

CEO REPORT

In 2008 Premier Credit Union had another very successful year. To accomplish this success we provided you with affordable and competitive products, and services; while at the same time controlling expenses. Because of the slow down in the economy we were not able to generate the level of revenue we enjoyed in 2007. However, we continued to look for ways to streamline our processes to improve efficiencies, reduce costs and seek better ways to deliver products and services to you. In 2007 we introduced a MasterCard rewards program that has become very popular, we paid out more than \$52,000 to card holders. We introduced a home equity product that was more competitive and brought greater value to our members. To celebrate our 75th anniversary we offered a 3.75% new auto loan with great success.

Premier Credit Union's philosophy has always been to create a level of trust so that you look to us for your financial solutions. We consider our obligation to you as our highest priority, because without you, Premier Credit Union would not exist. We are committed to positioning your Premier Credit Union to provide "value" and "convenience". We focus on these two outcomes when we develop a new product line or improve a service delivery method. We first analyze how that impacts you and then ask, does it provide you value. Once we have determined that value is achieved we determine the most efficient and convenient method to make it available.

The challenges we faced in 2008 were met successfully by your Board of Directors and Credit Union Staff. I want to thank the Board of Directors for their dedicated service on your behalf. They give their time and expertise to make Premier Credit Union one of the most outstanding credit unions in Iowa, both financially and in reputation. Our Credit Union Staff is among the finest group of people in the industry working to find ways to improve your financial lifestyle.

Financially we remain strong with growth in revenue, earnings, and capital/reserves. We continue to serve over:

- o 12,000 members
- o 20,000 savings accounts
- o 5,200 checking accounts
- o 3,700 loans,
- o 2,400 credit cards

In 2009 you can expect even more from Premier Credit Union. Our High Yield Checking account offers the electronic conveniences that have become our trademark while paying a higher than normal rate to you for using this product. We will look for ways to offer you even more products and services to remain your "trusted advisor". We'll continue to fine tune our service delivery system to and look for financial solutions that bring more value to your life, because we want your business.

We realize you have a choice when it comes to selecting a financial institution and that is why we thank you for being a Member.

Steven L. Flamm
Chief Executive Officer

CREDIT REPORT

Members of the 2008 Credit Committee:

Brent Hoover, Chair; Jacque Mohs; Curtis Gage; John Frandson

Lending continued to be an important segment of our operation in 2008. Offering loan products that improve our members' lives is what we do best and in 2008 we were very successful. The Credit Union was very busy approving more than \$31,294,299 in loans, as it closed the year with a total \$49,234,718 in member loans on the books.

The success of 2008 can also be evaluated on the continued success of the loan services we provided in 2008.

Summary of Loans approved in 2008:

Loan Type	Loan Count	Loan Amount
New Car	357	\$ 6,689,027
Used Car	608	\$ 6,092,460
Share Secured	25	\$ 83,105
Holiday	192	\$ 355,404
Share Draft Protection	1,888	\$ 583,364
Signature	169	\$ 405,367
Open End	9	\$ 6,041
Miscellaneous	90	\$ 936,566
Home Equity	489	\$ 8,036,854
1 st Mortgage	6	\$ 721,313
Business Loans	33	\$ 84,981
Total	3,866	\$23,994,482

There were 2,482 MasterCard's on account as of December 31, 2008, with a total loan balance for year end of \$4,704,601.

Brent Hoover
Chairperson

INDEPENDENT AUDITOR'S STATEMENT

We performed a financial statement audit on your credit union as of December 31, 2008. The Independent Auditor's Report and related Report of Internal Control Structure Review was issued subsequent to the audit and is on file at the credit union.

A financial statement audit is more extensive than the annual examination requirements as set forth by the National Credit Union Administration. The audit was performed in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for the opinion in the report.

As part of our financial statement audit, we complete a verification of members' accounts. Your prompt response to our verification requests was greatly appreciated and is an important part of meeting our audit objectives.

Our firm looks forward to working with your credit union again next year.

Sincerely yours,

PETERSEN & ASSOCIATES

STATEMENT OF CONDITION

Assets	2008	2007
Cash	\$533,479	\$693,196
Consumer Loans	\$28,288,522	\$27,467,305
Real Estate Loans	\$852,440	\$448,948
Home Equity Loans	\$13,975,737	\$9,435,422
Credit Card Loans	\$4,704,601	\$4,868,850
Business Loans	\$1,413,417	\$1,383,011
Allowance for Loan Loss	-\$484,186	-\$313,929
Accrued Income	\$124,028	\$136,626
Corporate Central	\$8,655,246	\$9,966,337
Debenture Bond	\$300,000	\$500,000
Certificates of Deposit	\$4,542,000	\$3,437,000
Equipment	\$2,734,082	\$2,828,101
Accounts Receivable	-\$13,281	\$150,807
Other Assets	\$283,400	\$262,841
NCUSIF	<u>\$582,370</u>	<u>\$542,078</u>
Total Assets	\$66,491,855	\$61,806,593
Liabilities & Equity		
Regular Shares	\$15,141,624	\$14,104,542
Special Shares	\$6,090,713	\$6,628,567
Money Market	\$18,852,611	\$13,666,907
Share Drafts	\$8,155,026	\$8,232,614
Holiday Shares	\$154,004	\$173,648
Share Certificates	\$9,530,754	\$10,802,705
Accounts Payable	\$684,263	\$603,478
Accrued Expenses	\$307,520	\$315,342
Legal Reserve	\$1,982,467	\$1,963,608
Appropriated Undivided Earnings	\$143,073	\$143,073
Undivided Earnings	\$5,172,110	\$4,635,059
Net Income	<u>\$277,689</u>	<u>\$537,051</u>
Total Liabilities & Equity	\$66,491,854	\$61,806,593

STATEMENT OF INCOME

Income	2008	2007
Loan Income	\$3,186,021	\$3,152,875
Investment Income	\$446,714	\$599,683
Non-Interest	<u>\$1,121,154</u>	<u>\$1,156,969</u>
Gross Income	\$4,753,889	\$4,909,527
Expenses		
Salaries	\$887,236	\$887,035
Employee Benefits	\$300,826	\$265,639
Board / Staff Education	\$4,229	\$14,357
Depreciation on Equipment	\$51,685	\$51,684
Office Occupancy	\$251,184	\$236,584
Payment Systems	\$469,969	\$520,038
Data Processing	\$132,142	\$131,470
Information Technology	\$172,732	\$153,815
Professional Outside Services	\$31,530	\$31,477
Audit Expense	\$12,600	\$12,000
State Supervision	\$15,000	\$15,000
Marketing	\$82,344	\$131,306
League & Chapter Dues	\$19,952	\$14,689
Collection Costs	\$10,121	\$10,664
Office Operations	\$69,938	\$71,307
Bond Premium	\$32,225	\$32,010
Telephone	\$30,451	\$32,954
Postage	\$90,219	\$97,338
Share Draft Losses	\$31,160	\$25,557
Loan Servicing	\$95,831	\$85,897
MasterCard Rewards	\$52,241	\$0
(Over) / Short	\$697	\$1,541
Taxes	\$11,679	\$11,810
Interest on Borrowed Funds		\$13
Miscellaneous	\$11,429	\$9,619
Provision for Loan Loss	\$337,273	\$207,579
Reserve Transfers	\$18,859	\$37,899
Dividends	<u>\$1,252,648</u>	<u>\$1,283,194</u>
Total Expenses	\$4,476,200	\$4,372,476
Net Earnings	\$277,689	\$537,051



PREMIER
CREDIT UNION®



2008
Annual Report