



ANNUAL REPORT 2017



**PREMIER  
MEMBERS**  
CREDIT UNION





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## FROM THE CHAIRMAN

Premier Members Credit Union reached a new milestone at the end of year 2017, when total assets exceeded \$1 billion dollars. Within the credit union movement in the United States, there are about 5,700 Credit Unions still in operation. These numbers continue to decline, in large part due to the regulation burden that these institutions face in their day-to-day operations. While the number of organizations have decreased, it is almost totally due to mergers, because the smaller organizations do not have the funding it takes to manage the regulatory requirements. By joining other credit unions through mergers, they increase the size to a point where the staffing can be contained within the operating budget. The credit union industry is very healthy and the number of members continue to increase, despite the actual number of institutions is continuing to decrease.

The \$1 Billion dollars of assets places Premier members in the top 288 Credit unions (Top 5%) in the industry. This group of 288 holds over 62 percent of all of the assets in the credit union movement. It is highly likely that the industry will continue to grow as an alternative to conventional banking, while the number of credit unions (5,700) will continue to decline.

Thank you to our dedicated management and staff for expanding our overall marketing efforts, and for continuing to run the organization on a daily basis. The organization continues to receive highly satisfactory ratings from DORA, the state regulator and NCUA the federal insurer, assuring safe operations going forward.

Special thanks goes to Carlos Pacheco and Rick Allen, our CEOs for their dedication and for providing the leadership needed for a very successful year, placing the organization on the proper path to continued success. Their management team and departmental staffs are to be commended for their perseverance and dedication to building a stronger, larger and more dynamic organization. I want to give a THANK YOU to all of the credit union Volunteers serving on the Board of Directors and Supervisory committee, for donating their time, efforts, and skills to serve in the roll of member/owner representatives.

In closing, the organization would not be where it is without the loyal membership that are the shareholders and owners of Premier Members Credit Union.

**Mark Gisi**  
*Chairman of the Board*



## FROM THE CEOs

As 2017 concluded, your credit union reached a significant milestone in our history by achieving \$1 Billion in total assets! This places Premier Members in the top 5% of credit unions nationally! We can't say thank you enough to our members, employees, volunteers and all of the local communities we serve on a daily basis for helping us reach this landmark asset size in our 59th year of business.

Our growth allows us to continue offering affordable financial services to our members via a balance of competitive rates, products and services while continuing to contribute to the development of the communities we serve. In 2017, your credit union gave back \$171,045 in total community outreach support through our Premier: Gives pillar. Our larger asset size enables us to achieve additional efficiencies and economies increasing our members' confidence, faith, and trust in Premier Members as a secure place for their savings.

Passing the \$1 Billion asset mark was the perfect way to close out a year which included launching two new products to further extend our giveback to our membership. With the launch of the 3% Money Market reverse-tier account, our credit union became the first financial institution in Colorado to introduce reverse-tier rates to our members. This product allowed all members to earn big, up to 3% APY, on the smallest of savings balances. Additionally, the launch of our Loan Interest For Education program allowed us to share our loan interest income directly with local schools in order to support individual and educational school programs throughout the many local educational communities we serve and support.

All of us here at the credit union remain focused on building relationships and adding value every day to our members, employees, and the communities we serve. We are grateful to our members for continuing to put their trust in us, and we are excited about sharing what we have accomplished together in 2017, as well as what we have planned in 2018 to further extend the benefits to you, our member-owners.

**Carlos Pacheco**  
CEO

**Rick Allen**  
CEO / President





## PREMIER MEMBERS CREDIT UNION ACHIEVES \$1 BILLION IN ASSETS

Premier Members Credit Union announced that they have surpassed one billion dollars in assets as of December 31, 2017, placing the financial institution as the seventh largest credit union in Colorado. The announcement comes in the credit union's 59th year in business.

"The entire credit union remains focused on building relationships and adding value every day with our members, employees and the communities we serve. This most recent milestone helps validate our mission while remaining financially sound and stable by providing competitive products, rates and services," said Carlos Pacheco, Premier Members Chief Executive Officer. "We are grateful to our members for continuing to put their trust in us; we couldn't have achieved this significant milestone without them."

The success of the "merger of equals" between Premier Members Federal Credit Union and Boulder Valley Credit Union in March, 2015 saw the combined credit union increase to more than \$820 million in assets at the time of the merger before eventually passing the billion-dollar mark at the end of 2017.

