

2020
**PARTNERS
ANNUAL
REPORT**

PARTNERS!
FEDERAL CREDIT UNION

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.



Mark Gustovich
Chairman



Cindy Luttrell
Vice-Chairman



Debbie Bales
Director



Wendy Crudele
Director



Bob Cunningham
Director



André M. Hale
Director



Tom Tancredi
Director



Jaye Thompson
Director, Secretary/Treasurer



John Walsh
Director



Alden Weiss
Director



Jack Yellin
Director



CHAIRMAN'S REPORT

We entered 2020 with a new three-year strategic plan intended to further our mission of making all financial dreams come true for our Members, today and tomorrow. While 2020 was nothing like we anticipated, as Chairman of the Board, I am proud to report on how Partners rose to this challenge. Throughout this pandemic, we answered the call to do more for our Members in need while leveraging technology and agility to adapt, innovate, and remain ready to support our Members when and wherever possible, every step of the way.

Our Membership was hit hard by the pandemic, with an estimated 20-25% of Members unemployed or furloughed. Diligent fiscal management by the Credit Union over time has positioned Partners to weather uncertain times and provide the financial strength necessary to support the Membership. In the face of the pandemic, we immediately developed a variety of relief programs, including payment extensions on loans, waived fees, development of low or zero-interest relief loans, and more, assisting more than 78,000 Members. During this time, Partners provided assistance including:

- More than 2,600 mortgage loan payment extensions
- Waived more than \$815,000 of Member fees
- Granted almost 103,000 consumer loan payment extensions
- Originated more than 3,600 Emergency Pandemic Loans
- Facilitated the payment of over \$1,000,000 private unemployment insurance claims

With a priority on the safety and well-being of our Members and our cast, Partners also acted to ensure Members had safe, secure avenues to connect with us in the way most comfortable: from transformations at branch locations through the installation of clear safety barriers and enforcing social distancing protocols, to offering virtual branch appointments through secure video conferencing, to enhancing our digital platforms to better support everyday banking transactions via mobile devices and the web.

While we placed a priority on Members' immediate needs, we also maintained a steadfast focus on our strategy. Despite the pandemic and ensuing economic consequences, our discipline and decision-making remained aligned to support our mission and ultimately, to increase the value proposition we offer to our Members. We ended 2020 with 180,346 Members and \$2.2 Billion in assets – both record highs.

While the Board was impressed by efforts to transform and evolve how Members were served in 2020, we were not surprised. Partners values, practices, history, and vision inspires our full confidence in achieving success to fully support the Membership. Said another way, as Members, we can always rely on Partners to be there when we need them most.

COVID-19 might be with us for a bit longer, but as we look to the future, we are motivated by the promise and opportunity to continue deepening our relationship with our Members, working hand-in-hand to make financial dreams come true, today and tomorrow.

Honored to serve as your Chair,

Mark Gustovich
Chairman, Partners Federal Credit Union

SENIOR MANAGEMENT REPORT

2020 began like any other, with a healthy economy and the launch of our new three-year strategic plan for the Credit Union. The world would shortly learn that 2020 would be a year unlike any other and bring challenges not seen in a century. Despite the many challenges of the pandemic, Partners remained available and accessible without compromising the health or safety of its Members and cast. Through the implementation of proper safety protocols as well as new servicing options, our commitment and service were not impacted.

While assisting Members through these challenges, the Credit Union pursued its new three-year strategic plan. The plan focuses on creating valuable, relevant engagement, that deepens the Credit Union's relationship with all Members. The core of the plan is finding ways to help our Members earn more or save more while improving convenience. Throughout the year, we introduced a variety of new services that provided easier access, while addressing the emerging concerns from the pandemic. These new services included:

- A virtual branch queue for service
- Video banking
- Contactless debit cards
- New person-to-person (P2P) payment service
- Virtual and physical appointment options
- Text message alert options for our branches

These new services reinforced health professional safety protocols while introducing exciting, new ways for Members to access and manage their accounts. These services were so well received, that they will continue well beyond the challenges of the current pandemic.

