

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 2020, we disbursed the following loans:

Loan Product	Number of Loans	Total Dollar Amount Funded
Auto Loans	3,818	\$85,846,512
ATV's, Boats, RV's	79	\$1,283,922
Closed-End Signature Loans	351	\$1,480,065
Real Estate Loans	666	\$94,771,924
Business Loans	86	\$5,617,993
Credit Cards*	691	\$1,850,147
Total	5,691	\$190,850,563

*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. This was done 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 cash counts, loan underwriting audits (including consumer and monthly mortgage reviews) and other operating/compliance audits as well as compliance training for BSA and FACTA. Helping our members fight fraud takes a great deal of risk management resources. Part of our ongoing efforts to reduce fraud include member and staff education and oversight and monitoring controls. The Committee oversees a robust internal audit function and also retains external auditors BKD, LLP, certified public accountants and Whiting & Company LLC to enhance that function by reviewing financial statements, IT and BSA standards. These audits confirmed the internal controls in place and verified the health and strength of the credit union in 2020. All audits were performed in conformance with generally-accepted accounting standards, and no major discrepancies were noted. 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, 2020.

Board of Directors

David A. Dent
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Denny Baumgartner
Vice Chairman
Gregory J. Gabet
Treasurer
Karen Johnston
Secretary
Daryl D. Davis
Debora S. Heiny
Adam Riegler
Donald E. Schwegman
Tom Dwire

Loan Committee

Nancy Brandenberger
Chairman
Rhonda Smith
Member
Kim Jehl
Member

Supervisory Committee

Gary Baumgartner
Chairman
Tom Dwire
Dave Kaiser
Jerry Fuhrmann



2020 Annual Report

Partners 1st
FEDERAL CREDIT UNION

The logo for Partners 1st Federal Credit Union, featuring the word "Partners" in a large, blue, sans-serif font, followed by "1st" in a smaller, blue, sans-serif font. To the right of "1st" is a stylized green figure of a person with arms raised, and below "Partners" is the text "FEDERAL CREDIT UNION" in a smaller, blue, sans-serif font.

Chairman's Report

The year of the pandemic - 2020. We can only hope that in our lifetime, we can always refer to it as "the pandemic." We need not experience more than one. To say that the year was a challenge would be an understatement. The good news is your credit union emerged from the challenge stronger than ever.

If others were looking to survive the pandemic, your credit union was looking to thrive. While we closed our lobbies and restricted access along with the rest of the world, we did not stop moving forward toward our goals. During the course of the year, the staff went "beyond the transaction" for our members and for each other.

We worked to ensure that our members could get to their accounts – by drive up, lobby appointments, walk up windows and even "walk up doors". We opened our lobbies as quickly as we safely could while following state and local mandates. Our online systems, ATMs and shared branching were key to completing this access.

During this time, we proved that we can operate effectively with nearly half of our staff off-site, if necessary. This staff displacement did not deter us. No matter where our team was situated, we looked to meet our goals. Lending was front and center for the last half of the year. The mortgage department completed a key conversion to new software at the end of 2019 and during the first quarter of 2020. These systems gave them the leverage they needed to manage unprecedented volume. We originated two and a half times more in mortgage loans than we had budgeted for the year. Additionally, we created a consumer loan underwriting department. By consolidating the underwriting function under one umbrella, we gave our branch managers the resource of time, allowing them to work more closely with our members to exceed their expectations. This resulted in record originations for vehicle loans. In a year when we thought lending would be hard to come by, our vehicle loans grew by more than one third over our goal.

Finally, we invested in our I.T. systems to ensure the speed and stability of our member's online access as well as our internal infrastructure. Our efforts have the credit union well positioned for future growth. We could not have met our core value to Live Integrity without ensuring the safety, speed and resiliency of our key systems.

On behalf of your Board of Directors and the entire staff, we wish to thank you for choosing Partners 1st as your trusted financial partner.

David Dent
Chairman

As of Year End December 31, 2020

Balance Sheet

	2020	2019
ASSETS:		
Loans to members	268,962,086	240,675,933
Less: Allowance for Loan Losses	<u>(2,141,384)</u>	<u>(2,104,179)</u>
Net Loans	266,820,702	238,571,754
Cash and Investments	143,675,844	106,208,997
Land	2,943,268	2,853,268
Building, Furniture and Fixtures	12,197,401	11,390,222
Other Assets	<u>15,609,130</u>	<u>15,325,260</u>
TOTAL ASSETS	441,246,345	374,349,501

LIABILITIES/EQUITY:

Dividends Payable	12,254	13,319
Other Liabilities	8,284,582	7,459,780
Member Shares and Share Certificates	387,687,225	322,101,211
Other Comprehensive Income	42,689	149,428
Unrealized Gain/Loss on Inv	97,311	31,354
Regular Reserves	13,392,171	13,392,171
Undivided Earnings	<u>31,730,113</u>	<u>31,202,238</u>
TOTAL LIABILITIES/EQUITY	441,246,345	374,349,501

Statement of Income

Loan Interest Income	11,185,882	11,681,268
Income from Investments	<u>1,753,495</u>	<u>2,365,049</u>
Total Interest Income	12,939,377	14,046,317
Dividends Paid to Members	(752,846)	(869,053)
Interest on Borrowed Funds	<u>0</u>	<u>0</u>
Total Interest Expense	(752,846)	(869,053)
Interest Margin	12,186,531	13,177,264
Provision for Loan Loss	<u>(2,386,239)</u>	<u>(2,543,349)</u>
Net Interest Inc Aft Prov for Loan Loss	9,800,292	10,633,915
Fee Income and Other Non-Interest Income	9,658,879	8,471,855
Total Non-Interest Expense	(18,931,298)	(17,317,208)
Net Income	527,873	1,788,562
Number of Members	38,629	38,630