



BUILDING LIFETIME FINANCIAL PARTNERSHIPS

ANNUAL REPORT 2024



FROM THE CHAIRMAN & CEO

In this time of rapid change, when so much feels uncertain, your Credit Union continues to evolve—embracing the best of new financial technologies—while remaining steadfast in our core mission. At Financial Partners, our vision has never wavered. We know that busy families don't always have time to sift through countless financial options. That's exactly why we're here: to build lifelong financial partnerships that guide you every step of the way with smart products, expert advice, and meaningful value—saving you time, money, and stress.

A recent report from America's Credit Unions Association highlights the value we deliver: in 2024 alone, Financial Partners returned over \$28 million in direct financial benefits to our members through higher savings rates, lower loan rates, and reduced fees. That's real money going back into the pockets of families like yours.

We also continued to grow—safely, soundly, and with strong capitalization—serving more than 93,000 members. Our total assets remained solid at \$2.2 billion. We made \$278 million in new loans and members grew their deposits by \$143 million. With high mortgage rates making refinancing more challenging, many members turned to Home Equity Lines of Credit (HELOCs)—a flexible tool for tapping into their home equity.

To help make homeownership more accessible, we introduced a new 5/6 adjustable-rate mortgage and provided access to first-time homebuyer grants to help turn dreams of homeownership into reality.

One of the year's major milestones was our migration to Visa. We issued 76,000 new debit and credit cards, bringing exciting features like Porch Piracy Protection to safeguard your deliveries. Your new Visa card is now accepted at millions of locations worldwide—including Costco, a popular request from our members!

Credit and debit card usage tied to your checking account are just a few ways to earn APEX Rewards points. You can also earn rewards by opening an auto loan, home equity line, and more. The APEX Rewards program continues to grow in popularity—in 2024, members redeemed over 77 million points, using them nearly 20,000 times at checkout to save at major retailers like Walmart, CVS, and Walgreens. We love seeing our members enjoy the benefits of membership.

Behind the scenes, we continued improving access and convenience. Nova, our AI-powered chatbot, answered over 165,000 questions this year, helping members get quick responses without waiting. For those who prefer a

more personal touch, we introduced video chat, offering face-to-face conversations without the need to visit a branch.

Savers were rewarded too. Our 8-month savings certificate gained national recognition from outlets like MarketWatch and CNBC for its outstanding rate, while our flexible Name Your Term Certificate remained a member favorite for locking in strong returns.

Investing in families means investing in the next generation. Our Student Innovation Council welcomed its largest class yet—over 50 high school students participated in our six-week program, gaining valuable skills in financial literacy, leadership, and career development. We also learn a great deal from them, making it a truly enriching experience for everyone involved.

Our commitment to the community remained strong. We partnered with local nonprofits and schools to support family well-being and education. The Credit Union hosted 70 financial literacy workshops in schools, equipping young people with the tools to build a strong financial future. In December, we hosted our eighth annual Economic Forum with noted economist Christopher Thornberg, offering insights into national and local economic trends, including a deep dive into the Southern California real estate market.

We were thrilled to relocate our Mission Viejo branch to Laguna Woods, a dynamic and accessible location that offers convenient parking, freeway access, and a team ready to serve.

This year also saw the launch of the Summit Club, a program designed to support our seasoned (and wise!) senior members. Through webinars covering Medicare, long-term care, estate planning, and more, we're helping seniors and their families make confident, informed financial decisions.

Our Partnership Insurance Agency assisted nearly 1,000 members in securing new insurance policies—ranging from auto and home to life and even pet coverage. In several cases, we were able to help members find home insurance options after other providers turned them away—a true example of partnership in action.

All of this may be why readers of the OC Register voted Financial Partners as one of the Top 3 Credit Unions in Orange County. Recognition like this reaffirms that our members see—and feel—the difference we strive to make.

As we reflect on all we accomplished in 2024, we know none of it would be possible without your trust. Thank you for giving us the opportunity to serve you. Wherever life takes you, we're honored to be your financial partner.

Thank you for your continued membership!



NADER MOGHADDAM
PRESIDENT & CEO



YVES PINKOWITZ
BOARD CHAIR

2024 YEAR IN REVIEW

FINANCIAL PARTNERS CREDIT UNION



NEW LAGUNA WOODS BRANCH
OPENED ON DECEMBER 16, 2024



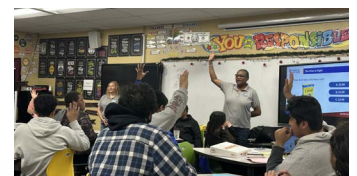
MORE THAN
93,000
MEMBERS



76,000

NEW VISA
CARDS ISSUED

\$278 MILLION
IN NEW LOANS
TO MEMBERS



SEVENTY
SCHOOL
FINANCIAL WORKSHOPS



77 MILLION
APEX REWARD
POINTS REDEEMED

TREASURER'S REPORT

BY ALAN BERGMAN, TREASURER



I am pleased to present the financial results for Financial Partners Credit Union for the year ending December 31, 2024. This report reflects a year of economic transition and the Credit Union's strategic response to a dynamic economic and regulatory environment.

Financial Overview. As of December 31, 2024, total assets stood at \$2.24 billion, reflecting a slight 1% decline (\$33 million) from the prior year. Despite this, member deposits grew by \$143 million, reaching \$1.86 billion, demonstrating continued trust in the Credit Union's value and services.

In a shifting lending environment, Financial Partners successfully generated \$278 million in new loans, bringing total loan portfolio balances to \$1.70 billion by year-end.

