
The Artisans of Banking

ANNUAL
REPORT
2022

Premier Members Credit Union

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CHAIRMAN REPORT -

Premier Members Credit Union continues to grow and prosper and has grown assets to \$1.73 billion (about \$5 per person in the US) and membership to over 78,000 members (about the seating capacity of the Los Angeles Memorial Coliseum). With rising interest rates, the financial industry has experienced significant changes, loan demand has slowed down, and we have seen more spending and less savings over the past year.

The new branches we opened in 2022, in Thornton and Arvada, are showing steady growth, adding members, and providing existing members with more convenient locations. Early in 2023, we added a new branch in Erie. We experienced an incredibly positive response from the community, with many attendees participating in our ribbon-cutting event.

Soon, Premier Members will add a new location in Boulder's Gunbarrel area and a new branch near 104th and Federal in Westminster. Several of our existing branches are being upgraded and refreshed. Occupying the new facility in Broomfield has allowed Premier Members to consolidate our backroom staff into a specific location.

The Board of Directors replaced the voluntary Supervisory Committee with an Audit Committee, as several other state-chartered credit unions have previously done. Three new board positions were added to form the basis of the new Audit Committee. The new members are Gary Horton, Amanda Meader, and Sheuch-Fong Hsu.

Carlos Pacheco and his management team continue to serve our membership and the communities we serve, focusing on high customer satisfaction. The management team and its employees continue volunteering their time to community activities, with United Way as 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 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 set Premier's future direction.

One of our directors, Elaine Hutchings, has served on our board for over eighteen years and has decided not to run for office this year. She joined the organization when her previous organization merged with Premier and has been a part of the credit union industry, being a key member of two different boards for over 20 years. The board and I wish Elaine all the best in her retirement. The board would also like to recognize Dr. Joe Bonelli for his service on the Supervisory Committee.

As always, in closing, 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 -

Premier Members has closed the books on another year of challenges and opportunities for our members, our employees and the communities we serve. We do what Credit Unions do best. For over 63 years, we have brought people together with financial services they need for a healthy and prosperous financial life. We strive in helping our communities and our members all at the same time. As we do every year, we endeavored to execute on our credit union's mission to Build Relationships and Add Value Every day (B.R.A.V.E.). As an organization, our total assets surpassed \$1.7 billion while membership grew to over 78,000 strong. I sincerely appreciate and thank our members, employees, Board of Directors, volunteers, and the communities we serve for helping us count 2022 as another successful year.

During 2022, we continued to focus on growing Premier Members Credit Union's footprint throughout Colorado. Premier Members expanded its field of membership for additional Counties within Colorado. Currently, more than 90% of the population of the State of Colorado are eligible to join. We also enhanced our branch network with the opening of new branches in Thornton and Arvada, and plan three more branches during 2023. Our online presence also received a refresh as we launched an improved pmcu.org website. We are welcoming new members every day through these new channels to be a part of the Premier Members family.

Over the last two years as the world has battled the COVID-19 pandemic, we have been inspired by our membership and the positive impact that each of our employees has made to the communities we serve and the financial lives of our members. We truly are stronger together.

Early in the year we completed our large-scale fundraising effort to benefit victims of the wildfires by donating \$50,000 for the Boulder County Wildfire Relief Fund. Our employees donated 1,219 community outreach hours, while Premier Members and its employees donated a total of \$517,070 in community outreach support.

We received recognition again as one of the Top 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. The credit union also received national recognition from Forbes as a Top Five Credit Union in the State of Colorado.

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 what we have planned in 2023 to further extend the benefits to you, our member-owners.

CARLOS PACHECO

Chief Executive Officer

AUDIT COMMITTEE REPORT -

The Audit Committee oversees the checks and balances of the credit union. We are part of the Board and work with credit union management, multiple audit firms, the Colorado Division of Financial Services (DFS), and the National Credit Union Association (NCUA). We review all internal audit findings, external audits, IT audits, and any member concerns to ensure appropriate actions are taken. Our goal is to ensure member satisfaction and financial stability for our members.

2022 was a good year for Premier Members Credit Union - assets are up to \$1.73 billion, and membership is now over 78,000K. Loans continue to grow and are at an all-time high. A very positive year!

2023 has new opportunities for our members and positions the credit union for membership growth as we open new branches in Erie and Gunbarrel.

