
The Artisans of Banking

**ANNUAL
REPORT
2019**

Premier Members Credit Union

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CHAIRMAN REPORT -

During 2019, Premier Members Credit Union continued to grow and prosper, while continuing to serve its membership. Assets increased from \$1.13 billion to \$1.24 billion, and membership grew by 1,821 to reach 73,645 members.

Premier Members Credit Union opened a new location in Castle Rock, and relocated its Greenwood Village location to a new facility in nearby Centennial, greatly improving member access. With the recent merger of Pueblo Horizons Federal Credit Union into Premier Members, the credit union has continued to look for ways to serve its members that are outside of the Metro Denver area. The merger resulted in Pueblo Horizons Federal Credit Union reopening as Premier Members Credit Union on February 3, 2020, and brought the credit union's total Pueblo County membership to over 3,600.

In January, 2019, Kiplinger's Personal Finance magazine recognized Premier Members Credit Union's Reverse-tier Money Market account as the third "Top Checking Account" in the United States — a recognition that also gleaned recent national attention from MagnifyMoney, a subsidiary of Lending Tree. MagnifyMoney awarded Premier Members "Best Online Bank for Money Market Accounts." This account continues to grow in popularity among our members, and inspired several other financial institutions to offer similar types of accounts. Premier Members was also named a "Top 50 Best-Performing Credit Union" in the United States, by S&P Global — one of two located in Colorado.

Chief Executive Officer, Carlos Pacheco, along with the management team and staff, continue serving our membership with a focus on high customer satisfaction, and throughout the community with funds and outreach support, through its Premier Gives program.

No organization can truly succeed without dedicated leadership and guidance from the representatives elected by the membership to serve on the Board of Directors. In 2019, 14 people served in this capacity, providing direction for the credit union. The Supervisory Committee at Premier Members is a group of five volunteers that provide oversight and monitor the credit union activities independently from management and the Board. Thank you to those who have given their time and energy to set the future direction for Premier Members Credit Union.

As always, the organization would not be where it is without our loyal members, who are the true owners of Premier Members Credit Union.

MARK GISI
Chairman of the Board

CEO REPORT -

2019 marked our 60th year of service to our members, employees, and the communities we serve. As we do every year, we endeavored to execute on our credit union's organizational foundation to Build Relationships and Add Value Every day (B.R.A.V.E.). As an organization, our total assets surpassed \$1.2 billion while membership grew to over 73,000 strong. We can't say thank you enough to our members, employees, Board of Directors, volunteers, and the communities we serve daily, for helping us include 2019 as another successful year.

During 2019, we continued to focus on growing Premier Members Credit Union's footprint throughout Colorado. Premier Members expanded its field of membership by attaining community charters for additional counties within Colorado. Currently, more than 80% of the population in the State of Colorado are eligible to join. Additionally, we enhanced our branch network with the opening of our first branch in Castle Rock, the relocation to a full-service branch in Centennial, and an agreement to merge with Pueblo Horizons Federal Credit Union, in Pueblo, CO.

Looking ahead, we remain focused on continued growth and expansion in an effort to provide improved convenience and service to our membership, while also allowing prospective members the opportunity to join Premier Members Credit Union. In 2020, we will embark on a full replacement of online and mobile banking digital platforms, to expand the services and functionality in these channels that our members deserve.

From the community impact perspective, we recorded another banner year in community giving and outreach to help strengthen the communities we serve. Premier Members employees donated 1,127 service hours to benefit local non-profits, as part of our Community Outreach initiatives. In all, Premier Members Credit

Union generated \$325,707 of community outreach support encompassing efforts in charitable giving, college scholarships, and schools-based and local community support.

All of our efforts did not go unnoticed, as the credit union received recognition from S&P Global as a "Top 50 Credit Union" nationally, as well as from Forbes as a "Top Five Credit Union" in the State of Colorado. Premier Members was also recognized as a Colorado Civic 50 company based on our community outreach and giving efforts.

All of us at Premier Members Credit Union remain committed to B.R.A.V.E. with our members, employees, and the communities we serve. We are grateful to our members for putting their trust in us as we continue to grow together and expand the positive impact we have in communities throughout Colorado, into 2020 and beyond.

CARLOS PACHECO

Chief Executive Officer

SUPERVISORY COMMITTEE REPORT -

The Supervisory Committee oversees the checks and balances for the credit union. We work with the Board of Directors, credit union management, two audit firms, plus Colorado Division of Financial Services (DFS) and the National Credit Union Association (NCUA). We review all internal audits, external audits, and member concerns, to ensure appropriate actions are taken to resolve issues and mitigate risk. The goal is to ensure member satisfaction and financial stability for the credit union's members.

