
The Artisans of Banking

ANNUAL
REPORT
2020

Premier Members Credit Union

TABLE OF CONTENTS -

<i>Chairman Report</i>	2
<i>CEO Report</i>	3
<i>Supervisory Committee Report</i>	4
<i>Treasurer Report</i>	5
<i>Financial Report</i>	6
<i>Financial Comparison</i>	7
<i>Credit Officer Report</i>	8
<i>Community Outreach Report</i>	9
<i>Sustainability Report</i>	10

CHAIRMAN REPORT -

Premier Members Credit Union had a different and challenging year in 2020. January and February were excellent, but were followed with the arrival of the pandemic and Federal Reserve interest rates near 0%. Our management team took immediate action to maintain our strong financial position and protect the assets of our membership.

The credit union modified how we did business due to COVID-19 health and safety mandates. All of the credit union's employees stepped-up, enabling the credit union to continue to provide essential and top-notch service to our members and owners.

Although it was necessary to modify the budget, a number of milestones were achieved in 2020. Some, but not all, of the highlights follow:

- *Assets grew from \$1.41 billion in 2019 to \$1.43 billion in 2020.*
- *Membership grew by 3,583 new members bringing our total membership to 77,228.*
- *Integration of Pueblo Horizons Federal Credit Union in Pueblo was completed.*
- *Implementation of an upgraded mobile and online banking platform was completed.*
- *Premier Members Credit Union received recognition as "Best Online Bank for Money Market" by Magnify Money (a division of Lending Tree) for our reverse money market account offering.*
- *Forbes named Premier Members a "Top 5 Best in State Credit Union" in Colorado.*
- *We achieved a very good and successful regulatory exam. The regulators commented how management was proactive responding to the pandemic, and the low interest rates.*
- *Premier Members continued the remodel and update of our branches by completing Estes Park.*
- *Premier Members continued to expand its geographical footprint by purchasing two properties for future branches.*
- *We anticipate opening new branches in late 2021 in Arvada and Thornton.*
- *Premier Members continued to grow assets and loans during the modified operations caused by low interest rates and the pandemic.*

Many of the credit union's employees were able to work from home, thanks to our dedicated employees, management, and IT staff that made this transition successful.

Thank you to Premier Members' CEO, Carlos Pacheco, and the management team for their leadership and success under some difficult circumstances.

Also, thank you to all of the staff who worked hard during this pandemic to take care of the needs of our members and owners.

Thank you, volunteers, board of directors and supervisory committee members for your guidance and oversight during these very difficult and unusual times.

And, thank you to the credit union's loyal members, who are the shareholders and owners of the credit union. Premier Members Credit Union is here to serve everyone and to provide you value each and every day.

LYNEL VALLIER
Chairman of the Board

CEO REPORT -

2020 was a year that our members, employees and the communities we serve will not soon forget. Few could have anticipated how lives would be disrupted and Premier Members Credit Union would be faced with a generational pandemic that forced change in the way we operate and interact on a daily basis. The heart of Premier Members—our employees, Board of Directors, volunteers, and members that make us who we are as an organization—pivoted, adapted and executed on many fronts to make 2020 a successful year for Premier Members Credit Union.

During 2020, membership grew to over 77,000 with more than \$1.43 billion in total assets. A portion of this growth was attributable to the successful integration and merger of the Pueblo Horizons Federal Credit Union in Pueblo. We are excited to have a presence in the Pueblo market, with a new branch for our existing members to utilize as we continue to implement BRAVE (Build Relationships and Add Value Every Day) as part of the Pueblo community. In addition to this member growth, we also expanded our field of membership by adding additional counties within Colorado. Currently, 89% of the population of the State of Colorado is eligible to join Premier Members Credit Union.

Progress on initiatives could have been halted or impacted as a result of the pandemic. I am extremely proud that this was not the case, and that thousands of credit union staff hours were invested into enhancing our mobile and web-based digital channels, which became available in late 2020. These efforts were timely due to the pandemic, and mobile and online channels increased capabilities, functions and offerings when our members needed it most.

