

Partnership Financial Credit Union
66TH Annual Meeting

Thursday, February 22, 2024



Chair Report

As I reflect on 2023, I am amazed at the continued support from our membership! We have received so many wonderful letters, emails, and google reviews shining a light on our staff. As the current Board Chair, this warms my heart. PFCU has always strived to serve our membership with the highest level of customer service possible.

PFCU's constant priority is to offer a wide range of financial services to improve the lives of our members and all the communities we serve. In addition to our continued availability of our drive-thru lanes at Des Plaines, Franklin Park, and Morton Grove offices, we also offer a full suite of online services as well. Those services include account access 24 hours, seven days a week. Our online security is constantly evaluated to keep your financial information secure. We are happy to report that our members continue to embrace our Online Account Access, mobile app with 24-hour access with remote check deposit, telephone teller, and text alerts. I am happy to report that PFCU has maintained a consistent stable financial environment for our members.

In 2024, PFCU was able to offer our savers two special High-Rate Certificates of Deposits. For our borrowers, we deposited into our members' savings accounts an Interest Loan Rebate of 10% of the interest paid on any PFCU Consumer Home Equity Loans.

When I think of professionalism and consistency, I am reminded of our amazing executive leadership team. We have been so fortunate and so grateful to be led by our CEO, Mary Ann Pusateri, for the past 35 years. Our Chief Lending Officer, Theresa Guerriero, and our Chief Operations and Strategy Officer, Marisa Conforti, along with their outstanding staff have continued to go above and beyond to serve our members.

Finally, I am so blessed to work with an amazing Board of Directors. Our Board has a genuine heart for the members of PFCU and the communities we serve. As a Board, we constantly search for ways to support the PFCU scholarship and charitable efforts. PFCU is leading the way in our efforts to give back to our members and communities.

Respectfully submitted,

Steven Underwood, Board Chair



Supervisory Report

In accordance with the Illinois Credit Union Act and Partnership Financial Credit Union's bylaws, the Supervisory Committee exercises its independent credit union oversight through the engagement of external and internal auditors.

The Supervisory Committee has retained the services of Wipfli LLP to perform the annual audit as of December 31, 2022. The purpose of this required audit is to obtain an auditor's opinion of PFCU's financial statements and to confirm that PFCU conforms to U.S. Generally Accepted Accounting Principles (GAAP) as well as meets the requirements of the Department of Financial and Professional Regulation, State of Illinois (IDFPR) and National Credit Union Administration (NCUA). In addition, the auditors perform a verification of member accounts as well as a review of the performance of credit union officials and employees. The results of this audit were presented to the board in April 2023. The results indicated that PFCU is operating in a financially sound manner and in compliance with all applicable rules and regulations.

Also, as of December 2022, the IDFPR performed its bi-annual examination. The results were also presented to the Board in March of 2023, rating PFCU as a CAMELS 1, which is the highest rating. The Regulator examines our Capital, Assets Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk.

The committee also engaged the Illinois Credit Union League (ICUL), an association for credit unions, to perform the Bank Secrecy Act (BSA) audit, which was last done in 2021, and our annual Safe Act audit. Also, the ICUL performed a series of quarterly independent internal audits within the departments of Accounting, Lending, Operations, and Information Technology. Additionally, the committee contracted an independent auditor to perform the Automatic Clearing House (ACH) audit. Lastly, as a member of the Federal Home Loan Bank, we utilized their Mortgage Partnership Finance Program, which also conducts an audit annually. This fulfills all 2023 audit responsibilities, as part of PFCU's commitment to our members to adhere to financial regulations as required.

I would like to thank the committee members, Howard Bultinck, Katherine France, and Len Ackman for their time and efforts through the year serving on the Supervisory Committee. In addition, the committee would like to express its appreciation to the management team and staff of PFCU.