GARY HORTON

Chairman of the Audit Committee

TREASURER REPORT -

Thanks to the hard work and dedication of staff and management in executing the board's strategic plan, Premier Members Credit Union (PMCU) had another successful year delivering on its financial goals and investing in its ability to grow and serve its membership. PMCU produced strong financial results with robust growth in assets and loans in 2022. Along with the strong financial performance, the credit union continued to invest in its future by opening new branches in Thornton and Arvada, and breaking ground on a new branch in Erie, which opened in February 2023.

Premier Members Credit Union continues to be a safe and sound financial institution 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 equity of 7.71%. Lending continued to provide substantial growth and income for the credit union, with total loans growing \$209,729,329, or 19.7%, to \$1,277,169,573. Total assets were up 9.1% to \$1,729,814,809, and net income came in at \$5,862,544 for 2022.

As the impacts of the Federal Reserve's rate increases continue through the economy, PMCU has strong reserves and is well-positioned to add value and serve our members in 2023.

HARVEY KAMINOKA

Treasurer

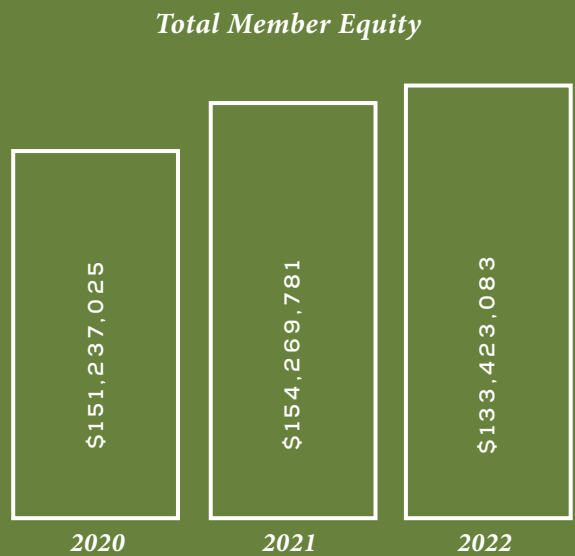
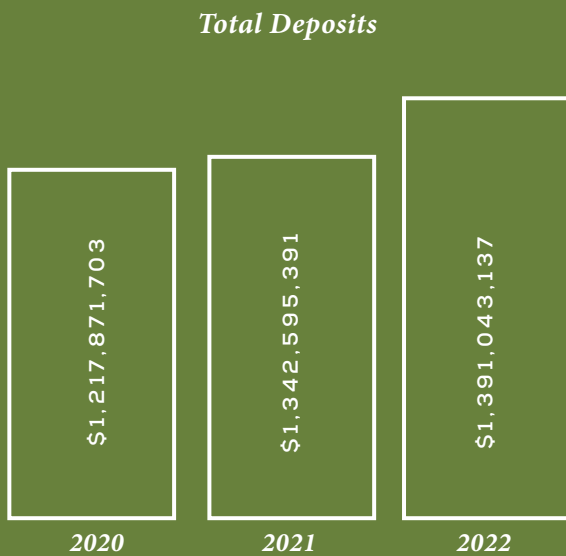
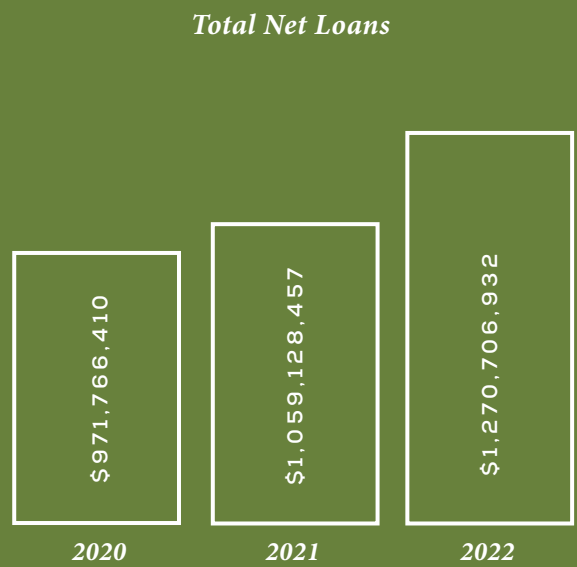
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FINANCIAL REPORT -