Throughout 2020, Partners continued to evolve its digital channels. In September, we converted our legacy online banking platform to match our current mobile banking app. While conversions can present temporary disruptions, this upgrade enables the Credit Union to continue to better enhance both the mobile app and online banking platforms in harmony, resulting in a more consistent and easier user experience. These efforts have increased the use of our digital services with transactions up by 10% to 2.6 million.

The Credit Union funded \$586 million in home loans, helping thousands of Members reduce their monthly mortgage expense as well as enabling many more to realize their dream of homeownership! Partners also experienced very strong deposit growth, resulting in 21.9% net growth in deposits held at the Credit Union, the largest it has grown in a single year. Despite the environmental and operational challenges, the Credit Union generated more than \$11M in Net Income. These results will ensure the Credit Union has the resources to invest in new Member services and return maximum value through better rates and fees.

We stayed focused on delivering Member education, moving all curriculum to digital formats as webinars, Facebook Live events, and more. We delivered more than 200 workshops covering a wide range of topics that were attended by more than 3,400 Members. As we look forward to 2021, we anticipate increasing the number of our workshops as well as expanding delivery channels to make them more accessible.

Throughout 2021, the Credit Union will bring a variety of service and product improvements to its Members. In early 2021, debit cards will provide real-time security protection as we introduce a suite

of card controls. Through our mobile app, Members will be able to turn their debit cards on or off, block certain types of merchants or foreign transactions, and more. Additionally, we are re-imagining the new account opening experiences, implementing a digital signature service, and enhancing online banking search functionality.

Partners has been delivering low-cost financial services and education to cast and employees of The Walt Disney Company for over 50 years. As we emerge from the pandemic, the Credit Union is well-capitalized and ready to help deliver unique value to the Members. We take pride in our mission and are inspired to deliver on the mission of making all financial dreams come true today and tomorrow.

Thank you for your continued support and Membership.

SUPERVISORY COMMITTEE

The Supervisory Committee provides Membership with an independent appraisal of the safety and soundness of Credit Union operations and activities as guided by the Federal Credit Union Act, Partners charter, and policies and procedures.

The Committee engaged the services of Crowe, LLP, a public accounting firm, to evaluate internal controls and perform the testing necessary to attest to the integrity of Partners financial statements. In addition, the Committee has oversight of the Internal Audit function and monitors and reviews audit reports and follow-up including periodic examinations conducted by the National Credit Union Administration (NCUA), the regulatory agency for all federally chartered credit unions.

Based on the results of the financial statement audit completed by Crowe, LLP, continuous internal audit work and follow-up, and the most recent review by the NCUA, it is the opinion of the Supervisory Committee that Partners is financially strong and in compliance with Federal Regulations as well as Partners policies and procedures.

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 to its Member-owners.

Member Service Advisory Committee Chairs

ORLANDO
Mark Todd

BURBANK
Gina Rakestraw

ANAHEIM
Robyn Vossen

FINANCIAL REPORT & INCOME STATEMENT

STATEMENT OF FINANCIAL CONDITION

(as of December 31, 2020)

ASSETS

Cash and cash equivalents	\$ 649,271,835
Investments	40,652,134
Federal Home Loan Bank stock	6,241,700
Loans receivable, net	1,479,192,212
Loans held for sale	28,248,003
Accrued interest receivable	4,210,671
Property and equipment	18,299,174
National Credit Union Share Insurance Fund deposit	17,376,014
Other assets	16,454,301
Total Assets	\$ 2,259,946,044

LIABILITIES & MEMBERS' EQUITY

LIABILITIES

Members' share accounts	\$ 1,997,000,283
Borrowing funds	20,000,000
Accrued expenses & other liabilities	20,311,817
Total Liabilities	\$ 2,037,312,100

MEMBERS' EQUITY

Regular reserve	\$ 15,636,145
Undivided earnings	206,190,753
Accumulated other comprehensive income (loss)	807,046
Total Members' Equity	\$ 222,633,944
Total Liabilities & Members' Equity	\$ 2,259,946,044