In regards to direct community impact, 2020 provided a unique and different way to initiate, execute and activate our outreach activities and funds. Premier Members Credit Union made significant donations at the height of the pandemic to Colorado area food banks throughout

several Colorado counties. We also launched a Fire Relief Fund, which generated \$41,670 to support those directly impacted by the Colorado wildfires. Our total community outreach support spans multiple areas including serving community basics, charitable giving, supporting schools and education and sustainability initiatives. For the year, this amounted to \$334,707 in total community outreach and support.

In response to COVID-19 and its many financial impacts to our members, we launched our Member Assistance Program which provided our members loan payment deferrals, mortgage assistance, and small business assistance. In total, we made 9,867 loan deferrals and issued 70 mortgage forbearances. At the height of the pandemic we also pivoted to become a Small Business Association (SBA) approved Paycheck Protection Program (PPP) loan provider, which resulted in over \$5 million in loans to help 274 small businesses that were impacted by the pandemic.

During challenging times, it is always good to reflect on our history. Premier Members was founded more than 60 years ago to deliver low-cost financial services and financial education, regardless of the obstacles that may surface. Our mission still honors our roots as we continue to exercise BRAVE in every way possible. Thank you for your continued support and membership. We look forward to serving you and continuing this journey together.

Special thanks to all of the employees who persevered, adapted and overcame the many challenges that the pandemic presented. Without these brave individuals, we would have not been able to provide essential services to our members.

CARLOS PACHECO

Chief Executive Officer

SUPERVISORY COMMITTEE REPORT -

The Supervisory Committee oversees the checks and balances for Premier Members Credit Union. We work with the Board of Directors, credit union management, 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.

2020 was a challenging year with the global pandemic and economic uncertainty. Despite these hurdles, Premier Members Credit Union's assets grew from \$1.24 billion at year-end 2019 to \$1.43 billion at year-end 2020. Membership rose to over 77,000 and year-end 2020 net worth was 9.7%. The credit union experienced a positive year considering these challenges.

Premier Members Credit Union is positioned for strong results in 2021, 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 2020, a year marked by extraordinary challenges due to COVID-19, Premier Members Credit Union experienced strong growth in both deposits and loans while continuing its focus on member service. Premier Members continued its investments in both digital and traditional branches with a significant upgrade of both mobile and web-based banking.

The credit union demonstrated excellent stewardship of its members' money by reducing operating expenses as a percent of assets, while continuing to invest in its employees. Premier Members Credit Union also received strong reports from both state and federal examiners and auditors.

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 the credit union's members. Premier Members Credit Union continues to be a safe and sound financial institution that is committed to delivering strong financial results.

The following highlights from our financial statements demonstrate this commitment:

Premier Members Credit Union is well-capitalized with a net worth of 9.7%. Lending continued to provide the strong basis of income for the credit union with total loans growing by \$65,551,423 to \$982,074,859 or 7.2%. Total deposits grew \$165,207,299 or 15.7% and total assets grew by 15.3% to \$1,431,197,409. Net income tallied \$7,068,401, for a return on average assets of 0.52%, including a meaningful increase in reserves for future loan losses due to the pandemic. These results for 2020 provide the strong foundation for Premier Members Credit Union to continue to add value for 2021 and beyond.

