

Loan Committee Report

Partners 1st Federal Credit Union continues to provide a wide range of competitively priced products to meet the financial needs of our members. In 2015, Partners 1st Federal Credit Union disbursed the following loans:

Loan Product	Number of Loans	Total Dollar Amount Funded
Auto Loans	1,654	\$27,193,673
ATV's, Boats, RV's	60	\$996,612
Closed-End Signature Loans	552	\$1,968,243
Real Estate Loans	151	\$10,981,267
Business Loans	20	\$2,623,192
Credit Cards*	825	\$3,474,950
Total	3,262	\$47,237,938

*Total Lines of Credit Granted

Supervisory Committee Report

Assessment of the Credit Union's internal controls, management practices, regulatory compliance, and financial statement accuracy were accomplished by the Supervisory Committee through performance of various audits, financial analysis, and procedural reviews by both the Internal Audit Department and external audit firms.

Internal Audit/Risk Management performed branch audits, cash counts, loan underwriting audits including consumer and commercial loans and monthly mortgage reviews, and operating/compliance audits as well as compliance training for BSA & FACTA and robbery training. The Committee oversees a robust Internal Audit function and in addition, retains external auditors BKD, LLP, Certified Public Accountants and Summers, Carroll, Whisler LLC to enhance that function by reviewing financial statements, IT General Controls, and BSA standards. These audits confirmed the internal controls in place and verified the health and strength of the Credit Union in 2015. All audits were performed in conformance with generally accepted accounting standards, and no major discrepancies were noted. Positive trends noted were increased IT security and staff training. As reflected in these audits, we continue to see strong equity ratios and operating efficiencies. The BSA audit results confirmed the quality of internal controls and efficiencies.

In the opinion of the Supervisory Committee, the Credit Union operated in compliance with all applicable rules and regulations during the year ending December 31, 2015.



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Loan Committee

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Member

Supervisory Committee

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Karen Johnston
Associate Director
Pam Kephart
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Vice President Internal
Audit/Risk Management

2015 Annual Report

Partners 1st
FEDERAL CREDIT UNION

Chairman's Report

Your credit union is in the middle of some pretty exciting changes! The year 2015 saw the introduction of our brand change which included new signage, logos, and colors in our main office, branches, and websites. Our fresh, new look highlights big news for the year.

In order to provide more convenient access for our members, Partners 1st acquired a new branch building in Luray, Virginia, and is negotiating the purchase of another site in Orange, Virginia. Additionally, we established a Member Business Services program, whose focus is to provide lending and deposit services to the small business owner/member. To date, we've experienced a significant level of interest and have been able to service several small businesses already. And - if you have an iPhone, you can set up the "electronic wallet" with Apple Pay, now available, for your convenience, at Partners 1st.

For 2016, we will continue our efforts to increase member access, improve products and services, while continuing to provide competitive rates and secure investments.

Thank you for letting us serve you!

David A. Dent
Chairman

As of Year End December 31, 2015

BALANCE SHEET

	2015	2014
ASSETS:		
Loans to members	110,504,962	107,099,447
Less: Allowance for Loan Losses	<u>(892,765)</u>	<u>(1,039,578)</u>
Net Loans	109,612,197	106,059,869
Cash and Investments	141,333,842	137,920,421
Land	1,288,596	1,288,596
Building, Furniture and Fixtures	4,675,508	4,347,971
Other Assets	<u>9,264,599</u>	<u>8,428,909</u>
TOTAL ASSETS	266,174,742	258,045,766
LIABILITIES/EQUITY:		
Dividends Payable	7,405	10,628
Other Liabilities	4,540,895	4,071,698
Member Shares and Share Certificates	231,614,717	223,906,703
Other Comprehensive Income	416,893	529,610
Unrealized Gain/Loss on Inv	(6,690)	(55,121)
Regular Reserves	3,905,729	3,905,729
Undivided Earnings	<u>25,695,793</u>	<u>25,676,519</u>
TOTAL LIABILITIES/EQUITY	266,174,742	258,045,766

STATEMENT OF INCOME

Loan Interest Income	5,473,590	5,608,884
Income from Investments	<u>1,676,736</u>	<u>1,411,444</u>
Total Interest Income	7,150,326	7,020,328
Dividends Paid to Members	(397,958)	(474,473)
Interest on Borrowed Funds	<u>(1,033)</u>	<u>(594)</u>
Total Interest Expense	(398,991)	(475,067)
Interest Margin	6,751,335	6,545,261
Provision for Loan Loss	<u>(583,465)</u>	<u>(652,028)</u>
Net Interest Inc Aft Prov for Loan Loss	6,167,870	5,893,233
Fee Income and Other Non-Interest Income	5,360,755	5,575,625
Total Non-Interest Expense	<u>(11,509,351)</u>	<u>(11,280,108)</u>
Net Income	19,274	188,750
Number of Members	27,897	28,255