

# 2017 PARTNERS ANNUAL REPORT!

**PARTNERS!**  
FEDERAL CREDIT UNION

Imagine what we can do **together.**

# 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.



**Alden Weiss**  
Chairman



**Dennis Ciolli**  
Vice-Chairman



**Debbie Bales**  
Director



**Kathy Clark**  
Director Emeritus



**Bob Cunningham**  
Director



**Mark Gustovich**  
Director



**Cindy Luttrell**  
Director



**Marsha Reed**  
Director



**Tom Tancredi**  
Director, Secretary/Treasurer



**Jaye Thompson**  
Director



**John Walsh**  
Director



**Jack Yellin**  
Director



# President/CEO's Report



Last year, the Credit Union embarked on the first leg of a new, three-year strategic plan that has the focus and approach of an agile operating model. While we are very proud of the results from our previous strategic plan, the speed of change in financial services is accelerating. Our strategic plan and delivery must always be aware and adapt to the rapidly changing environment in which we serve our Members.

Reflecting back on 2017, I am thrilled with the value we were able to deliver to our Membership and the community we serve. While there is always room to deliver more, the Credit Union's contributions were still diverse and large. Financial wellness is a major challenge for most people and remains a focus of the Credit Union. Our efforts in education and empowerment continue to be a highly sought after service with more than 3,000 attendees participating in a workshop, seminar, or webinar. Additionally, our education portal page continues to draw over 3,700 page views a month and ranks in the top 10 visited pages for our public website.

We've continued to enhance our Member access across physical and digital delivery channels. Last fall, we completed the relocation of our Team Disney Orlando Branch to the new Lake Buena Vista Branch at the "Partners Building." This new location was ideally suited serving our Members at the Team building while increasing accessibility for Members located at Disney Springs and includes parking as well as drive-up teller service. In addition to our branches, the Credit Union has improved its digital services in several ways. These include the ability to apply for a new loan/new Membership across all channels, increased peace of mind with new Visa credit card controls, allowing the Member to lock/freeze their Visa credit card if lost or stolen (Smart Controls), and lastly we converted to a new Bill Pay platform that provides better functionality and enhanced security without incurring service disruptions.

Partners continues to find new and important ways to serve its Membership. In 2017, both California and Florida endured several natural disasters. Through our Member Assistance Program (MAP), the Credit Union assisted over 1,800 Members during Hurricanes Harvey, Irma, and Maria, as well as the California wildfires. With the housing market remaining competitive, we looked for ways to provide value beyond great rates on home loans and education on the home buying process. One such effort was our realtor rebate program, where the Credit Union had another record year of Member rebates, returning nearly \$1 million in commissions to Members who leveraged our realtor partner program.

The word is spreading about the many benefits of joining Partners. Last year proved to be another record-breaking year for Partners as we welcomed over 22,000 new Members to the Credit Union. The Credit Union helped these new Members earn more on their deposits and financed their financial dreams, as seen through over \$164 million in new loan originations. These new Members produced more than 10% Net Membership growth—more than three times the national credit union average.

Our core values remain guiding principles in our efforts to make all financial dreams come true. One of our values, Embrace and Drive Change, has become more prominent as we look toward the future. As our world becomes more digital, we must continue to find ways to deliver this personal service across physical and digital channels. In order to deliver on our vision of making all financial dreams come true for our Members, our velocity of improvement must meet the speed of the competitive landscape.

Our collective future is very bright, and I am excited for what the future will bring. Our commitment to continuous progress in technology, products, and new services will help us improve the lives of our Members. Thank you for your continued support and the opportunity to serve you and your family.

