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*The Artisans of Banking*

# ANNUAL REPORT 2021

*Premier Members Credit Union*

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**TABLE OF CONTENTS -**

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

## CHAIRMAN REPORT -

During the past year, Premier Members Credit Union has continued to grow and prosper while continuing to serve our member owners very well. The organization has grown with assets increasing to \$1,586,159,496 while providing services to over 77,000 members. COVID-19 has changed the way people handle their banking needs and Premier Members has revised its operations to accommodate these needs.

The organization continues to expand and will be opening new branches in Thornton and Arvada during 2022, followed with a new branch in Erie in 2023. We purchased a new facility in Broomfield that has made it possible to consolidate our backroom and administrative staff into a single location.

Premier Members continues to be listed as one of the best Credit Unions in Colorado. The Reverse Tier Money Market Account, introduced more than five years ago, continues to serve our members, and several other organizations have started to offer similar types of accounts.

Carlos Pacheco, CEO, and his management team, are continuing to serve our membership and local communities with a focus on high member satisfaction, while the management team and employees continue to volunteer their time to community activities, with United Way being just one example.

No organization can truly succeed without dedicated leadership and guidance from the representatives elected by the membership to serve on the Board of Directors. During 2021, 13 individuals served as directors for Premier Members, by providing direction for the whole organization. As Chairman of this group, I want to thank those who have given their time and energy to setting the future direction for Premier Members.

One of our directors, Harvey E. Kamionka, served on the Supervisory Committee and also as a key member of the board for over 30 years. In 2022, he will remain involved as a board emeritus member. Our Supervisory Committee is a group of four volunteers that serve in the oversight role and monitor the Credit Union activities independently from management and the Board, and I thank them for their time, skills, efforts, and service.

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

### **MARK GISI**

*Chairman of the Board*

## CEO REPORT -

2021 was another challenging and pandemic-influenced year for Premier Members Credit Union. Restrictions in how we deliver services evolved as we learned and dealt with the impact of the many variants of COVID-19, while staying focused on the health and well-being of our employees, members, and communities we serve. Our employees, Board of Directors, volunteers, and members—the heart of Premier Members—adapted and continued to execute on many fronts, making 2021 a successful year for the Credit Union.

During 2021, our field of membership grew slightly to over 77,300 members while assets surged to almost \$1.6 billion. Our employees continued to live our BRAVE mission (Build Relationships and Add Value Every Day) as part of every member interaction. Premier Members continued its Members Assistance Program (MAP) in response to COVID-19; offering members loan payment deferrals, mortgage assistance, and small business loan assistance. The Credit Union continued as a Paycheck Protection Program (PPP) loan provider, delivering \$3.3 million to 174 businesses in need throughout 2021. Recognizing the commitment and dedication of our staff, Premier Members' Board of Directors proclaimed another "Employee Day of Thanks," to recognize their hard work and dedication to members throughout the year. Late in the year, the membership of the Shambala Credit Union (SCU) in Boulder overwhelmingly approved of the merger of SCU into Premier Members. We welcome this field of membership into our growing family of members that share our core values.

The pandemic was not the only situation that the Credit Union had to endure during 2021. Our members and the community we are so familiar with were disrupted by the tragic grocery store shooting that took the lives of 10 people in Boulder. In late December, our members and adjacent communities dealt with the devastation and destruction left as a result of the Marshall Fire in Boulder County. In response to the shooting, Premier Members launched its 2021 Crisis Fund, to support the Community Foundation Boulder County's Crisis Fund. Premier Members challenged its members to a \$50,000 match; and also facilitated the raising of \$43,000 from members

and vendors, for a grand total of \$93,000 in donations. On December 30, we offered a \$50,000 leadership gift to Community Foundation Serving Boulder County, and reactivated the Member Assistance Program for the communities and members impacted by the Marshall Fire.

In addition, the Credit Union found unique ways to provide community outreach and funds throughout the year. Our employees donated 570 community outreach hours, while Premier Members and its employees donated a total of \$462,607 in community outreach support.

We received recognition again as one of the Civic 50 Companies in Colorado. This initiative recognized Premier Members as one of the most community-minded companies in the state. It provides a standard for superior corporate citizenship and showcases how companies can use their time, talents, skills, and resources to drive social impact in their company and communities.

Our Premier Gives program received first place in the Dora Maxwell Social Responsibility Community Service Award by the Mountain West Credit Union's "Over \$1 Billion" category. This award, given to a Credit Union for its social responsibility within the community, considers external activities, including educational activities, community involvement projects, and activities that help other people or strengthen the structure of a community. We remain in a strong financial position heading into 2022 and are looking forward to opening new branches in Thornton and Arvada this year.

We thank you for your continued support and membership. I also want to extend my thanks to all of our incredible employees for their endurance and commitment in delivering services during the 700+ days of the pandemic. We will continue to exercise BRAVE in every way possible in 2022.

