



7800 East Imperial Highway
Downey, CA 90242
800.950.7328
www.fpcu.org

BRANCHES

- Brea**
2435 E. Imperial Hwy
- Downey**
7800 E. Imperial Hwy.
- Downey Gateway**
8274 Firestone Blvd.
- Huntington Beach/Westminster**
16348 Beach Blvd.
- Irvine**
6608 Irvine Center Dr.
- Orange**
1409 W. Chapman Ave.
- San Diego - Mission Valley**
8889 Rio San Diego Dr.
San Diego, CA 92108.
- Whittier - (Inside PIH Health)**
12401 Washington Blvd.
- Woodland Hills**
6250 Topanga Canyon Blvd,
Suite 1530

EXPRESS SERVICE OFFICES

(access restricted to on-site employees)

- Aliso Viejo - Pacific Life**
45 Enterprise
- Canoga Park - Aerojet Rocketdyne**
Building 103 1-FB-4.2
8900 De Soto Ave.
- El Segundo - Boeing**
Building S24-M45101
2020 E Imperial Hwy.
- Huntington Beach - Boeing**
Building 11
Employee Benefits Center
5301 Bolsa Ave.
- Newport Beach - Pacific Life**
700 Newport Center Dr.
Newport Beach, CA 92660
- San Diego Naval Medical Center**
Bldg. 26 -1-116-S
34800 Bob Wilson Dr.
San Diego, CA 92134
- San Diego - VA Medical Center**
Inside Hospital
3350 La Jolla Village Dr.
San Diego, CA 92161
- Seal Beach - Boeing**
Building 80
2201 Seal Beach Blvd.



Your savings federally insured to at least \$250,000 by the National Credit Union Administration (NCUA), a U.S. Government Agency, and backed by the full faith and credit of the United States Government.



2015 Annual Report

CHARGING THE SUMMIT



VISION

Though the world has changed greatly since our humble beginnings in 1937 we stay true to our vision of, Building Lifetime Financial Partnerships.



Board Chair and President's Message	3-4
Treasurer's Report and Supervisory Committee Report	5
Board of Directors, Supervisory Committee and Associate Board Members	7
Richard C. Seamans Memoriam and Executive Management	8
Statement of Financial Condition	9
Statement of Income	10

BOARD CHAIR AND PRESIDENT'S MESSAGE

In 1937 the small group of North American Aviation employees who founded the credit union, could have hardly imagined what would become of their credit union almost eighty years later. 2015, proved to be a truly historic year for Financial Partners. Overall membership increased to 75,000, assets topped the Billion dollar mark and with \$570 million in loan originations, the loan servicing portfolio exceeded \$1.5 billion! Combine this with nearly \$18 million growth in regulatory net worth - bringing total Member Equity to over \$104 million. It is clear Financial Partners is moving forward with strong financial footing and positive growth momentum.

Growth

In addition to healthy organic growth, three mergers were completed in 2015 extending the branch coverage to San Diego. These new members were integrated into Financial Partners with minimal disruption. More importantly, our new family members now enjoy access to a full suite of eServices, broader product offerings, expanded branch network, better rates, lower fees and greater overall value.

As a credit union we pride ourselves in serving our member-owners' borrowing needs. Last year loan origination continued to be a bright spot, with over \$570 million in new loans. Virtually all loan products including, consumer, mortgage, commercial and credit cards posted robust growth. Auto loans led the way, with balances increasing by 54%, while the other consumer loan portfolio including credit cards was up by 37%. Growth in Home and Home Equity loans and lines of credit outpaced 2014 production. To support this increased demand, we added experienced lending professionals to the branches and mortgage loan operations. There were several product enhancements made as well as the enhancement of the no cost option in the 5/5 ARM loan product, and a 15-day "Ready to Close" purchase guarantee. Additionally, in 2015 we were extremely pleased to help members finance over \$100 million in income properties such as apartment buildings or other commercial properties.

Member Value

The Credit Union's exceptional focus on providing greater member value was recognized in 2015 as we were presented with two prestigious awards. After an evaluation of loan rates, deposit rates and fees, the Credit Union National Association (CUNA) named Financial Partners the top performer out of 6,000 credit unions, in providing Best Member Value. Their analysis showed that FPCU delivers a direct benefit of \$264 per member household! Then from DataTrac, we received the "Great Rate" award for offering money markets, share certificates and other products that outperform the market average, compared to almost 20,000 US banks and credit unions! These awards demonstrate Financial Partners' commitment to helping members get greater overall value by providing better rates and lower fees.

Service Excellence

In late 2014 and through 2015 we made significant changes to virtually every delivery channel. Some of these changes were noticeable and some were not. Home banking, the automated phone system and branches all underwent varying degrees of upgrades. The branch transformation and the home banking conversion in particular were quite visible and in some ways a work in progress as we fine-tune based on member's good feedback. In spite of significant changes, we ended the year with a very impressive Net Promoter Score (NPS) of 70% (banks average 23% according to the 2015 Consumer Benchmark by Temkin Group). NPS is a gold standard benchmark used across a variety of industries and organizations. The surveys, conducted by an independent third-party, provide us with timely feedback which is used to improve operational performance, staff development and overall service delivery.

