

Partnership Financial Credit Union
67TH Annual Meeting

Thursday, February 27, 2025





Chair Report

Being on PFCU's Board of Directors has been an educational and enlightening experience.

In 2024, we were excited to celebrate PFCU's 10th anniversary on October 1st with a wonderful event held at the Des Plaines office. Additionally, the newly remodeled Franklin Park Office was revealed on December 11th with the attendance of local government officials, members, and staff. Further, the following activities provide only a few examples of the commitment of PFCU's awesome team to serve its communities: Charitable Donations, Food Drives, Financial Literacy, Scholarship Funding, and Small Business Grants.

PFCU's member services include in-person assistance at our six locations – Barrington, Des Plaines, Evanston, Franklin Park, Morton Grove, and River Grove (Triton College). In 2024, PFCU added a few new digital services which include an online Scholarship Application Platform. We also added Repay, which is software that allows our members to make loan payments via debit or credit cards with this digital service. Additionally, in 2024, we became part of PLAID. Our members now can view and manage their accounts at other financial institutions with our integration with PLAID by connecting their financial accounts from within an app or service through a Plaid Portal. PFCU is dedicated to remaining competitive in continuing to bring digital services to our members that will enhance their lives through efficiency and safety.

We are proud of our diligent efforts to maintain the security of our financial information. Our heightened and constant attention to our members' financial security is of the utmost importance and has been remarkable. We continue to work diligently with our IT vendor, keeping the infrastructure updated to safeguard our members' information.

Here at PFCU, we believe that not only is it important to offer quality and secure services to our community in a professional manner, but we also believe in treating our members like family. Our leadership and our staff strive to offer personable member service and to always serve with a smile.

Our executive leadership team is thorough and conscientious in informing the Board of historical economic conditions as well as current issues that affect our membership. Led by our CEO, Mary Ann Pusateri, our Chief Lending Officer, Theresa Guerriero, and our Chief Operations and Strategy Officer, Marisa Conforti, the staff have been amazing in their service to the members, the Board of Directors, and the community. Let it be known that PFCU is a leader among credit unions in so many ways. Thank You, PFCU!!!



Lastly, I am impressed and encouraged by the awesome members of the Board of Directors. I appreciate their commitment, knowledge, and wisdom. I have learned so much this year! And I sincerely thank them all for their support of our membership and of this great organization!

Respectfully submitted,

Vanessa J. Calloway, 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. In 2024, to ensure that we keep our commitment to our members, PFCU underwent ten independent audits, internal and external combined. With each audit, PFCU received a positive or a clean audit, confirming that PFCU is in complete compliance and financially sound.

The Supervisory Committee has retained the services of Wipfli LLP to perform the annual audit. 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 Illinois Department of Financial and Professional Regulation (IDFPR) and the National Credit Union Administration (NCUA). In addition, the auditors perform a verification of member accounts as well as a review of the performance of the credit union. The results of this audit were presented to the Board in March 2024. The results indicated that PFCU operates in a financially sound manner and is in compliance with all applicable rules and regulations.

Also, as of June 2024, the IDFPR and the NCUA jointly performed a bi-annual examination. The results were presented to the Board in December of 2024, 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**. A CAMELS 1 rating indicates that PFCU is capable of withstanding unpredictable business conditions and is resistant to outside influences such as economic instability in our trade area.

The committee also engaged the Illinois Credit Union League (ICUL), an association for credit unions, to perform the Bank Secrecy Act (BSA) audit and our annual Safe Act audit. Along with the above two audits, ICUL also performed a series of five additional independent internal audits within the departments of Accounting, Lending, Operations, and Information Security. Additionally, the committee contracted with Robin Robinette and Associates, 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. These ten audits carried out in 2024 fulfilled our audit responsibilities and PFCU's commitment to its members to adhere to mandated financial regulations as required.



I would like to thank the committee members, Howard Bultinck, Katherine France, and Len Ackman for their time and efforts throughout the year serving on the Supervisory Committee. In addition, the committee would like to express its appreciation to the management team and the 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 steady loan rates and interest rates in 2024, PFCU had a small increase in assets. During the year, our assets increased by approximately 2% while loans remained primarily unchanged with a decrease of only approximately \$160,000.

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 2024, PFCU's Investment Portfolio earned approximately \$4.4 million, which is an approximate annual yield of 2.84%; whereas our Loan Portfolio earned approximately \$8.2 million with an approximate annual yield of 5.53%. Additionally, the credit union's Equity Ratio grew to 11.59%, which is considered well-capitalized by the Illinois Department of Financial and Professional Regulations (IDFPR) and the National Credit Union Association (NCUA), 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 on all their hard work in 2024, and I look forward to a prosperous 2025 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 \$332,000 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 ceremony 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, thank them for their application, and wish them well in their future endeavors.