A handwritten signature in black ink that reads "John Janclaes". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

John Janclaes  
President/CEO, Partners Federal Credit Union





## Chairmain's Report

From humble beginnings serving Members out of a little trailer to our new state-of-the-art branch located across the street from Disney Springs, Partners commitment to helping all Members achieve their financial dreams has never been stronger. At the end of 2017, more than 150,000 Members enjoyed the Partners difference. What Partners makes unique is that we don't have customers, we have Members. As such,

we can provide additional value as a not-for-profit organization by channeling profits into lower fees, competitive rates, and more services without worrying about shareholders. In order to ensure Partners and credit unions across the nation can continue as cooperatives that provide maximum value for Members, we actively monitor and advocate against unnecessary and costly regulatory burden.

As we closed out our three-year plan aimed at creating unmatched Member experiences through personalization and operational excellence, we added a focus on the complexity and ambiguity of the ever-evolving digital landscape. Our goal is to expand our digital delivery while keeping safety and cybersecurity a top priority.

To help us succeed and continue delivering Member value, we will be building capabilities in:

- **Technology infrastructure**
- **Organizational agility**
- **Managing complex bundles of projects**

By building a strong foundation with these precepts, we will be able to deliver on some key focus areas over the next three years:

- **Member Experiences** – We will unite the delivery of product and services across all delivery channels
- **Technology Enablement** – We will position our technology to meet the increasingly digital demands of our Members and Cast Members in a safe and secure manner
- **Cast Engagement and Enablement** – We will build a strong Cast Culture
- **Safety and Soundness** – We will ensure our ongoing viability and sustainability

While we shift some focus to the digital frontier, we will never forget the value of Cast Members serving Cast Members. In 2017, we moved our branch from the Team Disney Orlando building across from Disney Springs. This relocation enabled us to serve Cast Members and their families by granting them easier access to work while staying convenient to our local Cast Member population. Our mobile branch in

## 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. 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



Orlando has now welcomed over 360 new Members, helped with over 7,600 transactions, and enabled over \$1.1 million in financial dreams to come true! Our Education programs had over 3,000 attendees, which resulted in over \$15.8 million in financial dreams coming true after they completed the numerous workshops which ranged from budgeting basics to retirement planning.

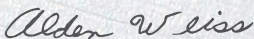
Member experiences and technology come together within our Mobile Banking App, and our future process enhancements will put timely updates in our Members' hands faster than ever. We are committed to providing frequent updates with new features that enhance our Members' overall digital experience and provide increasing amounts of value. We will deliver these enhancements not only faster but also with a strong focus on data security aimed at protecting our Members' personal information. Additionally, we will increase our Members' feedback opportunities, placing improved communication options across all our digital channels.

Partners remains well-capitalized. As of December 31, 2017, Assets increased to \$1.63 billion, Net Worth continued to be strong at 11.43%, and Net Membership grew by 11.26% with more than 20,000 new Members joining Partners in the past year.

Partners integration throughout The Walt Disney Company has never been stronger. In addition to supporting the corporate Synergy priorities with integrated marketing campaigns and events, we've also increased our support of the various Diversity Resource Groups, Business Employee Resource Groups, and other employee-focused resource groups. The Credit Union also continues to stay involved in many of the Enterprise Social Responsibility initiatives, including the Disney Conservation Fund and the Cast volunteer program, "VoluntEARS."

Partners remains committed to supporting the continued education of today's youth, awarding more than \$100,000 over the years through its annual scholarship award. Additionally, 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.

I am exceedingly proud of everything we accomplished for our Members in 2017 and look forward to the years ahead! As always, thank you for your continued support and Membership.



Alden Weiss  
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, 2017)

### ASSETS

Loans receivable, net	\$1,451,816,106
Securities available for sale	35,194,562
Federal Home Loan Bank stock	5,252,100
Loans held for sale	18,379,146
Cash and cash equivalents	72,694,707
Accrued interest receivable	5,202,605
Property and equipment	19,363,524
National Credit Union Share Insurance Fund deposit	13,028,519
Other assets	14,736,681
<b>Total Assets</b>	<b>\$ 1,635,667,950</b>

### LIABILITIES & MEMBERS' EQUITY

Members' share accounts	1,410,121,234
Borrowing funds	15,000,000
Accrued expenses & other liabilities	23,489,038
<b>Total Liabilities</b>	<b>\$ 1,448,610,272</b>

