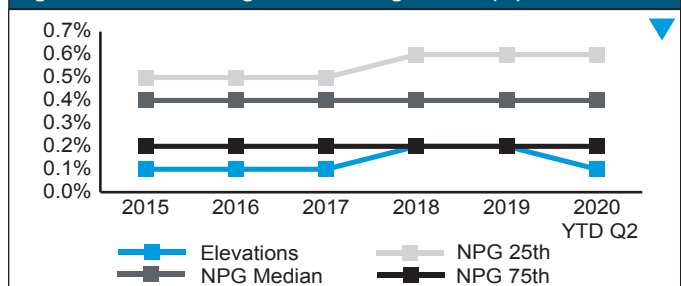
Figure 7.5-9 Delinquency Ratio

Figure 7.5-10 Net Charge Offs / Average Loans (%)

7.5a(2) Marketplace Performance Deposit growth has slowed significantly since 2016, due largely to the rising interest rate environment. Elevations maintains competitive deposit rates but hasn't increased them during this time period.

Other financial institutions that don't benefit from the strength and stability of our funding sources have been compelled to aggressively increase the interest rates paid on their deposits.

In our established markets, Boulder and Broomfield Counties, we have grown a bit over the past five years and are still one of the largest financial institutions in terms of deposits in the two counties, well above the 75th percentile. In our new/growth market, we have doubled our deposit market share over the past five years, and we are now above the 50th percentile.

Figure 7.5-11 Deposit Market Share - Established Markets
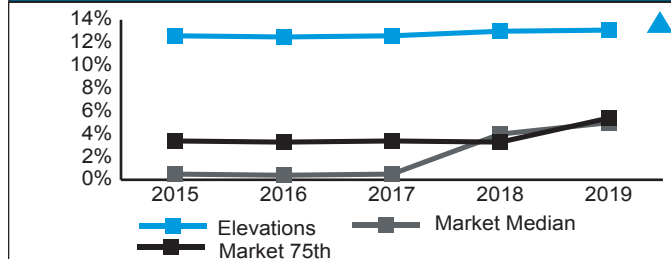
Figure 7.5-12 Deposit Market Share - New Market
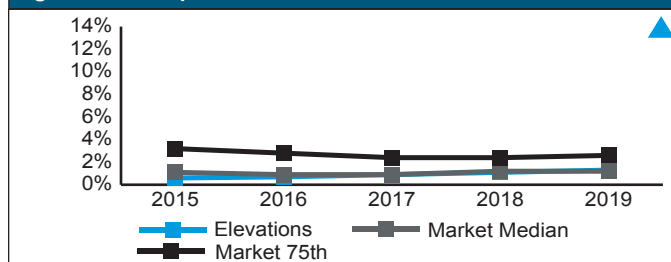
Since 2013, Elevations has continued to produce more mortgage volume in Boulder County than any competitor. We price our mortgages similar to the largest originators in the country (Wells, Chase) but are doing 2-3x their volume in Boulder County. We also continue to produce more mortgage loans than any credit union in the state. This success comes as a result of attracting and retaining established loan officers, with strong ties to the community, and the Realtor® and builder markets that have been able to leverage the Elevations brand in the Boulder market and those markets contiguous to it. Five of our originators were recently ranked within the top 500 nationwide.

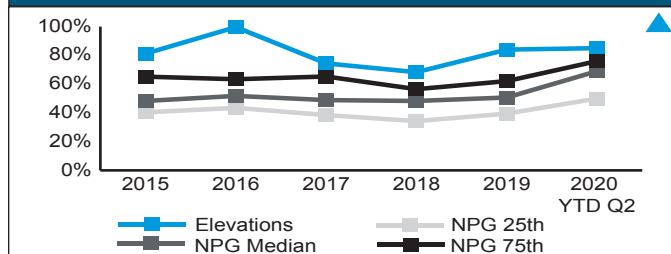**Figure 7.5-13 Total Loan Production $ / Average Assets**

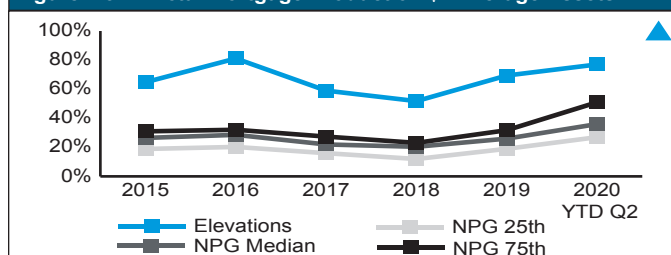**Figure 7.5-14 Total Mortgage Production $ / Average Assets**

