



2016 Partners Annual Report

PARTNERS!
FEDERAL CREDIT UNION

Imagine what we can do **together.**





President/ CEO's Report

A little over three years ago, your Credit Union committed to a multi-year journey intended to create unmatched Member experiences enabled through personalization with operational excellence. Reflecting on our goals, many improvements in access and convenience have been made. However, this is a continuous journey and we are not done with this effort.

The pursuit of delivering these improved experiences has been called many things, from an "Omni-Channel" strategy to an Integrated Business Model (IBM). No matter what term is used, our efforts are focused on improving accessibility and service for all Members. To that end, our strategy strives to improve the value proposition by adding digital capabilities to the traditional in-person, brick-and-mortar delivery model. The addition of digital services is not meant to replace existing channels, but rather to integrate them into a continuous experience, anytime, anywhere and from a credit union or Member device (i.e. smartphone, tablet, PC, etc.), while providing a frictionless experience every step of the way.

In 2016, we improved our branch and ATM network, finding ways to serve more Members in the most convenient ways possible. This included relocating our Fullerton, CA branch to the more central neighborhood of downtown Anaheim. In addition, we added a full-service mobile branch in Florida to best serve Cast Members working in various areas of the Walt Disney World Resort with the personalized service expected from Partners. We also focused on expanding our service capabilities. For instance, we provided the ability to issue EMV debit and credit cards in all our branch locations.

As technology continues to evolve and enable new service delivery solutions, your Credit Union will take advantage of these changes in order to improve upon its ability to serve more than 133,000 Members. Your Credit Union will continue to focus on ways to bring greater convenience through its digital delivery. Last year, we delivered several updates to the Partners mobile banking app aimed at increasing access, as well as several security upgrades. Looking to 2017 and beyond, we will keep this focus on our digital delivery in order to ensure our Members can bank whenever and wherever they choose. For example, there are already several enhancements planned that will increase personalization and place control in our Members' hands through custom alerts and controls.

Your Credit Union continues to help more and more Members achieve their financial goals. Last year, Partners helped more Members with lending needs than ever before, with an increase of more than 11% in loan balances. Additionally, we were able to help more people experience the value of Partners by expanding Membership more than 9%. Furthermore, through our education program, more than 2,000 Members attended financial workshops in California, Florida, and online – from retirement planning to identity theft, we now offer over 15 different topics. These results represent some of the many ways in which your Credit Union continually strives to bring more and more value to its Membership.

As I look toward the future, I am excited about the services and Member value that Partners is focused on providing. Through investments in technology, products and new services, our goal is to improve the lives of all Members.

Thank you for your continued support and the opportunity to serve you and your family. We are honored to call you a Member-owner and look forward to helping you achieve all of your financial dreams.

John Janclaes
President/CEO, Partners Federal Credit Union



Chairman's Report

Over 50 years ago, Partners began serving the Cast and employees of The Walt Disney Company from a little trailer in a parking lot adjacent to Disneyland. While much has changed from those initial years, our commitment to helping all Members achieve their financial dreams has not. Our dedication to excellent service and extraordinary value continues to remain a key focus of your Credit Union's mission. As the Partners Membership continues to grow, your Credit Union's capabilities have as well, from products and services to increasing access and convenience.

In recent years, Partners has focused on service expansion by increasing branch and ATM locations throughout The Walt Disney Company's (TWDC) properties, as well as launching key digital delivery initiatives such as improved mobile banking. In 2016, your Credit Union launched a state-of-the-art, full-service mobile branch that allows us to bring our Cast, and their personalized service and solutions, to all areas of central Florida as we found during Hurricane Matthew, this mobile branch is also a valuable resource for our Membership and the Credit Union in times of inclement weather.

Partners remains focused on providing personalized service while enabling its Members to bank when they want, where they want, and how they want. Chances are, if you visit one of our friendly branches, the Cast will know your name and it will feel like "home." This special feeling is one we're committed to providing across all delivery options including the phone, online or through our mobile banking app. Your Credit Union remains committed to enhancing its digital delivery including several improvements to its mobile banking app. Last year we upgraded our mobile banking application to include touch-ID capability, better messaging and more. Next year our digital delivery remains a focus with credit card control functionality, P2P payment service and improved alert notifications planned for implementation.

Safety and soundness are core foundations of Partners and in 2016 your Credit Union remained well-capitalized. As of December 31, 2016, Assets increased to \$1.54 billion, Net Worth continued to be strong at 11.35% and Net Membership grew by 9%. In fact, your Credit Union welcomed over 16,000 new Members, experiencing growth in all market areas.

Partners continues to support TWDC priorities with co-branded campaigns, events, financial education resources and more. As a proud member of the TWDC community, we continually seek to add positive contributions to the company's culture. Last year, we awarded \$20,000 through our annual scholarship program, helping to support the pursuit of higher education for several Members. The Credit Union is an active member of many Corporate Citizenship initiatives, including the Disney Conservation Fund and the Cast volunteer program, "VoluntEARS."