**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, and 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.

2021 was a tough year, due to continuing challenges from a global pandemic, economic uncertainty, and a transforming workforce. Despite these hurdles, Premier Members Credit Union's assets grew from \$1,431,197,409 at year-end 2020 to \$1,586,159,496 at year-end 2021, with a net worth of 9.73%. Management's focus on loan growth and membership growth are key for a successful 2022!

### **GARY HORTON**

*Chairman of the Supervisory Committee*

## TREASURER REPORT -

In 2021, Premier Members Credit Union continued to have staffing challenges due to the COVID-19 virus and its related variants. Even with those issues, Premier Members Credit Union experienced strong growth in assets, deposits, and loans while continuing our investment in delivering additional services to our members. Premier Members is in the process of building three new branches in Thornton, Arvada, and Erie, to better serve our members.

Premier Members continued its investments in technology. 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 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 Total Member Equity at 9.73%. Lending continued to provide the strong basis of income for the Credit Union, with total loans growing by \$85,365,345 to \$1,067,440,204 or 8.7%. Total deposits grew \$124,723,688 or 10.2%. Total assets grew by 10.8% to \$1,586,159,496. Net income tallied \$7,584,517, for a return on average assets of 0.50%, including a strong reserve for potential loan losses due to additional funding during the pandemic. These results for 2021 provide the strong foundation for Premier Members Credit Union to continue to add value and serve our members into 2022 and beyond.

**MICHAEL MEYERS**

*Treasurer*

ANNUAL REPORT 2021

FINANCIAL REPORT -

FINANCIAL STATEMENT	2019	2020	2021
TOTAL ASSETS	\$1,241,180,693	\$1,431,197,409	\$1,586,159,496
TOTAL NET LOANS	\$911,104,916	\$971,766,410	\$1,059,128,457
TOTAL GROSS LOANS	\$916,523,436	\$982,074,859	\$1,067,440,204
TOTAL DEPOSITS	\$1,052,664,404	\$1,217,871,703	\$1,342,595,391
TOTAL MEMBER EQUITY	\$141,886,615	\$151,237,025	\$154,269,781
% OF ASSETS	11.43%	10.57%	9.73%
GROSS REVENUE	\$61,656,497	\$60,977,626	\$57,153,432
DIVIDENDS & INTEREST EXPENSES	\$9,352,483	\$7,468,051	\$4,790,277
PROVISION FOR LOAN LOSSES	\$3,455,237	\$7,205,230	\$1,347,860
TOTAL OPERATING EXPENSES	\$37,600,132	\$39,942,774	\$42,627,367
NON-OPERATING EXPENSES/(INCOME)	\$799,567	(\$706,831)	\$803,411
NET INCOME	\$10,449,078	\$7,068,401	\$7,584,517

Please note 2021 financials are unaudited

FINANCIAL COMPARISON -



Please note 2021 financials are unaudited

## CREDIT OFFICER REPORT -

Premier Members Credit Union had another successful year across its lending lines of business. Despite a highly competitive interest rate environment, total loans grew \$85.4 million or 8.7%, to end the year at \$1,067,440,204. Premier Members originated 9,622 loans with total loan originations of \$603 million, a \$5.9 million or 1.0% decrease compared to 2020. Despite the slight year-over-year decrease, members and consumers capitalized on sustained lower interest rates to refinance 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 its relationships.

Credit quality remained strong, with delinquencies ending the year at 0.31% of total loans, compared to a peer average of 0.45%. The Credit Union's net charge-offs for the trailing 12-months were 0.34% of total loans, compared to peer average of 0.36%. Collectively, the loan portfolio is performing as expected, despite the initial tapering effects of government stimulus and inflationary pressures.

In light of the potential economic impact of COVID-19, and in an abundance of caution, an increase of \$4.9 million in allowance of loan losses was completed during 2020. Due to continued economic improvement, funding of provision for loan losses was suspended in June, 2021, allowing loan loss reserves to continue to normalize. Ending balance for loan loss reserves was \$8.3 million at the end of December, 2021. Premier Members Credit Union is well-positioned to absorb any latent and extraordinary loan losses related to the aftereffects of COVID-19.

In an attempt to help its members through the pandemic and the lingering effects of an economic downturn, the Credit Union has worked on numerous first mortgage deferments and processed hundreds of Payroll Protection Program (PPP) loans for its business members.

In all, Premier Members had a productive year balanced with a healthy focus on credit quality as it continues to be BRAVE!!

### **DAVID LEMMON**

*Senior Vice President - Credit 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.*

**\$462,607**

DONATED FOR COMMUNITY SUPPORT



**\$65,176**

UNITED WAY  
EMPLOYEE DONATIONS  
WITH CORPORATE MATCH

**570**

EMPLOYEE  
OUTREACH  
HOURS

**7** HIGHER-  
EDUCATION   
SCHOLARSHIPS



**SUSTAINABILITY GOALS  
FOR 2020 & 2021**

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



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