



# 2018 PARTNERS **ANNUAL REPORT!**



# 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



**Mark Gustovich**  
Vice-Chairman



**Debbie Bales**  
Director



**Dennis Ciolli**  
Director



**Wendy Crudele**  
Director



**Bob Cunningham**  
Director



**Cindy Luttrell**  
Director



**Tom Tancredi**  
Director, Secretary/Treasurer



**Jaye Thompson**  
Director



**Alden Weiss**  
Director



**Jack Yellin**  
Director



# President/CEO's Report



2018 marked the second year of an ambitious three-year strategic plan that aims to deliver tremendous Member value with a focus on delivering more access and convenience. Leveraging an agile operating model has helped the Credit Union evolve as the rate of change in financial services accelerates. Our strategic plan and delivery must always be adapting to the rapidly changing environment in which we serve our Members. From access and convenience to safety and security, we focus on providing value that improves the financial lives of all our Members.

Looking back on last year, our Credit Union was able to deliver increasing value to a Membership that grew to more than 165,000 through the addition of more than 22,000 new Members. These new Members produced more than 11% net Membership growth—a number three times greater than the national credit union average. The Credit Union was able to help these new Members earn more on their deposits and finance their dreams through over \$225 million in new loan originations. We helped over 600 Members achieve their home ownership as well. The word is spreading about the many benefits of joining Partners!

We believe our Cast provides truly unique service, but to continue to deliver our signature personal service, we must extend beyond our physical locations with a greater focus on digital delivery. As financial services continue to evolve, we must evolve too, bringing our Members greater access that is convenient and safe. In 2018, over 61,000 Members used mobile banking and almost 85,000 Members used our online banking each month, in addition to our popular branch network and phone services.

As more Members leverage the Credit Union's digital services, we must continually improve and enhance these offerings. Last year, we replaced our bill-pay platform, synchronizing addresses across systems and improving payment tracking. We added a monthly FICO score to both mobile and online banking, allowing Members to monitor changes to this important metric. Our goal is to continually evolve our digital services, and provide new features and enhancements faster. Looking ahead, we plan to launch a new and improved mobile application and online banking interface to provide a more seamless user experience.

We also continued to invest in education and financial wellness resources for our Membership. Almost 3,000 Members attended one of our seminars. With topics ranging from retirement planning to home buying to identity protection, our Member education program continues to be a sought-after service. Additionally, we met with 2,000 attendees of our education program, and provided guidance to help them earn, save, and protect more of their money. Finally, we've expanded our on-demand content located within our education portal, which experienced over 12,000 site visits in 2018.

Thank you for your continued support and Membership. You are more than a customer at Partners: you are part of a Member-owned cooperative dedicated to improving the lives of thousands of Members like you. I am proud of what we have accomplished and excited by the prospect of continuing on the journey of evolving your Credit Union. Together, we can "make all financial dreams come true."

A stylized, handwritten signature in black ink that reads "John Janclaes". The signature is fluid and cursive, with a long, sweeping underline.

John Janclaes  
President/CEO, Partners Federal Credit Union





## Chairmain's Report

From our earliest days serving at the Disneyland Resort to our latest mobile and digital offerings, we've remained committed to helping all Members reach their financial dreams. By the end of 2018, over 165,000 Members experienced the Partners difference consisting of a Member-first philosophy delivering incredible rates, minimal fees, and providing convenient access. As a not-for-profit organization we can return more to our Members through investing back into the resources that will make an impact in our Members financial wellness.

For over 50 years, Partners has been committed to delivering unmatched Member value while creating unique experiences and financial solutions. These experiences are evident in our branch delivery network; we're re-imagining the branch experience while ensuring all are located in accessible and convenient areas to a larger portion of our Membership. Two recent examples which facilitated access for Members and their families were the branch relocations to Disney Springs in the newly minted Partners Building and to Downtown Anaheim, which is walking distance to The Walt Disney Travel Company and Disney College Program residents. We are happy to report that as a result of the move; both of those branches have seen significant increases in visitors to the branch and increase in the number of Members we have been able to help.

