

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 2014, Partners 1st Federal Credit Union disbursed the following loans:

Loan Product	Number of Loans	Total Dollar Amount Funded
Auto Loans	1,925	\$30,091,883
ATV's, Boats, RV's	83	\$1,276,087
Closed-End Signature Loans	551	\$2,207,999
Real Estate Loans	120	\$9,892,838
Credit Cards*	970	\$4,156,567
Total	3,649	\$47,625,374

*Total Lines of Credit Granted

Supervisory Committee Report

Assessment of the Credit Union's internal controls, management practices, and financial statement accuracy were accomplished by the Supervisory Committee through performance of various audits, financial analysis, and procedural reviews.

Internal Audit/Risk Management performed branch audits, monthly mortgage loan underwriting reviews, and other operating/compliance audits. The Committee retained the services of BKD, LLP, Certified Public Accountants, to review the financial statements of Partners 1st and Summers, Carroll, Whisler LLC to perform the BSA Audit. All audits were performed in conformance with generally accepted accounting standards, and no major discrepancies were noted. Positive trends include improved efficiency and strong equity ratios. Both trends reflect the health and strength of the Credit Union. The BSA audit results reflected and resulted in better internal controls and more 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, 2014.



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Loan Committee

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Supervisory Committee

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Associate Director
Pam Kephart
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Audit/Risk Management

2014 Annual Report



Chairman's Report

I am pleased to report your credit union's 2014 successes. Partners 1st Federal Credit Union continues to provide to our growing membership state of the art financial services and competitive services, while maintaining safety, soundness, and security in investments.

During the past year, we completed our eighth merger, adding Huntington Schools Federal Credit Union to our family. That merger produced our newest branch in Huntington, Indiana. Welcome new members!

In 2014 Partners 1st joined the Shared Branching Network, in order to provide more convenience for our membership. With shared branching, we are able to provide members with nationwide account access at over 1,800 financial institutions, with over 5,000 branches. Shared branching was an important endeavor towards helping us fulfill our vision to be our member's preferred financial institution and most valued financial partner.

We are proud of our financial strength and attribute it to living our core values. As we look to grow the credit union, we will leverage that strength to add a Business Services department, whose focus will be on the lending and deposit needs of our business members. Mindful of the ongoing need to keep our brand fresh, we will also dedicate resources in 2015 toward updating our logo and website.

The board of directors and the entire staff wish to thank our members for choosing Partners 1st Federal Credit Union. We are confident in our bright future ahead.

David A. Dent
Chairman

As of Year End December 31, 2014

BALANCE SHEET

ASSETS:	2014	2013
Loans to members	107,099,447	102,233,262
Less: Allowance for Loan Losses	<u>(1,039,578)</u>	<u>(1,213,109)</u>
Net Loans	106,059,869	101,020,153
Cash and Investments	137,920,421	136,872,324
Land	1,288,596	1,262,330
Building, Furniture and Fixtures	4,347,971	4,507,600
Other Assets	<u>8,428,909</u>	<u>8,032,468</u>
Total Assets	258,045,766	251,694,875

LIABILITIES/EQUITY:

Dividends Payable	10,628	14,045
Other Liabilities	4,071,698	4,600,563
Member Shares and Share Certificates	223,906,703	217,764,223
Other Comprehensive Income	529,610	574,839
Unrealized Gain/Loss on Inv	(55,121)	(38,699)
Regular Reserves	3,905,729	3,905,729
Undivided Earnings	<u>25,676,519</u>	<u>24,874,175</u>
Total Liabilities/Equity	258,045,766	251,694,875

STATEMENT OF INCOME

Loan Interest Income	5,608,884	5,841,931
Income from Investments	1,411,444	1,180,677
Total Interest Income	7,020,328	7,022,608
Dividends Paid to Members	(474,473)	(518,717)
Interest on Borrowed Funds	<u>(594)</u>	<u>(30)</u>
Total Interest Expense	(475,067)	(518,747)
Interest Margin	6,545,261	6,503,861
Provision for Loan Loss	<u>(652,028)</u>	<u>(643,804)</u>
Net Interest Inc Aft Prov for Loan Loss	5,893,233	5,860,057
Fee Income and Other Non-Interest Income	5,575,625	5,369,894
Total Non-Interest Expense	<u>(11,280,108)</u>	<u>(11,081,386)</u>
Net Income	188,750	148,565
Number of Members	28,255	27,458