

2019

# 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.



**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

2019 marked the third and final year of an ambitious three-year strategic plan that focused on streamlining our Member Experience while unifying our core products and services across all channels. To achieve this, we focused on creating superior digital capabilities, enhancing branch locations, and empowering our highly skilled team of cast to deliver upon our collective promises.

Reflecting on last year, I am proud of the work that our Credit Union cast put into enhancing our digital channels. These efforts have increased the use of our digital services with transactions up about 60 percent. During the past year, we've had impressive Membership growth welcoming more than 20,000 new Members to the Partners family. We've continued to find new and exciting ways to deliver value through our Member Education program. We delivered more than 330 workshops covering a wide range of topics that were attended by more than 4,100 Members and cast members.

The Credit Union funded \$330 million in home loans, helping thousands of Members realize their dream of home ownership! We also helped Members earn more through our great deposit rates, generating more than \$140 million in deposit balance growth. Our Net Income also exceeded forecast by \$1.4 million, which will ensure the Credit Union stays well capitalized for the future. In addition to strong capital levels, we also received our Report on Compliance (ROC) from the Payment Card Industry (PCI), meaning the Credit Union met the required compliance standards of PCI, something most financial institutions do not hold.

Last year we completed some key technology efforts including the establishment of secondary data center. This will ensure critical Member services are always available while improving our disaster recovery capabilities. Our business continuity plans were strengthened and our recovery time objectives for critical applications was reduced significantly. In addition, we created the Network Operations Center which has improved our ability to proactively monitor all our critical systems and the supporting infrastructure that powers much of our business today. As a result of this effort, we now have automated monitoring that tracks memory and other system resources.

We recently introduced our strategic plan for 2020-2022. As we embark on this next chapter, our strategy will be to increase Member engagement while generating deeper relationships with our Membership. As always, our cast will continue to deliver our signature personalized service. By increasing engagement, we believe Members will experience even greater value through usage of our products, services, and interactions with our talented cast.

Reflecting on our rich history, I'm reminded that Partners was founded 60 years ago to deliver low-cost financial services and education to employees of The Walt Disney Company. Our mission still honors this as we seek to make all financial dreams come true today and tomorrow. Thank you for your continued support and Membership. We look forward to continuing this journey together with you.

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

John Janclaes  
President/CEO, Partners Federal Credit Union



## Chairman's Report

Over the course of our 60-year history as a Member-owned cooperative, we've learned a tremendous amount about how to best serve our Members. However, as 2020 began to unfold, the Credit Union along with the rest of the world began to experience an unprecedented event with the rapid spread and impact of COVID-19.

As Chairman and a member of your Board of Directors for more than 10 years, I've come to appreciate so many of the improvements and strategic projects we've undertaken the last few years. In these challenging times filled with uncertainty, I take comfort in the ability, safety and soundness of the Credit Union to meet whatever the future holds.

With a net worth ratio of 11.05%, Partners is considered well capitalized and in the unique fiscal position to face uncertain economic times. This means we can return more to our Members by investing back into the resources that have the greatest impact on our Members' lives, like improved digital services and good rates. Another unique aspect of our financial strength is our ability to meet the loan needs of our Members at a time when our Members may need access to credit like never before. Our prudent and diligent fiscal management over time has afforded us advantages to look towards the economic storms with confidence.

It is very important that we understand and meet the needs of our Members. By providing the best product and service offerings available by financial institutions today and combining that with the knowledge, strength, and storytelling prowess of The Walt Disney Company, we've created a unique value proposition that allows us to address the in-person and virtual needs of all of our Membership. We continue to improve on those offerings through feedback loops garnered through traditional surveys, holding focus groups, and collecting and curating direct Member feedback.

While it's important to ask our Members what they like, we also learn by watching behaviors and usage. This in turn helps us build a better understanding of how our Members like to interact with the Credit Union and their accounts. With an emerging Business Intelligence practice, we have come to learn a great deal by observing how Members use our products and services by analyzing the ways they interact including: purchases, transactions, frequency, product selection, and service utilization. We then curate these insights to take friction out of the system to facilitate a better service experience. It's easy to see the results of these studies in our refreshed mobile banking app and changes coming soon to our online banking platform in addition to the product design of our loan and deposit accounts that reward you for being a Partners Member.