The more than 66,000 member, not-for-profit credit union is now ranked in the top five percent of U.S. credit unions based on asset size. Additionally, Premier Members Credit Union was ranked in the top 10 out of 247 total credit unions in their asset range on Callahan & Associates' Return of the Member (ROM) index during 2017, demonstrating further how much the credit union's rates and giveback benefit its members. The ROM index weighs aspects such as the credit union's rates compared to its competitors, how many products and services the credit union offers, and how many members utilize these products.

Passing one billion dollars in assets was the perfect way to close out a calendar year that included the launching of exciting new products such as the 3% Money Market reverse-tier account and the Loan Interest For Education (LIFE) product offering. Premier Members Credit Union became the first financial institution in Colorado to introduce reverse-tier rates to its members in the form of a 3% Money Market account, where members can earn up to 3% on smaller savings balances. Premier Members also introduced the LIFE program to make donations to local schools through the profit-sharing of the Credit Union's loan interest income. Premier Members closed the year with return-on-assets ratio of 0.89% and a strong net worth ratio of 10.72%.



## 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, Colorado Division of Financial Services (DFS) and the National Credit Union Association (NCUA). We review all internal audit findings, 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 our members.

2017 was a banner year for Premier Members Credit Union as we grew assets to more than one billion dollars and continued strengthening a full year net worth ratio of 10.72%.

As the strategic plans are rolled out this year, with new branch offices and continued loan growth targeted, especially in the mortgage area. 2018 should be another good year. The credit union has established a solid foundation for the anticipated growth by creating the Enterprise Risk Management (ERM) department in 2017, allowing the organization to focus on Line of Business risk while ensuring necessary controls are put in place to mitigate business exposures. We feel that with a continued ERM business process, targeted loan growth, strong management team, and focused volunteers within the board and supervisory committee will allow the credit union to provide a stable financial platform for banking services in 2018 and future years to come.

**Gary Horton**

*Chairman of the Supervisory Committee*



## TREASURERS' REPORT

Premier Members Credit Union (PMCU) had a successful 2017, closing out the year by reaching a significant milestone of over \$1 billion in assets. This accomplishment is possible thanks to the efforts of the staff who have worked tirelessly with Senior Management to execute the strategic plan of the board. Along with the strong results for 2017, the credit union has received excellent reports from both state and federal examiners and auditors.

Premier Members Credit Union continues to be a safe and sound financial institution that is 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 10.72%. PMCU grew net income in 2017 by 4.52% to \$8,628,792. Loans are the core of our business and a healthy loan portfolio is key to the on-going success of the credit union; net loans grew 14.28% to \$782,315,292. Additionally, total assets for the credit union increased \$91,295,837, or 9.86%, to \$1,017,516,036. These numbers demonstrate the credit union's ability to execute and deliver value and provide a strong foundation for growth and member value in 2018 and beyond.

**Harvey A. Kamionka**  
*Treasurer of the Board of Directors*

**Jim Clemmer**  
*Co-Treasurer of the Board of Directors*





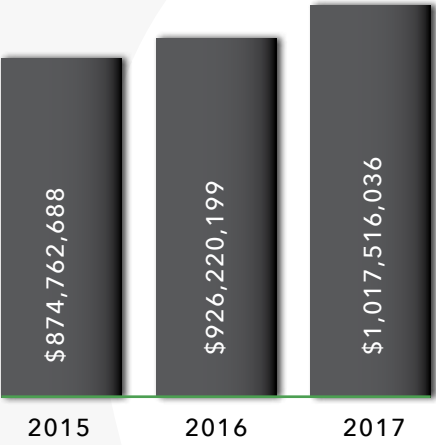
## FINANCIAL STATEMENT

	2017	2016	2015
<b>Total Assets</b>	\$1,017,516,036	\$926,220,199	\$874,762,688
<b>Total Net Loans</b>	\$782,315,292	\$684,560,987	\$592,071,488
<b>Total Deposits</b>	\$882,740,062	\$802,797,833	\$761,893,877
<b>Total Member Equity</b>	\$118,961,687	\$108,891,290	\$100,928,145
<b>% of Assets</b>	11.69%	11.76%	11.54%
<b>Gross Revenue</b>	\$48,009,408	\$40,560,796	\$40,040,718
<b>Dividends &amp; Interest Expenses</b>	\$3,633,406	\$2,009,619	\$1,841,918
<b>Provision for Loan Losses</b>	\$3,398,552	\$3,256,827	\$4,039,313
<b>Total Operating Expenses</b>	\$31,687,929	\$30,098,056	\$28,915,127
<b>Non-Operating Expenses/ (Income)</b>	\$660,729	\$1,049,332	\$195,626
<b>Net Income</b>	\$8,628,792	\$8,255,245	\$5,048,734

