

COLORADO CREDIT UNIONS

GIVE COLORADO BANKS MORE CHOICES FOR SALE OF ASSETS



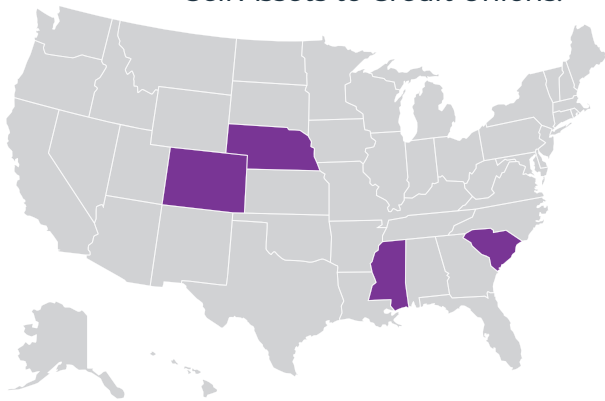
Colorado credit unions support House Bill 1351, the Department of Regulatory Agencies' (DORA) recommendation in the Banking Sunset Review.

At a time when banks in Colorado and nationally continue to close branches and reduce people's access to financial services, there must be an option for banks to sell to credit unions that are simultaneously opening branches to ensure local financial access for all.

DORA has proposed giving banks more choices when selling their assets, allowing a state-chartered credit union to become a successful bidder. This mutually beneficial scenario must align with the interests of both entities and fosters stability and growth in the financial sector.

In 46 states, a bank can consider selling its assets to a credit union.

46 States Allowing Banks to Sell Assets to Credit Unions.



This option is allowed in 46 other states.

- If a credit union purchases the bank's assets, people in the community continue to have access to financial services, and often to some products and services that may not have been previously available.
- The option for a bank to decide to sell to a credit union would provide benefits to the bank as well as to the Coloradans who would be more likely to retain a community-focused financial institution relationship, in-person branch access, and local jobs.

Credit unions that purchased banks in the last decade were more likely to:

Keep the bank's existing branches open.

Banks have closed 16% of their Colorado branches in the last decade, nearly 300 community locations – all while increasing their profits.

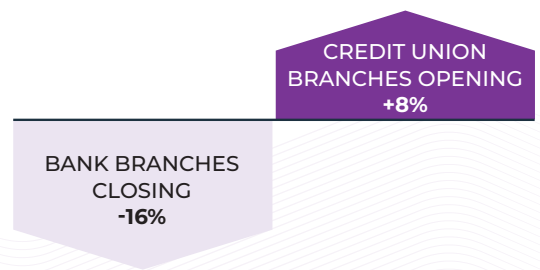
*Credit Unions have increased branches by 8%, opening new community locations.**

Protect employees' jobs.

Banks purchasing other banks typically target 40-60% cost savings, mostly in job cuts.

Maintain a community-focused approach.

Big banks purchasing smaller institutions tend to cherry-pick the branch networks and then close those that don't meet stringent profit criteria.



*A 2021 FDIC survey of unbanked and underbanked households, found that 15.4% cited a lack of access to convenient branch locations as one of the reasons they do not have bank accounts. Branch locations are especially important for people who need additional in-person assistance, including the elderly, those who need additional financial counseling, and language translation services.

Banks Also Benefit

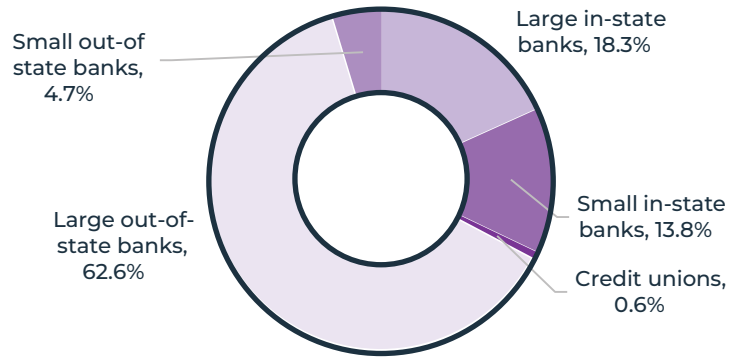


Allowing credit unions to purchase banks increases the number of potential buyers.

2023 Colorado Banking Sunset Review

Out-of-State Banks Account for Two Thirds of Assets Acquired

2012 to December 2022 - by Type of Acquiring Institution



Sources: FDIC, NCUA

Any opposition to the Sunset Review recommendation is an overreaction.

Colorado banks retain the choice of whether to sell and to whom. If the agency's recommendation were to pass it would still be entirely possible that we may never see a Colorado bank decide to sell to a credit union. The overwhelming majority of banks that are sold are purchased by other banks.

National Data: Bank Sales to Credit Unions by the Numbers 2013-2023

| | BANKS | CREDIT UNIONS |
|------------------------|-----------------|----------------|
| SOLD TO | 2,453 | 67 |
| OF ASSETS TO | 99.4% | 0.6% |
| AVG ASSET SIZE | \$1.2 BILLION | \$263 MILLION |
| TOTAL ASSETS TO | \$2.89 TRILLION | \$17.5 BILLION |

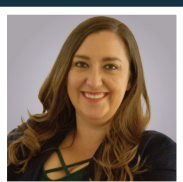
The multi-layered approval and review process ensures Coloradans would retain access to safe and secure financial services. Any sale of a bank to a credit union would require the approval of:

- The bank's Board of Directors.
- The credit union's Board of Directors and members.
- State and Federal banking and credit union regulators.



In the last decade, credit unions have purchased 67 banks, while banks have sold to other banks 2,453 times.

Colorado credit unions agree with the Division of Banking recommendation that this is a critically important tool to provide additional options and choices for banks when determining the future of their financial institution. We urge you to support House Bill 1351.



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