
The Artisans of Banking

ANNUAL REPORT 2024

Premier Members Credit Union

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CHAIRMAN REPORT -

It gives me immense pleasure to present the Chairman's Report for Premier Members Credit Union. Despite facing challenges, 2024 proved to be a year of growth and prosperity for our credit union. Our assets saw an increase from \$1.75 billion to \$1.81 billion, and our membership swelled to over 78,000.

However, the year was not without its difficulties. Mortgage demand continued to be low due to the higher-for-longer interest rate environment. The financial industry, in general, has been navigating through the changing interest rate environment. Loans were able to grow to \$1.32 billion.

Amidst these challenges, Premier Members Credit Union opened a new branch in Broomfield while continuing to upgrade, relocate and refresh existing branch locations throughout the year, incorporating new technology at select locations.

I would like to share with you that the Premier Members Credit Union continues to make great progress on the "mergers of equals" with Meritrust and Premier Members with a goal of being completed in 2025.

I extend my heartfelt gratitude to Premier Members' CEO, Carlos Pacheco, and the entire staff and management team for their exemplary hard work and dedication during this challenging year, who have worked tirelessly to continue to build relationships with our members and owners. My appreciation also goes to the volunteers and board of directors for their guidance and focus throughout the year.

Most importantly, I want to thank our loyal members, who are the true shareholders and owners of the Premier Members Credit Union. Our organization thrives because of your unwavering support and trust. Premier Members Credit Union is committed to serving you and providing value every day.

Thank you all for being a part of our journey.

MICHAEL MEYERS

Chairman of the Board

CEO REPORT -

Premier Members' performance in 2024 exemplified what it means to innovate, adapt and overcome the varied headwinds facing financial institutions. The challenges related to the sharpest increase of interest rates in decades left a lasting impact upon our credit union. The higher-for-longer interest rate environment required us to adapt and tune the organization. This meant making difficult decisions and taking painful steps to better align our resources to business operating results. This also required us to focus on operational excellence while competing for deposits and loans in increasingly competitive marketplaces.

The credit union posted highlights in a year of transformation as a result of the changes described above. These included an increase in net income of \$210K, and decrease in operating expenses of \$4.14M. All of these results can be attributed to the commitment and dedication of our employees who day in and day out stay focused on building relationships and adding value with each one of our members and the communities we serve.

The credit union also took strategic steps to ensure that our credit union will be positioned to serve members today, tomorrow, and well into the future. In October, we announced that the Board of Directors of Meritrust Credit Union based in Wichita, Kansas and Premier Members had signed a letter of agreement to merge. This will create a united multi-state credit union which will proudly serve over 200,000 members with 33 branch locations across communities in Kansas and Colorado, with 650 employees and more than \$4 billion in assets. The merger is expected to gain appropriate regulatory and membership approvals in the first half of 2025.

While we have many things to be excited about going into 2025, the most exciting is the opportunity for your credit union. We will continue to stay focused on what we do best – meeting or exceeding the needs of our members, employees and the communities we serve. We will also look to expand our retail presence into new communities in 2025, meeting members where they live, work and play. We will continue to improve our internal processes in an effort to deliver operational excellence and superior experiences in every member interaction.

We move into 2025 positioned to be the premier credit union in Colorado. Our strategic plan remains focused on three goals which include continued safety and soundness, Operational Excellence and Credit Union Growth. Lastly, we will retain our commitment to seek out opportunities for growth that allow our products and services to be delivered on a much broader scale. To that end, we have added fourth strategic goal related to the pending merger and uniting of Meritrust and Premier Members credit unions.

I want to offer my sincere appreciation and thanks to you, our members as well as our employees, Board of Directors, volunteers, and the communities we serve for helping us deliver another successful year of results in 2024.

CARLOS PACHECO

Chief Executive Officer

AUDIT COMMITTEE REPORT -

The Audit Committee oversees the checks and balances for 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, along with any member concerns to ensure appropriate actions are taken. Our goal is to ensure financial stability and member satisfaction for our members.

2024 was a difficult year due to external factors driving economic uncertainty, with the federal government adjusting interest rates, conflicts in the middle east and with the Ukraine and Russia war, and an election year. Even with these challenges, there were positive highlights; our assets grew to \$1.8 billion while we were able to reduce operational expenses by \$4.14 million year over year. In addition, all financial and control audits were positive.

2025 will bring new challenges. With the new administration, there are changes occurring at the federal level that could impact financial institutions, and the continued global conflicts. We will continue to adapt and support growth for our members, focusing on our strategic goals; increasing loans, deposits, operation efficiencies, and maintain financial stability.