In 2024, a total of 53 applications were received, and 30 scholarships totaling \$44,250 were awarded to an outstanding group of individuals in increments ranging from \$1,000 to \$2,500. The committee was thoroughly impressed with all the applicants, making it a difficult decision to select the final recipients. The PFCU Board was informed by the CEO that "PFCU has one of the largest scholarship programs [in Illinois] amongst all the different credit unions, even the billion-dollar credit unions." Our vision for the future is to continue our support of many more outstanding students as we foresee a continued increase in applications in the coming years.

Also in December 2024, we launched the Scholarship portal, which can be found on our website, wherein applicants can now securely apply online. Each applicant creates a user profile that they can update as the application process advances. This affords the applicant a better avenue to keep track of where they are in the application process as well as to allow high schools the ability to submit Official Transcripts and to submit the required Letters of Recommendation directly to the portal. This new Scholarship platform should streamline the application process, making it more efficient not only for the applicants but also for our Scholarship committee. The Scholarship Committee will now be able to evaluate applications on a rolling basis as opposed to evaluating applications all at the same time. This new Scholarship website became available for the 2025 applicants.

In closing, I'd like to thank the supportive staff members who assisted the committee in the



organization and in the submission of the completed applications for the committee's review.

In addition, I'd like to thank the members of the Scholarship Committee: Michael Graham, Bill Porter, and Joe Thomas for their time and 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 2024 PFCU provided 915 consumer loans to our members totaling over \$36 million. Interest rates largely remained stagnant throughout the year, with nominal reductions by the Federal Reserve toward the third and fourth quarters. PFCU provided several alternative loan options to members, including our ever-popular Home Equity Line of Credit with a promotional rate of 3.99% for 12 months, our “1% Beat the Rate” program on auto loan refinances, and our non-variable credit cards with a 0% balance transfer promotion for six months.

For much of 2024, mortgage rates flatlined at less than desirable rates, often exceeding 7% for 30-year terms. The inventory of the housing market for homebuyers remained scarce with elevated sale prices. As a result, refinance transactions were limited; however, PFCU was able to grant \$5.2 million in mortgages to 21 members.

We utilized several automated procedures to generate swift loan decision timeframes for members. Within our loan operating system, Sync 1, PFCU programmed automated approval workflows, allowing for instant approval. PFCU also continued its rollout of the popular 1-Click loan to members through online banking. With the simple click of a button, members can accept the pre-qualified offer, and the funds are deposited into their PFCU checking account within seconds of accepting. 50 members took advantage of the offer for a total of approximately \$156,000.

Although not as strong as we had hoped, we were able to open 99 new VISA credit cards. PFCU’s fixed, low-interest rate card options and 0% balance transfer promotion remain a popular alternative for members carrying high balances on variable rate credit cards. Total transferred balances in 2024 equaled approximately \$755,000.

PFCU originated \$15 million in new and used vehicle loans. Several members took advantage of our “Beat the Rate by 1%” refinance offer, along with several dealership purchases and lease buyouts.

Our HELOC products held firm as a preferred option for home improvements, debt consolidation, and personal expenses. The majority of the 185 booked loans in 2024 qualified for the introductory rate of 3.99% for 12 months. The total amount disbursed in the year was \$19.2 million.

Lending participated in several community outreach events and partnerships, which helped both brand awareness and strengthen our reputation as a preferred lender. In 2024, PFCU partnered with the Illinois Credit Union League (ICUL), along with the Illinois Hispanic Chamber of Commerce to offer our services to small business owners in need of lending programs for start-up capital or just a home-based financial network. PFCU also provided financial wellness training to students



at Triton College to discuss the basics of credit score management and how to avoid the pitfalls of predatory lending. Together, along with GreenPath Financial Wellness, PFCU is able to work with members to achieve their short-term and long-term financial goals.

PFCU continues to expand and diversify its lending portfolio through loan participation opportunities with other credit unions and specialized credit union service organization brokers. PFCU partnered with reputable firms, Alloya, Element 22, and Rhyze, LLC to lend out \$3.3 million in proceeds for high-yield earning business loan participation purchases. Each of these purchase funds was combined with loan proceeds from other well-established credit unions to finance the purchase or refinance of commercial properties, mitigating the overall risk. PFCU remains committed to seeking alternative lending opportunities and will augment a Member Business Lending program, policy, and rate structure for 2025 to offer more loan solutions to our business members.

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

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

Respectfully submitted,

Theresa Guerriero, Chief Lending Officer

2024 Directors, Officers and Committee Members

Executive Committee

Chair	Vanessa J. Calloway
Vice Chair	Mike Vilches
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	Mike Vilches
Member	Len Ackman
Member	Walter John
Member	Gene McCormack