### MEMBERS' EQUITY

Regular reserve	15,636,145
Undivided earnings	171,255,650
Accumulated other comprehensive income	165,883
<b>Total Members' Equity</b>	<b>\$ 187,057,678</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 1,635,667,950</b>

## STATEMENT OF INCOME

(as of December 31, 2017)

### INTEREST INCOME

Loans receivable	\$ 64,720,515
Investments and interest-bearing accounts	1,668,398
<b>Total Interest Income</b>	<b>\$ 66,388,913</b>

### INTEREST EXPENSE

Members' shares accounts	7,172,152
Borrowed funds	328,742
<b>Total Interest Expense</b>	<b>\$ 7,500,894</b>

**NET INTEREST INCOME \$ 58,888,019**

**PROVISION FOR LOAN LOSSES 10,502,905**

**NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 48,385,114**

### NON-INTEREST INCOME

Service charges and other fees	\$ 14,652,424
Interchange income	11,644,659
Commission revenue	3,238,990
Wealth management revenue	2,622,793
Gain on sale of loans	1,900,780
Other	337,546
<b>Total non-interest income</b>	<b>34,397,192</b>

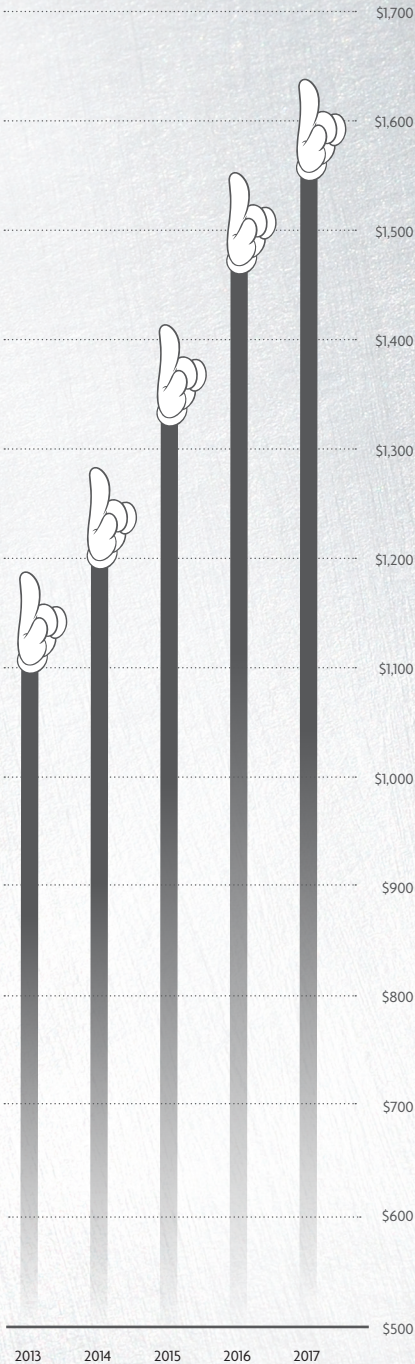
### NON-INTEREST EXPENSE

Compensation and benefits	34,472,629
Operations	13,978,759
Loan servicing	5,962,202
Occupancy	8,323,173
Debit card processing	5,383,186
Communications	1,982,869
Marketing	1,308,437
Loss on disposition of foreclosed properties	47,701
<b>Total Non-Interest Expense</b>	<b>\$ 71,458,956</b>
<b>NET INCOME</b>	<b>\$ 11,323,350</b>



# Asset Growth

\$ in millions



# Branch Locations<sup>1</sup>

## CALIFORNIA

Team Disney Anaheim Express<sup>2</sup>  
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

Lake Buena Vista  
1675 Buena Vista Drive

Disney University  
5555 North Center Drive

International Drive  
13705 International Drive South

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

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

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

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

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

**PARTNERS!**  
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**PartnersFCU.org • 800.948.6677**