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 was able to end 2024 with \$4.05M in net income in an interest rate environment that continues to be challenging.

Even with mortgage demand continuing to be subdued in 2024 due to the higher-for-longer interest rate environment, total loans grew \$1.87M to \$1.32B. Total assets also grew in 2024 and were up by \$59.3M to \$1.81B.

The credit union continued to invest in its future with significant investments in our information technology ecosystems to provide exceptional value to our members in terms of mobile and online banking.

Premier Members Credit Union continues to be a safe and sound financial institution that is committed to delivering strong financial results for its members. We remain well capitalized with a net worth ratio of 8.76%. The Risk-Based Capital Ratio, which reflects CECL adoption, ended 2024 at 14.47%, compared to year end 2023 at 13.97%.

Loan delinquencies and charge-offs for the credit union continue to be below the industry average and we have strong reserves and are well-positioned to add value and serve our members in 2025.

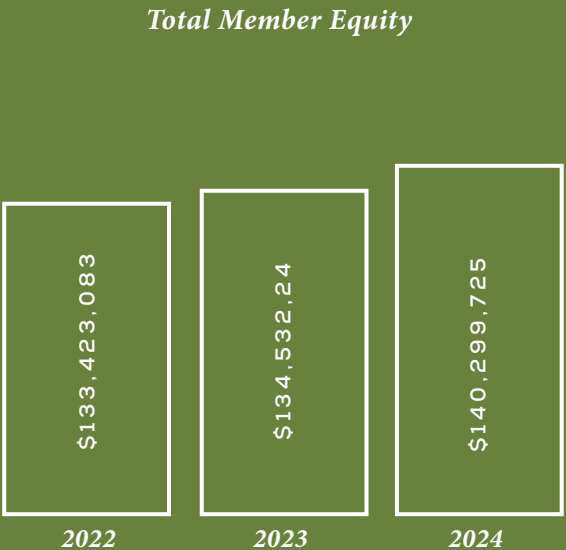
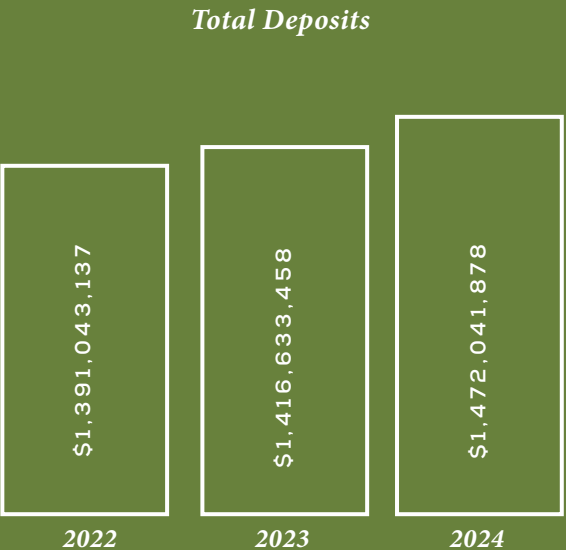
PETER S. JANSKY II
Treasurer

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FINANCIAL REPORT -

FINANCIAL STATEMENT	2022	2023	2024
TOTAL ASSETS	\$1,729,814,809	\$1,752,754,044	\$1,812,059,465
TOTAL GROSS LOANS	\$1,277,169,573	\$1,314,722,595	\$1,316,588,684
TOTAL DEPOSITS	\$1,391,043,137	\$1,416,633,458	\$1,472,041,878
TOTAL MEMBER EQUITY	\$133,423,083	\$134,532,242	\$140,299,725
% OF ASSETS	7.71%	7.68%	7.74%
GROSS REVENUE	\$64,351,175	\$87,392,851	\$97,326,095
DIVIDENDS & INTEREST EXPENSES	\$7,628,592	\$26,030,165	\$35,637,122
TOTAL CREDIT LOSS EXPENSE	\$1,017,337	\$3,426,083	\$7,426,457
TOTAL OPERATING EXPENSES	\$47,389,686	\$53,740,291	\$49,604,230
NON-OPERATING EXPENSES/(INCOME)	\$2,453,017	\$359,634	\$611,405
NET INCOME	\$5,862,543	\$3,836,678	\$4,046,881

FINANCIAL COMPARISON -



Please note 2024 financials are unaudited

CREDIT OFFICER REPORT -

Premier Members Credit Union successfully navigated the challenges of a high-interest-rate environment throughout the year, maintaining stability in its lending strategy. Total loans grew modestly by \$1.87 million (0.14%), reaching a year-end balance of \$1.32 billion. The credit union originated 6,358 loans totaling \$278.50 million, reflecting a 15.2% decline (\$49.94 million) when compared to 2023. This strategic reduction in loan volume aligned with shifts in consumer liquidity and evolving credit conditions. Despite these challenges, the credit union remained focused on strengthening relationships, maintaining credit quality, and deepening community engagement.