Financial Statements

Balance Sheet			
	12/31/2024	12/31/2023	% Growth
Assets			
Total Consumer Loans	\$58,833,000	\$59,687,000	
Visa Credit Card Loans	\$5,540,000	\$5,645,000	
Home Equity Loans	\$34,518,000	\$30,021,000	
First Mortgages	\$53,057,000	\$53,671,000	
Business Loans	\$6,375,000	\$4,461,000	
Reserve for Loan Losses	\$1,204,000	\$1,133,000	
Net Loans	\$152,119,000	\$152,352,000	-0.15%
Cash	\$12,012,000	\$8,890,000	
Investments	\$187,041,000	\$182,096,000	
NCUA Share Insurance Deposit	\$3,054,000	\$3,060,000	
CU Building & Land	\$6,619,000	\$6,737,000	
Other Assets	\$5,672,000	\$5,030,500	
Total Assets	\$366,517,000	\$358,165,000	<u>2.33%</u>
Short Term Loans	\$0	\$5,000,000	
Other Liabilities	\$2,521,000	\$2,785,000	
Total Liabilities	\$2,521,000	\$7,785,000	
Shares			
Regular Shares	\$147,357,000	\$157,782,500	
Partner Plus	\$24,594,000	\$26,247,000	
Certificates of Deposit	\$85,599,000	\$61,990,000	
Checking Accounts	\$61,115,000	\$63,275,000	
Kids Accounts	\$1,449,000	\$1,807,000	
Holiday Accounts	\$71,000	\$64,000	
Vacation Accounts	\$474,000	\$700,000	
IRA Accounts	\$2,200,000	\$2,373,000	
IRA Certificates	\$2,096,000	\$1,838,000	
Escrow	\$0	\$12,000	
Total Shares	\$324,955,000	\$316,088,500	<2.81%>
Equity	\$36,393,000	\$32,652,500	<11.46%>
Net Gain	\$2,648,000	\$1,639,000	<61.56%>
Total Shares and Equity	\$366,517,000	\$358,165,000	2.33%

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

Income Statement

	2024	2023	% Growth
Income			
Interest on Consumer Loans	\$3,994,000	\$3,146,500	
Interest on Real Estate Loans	\$4,204,000	\$3,425,500	
Total Interest on Loans	\$8,198,000	\$6,572,000	
Earnings on Investments & Cash	\$9,911,000	\$7,576,000	
FM Sales Income	\$107,000	\$158,000	
Interchange Income	\$470,000	\$495,000	
Fees	\$383,000	\$395,000	
Other Income	\$380,000	\$586,000	
Total Operating Income	\$19,449,000	\$15,782,000	23.24%
Expenses			
Employee Salaries & Benefits	\$3,923,000	\$3,901,000	
Conference & Travel	\$36,000	\$20,000	
Checking, ATM, Debit Expense	\$5,738,000	\$5,074,000	
Office Operations	\$904,000	\$839,000	
Total Promotional Expense	\$206,000	\$123,000	
Depreciation Expense	\$307,000	\$319,000	
Loan Processing & Servicing	\$531,000	\$529,000	
Provision for Loan Losses	\$334,000	\$332,000	
Insurance	\$109,000	\$107,000	
Occupancy Expenses	\$565,000	\$654,000	
Total Operating Expense	\$12,653,000	\$11,898,000	6.35%
Income from Operations	\$6,796,000	\$3,884,000	<74.97%>
Total Dividend Expense	\$3,857,000	\$1,957,000	<97.09%>
CDI Authorization	\$291,000	\$288,500	1.04%
Net Income	\$2,648,000	\$1,639,000	<61.56%>

Directors Years Served

	Cardinal Year	Years of Service
Walter John	1967 - 1968 / 1974 - 2014 / 2018	48
Len Ackman	1987	38
Eugene McCormack	1988	35
Katherine France	1997	28
Joe Thomas	1997	28
Michael Graham	1998	27
Vanessa Calloway	2008	17
Mike Vilches	2012	13
Patrick Flader	2019	6
William Porter	2019	6

Committee Members

Howard Bultinck	1994 - 2015 – Board Member	23
	2015 – Supervisory Committee	10

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

Digital 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 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
 - Tmobile
 - Trust & Wills
 - Turbo Tax Service/H&R Block

Membership Report

Checking Account Totals at Year End	2024
Savings Account	16,078
High Yield Savings/Partner Plus	606
CD Accounts	2633
IRA Savings	180
IRA CD Accounts	96
Secondary Share	1,609
Kid's Accounts	603
Holiday Accounts	378
Vacation	253

Membership Account Totals at Year End	2024
Checking Accounts	7,970
Checking Plus	362
Business Checking	100

Electronic Numbers	2024
Mobile Web Active Users	4,577
Online Banking Active Users	4,816
Text Banking Active Users	94
Audio Banking Active Users	145
E-Statement Users Enrolled	12,082
Remote Check Deposit Sign Up	4519

**2025 Board of Directors
Nominating Committee
Proposed Slate**

SLATE of DIRECTORS TO BE ELECTED FOR 3 YEAR TERM, ENDING 2028

Patrick Flader

Michael Graham

Bill Porter

Continuing Terms

2 YEARS REMAINING OF A 3 YEAR TERM, ENDING 2027

Len Ackman

Katherine France

Walter John

1 YEAR REMAINING OF A 3 YEAR TERM, ENDING 2026

Vanessa J. Calloway

Joe Thomas

Mike Vilches