We shared that our focus has been on moving programs and projects to completion faster in order to produce a greater number of Member benefits in a timely manner. The result has been a consistent release of new digital services functionality and features generating more value for our Members. Looking forward, we are evaluating exciting new technology that will move our branch delivery and digital delivery ever forward while maintaining an eye towards cybersecurity and safety. Our purpose remains enhancing our overall banking experience and providing Members with the highest levels of protection and security for their personal information and financial safety.

To help frame our advancement forward, we've adopted some 'Strategic Pillars' to guide us along the way:

1. **Member Experience** – Unify the delivery of our core products and services across all channels while delivering a seamless and streamlined Member Experience

## 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 Turner, Warren, Hwang & Conrad (TWDC), a certified public accounting firm, to administer internal reviews of control and financial procedures. The firm established that Partners Federal Credit Union's financial statements are in compliance with generally accepted accounting principles.

### Supervisory Committee Members

Gerry Dunning, Chairman  
Courtney Cappa  
Dawn Ellis  
Grace Yang

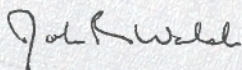


2. **Enhanced Digital Presence** – Complete our original unified channel experience by continuing to standardize the transaction and application process across all platforms
3. **Cast Engagement and Enablement** – Through a purposeful focus on our Cast, Partners will drive business strategies, foster leadership success, and elevate the Cast experience
4. **Safety and Soundness** – Appropriately manage our balance sheet to provide a stable flow of earnings and maintain a well-capitalized level of net-worth

In 2018, Partners Cast Members made a large impact for not only our local communities, but the greater Walt Disney Community volunteering many hours of their own time. In addition to their individual service, the Credit Union's leadership came together and created service teams that undertook community giveback initiatives including food banks, shelters, and other key social responsibility programs. We are also extremely proud of leadership roles Partners Cast Members have earned within TWDC Business Employee Resource Groups (BERG) and appreciate their commitment to the greater diversity and inclusion initiative.

Supporting the development of tomorrow's leaders continues to be a key commitment from Partners and as demonstrated through the awarding of over \$100,000 over the years through its annual scholarship program. As always, the Credit Union continues to be an active supporter of Ryman Arts, a nonprofit dedicated to providing instruction, art supplies and support services to 600 students annually.

2018 was indeed a record setting year for Partners in respects to many business metrics, but I am even more proud of the accomplishments of our Cast Members and their continued dedication to creating Member value and giving back to the community. As always, thank you for your continued support and Membership.



John Walsh  
Chairman, Partners Federal Credit Union

## 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 to its Member-owners.

### Member Service Advisory Committee Chairs

**ORLANDO**  
Jose Mola

**BURBANK**  
Gina Rakestraw

**ANAHEIM**  
Robyn Vossen

# Financial Report & Income Statement

## STATEMENT OF FINANCIAL CONDITION

(as of December 31, 2018)

### ASSETS

Cash and cash equivalents	\$ 78,768,601
Investments	26,768,857
Federal Home Loan Bank stock	5,585,100
Loans receivable, net	1,574,700,489
Loans held for sale	3,679,437
Accrued interest receivable	5,189,595
Property and equipment	22,055,883
National Credit Union Share Insurance Fund deposit	13,776,328
Other assets	14,255,058
<b>Total Assets</b>	<b>\$ 1,744,779,348</b>

### LIABILITIES & MEMBERS' EQUITY

#### LIABILITIES

Members' share accounts	\$ 1,499,271,226
Borrowing funds	30,000,000
Accrued expenses & other liabilities	19,214,771
<b>Total Liabilities</b>	<b>\$ 1,548,485,997</b>

#### MEMBERS' EQUITY

Regular reserve	\$ 15,636,145
Undivided earnings	180,757,110
Accumulated other comprehensive income (loss)	(99,904)
<b>Total Members' Equity</b>	<b>\$ 196,293,351</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$ 1,744,779,348</b>

## STATEMENT OF INCOME

(as of December 31, 2018)

### INTEREST INCOME

Loans receivable	\$ 69,937,603
Investments and interest-bearing accounts	1,914,775
<b>Total Interest Income</b>	<b>\$ 71,852,378</b>

### INTEREST EXPENSE

Members' share accounts	\$ 8,923,177
Borrowed funds	461,489
<b>Total Interest Expense</b>	<b>\$ 9,384,666</b>

