



E CO NO MIC PROFILE

Performance Leaders Return on Average Assets (ROA)

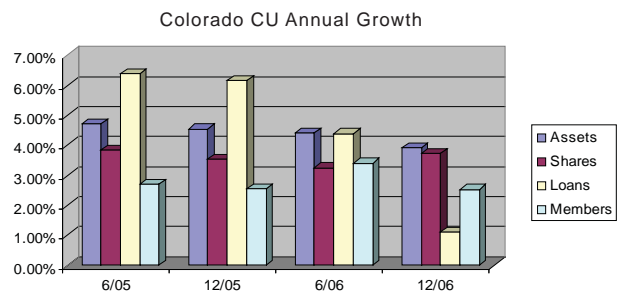
- 2.30% - Otero County Teachers FCU
- 1.86% - Valley Educators CU
- 1.79% - Legal Community CU
- 1.62% - Grand Junction FCU
- 1.60% - Guadalupe Parish CU

Year-End 2006 Research and Information

RESEARCH

Welcome to the first Credit Union Association of Colorado Economic Profile. Our intention with this semi-annual research and information profile is to bring member credit unions up-to-date credit union statistics, along with state-wide economic information. In an effort to provide better service and help credit unions grow, we believe this data will be an essential piece for healthy development. We look forward to hearing your comments and suggestions for future publications. Now, we invite you to read, use and enjoy!

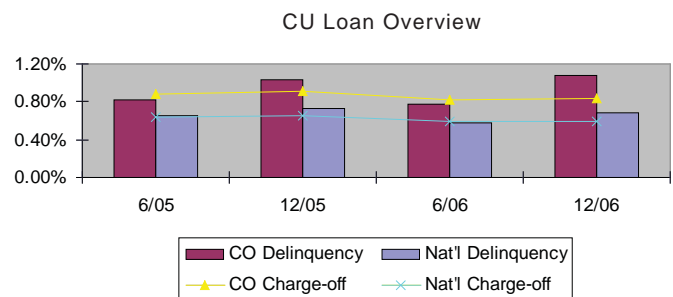
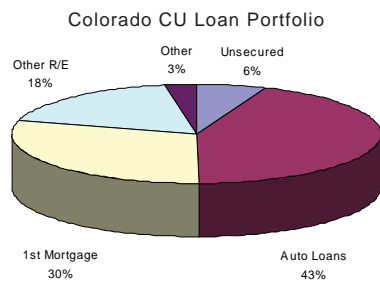
Annual asset growth in Colorado's 130 credit unions increased 3.9% in 2006 to end the year with just over \$12.3 billion. This modest growth continues the downward trend of asset growth experienced in Colorado credit unions since early in 2005 and lags the 2006 national and NCUA Region V asset growth of 5.0% and 6.1%, respectively.



Shares have remained stable the past two years, ending 2006 with 3.4% annual growth. Given the strong loan growth seen in the state until the last half of 2006, Colorado's loan/share ratio of 87.24% is well above the national average of 82.60% and NCUA Region V of 84.47%, year-end 2006.

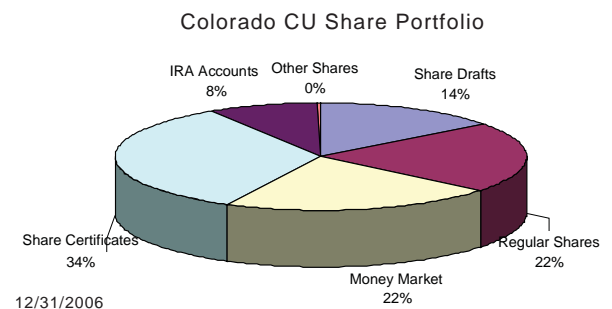
Although Colorado experienced healthy membership growth of 3.4% over the 12 months ending June 30, 2006, by year-end 2006 the 12 month membership growth was down to 2.5%.

Colorado credit unions' total loan portfolio is just over \$9.2 billion, with approximately \$4 billion in new and used auto loans, \$2.7 billion in first mortgages, \$1.6 billion categorized as other real estate, \$600 million in unsecured loans and \$250 million in other loans. Loan quality continues to be a challenge in the state, ending the year with the highest delinquency in two years of 1.08% and net charge-off of 0.74%.