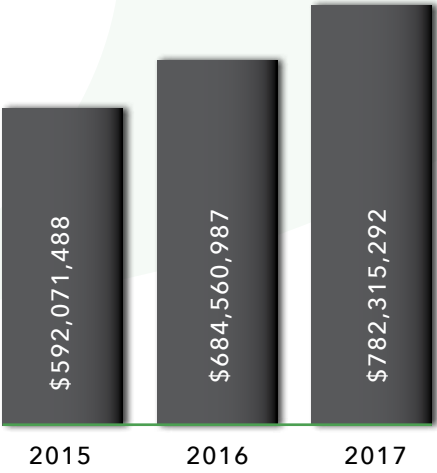


## FINANCIAL COMPARISON

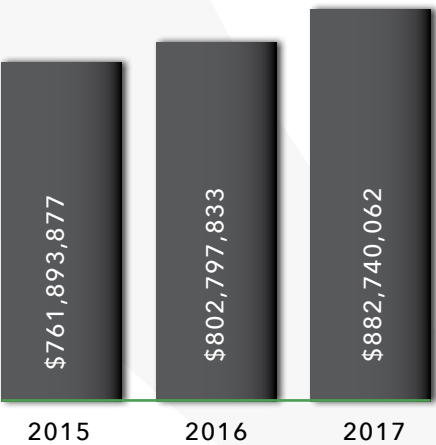
TOTAL ASSETS



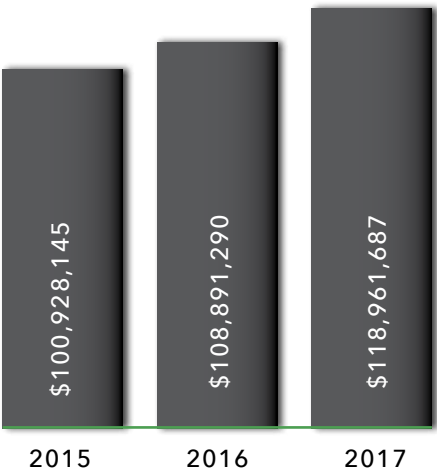
TOTAL NET LOANS



TOTAL MEMBER DEPOSITS



TOTAL MEMBERS EQUITY





## FROM THE CREDIT OFFICER

Premier Members Credit Union (PMCU) enjoyed another very successful year with respect to its lending line of business. Net loans grew by \$98 million or 14.28% to end the year at \$782 million on annual production of \$333 million. The loan to share ratio was reported at a very respectable 89.13%. Premier Members' combined delinquencies and net charge-offs were 72 basis points, significantly better than peer averages. The main areas of lending growth were in autos, real estate, and first mortgages.

As a result of the merger and system conversion, 2017 was a year to work on software application efficiencies and process improvements in the lending area. Improvements to our lending platform included instant decisioning and the ability for members to join, apply for a loan and sign their disclosures agreements without ever having to step foot in a branch. We also consolidated two credit card service providers into one unified platform and introduced three new indirect lending channels in order to diversify risk. These improvements resulted in substantial increase in production. Late in 2017, the mortgage department became fully staffed with expectations of increased volume starting in 2018.

Premier Members Credit Union had previously run a number of lending campaigns but 2017 was the first year we ran pre-screened campaigns in mortgages, auto lending and credit cards, which all proved to be very successful. Our goal is to provide easy, effective and efficient service to our members in their preferred method of doing business.

I am very proud of our membership support and staff contributions in making 2017 a very successful year. We will continue to strive to build relationships and add value every day.

**Lindsay Sandham**  
*Chief Lending Officer*



## PREMIER GIVES

### UNITED WAY

In 2017, PMCU devoted 354 hours and 101 employees to United Way projects. These have included Boulder Shelter for the Homeless, Habitat for Humanity, Cure Organic Farm, Community Food Share, Crayons 2 Calculators, Earth's Table, Day of Caring, Safehouse for Progressive Non-Violence (SPAN), and A Precious Child. PMCU employees pledged \$42,560 to United Way and United Way agencies via payroll deduction. Additionally, PMCU was a primary sponsor for Foothills United Way Day of Caring 2017, contributing \$7,500 to the local community. Additionally, \$2,780 was granted to United Way partners and agencies in 2017.