PETER S. JANSKY II

Treasurer

ANNUAL REPORT 2020

FINANCIAL REPORT -

FINANCIAL STATEMENT	2018	2019	2020
TOTAL ASSETS	\$1,134,091,465	\$1,241,180,693	\$1,431,197,409
TOTAL NET LOANS	\$900,880,519	\$911,104,916	\$971,766,410
TOTAL GROSS LOANS	\$906,188,015	\$916,523,436	\$982,074,859
TOTAL DEPOSITS	\$989,956,787	\$1,052,664,404	\$1,217,871,703
TOTAL MEMBER EQUITY	\$129,294,891	\$141,886,615	\$151,237,025
% OF ASSETS	11.40%	11.43%	10.57%
GROSS REVENUE	\$55,521,582	\$61,656,497	\$60,977,626
DIVIDENDS & INTEREST EXPENSES	\$6,800,255	\$9,352,483	\$7,468,051
PROVISION FOR LOAN LOSSES	\$4,120,129	\$3,455,237	\$7,205,230
TOTAL OPERATING EXPENSES	\$33,019,186	\$37,600,132	\$39,942,774
NON-OPERATING EXPENSES/(INCOME)	(\$179,127)	\$799,567	(\$706,831)
NET INCOME	\$11,761,139	\$10,449,078	\$7,068,401

FINANCIAL COMPARISON



CREDIT OFFICER REPORT -

Premier Members Credit Union had another successful year in its lending lines of business. With highly competitive interest rates as a result of the pandemic, total loans grew \$65.6 million or 7.2%, to end the year at \$982,074,859. Total loan originations were \$608 million, a \$225 million or 59% increase over 2019. Members and consumers took advantage of lower rates to refinance their first mortgages and home equity lines of credit (HELOC). Premier Members experienced several successful marketing campaigns for mortgages, auto loans and credit cards, focused on building and expanding relationships.

Credit quality remains strong, with delinquencies ending the year at .30% of total loans, compared to a peer average of .75%. The credit union's net charge off for the trailing 12 months were .33% of total loans, compared to peer average of .57%. Exercising caution in light of the economic impact of COVID-19, the credit union increased the allowance for loan losses by \$4.9 million, ending 2020 at \$10.3 million. Premier Members Credit Union is well-positioned to absorb any latent and extraordinary loan losses related to a COVID-19 stressed economy.

In an attempt to help its members through the pandemic and economic downturn, the credit union deferred payments on 9,867 consumer loans with an aggregate balance of \$129 million, and 70 first mortgages totaling \$26 million. Of those, 95% of the deferrals have expired and members have resumed payments. Premier Members also developed a Payroll Protection Program (PPP) for its business members, a component of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The credit union processed more than 274 PPP loans for an aggregate loan balance of over \$5 million. Many of those have already been forgiven by the Small Business Association (SBA).

Faced by the adversity of COVID-19, Premier Members had a productive year as it continues to be BRAVE!!

MARK WIETE

Interim 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.

\$334,707

DONATED FOR COMMUNITY SUPPORT

 **\$53,363**

UNITED WAY
EMPLOYEE DONATIONS
WITH CORPORATE MATCH

267

EMPLOYEE
OUTREACH
HOURS

8 HIGHER-
EDUCATION 
SCHOLARSHIPS



**SUSTAINABILITY GOALS
FOR 2020 & 2021**

BASELINE	2020 GOAL	2021 GOAL
 <p>ENERGY 1,189,970 KWH (2018)</p>	<p>6% REDUCTION In energy use against baseline</p>	<p>12% REDUCTION In energy use against baseline</p>
 <p>NATURAL GAS 17,481 THERMS (2018)</p>	<p>5% REDUCTION In natural gas use against baseline</p>	<p>10% REDUCTION In natural gas use against baseline</p>
 <p>WATER 2,060,925 GALLONS (2018)</p>	<p>15% REDUCTION In water use against baseline</p>	<p>25% REDUCTION In water use against baseline</p>
 <p>WASTE 5 PACE CERTIFIED LOCATIONS (2018)</p>	<p>>50% waste diverted from landfill at all locations</p>	<p>100% PACE Certifiable Status at all Premier Members locations</p>
 <p>PAPER 78,747 PAGES PRINTED PER MONTH (2019)</p>	<p>10% REDUCTION In paper printing against baseline</p>	<p>25% REDUCTION In paper printing against baseline</p>



PMCU.ORG | 303.657.7000
5505 ARAPAHOE AVE.
BOULDER, CO 80303