Figure 7.5-15 Total Commercial Production $ / Average Assets
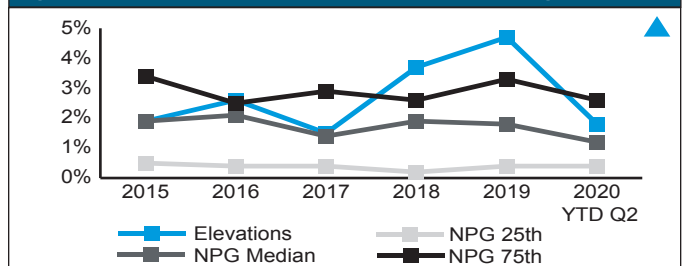
Figure 7.5-16 Mortgage Purchase Market Share - All Markets
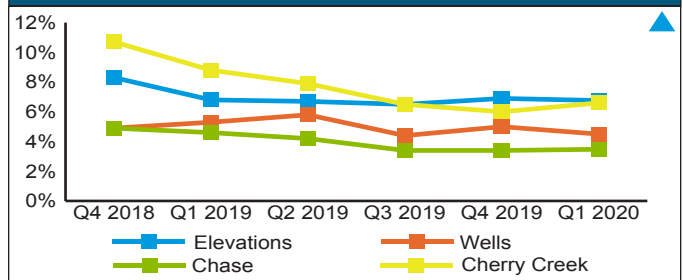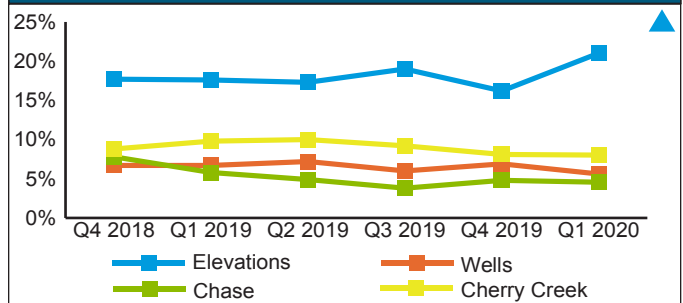
Figure 7.5-17 Mortgage Purchase Market Share - Established Markets

Net member growth has slowed since 2017 as shown in *Figure 7.5-18*. However, we are intentionally seeking to acquire members who best align to our value proposition. Our revenue per member is continuously well above the 75th percentile as we acquire, retain, and build relationships with those members *Figure 7.5-19.*
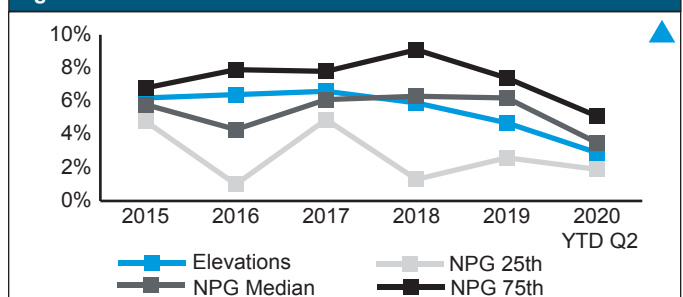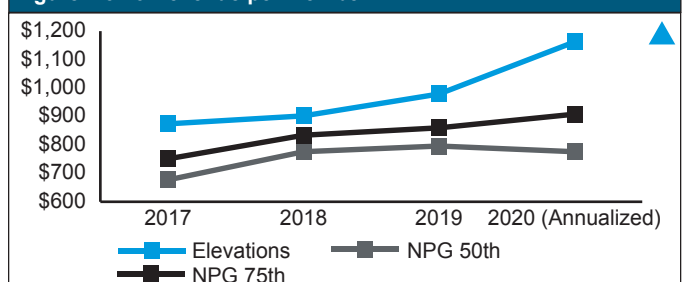
Figure 7.5-18 Net Member Growth

Figure 7.5-19 Revenue per Member

7.5b Strategy Implementation Results Elevations achieves its Strategic Goals by balancing completion of short- and long-term action plans to optimize existing operations while also implementing Strategic Objective action plans to prepare the organization for the future. The balanced scorecard of KPI measures ensures this alignment across the three Strategic Goals, **Figure 7.5-20**.

Sample key Strategic Objective action plans are shown in **Figure 7.5-21** for 2019 through 2021. Full detail around action plans and accomplishments are AOS. Detailed look-back analysis on completed action plans and portfolio management of plans in progress with scrum teams are also AOS.

Figure 7.5-20 Achievement of Strategic Goals		
Strategic Goals	KPI Measures	Result Figure
High Performance Culture	Gallup Engagement	7.3 -16
Member Loyalty	NPSr In Market	7.2 -17
	NPS Relationship	7.2-15
	Share of Wallet	7.1-3, 17, 18
Financial Sustainability	Return on Equity	7.5-1
	Capital Ratio	7.5-5
	Efficiency Ratio	7.5-3
	Risk Index	7.4-7

This section contains confidential information and has been removed