We want to personally thank the members who provided feedback and helped us refine our service. This organizational commitment to service excellence is our primary strength and what separates Financial Partners from other financial institutions.

Branch Transformation

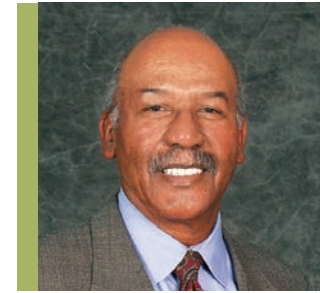
Physical access was significantly increased this year as we expanded into San Diego with three branch locations, opened the El Segundo office at the Boeing facility, and relocated the Woodland Hills branch to the very popular Village at Topanga. Additionally, three existing branches were transformed incorporating our signature branch design: sleek, functional, welcoming, and focused on providing quality financial advice. With teller services provided from a centralized teller center, we can ensure a consistent teller experience and allow the branch personnel to focus on building member relationships and providing solutions to help members achieve their financial goals. We are seeing an impressive acceptance of this new service concept which encourages us to continue the journey, expecting to fully complete the work by the second quarter 2016.

Convenient Self-Service

On the self-service front, 2015 brought several enhancements. In the payments arena, we launched Apple Pay to provide improved security and quicker check out at participating merchants and began issuing EMV chip cards to enhance security. FPCU Mobile was updated with fingerprint authentication for quicker login, Quick Glance so members can check their balance without having to log in and the ability to apply for a loan within the mobile app! Online, we created a Member Help Center, a knowledge-base, to help members self-serve with access to FAQs.

Community Support

Participating in more than 60 sponsor-company and community events, delivering more than 155 financial seminars and sponsoring many key events, we are able to engage constructively with the communities we serve. Among the highlights in community relations was the support for Children's Miracle Network by volunteering and fund raising for Children's Hospital of Orange County,



Earl S. Washington
Chair



Nader Moghaddam
President & CEO

Children's Hospital of LA and Rady Children's Hospital in San Diego. Our team participated in several fund raisers throughout the year culminating with the largest fundraiser of the year, the annual CHOC Walk at Disneyland!

2016 promises even more advancements in products and service delivery. Members will see further enhancements in digital delivery and mobile services while we continue to expand the branch network, personnel and systems infrastructure.

The Board of Directors and management are very proud of the organization's stellar member service and financial performance. The passion for fulfilling our vision of "Building lifetime financial partnerships" continues to drive us. We truly appreciate the opportunity to serve you!

Earl S. Washington
Board Chair

Nader Moghaddam
President & CEO

TREASURER'S REPORT

The 2015 Audited Financial Statements represent a strong year for Financial Partners Credit Union. Assets grew by \$159 million to \$1.08 billion and net income for the year was \$4.5 million. The three mergers completed in 2015 combined with the net income increased regulatory net worth to nearly \$18 million. In addition, Financial Partners worked diligently to strengthen the income stream and balance sheet by prudently managing credit losses, the Asset/Liability structure, and expenses. The Credit Union continued in the "Well Capitalized" category, as defined by the National Credit Union Administration, with a net worth ratio of 9.65%.

We, the Board of Directors, Management, and all Financial Partners employees continue to be committed to providing a better financial future for the member-owners.



Barbara A. Smith
Treasurer

SUPERVISORY COMMITTEE REPORT

Financial Partners Credit Union has the responsibility to ensure that your funds are safe and as productive as possible. The Supervisory Committee is responsible to you, the member, to ensure that your Credit Union operates prudently and according to the rules and regulations set forth by the State of California Department of Business Oversight (DBO) and the National Credit Union Administration (NCUA).



Donna P. Clawson
Chair

To accomplish this, the Supervisory Committee retained services of the independent audit firm of Moss Adams, LLP to complete Financial Partners' audit and examine the consolidated financial statements as of December 31, 2015. The summary of Financial Partners' Consolidated Statements of Financial Condition as of December 31, 2015 is included herein. Based on our review and the result of the auditor's efforts, the Supervisory Committee believes the credit union has maintained accurate and timely accounting records, and applied the policies and procedures established by the Board of Directors. It is the opinion of the Supervisory Committee that your Credit Union is in a strong financial position and is operated in a safe and sound manner.

PRODUCTS AND SERVICES BUILT FOR TODAY AND TOMORROW

93%
Satisfied/
Very Satisfied



Named 'Best Overall Value' by Credit Union National Association

Over
\$1.5 Bil
loan servicing portfolio

SMART BRANCHES TAKE A FRIENDLY HIGH-TOUCH APPROACH TO THE HIGH-TECH EXPERIENCE.