► **TOTAL IMPACT IN 2017:**

10 projects, 101 employees, 354 community outreach hours and \$52,840.

### COMMUNITY NEEDS

PMCU placed first for our region in corporate giving and team standing for the MS Walk of Colorado. We raised \$5,640 towards MS Colorado. Eight employees gave five community outreach hours each to work the event. PMCU also hosted a "paint and sip" for Realities for Children. Participants painted piggy banks to hold scholarship dollars to be donated to Realities for Children. PMCU's in-kind donation to the event was \$960.

► **TOTAL IMPACT IN 2017:**

8 employees, 40 community outreach hours, \$6,600.

### SCHOLARSHIPS

In 2017, PMCU offered \$30,000 in Scholarships to expand the Premier Scholarship reach through partnerships with local charities and organizations: Impact on Education - \$5,000, Westminster Public Schools Foundation - \$5,000, Realities For Children of Boulder County (Four-Year Scholarship) - \$7,500, I Have a Dream Foundation - \$2,500, PMCU Scholarship(s) - \$5,000 (x2).

Additionally, seven employees contributed eight hours each to selecting the recipients for the Premier Scholarship, giving 56 outreach hours to the community. PMCU also donated a Premier Scholarship to the Impact Awards Scholarships for the BVSD Teachers (to be awarded in 2018) in the amount of \$10,000 to honor outstanding teachers with further education opportunities.

► **TOTAL IMPACT:**

9 Scholarships, 7 employees, 56 community Outreach Hours and \$40,000

### EDUCATION AND FINANCIAL LITERACY

PMCU values education in the communities we serve. The Corporate Social Responsibility and BD employees provide weekly financial literacy courses for youth in excess of 600 employee hours annually. For staff outreach hours these efforts are tabulated as 8 hours per employee for a total of 24 reported hours. We also recognize after-school programming for at-risk youth by awarding \$7,500 to the I Have a Dream Foundation - Boulder.

► **TOTAL IMPACT:**

3 employees, 24 community outreach hours and \$7,500

### TOTAL CHARITABLE IMPACT:

119 EMPLOYEES, 474 COMMUNITY OUTREACH HOURS AND \$106,940.



## PREMIER SUSTAINABILITY

### COMMUNITY OUTREACH

In 2017, eight employees committed 64 hours of community outreach towards sustainability efforts at PMCU. We also gained our Green Business Certification through Eco-Cycle and reclaimed our Partners for a

Clean Environment certification at our Louisville branch location for \$4,500 towards Eco-Cycle to continue their work.

► **TOTAL 2017 IMPACT:**

8 employees, 64 community outreach hours, \$4500.

### **TOTAL SUSTAINABLE IMPACT:**

**8 EMPLOYEES, 64 COMMUNITY OUTREACH HOURS AND \$4,500.**



## COMMUNITY ENGAGEMENT

### COMMUNITY ENGAGEMENT

PMCU sponsored Branch events to connect with branch communities and increase branch awareness in 2017:

- Unity in the Community
- Tulip Fairy & Elf festival
- Kite festival
- Estes Park Duck Race
- Movie in the Park (Westminster Station)
- Bike to work Day
- Spaghetti Golf Tournament
- Westminster Fest (City park)
- CV Golf Tournament
- Peak Event
- Boulder Community Hospital (BCH) Event
- Broomfield Farmers' Market
- 1st Annual Auto Show

PMCU sponsored four Enterprise events (in which PMCU was the primary sponsor):

- Taste of Louisville
- Rhythm on the River
- Thornton Harvest Fest
- Downtown Boulder Fall Fest

PMCU Launched Two Branch Open Houses:

- North and South Longmont - Before Hours Open House
- Firestone - Carbon Valley After-Hours

► **TOTAL COMMUNITY ENGAGEMENT:**

19 community events, 126 employees,  
506 Outreach Hours, \$28,850.

### **TOTAL COMBINED OUTREACH/ENGAGEMENT:**

253 EMPLOYEES PARTICIPATED

1,044 STAFF COMMUNITY OUTREACH HOURS DONATED

\$171,045 COMMUNITY SUPPORT DOLLARS