Respectfully submitted,

Michael Graham, Supervisory Committee Chair



Executive Finance Report

Partnership Financial Credit Union's (PFCU) primary objective is to provide its members with a variety of financial and loan products to meet all their needs. Funds that are not utilized for member loans or product enhancements are invested in Corporate Credit Unions, Certificates of Deposit, U.S. Government Securities, Annuity Investments, Municipal Bonds and Bank Notes.

Due to increasing loan rates and interest rates in 2023, PFCU had a small decrease in assets. However, it was also a strong year for growth in loans. During the year, our assets decreased approximately 2% and our loans grew approximately \$10 million or just over 10%.

We continue to utilize the services of McQueen Financial Advisors, an independent Investment and Asset Liability Management firm, to provide investment options and to assist the credit union's Asset Liability Management. McQueen also provides quarterly reports which are presented to the Credit Union Board to ensure that PFCU is diligently and responsibly managing financial and operational risks.

As treasurer, I am pleased to report that in 2023, PFCU's Investment Portfolio earned approximately \$3 million, which is an approximate annual yield of 2.04%; whereas our Loan Portfolio earned approximately \$6.6 million with an approximate annual yield of 5.13%. Additionally, the credit union's Equity Ratio grew to 11.14%, which is considered well capitalized by the IDFP (Illinois Department of Financial and Professional Regulations) and the NCUA (National Credit Union Association), who are Regulators and Insurance providers, respectively.

PFCU rigorously strives to offer our members the most competitive products and services while maintaining our financial stability.

I congratulate the Directors, committee members, and staff for all their hard work in 2023, and I look forward to a prosperous 2024 that financially benefits our members.

Respectfully submitted,

Patrick Flader, Treasurer



Scholarship Report

PFCU’s scholarship program, The Rising Star Scholarship, was established in the year 2000. Since its inception, more than \$288,000 has been awarded to graduating high school seniors. One of the criteria for the recipients is that they or their parent/guardian be a member of PFCU at the beginning of the applicant’s senior school year. Applicants must exhibit four key traits: **P**assion, **F**ocus, **C**harity, and **U**niqueness in their educational journey.

Applications are available every year from early January until mid-March with the evaluation process completed by mid-April. Each applicant is notified individually with congratulations or regrets in May. A press release is issued in May congratulating the recipients and wishing them success in their future endeavors, whether it is in a continuing education program at a two-year community college, trade school, vocational or life skills program, or a four-year university. A presentation of the scholarships is made at the high school annual award ceremonies for seniors when this opportunity is available. PFCU also congratulates our scholarship recipients via our social media efforts in addition to posting a montage of photos on our website. Applicants that are not awarded a scholarship do not go unacknowledged. PFCU provides a college swag bag to recognize their achievements, to thank them for their application, and to wish them well in their future endeavors.

In 2023, a total of 62 applications were received and 44 scholarships totaling \$40,750 were awarded to an outstanding group of individuals in increments ranging from \$500 to \$3,000. The committee was thoroughly impressed with all the applicants, making it a difficult decision to select the final recipients. The PFCU Board has approved increasing the 2024 Scholarship Fund to \$44,000 as we have seen an increase in applications. Our vision for the future is to support many more deserving students as we foresee a continued increase in applications in the coming years.

In closing, I’d like to thank the members of the Scholarship Committee: Michael Graham, Bill Porter, and Joe Thomas for their commitment to the selection process.

Respectfully submitted,

Vanessa J. Calloway, Scholarship Committee Chair



Lending Report

Partnership Financial Credit Union (PFCU) is pleased to announce that in 2023 PFCU provided 1,138 loans to our members totaling over \$38 million. Inflation continued throughout 2023 with rapidly increasing interest rates. PFCU continues to help our members save money through the many different member minded loan products that PFCU offers. Whether by continuing to offer balance transfers from high interest rate credit cards or by offering to refinance the member's current vehicle loan with an interest rate reduction, PFCU remains committed to offering our members products that best meet their financial needs.

We are excited to announce that our members transferred over \$850 thousand in high interest rate credit card balances to their PFCU low-rate credit cards at 0% for 6 billing cycles. This represented an estimated savings to our members of over \$100 thousand in interest charges.