Colorado credit unions' savings distribution shows a healthy mix of account types totaling almost \$10.6 billion. Share certificates make up \$3.5 billion, money market and regular shares total \$2.2 billion each, share drafts account for \$1.5 billion, retirement accounts total almost \$900 million and other shares make up \$45 million. The average total member share balance for 2006 is \$7,248.

Average net worth ratios in Colorado credit unions remain strong, ending 2006 at 11.2%, only slightly below the national average of 11.4% and well above the NCUA Region V ratio of



INFORMATION

10.9%. There are currently four credit unions in Colorado below the adequately capitalized ratio of 7.0%. Return on average assets (ROA) continues to be a challenge for Colorado's credit unions, with 16 credit unions having negative earnings on December 31, 2006 and a state average of 0.52%.

Predictions for 2007 from CUNA economists are that overall economic growth will be slow for the beginning of 2007, with an annual forecast of 2.0%. They believe inflation will remain low at 2.0%, with a slightly higher core inflation (food & energy) estimate of 2.2%. Although the unemployment rate will rise slightly to 4.8%, it will continue to be lower than the 5-year average of 5.4%. CUNA economists' forecast for the Fed Funds Rate is 5.05%, with declines coming in the third and fourth quarter. The 10-year treasury is also expected to drop a bit with an annual forecast of 4.66%.

CUNA economists' 2007 predictions with regards to credit union specific data are somewhat mixed. Both savings and asset growth are forecast to improve to 7.0% and 6.9%, respectively. However, loan growth and loan quality are expected to decline from last year with growth of 6.0%, delinquency of 0.75% and a charge-off rate of 0.59%. These predictions are the leading drivers to a lower anticipated return on average assets (ROA) of 0.65%.

Turning to Colorado, according to the Office of State Planning & Budgeting, January 2007 report, economic expansion should continue. The primary drivers to healthy growth will be infrastructure built in the 1990s and a highly educated workforce. Risks to the forecast are Mid-East conflicts, rapidly rising interest rates or inflation and volatile energy prices.

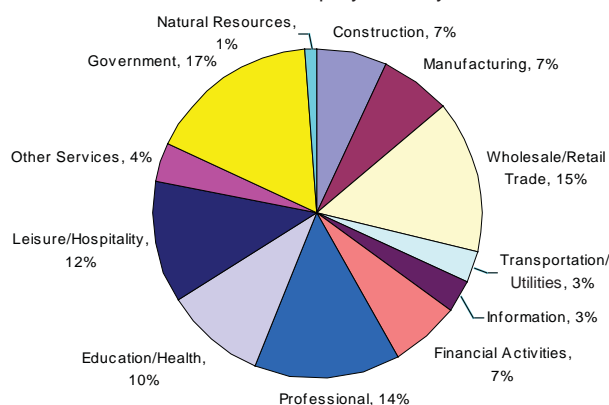
Employment growth in Colorado is currently 15th highest in the nation, with 2.1% growth in 2006. Since the 2001 recession, Colorado has gained over 130,000 new jobs and, given the natural resource boom, should continue at 2.0% for 2007. Unemployment is forecast to remain at 4.5%.

CUNA Forecast (March 2007)

	Actual Results	Forecast	
	5-Yr Avg.	2006	2007
Economic Growth			
Economic Growth (% chg GDP)	2.90%	3.30%	2.00%
Inflation (% chg CPI)	2.70%	2.50%	2.00%
Core Inflation (food & energy)	2.00%	2.60%	2.20%
Unemployment	5.40%	4.60%	4.80%
Fed Funds Rate	2.46%	4.99%	5.05%
10-Year Treasury	4.40%	4.79%	4.66%