Premier Members Credit Union remains vigilant regarding macroeconomic trends. In 2024, the Federal Reserve adjusted its monetary policy in response to evolving economic conditions, implementing three rate cuts which resulted in the federal funds rate range of 4.25% to 4.50% by December. The U.S. economy experienced a slowdown, with GDP growing at an annualized rate of 2.3% in Q4 2024, down from 3.1% in Q3, reflecting a moderation in economic expansion. Most of the year was marked by an inverted yield curve signaling recessionary concerns. However, some relief emerged toward the end of 2024 as the curve began to normalize. Despite this improvement, inflationary pressures and lingering uncertainty may continue to impact consumer borrowing behavior in 2025.

Although a challenging economic and credit environment persisted, the loan portfolio performed as expected with reportable delinquencies at 0.35% of total loans, below the peer average of 0.78%. Net charge-offs for the year stood at 0.45%, also below the peer average of 0.58%. While the combined delinquency and

charge-off rate increased slightly to 0.80% (up 10 basis points from 2023), it remained significantly better than the peer average of 1.36%. These results underscore the effectiveness of the credit union's prudent lending practices and disciplined risk management strategies.

The credit union fully transitioned to the Current Expected Credit Loss (CECL) model in January 2023. By year-end 2023, the allowance for credit losses reported at \$8.15 million, ensuring a strong reserve position. In 2024 and as part of its ongoing risk management strategy, the credit union proactively increased reserves to fortify against potential credit deterioration, ending the year with an allowance for credit losses of \$10.04 million – a \$1.89 million year-over-year increase. The credit union will continue to monitor conditions closely throughout 2025 and make necessary adjustments to maintain a sound financial position.

Premier Members Credit Union remains committed to responsible loan growth, disciplined credit risk management, and financial strength. While economic uncertainty persists, the credit union's proactive approach to risk, strong portfolio performance, and focus on member relationships position it well for continued stability in 2025 – reinforcing its commitment to being BRAVE!!

DAVID LEMMON

Senior Vice President - Credit Officer

PREMIER GIVES

Giving back means more to us. We see our communities as family, friends, and neighbors — so we're always looking for ways to support them. Founded in 2012, Premier Gives provides the community with funds and employee community outreach hours to support the initiatives of education, financial literacy, and basic needs

\$386,588

DONATED FOR FINANCIAL COMMUNITY
OUTREACH SUPPORT



\$54,974

UNITED WAY
EMPLOYEE DONATIONS
WITH CORPORATE MATCH

YOUTH
SCHOLARSHIP
SUPPORT

\$35,000



2,015

EMPLOYEE
OUTREACH HOURS

NONPROFIT
GRANT
SUPPORT

\$25,000



PREMIER SUSTAINABILITY

At Premier Members, we began our sustainability journey many years ago, and proudly continue to support the holistic lives of our communities today. We will always strive to increase the adoption of sustainable practices across Colorado's Front Range and be an example for other financial institutions.

\$47,699

DONATED TO ENVIRONMENTAL CAUSES
IN ALL AREAS OF OUR MEMBER BASE



COLLECTED
7,801 LBS.

OF ELECTRONICS AND
HOUSEHOLD HAZARDOUS WASTE
FROM MEMBERS



IN ESTES PARK RECYCLES DAY,
WE LOWERED AND ELIMINATE
PRICES FOR DISPOSAL AND
COLLECTED OVER

30,000 LBS.

OF WASTE FROM ATTENDEES.



CERTIFIED
**TOP TIER
GOLD LEVEL**

FOR A SECOND YEAR
IN COLORADO GREEN
BUSINESS NETWORK -
FIRST AND ONLY CREDIT
UNION IN THE PROGRAM.

RECEIVED
SPOTLIGHT INNOVATION AWARD
FOR COMMUNITY & EQUITY

FOR EMPLOYEE LACTATION PROGRAM AND CERTIFICATION
AS A LACTATION FRIENDLY WORKPLACE BY COLORADO
GREEN BUSINESS NETWORK.



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