In 2023, PFCU continued to offer an Interest Rate Reduction on vehicle loans our members had financed with other financial institutions. Additional savings for our members in 2023 were made by refinancing their current vehicle loans and reducing their interest rate by up to 1.00% below their initial rate. PFCU refinanced 129 loans for over \$4.5 million in vehicle loans, which represented savings of over \$100 thousand for members.

Our Home Equity Line of Credit special, which offers members a promotional rate of 3.99% for 12 months, continues to be a popular program. With the rise in 1st mortgage interest rates to over 7.50%, members took full advantage of the Home Equity promotion. The program provides the members access to a line of credit to be used at their discretion. In 2023, PFCU provided our members with access to over \$10 million in Home Equity Lines.

In an effort to make funds readily available to our members, PFCU launched a new loan program known as the 1 Click Loan. This loan is offered online and through the mobile app to members based on specific criteria, such as credit score and membership status. The offer is made to the member online and provides required documents to be signed electronically. Once submitted, the funds are automatically transferred to the members PFCU account. The whole process takes less than 5 minutes. In 2023, PFCU provided our members with over \$450 thousand in 1 Click loans.

As interest rates increased rapidly in 2023, reaching 20-year highs, our mortgage department did see a decline in loan applications. However, we are happy to report that the request for purchase pre-approvals increased over the last quarter of 2023. We anticipate the market to stabilize and to see a reduction in interest rates in 2024. PFCU will continue to provide our members with mortgage loan services and programs to best meet their financial needs. This includes a Down Payment Assistance program that awards a grant of up to \$10 thousand to members that meet eligibility criteria.



PFCU will continue to offer several promotional programs that will be advertised throughout the year to help our members with planned and unexpected expenses, holiday and vacation expenses, and additional options for debt consolidation. Members can work with one of our experienced Financial Services Representatives to explore Loan options that work best for their situation. If there are questions on any of the lending programs we offer, members are encouraged to reach out to any of our experienced Financial Service Representatives for help. Lending money to you, our members, continues to be one of our primary missions.

PFCU has continued its partnership with GreenPath Financial Wellness. GreenPath is a not-for-profit agency that works primarily with credit unions and their members, offering an array of financial wellness tools. Some of the resources available are webinars, podcasts, housing counseling services, first time homebuyer classes and debt counseling. In 2023, GreenPath assisted members with paying off over \$76 thousand in debt and provided service by directing or having discussions with members over 340 times.

As previously mentioned, PFCU is committed to providing our members with all the tools and programs necessary to keep their financial future bright. PFCU continues to explore new lending options that will best serve our members.

In addition to the products and services referenced above, PFCU is proud to announce that one of our Small Business members was awarded a \$25 thousand grant made possible by our partnership with the Federal Home Loan Bank of Chicago. Together, with a recommendation by PFCU and a completed application, RescUSA, a small business owned by our member, Patrick Schey, was one of 44 small businesses chosen to receive the grant. Patrick and his team provide emergency natural disaster rescue training to our nation's first responders, across the United States. RescUSA/Patrick Schey has been a member of PFCU, utilizing our business account services since 2009. PFCU is proud to be able to recognize the amazing work RescUSA does by awarding it this grant.

I would like to thank the Board of Directors and the Lending staff at PFCU for their continued support, direction, and hard work to help us achieve the growth that we have accomplished.

Respectfully submitted,

Theresa M. Guerriero, Chief Lending Officer

2023 Directors, Officers and Committee Members

Executive Committee

Chair	Steve Underwood
Vice Chair	Vanessa J. Calloway
Treasurer	Patrick Flader
Secretary	Bill Porter

Charitable Committee

Chair	Patrick Flader
Member	Gene McCormack
Member	Bill Porter
Member	Joe Thomas

Supervisory Committee

Chair	Michael Graham
Member	Len Ackman
Member	Howard Bultinck
Member	Katherine France