	Actual Results	Forecast	
	5-Yr Avg.	2006	2007
Credit Union Growth			
Savings	6.60%	4.60%	7.00%
Loan	9.70%	8.70%	6.00%
Asset	7.40%	5.00%	6.90%
Membership	2.10%	1.90%	2.00%
Loan/Share Ratio	75.80%	82.60%	81.80%
Delinquency	0.74%	0.68%	0.75%
Net Charge-off	0.52%	0.44%	0.59%
ROA	0.93%	0.83%	0.65%
Net Worth Ratio	11.00%	11.40%	11.40%

2006 Colorado Employment by Sector



Consumer spending in Colorado is again slated to exceed the U.S. average, with a projection of almost 6.0% for 2007. Although inflation for the state will drop from the 3.5% seen in 2006, it is expected to remain higher than the nation's 2.0% forecast and be 3.1%. Colorado foreclosures continue to make the news, with almost 20,000 filings in 2006. Rising interest rates, negative personal savings and an abundance of inventory are believed to be the root cause. Decreasing home permits issued in 2005 of 0.2%, 2006 of 14.5% and projected decrease of 2.2% for 2007, should ease the inventory burden and begin to correct the foreclosure issue.

**For questions, comments or suggestions, please contact
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	US CUs	NCUA Region V	All Colorado	Denver Metro Area	Colorado Springs	Northern Colorado	Southern Colorado	Western Colorado
Demographic Information								
Number of CUs	8,515	1,403	130	68	10	16	19	17
Total Assets (\$ millions)	725,502	215,877	12,363	8,167	2,579	720	537	360
Total Loans (\$ millions)	505,094	155,476	9,242	6,257	1,816	529	376	264
Total Savings (\$ millions)	614,727	184,068	10,593	6,907	2,265	637	473	311
Total Members	87,261,843	21,639,071	1,453,035	947,599	236,350	110,337	100,734	58,015
# CUs by Asset Size								
< \$10 million	3,867	424	51	24	4	7	9	7
\$10 million - \$20 million	1,233	187	15	7	2	1	2	3
\$20 million - \$50 million	1,425	276	24	9	1	5	4	5
\$50 million - \$100 million	761	171	18	11	0	2	3	2
> \$100 million	1,229	345	22	17	3	1	1	0
Annual Growth %								
Total Assets	5.0	6.1	3.9	2.9	8.4	-1.5	3.8	7.0
Total Loans	8.7	9.8	1.1	-1.3	7.2	5.5	4.1	8.5
Total Savings	4.6	5.4	3.4	2.2	8.3	2.2	5.1	7.1
Total Members	1.9	2.7	2.5	3.1	1.4	-3.6	6.7	3.1
Earnings (basis points)								
Yield on earning assets	5.79	5.76	5.78	5.87	5.30	6.10	5.97	6.06
- cost of funds	2.68	2.63	2.52	2.56	2.51	2.52	2.23	1.99
+ fee & other income	1.28	1.23	1.21	1.28	1.05	1.39	0.83	1.04
- operating expense	3.33	3.25	3.44	3.54	2.91	3.58	3.99	4.00
- provision for loan loss	0.23	0.24	0.51	0.52	0.03	0.59	1.33	0.26
= net income (ROAA)	0.82	0.87	0.52	0.44	0.90	0.80	-0.75	0.85
Capital Adequacy								
Net Worth/Assets	11.4	10.9	11.2	11.1	11.2	10.8	11.0	13.1
Loan Detail								
Total Loan/Total Assets	69.62	72.02	74.75	76.61	70.40	73.47	70.11	73.31
Total Loan/Total Savings	82.60	84.47	87.24	90.58	80.17	83.06	79.61	84.86
Loan Delinquency	0.68	0.52	1.08	1.33	0.16	0.92	1.94	0.64
Net Charge-offs	0.44	0.40	0.74	0.95	0.19	0.60	0.45	0.31
Average Loan Balance (\$)	15,914	17,530	10,627	9,659	16,924	11,804	8,534	10,268

Denver Metro Area Totals include Denver Chapter and Flatirons Chapter
 Colorado Springs includes Pikes Peak Chapter
 Northern Colorado includes High Plains Chapter and Longs Peak Chapter
 Southern Colorado includes Pueblo Chapter, San Luis Valley Chapter and Wild Goose Chapter
 Western Colorado includes Western Colorado Chapter