Revenue and Net Income. Total revenue for 2024 reached \$132 million, reflecting a 17% increase from 2023. However, net income for the year was \$3.3 million, as higher dividends paid to members—driven by elevated interest rates—applied pressure on overall earnings.

Capital and Equity Position. Financial Partners ended 2024 with total equity of \$147.6 million, excluding an additional \$35 million in supplemental capital received through the U.S. Treasury Department. This supplemental capital qualifies for regulatory capital treatment, strengthening our financial foundation.

The Credit Union maintained a net worth ratio of 8.60%, well above the "Well Capitalized" threshold of 7%, as defined by the National Credit Union Administration.

Commitment to Our Members. The Board of Directors, management, and the entire Financial Partners team remain dedicated to our vision—building lifetime financial partnerships and providing a stronger financial future for our member-owners.

OUR BOARD OF DIRECTORS

Yves Pinkowitz, Chair
William Feaster, Vice Chair
Alan Bergman, Treasurer
Donna Clawson, Secretary
Ralph Crowther, Member
Paul Geery, Member
Mario A. Guerra, Member
Alex Saab, Member
Barbara Smith, Member



SUPERVISORY COMMITTEE REPORT

BY CARYN PHILLIPS, CHAIR

The Supervisory Committee, composed of independent volunteers, is responsible for conducting impartial assessments of the Credit Union's operations. This includes monitoring its financial stability, ensuring compliance with regulatory and financial standards, and verifying adherence to internal policies and procedures.

To assist in these efforts, the Committee works with the certified public accounting firm Moss Adams, LLP. Their independent audit for the year ending December 31, 2024, confirms that the Credit Union's financial statements accurately reflect its financial position and operational results. A summary of the Financial Partners' Consolidated Statement of Financial Condition as of December 31, 2024 is provided on the following page.

Throughout the year, the Committee reviewed internal audit reports, internal controls, risk management practices and regulatory agency examinations. Based on these evaluations and the auditor's findings, the Supervisory Committee concludes that the Credit Union has maintained accurate financial records, remains financially robust and continues to operate in a secure and sound manner.

Diana Dykstra, Associate Member
Beth Haney, Associate Member
Joseph Spetz, Emeritus Member

SUPERVISORY COMMITTEE

Caryn Phillips, Chair
Steve Koester, Secretary
Vince Workman, Member

2024 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL CONDITION

	2024	2023
ASSETS		
Cash and cash equivalents	\$105,439,879	\$116,480,073
Securities available-for-sale, at fair value	253,623,789	182,023,841
Other Investments	12,331,299	12,331,299
Loans held-for-sale, at fair value	27,505,968	-
Loans receivable, net	1,702,441,226	1,834,301,153
Accrued interest receivable	7,578,531	7,049,052
Mortgage servicing rights, at fair value	20,121,000	18,779,000
Property and equipment, net	26,451,699	28,238,776
NCUSIF deposit	15,649,431	16,518,801
Stable value annuity	25,673,522	21,404,719
Life insurance contracts	24,740,777	24,243,528
Other assets	20,339,120	13,132,698
Total Assets	\$2,241,896,241	\$2,274,502,940
LIABILITIES AND MEMBER'S EQUITY		
Members' shares	\$1,855,957,309	\$1,712,769,172
Nonmembers' deposits	80,945,986	127,803,900
Borrowed funds	130,000,000	261,079,183
Accrued expenses and other liabilities	27,356,734	32,762,488
Total Liabilities	\$2,094,260,029	\$2,134,414,743
MEMBERS' EQUITY		
Undivided earnings	\$134,202,811	\$130,904,050
Equity acquired in mergers	28,924,694	28,924,694
Accumulated other comprehensive loss	(15,491,293)	(19,740,547)
Total Members' Equity	\$147,636,212	\$140,088,197
Total Liabilities and Members' Equity	\$2,241,896,241	\$2,274,502,940

STATEMENT OF INCOME

	2024	2023
INTEREST INCOME		
Interest on loans	\$86,484,021	\$82,860,801
Interest on investments and interest-bearing deposits	14,411,544	9,059,891
Total Interest Income	\$100,895,565	\$91,920,692
INTEREST EXPENSE		
Members' shares and deposits	\$45,750,484	\$30,324,386
Borrowed funds	6,937,196	9,007,713
Total Interest Expense	\$52,687,680	\$39,332,099
Net Interest Income (NII)	\$48,207,885	\$52,588,593
Provision for credit losses	10,250,177	3,683,577
NII after Provision for Credit Losses	\$37,957,708	\$48,905,016
NON-INTEREST INCOME		
Overdraft income	\$3,709,763	\$3,707,982
Interchange income, net	6,017,523	5,498,109
Mortgage, consumer, and commercial banking income	7,335,629	4,967,382
Service charges and other fees	2,304,750	2,217,553
Financial services income	1,841,860	1,637,907
Insurance commission income	756,348	518,145
Partnership Insurance Agency Income	599,002	501,863
Net (loss) gain on sale of investments	(138,440)	17,976
Grant income	900,000	660,000
Employee retention credit	4,000,000	-
Other non-interest income	3,495,082	1,323,215
Total Non-Interest Income	\$30,821,517	\$21,050,132
NON-INTEREST EXPENSE		
Salaries and benefits	\$33,613,917	\$33,620,925
Office operations	13,487,741	12,518,982
Loan servicing	7,027,357	5,982,545
Office occupancy	4,422,157	4,345,118
Professional fees	4,104,105	3,907,437
Other non-interest expense	2,825,187	4,817,459
Total Non-Interest expense	\$65,480,464	\$65,192,466
Net Income	\$3,298,761	\$4,762,682