<b>NET INTEREST INCOME</b>	<b>\$ 62,467,712</b>
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<b>PROVISION FOR LOAN LOSSES</b>	<b>\$ 12,118,598</b>
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<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$ 50,349,114</b>
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### NON-INTEREST INCOME

Service charges and other fees	\$ 14,714,350
Interchange income	12,738,438
Commission revenue	3,363,796
Wealth management revenue	2,923,024
Gain on sale of loans	1,389,340
Other	1,535,607
<b>Total Non-Interest Income</b>	<b>\$ 36,664,555</b>

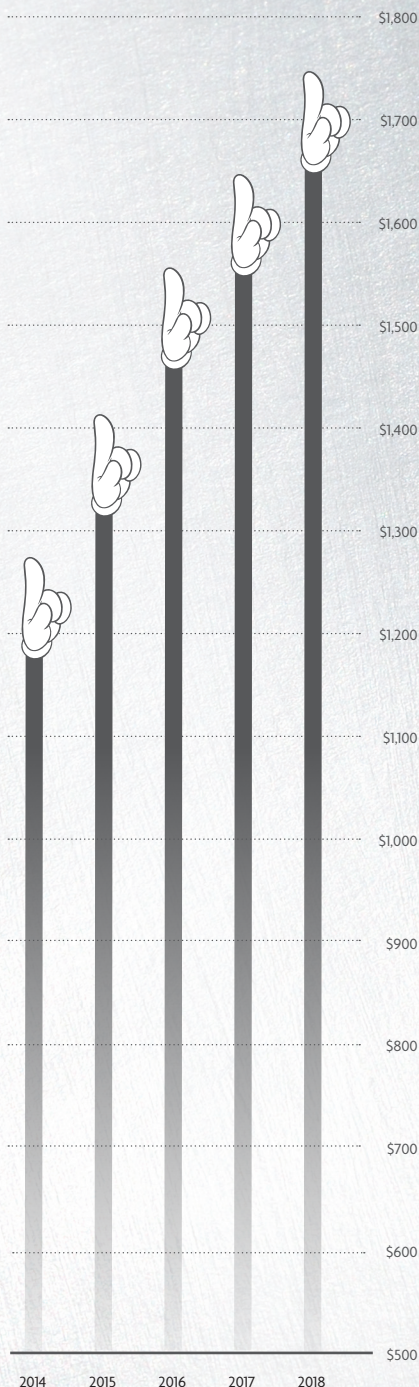
### NON-INTEREST EXPENSE

Compensation and benefits	\$ 37,330,150
Operations	14,483,744
Loan servicing	6,043,192
Occupancy	9,955,795
Debit card processing	5,880,242
Communications	2,345,008
Marketing	1,436,361
Loss on disposition of foreclosed properties	37,717
<b>Total Non-Interest Expense</b>	<b>\$ 77,512,209</b>
<b>NET INCOME</b>	<b>\$ 9,501,460</b>



# Asset Growth

\$ in millions



# Branch Locations<sup>1</sup>

## CALIFORNIA

Buena Vista Plaza  
2411 West Olive Avenue

Downtown Anaheim  
100 South Anaheim Boulevard

GC3 Campus  
1201 Flower Street

Harbor Pointe  
1313 South Harbor Boulevard

Katella  
2401 East Katella Avenue

Team Disney Anaheim Express<sup>2</sup>  
700 West Ball Road

Walt Disney Studio Lot  
500 South Buena Vista Street

## FLORIDA

Disney's Hollywood Studios™  
Express<sup>2</sup>  
Ops. 1, Second Floor

Disney University  
5555 North Center Drive

Epcot® Express<sup>2</sup>  
1510 North Avenue of the Stars

International Drive  
13705 International Drive South

Lake Buena Vista  
Partners Building  
1675 Buena Vista Drive

Magic Kingdom® Park Express<sup>2</sup>  
Tunnel, Workforce Management

<sup>1</sup> Hours and services vary by location.  
Check with your local branch.

<sup>2</sup> Express branches do not handle cash transactions.



**PartnersFCU.org • 800.948.6677**

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