\$229 Mil
in assets under management

Member Equity
\$104 Mil

3 New Credit Union Partnerships

Launched
Apple Pay

\$575 Mil
in New Loans



BOARD OF DIRECTORS



Earl S. Washington
Chair



Ralph Crowther
Vice Chair



Barbara A. Smith
Treasurer



Alan Bergman



Mario Guerra

Our directors – all volunteer representatives elected by our members – do what they do because they believe in the credit union and what it does for our community and for our members. The board provides oversight, shapes strategy and helps develop the policies that guide the credit union. The diversity and collective wisdom of the Board of Directors and the Supervisory Committee are key ingredients in the credit union's long-term success.



Gary W. Macheel



Jeff Mathews



Yves Pinkowitz



Joe Spetz

SUPERVISORY COMMITTEE



Donna P. Clawson
Chair



Steve Koester



Caryn Phillips

ASSOCIATE BOARD MEMBERS



William Feaster



Cathy Fraser



Vince Workman

IN MEMORIAM



Richard C. Seamans

In 2015 we lost one of our great supporters and volunteers, Richard (Dick) Seamans. A longtime member of Financial Partners Credit Union, Dick joined the Board of Directors in February 2000. During most of his more than 16 years of dedicated service to the Credit Union, Dick served as the Secretary of the of Board of Directors and chair of the Nomination Committee.

Mr. Seamans joined Rockwell International's Legal Department in 1972, where he served until his retirement from the Boeing Law Department in 2001. He received a Bachelor of Arts in Economics from Yale University and subsequently attended Harvard Law School where he received his Juris Doctorate. Dick spent three years in the Judge Advocate Generals Corps, U.S. Army, and two years in private law practice before joining Rockwell International's Legal Department. He is survived by his wife, Susan, their children and grandchildren.

Dick, a true gentleman in every sense of the word, will always be remembered for his unwavering sense of fairness and his dedication to doing what is right for the members. He is dearly missed by all of us.

EXECUTIVE MANAGEMENT



Front row: Wanda Williams, SVP, Chief Administrative Officer; Nader Moghaddam, President/CEO; Norma Stein, SVP, Human Resources. Back row: Lori Reeves, SVP, Operations & eServices; Mary Torsney, SVP, Chief Financial Officer; Michael Patterson, SVP, Chief Lending Officer; Mario Osorio, VP, Investments & Insurance; Laurie Tyler, VP, Sales & Member Services.

STATEMENT OF FINANCIAL CONDITION

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 94,001,902	\$ 54,052,948
Investments		
Available for sale	79,952,310	105,652,538
Other	11,197,808	11,203,088
Loans held for sale	34,615,874	14,585,900
Loans (net)	809,961,185	684,257,021
Accrued interest receivable	2,549,658	2,177,882
Payroll service reimbursement receivable	11,964,630	17,301,533
Mortgage servicing rights	5,485,839	4,007,655
Premises & equipment (net)	10,933,926	9,459,261
NCUSIF deposit	8,031,490	7,132,529
Other assets	13,036,243	12,842,925
Total assets	\$ 1,081,460,865	\$ 922,673,280
LIABILITIES AND MEMBERS' EQUITY		
Investments:		
Members' shares	\$ 877,176,955	\$ 742,655,606
Borrowed funds	80,000,000	80,000,000
Accrued expenses & other liabilities	18,243,611	13,077,845
Total liabilities	975,420,566	835,733,451
Members' equity		
Retained earnings	\$ 81,042,108	\$ 76,516,483
Equity acquired in merger	25,604,203	10,564,444
Accumulated other comprehensive income (loss)	(606,012)	(141,098)
Total members' equity	\$ 106,040,299	86,939,829
Total liabilities and members' equity	\$ 1,081,460,865	\$ 922,673,280

STATEMENT OF INCOME

	2015	2014
INTEREST INCOME		
Loans	\$ 31,154,357	\$ 26,901,616
Investments & cash equivalents	2,501,328	2,457,410
Total interest income	\$ 33,655,685	\$ 29,359,026
INTEREST EXPENSE		
Members' shares	3,179,284	3,072,673
Borrowed funds	1,306,434	928,720
Total interest expense	\$ 4,485,718	\$ 4,001,393
Net interest income (NII)	29,169,967	25,357,633
Provision for loan losses	2,458,000	60,000
NII after provision for loan losses	\$ 26,711,967	\$ 25,297,633
NON-INTEREST INCOME		
Overdraft income	3,052,764	2,548,359
Interchange income	2,391,773	2,067,675
Financial services and insurance	1,678,400	1,859,260
Gain on sale of loans	4,881,695	1,523,613
Service charges and other fees	978,166	677,106
Other	1,241,695	1,773,652
Total non-interest income	\$ 14,224,493	\$ 10,449,665
NON-INTEREST EXPENSE		
Salaries & benefits	18,836,440	16,184,702
Office operations	7,819,787	6,562,624
Loan servicing	3,011,338	3,157,034
Professional fees	2,669,747	2,071,737
Office occupancy	2,400,016	2,015,428
Other non-interest expense	1,673,507	1,239,554
Total non-interest expense	\$ 36,410,835	\$ 31,231,079
Net income	\$ 4,525,625	\$ 4,516,219