STATEMENT OF INCOME

(as of December 31, 2020)

INTEREST INCOME

Loans receivable	\$ 72,627,055
Investments and interest-bearing accounts	1,746,025
Total Interest Income	\$ 74,373,080

INTEREST EXPENSE

Members' share accounts	\$ 12,782,793
Borrowed funds	353,156
Total Interest Expense	\$ 13,135,949

NET INTEREST INCOME \$ 61,237,131

PROVISION FOR LOAN LOSSES \$ 14,677,987

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES \$ 46,559,144

NON-INTEREST INCOME

Service charges and other fees	\$ 12,145,261
Interchange income	12,735,542
Commission revenue	2,872,175
Wealth management revenue	2,547,266
Gain on sale of loans	10,208,783
Other	761,463

Total Non-Interest Income \$ 41,270,490

NON-INTEREST EXPENSE

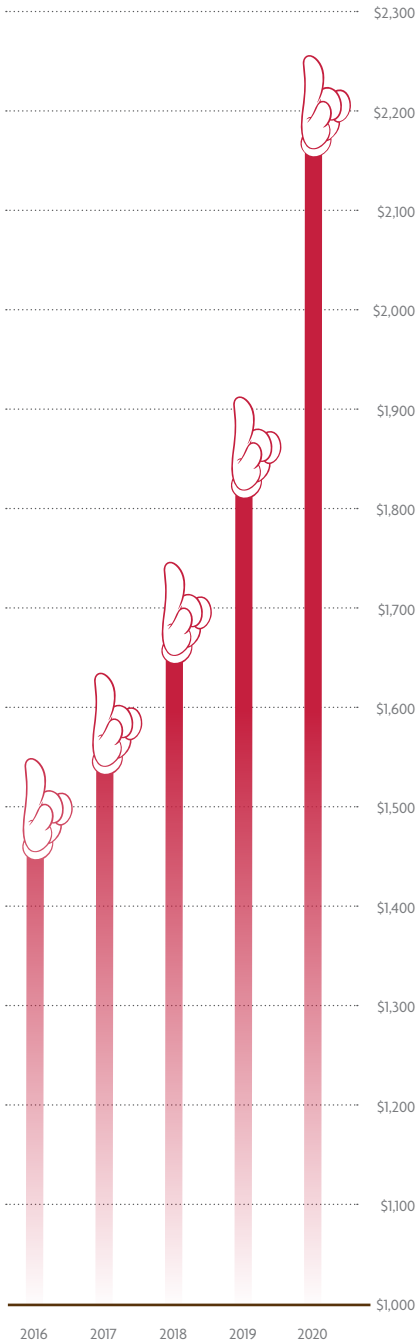
Compensation and benefits	\$ 40,073,565
Operations	12,344,412
Loan servicing	5,494,439
Occupancy	11,887,458
Debit card processing	3,376,023
Communications	2,777,370
Marketing	707,560
Loss on disposition of foreclosed properties	—

Total Non-Interest Expense \$ 76,660,827

NET INCOME \$ 11,168,807

ASSET GROWTH

\$ in millions



BRANCH LOCATIONS¹

CALIFORNIA

Buena Vista Plaza
2411 West Olive Avenue

Downtown Anaheim
100 South Anaheim Boulevard

Grand Central Creative Campus
1201 Flower Street

Harbor Pointe
1313 South Harbor Boulevard

Katella
2401 East Katella Avenue

Team Disney Anaheim Express²
700 West Ball Road

Walt Disney Studio Lot
500 South Buena Vista Street

FLORIDA

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

Disney University
5555 North Center Drive

Epcot® Express²
1510 North Avenue of the Stars

International Drive
13705 International Drive South

Lake Buena Vista
Partners Building
1675 Buena Vista Drive

Magic Kingdom® Park Express²
Tunnel, Workforce Management

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

² Express branches do not handle cash transactions.



PartnersFCU.org • 800.948.6677

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