2019 was a very positive year for Premier Members Credit Union. Assets are up to \$1.24 billion; membership grew to over 73,000. One new branch was opened in Castle Rock, and the relocation of the credit union's Greenwood Village location welcomed a new branch to the Centennial community. Premier Members Credit Union's year-end, December net worth was 10.58%.

Premier Members Credit Union is positioned for strong results in 2020, and the focus remains on our members, internal controls, and watching the credit union's bottom line.

GARY HORTON

Chairman of the Supervisory Committee

TREASURER REPORT -

In 2019, Premier Members Credit Union experienced strong growth in assets and loans and continuing investments in member service. Premier Members opened a new branch in Castle Rock and relocated its Greenwood Village branch to Centennial, in order to better serve its members. The credit union demonstrated excellent stewardship of its members' money by holding down expenses to achieve a 60.98% efficiency ratio. Premier Members Credit Union has also received excellent reports from the state and federal examiners and auditors in 2019. These accomplishments are the result of a dedicated staff working with senior management to deliver on the strategic plan of the Board of Directors, while continuing to provide excellent service to our members.

Premier Members Credit Union continues to be a safe and sound financial institution that's committed to delivering strong financial results for its members. The following highlights from our financial statements demonstrate this commitment.

Premier Members Credit Union is well-capitalized with a net worth of 10.58%. Lending continued to provide the strong basis of income for the credit union with total loans growing by \$10,335,421 to \$916,523,436. Total deposits grew \$62,707,617 or 6.3%. Total assets grew by 9.4% to \$1,241,180,693. Net income tallied \$10,449,078, for a return on average assets of .88%. These results for 2019 provide the strong foundation for Premier Members Credit Union to continue to add value, and serve members into 2020 and beyond.

HARVEY A. KAMIONKA

Treasurer

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FINANCIAL REPORT -

FINANCIAL STATEMENT	2017	2018	2019
TOTAL ASSETS	\$1,017,516,037	\$1,134,091,465	\$1,241,180,693
TOTAL NET LOANS	\$782,315,292	\$900,880,519	\$911,104,916
TOTAL GROSS LOANS	\$786,745,077	\$906,188,015	\$916,523,436
TOTAL DEPOSITS	\$882,740,062	\$989,956,787	\$1,052,664,404
TOTAL MEMBER EQUITY	\$118,693,317	\$129,294,891	\$141,886,615
% OF ASSETS	11.67%	11.40%	11.43%
GROSS REVENUE	\$48,009,408	\$55,521,582	\$61,656,497
DIVIDENDS & INTEREST EXPENSES	\$3,633,406	\$6,800,255	\$9,352,483
PROVISION FOR LOAN LOSSES	\$3,398,552	\$4,120,129	\$3,455,237
TOTAL OPERATING EXPENSES	\$31,687,929	\$33,019,186	\$37,600,132
NON-OPERATING EXPENSES/(INCOME)	\$660,729	(\$179,127)	\$799,567
NET INCOME	\$8,628,792	\$11,761,139	\$10,449,078

FINANCIAL COMPARISON -



CREDIT OFFICER REPORT -

Premier Members Credit Union enjoyed another successful year in its lending line of business. In a highly competitive interest rate environment, loans grew by a modest 1.14% or \$10,335,421, to end the year at \$916,523,436 on annual production of \$404 million. The loan-to-share ratio was reported at a very respectable 87.07%. Premier Members' combined delinquencies and net charge-offs were 73 basis points, significantly better than peer averages. The main areas of lending growth were in first mortgages and automotive.

2019 saw significant improvements in lending software application efficiencies and processes. Improvements to the credit union's lending platform included instant decisioning and the ability for members to join, apply for a loan, and sign their disclosure agreements without ever having to visit a physical branch. 2019 was a year of development in three lending lines of business: credit card, first mortgages, and commercial lending. Three new indirect lending channels, first introduced in 2017, created diversified risk, and produced excellent 2019 results in both yield and credit quality.

Premier Members Credit Union conducted a number of lending campaigns in mortgages, auto lending, and credit cards, all which proved to be very successful. The credit union's goal is to provide easy, effective, and efficient service to its members, using their preferred method of doing business.

I am very proud of the credit union's membership support and staff contributions in making 2019 another successful year. We will continue to strive to build relationships and add value every day.

LINDSAY SANDHAM

Chief Lending Officer

PREMIER GIVES

Premier Gives reflects the values of our members, in order to ensure success in your local schools and neighborhoods. Together, we provide our community with funds and volunteers to support areas of education, financial literacy, and local community-based giving.

\$325,707

DONATED FOR COMMUNITY SUPPORT



\$62,945

UNITED WAY
EMPLOYEE DONATIONS
WITH CORPORATE MATCH

1,127

EMPLOYEE
OUTREACH
HOURS

9 HIGHER-
EDUCATION 
SCHOLARSHIPS





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