

CEO REPORT

In 2010 Premier Credit Union's goal was to expand the credit union services to more members and to grow member deposits and loans. In our effort to accomplish these goals we embarked on an expansion process that would end the year with two new branch locations in Ames and West Des Moines, a record number of members, deposits exceeding \$86,000,000 and loans exceeding \$70,000,000. With our focus on you; the member, we looked for ways to enhance the value Premier Credit Union brings to you.

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 has been achieved, we determine the most efficient and convenient method to make it available to you.

The addition of our Ames Branch office at 520 Grand Avenue has enhanced our convenience to our Ames members. The overwhelming response from the Ames community has exceeded our expectations. The buzz generated within the community has been exciting. We have developed relationships and continue to grow through referrals.

The West Des Moines office located at 1301 Grand Avenue in West Des Moines has been in the planning stages for several years. We have been researching office space in West Des Moines, patiently waiting for the ideal location for a new office. We found it at the corner of Grand Avenue and 13th Street. This location is representative of our needs and allows us to have a presence in West Des Moines at an economical price.

Our expanded field of membership has enabled us to grow in ways we only dreamed possible. I want to thank the Board of Directors for their dedicated service on your behalf; their decisions have positioned Premier Credit Union to continue its success. 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:

- 13,460 members,
- 21,850 savings accounts,
- 6,100 checking accounts,
- 4,340 loans,
- 3,720 credit cards

To summarize, we saw 2010 to be a year of opportunity. We took full advantage of our expanded field of membership to open more convenient locations for our Ames and West Des Moines members and we witnessed the increasing popularity of our High Yield Checking account, while our Certificate of Deposits and Money Market accounts grew to record levels. Our 1st Mortgage department experienced its greatest success since we began offering 1st mortgages. We enjoyed expansion in all areas of our operation as we continue to attract new and existing members to our services.

In 2011 we will continue to look for products and services to remain your "trusted advisor". We continually look for ways to fine tune our service delivery systems to uncover financial solutions that bring more value to your life. 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. Our goal is to "make life better".

Steven L. Flamm
Chief Executive Officer

CREDIT REPORT

Members of the 2010 Credit Committee:

Brent Hoover, Chair; Barry Waugh; Ron Vernon; John Frandson

Lending continued to be an important segment of our operation in 2010. Offering loan products that improve our members' lives is what we do best and in 2010 we were very successful. The Credit Union was very busy approving more than \$35 million in loans, as it closed the year with a total \$71,337,478 in member loans on the books.

The success of 2010 can also be evaluated on the continued success of the loan services we provided in 2010.

Summary of Loans approved in 2010:

Loan Type	Loan Count	Loan Amount
New Car	241	\$ 5,366,821
Used Car	1,239	\$15,149,650
Share Secured	19	\$ 168,775
Holiday	174	\$ 336,806
Share Draft Protection	2,519	\$ 484,855
Signature	201	\$ 564,829
Open End	10	\$ 104,449
Miscellaneous	69	\$ 877,929
Home Equity	539	\$ 7,058,275
1 st Mortgage	4	\$1,716,600
Business Loans	30	\$2,582,959
Construction Loans	16	\$ 619,224
Total	5,061	\$35,031,172

There were 2,695 MasterCard's on account as of December 31, 2010, with a total loan balance for year end of \$5,279,582.

Brent Hoover
Chairperson

INDEPENDENT AUDITOR'S STATEMENT

We performed a financial statement audit on your credit union as of December 31, 2010. 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

Independent Auditor's Statement continued....

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	2010	2009
Cash	\$642,396	\$412,507
Consumer Loans	\$35,499,559	\$28,162,592
Real Estate Loans	\$3,824,603	\$2,762,027
Home Equity Loans	\$19,965,423	\$14,621,943
Credit Card Loans	\$5,279,582	\$5,002,884
Business Loans	\$2,805,109	\$2,868,021
Iowa Student Loans	\$1,407,867	\$240,609
Allowance for Loan Loss	-\$474,705	-\$295,912
Accrued Income	\$161,897	\$134,838
Corporate Central	\$11,300,771	\$10,826,605
Debenture Bond	-	\$300,000
Premier Lending Alliance	\$202,785	\$143,484
Certificates of Deposit	\$6,561,000	\$11,280,000
Equipment	\$3,855,294	\$2,761,968
Accounts Receivable	\$2,333,820	\$1,306,298
Other Assets	\$1,110,204	\$1,079,812
NCUSIF	<u>\$803,781</u>	<u>\$732,813</u>
Total Assets	\$95,279,386	\$82,340,487
Liabilities & Equity		
Regular Shares	\$18,314,852	\$16,660,450
Special Shares	\$5,863,977	\$5,574,519
Money Market	\$32,228,026	\$29,453,985
Share Drafts	\$7,862,846	\$7,191,074
High Yield Checking	\$7,662,718	\$3,445,998
Holiday Shares	\$149,280	\$151,256
Share Certificates	\$14,300,858	\$10,391,559
Accounts Payable	\$595,137	\$1,525,959
Accrued Expenses	\$265,265	\$226,195
Legal Reserve	\$2,086,383	\$2,016,589
Appropriated Undivided Earnings	\$143,073	\$143,073
Undivided Earnings	\$5,559,829	\$5,449,799
Net Income	<u>\$247,141</u>	<u>\$110,031</u>
Total Liabilities & Equity	\$95,279,386	\$82,340,487

STATEMENT OF INCOME

Income	2010	2009
Loan Income	\$3,450,099	\$3,147,521
Investment Income	\$295,761	\$283,038
Non-Interest	<u>\$1,676,206</u>	<u>\$1,572,370</u>
Gross Income	\$5,422,066	\$5,002,929
Expenses		
Salaries	\$1,242,481	\$936,260
Employee Benefits	\$372,289	\$279,505
Board / Staff Education	\$5,107	\$4,505
Depreciation on Equipment	\$52,014	\$40,614
Office Occupancy	\$349,271	\$291,225
Payment Systems	\$496,725	\$523,491
Data Processing	\$151,390	\$140,813
Information Technology	\$127,912	\$159,893
Professional Outside Services	\$41,350	\$34,844
Audit Expense	\$16,200	\$14,400
State Supervision	\$18,000	\$17,836
Marketing	\$84,493	\$69,536
League & Chapter Dues	\$17,662	\$17,664
Collection Costs	\$14,152	\$11,666
Office Operations	\$84,412	\$52,810
Bond Premium	\$41,927	\$38,125
Telephone	\$57,765	\$33,073
Postage	\$100,674	\$85,370
Share Draft Losses	\$18,565	\$25,490
Loan Servicing	\$159,587	\$78,342
MasterCard Rewards	\$54,254	\$48,451
(Over) / Short	\$1,428	\$658
Taxes	\$11,904	\$11,989
Interest on Borrowed Funds		
Miscellaneous	\$236,828	\$526,747
Provision for Loan Loss	\$420,947	\$286,524
Reserve Transfers	\$69,794	\$34,123
Dividends	<u>\$927,796</u>	<u>\$1,128,944</u>
Total Expenses	\$5,174,925	\$4,892,898
Net Earnings	\$247,141	\$110,031



make the best of every moment

Central Iowa's Credit Union since 1933. Our commitment is to provide financial solutions that make life better™ for our members by adding value and convenience.



2010 Annual Report