Last year we shared perspective on our Strategic Pillars. As our Strategic Plan for 2020-2022 takes shape, those pillars have morphed into lenses that we use to guide and measure our progress.

- **Member Experience:** By listening, learning, and asking our Members, we are committed to anticipating your needs before you have them.
- **Technology:** We understand that we need to embrace the emerging technologies that make sense for us and our strategic direction, and partner with those technology providers to co-create our future.
- **Cast Engagement and Enablement:** As Walt Disney taught us, *'You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality.'* As our Credit Union size has almost doubled in the last seven years, our cast member population has grown as well. With our leadership position in the industry, we developed the talent, skill and desire to help lead us towards the building realities.



- **Safety and Soundness:** Ensuring that we have the trust of our Members and delivering the stability required for our regulators will always underly all the work that we do and decisions that we make. In many instances, we take this responsibility to heart and exceed what is typically required because it is simply, the right to do.

2019 proved to be another record setting year for Partners, closing with 178,401 Members and \$1.9 Billion in assets. As we look to the future, we know that more than ever, growth is not the objective. Rather our focus is on learning and deepening our relationships with our Members in order to deliver upon our mission of making all financial dreams come true today and tomorrow.

Thank you for your continued support and Membership.



John Walsh  
Chairman, Partners Federal Credit Union

## 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, LLP, 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	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

<b>ORLANDO</b> Mark Todd	<b>BURBANK</b> Gina Rakestraw	<b>ANAHEIM</b> Robyn Vossen
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# Financial Report & Income Statement

## STATEMENT OF FINANCIAL CONDITION

(as of December 31, 2019)

### ASSETS

Cash and cash equivalents	\$ 182,495,186
Investments	20,593,000
Federal Home Loan Bank stock	5,937,300
Loans receivable, net	1,626,634,092
Loans held for sale	15,324,586
Accrued interest receivable	5,110,635
Property and equipment	20,241,123
National Credit Union Share Insurance Fund deposit	14,772,606
Other assets	15,961,614
<b>Total Assets</b>	<b>\$ 1,907,070,142</b>

### LIABILITIES & MEMBERS' EQUITY

#### LIABILITIES

Members' share accounts	\$ 1,638,869,386
Borrowing funds	35,000,000
Accrued expenses & other liabilities	22,209,657
<b>Total Liabilities</b>	<b>\$ 1,696,079,043</b>

#### MEMBERS' EQUITY

Regular reserve	\$ 15,636,145
Undivided earnings	195,021,946
Accumulated other comprehensive income (loss)	333,008
<b>Total Members' Equity</b>	<b>\$ 210,991,099</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$ 1,907,070,142</b>

## STATEMENT OF INCOME

(as of December 31, 2019)

### INTEREST INCOME

Loans receivable	\$ 77,422,880
Investments and interest-bearing accounts	2,596,948
<b>Total Interest Income</b>	<b>\$ 80,019,828</b>

### INTEREST EXPENSE

Members' share accounts	\$ 13,364,957
Borrowed funds	614,723
<b>Total Interest Expense</b>	<b>\$ 13,979,680</b>

**NET INTEREST INCOME** **\$ 66,040,148**

**PROVISION FOR LOAN LOSSES** **\$ 11,679,258**

**NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES** **\$ 54,360,890**

### NON-INTEREST INCOME

Service charges and other fees	\$ 15,415,783
Interchange income	13,426,246
Commission revenue	3,385,174
Wealth management revenue	2,843,668
Gain on sale of loans	2,227,785
Other	1,048,100
<b>Total Non-Interest Income</b>	<b>\$ 38,346,756</b>

### NON-INTEREST EXPENSE

Compensation and benefits	\$ 38,469,118
Operations	15,771,263
Loan servicing	5,576,088
Occupancy	10,985,892
Debit card processing	3,773,580
Communications	2,544,106
Marketing	1,301,079
Loss on disposition of foreclosed properties	21,684
<b>Total Non-Interest Expense</b>	<b>\$ 78,442,810</b>

**NET INCOME** **\$ 14,264,836**

# 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.



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