Asset Liability Committee

Katherine France

Scholarship Director

Chair	Vanessa J. Calloway
Member	Michael Graham
Member	Bill Porter
Member	Joe Thomas

Governance Committee

Chair	Vanessa J. Calloway
Member	Walter John
Member	Steve Underwood
Member	Mike Vilches

Financial Statements

Balance Sheet			
	12/31/2023	12/31/2022	% Growth
Assets			
Total Consumer Loans	\$59,687,000	\$49,212,500	
Visa Credit Card Loans	\$5,645,000	\$5,155,000	
Home Equity Loans	\$30,021,000	\$23,084,000	
First Mortgages	\$53,671,000	\$56,837,000	
Business Loans	\$4,461,000	\$4,824,500	
Reserve for Loan Losses	\$1,133,000	\$703,500	
Net Loans	\$152,352,000	\$138,409,500	14%
Cash	\$8,890,000	\$4,270,000	
Investments	\$182,096,000	\$207,348,500	
NCUA Share Insurance Deposit	\$3,060,000	\$3,186,000	
CU Building & Land	\$6,737,000	\$6,855,000	
Other Assets	\$5,030,000	\$5,038,500	
Total Assets	\$358,165,000	\$365,107,500	<u>0.90%</u>
Short Term Loans	\$5,000,000	\$7,200,000	
Other Liabilities	\$2,785,000	\$3,187,000	
Total Liabilities	\$7,785,000	\$10,387,000	
Shares			
Regular Shares	\$157,782,500	\$196,832,000	
Partner Plus	\$26,247,000	\$36,658,500	
Certificates of Deposit	\$61,990,000	\$17,267,500	
Checking Accounts	\$63,275,000	\$68,838,000	
Kids Accounts	\$1,807,000	\$2,050,500	
		\$1,938,500	
Holiday Accounts	\$64,000	\$67,000	
Vacation Accounts	\$700,000	\$776,000	
IRA Accounts	\$2,373,000	\$2,567,000	
IRA Certificates	\$1,838,000	\$1,608,000	
Escrow	\$12,000	\$20,000	
Total Shares	\$316,088,500	\$323,684,500	<0.10%>
Equity	\$32,652,500	\$29,128,500	<11.3%>
Net Gain	\$1,639,000	\$1,907,500	<28.5%>
Total Shares and Equity	\$358,165,000	\$365,107,500	<u>0.90%</u>

*\$320,500 Sale of building – Actual <4.5%

Income Statement

	2023	2022	% Growth
Income			
Interest on Consumer Loans	\$3,146,500	\$2,283,000	
Interest on Real Estate Loans	\$3,425,500	\$2,879,500	
Total Interest on Loans	\$6,572,000	\$5,162,500	
Earnings on Investments & Cash	\$7,576,000	\$3,710,500	
FM Sales Income	\$158,000	\$210,000	
Interchange Income	\$495,000	\$507,500	
Fees	\$395,000	\$405,000	
Other Income	\$586,000	\$925,500	
Total Operating Income	\$15,782,000	\$10,921,000	13%
Expenses			
Employee Salaries & Benefits	\$3,901,000	\$3,827,000	
Conference & Travel	\$20,000	\$16,500	
Checking, ATM, Debit Expense	\$5,074,000	\$1,927,000	
Office Operations	\$839,000	\$800,00	
Total Promotional Expense	\$123,000	\$168,500	
Depreciation Expense	\$319,000	\$328,500	
Loan Processing & Servicing	\$529,000	\$366,000	
Provision for Loan Losses	\$332,000	\$100,000	
Insurance	\$107,000	\$101,500	
Occupancy Expenses	\$654,000	\$701,500	
Total Operating Expense	\$11,898,000	\$8,337,000	32%
Income from Operations	\$3,884,000	\$2,584,000	<22%>
Total Dividend Expense	\$1,957,000	\$373,000	<10%>
CDI Authorization	\$288,000	\$303,500	24%
Net Income	\$1,639,000	\$1,907,500	<28%>