FINANCIAL STATEMENT	2020	2021	2022
TOTAL ASSETS	\$1,431,197,409	\$1,586,159,496	\$1,729,814,809
TOTAL NET LOANS	\$971,766,410	\$1,059,128,457	\$1,270,706,932
TOTAL GROSS LOANS	\$982,074,859	\$1,067,440,204	\$1,277,169,573
TOTAL DEPOSITS	\$1,217,871,703	\$1,342,595,391	\$1,391,043,137
TOTAL MEMBER EQUITY	\$151,237,025	\$154,269,781	\$133,423,083
% OF ASSETS	10.57%	9.73%	7.71%
GROSS REVENUE	\$60,977,626	\$57,153,432	\$64,563,592
DIVIDENDS & INTEREST EXPENSES	\$7,468,051	\$4,790,277	\$7,628,592
PROVISION FOR LOAN LOSSES	\$7,205,230	\$1,347,860	\$1,017,337
TOTAL OPERATING EXPENSES	\$39,942,774	\$42,627,367	\$47,602,102
NON-OPERATING EXPENSES/(INCOME)	(\$706,831)	\$803,411	\$2,453,016
NET INCOME	\$7,068,401	\$7,584,517	\$5,862,544

Please note 2022 financials are unaudited

FINANCIAL COMPARISON -



Please note 2022 financials are unaudited

CREDIT OFFICER REPORT -

Premier Members Credit Union had another successful year across its lending lines of business. Despite an aggressive rising interest rate environment, total loans grew \$209.7 million, or 19.7 percent, to end the year at \$1,277,169,573. Premier Members originated 10,870 loans with total loan originations of \$811 million, a \$208.5 million or 34.6 percent increase compared to 2021. Notwithstanding the interest rate environment, members and consumers sustained strong loan demand throughout the year. Premier Members experienced several successful marketing campaigns for mortgages, auto loans, and credit cards, all focusing on building and expanding relationships.

Credit quality remained quite strong, with delinquencies ending the year at 0.30 percent of total loans, compared to a peer average of 0.40 percent. The credit union's net charge-offs for the trailing 12 months were 0.22 percent of total loans, compared to a peer average of 0.18 percent. Collectively, the sum of reportable delinquencies and the trailing 12 months of net charge-offs reported at 0.52 percent of total loans, which is better than its peers reporting at 0.58 percent.

Premier Members continues to keep a pulse on several macroeconomic influences. The Federal Reserve Board of Governors raised the Fed Prime Rate 425 basis points since the beginning of 2022 in an effort to manage

elevated inflationary pressures. As a result, there has been softening in the Gross Domestic Product, as well as a yield curve inversion between the two-year and 10-year US Treasury rates. These factors could have an adverse effect on consumer borrowing behavior during 2023.

Accordingly, Premier Members continues to put effort and resources into its collection efforts for underperforming loans. Furthermore, the credit union continually revisits product offerings related to credit risk and makes adjustments as needed.

During 2020, Premier Members bolstered its allowance of loan loss reserves due to COVID-19. Given loan performance during the last couple of years, provisions for loan losses normalized during 2022. Conditions will continue to be monitored, and adjustments will be made as needed, particularly as the credit union transitions to the Current Expected Credit Loss (CECL) method.

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.

\$517,070

DONATED FOR COMMUNITY SUPPORT



\$70,866

UNITED WAY
EMPLOYEE DONATIONS
WITH CORPORATE MATCH

1,219

7 HIGHER-
EDUCATION 
SCHOLARSHIPS
FOR
\$35,000

EMPLOYEE
OUTREACH
HOURS



PREMIER SUSTAINABILITY

PMCU's sustainability program recognize that we not only have to have a positive financial impact on our members, but we must also contribute to their social and environmental well-being. We strive to example for bold environmental action for our members and employees, the Front Range community at large, and all Colorado financial institutions.

\$47,640

DONATED TO ENVIRONMENTAL CAUSES
IN ALL AREAS OF OUR MEMBER BASE

PURCHASED AN ADDITIONAL

350,000 kWh 

OF SOAL ENERGY TO RUN OUR OPERATIONS



COLLECTED OVER

5+ TONS

(10,000 LBS)

OF ELECTRONICS FOR
RECYCLING FROM
MEMBERS

MEMBER OF **3**



LOCAL
SUSTAINABILITY
BUSINESS
PROGRAMS

- LOUISVILLE
 - LONGMONT
 - WESTMINSTER
- (ONLY FI IN ANY OF THEM)





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