Last year resulted in many service improvements for our Members and I am proud of all that was accomplished. However, we are not finished and the year ahead is filled with promise. Our focus remains on improving service, accessibility and our ability to make all of your financial dreams come true. The Cast at the Credit Union are incredibly dedicated and the desire to help all Members is truly a shared passion. I am honored to serve as Chairman of such an inspiring team and to serve an amazing Membership.

Thank you for your continued support and Membership!

Alden Weiss

Alden Weiss
Chairman, Partners Federal Credit Union

Financial Report & Income Statement

STATEMENT OF FINANCIAL CONDITION

(as of December 31, 2016)

ASSETS

Loans, net of allowance for loan losses of \$13,807,542	\$1,332,735,447
Investments available for sale, at fair value	37,855,828
Federal Home Loan Bank stock, at cost	5,012,000
Loans held for sale	24,107,598
Cash and cash equivalents	99,119,662
Accrued interest receivable	4,579,899
Premises and equipment, net	18,968,565
National Credit Union Share Insurance Fund Deposit	12,039,733
Other assets	12,201,293
Total Assets	\$ 1,546,620,025

LIABILITIES & MEMBER EQUITY

Members' Shares	1,336,521,572
Borrowings	15,000,000
Accrued Expenses & Other Liabilities	19,052,503
Total Liabilities	\$ 1,370,574,075

MEMBERS' EQUITY

Retained Earnings	175,568,445
Accum. Other Comprehensive Income	477,505
Total Member's Equity	\$ 176,045,950
Total Liabilities and Members' Equity	\$ 1,546,620,025

STATEMENT OF INCOME

(as of December 31, 2016)

INTEREST INCOME

Loans	\$ 61,322,625
Investments and cash equivalents	1,594,907
Total Interest Income	\$ 62,917,532

INTEREST EXPENSE

Members' shares	7,328,797
Borrowed funds	67,340
Total Interest Expense	\$ 7,396,137

PROVISION FOR LOAN LOSSES

NET INTEREST INCOME	\$ 45,978,733
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OTHER OPERATING INCOME

OPERATING EXPENSES

Salaries and benefits	31,961,055
Operations	13,858,294
Loan servicing	5,037,245
Occupancy	8,851,884
Debit card processing	4,462,491
Communications	1,812,584
Marketing	1,355,001
Loss on disposition of foreclosed properties	26,547
Total Non-interest Expense	\$ 67,365,101
NET INCOME	\$ 11,486,826

Asset Growth

\$ in millions



Supervisory Committee

Responsible for evaluating the Credit Union's operations, the Supervisory Committee reviews accounting records, oversees internal controls, and ensures that Partners is accomplishing the duties outlined in its charter. To help with this process, the committee engaged the services of Crowe Horwath LLP, a certified public accounting firm, to administer internal reviews of control and financial procedures, which established that Partners Federal Credit Union's financial statements are in compliance with generally accepted accounting principles.

Supervisory Committee Members

Gerry Dunning, Chairman	Dawn Ellis
Courtney Cappa	Grace Yang

Member Service Advisory Committee

The Member Service Advisory Committees (MSAC) interface with the Credit Union's Board of Directors and management on behalf of Disney Cast Members and employees. There are three committees; each participates in strategic planning processes with the Board and plays a critical role in helping the Credit Union deliver exceptional financial experiences for its Member-owners.

Member Service Advisory Committee Chairs

ORLANDO	BURBANK	ANAHEIM
Beverly Martin	Gina Jones	Robyn Vossen

Board of Directors

Made up of volunteers who represent the Partners Membership, the Partners Board of Directors sets the strategic direction of the Credit Union. The Board meets monthly to review financial reports, budgets, and expenses, and to adopt resolutions related to rates, business objectives, and policies.

John Walsh
Chairman

Kathy Clark
Director Emeritus

Marsha Reed
Director

Alden Weiss
Vice-Chairman

Bob Cunningham
Director

Tom Tancredi
Director, Secretary/Treasurer

Debbie Bales
Director

Mark Gustovich
Director

Jaye Thompson
Director

Dennis Ciolli
Director

Cindy Luttrell
Director

Jack Yellin
Director

Branch Locations¹

CALIFORNIA

Team Disney Anaheim Express²
700 West Ball Road

Harbor Pointe
1313 S. Harbor Blvd.

Downtown Anaheim
100 South Anaheim Blvd.

Katella
2401 East Katella Avenue

Buena Vista Plaza
2411 West Olive Avenue

Walt Disney Studio Lot
500 S. Buena Vista Street

GC3 Campus
1201 Flower Street

FLORIDA

Team Disney
1375 Buena Vista Drive

Disney University
5555 North Center Drive

International Drive
13705 International Drive South

Magic Kingdom® Park Express²
Tunnel, Workforce Management

Disney's Hollywood Studios™
Express²
Ops. 1, First Floor

Epcot® Express²
1510 N. Avenue of the Stars



PartnersFCU.org • 800.948.6677

¹ Hours and services vary by location. Check with your local branch.

² Express branches do not handle cash transactions.

Federally insured by the NCUA.