Directors Years Served

	Cardinal Year	Years of Service
Walter John	1967 - 1968 / 1974 - 2014 / 2018	47
Len Ackman	1987	37
Eugene McCormack	1988	34
Katherine France	1997	27
Joe Thomas	1997	27
Michael Graham	1998	26
Steven Underwood	2005	19
Vanessa Calloway	2008	16
Mike Vilches	2012	12
Patrick Flader	2019	5
William Porter	2019	5

Committee Members

Howard Bultinck	1994 - 2015 – Board Member	22
	2015 – Supervisory Committee	9

Benefits of Membership

Accounts

- Savings
- High Yield Savings
- Checking – No Big Strings checking, checking plus and Teen checking.
 - ATM Fee Refunds
- Individual Retirement Accounts (IRA)
- Certificate of Deposit (CD)
- Business Accounts
- Club Accounts
 - Kids
 - Vacation
 - Holiday
 - Summer

Loans/Credit Cards

- 1st Mortgage Access
 - Down Payment Assistance Program
- Home Equity
- VISA Credit Cards
- Vehicle/RV/Watercraft
- Personal
- Student

Electronic Services

- ATM/Debit Cards
- It's ME-24/7 Online Account Access
 - Mobile Deposit with App
 - Mobile App
 - Debit Card Control
 - Bill Pay
 - E-Statements
 - SavvyMoney – Free Credit Score
- 24/7 Telephone Access
- Direct Deposit
- Payroll Deduction
- Visa Online Access
- Apple Pay/Google Pay/Samsung Pay
- Mobile text Banking – Texts and Alerts
- Quickbooks/Quicken

Additional Products and Services

- College Scholarship Program
 - Graduating High School Seniors
- Drive Thru
 - Des Plaines, Morton Grove & Franklin Park Offices
- Financial Wellness Online Programs
- Night Depository
 - Des Plaines, Morton Grove & Franklin Park Offices
- Safe Deposit Boxes
 - Des Plaines Offices
- **Fee-Free Services**
 - Coin Counting
 - U.S. Postage Stamps
 - U.S. Savings Bond Redemption
 - Medallion Stamp Signature Guarantee
 - Signature Validation
 - Notary Service
 - eFax Service
- **Services with Minimal Fees**
 - VISA Gift Cards – First 5 per Month Free!
 - Visa PrePaid Cards
 - VISA Travel Cards
 - Vehicle License Plate Sticker Renewal Program
 - Wire Transfers
- **Discounted Services**
 - WheelZone Car Buying Service
 - Movie Tickets
 - Amusement Park Tickets
 - Financial Planning
 - Insurance Products/Trustage
 - Love my Credit Union
 - *New in 2024
 - a. Tmobile
 - b. Trust & Wills
 - c. Turbo Tax Service/H&R Block

Membership Report

Checking Account Totals at Year End 2023

Savings Account	16,390
High Yield Savings/Partner Plus	606
CD Accounts	1915
IRA Savings	182
IRA CD Accounts	88
Secondary Share	1,586
Kid's Accounts	663
Holiday Accounts	369
Vacation	244

Membership Account Totals at Year End 2023

Checking Accounts	7,823
Checking Plus	389
Business Checking	103

Electronic Numbers 2023

Mobile Web Active Users	4,272
Online Banking Active Users	4,833
Text Banking Active Users	1,188
Audio Banking Active Users	158
E-Statement Users Enrolled	11,867
Remote Check Deposit Sign Up	No longer available

**2024 Board of Directors
Nominating Committee
Proposed Slate**

SLATE of DIRECTORS TO BE ELECTED FOR 3 YEAR TERM, ENDING 2027

Len Ackman
Katherine France
Walter John
Gene McCormack

Continuing Terms

2 YEARS REMAINING OF A 3 YEAR TERM, ENDING 2026

Vanessa J. Calloway
Joe Thomas
Mike Vilches
Open position

1 YEAR REMAINING OF A 3 YEAR TERM, ENDING 2025

Patrick Flader
Michael Graham
Bill Porter